



**PUBLIC SUMMARY  
1<sup>ST</sup> RSPO SURVEILLANCE ASSESSMENT**

**AUDIT DATE : 27 FEBRUARY - 1 MARCH 2012**

**SIME DARBY PLANTATION SDN. BHD.  
CERTIFICATION UNIT (SOU 06) – TENNAMARAM**

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## SUMMARY REPORT

### 1.0 Scope of the Certification Assessment

#### 1.1 Introduction

This surveillance assessment described one certification unit of Sime Darby Plantation Sdn. Bhd. (SDPSB) strategic operating unit (SOU) namely SOU 06 – Tennamaram. Tennamaram SOU was certified by other certification body (Control Union Certification) in 3rd March 2011.

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

This assessment covered a management unit and its supply bases as detailed in Table 1. The supply bases assessed were confined to estates owned by SDPSB. There are three main estates supplying to Tennamaram Palm Oil Mill (POM) i.e. Tennamaram Estate, Bukit Talang Estate, and Sungai Buloh Estate.

The focus of the assessment team was to determine Tennamaram 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 06	Tennamaram Oil Mill	Tennamaram Estate, Bukit Talang Estate, and Sungai Buloh Estate

#### 1.2 Location of Mills and Estates

SOU 06 is located in Kuala Selangor District, Selangor, Malaysia. Map of the locations of each estate and mill of the SOU is shown in Attachment 1.

Location details of the SOU, which includes palm oil mill and supplying estates 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 06 – Tennamaram	Tennamaram POM	3°23'44.30"N	101°25'03.41"E	Tennamaram POM 45600 Bestari Jaya Selangor Darul Ehsan
	Tennamaram	3°21'44" N	101°15'4" E	Ladang

	Estate			Tennamaram, K/B No.207, 45600 Batang Berjantai, Selangor
	Bukit Talang Estate	3°24'168"N	101°18'613"E	Ladang Bukit Talang, P.O. Box 1, 45000 Kuala Selangor, Selangor
	Sungai Buloh Estate	3°18' N	101°18' E	Ladang Sungai Buloh, K/B No.5, 45709 Bukit Rokan, Selangor

### 1.3 Production Volume for All Certified Products

Table 3: Actual CPO and PK tonnage since date of last reporting period (3rd March 2011 - 2nd March 2012)

Certification unit	FFB Processed (mt)	CPO Production (mt)	PK Production (mt)	Certified CPO (mt)	Certified PK (mt)
SOU 06	246656.892	49644.744	12517.517	30,000	9,375

Table 4: Approximate certified CPO and PK tonnage (3rd March 2012 – 2nd March 2013)

Certification unit	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	CPO Tonnage claimed for certification (tonne)	PK Tonnage claimed for certification (tonne)
SOU 06	252694.58	51982.68	13863.04	50,000	13,000

### 1.4 Certification Details

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

Parent company: Sime Darby Plantations Sdn. Bhd.

Certificate no: C811218CU-RSPO-01.2011 – Tennamaram Oil Mill (together with Seri Intan POM and Selaba POM)

The date of certification was the date of the RSPO approval, which was 3rd March 2011.

The certification for SOU 06 – Tennamaram covers production from Tennamaram Oil Mill with FFB supplied by the following company owned estates: Tennamaram, Bukit Talang and Sungai Buloh Estates. Crop from third party is not accepted by Tennamaram Oil Mill.

## 1.5 Description of The Supply Base

Details of the FFB contribution from each source to the SOU are shown in Table 5:

Table 5: SOU 06 Tennamaram - Actual FFB production since date of last reporting period (3rd March 2011 - 2nd March 2012)

Estates	FFB Production	
	Tonnes	Percentage (%)
Tennamaram	37,138.710	15.23
Bukit Talang	90,784.560	37.22
Sungai Buloh	115,989.550	47.55
Total	243,912.820	100.00

## 1.6 Date of Planting and Replanting Cycle

The planting profiles for each estate is detailed in the following tables:

Table 6: Planting profile for Tennamaram Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1979	1st	mature	28.50	1.70
1984	"	mature	22.20	1.30
1985	"	mature	68.50	4.20
1987	"	mature	88.80	5.40
1988	"	mature	90.80	5.50
1990	3rd	mature	61.10	3.70
1991	"	mature	118.80	7.20
1992	"	mature	106.50	6.50
1993	"	mature	9.00	0.50
1996	"	mature	141.60	8.60
1997	"	mature	73.20	4.40
1999	"	mature	103.60	6.30
2002	2nd	mature	34.90	2.10
2003	"	mature	60.20	3.60
2004	"	mature	51.10	3.10
2006	"	mature	171.80	10.40
2007	"	mature	62.70	3.80
2008	"	mature	78.40	4.80
2009	"	immature	48.70	3.00
2010	"	immature	202.40	12.30
2011	"	immature	26.00	1.60
Total			1,648.80	100.00

Table 7: Planting profile for Bukit Talang Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1985	2nd	mature	45.23	1.29
1987	"	mature	51.00	1.45
1988	"	mature	151.90	4.33
1989	"	mature	177.40	5.06
1990	"	mature	116.80	3.33
1991	"	mature	13.10	0.37
1992	"	mature	126.10	3.59
1993	"	mature	421.74	12.02
1994	"	mature	59.00	1.68
1995	"	mature	168.37	4.8
1996	"	mature	109.70	3.13
1997	"	mature	211.72	6.03
1998	3rd	mature	271.91	7.75
1999	"	mature	174.50	4.97
2000	"	mature	219.50	6.25
2001	"	mature	401.51	11.44
2002	"	mature	208.00	5.93
2003	"	mature	298.0	8.49
2004	"	mature	47.53	1.35
2007	"	mature	94.20	2.68
2008	"	mature	50.00	1.42
2009	"	immature	45.1	1.29
2011	"	immature	46.91	1.34
Total			3,509.22	100.00

Table 8: Planting profile for Sungai Buloh Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
2009S	2nd	Immature	97.80	2.02
2010A	"	Immature	72.60	1.50
2010B	"	Immature	61.90	1.28
2010C	"	Immature	78.60	1.62
2010D	"	Immature	49.70	1.02
2010S	"	Immature	67.60	1.39
2011A	"	Immature	77.50	1.60
P08SR	"	Immature	123.90	2.56
06S	"	Mature	127.90	2.64
1980B	1st	Mature	47.30	0.98
1981S	rubber to oil palm	"	50.00	1.03
1994	"	"	67.50	1.39
1983S	"	"	43.50	0.90
1988A	"	"	76.70	1.58

1989	“	“	102.20	2.11
1990	“	“	101.10	2.09
1990A	“	“	32.40	0.67
1991A	“	“	39.80	0.82
1991B	“	“	47.70	0.98
1991S	“	“	69.10	1.43
1992A	3rd generation	“	60.70	1.25
1992A1	rubber-cocoa to OP	“	59.20	1.22
1992A2	“	“	59.20	1.22
1992A3	“	“	45.60	0.94
1992B	“	“	77.70	1.60
1992S	“	“	118.00	2.43
1993A	“	“	120.20	2.48
1993B	“	“	54.10	1.12
1993B1	“	“	86.50	1.78
1993B2	“	“	78.60	1.62
1993C	“	“	55.70	1.15
1993D	“	“	77.20	1.59
1993D1	“	“	62.80	1.30
1995A	2nd generation	“	53.60	1.11
1995B	-oil palm to	“	37.10	0.77
1995C	oil palm	“	90.60	1.87
1995C1	“	“	63.60	1.31
1996	“	“	120.40	2.48
1996S	“	“	77.80	1.60
1996S1	“	“	68.80	1.42
1996S2	“	“	49.90	1.03
1997A	“	“	46.10	0.95
1997B	“	“	72.10	1.49
1997S	“	“	46.70	0.96
1997S1	“	“	55.50	1.14
1997S2	“	“	73.60	1.52
1998A	“	“	124.10	2.56
1998B	“	“	42.80	0.88
1998S	“	“	97.00	2.00
1998S1	“	“	65.10	1.34
2000S	“	“	68.50	1.41
2001	“	“	129.10	2.66
2002	“	“	55.20	1.14
2002S	“	“	70.60	1.46
2003	“	“	84.70	1.75
2004	2 <sup>nd</sup> generation	“	74.90	1.54
2007	“	“	88.30	1.82
2007A	“	“	85.00	1.75
2008A	“	“	74.00	1.53
2008B	“	“	58.80	1.21
83S	“	“	58.10	1.20
85	“	“	99.90	2.06
88	“	“	60.70	1.25
90	“	“	137.40	2.83
P02	“	“	128.60	2.65

Total	4,848.90	100.00
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### 1.7 Time Bound Plan for Other Management Units

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

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

### 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 though Mass Balance calculation.

### 1.9 Organizational Information / Contact Person

The details of the contact persons for SOU 06 are as shown below:

Chairman of **SOU 06**:

Name : Abd Samad Tarkom  
Designation : Sr. Manager  
Address : Bukit Talang Estate  
P.O Box. No. 1  
45000 Kuala Selangor  
Phone # : 03-32891180  
Fax # : 03-32895370



## 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.

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

### 2.2 Qualification of Lead Assessor and Assessment Team

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

Assessment Team	Role / Area of RSPO Requirement	Qualification and Experience
Valence Shem	Assessment Team Leader / Good Agricultural Practices (GAP) and environmental issues	<ul style="list-style-type: none"><li>• Collected more than 150 Auditor days in auditing ISO 14001 and RSPO.</li><li>• Nine years' experience in Oil Palm Plantation management.</li><li>• Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004.</li><li>• B.Tech. (Hons) Industrial Technology.</li><li>• Successfully completed and passed the RSPO Lead Assessor Course – 2011.</li></ul>
Mahzan Munap	Assessor / Occupational health & safety and related legal issues	<ul style="list-style-type: none"><li>• Collected over 370 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (72 days for palm oil milling &amp; 8 days for oil palm plantation). and 9 days RSPO.</li><li>• CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.</li><li>• Occupational Safety and Health Trainer at INSTEP Petronas.</li><li>• Successfully completed RSPO Lead</li></ul>

		<p>Assessor Course – 2008.</p> <ul style="list-style-type: none"> <li>• Successfully completed Lead Assessor Course for OHSAS 18001-2000.</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• Successfully completed RABQSA/IRCA EMS Lead Assessor Course for ISO 14001 in 2008.</li> <li>• MBA, Ohio University.</li> <li>• B.Sc. Petroleum Engineering, University of Missouri, USA.</li> </ul>
Dr. Rusli Mohd.	Assessor / workers' & community issues and related legal issues	<ul style="list-style-type: none"> <li>• Collected more than 30 auditor days in auditing RSPO and 16 days of Forest Management Certification (FMC).</li> <li>• Reviewed about 5 or 6 FSC Forest Management certification reports.</li> <li>• Prepared Consultancy Reports on SIA for WWF, KPKKT and PESAMA.</li> <li>• Taught Industrial Relations and International Forestry.</li> <li>• Research on forest certification.</li> <li>• Ph.D. (Major: Forest Policy); Minor: Public Administration, North Carolina State Univ.</li> <li>• M. Phil. (Forest Policy) Univ. of Edinburgh</li> <li>• B.S.(For) UPM.</li> </ul>
Dr. Samsuddin Musa	Assessor / HCV, ecology and environmental issues	<ul style="list-style-type: none"> <li>• Collected 45 auditor days in auditing Forest Management Certification (FMC)</li> <li>• Twenty six years working experience related to forest management the latest being Conservation of Biological Diversity through Sustainable Forest Management</li> <li>• B.Sc. (Hons) Forestry.</li> </ul>

### 2.3 Assessment Methodology

The surveillance assessment was guided by the sampling formula of  $0.8 \sqrt{y}$ . Hence, 3 estates were planned to be assessed namely Tennamaram, Bukit Talang and Sungai Buloh Estates.

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

### 3.0 Assessment Findings

#### 3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.3. Findings against each of the RSPO MY-NI indicators are reported below. It was noted that SOU 06 was guided by their Estate / Mill Quality Management System documents for their operations. These documentation were inspired by the ISO 9001, ISO 14001 and OHSAS 18001 requirements.

A total of four non-conformity reports against RSPO MYNI: 2008 requirements were raised as shown in Attachment 3. One of them was major. SOU 06 has taken necessary corrective actions in order to close all the major non-conformity raised. Apart from that, the assessors have also raised opportunities for improvement (OFI) as detailed in Attachment 4. All the minor NCRs and OFIs will be verified in the next surveillance audit.

The previous year non-conformities have also been satisfactorily closed following verification of the implemented corrective actions. The assessment team examined all the action plans and found them to be adequate. SDPSB showed their commitment to address the non-conformities by establishing action plans as detailed in Attachment 5.

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

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

**Criterion 1.2**

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

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

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

- |       |                                     |
|-------|-------------------------------------|
| 1.2.6 | Negotiation procedures (C 6.4)      |
| 1.2.7 | Continuous improvement plan (C 8.1) |

**Guidance:**

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

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

## **Audit findings**

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

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

Among the documents that were made available for viewing are:

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

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

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

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

To the point of this assessment, SOU 06 has not received any request pertaining Criterion 1.2.

## **PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

### **Criterion 2.1**

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

#### **Indicator 2.1.1**

Evidence of compliance with legal requirement

Major compliance

#### **Indicator 2.1.2**

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

Minor compliance

#### **Indicator 2.1.3**

A mechanism for ensuring that they are implemented.

Minor compliance

#### **Indicator 2.1.4**

A system for tracking any changes in the law.

Minor compliance

### **Audit findings**

SDPSB has a documented system for identifying and tracking of legal requirements. As required by the procedure there was evidence that the Mill and Estate Managers had complied with the requirements to identify, track and update changes of legal requirements and also to evaluate compliance to it on an annual basis. Although the Evaluation of compliance had been conducted by the estates and mill the comprehensiveness of evaluation to include applicable clauses and sub-clauses was not demonstrated and also the evidence of compliance was not transparent .

The assessor sighted that Tennamaram Palm Oil Mill had performed the evaluation of compliance, albeit, in general on 23/2/2010. The sub-clauses were missing, for example, it did not show that the mill had yet to hire additional Grade 1 and 2 boiler men to ensure adequate coverage of personal manning the boiler when the mill is in operation round the clock.

Among the legal requirements they had identified were Environmental Quality Act and Regulations, 1974, Factories and Machinery Act and Regulations, 1967, Occupational Safety and Health Act and Regulations, 1994 & Worker' Minimum Standards of Housing and Amenities Act, 1990, Electricity Supply Act 1990. Nonetheless, some of the applicable legal requirements such as Regulation 16 of EQ (Clean Air) Reg 1978, MPOB Act, Weights and Measures Act 1972 and Control of Supplies Act to name a few have yet to be registered.

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 included measurements conducted by external accredited laboratories. Tennamaram POM has sought for exemption of fire certificate from Bomba (letter dated 23/4/2008). However, the response of this application has yet to be obtained .

### **Criterion 2.2**

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

**Indicator 2.2.1**

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

**Indicator 2.2.2**

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

**Indicator 2.2.3**

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

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

**Indicator 2.2.4**

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

Guidance:

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

**Audit findings**

The legal ownership of land and map to indicate the boundary stone been sighted for SOU 06. The original ownership documents are kept at SDPSB's headquarters. So far, there has been no legitimate contest by local communities with demonstrable rights.

During the visit of all the estates, field visits to the estate boundaries were made to ensure that the boundaries were clearly demarcated and that boundary stones were visible. It was found that most estates have clearly demarcated boundaries and often trenches are dug along the estate boundary with adjacent lands. However, boundary stones were not found along estate boundaries making it difficult to validate the boundaries particularly those bordering forest areas. In Sungai Buloh Estate cement pipes were erected every 100 m along the boundary. During the visit of Tennamaram Estate and Bukit Talang estate, boundary stones along the estate boundary with adjacent forest land were not located and thus not visibly maintained. Attempts to locate boundary stones were not successful making it difficult to validate the boundaries.

A minor NCR was raised as there was no evidence of boundary stone along the perimeter of estate boundaries.

The boundaries were regularly patrolled by estate security to prevent illegal encroachments. Security officers were required to clock in at various checkpoints. This clock-in were digitally recorded at the estate office and monitored by the security chief as well as the estate manager. This was verified through consultations with the security chief at the Sungai Buloh estate. Records were also kept and updated in the "*Buku Laporan Rondaan*".

**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 Tennamaram 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 2010/2011 and 2011/2012 are 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.

The replanting programme for the next ten years had been prepared as sighted in the 'Replanting programme 2011 to 2021. This programme is reviewed once a year and is incorporated in their annual financial budget. The programme was being implemented as scheduled.

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

**Criterion 4.1**

Operating procedures are appropriately documented and consistently implemented and monitored.

**Indicator 4.1.1**

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

**Indicator 4.1.2**

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

#### **Audit findings**

SOU 06 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 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. Nonetheless, it was noted that the chemical dosage for circle spray at Bukit Talang Estate was slightly different from the recommended rate by the procedure. The justification for the dosage used can be further improved.

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 and replanting. Other records sighted were the issuance of Personal Protective Equipment, agrochemicals and fertilizer through the stock books, store requisition and issue sheets.

At the mills, among the records verified were sterilizer performance, boiler chemical usage, boiler smoke emission, effluent treatment plant discharge, steam turbine running hours and its maintenance schedule.

**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 06 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 2011/2012.

Leaf (tissue) sampling was carried out and its result formed part of the basis for the fertilizers input recommendation. The quantity of fertilizer applied corresponded to the recommended input stated in Agronomic & Fertilizer Recommendation Report – Oil Palm. All the relevant information was recorded in the Manuring Cost Book/Pesticides of the respective estate. During the visit at Tennamaram and Bukit Talang Estate, it was found that soil sampling for the estates has not been conducted. Nevertheless, the plan to carry out the exercise was noted in the latest agronomist reports .

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, 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 06.

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

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

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

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

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

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

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

**Specific Guidance:** Appropriate conservation practices should be adopted.

**Indicator 4.3.3:** Presence of road maintenance programme.  
Minor compliance

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

**Specific Guidance:**

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

**Indicator 4.3.5:** Best management practices should be in place for other fragile and problem soils (e.g. sandy, low organic

matter and acid sulphate soils).  
Minor compliance

**Guidance:**

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

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

**Audit findings**

SOU 06 is committed to minimize soil erosion. The topography for all the estates was generally flat and slightly undulating. During the site visit, there was no observation of steep slopes exceeding 25°. A small hill bordering forest area was found during the audit of Tennamaran estate but the slopes were found not to be steep. The soil and water conservation practices include constructing and maintaining terraces (terrace planting) were clearly advocated in line with the SOP and other biomass retention in the field were consistently implemented.

SOU 06 continued to practice only circle and path spraying for field maintenance in the mature areas as stipulated in their SOP. For replanting areas, the company continued to plant and maintain cover crops. Generation of non-competitive ground covers especially *Nephrolepis bisserata* and soft grasses have significantly minimized the occurrence of bare ground, soil erosion and surface runoff.

During the field visit, SOU 06 had satisfactory road condition and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained.

Silt pits at estates visited were seen strategically located along the road to collect diverted road runoff to further minimize road rutting.

At Bukit Talang Estate, there was a significant area of peat soil that has been planted with oil palm. The management has carried out its best practice in maintaining the water table of this area according to its established procedure and programme. The network of drainage system was adequate and water table was monitored and maintained at 60 cm from the ground surface at all times by using sand bags as blockages. The inlet and outlet of water through this area were controlled by water gates.

**Criterion 4.4**

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

**Indicator 4.4.1**

Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.

Major compliance

**Specific Guidance:**

Riparian buffer zones: Reference to be made to relevant national regulations or guidelines from state authorities e.g.

Department of Irrigation and Drainage (DID), whichever is more stringent.

**Indicator 4.4.2**

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

**Indicator 4.4.3**

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

**Indicator 4.4.4**

Monitoring rainfall data for proper water management  
Minor compliance

**Indicator 4.4.5**

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

Specific Guidance:

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

**Indicator 4.4.6**

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

**Indicator 4.4.7**

Evidence of water management plans.  
Minor compliance

## **Audit findings**

No natural water courses were found to be within the estates. Drainage canals built by Drainage and Irrigation Department (DID) were available and are being well maintained. Palms along the canals were not chemically sprayed to avoid contamination. Only manual weeding was allowed. The DID canal found in Sungai Buloh Estate was relatively large with some parts covered by secondary forest with some large trees. Bird nests were present in some of the trees. It would be opportune if the vegetation along this canal be conserved and steps taken to enhance regeneration along the canal as the water in the canal is relatively clean. Enhancing the regeneration of such areas can promote the increase in biodiversity.

Natural lakes were also found in the estates. Some of these lakes used to be water intake points for the estates but currently all water needs for the estates are from public sources. These lakes are still protected. Some of them are fenced and clear signages were erected prohibiting swimming and fishing in such sites.

Outgoing water into natural waterways from Tennamaram Oil Mill was mainly from rain water. It was observed that the process water was channelled into effluent treatment plant. Guided by their SOP, Tennamaram Mill has conducted its effluent discharge quality periodically according to the Environmental Quality Act. The sampling point was well marked and mapped out. The water analysis reports were shown to the assessor for verification. Among the parameters tested in the analysis were BOD, COD, Total Solids, Suspended Solids, Oil and Grease, Ammonical Nitrogen.

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

SOU 06 had developed water management plans. The plans consist of data on demand and

supply of water for mills and line site consumption as well as for the estates/fields. Among items in the plans are:

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

**Criterion 4.5**

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

**Indicator 4.5.1**

Documented IPM system.  
Minor compliance

**Indicator 4.5.2**

Monitoring extent of IPM implementation for major pests.  
Minor compliance

**Specific Guidance:**

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

**Indicator 4.5.3**

Recording areas where pesticides have been used.  
Minor compliance

**Indicator 4.5.4**

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

**Audit findings**

SOU 06 maintained the documented IPM techniques as shown in SOP/Section B13/Pest & diseases and ARM/Section B15/Plant Protection. Usage of pesticides was justified and monitored. Information on the quantity of pesticides and areas applied were documented and used to monitor in relations to FFB produced or land area.

Beneficial plants from the three major species namely *Tunera subulata*, *Cassia cobanensis* and *Antigonon leptopus*. were continued to be planted in SOU 06 to maintain low population of leaf eating caterpillars, hence reduces the need to use chemical treatment.

*Ganoderma* census was continuously done in SOU 06 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.

SOU 06 has also provided barn for owls in order to control the rat population. The population of barn owls was regularly census.

Records showing the agrochemicals active ingredient (ai) used per hectare and per metric tonne basis were seen in SOU 06. Likewise, records of location where pesticides have been used were also available. However, for Tennamaram Estate, the recording of pesticides used can be further improved by utilizing the standard format outlined by the *Standard Operating Manual*.

**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 06 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 06. Paraquat was totally replaced by a systemic herbicide, glufosinate ammonium.

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

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

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

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

Updated records to show agrochemicals purchase, storage and consumption are available in SOU 06. In order to avoid human exposure to concentrates chemicals, pre-mixing was practiced. MSDS were adequate for each agrochemical at the estate stores.

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

Aerial application of agrochemicals is not practiced.

Tennamaram POM has carried out the chemical residue test quarterly although until today no request from their CPO buyer.

**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 06 continued to implement the Mill Quality Management System for the mill and Estate Quality Management System for the estates. In addition to these system manuals, the estates visited continued to use Agricultural Reference Manual as well as the Sustainable Plantation Management System RSPO Manual. Hence, the requirement of RSPO C 4.7 had been incorporated into their management system documents.

The contents of SDPSB's Occupational Safety and Health (OSH) policy were remained valid. This safety and health policy had been communicated to all employees through briefings and were seen displayed on the mill and estates notice boards. Similarly, with documented OSH plan and programmes. Interviews with employees revealed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements.

Hazard identification, risk assessment and risk control (HIRARC) and CHRA records covered activities in the estates and mill were verified during the assessment. Among the activities sighted were chemical spraying, harvesting and FFB collection 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.

Although a generic CHRA was used based on assessments at 4 other mills out of 24 mills belonging to SDPSB, changes of chemical suppliers and subsequently their trade names at Tennamaram Palm Oil Mill had taken place. SOU 06 needs to seek clarification from DOSH whether or not the existing generic CHRA is still valid for Tennamaram Palm Oil Mill .

Further, retrofitting the laboratory Local Exhaust Ventilation (LEV) chimney had yet to be undertaken urgently because the chimney was not designed in accordance to MS 1596:2003, highlighted by the external LEV Industrial Hygiene Technician. The absence of sample port prevented the chimney performance test and this was not in accordance with the Environmental legislation requirements. Additionally, records for LEV design document approved by Professional Engineer had yet to be made available.

Noise mapping had been carried out but the map had yet to be displayed at high noise work area, e.g. boiler, kernel plant, etc. Even though Annual Audiometric test had been conducted the repeat audiogram for one employee with Standard Threshold Shift had not been followed through in a timely manner.

Permit To Work were seen implemented but two different permits sighted showed that on one of the permit was not signed by the applicant to indicate his acceptance of conditions of work, and, the other approval and agreed for work to proceed was not signed by the approving authority i.e. the Mill Manager .

Appropriate Personal Protective Equipment (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. At the time of assessment some employees at mill and estates were found to adhere to the requirements of donning them in their workplace. However, some sprayers were seen not wearing safety glass or goggles, and types of respiratory protection were not standardized, that is, some were given a single cartridge respirator while others were provided with doctor's face mask.

Emergency procedures exist and instructions during emergency were understood by those workers interviewed. However, the specific duties of Emergency Response Team members could be improved and spelt out in the emergency response manual. At Tennamaram estate a water bowser had yet to be provided in view of potential flash fire or bush fire during dry spell especially at the young replanted palms plots).

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. However, the content of the first aid kit needs reviewing as they vary between boxes in the mill and at the estates. Sungai Buloh Estate (Main Division), Tennamaram Estate and Tennamaram Palm Oil Mill need to standardize contents by referring to DOSH First Aid Guideline Ed. 2, 2004.

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 2011 no Lost Time Incident (LTI) case was recorded at the mill. JKPP 8 was sighted submitted to DOSH timely.

SOU 06 had appointed the Mill Eengineer and Assistant Estate Manager to be responsible for the OSH implementation. Interview with members of the Safety Committee and review of records confirmed that quarterly Environmental, Safety and Health (ESH) meetings and workplace inspections had been carried out. Issues raised during the meeting had been acted and resolved.

The assessor had noted that SOU 06 had their workers covered by accident insurance. Through examination of records, the insurance was valid at the point of the assessment.

**Criteria 4.8**

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

**Indicator 4.8.1**

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

Major compliance

**Audit findings**

Refresher training on RSPO has yet to be conducted as most staff interviewed at that mill and estates visited were at a lost.

With the exception of Tennamaram Estate, First Aid Training has yet to be provided to ensure the nominated personnel are conversant and competent to administer first aid assistance.

An agrochemical handling awareness training had been conducted jointly with the agrochemicals suppliers for all workers (pesticides sprayers, storekeeper, rat baiters) involved



to disseminate safe working practices and the hazards of the agrochemicals used. All precautions attached to products were made known to the workers.

Consultations with estate assistant managers indicated that they have not been trained in environment protection or biodiversity conservation. During the audit of Bukit Talang estate, it was found that the biodiversity assessment records indicated that training would be conducted on biodiversity conservation and management for workers and staff. Such training would be very useful to enhance capacity of the staff and workers in addressing issues related to environment and biodiversity particularly in the implementation of biodiversity action plan. Training is necessary to ensure continuous improvement of the overall management of the estate.

However, consultation with management indicated that such training was not conducted as required under the Action Plan. A minor NCR was raised for this non-compliance.

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

Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) were reviewed on annual basis. Environmental improvement plan or known as Environmental Management Programmes (EMP) were then established. It is based on the identified significant aspects that can be improved within the SOUs capabilities. Among the EMP at estates level are reduction of diesel consumption and the planting of beneficial plant while EMP at oil mills include ensuring their effluent discharge and boiler smoke emission are within the legal requirements. Monitoring records showed their effluent discharge and smoke emission were within the legal permissible limits.

Interview with the PIC for reviewing and updating the aspect and impact assessment revealed that further enhancement is still needed especially in understanding the environmental risk assessment method.

### **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**

An inspection of the status of HCV habitats (including ERTs) were conducted in the SOU 06. HCVs that were identified included areas such as water catchment sites, protected areas riparian buffers, places of worship and cemeteries. There were no historical sites or areas with slopes more than 25° in Bukit Talang Estate, Tennamaran Estate and Sungai Buloh Estate visited in SOU 06.

The audit involved consultation of staff and inspection of documents such as management plans and HCV assessment reports in the office as well the inspection of the HCV in the field. The inspection found that all the assessed areas had biodiversity assessment reports, which contained the Biodiversity Action Plan. The Action Plan consisted of information represented in tabular format with general descriptions of HCV and Biodiversity areas, action steps and monitoring activities was conducted by yearly basis.

The assessment of the documents related to HCV is difficult as information were found in separate files. The biodiversity action plan was considered as the management plan. Although information on the location of the HCV could be obtained, there were no maps specifically dedicated to HCV showing the location and extent of HCV. Currently, the biodiversity action plan and the biodiversity baseline assessment reports will have to be referred for information on HCV. The management plan was found to not specific to a particular estate but rather general descriptions that could be applied to any HCV sites. For example, even when the estates did not have steep areas, the action plans still highlights the actions required if such areas were available.

During the inspection of the estate boundary in Bukit Talang Estate, a hornbill was sighted within the estate. Such sightings were not recorded in the biodiversity assessment report. It would be opportune for the estates to continue monitoring of biodiversity within the estate and update the biodiversity listing continuously.

Site visits to the HCV indicated that HCV were kept intact and are being protected. Water catchments site were protected and signages have been erected prohibiting fishing and swimming. Cemeteries and places of worship were also conserved. There is a committee handling issues related to burial sites for the estate workers.

The current management plan and action plan seemed to be a standard template that is used for all the estates. The assessor was at the view that management plans could be improved as follows:

- a) Management plan and plans of actions should be specific to individual estates catering for the differing site specification.
- b) A description of each HCV would be useful. Details such as location, site conditions and importance of site would be appropriate.
- c) A map showing all HCV areas in the estate. This would assist both auditors and estate managers to know where all the HCV sites are in an estate.

- d) Proper signage indicating HCV site should be erected to create awareness.

During the inspection of Sungai Buloh Estate, it was found that there were two lakes just outside the office building that is being well maintained. The areas around the lakes are well landscaped and planted with trees. Signages were also erected at the banks of the lakes prohibiting fishing and swimming. Both these lakes were mentioned in the biodiversity assessment report. Both lakes would be ideal as HCV sites. However, it was found that both the lakes were not identified as HCV sites. These two lakes could be identified as HCV areas as it caters for specific ecosystem and are being maintained by the estate. The assessment report for the estate did not include these two sites as HCV or protected areas

Despite the above lapse, there were evidences that all the assessed estates were committed to the conservation of the habitat. Signages to prohibit illegal hunting of wildlife were clearly displayed within the estates. The inspection of Bukit Talang Estate indicated that it is actively engaging and consulting the Global Environmental Center (GEC) and the Selangor State Forestry Department on the management and conservation of peat lands. Such collaboration would be useful in enhancing cooperation in addressing various issues related to management and conservation.

**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 06 continued to practice waste management plan that covered the identification of waste, reduced, recycled and disposed of in an environmentally and socially responsible manner.

Among the identified waste are general/domestic waste, scheduled waste, scrap metal, crop residue / biomass from the estates and mill and fiber, shell, EFB and POME from the mill.

SOU 06 continued practicing waste segregation to facilitate the 3R initiatives and to optimize the disposal pit usage. The segregated waste bins i.e. plastic, glass and paper waste were placed at several locations within the estate and mill compound. Apart from them, scrap metal was also sent for recycling.

The 3R recycle bin made available at estate office had yet to be extended to line site. Good practice of waste handling including segregation of the plastic, glass, paper and domestic waste to be placed in a separate bin for collection should also encouraged to workers at line site.

General wastes that cannot be salvaged for recycling/reuse were sent to the disposal pit for burying within the plantation. No permanent site had been allocated for the disposal of waste. Temporary pits were closed once filled and a new pit was established. However, a procedure for handling waste by appointed waste disposal contractor had yet to be developed in view of landfill being poorly managed, i.e. plastic (bottles), glass, paper and domestic waste were dumped together.

While sources of pollution such as effluent from oil clarification plant and production floor washing activities, smoke from boiler operation, contaminated gloves from maintenance activities and general domestic waste from line sites. An operational control procedure was established and monitoring activities was carried as per schedule to ensure all wastes and pollutants do not give rise to significant impact to the environment.

Recycling of palm biomass generated from the milling activities was fully exploited by the SOU. It was observed biomass such as excess fibre, shell and EFB were recycle where excess fibre and shell were used as fuel in the boiler and EFB were sent to estate for mulching. Apart from that, the estates continued to practice chipping of oil palm trunks and returned to the soils via decomposition during replanting activities.

Nonetheless, enhancement needed in all the estates in handling the scheduled waste especially in complying the legal requirements. Non-conformity has been raised against this issue under Indicator 2.1.1.

**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 06 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. All replanting areas in the SOU were developed without the practice of burning.

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

**Criterion 5.6**

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

**Indicator 5.6.1**

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

**Indicator 5.6.2**

Plans are reviewed annually.  
Minor compliance

**Specific Guidance:**

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

**Audit findings**

SOU 06 has established and maintains 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**

Two reports on Baseline SIA were prepared, one for Tennamaram and Sungai Buloh Estates while the other for Bukit Talang Estate. Both of the reports incorporate inputs from various stakeholders, namely, estate workers, representatives of local communities, vendors and suppliers. The local communities' representatives were from Kg. Asahan (Sungai Buloh) and Raja Musa (Bukit Talang). The vendors included FFB transporters while hardware companies usually comprise the suppliers. The stakeholders signed the attendance sheet at the end of the meeting.

An action plan is presented at the end of each report to be implemented by all the estates in order to manage the issues raised by the stakeholders. Each of the estates was required to prepare its own action plan to manage its own specific issues within a stipulated time frame. In addition, the Estates are required to revise the action plans annually.

It was found that relevant stakeholders of Tennamaram Palm Oil Mill did not participate in the preparation of SIA report for SOU 06. 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.

The title of the report, its background information, survey sample, issues identified and social management plan did not include or mention Tennamaram Mill at all.

Due to this omission, a minor NCR was raised for indicator 6.1.2.

The survey method described in the report is adequate but can be improved in the future by:

- a) highlighting in some detail the socio-economic information of the local communities in order to provide the backdrop of the issues which will be raised later in the report.

- b) including bigger samples of the local communities. As far as possible, each kampong should be represented in the survey sample. The current sample size (for e.g. only one of four villages for Sungai Buloh Estate; two representatives from only one kampong for Bukit Talang Estate, was not representative of the local communities).
- c) refining the survey technique to allow the respondents to express their concerns more freely. Face to face interview, however brief, may be better than structured interview, for example.

In addition, the action plans could be improved by:

- a) providing information on how the revision on the action plans were carried out, particularly on the method of survey and issue identification.
- b) providing complete information on the timing and responsibilities for action.

In addition, all records of activities undertaken to implement the actions plans should be properly maintained.

<p><b>Criterion 6.2</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p> <p><b>Indicator 6.2.1</b> Documented consultation and communication procedures. Major compliance</p> <p><b>Indicator 6.2.2</b> A nominated plantation management official at the operating unit responsible for these issues. Minor compliance</p> <p><b>Indicator 6.2.3</b> Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. Minor compliance</p> <p><b>Specific Guidance:</b> 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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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### **Audit findings**

External communication procedures have been established and documented in the Sime Darby Estate Quality Manual and applicable in all the estates. The application of this procedure was seen in the Sungai Buloh Estate when it received a letter from the school requesting for help to repair damaged drainage system that caused flooding to the school.

Interviews with the estates' management and the local communities' leaders revealed that the estates consult relevant stakeholders, for example the local communities, whenever any issue arises which interest both parties. Members of the local communities and other outside stakeholders are not members of the Estate's permanent committees.

The estates maintain files on records of communication and consultation with external parties, for examples, with government agencies and suppliers. A list of stakeholders comprising vendors, contractors, local communities and government agencies is kept in every estate. The latest list of stakeholders (2012) was made available during the audit.

As stated in the external communication procedure, the Estate Manager is the nominated person to handle communication and consultation issues.

**Criterion 6.3**

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

**Indicator 6.3.1**

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

Major compliance

**Specific Guidance:**

Records are to be kept for 3 years.

**Indicator 6.3.2**

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

Minor compliance

**Indicator 6.3.3**

The system is open to any affected parties.

Minor compliance

**Guidance:**

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

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

**Audit findings**

The Sime Darby Estate Quality Management System's Standard Operating Manual prescribes specific procedures to handle disputes arising from social (including workers) and boundary issues. In addition, the Industrial Relations Act, 1967 does provide for mechanisms for resolving disputes between employers and their employees. Interviews with the estate management revealed that there has been no dispute with outside parties or workers during the past years and, therefore, no records were available to judge whether or not the system resolved disputes in an effective, timely and appropriate manner.

Complaints or grievances from workers are handled separately. Complaints are usually made through their mandores or assistant managers. If the complaints could not be resolved, then, these will be brought up to the attention of the manager for his decision.

Complaints on housing repairs are usually entered into a Complaint Book to be acted upon by the estate administration.

**Criterion 6.4**

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

**Indicators 6.4.1**

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



Major compliance

**Indicator 6.4.2**

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

Minor compliance

**Indicator 6.4.3**

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

Minor compliance

Specific Guidance:

This criterion should be considered in conjunction with Criterion 2.3.

### **Audit findings**

No evidence was found on the taking of lands with customary rights. Nonetheless, the SOU 06 has documented procedures for handling boundary disputes. Should any claim for compensation aroused, the procedures in Sime Darby Estate Quality Management System and Mill Quality Management System would be referred.

**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 Collective Agreement (CA) between the Malaysian Agriculture Producers Association (MAPA) and National Union of Plantation Workers (NUPW) forms the basis of pay system and conditions of work for estate employees. Currently, the agreements for harvesters are spelled out in the Collective Agreement of 2010 while those for the general worker are in the 2011 agreement. The specific terms of employment are prescribed in the letter of appointment of the worker.

In all the estates, the CA in the English language and has not been translated into Bahasa Malaysia or any other languages as required by Indicator 6.5.2. However, interviews with the union representatives and workers revealed that the estate management makes efforts to explain the terms of employment, or for that matter, any issues, to the workers during the morning briefing sessions. Furthermore, union leaders also help to disseminate relevant information, which they receive from the state union offices.

The contract of employment for individual workers is in Bahasa Malaysia. Therefore, the contract is quite understood by the workers.

All the estates provide housing (3 or 2 bedrooms), medical, educational and basic amenities for the workers. The workers have to pay for their water and electricity bills if the services are supplied by government companies. There is a primary school and a clinic in almost every estate.

**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**

Unionism is a well-entrenched practice in all the estates. Every estate has a local union, which is affiliated to the State NUPW. At least in one estate, i.e. Tennamaram Estate, the union is chaired by a lady.

Meetings between the estates' management and the union leaders conducted in a couple of different forms, either through the Safety and Health committee or Joint Consultative Committee. Union leaders can raise issues pertaining to their work in any of these meetings.

It was observed that meetings between the estate management and union representatives are held very infrequently, may be once a year (in Bukit Talang and Tennamaram, for examples). As a result, many of the problems or issues discussed have been overtaken by events long before the next meeting is convened. Therefore, the minutes do not reflect the effectiveness of the estates in handling workers' issues.

It would be better if the meetings be held on a more regular basis. Interviews with the union representatives revealed that they have outstanding issues, which need to be discussed with the estate management. In Bukit Talang Estate, for example, issues raised include timing of harvesting operations, road conditions, and street lighting.

There is a published statement on freedom of association in all the estates.

**Criterion 6.7**

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

**Indicator 6.7.1**

Documented evidence that minimum age requirement is met.  
Major compliance

**Guidance:**

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

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

**Audit findings**

Sime Darby has a very strict policy on child labour as emphasized by the union leaders during the interviews. This policy was supported by data in the Employee Master Listing or Workers Register (for mill) which shows that no children are employed by the estates. The latest worker listings were available in the estates.

**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 or any other factors. Interviews with the union representatives revealed that their pay and terms of work are based on the MAPA and NUPW agreement and not decided by the estates. For example, the basic pay for all the general workers is RM 27.20 per day regardless of gender or country of origin. 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**

Sime Darby Plantation has explicit policy statements on sexual harassment, which guide the practices in the Estates. In addition, a Manual on the Implementation of Gender Policy has also been documented which incorporates, among others, the grievance procedures. Each of the estates in the SOU has a Gender Committee, which plans appropriate programs and activities for their members. Interviews with the unions and workers reveal that there has been very rare incidence of sexual harassment in the estates. Minutes of meetings of Gender Committee were kept in all estates.

However, it was observed that there have been little activities directed at gender related issues, such as women's rights, awareness on gender issues, and so forth. The gender committee should take one step forward by organizing more relevant activities by moving away from the normal social activities, like gatherings and social trips.

### **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**

Tennamaram Palm Oil Mill does not buy FFB from outside suppliers, therefore, pricing mechanisms for these fruits is not an issue. Pricing mechanisms for other services to the estates and mill, for examples, FFB transportation, supply of hardware or engineering works, were spelled out in the contract of services, either long-term or otherwise. Interviews with suppliers and contractors reveal that they were quite satisfied with the estates. Most of the suppliers have been in business with the estates and mill for very long time ( $\geq 10$  years). Business and service transactions between the SOU and suppliers, particularly the more expensive ones, are bound by detail written contracts duly signed by both parties. Regardless of the size and issuing party, the contracts clearly spelled out the terms of the services and the payment system.

**Criterion 6.11**

Growers and millers contribute to local sustainable development wherever appropriate.

**Indicator 6.11.1**

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

**Guidance:**

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

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

**Audit Findings**

The local community leaders around Sungai Buloh (Kg. Api Api) and Tennamaram (Kg. Idaman) Estates mentioned that the estates have provided important services to their communities. The most often quoted service was grass cutting on soccer fields and playgrounds. The estates have contributed in kinds, particularly to the schools.

On a more macro scenario, the schools in some estates are attended by children from neighbouring villages and their roads are used by the local communities. Each of the estates has some programmes on social responsibility either for the workers or the surrounding communities.

**PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS**

**Criterion 7.1**

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

**Indicators:**

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

Major compliance

**Specific Guidance:**

SEIAs to include previous land use / history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. For Sabah, slopes 25 degrees and above are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Impact Assessment (Order 2005)] and approved by the Environmental Protection Department (EPD). For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Natural Resources and Environment (Prescribed Activities) Order 1994] and approved by the Natural Resources and Environment Board (NREB).

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

Minor compliance

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

Minor compliance

Guidance:

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

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

SDPSB has no plan for new planting. The assessors verified that they could not see any new land being opened up for new planting. Thus, Principle 7 is not applicable.

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

### **Criterion 8.1**

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

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

#### **Indicator 8.1.1**

Minimize use of certain pesticides (C4.6)

Major compliance

#### **Indicator 8.1.2**

Environmental impacts (C5.1)

Major compliance

#### **Indicator 8.1.3**

Maximizing recycling and minimizing waste or by-products generation.

Major compliance

Specific Guidance

To work towards zero-waste (C5.3)

#### **Indicator 8.1.4**

Pollution prevention plans (5.6)

Major compliance

#### **Indicator 8.1.5**

Social impacts (C6.1)

Major compliance

#### **Indicator 8.1.6**

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

Minor compliance

**Guidance**

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

## **Audit findings**

Generally, the SOU 06 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 and on the environmental impact, Tennamaram oil mill is now implementing the continuous emission monitoring system for boiler smoke emission.

### **3.2 Identified Non-conformities**

Details of the non-conformities, corrective actions taken by the SOU, and assessors' verification of the corrective actions taken are in Attachment 3. The major nonconformity has been closed out.

### **3.3 Status of Non-conformities Previously Identified**

All previous nonconformities were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. Details of the verified nonconformities are in Attachment 5.

### **3.4. Noteworthy Positive Observations**

SOU 06 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, beautiful and good housekeeping was still continually practiced at all workplace.

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

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

#### 4.0 Certified Organization's Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

I, the undersigned, representing SOU 06 acknowledge and confirm the contents of the assessment report and findings of the assessment.



Date : 25/12/2012

Name : ABD SAMAD TARKOM

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



Date : 24/12/2012

Name : VALENCE SHEM  
(Lead Assessor)

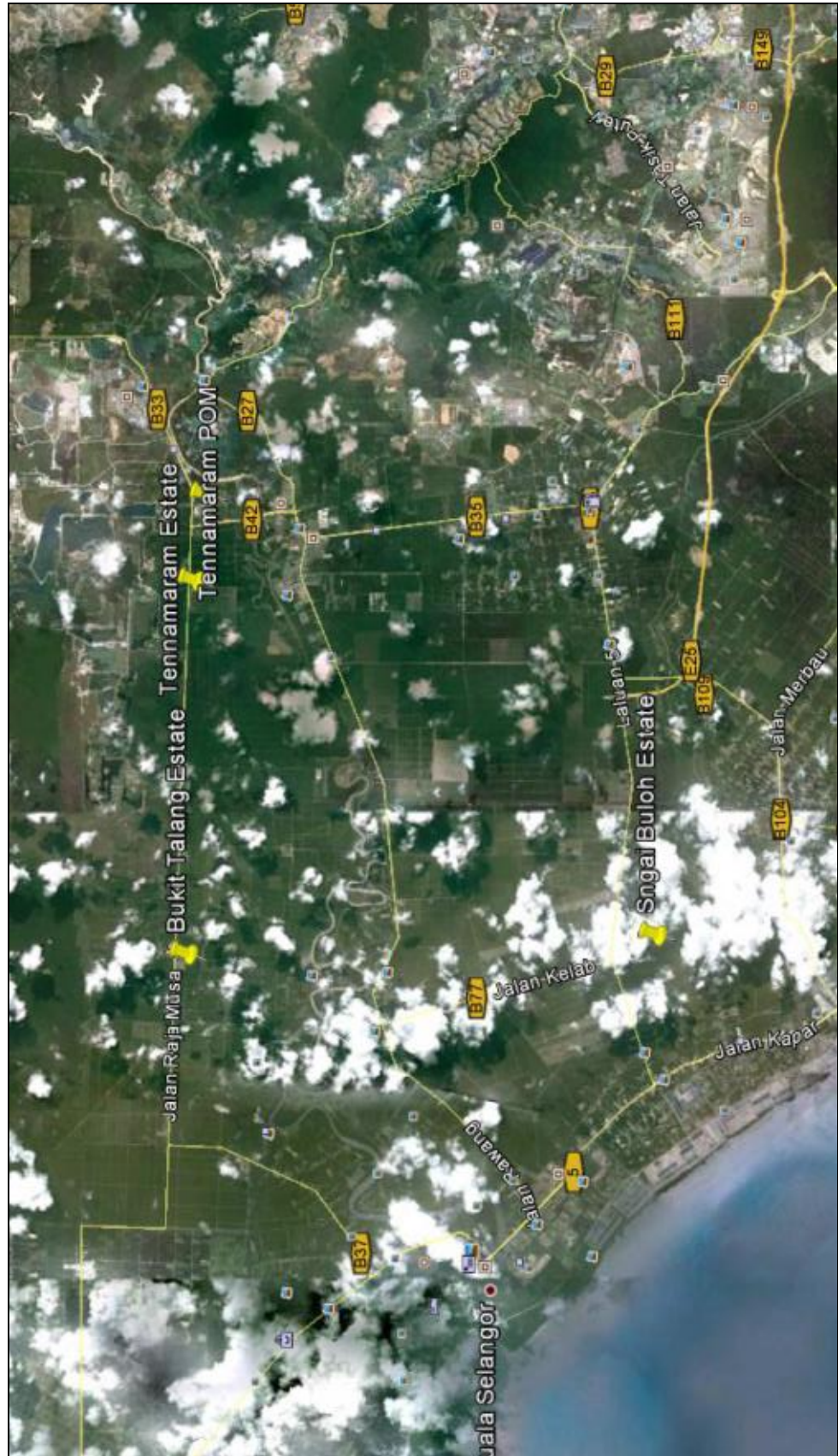
#### Recommendation

Based on the evidence gathered it can be concluded that **Sime Darby Plantation Sdn. Bhd. Tennamaram - SOU 06** continue to conform to the requirements of the RSPO MY-NI: 2008. All nonconformities including major nonconformity have been closed out through verification of corrective action records.

Therefore, the assessment team recommends **Sime Darby Plantation Sdn. Bhd. Tennamaram - SOU 06** to continue to be certified against RSPO MY-NI: 2008.



Location map of SOU 06 in Selangor, Malaysia



<b>RSPO SURVEILLANCE ASSESSMENT PLAN</b>
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**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd., Tennamaram Certification Unit SOU 06 conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

**2. Date of assessment** : 27<sup>th</sup> – 1<sup>st</sup> March 2012

**1. Site of assessment** : Sime Darby Plantation Sdn. Bhd.  
Kilang Kelapa Sawit Tennamaram  
45600 Bestari Jaya  
Selangor Darul Ehsan, Malaysia

**2. Assessment Team**

- a. Lead Assessor : Valence Shem
- b. Assessors : Hj. Mahzan B Munap  
Samsuddin Musa  
Dr. Rusli Mohd.  
Ruzita Abd. Gani (Observer)

**3. Audit Method**

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

**4. Assessment Programme Details** : As follows

**Day one: 27<sup>th</sup> February 2012 (Monday)**

Activities /areas to be visited	Mahzan	Dr. Rusli	Dr. Samsudin	Valence & Ruzita
0900-0930	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader			
0930-1000	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)			
1000-1700	Site visit and assessment at <b>Tennamaram POM</b> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> Assessment on P1, P2, P4, P8 <ul style="list-style-type: none"> <li>• Production area &amp; supporting facilities</li> <li>• Mill workers line site</li> </ul>	Site visit and assessment at <b>Sungai Buloh Estate.</b> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> Assessment on P1, P2 (2.1,2.1.1), P6, P8 <ul style="list-style-type: none"> <li>• Local communities and stakeholders</li> <li>• Interview with Union representative</li> <li>• Workers Issues</li> <li>• Linesite</li> </ul>	Site visit and assessment at <b>Bukit Talang Estate</b> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> Assessment on P1, P2 (2.1, 2.2), P5, P8 <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Zone</li> <li>• Boundary</li> <li>• Water catchment area</li> <li>• Landfill area</li> </ul>	Site visit and assessment at <b>Tennamaram Estate</b> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> Assessment on P1, P2, P3, P4, P8 <ul style="list-style-type: none"> <li>• Good Agricultural Practice</li> <li>• IPM</li> <li>Witness activities at site e.g. weeding, manuring, harvesting, etc</li> </ul>

**Day two: 28<sup>th</sup> February 2012 (Tuesday)**

Activities /areas to be visited	Mahzan	Dr. Rusli	Dr. Samsudin	Valence & Ruzita
0900-1700	<p>Assessment at <b>Sungai Buloh Estate</b> Verify previous audit findings</p> <p>Assessment on P1, P2, P3, P4, P8</p> <ul style="list-style-type: none"> <li>• Witness activities at site i.e. spraying / weeding harvesting, etc</li> <li>• Chemical &amp; scheduled waste store</li> </ul>	<p>Site visit and assessment at <b>Bukit Talang Estate</b>.</p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2 (2.1,2.1.1), P6, P8</p> <ul style="list-style-type: none"> <li>• Local communities and stakeholders</li> <li>• Interview with Union representative</li> <li>• Workers Issues</li> <li>• Linesite</li> </ul>	<p>Site visit and assessment at <b>Tennamaram Estate</b></p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2 (2.1, 2.2), P5, P8</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Zone</li> <li>• Boundary</li> <li>• Water catchment area</li> <li>• Landfill area</li> </ul>	<p>Site visit and assessment at <b>Tennamaram POM</b></p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2, P3, P5, P8 and Supply Chain requirements</p> <ul style="list-style-type: none"> <li>• Production area &amp; supporting facilities</li> <li>• Sales and purchase activities</li> </ul>

**Day three: 29<sup>th</sup> February 2012 (Wednesday)**

Activities /areas to be visited	Mahzan	Dr. Rusli	Dr Samsudin	Valence & Ruzita
0900-1700	<p>Assessment at <b>Tennamaram Estate</b> Verify previous audit findings</p> <p>Assessment on P1, P2, P3, P4, P8</p> <ul style="list-style-type: none"> <li>• Witness activities at site i.e. spraying / weeding harvesting, etc</li> <li>• Chemical &amp; scheduled waste store</li> </ul>	<p>Site visit and assessment at <b>Tennamaram Estate and Tennamaram POM</b></p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2 (2.1,2.1.1), P6, P8</p> <ul style="list-style-type: none"> <li>• Local communities and stakeholders</li> <li>• Interview with Union representative</li> <li>• Workers Issues</li> <li>• Linesite</li> </ul>	<p>Site visit and assessment at <b>Sungai Buloh Estate</b></p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2 (2.1, 2.2), P5 , P8</p> <ul style="list-style-type: none"> <li>• Conservation area management</li> <li>• Riparian Zone</li> <li>• Boundary</li> <li>• Water catchment area</li> <li>• Landfill area</li> </ul>	<p>Site visit and assessment at <b>Bukit Talang Estate</b></p> <ul style="list-style-type: none"> <li>• Verify previous audit findings</li> </ul> <p>Assessment on P1, P2, P3, P4, P5, P8</p> <ul style="list-style-type: none"> <li>• Good Agricultural Practice</li> <li>• IPM</li> <li>• Witness activities at site i.e. spraying / weeding harvesting, etc</li> <li>• Chemical &amp; scheduled waste store</li> </ul>

**Day four: 1<sup>st</sup> March 2012 (Thursday)**

Activities /areas to be visited	Mahzan	Dr. Rusli	Dr. Samsudin	Valence & Ruzita
0900-1030	Continue with the outstanding assessment of Day 3			
1030-1200	Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)			
1200-1300	Closing Meeting			
End of Assessment				

**DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN**

<b>P &amp; C Indicator</b>	<b>Specification Major/Minor</b>	<b>Detail Non-conformances</b>	<b>Corrective Action Taken</b>	<b>Verification by Assessor</b>
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 Bukit Talang Estate and based on the interview, the knowledge of the scheduled waste handler can be further improved.	Tennamaram SOU has conducted training on 10/4/2012 to all the relevant personnel. Records of training were submitted to the assessor for verification.	NCR has been satisfactorily closed out.
Indicator 2.2.3 NCR #: SM 01	Minor	There was no evidence of boundary stones along the estate boundaries with adjacent forest. During the audit of Tennamaram Estate and Bukit Talang estate, boundary stones along the estate boundary with adjacent forest land were not located and thus not visibly maintained. Attempt to locate boundary stones was not successful.	To allocate boundary stone along the estate boundaries with adjacent forest.	To be verified in the next surveillance audit
Indicator 4.8 NCR #: SM 02	Minor	There was no evidence of training on biodiversity conservation and management provided to workers and staff. The action plan under the biodiversity assessment report for Bukit Talang estate requires training to be conducted on biodiversity conservation and management for workers and staff. Such training was not conducted.	To conduct training on biodiversity conservation for relevant person incharge.	To be verified in the next surveillance audit
Indicator 6.1.2 NCR #: RM 01	Minor	Relevant stakeholders of Tennamaram Palm Oil Mill did not participate in the preparation of SIA report for SOU 06. 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. The title of the report, its background information, survey sample, issues identified and social management plan did not include or mention Tennamaram Mill at all.	Relevant stakeholder will be identified and call to participate in the SIA	To be verified in the next surveillance audit

<b>OPPORTUNITIES FOR IMPROVEMENT</b>	
<b>Indicator</b>	<b>Details</b>
2.1.1	<p><b><u>Evidence of compliance with legal requirements</u></b></p> <ol style="list-style-type: none"> <li>1. Tennamaram POM has sought for exemption of fire certificate from Bomba (letter dated 23/4/2008). However, the response of this application has yet to be obtained.</li> <li>2. Though Evaluation of Compliance for Estate and Mill has been conducted the comprehensiveness of evaluation to include applicable clauses and sub-clauses was not demonstrated. Additionally, the evidence of compliance is not transparent.</li> <li>3. Additional Grade 1 and 2 boilerman has yet to be hired to ensure adequate coverage of personnel manning the boiler when in operation at all shifts.</li> </ol>
2.1.3	<p><b><u>A mechanism for ensuring that they are implemented</u></b></p> <p>Based on the <i>Standard Operation Manual / Appendix 5.2.4a / Procedure for Legal and Other Requirements / Clause 6.5: Environmental Legislation and Other Requirements Evaluation</i>, the SOU has an effective mechanism to evaluate the level of compliance to legal. However, the rating of the evaluation can be further improved by the person in-charge in order to correctly portray the current status of compliance.</p>
2.1.4	<p><b><u>A system for tracking any changes in the law</u></b></p> <p>Some of the applicable legal requirements such as (but not limited to) from MPOB Act, Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974, EQ (Clean Air) Reg. 1978 – Reg# 16 have yet to be registered in the Legal and Other Requirements Register (LORR).</p>
4.1.1	<p><b><u>Documented Standard Operating Procedures (SOP) for estates and mills</u></b></p> <p>It was noted that the chemical dosage for circle spray at Bukit Talang Estate was different from the recommended rate by the procedure. The justification for the dosage used can be further improved.</p>
4.2.2	<p><b><u>Evidence of periodic tissue and soil sampling to monitor changes in nutrient status</u></b></p> <p><u>Tennamaram and Bukit Talang Estate</u></p> <p>Soil sampling for the estates has yet to be done. Nevertheless, the plan to carry out the exercise was noted in the latest agronomist reports.</p>
4.5.4	<p><b><u>Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil</u></b></p> <p><u>Tennamaram Estate</u></p> <p>The recording of pesticides used can be further improved by utilizing the standard format outlined by the <i>Standard Operating Manual</i>.</p>

<p>Module D – CPO Mills: Segregation D.1.1</p>	<p><b><u>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements</u></b> The SOU is still in progress of developing its procedures to fulfill the RSPO Supply Chain Certification Standard. It is expected to be completed before the next surveillance assessment.</p>
<p>5.2.1</p>	<p><b><u>Identification and assessment of HCV habitats and protected areas</u></b> During the audit of Sg. Buluh Estate, it was found that there were two lakes located close to the main office. These two lakes could be identified as HCV areas as it caters for specific ecosystem and are being maintained by the estate. The assessment report for the estate did not include these two sites as HCV or protected areas.</p>
<p>5.2.2</p>	<p><b><u>Management plan for HCV habitats and their conservation.</u></b> The current management plan and action plan seem to be a standard template that is used for all the estates. Management plans could be improved as follows:</p> <ol style="list-style-type: none"> <li>1. Management plan and plans of actions should be specific to individual estates catering for the differing site specification.</li> <li>2. A description of each HCV would be useful. Details such as location, site conditions and importance of site would be appropriate.</li> <li>3. A map showing all HCV areas in the estate. This would assist both auditors and estate managers to know where all the HCV sites are in an estate.</li> <li>4. Proper signage indicating HCV site should be erected to create awareness.</li> </ol>
<p>4.7.1</p>	<p><b><u>An occupational health and safety plan is documented, effectively communicated and implemented.</u></b> <u>Tennamaram Palm Oil Mill</u></p> <ol style="list-style-type: none"> <li>1. The POM to consider conduct night Emergency Response Drill as it also operates on the average 2 shifts/day in 2011.</li> <li>2. Although the appointment letter for ERT was issued on 02 July 2008 (their main functions was copied exactly as the ESH Committee) their specific roles and responsibility during emergency were silent, for example, what is the duty of an Emergency Commander.</li> <li>3. Time taken to evacuate during the last two personnel evacuation drill were incorrectly noted. It used Employee complete assemble (A1) and Declare evacuation over (A2) and total evacuation time were reported as (A2-A1) when it should be the time the last employee arrived at the assembly point minus the moment the emergency alarm was set off.</li> <li>4. Although Annual Audiometric test was conducted on 21/112011 by a private company for 77 employees but the retest for the only employee having Standard Threshold Shift has not been conducted until date of audit as mill was still awaiting response to the letter it sent to Government clinic at Gombak. The allowable retest timeframe within 3-months of the date of last test has lapsed. For timeliness and continuity sake the affected employee could have been tested by the same private company and saved the mill from repeating the process for testing.</li> </ol>

5. Although mill noise mapping had been done but the map has yet to be displayed at the high noise work area, e.g boiler , kernel plant, etc.
6. Found damaged pressure gauges and no flashback arrestors fitted to the oxygen and acetelyene gas cylinder belonging to contractor working at Decanter unit. Also no flashback arrestors fitted to the oxygen and acetylene cylinders belonging to mill near Main Store under renovation. Supervision seemed unaware of the safety requirements.
7. Two current PTW, one issued to contractor for work at Decanter unit and the other for renovation work at the Main Store were not signed for acceptance of conditions by the applicant and the other approval and agreed for work to proceed by the Mill Manager respectively.
8. Although an approved Generic CHRA was used but it was based on like chemicals as the mother sites. However, since there is a change of supplier and the chemical trade name used, clarification with DOSH ought to be seek as changes had taken and whether the generic CHRA is still applicable and valid for Tennamaram Palm Oil Mill.
9. Retrofitting the laboratory LEV chimney has yet to be undertaken urgently as the chimney was not designed in accordance to MS 1596:2003, highlighted by the external LEV Industrial Hygiene Technician. The absence of sample port prevented the chimney performance test and this is not in accordance with the Environmental legislation requirements. Further, as required by law, records for LEV design document approved by Professional Engineer has yet to be made available.

Sg. Buloh Estate (Main Division)

10. Although appropriate PPE were given to sprayers, safety glass or goggles were still seen not worn by some.
11. The PPE for respiratory protection provided were seen not standardized as some were given single cartridge respirator and others a doctor face mask. The basis on type of PPE equipment to be used has to be substantiated and perhaps a literature search or study to be undertaken.

Tennamaram Estate

12. Water bowser with associated fire fighting equipment has yet to be made available for preparedness in case of potential flash or bush fire at areas under replanting.
13. Earthing point to discharge presence of electrostatic charge has yet to be provided at Diesel Storage Tank during unloading of diesel from Petronas tanker and filling of diesel to company vehicles,

Common - Tennamaram Palm Oil Mill, Sg. Buloh Estate and Tennamaram Estate

14. The Content of the first aid kit to be reviewed as they vary between boxes in the mill and at the estates . Please refer to DOSH First Aid

	<p>Guideline Ed. 2, 2004 – Sg. Buloh estate (Main Division), Tenamaram estate and Tennamaram Palm Oil Mill.</p> <p>15. A box of Panadol was found at the Mill Laboratory First Aid kit and expired medicines, eye pad, alcohol swabs were found present at both Sg, Buloh and Tennamaram’s estate first aid boxes. At Tennamaram estate Panadol was noted given to sprayer as recorded in the treatment record.</p> <p>16. With the exception of Tennamaram Spray Mandore, as required by FMA, no PIC was clearly assigned to ensure box content is as per inventory record and there was no presence of expired items. First Aid treatment record (a book) has yet to be included in the kit.</p>
4.8.1	<p><b><u>All staff workers, smallholders and contractors are appropriately trained</u></b></p> <p>1. A refresher training on RSPO has yet to be conducted as most staff interviewed at that mill and estates visited were at a lost.</p> <p>2. With the exception of Tennamaram estate, First Aid Training has yet to be provided to ensure the nominated personnel are conversant and competent to administer first aid assistance.</p>
5.3.1	<p><b><u>Waste is reduced, recycled, re-used and disposed off in and environmentally and socially responsible manner</u></b></p> <p>1. A procedure for handling waste by appointed waste disposal contractor to be developed in view of landfill poorly managed, i.e. plastic (bottles), glass, paper and domestic waste were dumped together.</p> <p>2. The 3R recycle bin made available at estate office has yet to be extended to line site. Good practice of waste handling including segregation of the plastic, glass, paper and domestic waste to be placed in a separate bin for collection should also encouraged to workers at line site.</p>
6.1.1	<p><b><u>A documented social impact assessment including records of meetings.</u></b></p> <p>Future SIA reports should consider:</p> <ul style="list-style-type: none"> <li>d) highlighting the socio-economic information of the local communities in order to provide the backdrop of the issues, which will be raised later in the report.</li> <li>e) including bigger samples of the local communities. As far as possible, each kampong should be represented in the survey sample.</li> <li>f) refining the survey technique to allow the respondents to express their concerns more freely.</li> </ul> <p>The action plans could be improved by:</p> <ul style="list-style-type: none"> <li>c) providing information on issues or problems underlying new plans of action.</li> <li>d) providing complete information on the timing and responsibilities for action..</li> </ul> <p>In addition, all records of activities undertaken to implement the actions plans should be properly maintained.</p>
6.6.1	<p><b><u>Documented minutes of meetings with main trade unions or workers representatives</u></b></p> <p>Meetings between the estate management and union representatives are held very infrequently. As a result, many of the problems or issues discussed have been overtaken by events long before the next meeting is convened. Therefore, the minutes do not reflect the</p>



	effectiveness of the estates in handling workers' issues.
6.9.2	<b><u>A policy on sexual harassment and violence and records of implementation</u></b> The gender committee within the SOU could help its members by having more focused activities, such as having talks on women's rights, awareness on gender issues, and so forth. As of now, only normal social activities, like gatherings, are organized by the committees

**VERIFICATION ON PREVIOUS ASSESSMENT FINDINGS**

<b>P &amp; C, Indicator</b>	<b>Previous Assessment Findings</b>	<b>Verification by Assessor</b>	<b>Status</b>
Indicator 5.6.2  Minor	On a number of estates, diesel tank bunds were noted to be in-adequate. Bunds too small. Cracked. No valves on drain pipes. Valves left on – no locks to ensure they remain off until drainage.	All skid tanks for storage of diesel have adequate secondary containment. All valves were found to be off during the site visit.	Closed
Indicator 6.3.2  Minor	A request from local school for repairs, made in June 2008, has still not been attended.	No more complaint raised by any local schools during the period under review.	Closed
Indicator 6.5.3  Minor	Security at the linesites is not as effective as it shall be with reports of isolated incidents of violence.	No violence incident reported during the period under review. Contact numbers of security in-charge were clearly displayed on main notice boards.	Closed