



**PUBLIC SUMMARY
3RD SURVEILLANCE ASSESSMENT**

AUDIT DATE: 17TH – 20TH DECEMBER 2013

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

SIRIM QAS INTERNATIONAL SDN. BHD.
Building 4, SIRIM Complex,
No. 1 , Persiaran Dato' Menteri, Section 2,
40700 Shah Alam, Selangor Darul Ehsan,
Malaysia.
Tel: 603 5544 6438
Fax: 603 5544 6763
Website : www.sirim-qas.com.my

SUMMARY

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

This surveillance was conducted on 17-20 December 2013 by SIRIM QAS International SdnBhd (SIRIM QAS International). SIRIM QAS International, an accredited certification body (CB) by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA is also the leading testing, inspection and CB in Malaysia having provided its services to all sectors of the industries in management system certification services on quality, environment and health and safety for over 30 years.

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

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

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

1.0 Scope of the Certification

1.1 National Interpretation Used

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

1.2 Certification Scope

This surveillance assessment covers the Seri Intan Palm Oil Mill (Seri Intan POM) and its supply base i.e. Seri Intan Estate, Sogomana Estate, Sabrang Estate and Sungai Wangi Estate (SOU 05). The scope of certification is the sustainable production of crude palm oil from the mill with FFBs supplied by these four estates.

1.3 Location Mill and Estates

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

Details of the the SOU is shown in Table 1.

Table 1: GPS Location and address of mill and estates.

Estate/Mill	GPS Location		Location Address
	Latitude	Longitude	
Seri Intan Palm Oil Mill	3°58'9.22"N	100°59'8.01"E	Kilang KelapaSawit Seri Intan, Bt.5 Jln. Maharaja Lela,36009 TelukIntan, Perak
Seri Intan Estate	3°58'13.34"N	100°58'48.51"E	Seri Intan Estate, 36009 TelukIntan, Perak
Sabrang Estate	3°58'35.70"N	100°58'26.02"E	Sabrang Estate 36009, TelukIntan, Perak.
Sungai Wangi Estate	4°14'33.2"N	100°42'50.6"E	LadangSungei Wangi,32000 Sitiawan, Perak
Sogomana Estate	4°4'N	100°7'E	LadangSogomana, 32500, ChangkatKruing, Perak

1.4 Description of the Supply Base

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

Table 2: Actual annual FFB production by the supplying estates sent to Seri Intan POM since date of last reporting period (March 2012 to February 2013).

Estates	FFB Production		Certified by
	Tonnes	Percentage (%)	
Seri Intan	42,188.65	26.9	SIRIM
Sabrang	37,884.10	24.2	SIRIM
Sungai Wangi	27,990.25	17.8	SIRIM
Sogomana	19,727.12	12.6	SIRIM
Cluny	5,218.56	3.3	SIRIM
Bikam	5,120.95	3.3	SIRIM
Flemington	101.87	0.1	BSI
SabakBernam	455.42	0.3	BSI
Sg. Samak	794.85	0.5	BSI
Selaba POM	148.85	0.1	SIRIM
Smallholders	17,215.22	11.0	Not certified
Total	156,845.84	100.0	

Table 3: Estimated annual FFB production by the certified supplying estates to be sent to Seri Intan POM for the next reporting period (December 2013 to November 2014).

Estates	FFB Production	
	Tonnes	Percentage (%)
Seri Intan	60540	25.55
Sabrang	94812	40.02
Sungai Wangi	30680	12.95
Sogomana	26900	11.35
Smallholders	24000	10.13
Total	236932	100.00

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

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

Table 4: Areas of plantations.

Estate	Year of establishment	Area (Ha)				Area (%)	
		Titled	Planted	Mature	Immature	Mature	Immature
Seri Intan	1946	2,960.40	2,570.09	2,408.45	161.64	93.71	6.29
Sabrang	1946	3,844.22	3,717.81	3,523.41	194.4	94.77	5.23
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	-
Total		10,171.93	9,179.53	8,523.18	656.35	92.85	7.15

1.7 Organizational Information/Contact Person

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

Chairman of **SOU 05**:

Name: Mr BalachandrunMadhavan

Designation: General Manager, Perak South Zone

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

Phone #: 05-6221477

Fax #: 05- 6222434

E-mail: balachandrunmadhavan @simedarby.com

1.8 Time Bound Plan for Other Management Units

There were a total of 59 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. There are 34 units in Malaysia and 25 units in Indonesia. At the point of this

surveillance assessment, there were 58 palm oil mills (58 SOUs) in operation, and 1 mill (SOU) (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, which 18 SOUs was certified and 4 pending for approval.

1.9 Area of Plantation

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

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

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

Table 5: Actual annual CPO and PK tonnage of Seri Intan POM since date of last reporting period (March 2013 to November 2013).

FFB Received (mt)	156,845.84
Total CPO Production (mt)	33,173.00
Total PK Production (mt)	8,872.42
Certified CPO (mt) sold as Mass Balance	Nil
Certified PK (mt) sold as Mass Balance	Nil

Table 6: Estimated annual quantity of CPO and PK for Seri Intan POM (December 2013 to November 2014)

FFB Received (mt)	236932
FFB Processed (mt)	236932
Total CPO Production (mt)	51509.02
Total PK Production (mt)	13031.26
Certified CPO (mt) to be claimed – Mass Balance	46291.42
Certified PK (mt) to be claimed – Mass Balance	11711.26

1.11 Date Certificate Issued and Scope of Certification

The RSPO P&C Certificate was issued on 2 August 2013 and the scope of certification was production of sustainable crude palm oil and palm kernel using Mass Balance Model.

2.0 Assessment Process

2.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards. Attestation of this fact is the accreditation of the various

certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001 and also conducted assessments against RSPO Principle and Criteria. SIRIM QAS International was approved as a RSPO certification body on 21 March 2008.

2.2 Qualification of Lead Assessor and Assessment Team

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

Assessment Team	Role/Area o Requirement	Qualification and Experience
KhairulNajwan bin Ahmad Jahari	Assessment Team Leader / Environmental & social issues	<ul style="list-style-type: none"> • Experience related to forest management, inventory, surveying, remote sensing, HCVF and logging operation. • Successfully completed accredited Lead Assessor training for ISO 14001: 2004, ISO 9001:2008 and OHS 18001:2000. • Successfully completed RSPO Lead Assessor Course – 2011. • B. Sc. of Forestry (Forest Management)
Valence Shem	Assessor / Good Agricultural Practices (GAP), milling practise and environmental issues	<ul style="list-style-type: none"> • Experience in Oil Palm Plantation management. • Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 • B.Tech. (Hons) Industrial Technology. • Susuccessfully completed and passed the RSPO Lead Assessor Course – 2011.
S.Jagathesan	Assessor / Safety & Environmental issues	<ul style="list-style-type: none"> • Experience related to Factory Management & Regulatory Affairs. • Successfully completed accredited Lead Assessor training for ISO 9001:2008, ISO 14001 : 2004 , OHS 18001:2007 & ISO 13485 : 2003. • Successfully completed RSPO Lead Assessor Course – 2011. • B. Sc. (Industrial Chemistry & Management).

2.3 Assessment Methodology (Program, Site Visits)

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

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

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

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Comment raised by stakeholder was verified during the assessment.

2.5 Date of Next Surveillance Audit

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

3.0 Assessment Findings

3.1 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 **one** minor non-conformity report against RSPO MYNI: 2010 requirements were raised as shown in Attachment 3. SOU 05 has taken necessary corrective action in order to close the non-conformity raised.

The previous year non-conformities have also been satisfactorily closed following verification of the implemented corrective actions, as detailed in Attachment 4.

Principle 1: Commitment to Transparency

Criterion 1.1

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

Audit findings:

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

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

Criterion 1.2

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

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

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

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

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 for 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 there is no change to SOU 5 activities and no new legal requirements associated to their operation

Legal and Other Requirements Register (LORR) at Seri Intan Estate was reviewed annually by the Quality Management Officer (QMO) and checked by the Assistant Manager (AM). This was done in tandem with evaluation of compliance exercise. The evidence of compliance has transparently demonstrated. However, the status and effectiveness compliance monitoring of the Legal and other Requirements Register (LORR) established on 26th Sept, 2013, has not been carried out at Seri Intan POM. Therefore Minor NCR to the effect was raised.

The Seri Intan CU has obtained and renewed license and permits as required by the law.

During assessment, it was found that all certificate of fitness (CF) of steam boilers, unfired pressure vessel (UPV) were in place and still valid. Comments highlighted by DOSH inspector during inspection has been handled and rectified accordingly.

List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.

A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU 05. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.

Criterion 2.2

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

Audit findings:

Legal ownership of land for Sogomana estate was verified by the auditor. The list of land 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 addressed to the Lembaga Tanah

Ladang, Negeri Perak, pertaining to the application for transfer of land ownership from Golden Hope Plantations SdnBhd to Sime Darby Plantation Sdn Bhd. 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 Sogomana estate. Sogomana recorded previous land uses as rubber and orchards. A letter from the Land Management Department, dated 15 March 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 Sogomana. Boundaries and stones were selectively verified on the ground in the Sogomana estate. The stones were mostly well maintained and in some cases freshly painted. The estate management generally employed registered surveyors for boundary maintenance

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.

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 IntanCU.

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.

Audit findings:

The budget documents for their Financial Years 2013/2014 and 2014/2015 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 Seri Intan Estate, the replanting programme for the next five years had been prepared as sighted in the 'Replanting programme 2011/12 – 2015/16.

Principle 4: Use of Appropriate Best Practices by Growers and Millers

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

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 the mill, SOP explains the details of processes involved during daily operation.

SOPs established by Sime Darby Plantation, contained in Sustainable Plantation Management System are referred to for managing activities related to environmental requirements, -.

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

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

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

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

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 2013/2014. 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 2013. The quantity of fertilizer applied corresponded to the recommended input stated in Agronomic & Fertilizer Recommendation Report – Oil Palm 2013/2014. 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 about 40 mt/Ha in selected fields and to be applied at the palm inter-rows. During the field visit at Seri Intan Estate mature area, the assessor has noted that the estates have applied the EFB mulching as recommended and progress was adequately recorded. There also has been no evidence of open burning in SOU 05.

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

Audit findings:

Seri Intan Estate continued to practice only circle spraying for field maintenance in the mature areas as stipulated in their SOP. Generation of non-competitive ground covers especially *Nephrolepisbisserata* and soft grasses have significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

During the field visit, Seri Intan 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.

Seri Intan Estate was generally a flat area. There was no area with steep slope which required soil erosion mitigation measures such terracing, silt pit, etc.

Criterion 4.4

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

Audit findings:

The site visit was to verify the protection of water courses, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the Seri Intan Estate. There is no river crossing Seri Intan Estate. Hence, provision of riparian zone is not necessary.

Outgoing water into natural waterways from Seri Intan POM was mainly from rain water. It was observed that the process water was channelled into effluent treatment plant. Guided by their SOP, Seri Intan POM 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). Monsoon drain discharge point was also continued monitored. Mill processed water was channeled to the effluent treatment plant before been discharged to the estate's long beds for land application.

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 21st October, 2013 for all selected sampling point. The results were found to be satisfactory.

The mill records of effluent monitoring for DOE submission by quarterly basis on July - Sept 2013 in the '*BorangPenyataSukuTahunan*' was made available during the audit.

The mill DOE license is for land application discharge and the requirement is for the BOD 3 days, 30°C to be less than 5,000mg/l. As per the License, the final discharge for the land application is from the Secondary Pond 1 & 2 as per the plan layout of the ponds. The last quarter report (July – Sept 2013) founds that the BOD results were well within the limit.

SOU 5 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. Usage of water per mt FFB processed was recorded and trended. From the trend, consumption rate was found increasing.

Seri Intan Palm Oil Mill has a documented water management plan. The plan includes:

- Water consumption monitoring
- Process water and Boiler usage monitoring
- Contingency plans
- Analysis
- Meetings

The data of rain fall 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.

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 Seri Intan 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 *Tunerasubulata*, *Cassia cobanensis*, *Antigononleptopus* and *Euphorbiaceae sp.* were continued to be planted in SOU 05 to maintain the population predator of leaf eating caterpillars, hence reduces the need to use chemical treatment. Nonetheless, at this region, bagworm attack is quite common. Despite having the beneficial plants, trunk injection using *methamidophos* is needed. Based on verification of records and data, the assessor confirmed that Seri Intan Estate has fulfilled its obligation on ensuring the safety of its workers for this operation. This includes providing the proper PPE, training and medical surveillance. Records kept were also in accordance to the Pesticides Act.

Ganoderma census was continuously done in SOU 05 and infected palms have been identified. 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.

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.

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.

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 are available. 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. At the point of this visit, the spraying and manuring operations were temporary discontinued due to rainy season.

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, all chemical are pre-mixed except for cypermethrin and metamidophos, prior to application at the field. MSDS were adequate for each agrochemical at the estate stores.

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

Aerial application of agrochemicals is not practiced.

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

Criterion 4.7

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

Audit findings:

Sime Darby Plantation has developed an OSH Policy which has been signed by Executive Vice President on April 2008 and made available for auditors. Documentation review found OSH plan in place.

During site visit at Sogomana Estate, it was found the OSH programme, including ERP/fire drill, SOP training, safety and health committee meeting and WI was made available.

The SHC meeting minutes shows discussion on the accident cases on 2013, 8 cases of accident reported and discussed.

All operation risk were assessed and documented in the HIRARC, and the necessary PPEs were identified. The latest updates for HIRARC was conducted on 1st April, 2013.

Safety trainings have been conducted and records of the training were available in 'Training' file. PPE training has been given by PPE supplier.

Appropriate PPE were distributed for the specific risk assessed operations and records of PPE issuance are kept in the PPE file. Adequate PPE such as safety helmet, safety vest, safety harness, respiratory equipment (dusk mask, cartridge type respirator) had been provided to all employees

Regular safety meetings between the responsible persons and workers about safety and health are conducted. Minutes of meeting (*MinitMesyuaratAhliJawatankuasaKeselamatandanKesehatanPekerjaLadangPekan*) is available

Accidents records are available and recorded in PQSM-OSH Monthly Update records and kept in OSHA Monthly Updates files. All accidents records are reviewed on case by case basis and the findings from the review are discussed in OSH Meeting at least once every 3 months. Latest OSH Meeting conducted on as table above.

There is also evidence of Borang JKPP 8 has been submitted to the Department of Occupational Safety and Health (DOSH) on yearly basis.

Concerned workers are covered with insurance policy. The local workers are covered by SOCSO and / or NUPW insurance and Foreign Workers covered by 'Foreign Worker Compensation Scheme'. The contract workers (not in the check roll) are not covered by estate but covered by the contractors.

Criteria 4.8

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

Audit findings:

SOU 05 had established their training needs and programmes for the year 2013/14. 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.

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.

Training Plan FY 2013 / 2014 at Seri Intan POM was established. The training program includes;

- Chemical safety handling
- Hearing Conservation
- Safety precaution at work Place
- First Aid Training

Records of training conducted are available and kept in Training Attendance sheets.

The Training Plan FY 2013 / 2014 at Sogomana Estate also has been verified during the audit. The training program includes:

- Chemical safety handling
- Awareness in SOP to achieve O accident in work place.
- Fire Extinguisher Training
- First Aider Training

Records of training conducted at Sogomana Estate are available and kept in Training Attendance sheets. Training that has been conducted accordingly.

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.

Audit findings:

Sime Darby Plantation PSQM team and both Mill and estates (Seri Intan & Sogomana) have carried out environmental aspect and impact identification for all the activities involved in the estate and mill. The waste Management and Pollution prevention has been reviewed in August, 2013. Evidence of activities being reviewed in Seri Intan POM & Sogomana Estate. A report on aspect and impact identification is updated.

SOP for handling of environmental aspects was implemented at the Estate and Mill level. Oil traps were installed around the workshop to avoid oil being discharged directly into the drain. For the mill, environmental management plan has been updated. Action such as fabricate boiler ash containment wall and to close the monsoon drain line and divert all drain water to cooling pond has been verified on field.

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.

Audit findings:

The Biodiversity Baseline Assessment Report dated 2008 was prepared for Sogomana Estate. Report recommendations were then implemented through Action Plans specific to the estates. These plans were updated annually until year 2013.

The HCVs identified are river buffer zone and worship area which bordering with Bukit Tunggal Permanent Reserve Forest (PFR).

Progress in implementation of the action plans for July 2013 were reviewed by the auditor and verified selectively on the ground. The buffer zones of natural waterways have been identified and demarcated according to JPS standards, and duly mapped (HCV4). The natural vegetation was maintained and managed without any use of chemicals. Buffers were also maintained along drain system of roadsides.

Information about biodiversity , was posted in the Sime Darby webpage and strategically located signage to raise staff and public awareness. This effort will be continued. 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 ERT species/IUCN Red List (HCV3) or areas of significant biodiversity values (HCV1) were reported although it was bordering with Bukit Tunggal Permanent Reserve Forest (PFR).

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 Darby will undergo training in aspects of HCV during the HCV review on year 2014. Such training however has not yet included lower level staffs who are the actual ground implementers. Their understanding of the concept and impact of HCV management is crucial to success of conservation. Their training should therefore be convened at the earliest convenient time. Currently, awareness training records on Manuring Operation and spraying activities was conducted on 5 July 2013 and 3 April 2013 respectively.

Criterion 5.3

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

Audit findings:

The mill and estates has documented identification of all waste product and sources of pollution. The environmental aspect and impact identification form used for updating if there is any new activity. Procedure for handling of domestic waste, Appendix 9 versions 1 dated 1/11/08 was sighted.

The Implementation on Schedule Waste management was sighted at Schedule Waste storage at workshop. The SWs (SW 402, SW 322, SW 424, SW 427, SW 323, SW 110, SW 410, SW 102, SW 305) were identified and stored accordingly.

The SOP for handling of environmental aspects (SOM Sub Section 5.4) at Seri Intan POM has been established. Handling of waste oil and handling of diesel and petrol is documented clearly in the procedures.

SOU 5 has appointed Kualiti Alam to collect the scheduled waste such as lubricant oil

(SW305) and used oil filter (SW410). The latest consignment on SW 102 (used battery) and SW 110 (electrical components) has been updated 30th Nov, 2013 in Inventory List.

The G-Planter SdnBhd has been appointed as the contractor to dispose used container (pesticide & chemical container) at Sogomana Estate.

SOU 5 maintains the concerned schedule waste inventory up to date.

Criterion 5.4

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

Audit findings:

Monthly monitoring of renewable energy (renewable energy/ ton CPO Processed) is available. Monthly biomass production has been recorded for fiber, shell and EFB. Fiber and shell will be used as the boiler fuel. For FY2013-2014, the renewable energy (renewable energy/ ton CPO Processed) is being measured and monitored.

Diesel is used to operate a gen set in the mill. The mill receive electric generated from steam turbine and TNB grid. The usage of direct fossil fuel is being monitored.

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.

Audit findings:

Site review confirmed that there is no evidence of burning waste either at Seri Intan POM & Sogomana Estate and the line sites.

There was no replanting operation at Seri Intan Estate for this assessment.

Domestic Wastes from Seri Intan are collected by *MajlisPerbandaranTelukIntan* while Domestic Wastes from Sogomana Estate are being buried in landfill.

Criterion 5.6

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

Audit findings:

Pollution Prevention Plan which indicated environmental issues, mitigating measures and time frame (Aug 2013), as well as Waste management Plan FY 2013/ 2014 has been established. The plans are reviewed annually and updated accordingly. Environmental issues such as potential black smoke emission, overflow from effluent pond, oil spillages during maintenance, and mitigation method are identified.

Principle 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers

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.

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". The Social Impact Assessment for Seri Intan Palm Oil Mill was updated on 23-26 April 2013. It was pointed out in the last audit report that the authors of the SIA report had invited relevant stakeholder groups including estate workers and representatives of local communities .

A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. The bus subsidiary records were sighted for month November 2013, fogging activities on September 2013, road work programme of 2013/14, as well as family day on 31 August 2013 were sighted.

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.

Audit findings:

With regards to Indicator 6.2.1, external communication procedures had been established and documented in the Sime Darby Estate Quality Manual (Appendix 5) and followed by all the estates, as specified in the "Flowchart and Procedure on Handling Social Issues".

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 Seri Intan POM, the Assistant Engineer was nominated to handle communication, consultation and social issues.

In Sogomana Estate, 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.

Audit findings:

Procedures for handling disputes arising from social, boundary and workers issues were documented in the Sime Darby Plantation Quality Management System (i.e. 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 the disputes. Workers' complaints related to housing and other social issues were usually filed in the Complaints Book. These complaints usually pertaining to housing matters, such as repairs and improvements. According to the workers interviewed at Seri Intan POM and Sogomana Estate, it was found the actions were quickly taken by the estate administration to settle the complaints raised. Currently, contractor was appointed for repairing the houses. Complaints related to work were channeled through the union representatives to the assistant managers, and escalate 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, quick and satisfactorily handled) there had been no serious dispute with external parties or with workers during recent years as recorded in "external parties book" in Sogomana Estate. 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.

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. There is no issue or claim along year 2013.

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.

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) Wages Rates as December 2013. 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 at Sogomana Estate. 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 as evident in payment list for November 2013.

Adequate housing, water supplies, medical, educational and welfare amenities for the workers were provided by every estate. Water was provided free of charge.

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.

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. The latest meeting was conducted on 28 November 2013. There is no issues raised.

There was a published statement on freedom of association in all the estates, which posted on notice boards for workers to see. This statement was based on the provisions of Employment Act, 1955 and Industrial Relations Act, 1967. There is no change during this 3rd surveillance audit.

Criterion 6.7

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

Audit findings:

An examination of the latest Employee Master Listing (dated 15 November 2013) 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 at Sogomana estate also affirmed that no 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.

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 Sogomana estate and Seri Intan POM.

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.

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 last Gender Committee were held on 12 December 2013 at Seri Intan POM.

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. There is no incidence along year 2013.

Criterion 6.10

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

Audit findings:

Interviews with suppliers (FFB supplier, Hardware, Spare part, Engineering) at Seri Intan POM and Sogomana estates revealed that these stakeholders were satisfied dealings with the mill and estates. The length of time that they had been in business with the estates and mill (which 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, which, fully understood by the suppliers and contractors interviewed.

They also stated that the agreed payments were made in a timely manner. (Indicators 6.10.1, 6.10.3 and 6.10.4).

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

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Audit findings:

There was evidence that Sogomana Estate and Seri Intan POM did contribute to local development. However, most of the 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 can be seen in "Donation Register" from "Tadika" Nova Scotia regarding the colouring contest on 13 November 2013 and "KlinikKesihatanTelukIntan – HariKanserdanHariBersamaPelanggan" on 22 October 2013. However, 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.

Audit findings:

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 view that 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.

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, new housing and facilities are being constructed in phases as part of the company's commitment to provide better living conditions.

The Seri Intan POM 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.
- CAPEX for machinery replacement and upgrades.

The mill and estates reviewed the environmental aspect and impact based on different activity yearly. Each activity will be rated according different impact such as land contamination or water pollution. Identified Impacts are correlated with applicable Legal references for compliance.

Biomass production such as fibre, shell and empty fruit bunch is available in Seri Intan POM. Most of the fibre and shell are being used for the renewable energy generation, i.e. for operation of steam turbine for operation of the mill, while the EFB are being sent to their own estate used for mulching and compost purposes.

Pollution prevention plan is available and been reviewed annually for the Seri Intan POM and Sogomana estate. Last review was in Aug, 2013. Issues discussed includes about actions,

responsible person, time frame and status. Among activities undertaken; effluent holding pond reconstruction, calibration of equipment for monitoring of black smoke emission, oil spill control, and desilting of land application of flat and long beds.

Seri Intan POM has maintained the CEMS smoke stack monitoring (continuous). Stack sampling is done every ½ yearly basis and ambient air is sampled on a quarterly basis. The results are within specification.

The Social Impact Assessment for Seri Intan Palm Oil Mill was updated on 23-26 April 2013. The SIA report shows relevant stakeholder groups including estate workers and representatives of local communities was consulted. A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.

Yearly budget meetings are held to discuss inputs, which need to be considered in budget preparation for the coming financial year.

Module E - CPO Mills: Mass Balance

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:

SDPSB has a generic procedure for RSPO supply chain implementation for all of its RSPO certified palm oil mills which was finalized in March 2013. The procedure covers the method of handling Identity Preserved, Segregation and Mass Balance products. The key personnel of SOU Seri Intan have attended training on supply chain awareness and implementation of procedure. The training record was kept on-site. Non-certified crop originated from non-certified third parties suppliers were also accepted by Seri Intan POM. Therefore, determination of volume of the certified CPO and PK produced has to be through Mass Balance calculation. As at to-date, The CU has yet to sell its CPO or PK as certified products.

4.0 Recommendation

Based on the evidences gathered during the 3rd surveillance audit, the assessment team had raised one minor NCR on the Seri Intan SOU 05 CU against the requirements of the RSPO MYNI:2010. The findings of the 3rd surveillance audit were highlighted and discussed during the on-site closing meeting.

The details of the NCR and the corrective action taken is as in **Attachment 3**. The Seri Intan SOU 05 CU had taken the appropriate corrective action and had submitted evidences of the actions taken to address the nonconformity to SIRIM QAS. The assessment team had verified and was satisfied with the corrective action taken by the CU and had subsequently closed out this NCR.

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

As the NCR had been satisfactorily closed out, and after consultation among team members, certification of Sime Darby Plantation Sdn. Bhd. Certification Unit (SOU 05) – Seri Intan against the RSPO MYNI :2010recommended be maintained.

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

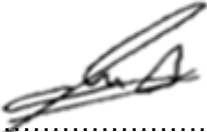
I, the undersigned, representing Seri Intan SOU 05 acknowledged and confirmed of the contents of this assessment report and findings of the assessment.

Balachandrun

.....
Name:BalachandrunMadhavan

Date:19 February 2014

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


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

Date: 19 February 2014

Map of SOU 05-Seri Intan

Attachment 1

Audit Plan

Day one: 17th December 2013 (Tuesday)

Activities /areas to be visited	Jagathesan & Manogaran (Observer)	Najwan	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 background and implementation of RSPO (including progress of time bound plan and verifying previous assessment finding – non conformity(ies) Major or Minor (if any))			Management Representative
1000-1300	<p>Site visit and assessment at Seri Intan POM relating to Good Milling Practices, occupational safety and environmental issues</p> <p>Site visit and assessment at POM</p> <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Utilities (gen-set, boiler, etc.) • Production area • Chemical store • Workshop <p>Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8</p>	<p>Site visit and assessment at Seri Intan POM on responsible social considerations</p> <ul style="list-style-type: none"> • Interviews with Administration staff , Safety Committee, contractors and Union representatives • Discussion with management (CSR, community affairs), • Consultation with relevant government agencies (if applicable) • Pricing mechanism f FFB • Continuous Improvement Plan • Other areas identified during the assessment <p>Assessment on related indicators of P1, P2, P3, P6, P8</p>	<p>Site visit and assessment at Seri Intan Estate relating to Good Agricultural Practice and Environmental Issue;</p> <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • fertilizer stores • witness activities at site (weeding/ spraying/harvesting) <p>Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3,4.5, 4.6), C5.5, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	Guide/PIC
1300-1400	Lunch Break			
1400-1600	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: 18th December 2013 (Wednesday)

Activities /areas to be visited	Jagathesan& Manogaran (Observer)	Najwan	Valence	Auditee
0900-1300	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 Sogomana Estate relating to estates boundary, HCV and management plan; <ul style="list-style-type: none"> • Area of more than 25° • Riparian zone • River system including POME discharge • Forested area • Plantation boundary • Water bodies • Source of water supply • HCV • Other area identified during the assessment Assessment on related Indicators of P1, P2, P4, P5,P6	Continue assessment at Seri Intan 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	Guide/PIC
1600-1700	Audit team discussion and verification on any outstanding issue			

Day three: 19th December 2013 (Thursday)

Activities /areas to be visited	Jagathesan& Manogaran (Observer)	Najwan	Valence	Auditee
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0900-1300	<p>Site visit and assessment at Sogomana Estate on Environment and Occupational Safety Issues;</p> <ul style="list-style-type: none"> Administration department Facilities at workplace (rest area, etc) Dispensary Chemical store Workshop <p>Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8</p>	<p>Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA and management plans at Sogomana Estate.</p> <p>Assessment on P1, P2-C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8</p> <p>Visit and assessment at:</p> <ul style="list-style-type: none"> Supply base surrounding community Provision shop operator 	<p>Site visit and assessment at Seri Intan POM on RSPO Supply Chain Implementation including the model used</p> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	Guide/PIC
1300-1400	Lunch Break			
1400-1600	Continue assessment	Continue assessment	Continue assessment	Guide/PIC
1600-1700	Audit team discussion and verification on any outstanding issues			

Day four: 20th December 2013 (Friday)

Activities /areas to be visited	Jagathesan & Manogaran (Observer)	Najwan	Valence	Auditee
0830-1200	<p>Site visit and assessment at Sabrang Estate on Environment and Occupational Safety Issues</p> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P8</p>	<p>Site visit and assessment at Sabrang Estate relating to estates boundary, HCV and management plan</p> <p>Assessment on related Indicators of P1, P2, P4, P5, P8</p>	<p>Site visit and assessment at Seri Intan POM on RSPO Supply Chain Implementation including the model used</p>	Guide/PIC
1200-1400	Lunch Break and Friday Prayer			
1400-1500	Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)			

1500- 1700	Closing Meeting	Top mgmt & Committee Member
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Detail of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 2.1.3</p> <p>NCR #: JS-1</p>	<p>Minor</p> <p>Area/Location: Seri Intan POM</p>	<p><u>Indicator 2.1.3</u> <u>A mechanism for ensuring that they are implemented.</u></p> <p>The mechanism for ensuring the implementation and compliance monitoring of applicable legal requirements is not effective.</p> <p>At Seri Intan POM – The status and effectiveness compliance monitoring of the Legal and other Requirements Register (LORR) established on 26th September 2013 has not been carried out.</p>	<p>LORR has been submitted with the compliance monitoring status recorded.</p>	<p>Sighted the Legal and other Requirements Register (LORR), which has been reviewed on 2nd Jan, 2014, with respect to the status and effectiveness compliance monitoring and found to be satisfactory. Status : Closed</p>

Verification on Previous Audit Findings

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 5 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. 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 preventive in nature. These measures will however need verification.	The evidence found to be adequate. Status: Closed

-END OF REPORT-

