



PUBLIC SUMMARY
3rdRSPO SURVEILLANCEASSESSMENT

AUDIT DATE: 6-10 JANUARY 2014

SIME DARBY PLANTATION SDN.BHD.
CERTIFICATION UNIT (SOU 05) – SELABA
TELUK INTAN, PERAK, MALAYSIA

Prepared by:

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SUMMARY

This public certification summary provides the general information on the Selaba Certification Unit (Selaba CU) of Selaba Strategic Operating Unit (SOU 05) of Sime Darby Plantation SdnBhd (SDPSB), the assessment process, the findings of the surveillance, Non-Conformity Reports (NCRs) raised, verification of corrective actions on the minor NCRs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles & Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010).

This surveillance was conducted on 6-10 January 2014 by SIRIM QAS International SdnBhd (SIRIM QAS International). SIRIM QAS International, an accredited certification body (CB) by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA is also the leading testing, inspection and CB in Malaysia having provided its services to all sectors of the industries in management system certification services on quality, environment and health and safety for over 30 years.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills (POMs) and oil palm estates for certification of management system against the requirements of ISO 9001, ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a CB by RSPO on 21 March 2008. Since then, it had conducted many assessments on RSPO sustainable production of palm oil and supply chain certifications in Malaysia.

All previous nonconformities were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. This surveillance had resulted in the issuance of (4) Major and one (1) Minor non- conformity reports (NCRs).The Selaba CU had taken appropriate corrective action to address the major and minor NCRs. The corrective action had been reviewed and accepted by the assessor. Verification of the corrective action would be done during the next audit.

Based on the findings of this surveillance, it could be concluded that the Selaba CU had continued to comply with the requirements of the RSPO MYNI: 2010. The assessment team had therefore recommended the Selaba CU to maintain its certification against the RSPO MYNI: 2010 for the sustainable production of palm oil.

1.0 Scope of the Certification

1.1 National Interpretation Used

The operations of the mill and its supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the RSPO MYNIWG: 2010.

1.2 Certification Scope

The Surveillance assessment covers the Selaba Palm Oil Mill (Selaba POM) and its supply base i.e. Bikam Estate, Cluny Estate, Sogomana Estate (Cashwood and Sg. Beruas Division only) and Seri Intan Estate (Selaba Division only). The scope of certification is the sustainable production of crude palm oil from the mill with FFBs supplied by these four estates.

1.3 Location Mill and Estates

SOU 05 is located at TelukIntan District, Perak, Malaysia. The locations of the SOU is shown in Attachment 1.

Details of the SOU is shown in Table 1.

Table 1: Location and addresses of mill 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 TelukIntan, 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 TelukIntan, Perak

1.4 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 2: Actual annual FFB production by the supplying estates sent to Selaba POM since date of last reporting period.

(March 2012 to February 2013)

Estates	FFB Production (March to December 2013)		Certification Bodies
	Tonnes	Percentage (%)	
Bikam Estate	16,762.44	18.19	SIRIM
Cluny Estate	18,087.32	19.63	SIRIM
Cashwood&Sg. Beruas Division of Sogomana Estate	17,485.28	18.98	SIRIM
Selaba Division of Seri Intan Estate	23,139.13	25.11	SIRIM
Smallholders	14,995.76	16.28	Not certified
Others - Sg. Samak Estate	-	-	BSI
Flemington Estate	-	-	BSI

Kinta Kellas Estate	382.33	0.41	BSI
BaganDatoh	252.88	0.27	BSI
Elphil	1,031.69	1.13	BSI
Total	92,136.83	100.00	

Table 3: Estimated annual FFB production by the certified supplying estates to be sent to Selaba POM for the next reporting period

Estates	FFB Production (March 2014 to February 2015)	
	Tonnes (Mt)	Percentage (%)
Bikam Estate	35,669.80	23.53
Cluny Estate	32,160.61	21.22
Cashwood&Sg. Beruas Division of Sogomana Estate	28,594.53	18.87
Selaba Division of Seri Intan Estate	31,161.19	20.56
Others – please specify Small Holder	24,000.00	15.82
Total	151,586.13	100

1.5 Date of Planting and Cycle (Total Plantations and Area Planted)

The plantation area and the area planted with palms are shown in **Table 4**.

Table 4: Areas of plantations.

Estate	Year of establishment	Area (Ha)				Area (%)	
		Titled	Planted	Mature	Immature	Mature	Immature
Bikam Estate	1927	2,077.17	1,991.82	1,563.86	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	1,260.84	1,109.47	1,077.17	32.3	97.11%	2.91%

Total	6,010.12	5,602.54	4,988.38	614.16		
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1.7 Organizational Information/Contact Person

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

Chairman of **SOU 05**:

Name: Mr BalachandrunMadhavan

Designation: General Manager, Perak South Zone

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

Phone #: 05-6221477

Fax #: 05- 6222434

E-mail: balachandrunmadhavan @simerdarby.com

1.8 Time Bound Plan for Other Management Units

Initially, there were a total of 65 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. 42 units in Malaysia and 23 units in Indonesia. At the point of this surveillance assessment, there were 59 palm oil mills (59 SOUs) after strategic alignment in August 2013.

The variance was due to in Malaysia, 3 palm oil mills (JeletaBumi, Mostyn, Segaliud) in Sabah Sungai Samak, Yong Peng) had been closed down and another Sepang Mill was assigned to receive crop solely from third parties. 1 mill (Tamiang) in Indonesia has been ceased operation and combined with BlangSimpo Oil Mill.

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. However, the time bound plan has been shifted to 2014 due to commissioning of new mills in Malaysia and Indonesia. As to date 32 of their SOUs in Malaysia and 21 SOUs in Indonesia are certified. 2 mills in Peninsular Malaysia namely (SOU Pagoh and SuaBetong) has undergone main assessment and the other 4 SOUs in Indonesia have has also undergone assessment and delayed due to some disputes and pending for certification approval.

1.9 Area of Plantation

The area of plantation is as in **Table 4**.

1.10 Actual and Estimate Tonnages Offered for Certification (CPO and PK)

The actual and approximate tonnage of CPO and PK produced and claimed for certification, is shown in **Table 5** and **6** respectively follows:

Table 5: Actual annual CPO and PK tonnage of Selaba POM since date of last reporting period

	Tonnage (Mt) (March 2012 to February 2013)	Tonnage (Mt) (March to December 2013)
FFB Received	165,965.26	83,318.92

FFB Processed	165,973.60	87,974.61
Total CPO Production	34,584.77	18,876.48
Total PK Production	8,535.46	4,819.32
Certified CPO sold Mass Balance	26,649.49	none
Certified PK sold as Mass Balance	6,459.90	none
CPO sold as non-Certified	7,935.28	none
PK sold as non-Certified	2,075.56	none

Table 6: Estimated annual quantity of CPO and PK for Selaba POM

	Tonnage (Mt) (March 2012 to February 2013)	Tonnage (Mt) (March 2014 to February 2015)
FFB Received	152,761.62	95,269.08
FFB Processed	152,761.62	95,269.08
Total CPO Production	32,801.30	19,640.50
Total PK Production	8,211.89	4,833.11
Certified CPO to be claimed – Mass Balance	25,421.30	-
Certified PK to be claimed – Mass Balance	6,321.89	-
Non-Certified CPO	7,380.00	-
Non-Certified PK	1,890.00	-

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. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001

and also conducted assessments against RSPO Principle and Criteria. SIRIM QAS International was approved as a RSPO certification body on 21 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 MC&I Requirement	Qualification and Experience
KhairulNajwan bin Ahmad Jahari	Assessment Team Leader /Environment and related legal issues	<ul style="list-style-type: none"> working experience related to forest management, inventory, surveying, remote sensing, HCVF and logging operation. Successfully completed accredited Lead Assessor training for ISO 14001, ISO 9001 and OHS 18001 Successfully completed RSPO Lead Assessor Course – 2011. B. Sc of Forestry (Forest Management)
Ruzita Abd Gani	Auditor/ Milling Operation, Occupational Health and Safety, Environment and related legal issues	<ul style="list-style-type: none"> experience in palm oil milling Successfully Completed RSPO Lead Assessor Course - 2008 Successfully Completed RSPOSCC Lead Assessor Course Successfully completed ISO 14001 EMS EARA approved Lead Assessor - 2002 Successfully completed IRCA accredited Lead Assessor training for ISO 9001 Successfully completed OHSAS 18001 OHSMS IRCA accredited Lead Assessor Course – 2005 Registered Environmental Auditor with Department of Environment (DOE) - 2010 B.Sc. (Hons) Chemical Engineering
Selvasingam T Kandiah	Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"> B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Bangalore, India (1969-1973) A Planter with Kumpulan Guthrie Berhad (1995-2002 – retired) Experience in Managing: <ul style="list-style-type: none"> Nursery : Rubber and Cocoa Immature Area : Cocoa Replant, Rubber Replant, Oil Palm Replant & Oil Palm New Clearing Area: Cocoa, Rubber & Oil Palm. Attended RSPO training
Dr. Zahid Emby	Assessor / workers& community issues and related legal issues	<ul style="list-style-type: none"> 1977- 1992 – Lecturer, Department of Social Sciences, Faculty of Educational Services, Universiti Pertanian Malaysia Head, August 1992 – 1994, Department of Social Development Studies, Universiti Pertanian Malaysia August 1, 1998 -2001. Reappointed as Head of the renamed Department of Social and Development Science for a three year term Head, Department of Music from October 2003 until his retirement on December 17, 2006 Spent some time as a visiting scholar at University of Hull, U.K.

		<p>and Victoria University of Wellington, New Zealand.</p> <ul style="list-style-type: none"> • Freelance consultant on social issues • Attended RSPO training
Mohd Razman Salim	Auditor / Environment and related legal issues	<ul style="list-style-type: none"> • experience in Forest Management, forest, HCVF and ecology • Successfully completed Lead Assessor training for ISO 9001 • Successfully completed Lead Assessor training for ISO 14001 • Successfully completed Lead Assessor training for ISO 18001 • B.Sc.Forestry (Hons) - University Putra Malaysia • Attended RSPO training

2.3 Assessment Methodology (Program, Site Visits)

The audit was conducted primarily to evaluate the level of continued compliance of the CU current documentation and field practices against the RSPO (MY-NI 2010).

The planning of this surveillance audit was guided by the RSPO Certification Systems Document.

The audit was conducted by inspecting the mill, planted areas, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Random interviews were held with the management, employees, contractors and other relevant stakeholders. In addition, records as well as other related documentation were also being evaluated. The details on the surveillance audit programme are presented in **Attachment 2**.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Not applicable.

2.5 Date of Next Surveillance Audit

Next surveillance audit should be conducted within nine to twelve months from this audit.

3.0 Assessment Findings

3.1 Introduction

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 four (4) Major and one (1) Minor non-conformity reports against RSPO MYNI requirements were raised as shown in Attachment 3. SOU 05 has taken necessary corrective actions in order to close all the non-conformities raised.

The previous year non-conformities have also been satisfactorily closed following verification of the implemented corrective actions. The assessment team examined all the action plans and found

them to be adequate. SOU5 CU showed their commitment to address the non-conformities by establishing action plans as detailed in Attachment 4.

Principle 1: Commitment to Transparency

Criterion 1.1

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

Indicator 1.1.1

Records of requests and responses must be maintained.

Major compliance

Audit findings:

SOU 05 was still continuing to implement the procedure for responding to all communications 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.

Communications with workers were identified and maintained. The record stated date of communication received, response and remarks. In all four estates most records were mainly for repairs required for workers quarters.

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)

Audit findings:

In SOU5 management documents, like those relating to environment, social and legal issues, were made available to the public except for those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Furthermore 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.

In addition the following are also available at the same website:

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

SOU5 have valid land titles though some are still under Golden Hope Plantation (Peninsular) Sdn. Bhd. and SDPSB Headquarters is in the process of changing it.

SDPSB continued to use the internet for disseminating public information. Information relating to safety and health plans was available through SDPSB website at <http://plantation.simedarby.com>.

There were two reports on Baseline Social Impact Assessment (SIA) prepared for SOU 5; one report prepared in December 2008 by PS-RSPO Unit, TQEM Department, SDPSB for all the estates under SOU 5 while the other report was prepared in July 2011 by Plantation Sustainability Department, SDPSB for Selaba POM. The two reports provided baseline data for the estates and mill involved as well as highlighting the various issues raised by the stakeholders in the respective estates and mill. An action plan was presented at the end of each of the two reports.

Pollution prevention plan was available at the SDPSB website <http://plantation.simedarby.com> and as to date no body request the information from Selaba SOU 05.

In SOU5 as mentioned under 1.1.1: Communications with workers were identified and maintained. The record stated date of communication received, response and remarks. Most records were for repairs required for workers quarters.

Sime Darby has prepared a standard of procedure for handling any complaints and grievances by following 'Procedure for External Communication', 'Flowchart and Procedure on Handling Social Issues' and Flowchart and Procedures on Handling Land Disputes'.

In order to minimise on the use of chemical and to avoid bare ground conditions in Cashwood, SgBruas and Selaba estates the spraying of harvester path has been discontinued. In Cluny estate too no harvester path spraying was carried in fields with sparse vegetation in the interline. In all four estates mainly only circles and noxious weeds are sprayed.

In order to minimize use of Insecticides the estates have established nurseries for beneficial plants mainly *Tunerasubulata*, *Cassia cobanensis* and *Antigononleptopus*. This was to establish continuity in the planting of beneficial plants.

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:

SOU5 continued to comply with legal requirements. Relevant licenses and permits were valid and displayed at the Bikam Estate and Selaba POM offices. Among those seen displayed include those from MPOB, Energy Commission and Domestic Trade Ministry for purchase of FFB, generation of electricity, diesel and fertilizer storage. Operational performance monitoring activities conducted included the employee audiometric test, hearing conservation programme, workplace inspection and monitoring of smoke & dust particulates emission from the boiler and discharges from the effluent treatment plant. The monitoring of boiler emissions and effluent discharges has also included measurements conducted by external accredited laboratories, Procoma Environmental (M) Sdn Bhd.

Foreign Workers have valid work permits and passports. Monitoring activities were being conducted in accordance with the relevant procedures and requirements.

SOU5 has a documented system for identifying and updating the changes of legal requirements and to monitor the status of legal compliance. There is evidence of compliance to legal requirements which has been evaluated on an annual basis. The Legal Register was updated in October 2013. The following Acts were added:

- Minimum Wages Order 2012
- Minimum Retirement Age Act 2012
- Weights and Measure Regulation 1981
- MPOB Act 1998.
- National Wage Consultation Council Act 2011, Minimum Wages Order 2012
- Code of practice for safe working in confined space.

Selaba POM has installed a new decanter machine at the Selaba POM in June 2013. In term of legal, Selaba POM had sent a letter of notification dated 15 August 2013 to DOSH which met FMA Act 1970, Regulation 7. 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 17 June 2013 for steam boiler and UPVs. Comments highlighted by DOSH inspector during inspection has been handled and rectified accordingly.

Monthly visit conducted by a competent visiting electrical engineer and the last visit report on 10 December 2013 was sighted during assessment. Comments from VE has been appropriately handled and rectified.

All estates in SOU5 have a documented system for identifying and updating the changes of legal requirements and to monitor the status of legal compliance. There is evidence of compliance to legal requirements which has been evaluated on an annual basis. These compliances are ensured by Internal & External Audits, PA visits, Group Corporate Assurance Report and by RSPO Audits

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. The tracking for changes in the law is carried by SDPSB headquarters and disseminated to all CUs.

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

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

Audit findings:

The legal ownership of land title for the four estates/divisions, Selaba Division, Bikam Estate, Cluny Estate and Sg. Bruas Division, were verified by the assessor.

All original titles are held by SDPSB headquarters and the estates have only photocopies. There has been no change in land issues except that 4.7 hectares from Fields 98A & 98B in Cashwood had been taken over for TNB Rentice.

Most land is utilised as per the conditions in the titles which is for agriculture. However a few titles where land use was permitted for planting Rubber and Dusun (orchard). SDPB headquarters have applied to change it for planting Oil Palm.

The titles for Selaba, Cashwood and SgBruas were still in the name of Golden Hope and SDPSB Land Management Department is in the process of changing the ownership. In Bikam for example, a list of 48 grants under Bikam Estate showing quit rent paid on April 2013 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 SdnBhd to Sime Darby Plantation Sdn Bhd. The grant Lot 450 and 1402 were currently in progress to be changed to oil palm status by Land Management Department as recorded in email dated 10 May 2013.

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 Mar 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.

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. The estate management generally employed registered surveyors for boundary maintenance. One such surveyor, JurukurEsaSdnBhd, 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 one Mr Abdul Samat in year 2011.

<p>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.</p> <p>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</p> <p>Indicator 2.3.2 Map of appropriate scale showing extent of claims under dispute. Major compliance</p> <p>Indicator 2.3.3 Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). Minor compliance</p>

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

<p>Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.</p> <p>Indicator 3.1.1 Annual budget with a minimum 2 years of projection Major compliance</p> <p>Indicator 3.1.2 Annual replanting programme projected for a minimum of 5 years with yearly review.</p>

Minor compliance

Audit findings:

As in all SDPSB estates SOU5 too had annual budgets for the financial year 2013/2014 which is from July 2013 to June 2014. The budget in addition to FFB yield/Ha, OER and CPO it included Capital and Operating Expenditures. The operating expenditure includes expenditure for Mature and Immature Oil Palm upkeep, Administration cost, Housing and Machinery upkeep, etc. For Selaba POM operation, continual improvement programme on modification and machine upgrades such as oil room piping renewal and maintenance conducted for boiler conveyor. Accommodation and facilities upgrades for mill staff quarters and executive bungalow were also gazetted in the budget. Annual de-sludging programme was budgeted for the effluent treatment plant. For environmental aspect, budgets were allocated for upgrading chemical & schedule waste store. In term of safety and emergency preparedness, Selaba POM also gazetted allocation for BOMBA equipment upgrades as well as firefighting system modification. Other CAPEX sighted were more focusing on plant machinery upgrades and toward process efficiency and plant safety.

SOU5 also had annual budget projections until the final year 2017/2018 were shown to the Auditors.

The replanting programmes until 2017/2018 were sighted for all four Estates. This programme is reviewed once a year and is incorporated in their annual financial budget.

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:

Like all SDBSB estates SOU5 adopted and used the SOPs established by Sime Darby Plantations Sdn.Bhd in their daily operation. Estates operations were guided by Sustainable Plantation Management Systems (SPMS), Estate Quality Management System (EQMS) and complimented by technical guidelines in the Agricultural Reference Manual(ARM).

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. Random interview with the estate and mill workers showed that they understand the requirement stated in the SOPs. For example, it was observed that ripeness standard and chemicals usage had been properly understood by the estate harvesters and sprayers respectively.

All four estates in SOU5 had consistently implemented and monitored most good agricultural practices as per SOPs.

However, Section 14.6 of the “Buku Panduan Keselamatan Bergambar (PKB) of SDPSB on appropriate PPE for workers applying Fertilisers and spraying was not complied with in Selaba Estate Workers applying CIRP fertiliser in Field 2009A were not wearing goggles and workers carrying spot spraying in Field 2000 were not wearing long sleeve apparel and goggles. A Major NCR was issued under Indicator 4.7.1.

Records of monitoring and the actions taken by the estates continued to be maintained and kept for a minimum of 12 months. Some of the records sighted in the estates were Store Bin Cards and Programme sheets for Fertiliser Application, Circle & Spot Spraying, Circle Raking, Pruning, Barn Owl occupancy census, Road Maintenance, Rat baiting, etc.

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 and 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:

Soil fertility had been maintained at optimum levels by empty fruit bunches (EFBs) mulching, compost application, proper frond stacking (biomass), water management, maintaining soft weeds within interlines regular and by annual application of inorganic fertilizers recommended by SDPSB’s agronomists.

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 based on annual foliar sampling as sighted in the Agronomic & Fertilizers Recommendation Reports. The fertilisers recommended and used in SOU5 were Ammonium Sulphate, Ammonium Chloride, MOP, CIRP, Borate, Kieserite and NK Mixture. The applications are monitored via programme sheets. Records sighted showed fertilisers were applied during the financial year 2012/2013. For the current financial year fertiliser application was in progress.

Soil fertility in SOU had been well maintained as evident in the high FFB yields obtained and the postponement of replanting in some fields as a result of high FFB productivity.

Periodic foliar and soil sampling to monitor changes in nutrient status are in place in all four estates. Annual foliar sampling had been carried out in all estates and the results formed the basis for the fertiliser recommendations.

Soil sampling is carried out every 5 years as per requirement in the SPMS Manual for PH, Organic Carbon, Total N, Total & Available P and Exchangeable K, Mg and Ca. The last sampling was in 2010 on all 4 Estates.

EFB application due logistics was only applied in Selaba and Cluny estates. EFB application priority was given to application in the replants. In the replants EFB was applied in the circles. In addition to EFB application, in Selaba 1287 tons of compost had been applied to fields planted in 2007.

The CU practiced Zero burning and this was evident in all the replant inspected in SOU5. Domestic waste in Selaba and Cluny was collected by the Majlis Daerah at a frequency of 6 times per month while in Cashwood and SgBruas it was disposed in landfills.

In all four there was no evidence of open burning.

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

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

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

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

Audit findings:

SOU5 CU continued to have programs in place to minimise and control erosion and degradation of soils. These programmes were for water management, road maintenance, cover crop planting of *Pureirrajanica*, *Calopogonium mucinodes* & *Mucunabracteata* in replants and stacking of pruned fronds, spraying of circle & noxious weeds as per ARM manual. In some areas harvesting paths programs were only for grass cutting and where the vegetation was sparse there no maintenance program at all.

SOU5 CU continued to have practices in place to minimise and control erosion and degradation of soils. The topography for the estates was mainly flat except for Cluny Estate which had 79% of its area hilly. Pruned fronds were stacked along terraces in the hilly areas while in flat areas U shaped stacking was practiced.

During the site visit, the estates endeavored to maintain soft vegetation such as *Nephrolepis bisserata* and soft grasses in interlines though patches of sporadic noxious weeds which were sprayed out were sighted at time of visit. In the replants cover crops like *Pureirrajanica*, *Calopogonium mucinodes* & *Mucunabracteata* were planted.

In most flat areas SOU5 CU has implemented and will continue to only grass cut the harvester's path. Only Circles and noxious weeds are sprayed out. By grass cutting the paths, SOU5 not only prevented bare ground conditions but also aimed to reduce the growth of noxious weeds.

The topography of Selaba Estate being mainly flat and being a coastal estate have large numbers of fields drains which help to collect road runoff waters to further minimize soil erosion.

During the field visit, it was noted road conditions were satisfactory and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting, culvert maintenance and road side pruning.

Surface run off waters were drained off into slits pits and in Selaba into the numerous field drains. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained. During the visit heaps of crusher run stones and large stones stored at strategic areas were sighted; these were for road maintenance.

There were no peat soils in SOU5.

Though there are no fragile soils in SOU 5 Selaba Estate had mainly coastal soils. The estate had a well maintained water management in place. The management of Selaba Estate continued to carry out its best practice in maintaining the water table according to its established procedure and programme. The network of drainage system was adequate and water table was monitored and maintained at 60 cm from the ground surface at all times using “water level yardsticks”, sand bag stop bunds and 15 water gates and static water pumps. The inlet and outlet of water through this area were controlled by water gates.

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

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

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:

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 has been audited at Bikam, Cluny and Selaba. 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.

There is no construction of bunds/weirs/dams 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. 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.

All estates monitored rainfall days and rainfall in mm and were available from a period of ten years. The highest rainfall in SOU5 was mainly during the months of October to January.

The mill had been monitoring water consumption and been reporting monthly usage against the FFB processed. At the mill, there are plan

- to install container at strategic location to collect rain water and will be used for cleaning activities at workshop
- to recover hot water from turbine heat exchanger and use for boiler operation

Nevertheless both plan still in the study stage.

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

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:

SOU5 CU continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques as per SOP/SectionB13 Pest & diseases and ARM/Section 15/Plant Protection. In order to minimize use of Insecticides the estate has established nurseries for beneficial plants mainly *Tunerasubulata*, *Cassia cobanensis* and *Antigononleptopus*. This was to establish continuity in the planting of beneficial plants in order to maintain low population of leaf eating caterpillars, hence reducing the need to use chemical treatment. Census records confirmed that there has been no major outbreak of leaf eating pest.

However, some minor outbreaks of Bagworm attack in Cashwood, Cluny and Selaba Estates were controlled using Methamidophos.

SOU 05 though practised 'Calendar Baiting' in order to control the rat population, it had also provided barn boxes for owls (*Tyto alba*) for better control and with the aim to reduce use of Rat Baits.

The monitoring of pest was by census and records of census on Stand per Hectare & *Ganoderma*, Bagworm and Barn Owl were sighted.

The estates implemented calendar baiting and extend of infestation is monitored with rat bait acceptance records. Baiting was continued until the acceptance of baits fell to 20%.

All estates continued to record areas where pesticides had been used. Pesticides are used only when justified and areas used are recorded in Field Cost books, bin cards and in program sheets.

Records of both current and past years' usage of pesticides by area, quantity used, hectares applied and Ai/Ha were made available to auditors.

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

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

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.

Audit findings:

SOU5 continued to use agrochemicals as per the written justification in Standard Operating Procedure (SOP) of all agrochemical which are available in the Agricultural Reference Manual (ARM), SOP and in the Safety Pictorial Book prepared by SD.

All pesticides used are those officially registered under the Pesticide Act 1974, The estates had used mainly class III & class IV pesticides except for *methamidophos* (class 1) to treat some minor outbreaks of Bagworm attack in Cashwood, Cluny and Selaba Estates.

No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium.

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. All information regarding the chemicals and its usage, hazards, trade and generic names were available in both English & Bahasa Malaysia and understood by workers. The SDMS for all pesticides used including methamidophos were available in both English and Bahasa Malaysia.

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

Annual medical surveillance was carried out for 9 workers in Caswood by a DOSH on October 2013 and May 2013. In Selaba for 8 workers was done on 3/07/13 by Occupational Health Physician.

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.

There was no evidence of pregnant women sprayers being used in SOU5 CU.

No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium

There was no evidence of any Aerial spraying found in SOU5.

Summary records of both current and from financial year 2012/2013 on the usage of pesticides by area, quantity used, hectares applied and Ai/Ha were made available to auditors. Area treated and quantity used was recorded in issue chits, bin cards and field cost books.

As to date, no buyer requested for testing of chemical residues in CPO. It was found that parameter 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 SdnBhd 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 incidents (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 for Selaba POM and Bikam Estate dated 30/10/13 and 04/12/13 were presented to the assessor with the revised activities and control measure at the destoner, and for loading and unloading fertilizer due to the occurrence of accident at Selaba POM and Bikam Estate. 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. Selaba POM also has established HIRARC for their new decanter dated 23/08/13.

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. Interview with the PIC on the standardizing pressure gauge for acetylene and oxygen gas cylinder revealed that further enhancement is still needed. On overall performance, OSH administrative controls implementation as well as engineering control equipment for SOU 5 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 Selaba POM and Bikam 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.

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 for Selaba POM was conducted on the 8/4/13 for manganese exposure and 03/10/13 for n-hexane exposure, by registered hygiene technician 1 (IHT 1), refer to JKPP HIE 127/171-3/1[181] under consultant. 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/m³. 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 20/12/13. 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).

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 for Selaba POM was conducted on 11/04/13 for welders, lab analyst and sampler and was sent to local OHD, DOSH registration number. From the results, all employees sent for checking are fit to work without any health deficiency under appropriate control of chemical exposure. For Bikam Estate workers, group of chemical sprayer and chemical mixer was sent for annual medical surveillance programme on 26/04/13. Local OHD, had summarized that all chemical sprayers and mixers are fit to work under organophosphorus exposure.

For compliance of Noise Exposure Regulations 1989, annual audiometric testing has been conducted on 20 April 2013 for total of 89 employees at the Selaba POM. Total of 12 hearing impairment cases recorded and will be repeated on 09/10/13. 1 standard threshold Shift (STS) cases recorded during this annual audiogram and planned for retest in January 2014. Acknowledgements by employees were sighted from the interview and also from the employee's signature in the report. Hearing conservation programme such as training on PPE (earplug & earmuff) usage has been conducted on 02/04/13.

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, for example working at height and hot works (oxy cutting and welding). 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, based on overall observation, implementation of PPE was found effective with the minimal case of inadequate appliance of appropriate PPE.

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 6 June 2013 for Selaba POM which was specially conducted for night situation, 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. 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 firefighting team as well as during quarterly workplace inspection exercise.

However on 22 June 2013, fire was broke out at Selaba POM at 5.30 am. The fire took place at Threshing Station and caused serious damage to several machines at that station and the adjacent stations. Internal investigation report (incident description, chronology, damages, findings & preventive action) has been prepared. There were several possibilities causes have been identified by Selaba POM: (i) electrical cable short circuit or (ii) sabotage. Selaba POM have identified several control measures to orent the recurrence of the fire incident such as (1) To install CCTV at several points in the process building, (2) To install additional CCTV monitoring screen at AP point, and (3) To

carry out regular inspection on electrical wiring. The fire incident has been discussed in the safety committee meeting on 23 July 2013. HIRARC also has been revised on 05 October 2013.

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.

Most workers in SOU5 were provided and used the appropriate PPE. This was evident among all harvesters observed during harvesting and some sprayers.

However it was observed during the visit in Selaba Estate that workers applying CIRP fertiliser in Field 2009A were not wearing goggles and workers carrying spot spraying in Field 2000 were not wearing long sleeve apparel and goggles. Thus Section 14.6 of the "Buku Panduan Keselamatan Bergambar (PKB) of SDPSB on appropriate PPE for applying Fertilisers and spraying was not complied with and a Major NCR was issued.

In 2012 there were 3 cases recorded with 50 days of Lost Time Injury (LTI) in the mill. While, 5 accident cases were recorded in 2013 with 86 days of LTI. Example for 2013 accident: worker slipped and fall on her right foot caused injury to the 2nd right toe while loading the manure bags to the tractor trailer on 20/11/2013 with a total 38 LTI recorded. Accident investigation has been done by the OSH committee on 04/12/13 and has been reported with the format standardized for all Sime Darby Plantations Sdn Bhd. Root cause of accident has been identified and appropriate control measure has been implemented as well as revision of HIRARC for either engineering control, administrative control or the used of PPE to be implemented and improved after the occurrence of accident. Formal reporting to DOSH, JKKP 6 (dated 04/12/13) and JKKP 8 form was sighted submitted to DOSH in timely manner.

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.

Selaba POM's workers are covered with insurance policy (Foreign Worker Compensation Scheme Certificate of Insurance). Policy covers for the period of one year i.e 14 February 2013 till 13 February 2014 (4 foreign workers) and found valid. While for local worker was covered under SOCSO and evidence of contribution was sighted.

The assessor had noted that Bikam Estate had their workers covered by accident insurance. 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 2013. 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 handling given by chemical supplier (10/12/13), ESH refresher training (17/10/13), First Aider training (15/5/13), fire extinguisher handling (30/11/13) and harvesting safety awareness training (17/6/13). Training for decanter (trial) in term of how to run new decanter, troubleshoot, collecting samples, safety issues and PPE has been conducted on 23/08/13.

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.

Principle 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity

Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.

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 including aspects/impacts for new decanter which was reviewed on 23/08/13 in the Environmental aspect and impact identification form (EAI/2013/DE/001).

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 construct a concrete floor to avoid land contamination and construct oil trap at tractor parking bay and vehicle washing area as a catchment point for any washout oil leakage while EMP at oil mills include ensuring their effluent discharge and boiler smoke emission are within the legal requirements. Effluent discharge was monitored once in 3 months which were Jan-Mar, Apr-Jun, July-Sept & Oct-Dec. Among the parameters for effluent monitoring are total discharges, maximum discharge, temperature, pH, BOD & COD. Monitoring records showed their effluent discharge and smoke emission were within the legal permissible limits.

Criterion 5.2

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

Indicator 5.2.1

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

Major compliance

Indicator 5.2.2

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

Major compliance

Indicator 5.2.3

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

Minor compliance

Audit findings:

The Biodiversity Baseline Assessment Report dated 2008 was prepared for Selaba, Sogomana (Sg. Bruas and Cashwood Division), Bikam and Cluny Estates. Report recommendations were then implemented through Action Plans specific to the estates. These plans were updated annually until year 2013.

The HCVs identified are river buffer zone, worship area and bordering with Wildlife Reserve (Bikam Forest Reserve). There was no report on resident ERT species/IUCN Red List (HCV3) or significant biodiversity values in SOU5 CU

The action plans reviewed for Bikam, Cluny and Selaba showed updated progress in implementation were reviewed by the auditor and verified selectively on the ground. Actions taken at Bikam Estate 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 Wildlife Department 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. The latest meeting with with Wildlife Department was concurrently conducted with "ProjekKuarantinHarimauPusatKawalan&PenyelamatHidupan Liar (PKPHL) Sungkai" on 4th July 2013 at PKHL Sungkai.

The buffer zones of natural waterways have been identified and demarcated according to JPS standards, and duly mapped (HCV4). The natural vegetation was maintained and managed without any use of chemicals. Buffers were also maintained along artificial waterways (drain system) along roadsides.

However during the site visit at Selaba Division it was found the buffer zone (HCV4) near Sg Perak was not maintained. Clearing activities was found along the buffer zone. Management plan and their conservation for buffer zone (HCV4) at Selaba Division were not followed. Therefore Major NCR Indicator 5.2.2 was raised

The estates also maintained places of worship and burial grounds for their employees in particular the Muslims and Hindus (HCV6).

For effective implementation on conservation training is necessary. The auditor was informed that relevant senior staff of Sime will undergo training in aspects of HCV during the HCV review on year 2014. Such training however has not yet included lower level staffs who are the actual ground implementers. Their understanding of the concept and impact of HCV management is crucial to success of conservation. Their training should therefore be convened at the earliest convenient time.

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 Wildlife Department 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

Indicator 5.3.3

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

Minor compliance

Audit findings:

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.

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 from 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 31 July 2013, waste generated updated in the inventory list and there was no scheduled waste stored more than 180 days. Last disposal made for SW 322, SW409, SW306, SW102 and SW110 on 20/6/13 by Kualiti Alam Sdn Bhd. Signed copy of consignment as well as 7th Schedule of the waste was made available during the assessment.

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.

While sources of pollution such as effluent from oil clarification plant and production floor washing activities or called (POME) will be treated in the effluent treatment plant and finally discharged into waterway, Sungai Bidor with reference to written approval PL KKS/08/43/2013, No:000417 period validity 1 July 2013 to 30 June 2014 granted from DOE. ETP was designed to cater the processing capacity of 40 ton FFB with the final discharge BOD limit at 5000 mg/l. As to date, there was no occurrence of non-compliance result of final discharge BOD as in the stipulated limit.

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 2013, 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 units of anaerobic ponds, ponds no.8, no.10 and no. 11. Approval for de-sludging has been granted, dated 7 February 2013. Validity period for the activities was only given from 7 February 2013 until 7 April 2013. Approval for de-sludging for 2014 will be sent to DOE after CAPEX approval by Sime Darby Head Office end of January 2014.

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. For the stack particulate monitoring, 3rd party consultant was appointed to conduct the sampling twice a year. From the report for Boiler No.2 (dated 26/12/13) & Boiler No.3 (dated 07/06/13), it was evident stack sampling result was below 0.4 g/Nm³ .

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.

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 Selaba POM and Bikam Estate compound.

Pruned Fronds are stacked in the field to decompose. Palms that were felled during replanting were shredded, windrowed and left to decompose in the field as evident in all the replants inspected during the visit. In addition EFB mulching and Compost application were carried out in order to recycle crop residues/biomass.

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:

Monitoring of renewable energy (renewable energy/ ton CPO Processed) is available. For 2013, Selaba Palm Oil Mill reported average usage of renewal energy was available at kWh per tonne CPO.

Selaba Palm Oil Mill, Monitoring of direct fossil fuel i.e diesel use per ton FFB for 2013

Mill was stop operation on since 22 June 2013 till 20 August 2013 due to fire incident at thresher station.

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

Indicator 5.5.3

No evidence of burning waste (including domestic waste).

Minor compliance

Audit findings:

There was no evidence of open burning in all the replants visited on SOU5. No fire was used for waste disposal and for replanting.

The CU practiced Zero burning in all the replants visited during the surveillance and it was evident that all palms were felled, shredded, windrowed and left to decompose.

There was no evidence of open burning of domestic waste. All domestic waste in Cluny and Selaba was removed by the Majlis Daerah 6 times per month. In Cashwood and SgBruas it was disposed in landfills. No burning even of domestic waste was permitted Sign boards were placed in Linesites.

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

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

Indicator 6.1.3

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

Minor compliance

Audit findings:

There were two reports on Baseline Social Impact Assessment (SIA) prepared for SOU 5; one report prepared in December 2008 by PS-RSPO Unit, TQEM Department, SDPSB for all the estates under

SOU 5 while the other report was prepared in July 2011 by Plantation Sustainability Department, SDPSB for Selaba POM. The two reports provided baseline data for the estates and mill involved as well as highlighting the various issues raised by the stakeholders in the respective estates and mill. An action plan was presented at the end of each of the two reports.

As stated in the previous audit reports, both SIAs were carried out with the participation of various stakeholders, namely, estate workers, local community representatives, contractors, vendors and suppliers. Attendance lists and records of meetings with various stakeholders during the two SIAs were provided by the estates and mill audited as evidence of participation of affected parties in the SIA. Stakeholders' complaints, requests and comments were incorporated in the reports.

The estates and mill audited showed evidence that the SIA action plans have been updated annually. A Social Management Plan FY 2012/13 and FY 2013/2014 (an update of the SIA Action Plan) which included a timetable with responsibilities for mitigation and monitoring were presented by the estates and mill audited to the auditor for evaluation. The issues raised in FY 2012/2013 (highlighted in the last audit) had been addressed and the issues for FY 2013/2014 were being looked into. The issues raised in FY 2013/2014 were identified during meetings with stakeholders in 2013 as reported in the last audit.

<p>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.</p> <p>Indicator 6.2.1 Documented consultation and communication procedures. Major compliance</p> <p>Indicator 6.2.2 A nominated plantation management official at the operating unit responsible for these issues. Minor compliance</p> <p>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</p>
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Audit findings:

As reported in previous audits, SDPSB had documented external and internal communication procedures for the estates and mill to follow and had also developed standard operating manuals for customer communications. These procedures and manuals were found in the Sime Darby Estate/Mill Quality Manual.

The current audit found that the estates and mill followed the procedures and manuals developed by the company in their communications with external and internal parties. Records of external communications were kept in files labeled External Communication.

Internal communications could be verbal (through meetings and briefings) and/or written (through memos, notices and posters/pamphlets displayed on notice boards at the office and the muster ground). The morning briefings appeared to be the most popular channel through which the management communicated policies, procedures, rules and regulations and other information to its workers.

In the last audit it was reported that in general, the SOU 5 estates and mill did follow the external communication procedure. However, it was found that certain requirements of the procedures such as recording of incoming correspondence and response to external correspondence were neglected. Due to this, an OFI against Indicator 6.2.1 was raised in the last audit. However the current audit found that in the past year (2013) no lapses were found in the performance of the external communication procedure in the mill and estates assessed. All incoming correspondences were recorded and all external communications were responded to.

As reported in earlier audits a plantation management official (either the Estate Manager or the Assistant Manager) was the nominated person to handle communication and consultation issues in the estates/mill as well as between the estates/mill and external stakeholders. This responsibility is part and parcel of his duties to handle social issues.

All the estates and mill audited had developed an updated list of stakeholders for FY 2013/14 which included local communities, contractors, vendors/suppliers, government departments/agencies and estate/mill employees. (The employee master list also served as the internal stakeholder list).

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

Audit findings:

The documented procedures for dealing with grievances and disputes were as reported in previous audits. The generic procedures as found in the Estate/Mill Quality Management Manual were applicable to all SDPSB estates and mills including the estates and mill assessed in the current audit. In addition, all the estates/mill had developed their own system for dealing with complaints from their internal and external stakeholders such the Complaints Book (BukuAduan), the Complaints Form (BorangAduan) and Suggestion Boxes (KotakCadangan). A perusal of the records showed that the complaints were resolved in an effective, timely and appropriate manner. This system was open to all affected parties, internal and external.

In relation to a long standing dispute between Bikam Estate and a contractor, who claimed that his company had completed the agreed planting related jobs and submitted his invoice for payment but the estate management disagreed that such jobs had been completed and refused payment. In the current audit it was found that this dispute had been resolved. (Refer letter to the said contractor from Manager of Bikam Estate dated 5-6-2013 entitled 'Long Overdue Payment' regarding the resolving of the dispute. The letter detailed out the payments with the Pay Out Document No. and associated dates, and Cheque No. and associated dates).

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

Audit findings:

Documented procedures for handling land disputes and the accompanying compensation had been developed by SDPSB, namely the Flowchart and Procedures for Handling Boundaries Dispute and the Flowchart and Procedures for Handling Squatters Dispute (refer to Sime Darby Estate Quality Management System and Mill Quality Management System). However as there were no cases involving disputes of legal and customary rights over land, there were no documents related to the process and outcome of legal and customary rights claim and the associated compensation to be evaluated.

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

Audit findings:

The system of determining wages had not changed since the last audit. Wages for workers and administrative staff were spelled out in the Collective Agreement (CA) between the Malaysian Agriculture Producers Association (MAPA) and National Union of Plantation Workers (NUPW) and the administrative staff union (AMESU). Currently, the agreement for harvesters were spelled out in the

Collective Agreement of 2010 and for the general worker an agreement was reached in 2011 while wages for staff were spelled out in the MAPA/AMESU Collective Agreement of 2009. All CA's were for a 3-year period. The MAPA/AMESU CA and the MAPA/NUPW CA (Harvesters) had expired at the end of 2012 and 2013 respectively and negotiations for a new CA between the two unions and MAPA are still on-going. Once the new CAs is accepted by both sides, it will be put in operation retrospectively from the expiry date of the last CA. In addition to the CA, the letters offering employment spelled out more specifically their wages and terms and conditions of employment. The appointment letters for all employees (workers and staff) kept in the estates' and mill's offices were made available to the auditor. It was found that the wages and terms and conditions listed in the job offer letter were in keeping with the pay and conditions stated in their respective CA.

As reported in the last audit the minimum wage policy was already enforced in the estates and mill, every worker (piece rate and daily wage worker) being paid at least RM900 per month. Workers interviewed in the current audit reinforced the last audit's finding that they received at least that amount monthly.

In all the estates and mill, the CA had been translated into Bahasa Malaysia. In addition, according to the workers interviewed, when the current CA was first enforced a plantation official management official with the help of local union representatives had explained the pay and conditions stated in the CA. The pay and conditions stated in the job offer letter were also explained to them.

As was reported in the last audit, all estates and the mill provided either 3 or 2 bedroom houses for the workers. Medical, educational and basic amenities were also provided. Each estate has a clinic, a primary school, a Muslim payer house (surau), a Hindu temple, a sundry shop and a kindergarten. Water supply was provided free of charge while electricity had to be paid by the workers.

The house repairs were made on a first come first serve basis. As all complaints were recorded in a Complaints Book with columns for types of complaints and the dates when they were made and attended to, it was possible to track when the complaints were submitted and subsequently when the repairs were completed. If the repairs were not carried out to their satisfaction the workers could report to the office and corrective actions taken and recorded.

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

Audit findings:

As noted above, each estate/mill has two local unions, one for the workers and the other for the administration staff i.e. NUPW and AMESU, respectively.

Meetings between estate management and the local union leaders were supposed to be held regularly. Sogomana Estate management (under which Cashwood and Sg. Beruas divisions were situated) for example held two meetings with local representatives of the trade union on 22-2-2013

and 5-7-2013. Minutes of the meetings (kept in the JCC File) were made available to the auditor. Selaba POM and Bikam Estate on the other hand did not hold any meeting with NUPW or AMESU representatives in 2013. Hence a Major NCR was raised against this indicator. Since the audit, Bikam Estate management had held a meeting with local representatives of the NUPW on 17 January 2014. However as Selaba POM has yet to hold a meeting with NUPW or AMESU local representatives, the NCR stands.

The freedom of association (FOA) statement incorporated in the company Social Policy statement together with other policy statements were sighted on notice boards in the estates and mill.

Criterion 6.7
Children are not employed or exploited. Work by children is acceptable on family farms, under adultsupervision, 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

Audit findings:

No worker below 18 years of age was recruited by the estate or mill. An inspection of the employees register confirmed that no employee below 18 years of age was recruited by the company. This was also affirmed by administration staff and workers interviewed during the audit.

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

Audit findings:

A statement on equal opportunities was embedded in SDPSB's Social Policy statement. This statement was sighted posted on notice boards in estates and mill.

There is no evidence of discrimination based on religion, gender, national origin or any other form of discrimination stated in Criterion 6.8. An inspection of the employment offer letters and interviews with administration staff and workers revealed that their pay and terms of employment, for example, were based on the MAPA-NUPW and MAPA-AMESU agreements and not decided arbitrarily by the estate/mill management.

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

Audit findings:

As affirmed by previous audits, and confirmed by the present audit, SDPSB had maintained explicit policy statements on sexual harassment and violence against women. In conjunction with this policy, the Manual on the Implementation of Gender Policy developed by SDPDSB continued to provide the guidelines for taking actions on sexual harassment cases.

Each of the estates and mill in the SOU had established a Gender Committee whose mandate, as stated in the Manual, was to plan programs and activities related to the prevention of sexual harassment and all other forms of violence against women and the protection of their reproductive rights, for estate/mill female employees. However as pointed out in the last audit report the gender committees in the SOU had not held frequent meetings over the past two years. Furthermore, their activities were not very focus on issues related to sexual harassment. As such an OFI was raised in the last audit against Indicator 6.9.1.

In the current audit a similar situation was found in one of the estates and the palm oil mill audited. Gender committees had been established and meetings held at the estates and mill. However records of formal talks on sexual harassment and women's rights were not found. Records of talks on sexual harassment and women's rights were not sighted at Selaba POM and Cashwood and SgBeruas Divisions of Sogomana Estate. Hence a Major NCR was raised against Indicator 6.9.1.

With regards to the requirement of Indicator 6.9.2, the establishment of a specific grievance mechanism for handling sexual harassment/violence against women cases, it was found embodied in the Manual on the Implementation of Gender Policy mentioned above. The applicability and usefulness of the procedure has yet to be tested. However as there had not been any reported sexual harassment case in the estates/mill, this grievance mechanism had not been put into operation.

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

Audit findings:

Selaba Oil Mill did buy FFB from external suppliers. An interview was carried out with the manager of a company which supplied FFB to the mill. The interviewee stated he and his employer had no complaint against the mill. According to him pricing mechanisms for FFB as well as method and mode of payment were clearly spelled out in the agreement between SDPSB and his company. The pricing mechanisms were also sighted in a file and current and past prices were publicly displayed in the noticeboard in front of Selaba Palm Oil Mill office.

Interviews with suppliers of hardware/various equipment and maintenance at the estates and mill audited revealed that purchasing and payment systems were satisfactory. The purchasing process, according to the interviewees, which started with the request order followed by the purchasing order, delivery and payment moved along smoothly and efficiently. All business transactions they stated were documented. They found the payment system efficient. They had no complaint on the timing of payment for the FFB. They received their payments normally a month or so after delivery of equipment ordered or completion of the job.

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

Audit findings:

The estates supported and contributed to local communities in various ways. The schools in the estates for example, were open to children from neighbouring villages while their roads were allowed to be used by the local communities for communication and for transporting agricultural produce, such as FFB and rubber as in Bikam Estate. In addition the estates provided some employment to neighbouring villagers.

However during the audit there was no evidence found of contributions to local development that were based on the results of consultation with local communities at in all the estates and mill audited. Hence a NCR (minor) was raised against this indicator. However since the audit, Bikam Estate had supplied evidence of contributions made to the local school and to the local kindergarten. However as Selaba POM and Cashwood and Sg. Beruas Divisions of Sogomana Estate have not provided concrete evidence of communication with and support to the local communities, the NCR stands.

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

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

Audit findings:

This whole Principle is not applicable to this assessment as there are no new plantings. The company is only involved in re-planting programme after felling of old palms and there is no plan for expansion.

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

Audit findings:

SOU5 CU continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques. In order to minimize use of Insecticides the estate has established nurseries for beneficial plants mainly *Tunerasubulata*, *Cassia cobanensis* and *Antigononleptopus*. This was to establish continuity in the planting of beneficial plants

The estates were committed to reduce using chemicals and now have implemented and will continue to only grass cut the harvester's path. Only Circles and noxious weeds are sprayed out. By grass cutting the paths in some areas, SOU5 not only minimise the use of chemicals but also aim to reduce the growth of noxious weeds. Soft weeds and *Nephrolepisbisserata* are maintained and encouraged in the interlines. Chemical inventory record show low quantity of chemical purchase and consumption. For example: Consumption of Basta&Cypermitherin chemicals have been reduced about 61% and 37% from Jan-March 2013 to Oct-Dec 2013.

The mill had installed Continuous Emission Monitoring System (CEMS) where the real-time smoke emission result was transmitted to DOE Office. Chemical mixing area, chemical store, and empty chemical store was constructed at designated area as to minimize pollution to environment.

Commitment to zero waste, use of by-products such as EFB and POME in the fields and also increasing the awareness of workers on 3R's initiatives.

Pollution prevention plan is available and been reviewed annually for the Selaba POM and Bikam Estate. Inspection on site show that the pollution prevention plan have been carried out, such as the secondary containment at chemical mixing area, oil trap at diesel skid tank and workshop. To conduct periodically inspection surrounding effluent treatment plant area to ensure no effluent pipe / drainage leaking into public drain.

Selaba SOU 05 has capture the expenditure in environmental aspects in the CAPEX budget 2013/2014.

Supply Chain

Module - E: CPO Mills: Mass Balance

<p>E.1 Documented procedures</p> <p>E.1.1: The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none">a) Complete and up to date procedures covering the implementation of all the elements in these requirementsb) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. <p>E.1.2: The facility shall have documented procedures for receiving and processing certified and non-certified FFBS.</p>

Audit findings:

In order to fulfill the requirements of the RSPO Supply Chain Certification Standard, Selaba SOU still maintained its related Standard Operating Procedure (SOP) i.e. Sustainable Plantation Management

System, Appendix 15, Standard Operating Procedure (SOP) for RSPO Supply Chain Certification System and Traceability [Version 1, year 2013, issue 1, issue date March 2013].

Assistant Manager, Laboratory Assistant and Mill Supervisor have been appointed by the company as the person in charge in implementing and maintaining the RSPO supply chain system.

Procedure define, clause 5.2.2.2 Purchasing and goods in did describe on the receiving and processing certified and non-certified FFBS.

Module E.2: Purchasing and goods in

E.2.1: The facility shall verify and document the volumes of certified and non-certified FFBS received

E.2.2: The facility shall inform the CB immediately if there is a projected overproduction

Audit findings:

Selaba Palm Oil Mill has received FFBS from certified & uncertified estate.

Certified estate/ sources:

- 1) Seri Intan Estate, Selaba Division
- 2) Cluny Estate
- 3) Sogomana Estate
- 4) Bikam Estate

Uncertified estate/ source:

- 1) SawitTelukBaruSdn. Bhd., HutanMelintang.
- 2) Gan Kim Teik& Sons Sdn.Bhd. Kuala Selangor

As to date (i.e. January 2013 till 7 January 2014) no transaction of MB model.

As to date no transaction on the RSPO SCC MB model.

Module E.3: Record keeping

E.3.1: The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

E.3.2: Retention times for all records and reports shall be at least five (5) years.

E.3.3:

- a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.
- b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c) The facility can only deliver mass balance sales from a positive stock. However, a facility is allowed to sell short

E.3.4: The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts e.g. *product name*/MB or Mass balance. The supply chain model used should be clearly indicated.

E.3.5: In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforced agreement.

Audit findings:

Selaba Palm Oil Mill has defined in the SOP to ensure relevant transaction records to be maintain accurate, complete, up-to-date and accessible records. However as to date no transaction of MB model.

Outlined by its SOP, all records relating to the RSPO supply chain system will be retained for a minimum of 5 years. Among the record example weighbridge ticket, FFB consignment Notes, FFB receive Notes, CPO/PK Dispatch Notes, CPO/PK Dispatch Authorization Notes.

Through the company's RSPO Transaction formats, the assessor confirmed that Selaba Palm Oil Mill has the method to record the movement of its RSPO certified products on a real-time basis and able to ensure its facility can only deliver Mass Balance sales from a positive stock. Nevertheless, as to date no transaction on the RSPO SCC MB model.

As defined in the established SOP, Global Trading and Marketing (GTM) of Sime Darby shall specify the trade names in purchase and sales contract e.g. *product name*/MB or Mass balance.

Selaba Palm Oil Mill has maintained list of their kernel buyers. The established SOP has defined that mill to ensure the crush aware on the RSPO Supply chain mass balance model requirements. Nevertheless, as to date no transaction of RSPO certified MB model.

Module E.4: Sales and good out

E.4.1: The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:

- a) The name and address of the buyer
- b) The date on which the invoice was issued
- c) A description of the product, including the applicable supply chain model (Segregated)
- d) The quantity of the products delivered
- e) Reference to related transport documentation

Audit findings:

Global Trading and Marketing (GTM) Department shall record name and address of the buyer, date on which the invoice was issued, a description of the product, including the applicable supply chain model (i.e. Mass balance), quantity of the products delivered and reference to related transport documentation. As to date no sales invoices issued for RSPO certified products.

Module E.5: Training

E.5.1: The facility shall provide the training for all the staff as required to implement the requirements of the Supply Chain Certification System.

Audit findings:

Although no transaction on RSPO SCC MB model, but mill has conduct training to their relevant staff i.e. weighbridge operator, Laboratory supervisor, Assistant Manager, Mill clerk on 18 March 2013.

Module E.6: Training

E.6.1: The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.

Audit findings:

There has been no claim made by Selaba Palm Oil Mill on any of the transaction of RSPO certified products since the last assessment

4.0 Recommendation

Based on the evidences gathered during the 3rd surveillance audit, the assessment team had raised four (4) Major and one (1) Minor NCRs on the Selaba SOU-5 CU against the requirements of the RSPO MYNI. The findings of the 3rd surveillance audit were highlighted and discussed during the on-site closing meeting.

The details of the NCRs and the corrective actions taken are as in **Attachment 3**. The Selaba SOU-5 CU had taken the appropriate corrective actions and had submitted evidences of the actions taken to address the nonconformity to SIRIM QAS. The assessment team had verified and was satisfied with the corrective actions taken by the CU and had subsequently closed out the Major NCRs.

Previous NCRs raised during 2nd surveillance audit were verified, found satisfactory and considered closed. The verification comments are as appeared in Attachment 4.

As the NCR had been satisfactorily closed out and the Assessment Team Leader after consultation with team members recommends that certification of Sime Darby Plantation Sdn. Bhd. Certification Unit (SOU 05) – Selaba against the RSPO MYNI be maintained.

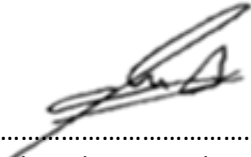
5.0 Certified organizations Acknowledgment of Internal Responsibility and Formal sign-off of Assessment findings

I, the undersigned, representing Selaba SOU5 acknowledged and confirmed of the contents of this assessment report and findings of the assessment.

Balachandrun

.....
Name: BALACHANDRUN

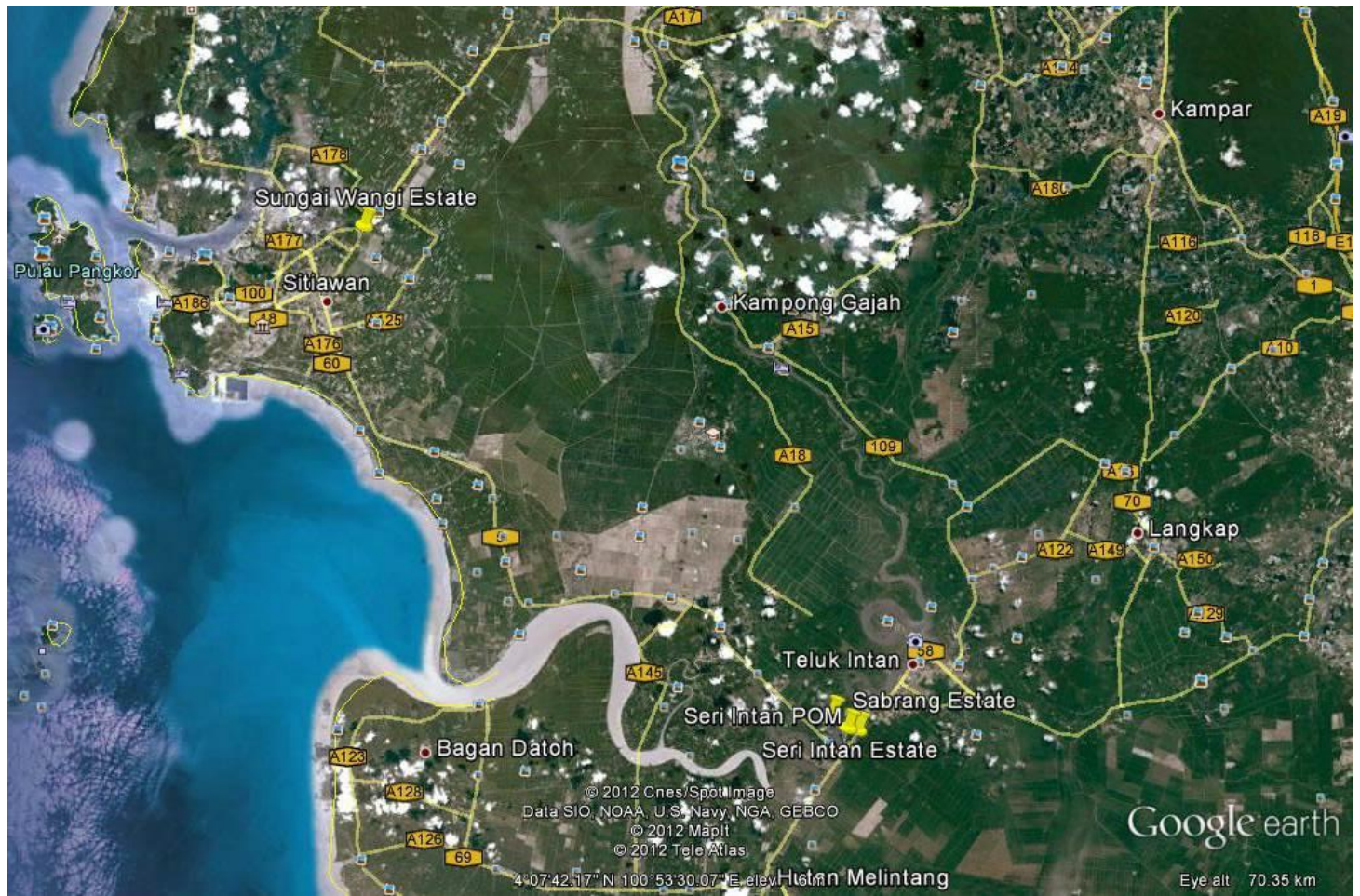
I, the undersigned, on behalf Sirim QAS International Sdn. Bhd. confirm confirmed of the contents of the assessment report and findings of the assessment.



.....
Name: KhairulNajwan Ahmad Jahari
(Lead Auditor)

Map of SOU 05-Selaba

Attachment 1





Audit Plan

Day one: 6 January 2014 (Monday)

Activities /areas to be visited	-	Dr. Zahid	Najwan	Selva	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 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 Bikam Estate 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	Relevant PIC

Day two: 7th January 2014 (Tuesday)

Activities /areas to be visited	Ruzita&Razman	Dr. Zahid	Najwan	Selva	Auditee
0900-1300	Site visit and assessment at Selaba POM on Supply Chain Implementation including the model used Site visit and assessment at Selaba POM relating to Good	Site visit and assessment at Cashwood and Sg. Bruas Division on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Cluny Estate relating to estates boundary, HCV, management plan and Environmental issues Assessment on related Indicators of P1, P2, P4, P5, P8	Continue assessment at Cashwood and Sg. Bruas Division relating to Good Agricultural Practice and Environmental Issue Assessment on related	Guide/PIC

	Milling Practices, occupational safety and environmental issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8			Indicators of P1, P2, P3, P4, P5, P8	
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment Check-in at Orient Stars Hotel, Lumut	Continue assessment	Continue assessment Check-in at Orient Stars Hotel, Lumut	Guide/PIC

Day three: 8th January 2014 (Wednesday)

Activities /areas to be visited	Razman	Dr. Zahid	Najwan	Selva	Auditee
0900-1300	Site visit and assessment at Bikam Estate on Environment and Occupational Safety Issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at Cashwood and Sg. Bruas Division on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Selaba Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Cashwood and Sg. Bruas Division 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	Travel back to TelukIntan Site visit and assessment at Selaba POM on responsible social considerations Assessment on related	Site visit and assessment at Selaba POM relating to environmental issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Travel back to TelukIntan Site visit and assessment at Selaba Division relating to Good Agricultural Practice and Environmental Issue	Guide/PIC

		indicators of P1, P2, P3, P6, P8		Assessment on related Indicators of P1, P2, P3, P4, P5, P8	
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Day four: 9th January 2014 (Thursday)

Activities /areas to be visited	Razman	Dr. Zahid	Najwan	Selva	Auditee
0830-1200	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 Selaba POM on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Selaba POM relating to environmental issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	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

Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Submitted	Verification by Assessor
Indicator 4.7.1 NCR #: STK-1	Major Area/Location: Selaba Estate	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 (Act 139) Section 14.6 of the "Buku Panduan Keselamatan Bergambar (PKB) of SDPSB on appropriate PPE for workers applying Fertilisers and spraying was not complied with. Workers applying CIRP fertiliser in Field 2009A of Selaba Estate were not using the appropriate PPE. The workers were not wearing goggles. Workers carrying out spot spraying in Field 2000 of Selaba Estate were not wearing long sleeve apparel and goggles.	The investigation found that the workers still fresh for the duty and lack of safety and PPE awareness during carrying out their duty in the field. Immediately make safety awareness & method of PPE use training on 10 th January 2014 at Selaba Division for all the sprayers (including contractors), manuring & general workers. Also provide complete PPE set for all the workers and closely monitor to ensure its use daily during carrying out their duty.	A Safety awareness & Method of PPE use training was conducted on 10 th January 2014 Attendance list and photograph of the sprayers equipped with all PPE of training was verified Status: Closed
Indicator 5.2.2 NCR #: KN-1	Major Area/Location: Selaba Estate	Indicator 5.2.2 – Management plan for HCV habitats (including ERTs) and their conservation. The management plan for HCV habitats and their conservation was not followed.	PSQM Department will conduct a High Conservation Value (HCV) Re-assessment on 17 th – 20 th February 2014. The purpose of this HCV re-assessment are as follows:- • To update the status of existing recommendation areas by previous Biodiversity Assessment Report.	Estate has been established new HCV action plan based on assessment conducted on 18 th Feb 2014. The issues & strategies which need continues monitoring was : 1. Riparian Reserved / Buffer Zone maintenance

		<p>During the site visit at Selaba Division it was found the buffer zone (HCV4) near Sg. Perak was not maintained. Clearing activities was found along the buffer zone. Management plan and their conservation for buffer zone (HCV4) at Selaba Division were not followed.</p>	<ul style="list-style-type: none"> To verify presence of protected areas, conservation status (i.e IUCN status) and legal protection that could be significantly affected. To propose the HCV Management Area and Plan for SOU 5 (Seri Intan/Selaba) operations. <p>Management plan for HCV habitats (including ERTs) and their conservation and attendance list of stakeholder consultation. Email dated 3 Mar 2014 referred</p> <p>Based on investigation and HCV assessment found that Bund at OP091, OP90, OP09C, OP09B, and OP07 at Selaba Division previously declared as buffer zone is being maintained for security purposes. It has been reviewed and discussed by HCV assessor with estate management on 18th Feb 2014.</p> <p>Management plan has been reviewed and the bund is not declared as HCV area, the actual purposes has been identified as per note indicate in the action plan.</p>	<p>2.Natural water ways maintenance 3.Apply proper Biodiversity signage's 4.Enrichment planting to Rehabilitation and Habitat Enhancement 5.Continues education and awareness / training for the workers 6. Planting of Beneficial Plant 7. To maintain barn owl boxes to control the rats 8. Corrective action if interface with animals</p> <p>The revised Biodiversity Action Plan and attendance list of stakeholder consultation was verified.</p> <p>Status: closed</p>						
<p>Indicator 6.6.1</p> <p>NCR #: ZE-1</p>	<p>Major</p> <p>Area/Location: Bikam Estate & Selaba POM</p>	<p>Indicator 6.6.1 – Documented minutes of meetings with main trade unions or workers representatives</p> <p>No regular meeting between management and main trade unions/workers representatives.</p> <p>At Bikam Estate and Selaba POM no</p>	<p>To conduct meeting between management and main trade union/workers representatives:</p> <table border="1"> <thead> <tr> <th>OU</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Bikam Estate</td> <td>21.1.2013</td> </tr> <tr> <td>Selaba POM</td> <td>15.1.2013(Amesu) 16.1.2013(NUPW)</td> </tr> </tbody> </table>	OU	Date	Bikam Estate	21.1.2013	Selaba POM	15.1.2013(Amesu) 16.1.2013(NUPW)	<p>Documented minutes of meetings with main trade unions or workers representatives was verified:</p> <ul style="list-style-type: none"> Minutes of NUPW meeting conducted on 16th January 2014
OU	Date									
Bikam Estate	21.1.2013									
Selaba POM	15.1.2013(Amesu) 16.1.2013(NUPW)									

		meeting was held in 2013.	<p>OU's planned on that date to conduct meeting.</p> <p>Trade Union Meeting will arrange twice per year to discuss any issue arise by the workers. During the Osh Meeting also invited workers representative join together.</p> <p>The meeting with the management and main trade union has been arranged to discussed issue arise by the workers.</p>	<ul style="list-style-type: none"> Minutes of AMESU meeting on 15 January 2014 <p>The corrected minutes of the NUPW meeting submitted is accepted</p> <p>Status: closed</p>
<p>Indicator 6.9.1</p> <p>NCR #: ZE-2</p>	<p>Major</p> <p>Area/Location:</p> <p>Cashwood Division, SgBruas Division & Selaba POM</p>	<p>Indicator 6.9.1 – A policy on sexual harassment and violence and records of implementation.</p> <p>Gender committees had been established and meetings held at estates and the palm oil mill, however records of formal talks on sexual harassment and women's rights were not found.</p> <p>Records of talks on sexual harassment and women's rights were not sighted at Selaba POM and Cashwood and SgBeruas Divisions (Sogomana Estate).</p>	<p>To conduct awareness talk regarding sexual harassment (SOU basis).</p> <p>PIC for Gender Committee SOU 5 Staff has communicated with Gender Plantation, HQ to conduct awareness program. Planned to conduct Awareness talk sexual harassment on 13 Feb 2013.</p> <p>Email dated 16 Jan 14 referred</p> <p>Refer to the finding, Perak South Zone has been arranged Gender Committee Refreshment covered the Sexual Harassment Awareness on 5 may 2014.</p> <p>Gender Committee will be deeply monitored by the Staff Nurse which based at Perak South Zone. Staff Nurse responsible to all social and gender issue at the operation unit.</p>	<p>The awareness program, activities and attendance list has been verified</p> <p>Status: Closed</p>

<p>Indicator 6.11.1</p> <p>NCR #: ZE-3</p>	<p>Minor</p> <p>Area/Location:</p> <p>Bikam Estate, Cashwood Division, SgBruas Division &Selaba POM</p>	<p>Indicator 6.11.1 – Demonstrable contributions to local development that are based on the results of consultation with local communities</p> <p>No evidence of contributions to local development that are based on the results of consultation with local communities.</p> <p>At Selaba POM, Bikam Estate, Cashwood Division and SgBeruas Division (Sogomana Estate) there was no evidence.of contributions to local development that were based on the results of consultation with local communities.</p>	<p>All record of contribution has been summarized. Details of each contribution such as letter and evidence of contribution already file as per list stated in the summary attached.</p> <p>All the records will be managed properly by using standard template and estate will identify CSR for local development based on meeting conducted with stakeholder.</p>	<p>List of contribution-CSR/other records to local development in year 2013 has been verified</p> <p>Status: accepted</p>
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Verification on Previous Surveillance Audit Findings

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 approval letter was verified during the assessment.</p> <p>Status: Closed</p>
Indicator 2.1.1 NCR #: RM 01	Major	<p>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..."</p> <p>The sundry store at Cluny estate sells liquor without permit. This contravenes Sec 60 of EnakmenJenayah (Syariah), 1992 of the state of Perak</p> <p><u>Evidence:</u> No reports were available on weekly inspection of estate houses at Bikam Estate. Reports</p>	<p>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.</p> <p>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>	<p>The corrective actions taken and evidence submitted were found to be adequate.</p> <p>Status: Closed</p>

		were available for several days, namely, 22/3/12; 20/4/12; 14/12/12; 15/2/13 and 17/3/13		
		Found alcoholic beverage being sold at the sundry store without any legal permit		