



**PUBLIC SUMMARY
2ND RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE : 18TH – 20TH MARCH 2013

**SIME DARBY PLANTATION SDN. BHD.
SERI INTAN CERTIFICATION UNIT (SOU 05) –**

**TELUK INTAN DISTRICT,
PERAK, MALAYSIA**

Prepared by:

Food, Agriculture and Forestry Section
SIRIM QAS INTERNATIONAL SDN BHD
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2,
P.O. Box 7035, 40700 Shah Alam, Selangor,
MALAYSIA

Tel : 603-5544 6440

Fax : 603-5544 6763

Website: www.sirim-qas.com.my

TABLE OF CONTENT

1.0	Scope of the Certification Assessment
1.1	Introduction.....
1.2	Location of Mills and Estates.....
1.3	Production Volume of All Certified Products.....
1.4	Certification Details.....
1.5	Description of The Supply Base.....
1.6	Date of Planting and Replanting Cycle.....
1.7	Time Bound Plan for Other Management Units.....
1.8	Progress of Associated Smallholders / Smallgrowers Towards Compliance with Relevant Standard.....
1.9	Organizational Information / Contact Person.....
2.0	Assessment Process
2.1	Certification Body.....
2.2	Qualification of Lead Assessor and Assessment Team.....
2.3	Assessment Methodology.....
2.4	Date of Next Surveillance Visit.....
3.0	Assessment Findings
3.1	Summary of Findings.....
3.2	Identified Non-conformities.....
3.3	Status of Non-conformities Previously Identified.....
3.4	Noteworthy Positive Observations.....
3.5	Issues Raised by Stakeholders and Findings with Respect to the Issues...
4.0	Certified organization's Acknowledgement of Internal Responsibility and Formal sign-off of assessment findings.....

List of tables

Table 1:	Certification units covered in the assessment
Table 2:	Location and addresses of mills and estates
Table 3:	Actual annual CPO and PK tonnage of Seri Intan POM since date of last reporting period (March 2012 to February 2013)
Table 4:	Estimated annual quantity of CPO and PK for Seri Intan POM (March 2013 to February 2014)
Table 5:	Actual annual FFB production by the certified supplying estates sent to Seri Intan POM since date of last reporting period (March 2012 to February 2013)
Table 6:	Estimated annual FFB production by the certified supplying estates to be sent to Seri Intan POM (March 2013 to February 2014)
Table 7:	Areas of plantations
Table 8:	Percentage of planted area in Seri Intan Estate by age and planting cycle
Table 9:	Percentage of planted area in Sabrang Estate by age and planting cycle
Table 10	Percentage of planted area in Sungai Wangi by age and planting cycle
Table 11	Percentage of planted area in Sogomana Estate by age and planting cycle

List of Attachment

Attachment 1:	Location map of SOU 05 in Perak, Malaysia
Attachment 2:	Surveillance Assessment Programme
Attachment 3:	Detail of Non-conformities and Corrective Actions Taken
Attachment 4:	Verification on Previous Assessment Findings
Attachment 5:	Opportunities for Improvement

SUMMARY REPORT

1.0 Scope of the Certification Assessment

1.1 Introduction

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

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

The assessment covered a management unit and its supply bases as detailed in Table 1. The supply bases assessed were confined to estates owned by SDPSB. There are four main estates supplying to Seri Intan Palm Oil Mill (POM) i.e. Seri Intan Estate, Sabrang Estate, Sogomana Estate and Sungai Wangi Estate. Based on samples, this assessment excludes Sungai Wangi Estate. Some portion of Sogomana Estate is sending its crop to Selaba Palm Oil Mill which is also belonged to SDPSB under different certification unit.

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

Details of the SOUs are described in Table 1:

Table 1: Certification units covered in the assessment

No.	Certification Unit	Palm Oil Mill	FFB Supplying Estates owned by SDPSB
1.	SOU 05	Seri Intan Oil Mill	Seri Intan Estate, Sabrang Estate, Sogomana Estate and Sungai Wangi Estate

1.2 Location of Mills and Estates

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

Details of the three SOUs are shown in Table 2.

Table 2: Location and addresses of mills and estates

Certification Unit	Estate/Mill	GPS Location		Location Address
		Latitude	Longitude	
SOU 05 – Seri Intan	Seri Intan POM	3°58'9.22"N	100°59'8.01"E	Kilang Kelapa Sawit Seri Intan, Bt. 5 Jln. Maharaja Lela, 36009 Teluk Intan, Perak
	Seri Intan Estate	3°58'13.34"N	100°58'48.51"E	Seri Intan Estate, 36009 Teluk Intan, Perak

	Sabrang Estate	3°58'35.70"N	100°58'26.02"E	Sabrang Estate 36009, Teluk Intan, Perak.
	Sungai Wangi Estate	4°14'33.2"N	100°42'50.6"E	Ladang Sungei Wangi, 32000 Sitiawan, Perak
	Sogomana Estate	4°4'N	100°7'E	Ladang Sogomana, 32500, Changkat Kruing, Perak

1.3 Production Volume for All Certified Products

Table 3: Actual annual CPO and PK tonnage of Seri Intan POM since date of last reporting period (March 2012 to February 2013)

FFB Received (mt)	255,991.25
FFB Processed (mt)	255,737.25
Total CPO Production (mt)	52,930.80
Total PK Production (mt)	13,836.04
Certified CPO (mt) sold as Mass Balance	Nil
Certified PK (mt) sold as Mass Balance	Nil
Non-Certified CPO (mt)	4,745.79
Non-Certified PK (mt)	1,240.32

Table 4: Estimated annual quantity of CPO and PK for Seri Intan POM (March 2013 to February 2014)

FFB Received (mt)	305,073
FFB Processed (mt)	305,073
Total CPO Production (mt)	66,021
Total PK Production (mt)	16,739
Certified CPO (mt) to be claimed – Mass Balance	60,824
Certified PK (mt) to be claimed – Mass Balance	15,403
Non-Certified CPO (mt)	5,194
Non-Certified PK (mt)	1,315

1.4 Certification Details

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

Parent company: Sime Darby Plantation Sdn. Bhd.

Certificate number: RSPO 0015

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

The certification for SOU 05 – Seri Intan covers the production of Seri Intan Oil Mill with FFB supplied by the following company owned estates: Seri Intan, Sabrang, Sogomana and Sungai Wangi and smallholder.

1.5 Description of The Supply Base

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

Table 5: Actual annual FFB production by the supplying estates sent to Seri Intan POM since date of last reporting period (March 2012 to February 2013)

Estates	FFB Production		Certified by
	Tonnes	Percentage (%)	
Seri Intan	69,892.02	27.30	SIRIM
Sabrang	84,909.32	33.17	SIRIM
Sungai Wangi	47,710.33	18.64	SIRIM
Sogomana	29,348.10	11.46	SIRIM
Cluny	75.39	0.03	SIRIM
Bikam	73.11	0.03	SIRIM
Bagan Datoh	346.97	0.14	BSI
Flemington	70.87	0.03	BSI
Sabak Bernam	445.01	0.17	BSI
Sg. Samak	194.63	0.08	BSI
Smallholders	22,926.50	8.96	Not certified
Total	255,992.25	100.000	

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Seri Intan	71,787.420	27.76
Sabrang	84,764.945	32.77
Sungai Wangi	46,437.000	17.95
Sogomana	31,652.621	12.24
Smallholders (OCP)	24,000.000	9.28
Total	258,641.986	100

1.6 Date of Planting and Replanting Cycle

Table 7: Areas of plantations

Estate	Year of establishment	Area (Ha)				Area (%)	
		Titled	Planted	Mature	Immature	Mature	Immature
Seri Intan	1946	2,960.40	2,570.09	2,408.45	161.64	94.00	6.00
Sabrang	1946	3,844.22	3,717.81	3,523.41	194.4	91.65	5.06
Sungai Wangi	1906	2,245.35	1,825.97	1,525.66	300.31	83.55	16.45
Sogomana	1926	1,121.96	1,065.66	1,065.66	-	100.00	-
Total		10,171.93	9,179.53	8,523.18	656.35		

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

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

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
E00789	2 nd	Mature	32.30	0.88
E00790	2 nd	Mature	67.03	1.82
E00791	2 nd	Mature	79.62	2.16
E00796	2 nd	Mature	116.98	3.18
E00700	2 nd	Mature	102.41	2.78
E00701	2 nd	Mature	75.81	2.06
E00705	2 nd	Mature	62.80	1.71
E00707	2 nd	Mature	65.84	1.79
E00707A	2 nd	Mature	82.76	2.25
E00707B	2 nd	Mature	62.54	1.70
E00707C	2 nd	Mature	71.29	1.94
E0071989	2 nd	Mature	77.54	2.11
E0071989A	2 nd	Mature	84.10	2.29
E0071991	2 nd	Mature	84.10	2.29
E0071991A	2 nd	Mature	106.10	2.88
E0071991B	2 nd	Mature	49.69	1.35
E0071992	2 nd	Mature	61.21	1.66
E0071992A	2 nd	Mature	60.54	1.65
E0071992B	2 nd	Mature	69.61	1.89
E0071993A	2 nd	Mature	115.59	3.14
E0071995	2 nd	Mature	80.66	2.19
E0071995A	2 nd	Mature	89.95	2.44
E0071995B	2 nd	Mature	46.65	1.27
E0071995C	2 nd	Mature	56.87	1.55
E0071995D	2 nd	Mature	57.27	1.56
E0071995E	2 nd	Mature	79.14	2.15
E0071996	2 nd	Mature	69.53	1.89
E0071996A	2 nd	Mature	66.96	1.82
E0071996B	2 nd	Mature	75.95	2.06
E0071996C	2 nd	Mature	49.09	1.33

E0071996D	2 nd	Mature	74.07	2.01
E0071996E	2 nd	Mature	56.07	1.52
E0071997A	2 nd	Mature	97.35	2.65
E0071997B	2 nd	Mature	71.75	1.95
E0071998A	2 nd	Mature	104.58	2.84
E0071998B	2 nd	Mature	39.53	1.07
E0072004	2 nd	Mature	61.73	1.68
E0072004A	2 nd	Mature	94.26	2.56
E0072004B	2 nd	Mature	66.38	1.80
E0072005	2 nd	Mature	53.54	1.46
E0072005A	2 nd	Mature	55.55	1.51
E0072005B	2 nd	Mature	88.67	2.41
E0072007	2 nd	Mature	77.03	2.09
E0072007A	2 nd	Mature	103.19	2.80
E00708	2 nd	Mature	81.59	2.22
E0072009	2 nd	Immature	145.84	3.96
E0072009A	2 nd	Immature	54.91	1.49
E0072009B	2 nd	Immature	65.35	1.78
E0072009C	2 nd	Immature	88.24	2.40
Total			3,679.56	100.00

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

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1996A	2nd	Mature	133.47	3.58
1996B	2nd	Mature	87.53	2.35
1996C	2nd	Mature	92.33	2.48
1997A	2nd	Mature	82.64	2.22
1997B	2nd	Mature	80.90	2.17
1998A	2nd	Mature	48.73	1.31
1998B	2nd	Mature	137.89	3.70
2000A	2nd	Mature	92.74	2.49
2000A1	2nd	Mature	73.51	1.97
2000A2	2nd	Mature	62.31	1.67
2000B	2nd	Mature	55.77	1.50
2001A	2nd	Mature	74.18	1.99
2001A1	2nd	Mature	66.42	1.78
2001A2	2nd	Mature	61.57	1.65
2001A3	2nd	Mature	70.34	1.89
2002A	2nd	Mature	85.12	2.29
2002A1	2nd	Mature	96.23	2.58
2002A2	2nd	Mature	42.41	1.14
2003	2nd	Mature	100.18	2.69
2006A	3rd	Mature	51.33	1.38
2008	3rd	Mature	134.14	3.60

2010A	3rd	Immature	86.52	2.32
2010B	3rd	Immature	98.45	2.64
2011A	3rd	Immature	24.88	0.67
1991	2nd	Mature	96.29	2.59
1992	2nd	Mature	113.00	3.03
1992A	2nd	Mature	61.55	1.65
1993A	2nd	Mature	106.71	2.87
1993B	2nd	Mature	127.53	3.42
1993B1	2nd	Mature	86.35	2.32
1995A	2nd	Mature	117.89	3.17
1995B	2nd	Mature	148.16	3.98
1996D	2nd	Mature	116.90	3.14
2000C	2nd	Mature	104.40	2.80
2001B	2nd	Mature	97.43	2.62
2002B	2nd	Mature	100.89	2.71
2002B1	2nd	Mature	93.24	2.50
2005	3rd	Mature	121.31	3.26
2006B	3rd	Mature	134.43	3.61
2010C	3rd	Immature	85.11	2.29
2011B	3rd	Immature	73.23	1.97
Total			3,724.01	100.00

Table 10: Percentage of planted area in Sungai Wangi Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1985	1st	Mature	90.71	5.91
1990	1st	Mature	132.48	8.64
1991	1st	Mature	34.08	2.22
1993	1st	Mature	24.03	1.57
1993	1st	Mature	68.87	4.49
1997	1st	Mature	351.72	22.93
1999	1st	Mature	148.63	9.69
1999	1st	Mature	87.47	5.70
1999	1st	Mature	113.79	7.42
1999	1st	Mature	149.57	9.75
2000	1st	Mature	151.46	9.87
2000	1st	Mature	134.57	8.77
2004	1st	Mature	18.83	1.23
2006	1st	Mature	27.94	1.82
Total			1,534.15	100.00

Table 11: Percentage of planted area in Sogomana Estate by age and planting cycle

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1985	1st	Mature	39.77	3.73
1987	1st	Mature	6.83	0.64
1992	1st	Mature	89.05	8.36
1993	1st	Mature	35.82	3.36
1993	1st	Mature	65.83	6.18
1993	1st	Mature	74.16	6.96
1997	1st	Mature	104.23	9.78
1998	1st	Mature	61.20	5.74
1998	1st	Mature	55.34	5.19
1998	1st	Mature	61.04	5.73
1998	1st	Mature	50.06	4.70
1999	1st	Mature	54.85	5.15
1999	1st	Mature	26.25	2.46
1999	1st	Mature	32.58	3.06
1999	1st	Mature	28.80	2.70
1999	1st	Mature	79.10	7.42
1999	1st	Mature	124.29	11.66
1999	1st	Mature	76.46	7.17
Total			1065.66	100.00

1.7 Time Bound Plan for Other Management Units

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

Sime Darby Plantation Sdn. Bhd is committed to RSPO certification as announced in the earlier assessment. The certification assessments are being conducted as per their plan with the target for completion by December 2011. To date 39 of their SOUs in Malaysia and 16 SOUs in Indonesia are certified and the remaining 3 SOUs in Indonesia have undergone assessment and pending for certification approval.

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

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

1.9 Organizational Information / Contact Person

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

Chairman of **SOU 05**:

Name: Tan Jin Swee

Designation: General Manager, Perak South Zone

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

Phone #: 05-6221477

Fax #: 05- 6222434

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

2.0 Assessment Process

2.1 Certification Body

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

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

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

2.2 Qualification of Lead Assessor and Assessment Team

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

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Valence Shem	Lead Assessor / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none">• Collected more than 250 Auditor days in auditing ISO 14001 and RSPO.• Nine years of experience in Oil Palm Plantation management.• Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004.• B. Tech. (Hons) Industrial Technology.

		<ul style="list-style-type: none"> • Successfully completed and passed the RSPO Lead Assessor Course – 2011.
Mohamed Hidhir Bin Zainal Abidin	Lead Assessor / Milling Operation, Occupational Health and Safety	<ul style="list-style-type: none"> • Over 100 days of auditing experience, having audited on: ISO 9001, ISO 14001, & RSPO. • 4 years' experience in palm oil milling. • Successfully Completed RSPO Lead Assessor Course – 2013. • Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2012. • Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2012. • Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2012. • B. Sc. (Hons) Chemical Engineering.
Dr. Zahid Emby	Assessor / community issues	<ul style="list-style-type: none"> • Over 40 days of auditing experience, having audited to FSC Forest Management and RSPO requirements. • Peer reviewer for FSC Forest Management certification reports. • Attended a training on RSPO P&C and certification requirements in 2008, November 2009 and February 2011. • Doctor of Philosophy. • M.A. (Social Anthropology). • B.A. Hons (Social Anthropology/Sociology).
Prof. Mohd. Basri Hamzah	Assessor / HCV, ecology and environmental issues	<ul style="list-style-type: none"> • M. Sc (Australian National University), UPM sponsorship. • B. Sc (Forestry) (Australian national University), Colombo Plan Scholar. • B. Sc (Botany) (University of Western Australia), Colomba Plan Scholar.

2.3 Assessment Methodology

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. hence, only three estates were assessed namely Seri Intan, Sabrang and Sogomana in addition to Seri Intan Oil Mill itself.

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

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

The assessment programme is in Attachment 2.

2.4 Date of Next Surveillance Visit

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

3.0 Assessment Findings

3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that SOU 05 was guided by their Estate/Mill Quality Management System documents for their operations. These documentation were inspired by the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

A total of **two** major non-conformity reports against RSPO MYNI: 2008 requirements were raised as shown in Attachment 3. SOU 05 has taken necessary corrective actions in order to close all the non-conformities raised.

There were two NCRs raised in the previous year's assessment. One of the NCRs has been reissued due to lack of evidence to close it out. Detail of verification is described in Attachment 4.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Indicator 1.1.1

Records of requests and responses must be maintained.
Major compliance

Guidance :

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

Audit findings

SOU 05 was still continuing to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The system required response to all communication within a certain timeframe. Action may then be taken to fulfil the request or for decision to be made by relevant person-in-charge. All communications were logged and registered.

The records for all communication were identified and maintained in different files depending on the stakeholder. Each record stated the date of communication received, response and remarks whether requests have been addressed. Among the records inspected were correspondences with the authorities, communities and employees.

Criterion 1.2

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

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

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

Guidance:

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

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

Audit findings

There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

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

Among the documents that were made available for viewing are:

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

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

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

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

To the point of this assessment, SOU 05 has not received any request pertaining Criterion 1.2.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1

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

Indicator 2.1.1

Evidence of compliance with legal requirement
Major compliance

Indicator 2.1.2

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

Indicator 2.1.3

A mechanism for ensuring that they are implemented.
Minor compliance

Indicator 2.1.4

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

Audit findings

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

A special department which is based in Kuala Lumpur was responsible in tracking the changes to the Acts and Regulations in their legal register by communicating with the publisher of the documents. This mechanism was outlined in its procedure. The revision of the legal register was done from time to time and shall there be any update, it would be communicated to the respective SOUs. As to date, no change to SOU 05 activities and no new legal requirements associated to their operation. Among the identified legal requirements are Environmental Quality Act and Regulations, 1974, Factories and Machinery Act and Regulations, 1967, Occupational Safety and Health Act and Regulations, 1994 & Worker' Minimum Standards of Housing and Amenities Act, 1990 and other applicable requirements for mill operation. However, the obsolete code of practice for confined space 2001 has yet to be replaced by the new amended 2010 version in the register.

Legal and Other Requirements Register (LORR) at Sungei Wangi state had been last reviewed on 29/8/2012. It was prepared by the Quality Management Officer (QMO) and checked by the Assistant Manager (AM). However, some of the applicable legal requirements such as MPOB Act 1998, MPOB Reg. (Licensing) 2005, Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974 at Sungai Wangi Estate and Malaysian Company Act Section 167(2) at Seri Intan POM have yet to be registered in the LORR. Apart from that, Sungei Wangi Estate, Seri Intan Estate and Seri Intan POM needs to improve the documentation for scheduled wastes in accordance to EQA (Scheduled Wastes) Regulations, 2005 such as Notification to DOE, Return copy of Consignment Note and Waste Information.

LORR at Seri Intan POM was reviewed on 6/12/2012. Evaluation of compliance for year 2012 had been conducted by the mill. The comprehensiveness of evaluation has been improved since last assessment. The evidence of compliance has transparently demonstrated. However, for the next evaluation of compliance for 2013, Seri Intan POM needs to incorporate approval conditions for de-sludging programme in 2013 and also approval conditions obtained for scheduled waste storage extension from DOE, Perak.

On the person in charge for boiler as the last year's OFI, that the mill had rectified the issue and the 2nd grade engine driver has upgraded the competency and obtained the 1st grade engine driver licence granted by DOSH. Based on the boiler heating surface (HS) for single boiler, it was found that person in charge for boiler both for steam engineer and engine driver were sufficient and complied with the Person In Charge Regulations, 1970. For the confined space programme at Seri Intan POM, nomination of personnel for AGT(Authorized Gas Tester), AESP (Authorized Entrant & Standby Person) has yet to be expedited for training and also implementation of permit to work (PTW) in confined space as recommended by DOSH.

During assessment, it was found that all certificate of fitness (CF) of steam boilers, unfired pressure vessel (UPV) were in place and still valid. Annual inspection has been conducted before maximum of period validity of 15 months. Annual inspection for Seri Intan POM was last conducted on 14 April 2012 for steam boiler and UPVs. Comments highlighted by DOSH

inspector during inspection has been handled and rectified accordingly.

Person in-charge for electrical installation in Seri intan POM has been granted competent licence by Energy Commission for electrical charginan @ "penjaga jentera" PJ-T-1-1016-1998 (AO) and has to be renewed on annual basis. The electrical charginan licence was found valid until 25 September 2013. Furthermore, electrical inspection with power generation capacity of 1500 kW including 1300A of TNB supply has to be inspected regularly. Monthly visit conducted by competent visiting electrical engineer and last visit report on 12 March 2013 was sighted during assessment.

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

Criterion 2.2

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

Indicator 2.2.1

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

Indicator 2.2.2

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

Indicator 2.2.3

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

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

Indicator 2.2.4

Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. CF 2.3.3, 6.4.1 and 6.4.2.
Minor compliance

Guidance:

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

Audit findings

Legal ownership of land for Seri Intan, Sg. Wangi and Sabrang estates were verified by the auditor. The list of land grants for Seri Intan (23 grants) and Sabrang (19 grants) were seen and

noted. However the transfer of ownership from previous owners to Sime Darby is still ongoing. The copy of a letter was noted (Borang 14D of Section 214A, Kanun Tanah Negara), addressed to the Lembaga Tanah Ladang, Negeri Perak, pertaining to the application for transfer of land ownership from Golden Hope Plantations Sdn Bhd to Sime Darby Plantation Sdn Bhd. As suggested in the last surveillance the transfer should be monitored in its progress and status. All original copies of ownership documents are kept at the Sime Darby Headquarters in Kuala Lumpur.

Land use for oil palm planting was confirmed as per previous surveillance in the three estates. Seri Intan recorded previous land uses as commercial plantings and orchards. A letter from the Perak Land Management Department, dated 15 Mac 2013, and addressed to several Sime estates in Lower Perak, including Seri Intan, Sg. Wangi and Sabrang, specifically permitted conversion to oil palm from previous land uses.

Estate boundaries are well surveyed, demarcated and mapped as recorded in previous surveillances. Estate maps were seen by the auditor including specific maps based on GPS surveys and those showing boundary stone location in Seri Intan and Sg. Wangi. Boundaries and stones were selectively verified on the ground in the three estates. The stones were mostly well maintained and in some cases freshly painted. The estate management generally employed registered surveyors for boundary maintenance including the Ipoh-based Jurukur Esa Sdn Bhd, who was engaged for parameter survey of SOU 05.

Criterion 2.3

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

Indicator 2.3.1

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

Major compliance

Indicator 2.3.2

Map of appropriate scale showing extent of claims under dispute.

Major compliance

Indicator 2.3.3

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

Minor compliance

Guidance:

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

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

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

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

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

Audit findings

Evidences of ownership (cross refer to section 2.2) are available and were sighted. It was also

noted from records sighted, as well as through interviews with stakeholders, that there were no disputes on land rights within the area under management of Seri Intan SOU.

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

Criterion 3.1

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

Indicator 3.1.1

Annual budget with a minimum 2 years of projection
Major compliance

Specific Guidance:

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

Indicator 3.1.2

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

Audit findings

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

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

At the mill, the CAPEX document for 2012/2013 was made available during the audit. Most of the budgets were on mill continual improvement programme on modification and machine upgrades as well as the budget for safety and environment. Accommodation and facilities upgrades for staff quarters and executive bungalow were also gazetted in the budget. As for year 2011/2012 budget, most of the budget allocated was implemented. For example, on the environmental expenditure, slit trap and water gate and pump system at mill water discharge point and new ETP system to reduce BOD limit from 5000mg/l for land application to 100mg/l for ETP final discharge limit. Additional budget for new ETP pond in 2012/2013 CAPEX was sighted. The project is still on tendering process and pending for HQ and DOE approval.

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

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Indicator 4.1.1

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

Indicator 4.1.2

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

Audit findings

SOU 05 continued to adopt a comprehensive SOP for all its estate and mill practices.

Operation activities in the estates and the mills include from seedlings in nursery to planting of young palms and plantation upkeep to mill despatch of CPO, PK and PKO that are guided by the standard operating procedures (SOP). They are established as part of the Estate/Mill Quality Management System documents. For the estates, on top of the Estate Quality Management System, technical guidelines as listed in the Agricultural Reference Manual (Issue No. 1/Year 2011/ Version 3/ Issue Date 01/07/2011) are also used.

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

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

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

Monitoring of the SOP implementation was closely done by person-in-charge and their records were verified. Among the records were work programmes for major activities at the estates such as manuring, herbicide spraying. Other records sighted were the issuance of Personal Protective Equipment, agrochemicals and fertilizer through the stock books, store requisition and issue sheets. Referring to the Sime Darby's Agriculture Reference Manual (ARM), Section 15, plant Protection, Appendix 3, Sungei Wangi Estate is assigned to carry out rat baiting campaign based on "Response Baiting" method, not "Calendric" method. However, during the site visit at Field 90B, Sungei Wangi Estate was carrying out rat baiting operation based on "Calendric" method without any written justification. Nonetheless, the assessor was informed that the top management of SDPSB has come up with a new instruction of carrying out the rat baiting campaign and communicated through a circular. The circular however, was unable to be located at the point of assessment.

At the mill, among the record sighted 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 waste disposal records.

Criterion 4.2

Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield. MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

Indicator 4.2.1

Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

Indicator 4.2.2

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

Indicator 4.2.3

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

Audit findings

SOU 05 continued to monitor their fertilizer inputs as recommended by Sime Darby's upstream research and development unit, which is located at Carey Island, Selangor. The recommendation was made on annual basis as sighted in the Agronomic & Fertilizers Recommendation Reports – Oil Palm 2012/2013. Most of the fertilizers recommended were of the straight fertilizers e.g. ammonium, potassium, magnesium, borate and rock phosphate.

Leaf (tissue) sampling was carried out and its result formed part of the basis for the fertilizers input recommendation. The analysis was also conducted by the research and development unit, Carey Island on annual basis. The last sampling was conducted in April 2012. The quantity of fertilizer applied corresponded to the recommended input stated in Agronomic & Fertilizer Recommendation Report – Oil Palm 2012/2013. All the relevant information was recorded in the Manuring Cost Book/Pesticides of the respective estate.

EFB mulching was recommended by the R&D unit at an application rate of 35 mt/Ha in selected fields and to be applied at the palm inter-rows. During the field visit at Sungei Wangi Estate immature area, the assessor has noted that the estates have applied the EFB mulching as recommended and progress was adequately recorded. The rate applied was slightly higher i.e. 42 mt/Ha as the stand per Ha of oil palm was 180. There also has been no evidence of open burning in SOU 05.

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

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

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

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

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

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

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

Specific Guidance: Appropriate conservation practices should be adopted.

Indicator 4.3.3: Presence of road maintenance programme.
Minor compliance

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

Specific Guidance:

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

Indicator 4.3.5: Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic matter and acid sulphate soils).
Minor compliance

Guidance:

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

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

Audit findings

Sungai Wangi Estate continued to practice only circle spraying for field maintenance in the mature areas as stipulated in their SOP. The vegetation at harvesting path was controlled by using grass cutter.

Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses have significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

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

Sungai Wangi Estate was generally a flat area. There was no area with steep slope, which required soil erosion mitigation measures such terracing, silt pit, etc. There was no peat soil area at Sungai Wangi Estate. There was only some 8 Ha area of high salinity at Walbrook Division. The estate has managed the water management at the area by maintaining its drainage system and 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

Specific Guidance:

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

Indicator 4.4.2

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

Major compliance

Indicator 4.4.3

Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to 5.1 and 8.1).

Major compliance

Indicator 4.4.4

Monitoring rainfall data for proper water management

Minor compliance

Indicator 4.4.5

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

Minor compliance

Specific Guidance:

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

Indicator 4.4.6

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

Minor compliance

Indicator 4.4.7

Evidence of water management plans.

Audit findings

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

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

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

Outgoing water into natural waterways from Seri Intan Oil Mill was mainly from rainwater. It was observed that the process water was channelled into effluent treatment plant. Guided by their SOP, Seri Intan Oil Mill has conducted its monitoring of effluent discharge quality periodically according to the Environmental Quality Act. The mill has conducted discharge water sampling analysis on quarterly basis as stipulated in the procedure (Sustainable Plantation Management System, Appendix 7, dated 1/4/2008). 2 discharge points were monitored for Seri Intan POM, mainly from monsoon drain. Mill process water were channeled to the effluent treatment plant before been discharge to the estate's long beds for land application. There were 6 sampling point selected within Seri Intan Estate area and had been marked and mapped out. Water quality standards to be complied with under Interim National Water Quality Standard (INWQS) 2006 either for class IIA/IIB for agriculture used or class I if the water meant for domestic used.

Results of analysis were conducted by in-house accredited laboratory under Sime Darby Research Centre, Pulau Carey. Quarterly analysis reports presented to the assessor during the audit and were conducted as per stipulated frequency. Among the parameters tested in the analysis were pH, BOD, COD, Suspended Solids, Oil and Grease, Ammonical Nitrogen, Turbidity (NTU) and Phosphorus. Latest result of analysis was in January 2013 for all selected sampling point. Noted some of the parameters were off-limit for pH, BOD, COD and SS for sampling point no.1 and 2 for Seri Intan Estate. Seri Intan CU need to investigate for further corrective action.

SOU 05 had monitored the amount of water consumed for mill operations. It was observed that the records for mill water consumption (m³ of water per ton of FFB) were kept for the previous and current financial year. Water consumption was observed to be quite consistent but fluctuation of FFB processed due to the low crop season on the 1st quarter and also on the mill period shutdown and inspection contributes to this high water consumption for the mill. Water management plan for year 2012/2013 was developed to reduce usage and plan for the contingency period of water shortage and dry spell. The initiative to minimize usage and to purchase water from local water agency was planned during water shortage period. Implementation of recycling system at press and oil room station has been initiated to reduce water consumption and improve process efficiency. Less quenching water from cleaning process with the usage of pressed fiber to absorb any spillage along the process line and also turbine cooling water to be recycled back to the process line.

There were sampling points taken from incoming and outgoing water crossing Sungai Wangi Estate. The sampling points covered upstream, midstream and downstream of natural water ways. This monitoring was carried out at a frequency of twice a year. The last analysis was on

December 2012. Among the parameters tested were pH, BOD, Chemical Oxygen Demand (COD), SS, AN and phosphorus content.

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

Criterion 4.5

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

Indicator 4.5.1

Documented IPM system.
Minor compliance

Indicator 4.5.2

Monitoring extent of IPM implementation for major pests.
Minor compliance

Specific Guidance:

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

Indicator 4.5.3

Recording areas where pesticides have been used.
Minor compliance

Indicator 4.5.4

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

Audit findings

SOU 05 maintained the documented IPM techniques as shown in SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection. Usage of pesticides was justified and monitored. Information on the quantity of pesticides and areas applied were documented and used to monitor in relations to FFB produced or land area.

At Sungei Wangi Estate, it was noted that the barn owls were kept at a ratio of 1 box to 20 Ha to control the rat population. The figure was lower to the ARM's recommendation (1:10) but additional of the boxes was in progress. Nonetheless, rat baiting campaign was still carried out as prevention measure. This practice was in-line with SDPSB ARM. The bait used was warfarin based. During the visit, it was confirmed that the application of rat baits was in accordance to its SOP.

Beneficial plants from the four major species namely *Tunera subulata*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae sp.* were continued to be planted in SOU 05 to maintain low population of leaf eating caterpillars, hence reduces the need to use chemical treatment. At Sungei Wangi Estate, it was noted that the establishment of beneficial plants was still in the early stage. The estate was expecting to have better establishment in the very near future.

Ganoderma census was continuously done in SOU 05 and infected palms have been identified. The last census was on 10/1/2012. The disease was mitigated by excavating the infected soil during replanting and exposing it to sunlight. This is in accordance with their Agricultural Reference Manual.

Last bagworm census on 24/5/2012 for Sungei Wangi (main Division) and the population was recorded below threshold level.

Records showing the agrochemicals active ingredient (ai) used per hectare and per metric

tonne basis were seen in SOU 05. Likewise, records of location where pesticides have been used were also available.

Criterion 4.6

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

Indicator 4.6.1

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

Indicator 4.6.2

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

Specific Guidance:

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

Indicator 4.6.3

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

Specific guidance:

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

Indicator 4.6.4

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

Indicator 4.6.5

Annual medical surveillance as per CHRA for plantation pesticide operators.
Major compliance

Indicator 4.6.6

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

Indicator 4.6.7

Documentary evidence that use of chemicals categorised as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.
Minor compliance

Indicator 4.6.8

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

Indicator 4.6.9

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

Indicator 4.6.10

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

Audit findings

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

Usage and method of agro-chemicals applications (pesticides and herbicides) were justified and stipulated in the ARM and SOP as well as in Safety Pictorial procedure. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found in SOU 05. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium. Monnocrotophos is also not allowed.

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

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

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

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

Updated records to show agrochemicals purchase, storage and consumption are available in SOU 05. In order to avoid human exposure to concentrates chemicals, and all chemical are pre-mixed except for cypermethrin and metamedophos, prior to application at the field. MSDS were adequate for each agrochemical at the estate stores.

The last generic CHRA which representing 140 estates was conducted in July 2010 by registered assessors .Based on the recommendation of the CHRA, medical surveillance has been conducted for employees, such as estate sprayers, store keepers and mill laboratory operators, whose jobs require them to be exposed to chemicals. Pregnant and breast-feeding women are strictly not allowed to work with pesticides.

Aerial application of agrochemicals is not practiced.

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

Criterion 4.7

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

Indicator 4.7.1

Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act139).

Major compliance

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

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

Indicator 4.7.2

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

Specific Guidance:

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

Indicator 4.7.3

Workers should be covered by accident insurance.
Major compliance

Audit findings

SOU 5 had maintained and continued to implement QESH system procedure named MQMS for mill operation. With additional of supporting document on EHS implementation dated 1 July 2012, Seri Intan POM has specific directive on EHS implementation on guidelines and procedures for EHS risk management. For estate on the other hand, continued implementation of Agricultural Reference Manual as well as the Sustainable Plantation Management System RSPO was sighted during the assessment.

The written Sime Darby Plantation Sdn Bhd on Occupational Safety and Health (OSH) policy remained valid. This OSH policy had been communicated to all employees through toolbox and standing meeting and were seen displayed on the mill and estates notice boards. Generally, by interviewing the workers and staffs revealed that awareness of OSH policy were understood.

Hazard identification, risk assessment and risk control (HIRARC) and CHRA records covered activities in the estates and mill were verified during the assessment. New updated HIRARC register dated 4/12/12 was presented to the assessor with the revised activities and control measure for press station due to the occurrence of accident at Seri Intan POM. For Seri Intan Estate, new activities on pest and diseases control for bagworm treatment was updated in the HIRARC register dated 21/2/13. 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. Appropriate risk control measures had been determined and implemented for the respective activities and operation. However, Seri Intan POM has yet to incorporate changes for the new activities and operation in the premise for the next HIRARC revision exercise. The construction of new workshop building and new kernel silo has yet to be identified and evaluated for determining control measure during construction period. However, the area under construction was barricaded and warning signage was erected at construction site. Appropriate contractors management has been implemented with the used of permit to work for progress monitoring as well as OSH monitoring and inspection for the construction work.

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. Overall administrative controls implementation for SOU 05 was found adequate during the assessment.

On the USECHH Regulation 2000, the CHRA generic report was presented during assessment and still valid until 2015 for mill and estate conducted by qualified assessor registered with DOSH. All significant work units that exposed to chemical was assessed and sampled for several mills and estates under Sime Darby Plantations Sdn Bhd. Some of the work unit assessed were applicable for Seri Intan 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.

Based on the CHRA recommendation, personal chemical exposure monitoring has been conducted for those who exposed to chemical mainly, n-hexane, benzene, chloroform and manganese. Latest exposure monitoring was conducted on the 8/11/12 by registered hygiene technician. 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) was not required based on the results sampled but to maintain existing general exhaust ventilation (GEV) such as exhaust fan and has yet to be inspected periodically by local technician and DOSH registered industrial hygiene technician 2 (IHT2) not more than 12 months interval.

As recommended by CHRA, medical surveillance programme has been established for mill employees and estate workers. Group of workers from different work unit has been sent to OHD on annual basis as recommended by CHRA. Last health surveillance was conducted on 3/1/12 for welders, lab analyst and sampler and was sent to local OHD. From the results, all employees sent for checking are fit to work without any health deficiency under appropriate control of chemical exposure. For estate workers, group of workshop worker, chemical sprayer and chemical mixer was sent for annual medical surveillance programme on 9/10/12. Local OHD, summarized that all chemical sprayers and mixers are fit to work under organophosphorus exposure as well as welders for the workshop operator. Additional baseline medical surveillance programme has been conducted for trunk injector gang for bagworm treatment under exposure of methamedophos which listed under schedule 2 of Highly Toxic Pesticide Act 1996. Group consist of trunk driller, injector and plugger was sent to local OHD, on 1/2/13 to prepare for the current bagworm outbreak in the estate and was found fit to work as trunk injector gang.

Noise exposure monitoring had been carried out on 26 December 2012 after the previous initial noise exposure monitoring conducted in 2010. Based on the report, warning signage shall be posted at identified high decibel area and site review was confirm warning signage are available.

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). However, PTW for confined space entry has yet to be implemented as recommended by DOSH officer.

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. For example PPE provided for sprayer gang has been completely worn and types of respiratory protection were standardized.

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 February 2013 for Seri Intan POM. However the post mortem report can be improved further. The objective of the drill was achieved and for the total evacuation time was within the evacuation time objective. However, to test other type of condition and scenario, Seri Intan POM has yet to consider night drill for the next financial year for improvement of the fire evacuation exercise. OFI was issued. For the fire fighter preparedness, Seri Intan 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 October 2012. Hose reel and nozzle were inspected and tested on monthly basis by mill fire fighting team as well as during quarterly workplace inspection exercise.

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

OSH performance was continuously monitored and accident cases were managed in accordance with OSH Regulations. Accident records were kept and reviewed. An accident scoreboard was made available at mill and estates and updated regularly to show the current OSH performance status. In 2012 there were 3 cases recorded with 24 days of Lost Time Incident (LTI) at the mill. There was an accident case in 2013 involving workers doing maintenance at press station. Accident investigation has been done by the OSH committee 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, JKPP 6 and JKPP 8 form was sighted submitted to DOSH in timely manner.

SOU 05 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. However, frequency of meeting has yet to be in quarterly period either the practice is to conduct the meeting according to financial year or calendar year.

The assessor had noted that Seri Intan Estate had their workers covered by accident insurance under RHB Insurance Berhad, with period of cover until June 2013. Mill employees were covered by SOCSO as most of the employees are Malaysian citizen.

Criteria 4.8

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

Indicator 4.8.1

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

Audit findings

SOU 05 had established their training needs and programmes for the year 2012/13. Generally, the training programme covers the major training identified such the implementation of SOPs, RSPO training, Safety & Health related training, first aid training, working at height, safe chemical handling and also emergency preparedness and response on incident occurrence. Among safety and health training conducted were first aid training (24/4/12), working at height (6/2/13) and fire prevention training (ERP) training (26/6/12). Training attendance list was available and well maintained for those related training.

Based on the interview with relevant staffs who attended the training understood the intent and importance of the training conducted and able to demonstrate the knowledge in their routine jobs. For the estate, training for the trunk injector gang has been conducted last year on 9/10/12. Training was given by officer from R&D department of Sime Darby Plantations Sdn Bhd and attended by workers that involved in trunk injection activities. New batch of the trunk has been selected to accommodate and prepared for the current pest and disease outbreak on the bagworms. The newly selected group has yet to be trained before commencing the trunk injection activities in order to prepare themselves on the safety handling of highly toxic pesticide.

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

Criterion 5.1

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

Indicator 5.1.1

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

Major compliance

Indicator 5.1.2

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

Minor compliance

Audit findings

SOU 05 had established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the most significant environmental receptors are the boiler stack emission which associated with air emission, palm oil mill effluent (POME) discharge (water) and land contamination which related to managing the schedule waste and also general waste.

Assessment team has confirmed no changes to SOU 05 operation, therefore environment aspects and impact register still found valid and appropriate. Mitigation measures for environmental improvement plan or known as Environmental Management Programmes (EMP) were then established. It is based on the identified significant environmental aspects that can be improved within the SOUs capabilities

Criterion 5.2

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

Indicator 5.2.1

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

Major compliance

Indicator 5.2.2

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

Major compliance

Indicator 5.2.3

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

Minor compliance

Audit findings

The three estates, Seri Intan, Sg. Wangi and Sabrang were included in the biodiversity report conducted for Sime plantations in south Perak - "An Assessment of the Biodiversity of Sime Plantations Lower Perak Estate (BU2), Conservation Values & Recommendations", prepared by Wild Asia in 2007. Report recommendations were then implemented through Action Plans specific to the estates. These plans were updated annually.

Progress in implementation of the action plans for 2012 were reviewed by the auditor and verified selectively on the ground. Seri Intan CU and Selaba CU presented a shared report. All buffer zones and riparian reserves 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, field periphery and along inter-rows in mature oil palms. These were planted with soft grass. To stabilize soil and reduce surface erosion, terraces and silt pits were strategically constructed and vertivar grass planted along bare embankments. To raise staff and public awareness on enhancing biodiversity, information was posted in the Sime Darby webpage, signage erected and strategically located, fact sheets distributed and research encouraged. This effort will be continuous. In addition, various tree species, both for landscape and wildlife attraction, were planted along roads and unused spaces, and in rehabilitation planting to increase biodiversity in the estates. No resident ERT species/IUCN Red List (HCV3) or areas of significant biodiversity values (HCV1) were reported.

Sabrang estate recorded similar progress for its riparian reserves and buffer zones (HCV4). These have been duly identified, demarcated and mapped for management. The same goes for non-natural buffers as mentioned above for Seri Intan and Selaba. Staff and workers were also similarly informed on management of the biodiversity areas.

Periphery roads were generally well maintained. In Seri Intan, which bordered with Sungai Bidor along its western border the periphery road was located on raised bund which separated a parallel artificial channel within its boundary and with the river reserve, external to it. The drain is connected to the large river through intervals of water gates, which regulate water movement. Buffers, both natural and artificial were maintained as mentioned in the action plan (HCV4).

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 had undergone training in aspects of HCV. 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.

Criterion 5.3

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

Indicator 5.3.1

Documented identification of all waste products and sources of pollution.
Major compliance

Indicator 5.3.2

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

Specific Guidance:

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

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

Indicator 5.3.3

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

Audit findings

SOU 05 continued to practice 3R (reduced, recycle, re-use) on waste management. SOU 05 had established a waste management system on the identification of wastes and plans to reduce and dispose them in an environmentally and socially responsible manner. There was a program to encourage recycling of solid wastes with recycle bins provided in the mill compound.

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

The general domestic wastes were collected from the linesite and staff quarters and disposed to secured landfill managed by municipal council. Frequencies of collection were 2 times per week and domestic waste were collected from transit collection centre before disposal. Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, washed and reused. Chemical containers that could no longer be reused were pierced and properly stored at designated area before sent for disposal. Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, washed and reused. Chemical containers that could no longer be reused were pierced and properly stored at designated area.

Wastes from the palm oil milling process had been disposed as follows; EFB and decanter cake were sent for mulching in the field, while mill processes waste/residue/biomass i.e. fibre and shell were used as fuel in the boiler. Mulching programme will be managed and monitored by the estate with the arrangement of transports to evacuate EFB and decanter cake for daily application at field area. EFB and decanter cake may produce leachates if there were over dumping and prolong storage those biomass wastes generated. As a precaution, mitigation measure has been developed to prevent the source of water pollution to the monsoon drain. Point of rainwater 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. Pictures below show the silt trap and submersible pump system.

On top of that, these points of discharge has been identified as water sampling point for analysis in every 3 month together with water sampling point for the estates. The standard of water discharge has to be complied with class IIA/IIB in the Interim National Water Quality Index (INWQS).

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 then the final discharged into the nearby estate for land application. ETP was designed to cater the processing capacity of 60 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 the limit stipulated in the written approval was relatively higher than actual discharge limit. However, monitoring of POME to the land for fertilization has to be monitored regularly and to avoid overflowing to the nearby river.

Effluent treatment plant process start form a series of long anaerobic ditches to final aerated ponds for aerobic process. Treated POME will be pumped from the final discharge sump or pumping sump and transferred to the estate's furrow for land application. Land application area was located at Seri Intan Estate, which has been constructed with pipe line and long beds. During the site visit, block 96 B/3 was visited for the daily land application programme. No evidence of POME overflow to the nearby stream or river sighted during the visit.

On the performance monitoring, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval issued by DOE. Final discharge sample has been sent to accredited laboratory under Sime Darby R&D in Pulau Carey. For 2012, there was no evidence of non-compliance and the average final discharge BOD only reported at 100-300 mg/l compared to the stipulated discharge limit of 5000 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. The flow meter and all sensors have been calibrated in December 2012 and will be recalibrated in June 2013. 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. For 2013, CAPEX for effluent treatment plant improvement has been gazette and the intention is to reduce discharge limit to 100 mg/l. This project is still in tendering process and pending for HQ and DOE approval.

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. Form the report, it was evident stack sampling result was below 0.4 g/Nm³.

Other waste being generated from the maintenance activities of equipment and machinery in the estates or mill were scrap metal and scheduled wastes such as spent lubricant oil, spent oil filter, used batteries, spent or obsolete chemicals form mill laboratory and empty chemical containers. All estates had been operating their own Scheduled Waste store at individual operating unit site. The assessment team had visited the scheduled waste storage area. The housekeeping and labeling was found in accordance with Schedule Waste Regulation 2005. All estates and mill also maintained their own records of scheduled waste for waste identification & notification to DOE, waste inventory, waste disposal consignment and the waste information.

Seri Intan POM has established list of waste generated (2nd Schedule). As at end of February

2013, waste generated updated in the inventory list and was found several type of waste stored more than 180 days. Last disposal made for SW 305 on 14/6/12. Application to DOE for extension of storage period dated 13/2/13 was sighted during the assessment. Approvals condition granted from DOE has yet to be listed in the legal register and yet to be evaluated for compliance, which verification will be conducted in the next audit. For Seri Intan Estate, scheduled waste management has effectively implemented based on records verification and site observation. Several type of scheduled waste generated were managed accordingly and the latest disposal was made on 15/3/13 by Kualiti Alam Sdn Bhd for SW 102, SW 312 and SW 305. However, management of the records and documents related to scheduled waste has yet to be further improved. For example, signed copy of waste consignment after disposal was made has yet to be obtained for the next disposal programme as well as the 7th schedule of the waste generated.

Criterion 5.4

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

Indicator 5.4.1

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

Minor compliance

Indicator 5.4.2

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

Minor compliance

Audit findings

SOU 05 continued to use renewable energy in the mill. Fibre and shell are used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour line.

Records of monitoring for both renewable energy and fossil fuel are available as per the requirement of the indicator. Besides that, diesel reduction programme has been initiated and monitored as part of their environmental management program.

Criterion 5.5

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

Indicator 5.5.1

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

Major compliance

Indicator 5.5.2

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

Minor compliance

Specific Guidance:

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

Indicator 5.5.3

No evidence of burning waste (including domestic waste).

Minor compliance

Audit findings

Fire was not used in all estate operations, replanting, land clearing and waste disposal. This practice has been adopted company-wide since 1989 in accordance with what had been written

in their zero burning policy and in the Agricultural Reference Manual.

There was no replanting operation at Sungei Wangi Estate for this assessment. There was only change of crop at some 300 Ha from guava to oil palm (see Principle 7). No opened burning was observed in this area, guava trees fell and let naturally rot.

Criterion 5.6

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

Indicator 5.6.1

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

Major compliance

Indicator 5.6.2

Plans are reviewed annually.

Minor compliance

Specific Guidance:

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

Audit findings

SOU 05 has established and maintained their plans to reduce pollution. These plans are translated into SOP in their Estate/Mill Quality management System and Sime Darby Plantation - Sustainable Plantation Management System or environmental management program.

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

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

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

Criterion 6.1

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

Indicator 6.1.1

A documented social impact assessment including records of meetings.

Major compliance

Specific Guidance:

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

Indicator 6.1.2

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

Minor compliance

Specific Guidance:

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

Indicator 6.1.3

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

Minor compliance

Guidance:

Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

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

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

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

Audit findings

In the last surveillance it was reported that SOU 05 had completed in December 2008 a Social Impact Assessment entitled "Baseline SIA Perak Zone SOU 05". It was pointed out in the said audit report the authors of the SIA report invited relevant stakeholder groups including estate workers and representatives of local communities (e.g. Kg. Beting Luas, Kg. Empat Puluh Rantai, Kg. Sg. Durian) to participate in the SIA exercise. However the audit report also pointed out that Seri Intan POM and its relevant stakeholders were not included in the preparation of the SIA report for SOU 05 and thus the mill was not able to prepare a mitigation plan (NCR # RM 01). No action has been taken to remedy the situation. The SIA for Seri Intan POM (Indicators 6.1.1 and 6.1.2) and the related mitigation plan (Indicator 6.1.3) was not available. However, during the audit, SOU 05 had submitted the SIA for Seri Intan POM and the related mitigation/action plan. The documents submitted were found to be sufficient to close the major NCR raised against Criterion 6.1.

With regards to format and contents of the SIA report, the present auditors agree with the recommendation made in the last surveillance and would like to reaffirm that during the revision of the SIA, a more refined survey technique be employed so as to ensure that socio-economic information of the local communities are incorporated in the report and more diverse issues be captured and addressed in the action plan and thus subsequently more effectively managed.

Criterion 6.2

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

Indicator 6.2.1

Documented consultation and communication procedures.

Major compliance

Indicator 6.2.2

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

Minor compliance

Indicator 6.2.3

Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.

Minor compliance

Specific Guidance:

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

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

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

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

Audit findings

With regards to Indicator 6.2.1, external communication procedures had been established and documented in the Sime Darby Estate Quality Manual and followed by all the estates.

Interviews with estate management and members of local communities revealed that consultations were carried out with relevant stakeholders, for example, local communities and relevant government agencies.

In relation to Indicator 6.2.2, as indicated in every estate audited the Estate Manager was nominated to handle communication, consultation and social issues. This was in accordance with the requirement stated in the Sime Darby Plantation Quality Management System (Procedure for External Communication). As required by Indicator 6.2.3 a list of stakeholders comprising vendors, contractors, government departments and agencies, NGOs and local communities, was kept in every estate. The estates maintained records of consultation with external parties, for example, with government agencies, suppliers and local communities.

Criterion 6.3

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

Indicator 6.3.1

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

Major compliance

Specific Guidance:

Records are to be kept for 3 years.

Indicator 6.3.2

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

Minor compliance

Indicator 6.3.3

The system is open to any affected parties.

Minor compliance

Guidance:

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

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation.

Grievances may be internal (employees) or external.

Audit findings

Procedures for handling disputes arising from social, boundary and workers issues were documented in the Sime Darby Plantation Quality Management System (Procedures for Handling Social Issues and Procedures for Handling Boundaries Disputes). The estates use these procedures whenever disputes arise. In matters relating to employer-employee disputes, the Industrial Relations Act, 1967, also provided the mechanisms for resolving. Workers' complaints related to housing and other social issues were usually filed in the Complaints Book. These complaints usually pertain to housing matters, such as repairs and improvements.

According to the workers interviewed actions were quickly taken by the estate administration to settle the complaints raised. Complaints related to work were channeled through the union representatives to the assistant managers and on to the managers if the problems raised were not solved.

According to the estate management, other than minor complaints filed in the Complaints Book (which were, according to the workers, quickly and satisfactorily handled) there had been no serious dispute with external parties or with workers during recent years. Therefore, no records were available to judge whether or not the system resolved serious disputes in an effective, timely and appropriate manner.

According to estate management and staff manning the office front counter which filed the complaints and grievances, the system was open to all affected parties, internal as well as external.

Criterion 6.4

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

Indicators 6.4.1

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

Major compliance

Indicator 6.4.2

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

Minor compliance

Indicator 6.4.3

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

Minor compliance

Specific Guidance:

This criterion should be considered in conjunction with Criterion 2.3.

Audit findings

The estates have documented procedures for handling boundary disputes, should these arise. These procedures were found in the Sime Darby Estate Quality Management System and Mill Quality Management System. Compensation claims will be handled by headquarters should they arise. However as there had been no such claim, the process and outcome of compensation were not available 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

Guidance:

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

Audit findings

The pay and conditions of work were spelled out in the Collective Agreement (CA) between Malaysian Agriculture Producers Association (MAPA) and National Union of Plantation Workers (NUPW). The appointment letter/contract of employment in Bahasa Malaysia stated clearly the specific job specifications for an individual worker. In addition the estates had taken efforts to explain the terms of employment to the workers. This was usually done during the morning briefing sessions or muster. This was confirmed by the workers interviewed. The local union representatives interviewed stated that they acted as the conduit between the union executives at the state level and the workers, passing on the relevant information received from the union executives to the workers as soon as they received them.

Adequate housing, water supplies, medical, educational and welfare amenities for the workers were provided by every estate. Water was provided free of charge. Tube well water at Walbrook Division – treated and tested by Health Department. Last test was on 25/4/2012 by the Health Department. Parameters tested were chlorine residue, temperature, pH, turbidity and coliform. Clinical services were accessible to all workers and their families and primary schools were found in almost every estate. House upgrading and house repairs were on-going projects.

Criterion 6.6

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

Indicator 6.6.1

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

Major compliance

Indicator 6.6.2

A published statement in local languages recognizing freedom of association.

Minor compliance

Guidance:

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

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

Audit findings

There is a trade union committee in all the estates each of which is affiliated to the State NUPW based in Ipoh. Informal committee meetings, according to the local union leaders interviewed, were held but no official minutes were taken and filed. However, meetings held between the

estate management and the local union leaders were officially recorded in a minute and filed.

There was a published statement on freedom of association in all the estates, usually posted on notice boards for workers to see. This statement was based on the provisions of Employment Act, 1955 and Industrial Relations Act, 1967.

Criterion 6.7

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

Indicator 6.7.1

Documented evidence that minimum age requirement is met.
Major compliance

Guidance:

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

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

Audit findings

An examination of the latest Employee Master Listing kept in all the estates found that no employee below the Malaysian minimum age requirement listed in the records. Observation in the field and interviews with workers and union leaders also affirmed that at no time were children working in the estate.

Criterion 6.8

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

Indicator 6.8.1

A publicly available equal opportunities policy.
Major compliance

Indicator 6.8.2

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

Guidance:

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

Audit Findings

There was no evidence of discrimination based on race, gender or national origin. Interviews with the local union representatives and workers revealed that their pay and terms of work were based on the MAPA and NUPW agreement and not decided by the estates. A policy on non-discrimination is incorporated in the statement of Social Policy of Sime Darby and posted on notice boards in all estates.

Criterion 6.9

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

Indicator 6.9.1

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

Indicator 6.9.2

A specific grievance mechanism is established.
Major compliance

Guidance:

There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.

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

Audit findings

SDPSB has an explicit policy on sexual harassment and violence. In addition, a manual on the Implementation of Gender Policy had also been documented which incorporated, among others, the grievance procedures. Each of the estates in the SOU has a Gender Committee, which planned appropriate social and educational programs and activities for their members. Meetings of Gender Committee were held in all estates. However, an examination of the agenda and minutes of the meetings showed that activities directed at gender related issues were rather limited.

A specific grievance mechanism to handle sexual harassment and violence issues had been established. However interviews with local union representatives and workers revealed that there had been no incidence of sexual harassment recorded in the estates and hence the 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

Guidance :

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

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

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

If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such

changes, and the possibility of advance payments for FFB could be considered.

Audit findings

Interviews with suppliers at all the estates audited revealed that these stakeholders were satisfied with their dealings with the estates. The length of time that they had been in business with the estates and mill (for most of them more than two decades) was an indicator of their level of satisfaction. Business and service transactions between the SOUs and suppliers were bound by written contracts duly signed by both parties. The contracts clearly spelled out the terms of the services, including the pricing mechanism (in the case of FFB) and the payment system, and according to the suppliers and contractors interviewed, fully understood by them. They also stated that the agreed payments were made in a timely manner.

As required by the Indicator 6.10.2 the current and past FFB prices at Seri Intan Mill were posted on the notice board at the guard house.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Indicator 6.11.1

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

Minor compliance

Guidance:

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

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

Audit Findings

There was evidence that Seri Intan Estate, Sungei Wangi Estate and Seri Intan POM did contribute to local development. However with the exception of Selaba Division (Seri Intan Estate), these contributions were ad hoc and not based on results of consultations with internal and external local communities as required by this indicator. Evidence of consultations with the local communities was not sighted. Hence, it is suggested that regular consultations with the local communities be held and a more comprehensive plan for local development based on results of these consultations be developed by Seri Intan POM and all the estates, which form its supply base.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Criterion 7.1

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

Indicators:

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

Major compliance

Specific Guidance:

SEIAs to include previous land use / history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. For Sabah, slopes 25 degrees and above are considered high

risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Impact Assessment (Order 2005)] and approved by the Environmental Protection Department (EPD). For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Natural Resources and Environment (Prescribed Activities) Order 1994] and approved by the Natural Resources and Environment Board (NREB).

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

Minor compliance

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

Minor compliance

Guidance:

The terms of reference should be defined and impact assessment should be carried out by accredited independent experts, in order to ensure an objective process. Both should not be done by the same body. See also C 5.1 and C 6.1. This indicator is not applicable to development of smallholder schemes below 500ha. For Sabah, new planting or replanting of area 500ha or more requires EIA. For areas below 500ha but above 100ha, proposal for mitigation measures (PMM) is required. For Sarawak, only new planting of area 500ha and above requires EIA. Onus is on the company to report back to the DOE on the mitigation efforts being put in place arising out of the EIA.

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

There is a new planting of oil palm at Sungei Wangi Estate around 300 Ha. The area was formerly a guava plantation managed by Sime Darby Food & Beverages Sdn. Bhd. The land title under Sungei Wangi Estate which initially 500 Ha managed by Sime Darby Food & Beverage Sdn. Bhd. for guava plantation and now left 200 Ha after 300 Ha has been converted to oil palm. The felling started in Apr/May 2012. The assessor was at the view that this could be considered as a replanting with different type of crop and not a replacement of forest. Therefore, it is not subjected to Principle 7.

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

Criterion 8.1

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

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

Indicator 8.1.1

Minimize use of certain pesticides (C4.6)

Major compliance

Indicator 8.1.2

Environmental impacts (C5.1)

Major compliance

Indicator 8.1.3

Maximizing recycling and minimizing waste or by-products generation.

Major compliance

Specific Guidance

To work towards zero-waste (C5.3)

Indicator 8.1.4

Pollution prevention plans (5.6)

Major compliance

Indicator 8.1.5

Social impacts (C6.1)

Major compliance

Indicator 8.1.6

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

Guidance

Specific minimum performance thresholds for key indicators should be established. (See also Criterion 4.2, 4.3, 4.4, and 4.5).
Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information and throughout the workforce.

Audit findings

Generally, the SOU 05 has established continuous improvement plans for all the indicators. Most of the plans had been implemented through the requirement of their internal integrated management system. Among the improvement plans are practices to minimize chemical usage by substituting through the planting of cover crops in the immature fields rather than using herbicides for field upkeep; on the welfare of workers front, new housing and facilities are being constructed in phases as part of the company's commitment to provide better living conditions.

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

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

- Installation of Continuous Emission Monitoring System (CEMS) where the real-time smoke emission result was transmitted directly to Department of Environment (DOE) at Putrajaya since 2011.
- New steam turbine to cater the future power demand and maximize utilization of biomass fuel and reducing the fossil fuel consumption for power generation.
- Budgeted new effluent treatment plant for in 2013 and designed for the discharge limit of 100 mg/l compared to the existing ETP final discharge limit of 5000mg/l.
- CAPEX for machinery replacement and upgrades and staff quarter's accommodation upgrades.

Module E – CPO Mills: Mass Balance

Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB. The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body in the public summary of the certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.

Audit findings

Generally, SDPSB is in the midst of preparing its procedure for RSPO supply chain implementation for all of its palm oil mills. At the point of this assessment, SOU Seri Intan has presented to the assessor its tentative procedure. It was found that the procedure still needs to go further enhancement in order to adequately fulfil the requirements of the standard. SOU Seri Intan also needs to conduct training on this requirement to all its relevant personnel. As at to-date, there has been no claim for certified CPO or PK by the CU.

Since Seri Intan Oil Mill was still accepting and processing the uncertified FFB from non-certified third parties, all the certified CPO and PK produced ever since the last assessment must be classified as Mass Balance products. In addition, SOU Seri Intan has yet to decide

whether or not to stop receiving the third parties' crop. Therefore, all the annual estimated CPO and PK to be produced are also classified as Mass Balance products.

3.2 Identified Non-conformities

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

3.3 Status of Non-conformities Previously Identified

Details of the verified nonconformities are in Attachment 4.

3.4. Noteworthy Positive Observations

SOU 05 had improvement made to their RSPO implementation. This can be seen from physical improvement of housing and related amenities condition, use of cover crops instead of herbicides, as well as chemical and wastes storage area including the changing room for the sprayers.

The workers housing are kept clean and conducive.

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

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

Among the stakeholder consulted during the surveillance assessment were:

- Workers from different group of tasks
- Management staff
- Union representative
- FFB supplier
- Local community
- Female worker representative
- Civil work contractor

Generally, all stakeholder consulted give positive remarks that they have no issue on dealing/working with all the three SOUs assessed. They have seen some improvements on since the implementation of the RSPO Certification Scheme.

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

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


SIME DARBY PLANTATION SDN BHD
SERI INTAN PALM OIL MILL
Name: MHUDAL ERQAHUS BIN LAHURI
MILL MANAGER

Date: 30/10/2013

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

Valence Shem

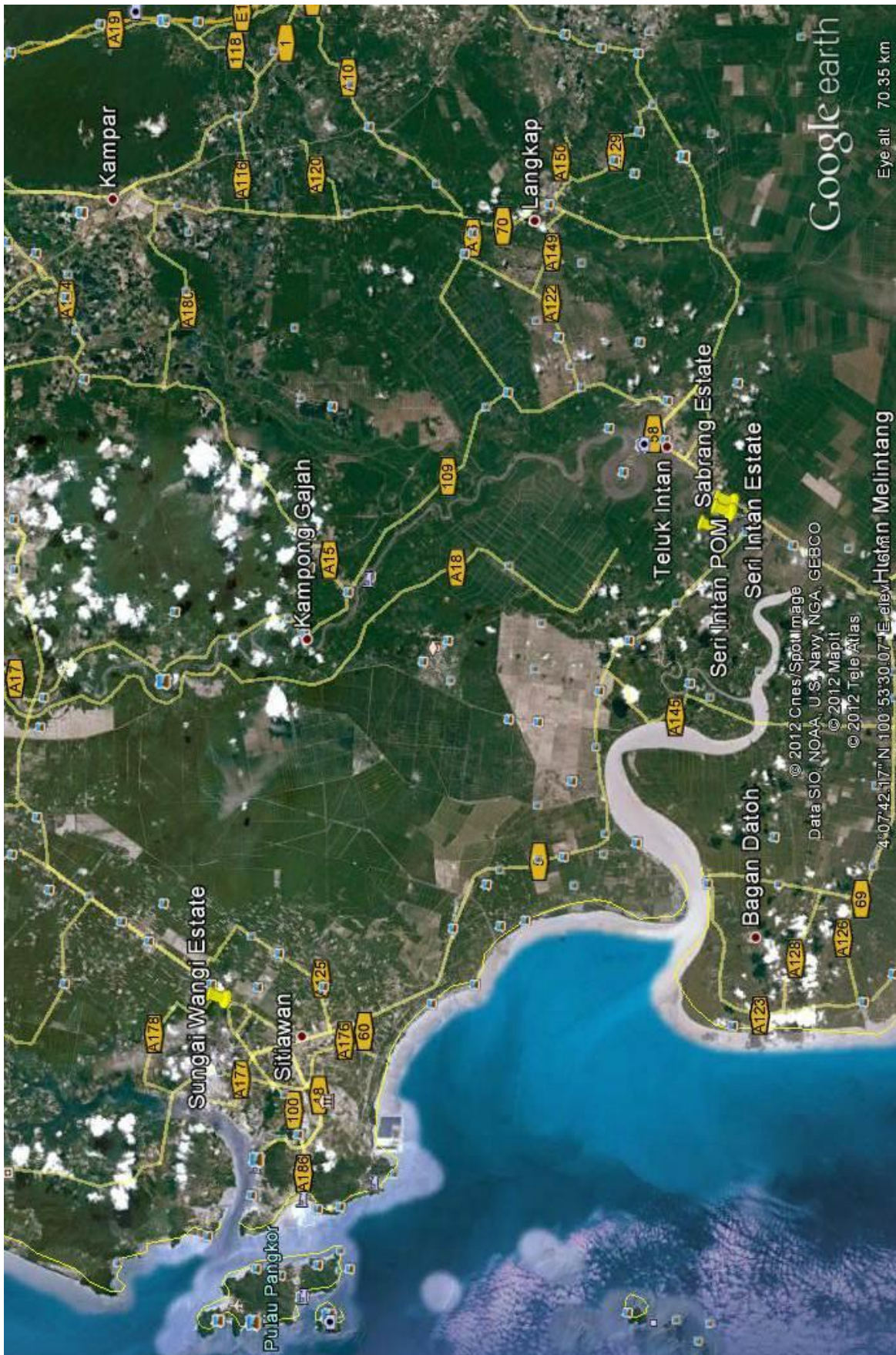
Date : 25/10/2013

Name : VALENCE SHEM
(Lead Assessor)

Recommendation

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

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



RSPO SURVEILLANCE ASSESSMENT PLAN
--

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. (**SOU 05 – Seri Intan**) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MY-NI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : **18th – 20th March 2013**

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
Seri Intan POM
36009 Teluk Intan
Perak Darul Ridzuan, Malaysia

4. Reference Standard

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

5. *Assessment Team

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

6. Audit Method

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

7. Confidentiality Requirements

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

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

8. Working Language : English and Bahasa Malaysia

9. Assessment Programme Details : As follows

Day one: 18th March 2013 (Monday)

Activities /areas to be visited	Hidhir	Dr. Zahid	Prof. Mohd	Valence	Auditee
0900-0930	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader				Top mgmt & Committee Member
0930-1000	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)				Management Representative
1000-1300	Site visit and assessment at Seri Intan 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 Seri Intan 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 Seri Intan Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Sungai Wangi 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				
1400-1600	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC
1600-1700	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records				

Day two: 19th March 2013 (Tuesday)

Activities /areas to be visited	Hidhir	Dr. Zahid	Prof. Mohd	Valence	Auditee
0900-1300	Continue assessment at Seri Intan POM	Site visit and assessment at Sungai Wangi Estate on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Sungai Wangi Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Continue assessment at Sungai Wangi 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				
1400-1600	Site visit and assessment at Seri Intan Estate on Environment and Occupational Safety Issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Continue assessment	Continue assessment	Continue assessment	Guide/PIC
1600-1700	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records				

Day three: 20th March 2013 (Wednesday)

Activities /areas to be visited	Hidhir	Dr. Zahid	Prof. Mohd	Valence	Auditee
0830-1200	Continue assessment at Seri Intan Estate	Site visit and assessment at Seri Intan POM on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at Sabrang Estate relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at Seri Intan POM on Supply Chain Implementation including the model used	Guide/PIC
1200-1300	Lunch Break				
1300-1500	Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)				
1500-1700	Closing Meeting				Top mgmt & Committee Member

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 6.1 NCR #: ZE 01	Major	As pointed out in the last surveillance audit, Seri Intan POM and its relevant stakeholders were not included in the preparation of the SIA report for SOU 05 and thus the mill was not able to prepare a mitigation plan (NCR # RM 01). No action has been taken to remedy the situation. <u>Evidence:</u> The SIA for Seri Intan POM (Indicators 6.1.1 and 6.1.2) and the related mitigation plan (Indicator 6.1.3) was not available.	The SOU has submitted a copy SIA report and an action plan dated September 2013, for Seri Intan Palm Oil Mill to the assessor.	Based on evaluation of the SIA report, the evidence found to be acceptable and adequate. Nonetheless, implementation of the action plan needs to be verified in the next surveillance assessment. Status: Closed
Indicator 5.2.2 NCR #: MB 01	Major	Recommendations made in the Biodiversity Assessment report, undertaken by Wild Asia (2007), were not incorporated in the management plan for HCV habitats at Sungei Wangi Estate. <u>Evidence:</u> The Action Plan of Sungei Wangi Estate did not take into consideration recommendations made in the Biodiversity Assessment Report undertaken by Wild Asia in 2007. This issue has been raised as an Opportunity for Improvement (OFI) in the previous assessment (2012).	The SOU has submitted Biodiversity Action Plan - FY 2013/14 [BAP], Sungei Wangi Estate, dated August 2013, as compliance to NCR MB01. Sg Wangi Estate has initiated measures as compliance to recommendations made by Wild Asia (2007) as reported in the BAP. These actions are centred on key features and are on-going; namely, 1. Riparian Reserves/Buffer Zones 2. Natural waterways 3. Biodiversity signage 4. Rehabilitation and habitat enhancement 5. Education and awareness/training 6. Planting beneficial plant 7. Planting fruit trees and other plants 8. Interfacing with wildlife Many of the measures taken are also	The evidence found to be adequate. Status: Closed

			preventive in nature. These measures will however need verification.	
--	--	--	--	--

VERIFICATION ON PREVIOUS ASSESSMENT NON-CONFORMITY REPORT

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR #: VS 01	Major	Training on scheduled waste as per requirements of the regulation has yet to be conducted. There has been no training given for person in-charge of scheduled wastes handling at Sogomana Estate-Main Division, Sabrang Estate & Seri Intan and based on the interview, the knowledge of the scheduled waste handler can be further improved.	A centralized training for scheduled wastes handling have been conducted in April 2012. Record of attendance was available.	Status: Closed
Indicator 6.1.2 NCR #: RM 01	Minor	The SIA report prepared for SOU 05 did not include relevant stakeholders of Seri Intan Mill. As a result, no social issues were identified for action by the Mill and, subsequently, no mitigation plan was prepared as required by the standard.	Action plan was not implemented . Upgraded to Major non-conformity in the ASA 2013.	Status: Not closed. Reissued as Major NCR.

OPPORTUNITIES FOR IMPROVEMENT	
Principle/Criteria/ Indicator	Details of Opportunities For Improvement
I 2.1.4	<p><u>A system for tracking any changes in the law</u> Some of the applicable legal requirements such as (but not limited to) from:</p> <ul style="list-style-type: none"> • MPOB Act 1998, MPOB Reg (Licensing) 2005 • Akta Timbang dan Sukat, 1972, KPDM – Peraturan Kawalan Bekalan 1974 at Sungai Wangi Estate and • Malaysian Company Act Section 167(2) at Seri Intan POM <p>have yet to be registered in the Legal and Other Requirements Register (LORR).</p>
I 2.1.3	<p><u>A mechanism for ensuring that they are implemented</u> Sungei Wangi Estate, Seri Intan Estate and Seri Intan POM needs to improve the documentation for scheduled wastes in accordance to EQA (Scheduled Wastes) Regulations, 2005 such as:</p> <ul style="list-style-type: none"> • Notification to DOE (Second Schedule) • Return copy of Consignment Note (Sixth Schedule) • Waste Information (Seventh Schedule)
I 4.1.2	<p><u>Documented Standard Operating Procedures (SOP) for estates and mills</u> Referring to the Sime Darby's Agriculture Reference Manual (ARM), Section 15, plant Protection, Appendix 3, Sungei Wangi Estate is assigned to carry out rat baiting campaign based on "Response Baiting" method, not "Calendric" method. However, during the site visit at Field 90B, Sungei Wangi Estate was carrying out rat baiting operation based on "Calendric" method without any written justification.</p>
Module E – CPO Mills: Mass Balance E.1.1	<p><u>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements...</u> SOU 05 has developed its Supply Chain procedures to fulfill. However, it was found inadequate to fulfill all of the requirements of the RSPO Supply Chain Certification Standard.</p>
I 2.1.4	<p><u>A system for tracking any changes in the law</u></p> <ul style="list-style-type: none"> • Seri Intan POM has yet to update the Code of Practice of Confined Space 2001 which already superseded with 2010 revision. • Approval condition for desludging and extension of storage period for schedule waste has yet to be registered and evaluated in the next evaluation of compliance.
I 4.4.3	<p><u>Outgoing water into natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts.</u> Water sampling point has been identified and sent for quarterly analysis, however off limit result of analysis which may have impacts to the natural water ways has yet to be investigated for further corrective action for both Seri Intan Estate and Seri Intan Mill.</p>
I 4.7.1	<p><u>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</u></p> <ul style="list-style-type: none"> • Seri Intan POM has yet to implement the programme for safe working condition in confined space soonest possible as recommended by the DOSH including the training programme for nominated personnel (AGT and AESP) as well as the

	<p>implementation of PTW.</p> <ul style="list-style-type: none"> • HIRARC register has yet to be updated to include the hazards of the new construction of workshop building and kernel silo. • Positive noise exposure monitoring has been conducted on December 2012 after the initial noise monitoring assessment. However, zoning and noise map has yet to be displayed at the high noise area. • Based on the recommendation from IHT 2 and DOSH, Seri Intan POM has yet to conduct monitoring activities for engineering control equipment on monthly and yearly basis. • Emergency response drill for fire evacuation was done on 5/2/2013. However, Seri Intan POM has yet to consider conducting the night drill for the next financial year. <p>Common issue in other Seri Intan Estate and Seri Intan Palm Oil Mill</p> <ul style="list-style-type: none"> • First aid box content has yet to be followed as recommended by first aid kit guideline in the 4th schedule of Safety, Health & Welfare Regulation 1970 for Seri Intan POM and Seri Intan Estate. • Safety Health Committee meeting has been carried out. However the frequency of meeting has yet to be in quarterly period either in the calendar year or in the financial year.
I 4.8.1	<p><u>A training program (appropriate to the scale of the organization) that includes regular assessment of training needs documentation, including records of training for employees are kept.</u></p> <p>Training for trunk injection gang has been carried out in 2012. However the newly selected trunk injection gang (driller, “plugger” and injector) has yet to be sent for training before handling the trunk injection activities at Seri Intan Estate.</p>
I 4.8.1	<p><u>A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.</u></p> <p>Exposure on conservation in general, and HCV and Biodiversity in particular, has not been formally made for the benefit of subordinate field staff in the supervisory capacity in SOU 05 as evident in the Second Surveillance made in Seri Intan Estate, Sg. Wangi Estate and Sabrang Estate. Training programmes should be held to address this need for the relevant employees to increase their capacity and effectiveness in conducting conservation measures in the field.</p>
I 5.2.3	<p><u>Evidence of a commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</u></p> <p>Signage on presence of wildlife and warning against illegal fishing and hunting was found inadequate during the surveillance. The signage should be more informative on the main species present and the penalty for infringement. They should strategically cover all estate entrances and junctions and prominently displayed.</p> <p>In relation to this, cooperation with stakeholders, such as PERHILITAN and Forestry Department, be made to assist in the protection and conservation of wildlife, particularly ERT species, within or adjacent to estate boundaries. The SOU should also maintain a list to relevant stakeholders.</p>
I 6.11.1	<p><u>Demonstrable contributions to local development that are based on the results of consultation with local communities</u></p> <p>There was evidence that, Sg. Wangi Estate and Seri Intan POM did contribute to local development. However with the exception of Selaba Division, Seri Intan Estate, these contributions were ad hoc and were not based on results of consultations with internal and external local communities as required by this indicator. In fact, again with the exception of Selaba Division, Seri Intan Estate, evidence</p>

	<p>of consultations with the local communities was not sighted. Hence it is suggested that the two estates and POM hold regular consultations with the local communities and develop a more comprehensive plan for local development by basing it on results of these consultations.</p>
--	--