



**PUBLIC SUMMARY
2ND RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE: 25-28 MARCH 2013

**SIME DARBY PLANTATION SDN BHD
SELABA CERTIFICATION UNIT**

TELUK INTAN, PERAK, MALAYSIA

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Abbreviations:

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

SUMMARY REPORT

1.0 Scope of the Certification Assessment

1.1 Introduction

This surveillance assessment report described one certification unit of Sime Darby Plantation Sdn. Bhd. (SDPSB) Strategic Operating Unit (SOU) namely SOU 05 – Selaba. Selaba SOU was certified by other certification body (CB) i.e. Control Union Certification on 3rd March 2011. The certificate is valid until 2nd March 2016. SDPSB has decided to transfer the certifier to SIRIM QAS International Sdn. Bhd. beginning from the first surveillance audit.

The 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.

The 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 four main estates supplying to Selaba Palm Oil Mill (POM) i.e. Bikam Estate, Cluny Estate, Sogomana Estate (Cashwood and Sg. Beruas Division only) and Seri Intan Estate (Selaba Division only). All the estates were visited in this assessment but were assessed with different elements of the standard. Nonetheless, the mill is assessed in every assessment.

The focus of the assessment team was to determine Seri Intan 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 05	Seri Intan Oil Mill	1) Bikam Estate 2) Cluny Estate 3) Sogomana Estate (Cashwood & Sg. Beruas Division) 4) Seri Intan Estate (Selaba Division)

1.2 Location of Mills and Estates

SOU 05 – Selaba is located at Teluk Intan District, Perak, Malaysia. The locations of the SOUs are shown in Attachment 1.

Details of the three SOUs are shown in Table 2.

Table 2: Location and addresses of mills and estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
SOU 5 Selaba	Selaba Oil Mill	3° 59' N	101° 04' E	36000 Teluk Intan, Perak
	Bikam Estate	3° 45' N	101° 15' E	35600 Sungkai, Perak
	Cluny Estate	3° 32' N	101° 09' E	35800 Slim River, Perak
	Sogomana Estate (Cashwood & Sg. Beruas Division)	4° 24' N	100° 42' E	32500 Changkat, Kruing, Perak
	Seri Intan Estate (Selaba Division)	4° 02' N	101° 01' E	36009 Teluk Intan, Perak

1.3 Production Volume for All Certified Products

Table 3: Actual CPO and PK tonnage (March 2012 to February 2013)

FFB Received (mt)	165,965.26
FFB Processed (mt)	165,973.60
Total CPO Production (mt)	34,584.77
Total PK Production (mt)	8,535.46
Certified CPO (mt) sold as Mass Balance	26,649.49
Certified PK (mt) sold as Mass Balance	6,459.90
CPO (mt) sold as non-Certified	7,935.28
PK (mt) sold as non-Certified	2,075.56

Table 4: Approximate CPO and PK tonnage (March 2013 to February 2014) claim for certification

FFB Received (mt)	152,761.62
FFB Processed (mt)	152,761.62
Total CPO Production (mt)	32,801.30
Total PK Production (mt)	8,211.89
Certified CPO (mt) to be claimed – Mass Balance	25,421.30
Certified PK (mt) to be claimed – Mass Balance	6,321.89
Non-Certified CPO (mt)	7,380.00
Non-Certified PK (mt)	1,890.00

1.4 Certification Details

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

Parent company: Sime Darby Plantation Sdn. Bhd.

Certificate number: RSPO 0016

The date of certification is the date of the SIRIM Certification Panel approval 2nd August 2013 which is valid until 2nd March 2016.

The certification for SOU 05 – Selaba covers the production of Sri Intan Oil Mill with FFB supplied by the following company owned estates: Bikam Estate, Cluny Estate, Sogomana Estate (Cashwood and Sg. Beruas Division only) and Seri Intan Estate (Selaba Division only).

1.5 Description of The Supply Base

The FFB is sourced from company owned estates that are certified and a small percentage from smallholders' crop. Details of the FFB contribution from each source to the SOU are shown in the following tables:

Table 5: Actual FFB production from each estates to Selaba POM since date of last reporting period (March 2012 to February 2013)

Estates	FFB Production		Certified by
	Tonnes	Percentage (%)	
Bikam Estate	30,410.78	18.32	SIRIM
Cluny Estate	35,345.05	21.30	SIRIM
Cashwood & Sg. Beruas Division of Sogomana Estate	31,627.95	19.06	SIRIM
Selaba Division of Seri Intan Estate	27,520.91	16.58	SIRIM
Smallholders	40,342.87	24.30	Not certified
Sg Samak Estate	207.90	0.13	BSI
Flemington Estate	35.53	0.02	BSI
Kinta Kellas Estate	474.27	0.29	BSI
Total	165,965.26	100.00	

Table 6: Estimated annual FFB production by the supplying estates to be sent to Selaba POM for the next reporting period (March 2013 to February 2014)

Estates	FFB Production	
	Tonnes	Percentage (%)
Bikam Estate	34,953.39	27
Cluny Estate	37,627.29	29
Cashwood & Sg. Beruas Division of Sogomana Estate	28,334.50	22
Selaba Division of Seri Intan Estate	28,377.50	22
Others – please specify	-	-

Total	129,292.22	100

1.6 Planting Profiles

Table 7: Areas of plantations

Estate	Year of establishment	Area (Ha)				Area (%)	
		Titled	Planted	Mature	Immature	Mature	Immature
Bikam Estate	1927	2077.17	1,991.82	1563.86	427.96	78.51%	21.48%
Cluny Estate	1906	1,578.09	1,486.71	1,332.81	153.90	89.65%	10.35%
Cashwood and Sg. Beruas Division of Sogomana Estate	1926	1,094.02	1,014.54	1,014.54	-	100 %	-
Selaba Division of Seri Intan Estate	1973	1260.84	1,109.47	1077.17	32.3	97.11%	2.91%
Total							

The date of planting and age profiles for each estate in the SOU is detailed in the following tables.

Table 8: Percentage of planted area in Bikam Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1999B	2	Mature	74.16	3.72
1990B	2	Mature	32.31	1.62
2005B	2	Mature	18.73	0.94
2002B	2	Mature	50.65	2.54
2001B	2	Mature	122.84	6.17
2000B	2	Mature	98.83	4.96
2008B	2	Mature	101.43	5.09
2004B	2	Mature	0.69	0.03
1993B	2	Mature	120.37	6.04
2009B	3	Immature	51.78	2.60
2010B	3	Immature	91.03	4.57
2010C	3	Immature	35.84	1.80
2011A	3	Immature	57.26	2.87
1999K	2	Mature	65.97	3.31
1997K	2	Mature	58.65	2.94
1993K	2	Mature	70.87	3.56

1992K	2	Mature	20.97	1.05
2005K	2	Mature	31.84	1.60
2003K	2	Mature	104.87	5.27
2001K1	2	Mature	20.08	1.01
2001K	2	Mature	67.63	3.40
1999S	2	Mature	41.17	2.07
1997S	2	Mature	56.10	2.82
1995S	2	Mature	17.85	0.90
1992S	2	Mature	41.00	2.06
2007S	2	Mature	136.58	6.86
2003S	2	Mature	82.30	4.13
2001S	2	Mature	22.62	1.14
2009A	3	Immature	53.57	2.69
2010A	3	Immature	35.96	1.81
2011B	3	Immature	68.93	3.46
2011C	3	Immature	138.94	6.98
Total			1991.82	100.00

Table 9: Percentage of planted area in Cluny Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
85A	1 st	Mature	32.64	2
85B	1 st	Mature	23.42	2
11A	2 nd	Immature	11.71	1
86A	1 st	Mature	25.64	2
11B	2 nd	Immature	20.04	1
89	1 st	Mature	62.18	4
91	1 st	Mature	48.02	3
95	1 st	Mature	40.02	3
97	1 st	Mature	40.73	3
98	1 st	Mature	86.27	6
99	1 st	Mature	129.45	9
00	1 st	Mature	114.45	8
08	2 nd	Mature	88.05	6
98H	1 st	Mature	27.96	2
99H	1 st	Mature	38.40	3
99H1	1 st	Mature	35.32	2
00H	1 st	Mature	59.53	4
01H	1 st	Mature	69.53	5
08H	2 nd	Mature	15.97	1
99B	1 st	Mature	44.91	3
00B	1 st	Mature	103.62	7
11C	2 nd	Immature	38.76	3
95D	1 st	Mature	65.54	4
98D	1 st	Mature	52.64	4
99D	1 st	Mature	29.71	2
00D	1 st	Mature	144.31	10
05D	2 nd	Mature	37.89	3

Total	1486.71	100.00
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Table 10: Percentage of planted area in Cashwood & Sg Beruas Division of Sogomana Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
Cashwood Division				
P98A	1st	Mature	65.15	9
P98B	1st	Mature	52.93	7
P98C	1st	Mature	71.78	10
P98D	1st	Mature	95.15	13
P99	1st	Mature	108.65	14
P99A	1st	Mature	99.12	13
P99B	1st	Mature	120.79	16
P99C	1st	Mature	133.03	18
Total			746.60	100.00
Sg. Beruas Division				
90	1st	Mature	75.63	28
88	1st	Mature	62.34	23
86	1st	Mature	79.77	30
85	1st	Mature	50.20	19
Total			267.94	100.00

Table 11: Percentage of planted area in Selaba Division of Seri Intan Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
89	2nd	Mature	32.30	2.91
90	2nd	Mature	67.03	6.04
91	2nd	Mature	79.62	7.18
96	2nd	Mature	116.98	10.54
00	2nd	Mature	102.41	9.23
01	2nd	Mature	75.81	6.83
05	2nd	Mature	62.80	5.66
07	2nd	Mature	65.84	5.93
07A	2nd	Mature	82.76	7.46
07B	2nd	Mature	62.54	5.64
07C	2nd	Mature	71.29	6.43
08	2nd	Mature	81.59	7.35
09A	2nd	Immature	54.91	4.95
09B	2nd	Immature	65.35	5.89
09C	2nd	Immature	88.24	7.95

Total	1109.47	100.00
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1.7 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, Sg. Sama and Sg. 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.

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

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

1.9 Organizational Information/Contact Person

The details of the contact persons for SOU 05 are as shown below:

Chairman of **SOU 05**:

Name: Tan Jin Swee

Designation: General Manager, Perak South Zone

Address: Perak South Zone Office, c/o Ladang Sungai Wangi, 32000 Sitiawan, Perak Darul Ridzuan

Phone #: 05-6221477

Fax #: 05- 6222434

e-mail: tan.jin.swee@simedarby.com

2.0 Assessment Process

2.1 Certification Body

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

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

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

2.2 Qualification of Lead Assessor and Assessment Team

The assessment team consisted of four assessors. The details of the assessors and their qualification are detailed below:

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Valence Shem	Lead Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none">• Working 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.
Mohamed Hidhir Bin Zainal Abidin	Lead Assessor / Milling Operation, Occupational Health and Safety	<ul style="list-style-type: none">• Working experience in palm oil milling• Successfully Completed RSPO Lead Assessor Course – 2013• Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2012• Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2012• Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2012

		<ul style="list-style-type: none"> • B.Sc. (Hons) Chemical Engineering
Dr. Rusli Mohd	Assessor / workers & community issues and related legal issues	<ul style="list-style-type: none"> • 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 • Attended RSPO P& C training
Prof. Mohd. Basri Hamzah	Assessor / HCV, ecology and environmental issues	<ul style="list-style-type: none"> • M.Sc (Australian National University), UPM sponsorship • B.Sc (Forestry) (Australian national University), Colombo Plan Scholar • B.Sc (Botany) (University of Western Australia), Colomba Plan Scholar. • Attended training on RSPO P&C

2.3 Assessment Methodology

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. Nonetheless, all the estates were visited in this assessment but were assessed with different elements of the standard. The mill is assessed in every assessment.

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

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of company management personnel. In addition to that, records as well as other related documentation were also reviewed.

The assessment programme is in Attachment 2.

2.4 Date of Next Surveillance Visit

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

3.0 Assessment Findings

3.1 Summary of Findings

The 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 05 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 **two** major non-conformity reports against RSPO MYN requirements were raised as shown in Attachment 3. SOU 05 has taken necessary corrective actions in order to close all the non-conformities raised.

There were four NCRs raised in the previous year's assessment. All of the NCRs have been satisfactorily closed out. Detail of verification is described 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 05 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 time frame. 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, communities and employees.

Criterion 1.2

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

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

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

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

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.

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

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

To the point of this assessment, SOU 05 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

SOU 05 has a documented system for identifying, accessing and updating the legal requirements and to monitor the status of legal compliance. SDSPB had ensured all applicable legal requirements pertaining to RSPO are established, implemented and maintained.

A special department which is based in Kuala Lumpur was responsible in tracking the changes to the Acts and Regulations in their legal register by communicating with the publisher of the documents. This mechanism was outlined in its procedure. The revision of the legal register was done from time to time and shall there be any update, it would be communicated to the respective SOUs. As to date no change to SOU 5 activities and no new legal requirements associated to their operation. Among the identified legal requirements are 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 other applicable requirements for mill operation. However, the obsolete code of practice for confined space 2001 has yet to be replaced by the new amended 2010 version in the register.

Legal and Other Requirements Register (LORR) at Cluny state had been last reviewed on 21/9/2012. It was prepared by the Quality Management Officer (QMO), checked by the Assistant Manager (AM) and approved by Manager.

Despite their commitment to compliance there were still lapses. Two non-conformity reports were assigned to SOU 05 as stated in Attachment 3, due to non-compliance with the legal requirements. Description of the non-compliance are as follows

- 1) The audit found that Bikam Estate did not carry out weekly housing inspections on line sites, including houses. Housing inspection reports were available for several days only, namely, 22/3/12; 20/4/12; 14/12/12; 15/2/13 and 17/3/13. Since no weekly housing reports were made available, the estate was not in compliance with the provision of the Workers' Minimum Standards Of Housing and Amenities Act (Minimum Housing Act) 1990. The Act requires estates located outside the Local Council area to carry out weekly housing inspections on estate line sites, including houses (Section 23(2)). The law says that "It shall be the duty of the employer to ensure that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly by an estate hospital assistant registered under the Estate Hospital Assistants (Registration) Act 1965 [Act 435] or any other responsible person authorized by the employer..."
- 2) Non-compliance was found in Cluny estate i.e. the sundry store in the estate was found to sell alcoholic beverage without permit from the relevant authority. The selling of liquor without permit contravenes Sec 60 of Enakmen Jenayah (Syariah), 1992 of the state of Perak.
- 3) SelabaD ivision was operating three units of generator set without any written approval from the Department of Environment.

At Selaba POM, the LORR dated 9 January 2013 was presented and evaluation of compliance for year 2012 had also been conducted. It was found that evidence of compliance was not transparently recorded whereby the evaluation rating and associated document related to

“*Jadual Pematuhan*”, written approval and also licence and permit were not correctly reflected to the mill performance. Furthermore, some of the requirement in “*Jadual Pematuhan*” related to the frequency of isokinetic stack sampling for the boiler and also high opacity alarm system functionality has yet to be fulfilled (OFI).

The obsolete code of practice for confined space 2001 has yet to be replaced by the new amended 2010 version in the register. Some legal requirements have also not registered in the LORR such as the conditions in written approval for de-sludging and for scheduled waste storage extension from DOE, Perak. Updated legal register and compliance status on these issues will be verified in the next surveillance audit (OFI).

For the boiler operation, based on the boiler heating surface (HS), it was found that person in charge for boiler both for steam engineer and engine drivers were sufficient and complied with the Person In Charge Regulations, 1970. Generator set was no longer used at the mill, whereby the alternative power supply comes from TNB substation located in the mill. For the confined space programme at Selaba POM, personnel for AGT(Authorized Gas Tester), AESP (Authorized Entrant & Standby Person) has been identified among mill engineer and head of department for the confined space permit to work (PTW) implementation. All certificates of fitness (CF) of steam boilers, unfired pressure vessel (UPV) were in place and still valid. Annual inspection has been conducted on before maximum of period validity of 15 months. Annual inspection for Selaba POM was last conducted on 19 March 2012 for steam boiler and UPVs. Comments highlighted by DOSH inspector during inspection has been handled and rectified accordingly.

Currently, there was no person in-charge for electrical installation at Selaba POM. The vacant post now was replaced by temporary visiting electrical charge-man from Seri Intan POM and Flemington POM on weekly basis. The two mills are belonged to Sime Darby as well. Monthly visit conducted by a competent visiting electrical engineer and the last visit report on 2 March 2013 was sighted during assessment. Comments from VE has been appropriately handled and rectified.

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

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 the four estates/divisions, Selaba Division, Bikam Estate, Sogomana Estate and Sg. Bruas Division, were verified by the assessor. In Bikam for example, a list of 48 grants under Bikam Estate showing quit rent (2012) was seen. The transfer of legal ownership was however still ongoing. The assessor noted a copy of a letter (Borang 14D of Section 214A, Kanun Tanah Negara), addressed to the Lembaga Tanah Ladang, Negeri Perak, pertaining to the application for transfer of land ownership from Golden Hope Plantations Sdn Bhd to Sime Darby Plantation Sdn Bhd.

The terms of land use was also verified for the four estates/divisions thereby permitting the planting of oil palm. A letter from the Perak Land Management Department, dated 15 Mac 2013, and addressed to several Sime estates in Lower Perak, including Bikam Estate, specifically stated that land uses stated as "Agriculture", "Commercial Planting" or "None" are permitted to convert to or plant oil palm. Applications and conditions (payment of outstanding quit rents) to be submitted by mid April 2013.

As mentioned in the previous surveillance, Sime's estate boundaries were generally secured. Boundary lines were indicated on maps provided and confirmed during site review while driving along parameter roads and locating strategically planted boundary stones. Their location was also indicated in the estate maps. The stones were generally well maintained and in some cases freshly painted. The estate management generally employed registered surveyors for boundary maintenance. One such surveyor, Jurukur Esa Sdn Bhd, with a base in Ipoh, was engaged for parameter survey of SOU 5.

There was no record of disputes since the last surveillance report which mentioned the amicable settlement of compensation by Bikam Estate for dated November 2011.

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 disputes on land rights within the area under management of Selaba SOU.

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

The budget documents for their Financial Years 2012/2013 and 2013/2014 were available. Financial year is from current year July to following year June. Besides the normal type of operating budgets allocated for the oil palm mills and plantations (that is, FFB yield/ha, OER, CPO yield/ha and unit cost of production), the budget continues to include allocation for welfare and social services.

At Cluny Estate, the replanting programme for the next five years had been prepared as sighted in the 'Replanting programme 2011/12 – 2015/16. A total of 223 Ha Field no. 85B & 90B. This programme is reviewed once a year.

The CAPEX document for 2012/2013 was made available during the audit. Most of the budgets were on mill continual improvement programme on modification and machine

upgrades as well as the budget for safety and environment. Accommodation and facilities upgrades for staff quarters and executive bungalow were also gazetted in the budget. Annual de-sludging programme was budgeted for the effluent treatment plant. For safety and emergency preparedness, BOMBA equipment upgrades as well as firefighting system modification was also gazetted. Other CAPEX sighted were more focusing on plant machinery upgrades and toward process efficiency and plant safety.

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 05 continued to adopt a comprehensive SOP for all its estate and mill practices. Operation activities in the estates and the mills include from seedlings in nursery to planting of young palms and plantation upkeep to mill despatch of CPO, PK and PKO that are guided by the standard operating procedures (SOP). They are established as part of the Estate/Mill Quality Management System documents. For the estates, on top of the Estate Quality Management System, technical guidelines as listed in the Agricultural Reference Manual (Issue No. 1/Year 2011/ Version 3/ Issue Date 01/07/2011) are also used. However, Selaba POM has yet to update the new fall arrest system in the SOP as part of the new safety procedure of working at height during CPO tanker inspection. Furthermore, EHS procedure on risk management has yet to be updated in their QESH system documentation (OFI).

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

Briefing on the SOPs and related documents were conducted and workers are frequently reminded about it during the morning muster. Interviews with employees revealed that they understand the requirements of the SOP.

It was also noted that relevant SOP were displayed at various work station for easy reference, for example, at estate office notice board and mill workstation notice board.

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

At the mill, among the records verified were station log sheets (Sterilizer, Press, Engine Room and Kernel Plant), smoke emission from boiler (extracted from CEMS system), effluent treatment plant discharge records and also waste disposal record. All records were retained was made available during assessment.

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 05 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. Most of the fertilizers recommended were of the straight fertilizers for mature palms e.g. ammonium chloride, murate of potash (potassium), rock phosphate, magnesium and borate. Whereas for immature were compound fertilizers hat consists of N, P, K & Mg nutrients. Average dosage per palm is 11 kg for mature and 9 kg for immature.

Leaf (tissue) sampling was carried out and its result formed part of the basis for the fertilizers input recommendation. The analysis was also conducted by the research and development unit, Carey Island on annual basis. The last sampling was conducted in July 2012 for January 2013 to February 2014 fertilizer application. The quantity of fertilizer applied corresponded to the recommended input stated in Agronomic & Fertilizer Recommendation Report – Oil Palm 2012/2013. Manuring programme was established thereafter based on this recommendation. All the relevant progress information was recorded in the Daily Monitoring Manuring form at Cluny Estate.

EFB mulching at Cluny Estate immature area was recommended in the ARM at an application rate of 30 mt/Ha and to be applied at the palm circle. During the field visit at Field 2011B (20.04 Ha), main Division, Cluny Estate immature area, the assessor has noted that the estates have applied the EFB mulching as recommended and progress was adequately recorded in EFB application record book. The record details included weight (mt), field number, date of delivery, transport number and delivery note from Selaba POM.

There also has been no evidence of open burning at Cluny Estate replanting areas.

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 $>15^\circ$
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

Cluny Estate continued to practice only circle spraying for field maintenance in the mature areas as stipulated in their SOP. The vegetation at harvesting path was controlled by using grass cutter. For replanting areas, the estate continued to plant and maintained cover crops such as *Mucuna bracteta*, *Puireira javanica* and *Calopogonium mucuinosodes*.

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, Cluny Estate had a satisfactory road condition and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of roadside pruning, grading & compacting and potholes patching. The financial support for this operation could be seen in the annual budget 2012/13 financial year. Cluny Estate has allocated certain budget for road maintenance activities such as culvert upkeep and road upkeep.

Cluny Estate was generally a hilly area. At the steep slope area, mitigation measures to minimize soil erosion such terracing, silt pit, stop bund etc. were done. The area which have slopes more than 25° , have been demarcated by the GPS survey department of SDPSB. These areas would be excluded from being planted in the next replanting programme. There was no peat soil area at Cluny Estate.

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 site visit was to verify the protection of water courses, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.

During the site review at Cluny Estate and Bikam Estate, it was found that signboards were erected at all the identified buffer zone rivers. At the replanting areas, the identified buffer zones were excluded from being developed. Interviews with the workers revealed that they understand the requirement of keeping the riparian zones free from any agricultural activities.

There was no construction of bunds/weirs/dam across the main rivers or waterways passing through an estate.

There were water sampling points taken from incoming and outgoing water crossing Cluny Estate. The sampling points covered upstream, midstream and downstream of natural water ways i.e. Sungai Slim and Sungai Trolak. This monitoring was carried out at a frequency of four times a year as required by Sustainable Plantation Management System, Appendix 7, SOP for taking water samples from stream/rivers, Clause 4.5 and Attachment 2. The last analysis was on 6/2/2013 [report ref.: IE 134/2013 for Trolak River and IE 132/2013 for Slim River]. However the second latest was on 9/7/2012 (OFI). Among the parameters tested were pH, BOD,

Chemical Oxygen Demand (COD), SS, AN and phosphorus content. The results have shown that no significant pollutant contributed by the estate.

The data of rainfall and rain days have been well maintained. The rainfall records were available on site for the past ten years. The average rainfall for Cluny Estate was recorded and maintained.

The mill had monitored the amount of water consumed for mill operations. It was observed that the records for mill water consumption (m³ of water per ton of FFB) were kept for the previous and current financial year. Water consumption was observed to be quite consistent but fluctuation of FFB processed due to the low crop season on the 1st quarter and also on the mill period shutdown and inspection contributes to this high water consumption for the mill.

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 05 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.

At Cluny Estate, it was noted that the barn owls were kept at a ratio of 1 box to 9 Ha to control the rat population. The figure was in line with the ARM's (rev. 1/7/2011) recommendation (1:10). Based on latest population census of barn owls which was done in December 2012, the occupancy rate was 43%. Rat baiting campaign at Cluny estate was carried out based on rat damage on FFB. This practice was in-line with ARM, Section 15, Appendix 3. The bait used was warfarin based. The latest campaign was carried out in June 2012 at Trolak Division, field No. 2000H. This operation was triggered by the damage census done in May 2012 which result was above the threshold level (6.76% vs. 5%).

Beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae sp.* were continued to be planted in SOU 05 to maintain low population of leaf eating caterpillars, hence reduces the need to use chemical treatment. At Cluny Estate, it was noted that the beneficial plants was mainly planted by the roadsides. There has been no major outbreak of leaf eating pest at Cluny Estate so far. Nonetheless, the estate has still carried out trunk injection using *Metamidophos*, last on 8/3/2013 at Field No. 2005D

for prevention measure based on 3.35 larvae/palm detection on 7/3/2013. Records of medical check-up for all the highly toxic pesticide operators were maintained at the estate office.

Ganoderma census was continuously done by Cluny Estate. The last census was done in July 2011 and they found no infection of *Ganoderma*.

Records showing the agrochemicals active ingredient (ai) used per metric tonne basis were seen in Cluny Estate. The records were updated until February 2013. Type of pesticide includes *Cypermethrin*, *Metamidphos*, *Fenithrothion* and *Wafarin*. The most pesticide used was *Cypermethrinin*, which represented 0.0012 lt/Ha. Likewise, records of location where pesticides have been used were also available.

Criterion 4.6

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

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

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 05. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium. Monocrotophos is also not allowed.

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 05. In order to avoid human exposure to concentrates chemicals, and all chemical are pre-mixed except for cypermethrin and metamedophos, prior to application at the field. MSDS were adequate for each agrochemical at the estate stores.

The last generic CHRA which representing 140 estates was conducted in July 2010 by registered assessors. Based on the recommendation of the CHRA, medical surveillance has been conducted for employees, such as estate sprayers, store keepers 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.

As to date no request from CPO buyer to test chemical residue in CPO. It was found that

parameters for testing follows 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 written Sime Darby Plantation Sdn Bhd on Occupational Safety and Health (OSH) policy remained valid. This OSH policy had been communicated to all employees through toolbox and standing meeting and were seen displayed on the mill and estates notice boards. Generally, by interviewing the workers and staffs revealed that awareness of OSH policy were understood. In addition to the establishment of OSH policy, Selaba POM has maintained to develop OSH plan on the yearly basis. As for 2013, the overall planning consist of periodic monitoring programme such as workplace inspection and OSH meeting, safety related training on isolation mechanism, Lock Out Take Out (LOTO), Confined Space, Emergency and Response has been planned and yet to be conducted soon. The objective of the established plan was to ensure compliance to ESH legislations and also moving towards zero lost time incident(LTI).

Hazard identification, risk assessment and risk control (HIRARC) and CHRA records covered activities in the estates and mill were verified during the assessment. New updated HIRARC register dated 30/1/13 was presented to the assessor with the revised activities and control measure for sterilizer station due to the occurrence of accident at Selaba POM. Most significant and routine activities for mill and estate were adequately covered including chemical spraying, harvesting in the estates, and boiler operation, FFB sterilization, kernel extraction and oil extraction and clarification in the mill. However, HIRARC register has yet to be updated and reviewed related to new installation of fall arrest system, de-oiling tank construction, risk rating

and risk control after the occurrence of accident and lastly on the animal hazards (snake bite) at frond stacking activity. Therefore OFI was raised on these issues.

Appropriate risk control measures had been determined and implemented for the respective activities and operation. Most of moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signages were displayed at all work station in the mill area including estates office and workshop. Although appropriate control has been implemented, flashback arrestor was not fitted to the acetylene and oxygen gas cylinder belonging to the contractor at Selaba POM and Cashwood Division workshop and has yet to be standardized among SOUs. OFI raised on the issue. On overall performance, OSH administrative controls implementation as well as engineering control equipment for SOU 6 was found adequate during the assessment.

On the USECHH Regulation 2000, the CHRA generic report was presented during assessment and still valid until 2015 for mill and estate conducted by qualified assessor registered with DOSH. All significant work units that exposed to chemical was assessed and sampled for several mills and estates under Sime Darby Plantations Sdn Bhd. Some of the work unit assessed were applicable for Selaba POM and estate operation with current risk control and recommended control measure as recorded in form F of the CHRA report. Most of the recommendation has been implemented including installation of eye wash at selected work unit, minimum standard of PPE used and training provision for exposed employee, installation of engineering control equipment and also medical surveillance programme and chemical exposure monitoring for the selected group of employees. Latest chemical register was presented during at Selaba POM dated 9/1/13 without any changes of chemical used. However, complete CSDS for chemical trade name, FOXIL has yet to be obtained by Cashwood division estate.

Based on the CHRA recommendation, personal chemical exposure monitoring has been conducted for those who exposed to chemical mainly, n-hexane, benzene, chloroform and manganese. Latest exposure monitoring was conducted on the 28/2/12 for manganese exposure and 19/7/12 for n-hexane exposure, by registered hygiene technician 1 (IHT 1),. From the report, it was observed that exposure of all chemical monitored were below permissible exposure limit (PEL) for 8 hour time weighted average (TWA) mg/m^3 . Local exhaust ventilation (LEV) installation was not required based on the results sampled however Selaba POM has proactively constructed LEV system for handling of n-hexane chemical and also SOXTEC extraction process. Monthly periodic inspection has been conducted by local technician and annually by DOSH registered industrial hygiene technician 2 (IHT2) on 26/12/12. From the report, all 5 LEV component such as hood, ducting, air cleaner, fan and exhaust stack was in good working condition and the average face velocity measured complied with American Conference of Governmental Industrial Hygienist (ACGIH), 1.602 m/s against ACGIH requirement of 0.5m/s.

As recommended by CHRA, medical surveillance programme has been established for mill employees and estate workers. Group of workers from different work unit has been sent to OHD on annual basis as recommended by CHRA. Last health surveillance was conducted on 3/1/12 for welders, lab analyst and sampler and was sent to local OHD. From the results, all employees sent for checking are fit to work without any health deficiency under appropriate control of chemical exposure. For estate workers, group of chemical sprayer and chemical mixer was sent for annual medical surveillance programme on 10/9/12. Another local OHD, , had summarized that all chemical sprayers and mixers are fit to work under organophosphorus exposure. Additional baseline medical baseline surveillance programme has yet to be conducted for new RB sprayer and chemical weeder team as recommended in the CHRA. Therefore OFI was issued.

For compliance of Noise Exposure Regulations 1989, annual audiometric testing has been conducted on 19 March 2012 and based on the results of monitoring, it was recommended to repeat the audiometric testing in April 2013 for all exposed employees. Acknowledgements by employees were sighted from the interview and also from the employee's signature in the report. However, hearing conservation programme has yet to be conducted for 2013 and shall be conducted in every 2 years. Therefore, OFI was issued.

Permit to work (PTW) was seen implemented and showed improvement since the last audit. PTW is given to all contractors before entering the mill compound and signed by the applicant supervisory personnel (contractors) and approving authority (mill representative) before and after commencing work. PTW implementation was seen on type works that requires supervision and adequacy of PPE used.

Checklist for the Personal Protective Equipment (PPE) required for the job has been filled accordingly depends on the classification of work. Appropriate PPE was used for each risk assessed. The field workers in the plantation and mill had been equipped with appropriate PPE. PPE issuance were verified and found acceptable. Workers interviewed showed that they understood the reason and the importance of wearing PPE provided by the company. However, during site visit at Cashwood division estate, observed that some of the sprayer was not wearing standardize PPE while doing weeding activities. Therefore OFI was issued. However, based on overall observation, implementation of PPE was found effective with the minimal case of inadequate appliance of appropriate PPE. Positive observation at Cashwood division estate was the implementation of mechanized system for some of the field activities such as RB spraying, fruit collection and manuring activities. Implementation of mechanized system was more preferred with the availability of large flat land area in the estate. The direct impact were less manual handling and improved efficiency on application rate of chemical and fertilizer during field activities.

Emergency procedures exist and instructions during emergency were understood by those workers interviewed. Emergency response plan has been tested for both mill and estate. Emergency fire evacuation drill has been conducted on 13 April 2013 for Selaba POM, however the post mortem report can be improved further. The objective of the drill was achieved and for the total evacuation time was within the evacuation time objective. However to test other type of condition and scenario, Selaba POM has yet to consider night drill for the next financial year for improvement of the fire evacuation exercise. OFI was issued. For the fire fighter preparedness, Selaba POM has been provided with adequate number of fire extinguisher and fire hydrant point at strategic location in the mill. Fire extinguisher has been serviced and inspected by BOMBA officer on April 2012. Hose reel and nozzle were inspected and tested on monthly basis by mill fire fighting team as well as during quarterly workplace inspection exercise.

Workers trained in First Aid were found present in both field and mill operations. Those interviewed understood how to give first aid assistance. First Aid equipment was made available at worksites. First aid box has been inspected on the monthly basis by HA in the estate and head of first aid team in the mill. However, the content has yet to be standardized in accordance with the guidelines for first aid kit in the 4th schedule of Safety, Health and Welfare Regulation 1970 specifically at Selaba POM and Cashwood Division estate. OFI was raised on the issue.

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

SOU05 had appointed the Mill Engineer and Assistant Estate Manager assisted with HA as secretary of OSH committee to be responsible for the OSH implementation. Interview with

members of the Safety Committee and review of records confirmed that quarterly OSH meetings and workplace inspections had been carried out. Issues raised during the meeting had been acted and resolved. The assessor had noted that Sogomana Estate had their workers covered by accident insurance under RHB Insurance Berhad, policy with period of cover until June 2013. Mill employees were covered by SOCSO as most of the employees are Malaysian citizen.

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 05 had established their training needs and programmes for the year 2012/13. Generally the training programme covers the major training identified such as RSPO awareness, Safety & Health awareness, First Aid, Fire Fighting and the implementation of SOPs. Among safety and health training conducted were chemical safe handling given by chemical supplier, Cheme Advance (31/12/12), introduction and refresher training for MSDS/CSDS (7/1/13), RSPO and ISCC awareness training (17/1/13).

The training programmes were also extended to the contractors and suppliers. Trainings were either conducted internally by its own staff or externally by other department within Sime Darby Group or consultant. Training records were updated and well maintained. Nonetheless, some aspects on HCV and biodiversity knowledge have to be enhanced through training programme as explained under the findings of Criteria 5.2 (OFI).

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 05 had established its environmental aspects/impacts register associated with their activities. The assessor found that most of the activities were identified and evaluated accordingly.

Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) were reviewed on annual basis. Environmental improvement plan or known as Environmental Management Programmes (EMP) were then established. It is based on the

identified significant aspects that can be improved within the SOUs capabilities. Among the EMP at estates level are reduction of diesel consumption and the planting of beneficial plant while EMP at oil mills include ensuring their effluent discharge and boiler smoke emission are within the legal requirements. Monitoring records showed their effluent discharge and smoke emission were within the legal permissible limits.

Interview with the PIC for reviewing and updating the aspect and impact assessment revealed that further enhancement is still needed.

Criterion 5.2

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

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

As reported in the last surveillance, Sime has prepared the Biodiversity Baseline Assessment Report in 2008 for SOU5 plantations which included Selaba, Sogomana and Bikam estates/division. Report recommendations were then implemented through Action Plans specific to the estates/division as reviewed for Bikam (2012) and Sogomana (2012). The plans were updated annually.

Some HCV elements mentioned in the biodiversity report, and present in all four estates/divisions, were basically limited to natural rivers and socio-cultural needs of estate workers; namely, river buffer zones (HCV4), and places of worship including graveyards (HCV6). Common borders with state reserved forest (HCV4 – Sogomana) and with wildlife reserve (HCV4 – Bikam) were noted but both are external to estate boundaries. There was no report on resident ERT species/IUCN Red List (HCV3) or significant biodiversity values (HCV1). Since the estates did not include significant forested areas, forest-based HCV values (significant landscapes/natural populations -HCV2; basic services - HCV4; basic community needs - HCV5) were obviously absent.

The action plans reviewed for Bikam and Sogomana (2012) showed updated progress in implementation. Actions taken for Bikam was categorized as completed (signage erected in various strategic areas, committees formed for suraus and temples) or ongoing. Among the latter category included briefing/training of workers on protection of river buffers, meeting with PERHILITAN and smallholders on protecting bordering wildlife reserves, to construct perimeter roads parallel to the reserve to control trespassing monthly maintenance of worship facilities and to plant landscape trees.

Actions taken for river buffers and landscape planting for Sogomana was essentially similar to those for Bikam. All riparian buffer zones were identified, demarcated and planted with natural trees. No chemicals will be used in their maintenance. Beneficial plants were being planted

along main roads and estate perimeters. In addition, unplanted areas were left in their natural state and actively conserved. No encroachment or hunting was permitted in these natural reserves.

As observed in the previous surveillance, proper signage was erected strategically to enforce conservation and protection. Poaching of wildlife and fishing were specifically prohibited. Signage content and display can however be improved on.

Wildlife protection was effected through stakeholder cooperation. Protection of the Sungkai Wildlife Reserve, which shared some common border with Bikam Estate, well illustrated this point. Bikam over the years gave full cooperation in terms of access to the western part of the Reserve, which was more easily approached and managed by PERHILITAN staff, through using estate roads.

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 5 continued to practice 3R (reduced, recycle, re-use) on waste management. SOU 5 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 fibre, shell, decanter cake, EFB and POME as well as non-organic wastes from the mill. The general domestic wastes were collected from the linesite and staff quarters and disposed to secured landfill managed by municipal council. Frequencies of collection were 2 times per week and domestic waste were collected from transit collection centre before disposal. 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 before sent for disposal. 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 and decanter cake were sent for mulching in the field, while mill processes waste/residue/biomass i.e. fibre and shell were used as fuel in the boiler. Mulching programme will be managed and monitored by the estate with the arrangement of transports to evacuate EFB and decanter cake for daily application at field area. EFB and decanter cake may produce leachates if there were over dumping and prolong storage those biomass wastes generated. As a precaution, mitigation measure has been developed to prevent the source of water pollution to the monsoon drain. Point of rain water discharge has been constructed with silt trap with the additional of submersible pump and pipeline to effluent treatment plant to evacuate leachates and large volume of oil or quenching water spillage.

On the performance monitoring, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval issued by DOE. Final discharge sample has been sent to accredited laboratory under Sime Darby R&D in Pulau Carey. For 2012, there was no evidence of non-compliance and the average final discharge BOD only reported below 100 mg/l. Final discharge point was also equipped with flow meter and real time monitoring on the pH, TSS, DO and discharge flow rate. All running data were saved in the flash drive and can be retrieved for reference and reporting. Results of analysis were kept for reference and reporting purposes internally and externally to the regulatory body. In order to maintain hydraulic retention time (HRT) and efficiency of effluent treatment plant, periodic desludging has been programmed annually. During the assessment, desludging works are being carried out for 3 unit of anaerobic ponds, ponds no.8, no.10 and no. 11. Approval for de-sludging has been granted.

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. However, during the assessment the CEMS was faulty and has yet to be repaired. Arrangement has been made to rectify the CEMS faulty. 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, used batteries, spent or obsolete chemicals form mill laboratory 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. The housekeeping and labeling was found in accordance with Schedule Waste Regulation 2005. All estates and mill also maintained their own records for scheduled waste for waste identification & notification to DOE, waste inventory, waste disposal consignment and the waste information.

The established list of waste identified (2nd Schedule), Selaba POM has generated multiple types of scheduled waste namely SW 102, SW103, SW110, SW322, SW 305, SW 410, SW and SW409. As at 28 February 2013, waste generated updated in the inventory list and there was no scheduled waste stored more than 180 days. Last disposal made for SW 305, SW306, SW409, SW102, SW322 and SW110 on 28/9/12 by Kualiti Sdn Bhd. Signed copy of consignment as well as 7th Schedule of the waste was made available during the assessment.

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 6 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. The usage of fibre and nut shell had been monitored and records maintained. Diesel was no longer used for power generation (via generator sets) but only used for the prime mover, as Selaba POM is now using TNB supply for starting up process and standby while not in operation.

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 also 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 05 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 last audit reported that there were two reports on Baseline Social Impacts Assessment

prepared for SOU5 Selaba; one report prepared in December 2008 for the three estates (Selaba Division of Seri Intan Estate, Bikam Estate and Cluny Estate) while the other report was prepared in July 2011 for Selaba Mill and Selaba Division of Seri Intan Estate.

The audit report also highlighted the various issues raised by the stakeholders in the respective estates. An action plan was presented at the end of each of the two reports.

As was mentioned in the last audit report, both of the SIA reports were prepared with the participation of various stakeholders, namely, estate workers, representatives of local communities, vendors and suppliers. The stakeholders participated by providing inputs, in the forms of complaints, requests and comments, into the preparation of the reports.

The estates and mill audited showed evidence that the SIA action plans have been updated annually. A table entitled "Social Impact Assessment Plan FY 2012/13" was presented to the auditor for evaluation. The updating was done through discussions among members of the estates/mill management. The issues highlighted in the table are generic in nature and applicable in all estates and mill in the SOU. According to the information in the table, the SOU 5 estates have just started to take actions on the various issues.

The estates and mill have also initiated meetings with stakeholders as a way to get feedbacks on social issues affecting them. The dates of stakeholders meeting were: 21/2/13 (Bikam), 13/2/13 (Clunny), 12/3/13 (Selaba POM)

Indirectly, the meetings also serve as a review process of the SIA because new issues are being raised to be addressed by the SOU estates/mill. In order to ensure the issues are effectively addressed, the estates need to draw up action plans for them. These issues can be incorporated into the existing SIA action plan.

Issues raised by the stakeholders at Bikam estate include various requests from schools, safety of workers returning late from work, street lighting at schools, selling of liquor, house repairs and thefts at sundry shop.

At Cluny estate, issues raised include street lightings at road leading to kampongs and the need for gotong royong between the estate's community and the locals,

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

As reported in the last surveillance audit, 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 for customer communications. These procedures and manual are found in the Sime Darby Estate/Mill Quality Manual.

The estates and mill continue to communicate with external parties mainly through mails. Records of communications are kept in files labeled as “external communication” or by the name of the agency concerned.

On the other hand, internal communications are done through meetings, briefings and posters at notice boards. The morning briefings appear to be most popular channel through which the management communicates whatever policies to the workers.

In general, the SOU 5 estates/mill did follow the external communication procedure. However, it was found that certain requirements of the procedures were neglected. For examples, at Cluny estate, the clerk did not record the incoming correspondence. Furthermore, there was evidence which shows that the management did not respond to external correspondence for example, the request from JKKK Perak to use estate area for kayaking. Due to this, an OFI was raised.

As reported in the last audit, the Estate Manager is the nominated person to handle communication and consultation issues in the estates. This responsibility is part and parcel of his duties to handle social issues. He is appointed by the general manager through a letter for a specific period of time. For the mill, the Assistant Manager is appointed by the manager to handle communication issues. The letter of appointment for Clunny Estate manager is shown below was made available.

The list of stakeholders for FY 2012/13 for Bikam estate comprises contractors, suppliers, local communities, government agencies, including embassies, and neighbouring estates.

The number of stakeholders for Cluny estate included neighbouring estates, local agencies and local communities. The estate needs to improve the list by adding contractors and suppliers groups.

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

The availability of documented procedures for dealing with grievances and disputes was reported in the last audit. The generic procedures are applicable in all estates and mill and can be referred to in the Estate/Mill Quality Management Manual. In addition, all the estates/mill have formulated procedures for dealing with complaints from its customers.

Disputes in whatever form are very rare in the estates and mill. Nonetheless, currently, there is case which could be classified as dispute between Bikam estate and a contractor, Rajan Excavator Contractor Sdn. Bhd. Rajam claimed that his company had completed the agreed planting related jobs and submitted his invoice for payment. However, the estate management disagreed that such jobs have been completed and refused payment.

The dispute started in 2009 and has gone through several stages of hearing and is now awaiting decision from Sime Darby's Headquarters. The dispute has taken a long time and, in the interest of both parties as well as in line with the requirements of certification, Sime Darby should promote efforts for both parties to reach an amicable agreement within the shortest possible time. Incidentally, the agreement between the two parties empowers Sime Darby to make the final decision on the issue.

An OFI is raised here as a reminder for Sime Darby to settle the dispute once and for all. An outstanding dispute could disqualify the company from being recertified.

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

No evidence was found on the taking of lands with customary rights. Nonetheless, the estates have documented procedures for handling boundary disputes, should these arise (refer the procedures in Sime Darby Estate Quality Management System and Mill Quality Management System).

Criterion 6.5

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

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

The system of determining wages has not changed since the last audit. Wages for workers are spelled out in the Collective Agreement (CA) between the Malaysian Agriculture Producers Association (MAPA) and National Union of Plantation Workers (NUPW). Currently, the agreements for harvesters are spelled out in the Collective Agreement of 2010 while those for the general worker are in the 2011 agreement. In addition to the CA, the letters offering employment do spell out other conditions of work. The appointment letters for all workers are kept in the estates' and mill's offices. (Saw a couple of appointment letters; Herpan of Indonesia and Anbaran a/l Selvarajah, a Malaysian)

As the minimum wage policy is already enforced in the estates and mill, every worker should be paid at least RM900 per month. Interviews with the workers confirmed that they are getting at least that amount of money every month. The piece rate workers usually receive higher pay than their daily wage counterparts..

In all the estates, the CA been translated into Bahasa Malaysia. Nevertheless, interviews with workers at Cluny estate revealed that the estate management had already organized briefing sessions to explain the CA, particularly the new wage policy. Furthermore, union leaders have also helped to disseminate relevant information pertaining to the new policy.

The appointment letters are in Bahasa Malaysia. A file is maintained for keeping foreign workers contract agreement as well as their passport and work permit details. A few passports were inspected and found to be still valid.

As was reported in the last audit, all the estates provide either 3 or 2 bedrooms houses, medical, educational and basic amenities for the workers. Each estate has a clinic, a primary school, a surau, a kuil, a sundry shop and a kindergarten. Water supply is provided free of charge while electricity bills have to be paid by the workers. Transportation for secondary school children of the estates is provided at certain charge.

Many of the houses in the estates are already quite old and in need of repairs. Subsequently, Each of the estates/ mill had developed its own system for dealing with requests for housing repairs. Generally, the systems have been implemented quite well. Nonetheless, with increasing number requests, the systems appear to be unable to cope with the volume of requests. While visiting the line sites at Bikam estate, one of the occupants commented that her request for repairs has been submitted for a long time and no action has been taken by the estate. Visits to line sites at Cluny as well showed discrepancies in the records of actions taken.

The systems for house repairs need to be re-examined and improved further taking into the consideration the following:

- a) requests are entertained on first come first serve basis
- b) possible to track when requests were made and subsequently when repairs were completed
- c) house owner should acknowledge that the repair has been done satisfactorily

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

As revealed in the report of the last audit, each estate/mill has two local unions, one for the workers and the other for the administration staffs i.e. NUPW and AMESU, respectively.

Meetings between the estates' management and the union leaders are held as and when is necessary. In Bikam estate, the last meeting was held on 21 March 2013 while the one prior to that was held on September 2009. In Cluny estate, on the other hand, the latest meeting was on 23 January 2013 while the previous one was held in July 2011. Minutes of meetings are kept

in appropriate files.

As meetings were held very infrequently, many of the problems or issues discussed have been overtaken by events long before the next meeting was convened. Therefore, the minutes do not reflect the effectiveness of the estates in handling workers' issues. It is recommended that the meetings be held on a more regular basis.

Notwithstanding the above, the estate's management does meet the union officials on a more regular basis through the estate's OSHA committee. This committee which often has union officials as members meets at least 4 times a year. Subsequently, they can use the meetings to voice to the management any issue of concerned to the union. The minutes of meetings of the estate's OSHA committee are kept in proper files.

The freedom of association (FOA) statement is often posted together with other policy statements on notice boards in the estates.

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

No worker below 18 years old was recruited by the estate or mill. The youngest worker recruited was 18 years and 4 months in Selaba POM through inspection of employees register.

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

Statement on equal opportunities policy is embedded in Sime Darby's social policy statements. Again, the statement is posted on notice boards in estates and mill.

There is no evidence of discrimination based on race, gender or national origin or any other factors. Interviews with the workers revealed that their pay and terms of work, for examples, are based on the MAPA and NUPW agreement and not decided conveniently by 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

Sime Darby Plantation has maintained explicit policy statements on sexual harassment which control the unwarranted behavior in the Estates/Mill. In addition, the Manual on the Implementation of Gender Policy continues to provide the guidelines for taking actions on sexual harassment cases. However, no incidence of sexual harassment has been reported in the estates.

As reported in the previous audit, each of the estates in the SOU has a Gender Committee which is mandated to plan appropriate programs and activities for their members. Minutes of meetings of Gender Committee are kept in all estates. Sadly, the gender committees in the SOU have not held frequent meetings over the past two years. Furthermore, their activities were not very focus to women issues. The gender committees at both Bikam and Cluny estates have met only once in 2012. Moreover, the Cluny's gender committee did not meet at all in 2011.

The estates' management should encourage the gender committees to hold more frequent meeting and organize more focused activities, such as having talks on women's rights, awareness on gender issues, and so forth. As of now, the committees have only organised social activities, like gathering health inspections.

As mentioned earlier, the grievance procedure is embodied in the Manual on the Implementation of Gender Policy. The applicability and usefulness of the procedure has yet to be tested as there has not been any reported sexual harassment case in the estates/mill.

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

Selaba Oil Mill does buy FFB from outside suppliers. An interview was carried out with FFB supplier and he understand on the FFB pricing mechanisms, method and mode of payment. These requirements was described in the agreement between Slme Darby and his company. In his capacity, he has not seen the agreement, however, he fully comprehend how the FFB prices are determined by the mill. Also, he has no complaints on the timing of payment for the FFB.

An interview with a spare part supplier was revealed that purchasing and payment systems of Selaba POM are similar with many other companies. Purchasing starts with request order followed by purchasing order, delivery and payment. All business transactions are documented and transparent.

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 still continue to support and contribute to the local communities similar to those reported in the last audit. The schools in all the estates are attended by children from neighbouring villages while their roads are being used by the local communities for communication and for transporting agricultural produce, such as FFB and rubber as in Bikam and Clunny. The Orang Asli communities at Kg. Sg. Bil, for example, use the road of Clunny estate to transport rubber out from their farms.

The deputy chairman of JKKK Kg. Bikam commented that his kampong has been receiving a lot of support from the government and the kampong folks are quite economically well off. As such, the kampong is quite independent of the estate. Nonetheless, the estate does provide some employment to a few kampong folks. In addition, the estate often contributes to activities, for example, Hari Keluarga.

According to Tok Batin of Kg. Kuala Bil and Kg. Sg. Bil, a number of women from their kampongs work in the estates. Furthermore, the Clunny estate has built a bridge, donated sewing machines and computers to the Orang Asli communities. The estate also provides transportation for Orang Asli children. The two Tok Batin is thankful to Clunny estate for being very generous and supportive of the communities' programmes and activities.

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.

SDPSB has no plan for new planting. The assessors verified that they could not see any new

land being opened up for new planting. Thus Principle 7 is not applicable.

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

Criterion 8.1

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

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

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 5 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:

- ETP desludging for FY2013/2014
- Water pond and canal desludging complete with water gate.
- CAPEX for machinery replacement and upgrades and also staff quarter's accommodation upgrades.

However, some area need further improvement especially on the housekeeping of the area that may have contribution on environmental impact such as boiler fly ash area, EFB dumping and clay storage area. The area mentioned was very near to the drain that may cause water pollution if it was not properly manage. OFI was issued.

Module E – CPO Mills: Mass Balance

Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill 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. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB. 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 should then be recorded in each subsequent annual surveillance report.

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 Selaba 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 (OFI). SOU Selaba also needs to conduct training on this requirement to all its relevant personnel. As at to-date, there has been no claim for certified CPO or PK by the CU.

Since Selaba Oil Mill was still accepting and processing the uncertified FFB from non-certified third parties, all the certified CPO and PK produced ever since the last assessment must be classified as Mass Balance products. In addition, SOU Selaba has yet to decide whether or not to stop receiving the third parties' crop. Therefore, all the annual estimated CPO and PK to be produced are also classified as Mass Balance products.

3.2 Identified Non-conformities

Details of the non-conformities, corrective actions taken by all assessed SOUs, and assessors' verification of the corrective actions taken are in Attachment 3. All nonconformities have been closed out.

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 05 had improvement made to 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 and conducive.

The level of awareness among the workers on the RSPO implementation was also found to be adequate. 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.

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

Stakeholders Interviewed at SOU 5	Comments
Naib Pengerusi of JKKK Kg. Bikam	helpful estate's contributions
Bunch sensor at Bikam Estate	Satisfactory with Selaba CU
Sprayer at Bikam Estate	Satisfactory with Selaba CU
Storekeeper at Bikam Estate	Satisfactory with Selaba CU
Harvesting mandore at Cluny estate	Satisfactory with Selaba CU
Lorry driver at Cluny Estate	To improve on the house repairs
Tok Batin of Kg. Sg. Bil, Cluny Estate	continue allow use of roads
Tok Batin of Kg. Kuala. Bil, Cluny Estate	request water supply to kampong hall
FFB supplier, Selaba POM	satisfied with contract
Sparepart supplier at Selaba POM	satisfied with contract

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

I, the undersigned, representing SOU 05 acknowledge and confirm the contents of the assessment report and findings of the assessment.

Sime Darby Plantation Sdn Bhd
(Company No: 647766-V)
Kilang Kelapa Sawit Selaba

.....
Azizi bin Abdul Rahman
Mill Manager

Date : 29/10/13

Name :

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 : 25/10/2013

Name : VALENCE SHEM
(Lead Assessor)

Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Selaba - SOU 05** continue to conform to the requirements of the RSPO MY-NI: 2008. All nonconformities including major nonconformities have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Selaba - SOU 05** to continue to be certified against RSPO MY-NI: 2008.

Location map of SOU 05 -Selaba in Perak, Malaysia



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 Selaba**) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MY-NI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : **25th – 28th March 2013**

3. Site of assessment : SOU Selaba
Selaba Palm Oil Mill,
Lot No.7376, Km 7,
Jalan Changkat Jong,
36000 Teluk Intan, Perak.

4. Reference Standard

- a. RSPO P&C MY-NI 2007 and MY-NI Indicators and Guidance 2008
- b. RSPO Supply Chain Certification System (25 November 2011)
- c. RSPO Supply Chain Certification Standard (25 November 2011)
- d. Company's audit criteria including Company's Manual/Procedures

5. *Assessment Team

- a. Lead Assessor : Valence Shem
- b. Assessors : Mohamed Hidhir Zainal Abidin
Dr. Rusli Mohd.
Prof. Mohd Basri Hamzah

6. Audit Method

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

7. Confidentiality Requirements

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

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

13. Assessment Programme Details : As follows

Day one: 25th March 2013 (Monday)

Activities /areas to be visited	Hidhir	Dr. Rusli	Prof. Mohd	Valence	Auditee
0900-0930	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				Top mgmt & Committee Member
0930-1000	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)				Management Representative
1000-1300	Site visit and assessment at Selaba POM relating to Good Milling Practices, occupational safety and environmental issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Bikam Estate relating to local community issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Selaba Division relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Cluny Estate relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

Day two: 26th March 2013 (Tuesday)

Activities /areas to be visited	Hidhir	Dr. Rusli	Prof. Mohd	Valence	Auditee
0900-1300	Continue assessment at Selaba POM	Site visit and assessment at Cluny Estate on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Bikam Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Continue assessment at Cluny Estate	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day three: 27th March 2013 (Wednesday)

Activities /areas to be visited	Hidhir	Dr. Rusli	Prof. Mohd	Valence	Auditee
0900-1300	Site visit and assessment at Cashwood and Sg. Bruas Division on Environment and Occupational Safety Issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Cluny Estate on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Cashwood and Sg. Bruas Division relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Selaba POM on Supply Chain Implementation including the model used	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day four: 28th March 2013 (Thursday)

Activities /areas to be visited	Hidhir	Dr. Rusli	Prof. Mohd	Valence	Auditee
0830-1200	Continue assessment at Cashwood and Sg. Bruas Division	Site visit and assessment at Selaba POM on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Continue assessment at Cashwood and Sg. Bruas Division	Site visit and assessment at Selaba Division relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Guide/PIC
1200-1300	Lunch Break				
1300-1600	Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)				
1600-1700	Closing Meeting				Top mgmt & Committee Member

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 01	Major	<p>There was no evidence that some of the requirements of the Environmental Quality (Clean Air) Regulations, 1978 / Regulation 36 / Written approval for fuel burning equipment are fulfilled.</p> <p><u>Evidence:</u> At Selaba Division, there are three units of generator set meant to pump water in order to control flooding. However, written approvals from the Department of Environment have yet to be obtained for any of the unit.</p>	<p>The Manager of Seri Intan Estate had sent an application letter to the DOE of Perak for obtaining written approval for all of the three units of generator sets. The date of the letter is 29/3/2013. However, there is no response from the DOE yet. A copy of the application letter was submitted to SIRIM for verification.</p>	<p>The status of the application needs to be verified in the next assessment.</p> <p>Status: Closed</p>
Indicator 2.1.1 NCR #: RM 01	Major	<ol style="list-style-type: none"> 1. Bikam estate did not carry out weekly housing inspections on line sites, including houses. This contravenes Section 23(2) of the Workers' Minimum Standards Of Housing and Amenities Act 1990 which says "It shall be the duty of the employer to ensure that all buildings used for the housing of workers, nurseries or community halls are visited and inspected weekly by an estate hospital assistant registered under the Estate Hospital Assistants (Registration) Act 1965 [Act 435] or any other responsible person authorized by the employer..." 2. The sundry store at Cluny estate sells liquor without permit. This contravenes Sec 60 of Enakmen Jenayah (Syariah), 1992 of the state of Perak <p><u>Evidence:</u></p> <ol style="list-style-type: none"> 1. No reports were available on weekly inspection of estate houses at Bikam Estate. Reports were available for several days, namely, 22/3/12; 20/4/12; 14/12/12; 15/2/13 and 17/3/13 2. Found alcoholic beverage being sold at the sundry store without any legal permit 	<ol style="list-style-type: none"> 1. Bikam Estate has continued to carry out the weekly housing inspections of line-site in accordance to the legal requirements. A copy of some of the weekly inspection reports have been presented to SIRIM for verification. 2. The sundry store owner has been given an instruction to stop the sales of alcoholic beverage through a letter from the Manager of Cluny Estate dated 4/4/2013 and a copy if the letter has been sent to SIRIM for verification. 	<p>The corrective actions taken and evidence submitted were found to be adequate.</p> <p>Status: Closed</p>

VERIFICATION ON PREVIOUS AUDIT FINDINGS

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1	Major	No reports were available on weekly inspection of estate houses. According to the Asst Estate Manager at Bikam Estate, no weekly inspection is carried out on the houses. Nonetheless, inspection reports were available at Cluny Estate. However, the inspections were not done on weekly basis. Brief reports made at irregular basis were shown during audits at line sites/staff sites Selaba Division.	Inspection was carried out as per legal requirements	Verify the inspection record and found satisfactory Status : closed
Indicator 4.4.1	Major	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estate was not maintained During the site review at Cluny Main Division it was found the buffer zone along Sg Slim was not maintained; <ol style="list-style-type: none"> 1. spraying activities/ trace has been identified along the buffer zone 2. boundary mark for buffer zone was not clearly demarcated along the riverside 	Communication with worker on biodiversity issue Carried out Biodiversity monitoring Demarcated boundary mark	Verify the photo and Action taken satisfactory. Status : Closed
Indicator 4.8.1	Major	There was no evidence of scheduled waste management training provided to workers and staff at Cluny and Bikam Estate No training records for scheduled waste management as per requirement under Environment Quality (Scheduled Waste) 2005 Regulation 15, every waste generator shall ensure that all his employees involved in the identification, handling, labelling, transportation, storage and spillage or discharge response of scheduled wastes attend training programmes	Training conducted to scheduled waste handler.	Training was carried on 5 April 2012 . Scheduled waste labeling was in accordance with regulation Status : closed

<p>Indicator 6.1.3</p>	<p>Minor</p>	<p>The SIA report for SOU5 was prepared more than three years ago and each estate was required to review and update it annually by getting feedbacks and inputs from relevant stakeholders. The report for Selaba mill for prepared in July 2011. Bikam and Cluny Estates did prepare updated SIA report for 2011/12 but not for 2009/10 and 2010/11. The issues highlighted in the 2011/12 report were similar to those in the original report. There was no report on the review of the SIA, if it is done.</p> <p>Bikam Estate - the Asst Manager mentioned that they did not carry out the annual review. Cluny Estate - no reports on annual review were available.</p>	<p>Selaba SOU will review the SIA report and continue communication with stakeholder</p>	<p>The SIA reports for each of the concerned operating units have been adequately reviewed and action plans have been established thereafter.</p> <p>Status : Closed</p>
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OPPORTUNITIES FOR IMPROVEMENT	
Principle/Criteria/ Indicator	Details of Opportunities For Improvement
I 4.4.3	<p><u>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</u></p> <p>The frequency of incoming and outgoing water at Slim River of Cluny Estate should be as required by its procedure. It was found that the last two analysis conducted has seven months interval.</p>
I 5.1.1	<p><u>Documented aspects and impacts risk assessment that is periodically reviewed and updated</u></p> <p>Some of the identified environmental aspects and impacts for water pumping activity at Selaba Division have been missed out, such as diesel consumption, scheduled waste generation, smoke emission to name a few. It was found that only usage of electricity was identified as the environmental aspect for this activity.</p>
Module E – CPO Mills: Mass Balance E.1.1	<p><u>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements...</u></p> <p>SOU Selaba has developed its Supply Chain procedures to fulfill. However, it was found inadequate to fulfill all of the requirements of the RSPO Supply Chain Certification Standard.</p>
I 2.1.1	<p><u>Evidence of compliance with legal requirements</u></p> <ul style="list-style-type: none"> • At Selaba POM, some of the requirement in <i>Jadual Pematuhan</i> yet to be followed which related to : <ul style="list-style-type: none"> - Sampling frequency for iso-kinetic stack sampling for boiler no.2 and 3 - Functional alarm system to trigger (high opacity) black smoke.
I 2.1.3	<p><u>A mechanism for ensuring that they are implemented</u></p> <p>The evaluation of compliance can be further improved further improved. Some lapses were observed such as</p> <ul style="list-style-type: none"> • the evaluation rating was incorrect • the associated document and records for <i>Jadual Pematuhan</i>, written approval for boiler and approval condition for desludging granted from DOE, were referred to other palm oil mill
I 2.1.4	<p><u>A system for tracking any changes in the law</u></p> <ul style="list-style-type: none"> • Selaba POM has yet to register the Code of Practice for Confined Space 2010 in the legal register. • Approval condition for desludging and extension storage period for schedule waste has yet to be registered and evaluated in the next evaluation of compliance.
I 4.1.1	<p><u>Documented Standard Operating Procedure (SOP) for estate and mill</u></p> <ul style="list-style-type: none"> • Selaba POM had continued using the MQMS (SOP) developed by PSQM department for all SOUs. However, the new fall arrest system has yet to be updated in the SOP. • Selaba POM has yet to update the new set of EHS document dated July 2012.

C 4.7	<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"> • Observed that damaged pressure regulator and no flashback arrestor fitted to the oxygen and acetylene gas cylinder belonging to the contractor working at new de-oiling tank, production area and also at Cash wood Division workshop. • Observed during field visit some of the sprayer was not wearing standardized PPE while doing weeding activities. • Cashwood Division has yet to obtain complete CSDS for FOXIL from chemical supplier. • New team for RB sprayer and weeder has yet to be sent for baseline health surveillance by registered OHD as recommended in the CHRA. • Emergency response drill for fire evacuation was done on 13/4/12, However, Selaba POM has yet to consider conducting the night drill for the next financial year. • Annual audiometric programme has been implemented and yet to introduce the hearing conservation programme for all employees and repeated in every 2 years as required by law. • HIRARC register has yet to be updated and included the following activities : <ul style="list-style-type: none"> - Fall arrest system construction - De-oiling tank construction - Risk rating and risk control after occurrence of accident. - Animal hazards (snake bite) for frond stacking activities. (Cashwood Division) • First aid box content has yet to be followed as recommended by first aid kit guideline in the 4th schedule of Safety, Health & Welfare Regulation 1970 for Selaba POM and Cashwood Division Estate.
I 4.8.1	<p><u>A training program (appropriate to the scale of the organization) that includes regular assessment of training needs documentation, including records of training for employees are kept.</u></p> <ul style="list-style-type: none"> • First Aid training has yet to be conducted for the nominated mill and estate personnel to administer first aid assistance
C 8.1	<p><u>Commitment to continuous improvement in the key areas of activity – Pollution prevention plan</u> Waste management at Selaba POM need to be further improved especially at the following areas :</p> <ul style="list-style-type: none"> • Boiler fly ash dumping area • EFB dumping area • Clay storage area
I 4.8.1	<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> Exposure on conservation in general, and HCV and Biodiversity in particular, has not been formally made for the benefit of subordinate field staff in the supervisory capacity in SOU 05 as evident in the Second Surveillance made in Selaba Div., Bikam Estate, Cashwood and Sg. Bruas Division. Training programmes should be held to address this need for the relevant employees to increase their capacity and effectiveness in conducting conservation measures in the field.</p>
I 5.2.3	<p><u>Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing</u></p>

	<p><u>responsible measures to resolve human-wildlife conflicts.</u></p> <p>Signages can be improved in terms of number and content. All entrances and intersections should carry the reminder and penalty for infringement. Signages at the main entrances should be more informative on the wildlife to be protected and prominently displayed especially for estates fronting public roads. Such public viewing should elicit positive perceptions on Sime's effort on wildlife conservation.</p> <p>In relation to this, cooperation with stakeholders, such as PERHILITAN and Forestry Department, be made to assist in the protection and conservation of wildlife, particularly ERT species, if any, within or adjacent to estate boundaries. The SOU stakeholder list should also include those related to the environment.</p>
I 6.2.1	<p><u>Documented consultation and communication procedures.</u></p> <p>The estates have developed consultation and communication procedures. However, these procedures have not been entirely followed. For examples, in Cluny estate, the clerk did not record the incoming correspondence. Furthermore, evidence shows that not every correspondence has been replied by the management.</p>
I 6.3.2	<p><u>The system resolves disputes in an effective, timely and appropriate manner</u></p> <p>There is currently a dispute on claims of payment for work done between Bikam estate and Rajan Excavator Sdn. Bhd. The dispute started in 2009 and is now awaiting decision from Sime Darby's Headquarters.</p> <p>The dispute has taken a long time and, in the interest of both parties as well as in line with the requirements of certification, Sime Darby should promote efforts for both parties to reach an amicable agreement on the issue within the shortest possible time. Incidentally, the agreement between the two parties empowers Sime Darby to make the final decision on the issue.</p>
I 6.5.3	<p><u>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).</u></p> <p>The estates have developed their own systems for dealing with requests for housing repairs and these systems have been implemented quite well. The systems could be improved by ensuring that:</p> <ul style="list-style-type: none"> a. requests are entertained on first come first serve basis b. they allow for tracking when complaints were made and subsequently when repairs were completed. Furthermore, the house owner should acknowledge that the repair has been done satisfactorily.
I 6.9.1	<p><u>A policy on sexual harassment and violence and records of implementation</u></p> <p>The gender committees within the SOU have not held frequent meetings over the past two years. Furthermore, their activities were not very focus to women issues.</p> <p>The estates' management should encourage these committees to organize more useful activities, such as having talks on women's rights, awareness on gender issues, and so forth. As of now, only normal social activities, like gatherings, are organized by the committees.</p>