



**PUBLIC SUMMARY
2ND RSPO SURVEILLANCE ASSESSMENT**

AUDIT DATE : 14TH – 17TH JANUARY 2013

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

BESTARI JAYA, SELANGOR, MALAYSIA

Prepared by:

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

Tel : 603-5544 6440

Fax : 603-5544 6763

Website: www.sirim-qas.com.my

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Abbreviations:

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

SUMMARYREPORT

1.0 Scope of the Certification Assessment

1.1 Introduction

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

An 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 SOU Tennamaram 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. The locations of the SOUs are 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 Estate	3°24'11.35"N	101°23'59.24"E	Ladang Tennamaram, K/B

				No.207, 45600 Batang Berjuntai, Selangor
	Bukit Talang Estate	3°24'09.15"N	101°18'35.72"E	Ladang Bukit Talang, P.O. Box 1, 45000 Kuala Selangor, Selangor
	Sungai Buloh Estate	3°18'32.27"N	101°19'7.23"E	Ladang Sungai Buloh, K/B No.5, 45709 Bukit Rokan, Selangor

**The GPS coordinate is the location of the administration offices.*

1.3 Production Volume for All Certified Products

Table 3: Actual CPO and PK tonnage since date of last reporting period
(January 2012 to December 2012)

FFB Received (mt)	256,202.32
FFB Processed (mt)	256,000.236
Total CPO Production (mt)	51,488.29
Total PK Production (mt)	13,273.86
CPO (mt) sold as Certified Segregation	Nil
PK (mt) sold as Certified Segregation	Nil
CPO (mt) sold as non-Certified	51,488.29
PK (mt) sold as non-Certified	13,273.86

Table 4: Estimated certified CPO and PK tonnage (January 2013 to December 2013)

FFB Received (mt)	236,711
FFB Processed (mt)	236,711
Total CPO Production (mt)	48,526
Total PK Production (mt)	13,019
Certified CPO (mt) to be claimed as Segregation	48,526
Certified PK (mt) to be claimed as Segregation	13,019
Non-Certified CPO (mt)	Nil
Non-Certified PK (mt)	Nil

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: C819143CU-RSPO-01.2011 – Tennamaram POM.

The date of certification was the date of the RSPO approval which is 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 (January 2012 to December 2012)

Estates	FFB Production		Certified by
	Tonnes	Percentage (%)	
Tennamaram	39,057.50	15.24	SIRIM
Sungai Buloh	122,670.08	47.88	SIRIM
Bukit Talang	85,248.97	33.27	SIRIM
Elmina	5,961.44	2.33	BSI
BukitLagong	746.01	0.29	BSI
BukitKerayong	528.17	0.21	BSI
BukitCheraka	1,789.88	0.70	BSI
Bukit Rajah	200.27	0.08	BSI
Total	256,202.32	100	

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	28.5	1.7
1984	"	mature	22.20	1.3
1985	"	mature	68.5	4.2
1987	"	mature	88.80	5.4
1988	"	mature	90.80	5.5
1990	3rd	mature	61.10	3.7
1991	"	mature	118.8	7.2

1992	“	mature	106.50	6.5
1993	“	mature	9	0.5
1996	“	mature	141.6	8.6
1997	“	mature	73.2	4.4
1999	“	mature	103.60	6.3
2002	2nd	mature	34.90	2.1
2003	“	mature	60.20	3.6
2004	“	mature	51.10	3.1
2006	“	mature	171.8	10.4
2007	“	mature	62.70	3.8
2008	“	mature	78.40	4.8
2009	“	immature	48.70	3.0
2010	“	immature	202.4	12.3
2011	“	immature	26.00	1.6
Total			1648.8	100.00

Table 7: 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	Mature	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
2012A [1980B]	2nd	Immature	47.30	0.98
2012B	2nd	Immature	50.00	1.03
1994	rubber to oil palm “	“	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 oil palm	“	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 nd 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
2012C (83S)	3 rd generation	“	58.10	1.20
85	2 nd generation	“	99.90	2.06
88	“	“	60.70	1.25
90	“	“	137.40	2.83
P02	“	“	128.60	2.65
Total			4848.90	100.00

Table 8: 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	1.45
1988	“	mature	151.9	4.33
1989	“	mature	177.4	5.06

1990	"	mature	116.8	3.33
1991	"	mature	13.1	0.37
1992	"	mature	126.1	3.59
1993	"	mature	421.74	12.02
1994	"	mature	59	1.68
1995	"	mature	168.37	4.8
1996	"	mature	109.7	3.13
1997	"	mature	211.72	6.03
1998	3rd	mature	271.91	7.75
1999	"	mature	174.5	4.97
2000	"	mature	219.5	6.25
2001	"	mature	401.51	11.44
2002	"	mature	208	5.93
2003	"	mature	298	8.49
2004	"	mature	47.53	1.35
2007	"	mature	94.2	2.68
2008	"	mature	50	1.42
2009	"	immature	45.1	1.29
2011	"	immature	46.91	1.34
Total			3509.22	100.00

1.7 Organizational Information/Contact Person

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

Name : Muhammad Ali Nuruddin
 Designation : VPIL, RSPO & Certification Unit
 Address : Level 3A, Main Block
 Plantation Tower,
 No 2, Jalan PJU 1A/7
 Ara Damansara, 47301
 Petaling Jaya, Selangor
 Phone # : +603 78484376
 Fax # : +603 78484363

1.8 Time Bound Plan for Other Management Units

Initially, there were a total of 65 certification units under Sime Darby Plantation Sdn. Bhd. located in Peninsular Malaysia, Sabah & Sarawak in Malaysia and in Kalimantan, Sumatera & Sulawesi in Indonesia. 42 units in Malaysia and 23 units in Indonesia. At the point of this surveillance assessment, there were 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.

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 (UNFCC). 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. 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">• Working experience in Oil Palm Plantation management• Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004• B.Tech. (Hons) Industrial Technology• Successfully completed and passed the RSPO Lead Assessor Course – 2011.
Mohamad Hidhir Zainal Abidin	Assessor / Occupational health & safety and environmental issues at mill and estates	<ul style="list-style-type: none">• Working experience in palm oil milling• Collected more than 50 auditing days for ISO14001 and ISO 9001• Successfully completed IRCA/RABQSA accredited Lead Assessor training for ISO 9001, ISO14001 & OHSAS 18001 in 2012• B.Sc. (Hons) Chemical Engineering, UKM
Dr. Zahid Emby	Assessor / community issues	<ul style="list-style-type: none">• Peer reviewer for FSC Forest Management certification reports• Attended a training on RSPO P&C and

		certification requirements in 2008, November 2009 and February 2011 <ul style="list-style-type: none"> • Doctor of Philosophy • M.A. (Social Anthropology) • B.A. Hons (Social Anthropology/Sociology) • Attended RSPO P&C training
Mohd. Razman Salim	Assessor / HCV, ecology and environmental issues	<ul style="list-style-type: none"> • B. S. Forestry (Hons.) • Working experience in Flora & Fauna Management & Research • Working experience in Forest Management, Timber Harvesting and Silviculture • Having experience in FSC Forest Management requirement • Attended Training on RSPO P&C • Successfully completed accredited Lead Assessor training for ISO 9001, ISO14001 & OHSAS 18001

2.3 Assessment Methodology

The Surveillance Assessment 2 was conducted on 14th to 17th January 2013. The main objectives of this assessment were to

- determine conformance against the RSPO Principles & Criteria - MYNI and RSPO Supply Chain
- verify the effective implementation of corrective actions arising from the findings of main assessment
- make appropriate recommendations based on the current assessment findings.

Planning for the Surveillance 2 assessment was guided by the RSPO Certification Systems Document. The sampling formula of $0.8 \sqrt{y}$, where y is the number of estates in the SOU, was used. Nonetheless, all of the three estates and Tennamaram Palm Oil Mill were visited and assessed, but the coverage of number of RSPO P&C indicators were selective for each estate.

The assessment was conducted by visiting the field, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Interviews with management, employees, contractors and other relevant stakeholders were also conducted. Apart from the above, records as well as other related documentation were also evaluated. Details of the Surveillance 2 assessment programme are in Attachment 2.

The assessment non-conformity report was raised on site and all the major non-conformities have been closed-out based on the corrective action evidence submitted to the assessment team. Detail of the non-conformity report and corrective action are in Attachment 3.

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 major and one minor non-conformity reports against RSPO MYNI: 2008 requirements were raised as shown in Attachment 3. 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 5. The minor NCRs and OFIs will be verified in the next surveillance audit.

Except for one non-conformity, the previous year non-conformities have also been satisfactorily closed out 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 4.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Indicator 1.1.1

Records of requests and responses must be maintained.
Major compliance

Guidance :

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

Audit findings

SOU 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 or not requests have been addressed. Among the records inspected were correspondences with the authorities, communities and employees. In the assessment, there has been no major issue raised from the stakeholder that could affect the certification.

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

In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, 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

SOU 06 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. New guidelines and procedures under EHS Risk Management dated 1 July 2012 has been developed to compliment the established procedures used before. Evaluation of compliance for year 2012 had been conducted by the estates and mill the comprehensiveness of evaluation has been improved since last assessment. The evidence of compliance has transparently demonstrated.

Bukit Talang Estate and Sungai Buloh Estate have their stock of *methamidophos* at their agrochemicals stores. They have also used the chemical to suppress the spread of bagworms at a few fields through trunk injection. It was carried out based on preventive measure rather than outbreak. Nonetheless, some legal requirements under Pesticide Act were not complied with in particularly records keeping and medical examination. Thus, a major NCR has been raised against this issue.

On the person in charge for boiler, 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. Tennamaram POM is now waiting for the Bukit Talang POM personnel to be transferred and fit in the position of 1st grade engine driver this year. For the confined space trained personnel, AGT(Authorized Gas Tester), AESP (Authorized Entrant & Standby Person) has yet to be send for refresher training due to expiry of licence. An OFI was raised on this issue. Person in-charge for electrical installation in Tennamaram POM has been granted competent licence by Energy Commission for PW4 and PJ4 both for wireman and electrical charge-man and has to be renewed on annual basis. Furthermore, electrical inspection with power generation capacity of 3100 kW including 1000A of TNB supply has be inspected regularly. Monthly visit by competent visiting electrical engineer (VE) was sighted assessment. Refer Form I (Regulation 69) under Electric Supply Act 1990,. Comments from VE has been appropriately handled and rectified.

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. The obsolete code of practice for confined space 2001 has yet to be replaced by the new amended 2010 version in the register. See OFI for the detail.

Relevant licenses and permits were valid and displayed at the estate and mill offices. Among those seen displayed include those from MPOB, Energy Commission and Domestic Trade Ministry for purchase of FFB, generation of electricity, diesel and fertilizer storage. Operational performance monitoring activities conducted included the employee audiometric test, hearing conservation programme, workplace inspection and monitoring of smoke & dust particulates emission from the boiler and discharges from the effluent treatment plant. The monitoring of boiler emissions and effluent discharges had also included measurements conducted by external accredited laboratories. Tennamaram POM has sought for exemption of fire certificate from Bomba (letter dated 23/4/2008). However, the response of this application still on going. Tennamaram POM has yet to communicate with BOMBA regarding the exemption of fire certificate and expedite the process which has been long overdue. See OFI for the details.

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

Evidence of land ownership for all estates; Sungai Buloh, Bukit Talang & Tennamaram area were available. The land title had been changed from Consolidated Plantations Sdn. Bhd. to

Sime Darby Sdn. Bhd. Land development for oil palm plantation by Sime Darby was authorised by legal. Assessor sighted that there were clear land ownership documents and stated the land conditions for agricultural cultivation. The SOU only kept the copies of its ownership documents while the original copies were kept at SDPSB's headquarters. So far, there has been no legitimate contest by local communities with demonstrable rights.

Generally, SOU 06 continued to maintain the demarcation of boundaries between neighboring entities. Painted pegs were used to ease visibility. The audit team has also inspected and found that boundary stones at Bukit Talang Estate and Tennamaram Estate had been located. Sime Darby has assigned contractors to conduct boundary survey and locate the boundary stone along the perimeter adjacent to forest reserve and other oil palm plantation company at both estates in 2012. Therefore, the NCR that had been raised from previous surveillance audit was satisfactory closed out.

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 SOU Tennamaram.

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 2011/2012 and 2012/2013 were available. Financial year is from current year July to following year June. Besides the normal type of operating budgets allocated for the oil palm mills and plantations (that is, FFB yield/ha, OER, CPO yield/ha and unit cost of production), the budget continues to include allocation for welfare and social services. Allocation of budget for machine upgrades and maintenance as well as the annual desilting programme for effluent treatment plant were also included. Additional budget sighted for widening and constructing the ETP bunds to prepare for unforeseen circumstances during rainy season and operation during peak crop season.

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.

However, Tennamaram POM has yet to incorporate changes of machinery and activities related to mill daily operation (see OFI). Installation of new EFB press in the pressing station and also the new ultra filter system used in water treatment system was sighted. During the assessment, a new supporting document for EHS guidelines and procedures under EHS risk management

are referred to. Procedures were established based on adaptation of EMS and OHSAS standard requirement.

Toolbox meeting were conducted every morning and workers are frequently reminded regarding the SOP and also EHS related issues. Interviews with the workers and some of the department heads, shows the understanding of SOP and awareness of the EHS implementation.

Records for mill operation were verified and retained as for internal and external check and balance. Records for mill operation such as sterilization charts, smoke emission chart, ETP operation, water usage monitoring and Schedule Waste records were assessed.

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.

SOU 06 was still continuing to display the relevant SOP at various work station for easy reference, for example, at estate office notice board, agrochemical stores 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. SOU 06 however, can still make an improvement on its availability of some of its scheduled waste information (Seventh Schedule) as required by authority and having the MSDS for all its agrochemicals from the original manufacturer accordingly.

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 2012/2013.

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. The soil analysis has also been incorporated in the agronomist report. All the relevant information was recorded in the Manuring Cost Book/Pesticides of the respective estate.

EFB mulching was recommended by the R&D unit at an application rate of 45 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 at the replanting area.

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°.

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 at some field to along the road to collect diverted road runoff to further minimize road rutting. In addition, these pits could also retain moisture to the oil palm fields.

At Bukit Talang Estate, there was a significant area of peat soil that has been planted with oil palm. The management continues to carry 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

The assessment team was informed that there is no natural water course at SOU Tennamaram. This was also confirmed during the field visit at 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.

SOU 06 had monitored the amount of water consumed by mill for its operation and activities. It was observed that the records of the mill water consumption (m³ of water per ton of FFB) were being kept.

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 rain fall and rain days have been well maintained over the past ten years. Monitoring of water consumption by all the mill is also being carried out. Records on water usage (tonnage water use / tonne FFB processed) were 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. Census records confirmed that there has been no major outbreak of leaf eating pest.

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 (*Tyto alba*) in order to control the rat population. The population census of barn owls was regularly done and recorded.

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. All the records were current.

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 generic 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 in this SOU.

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

<p>Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented</p>
<p>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</p> <p>The safety and health (OSH) plan shall cover the following:</p> <ol style="list-style-type: none"> A safety and health policy, which is communicated and implemented. All operations have been risk assessed and documented. An awareness and training programme which includes the following specifics for pesticides: <ol style="list-style-type: none"> To ensure all workers involved have been adequately trained in a safe working practices (See also C4.8) All precautions attached to products should be properly observed and applied to the workers. The appropriate personal protective equipment (PPE) are used for each risk assessed operation. <ol style="list-style-type: none"> 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. The responsible person (s) should be identified. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed. Accident and emergency procedures should exist and instructions should be clearly understood by all workers. Workers trained in First Aid should be present in both field and mill operations. First Aid equipment should be available at worksites. <p>Indicator 4.7.2 Records should be kept of all accidents and periodically reviewed at quarterly intervals. Major compliance</p> <p>Specific Guidance: Record of safety performance is monitored through Lost Time Accident (LTA) rate.</p> <p>Indicator 4.7.3 Workers should be covered by accident insurance. Major compliance</p>

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.

SOU 6 had maintained and continued to implement QESH system procedure named MQMS for mill operation. With additional of supporting document on EHS implementation dated 1 July 2012, Tennamaram POM has specific directive on EHS implementation on guidelines and procedures for EHS risk management. For estate on the other hand, continued implementation of Agricultural Reference Manual as well as the Sustainable Plantation Management System RSPO was sighted during the assessment.

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

Hazard identification, risk assessment and risk control (HIRARC) and CHRA records covered activities in the estates and mill were verified during the assessment. 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. Most of moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signages were displayed at the mill processing area. Although appropriate control has been implemented, damaged pressure regulator and no flashback arrestor fitted to the acetylene and oxygen gas cylinder belonging to the contractor and have yet to replace and fitted. OFI raised on the issue.

On the USECHH Regulation 2000, the CHRA, generic report was presented during assessment and still valid until 2014 for mill and 2015 for the estate. There were some changes of chemical supplier and trade names for boiler water chemical referring to the latest chemical register dated 7 March 2012. However, Tennamaram POM has yet to seek clarification from DOSH regarding the changes of chemical used with a different trade names whether the generic CHRA still applicable or not. OFI was raised on the issue. On the medical surveillance programme for Tennamram POM, annual medical surveillance was conducted on December 2012. Total of 13 workers from laboratory, kernel recovery plant, water treatment and store keeper were sent for biological monitoring and health surveillance. Results of monitoring shows most of the workers are fit to work without any deficiencies of health condition except for 1 laboratory analyst was found to have bronchial asthma and recommended to avoid dusty environment. For Bukit Talang Estate, medical surveillance programme has been conducted as recommended in CHRA report. Sprayer gang, pre-mix operator and store keeper has been sent for biological monitoring and health surveillance including the new sprayer for baseline monitoring on April 2013. Total of 80 workers from Bukit Belimbing, Raja Musa, Bukit Talang and Kg Baru Division were involved. Results of monitoring shows that most of the workers are fit to work except for one of the female sprayer from Raja Musa Division recommended for medical removal provision on organophosphorus compound. Currently, she has been assigned as a general worker for field upkeep. Noted that new chemical under trade name FOXIL and classified as class III were used for woodies or herbicides spraying. CSDS given by supplier was found to be incomplete with missing criteria noted and has yet to be obtained in bi-lingual (English and Bahasa Melayu). Other chemicals for example Wet Stick and Metamidophos have yet to be updated in the chemical register. OFIs were raised on these issues.

Retrofitting of laboratory Local Exhaust Ventilation (LEV) has been completed recently. New

fume hood completed with SOXTEC extraction system has been installed. Monthly check on LEV has been done by internal technician. LEV assessment has been done recently and waiting for the assessment report, however, Tennamaram POM has yet to communicate with technology provider whether LEV chimney design conforms to MS 1596:2003 and approved by professional engineer. OFI

Additional noise exposure monitoring had been carried out on October 2012 with the additional installation of new EFB press at threshing station and noise mapping has yet to be displayed at high decibel area. Based on the report, positive noise exposure monitoring has yet to be conducted to the employee working at the exposed area. Annual audiometric testing has been conducted on December 2012 for several employees and also baseline audiometric for new employee for the mill. Retest audiogram for 5 employees with Standard Threshold Shift has yet to be conducted within 3 month from the date of testing.

Permit To Work was seen implemented and showed improvement since the last audit. Permit was signed by the applicant supervisory personnel and also approving authority before and after commencing work. Checklist for the Personal Protective Equipment (PPE) required for the job has been filled accordingly depends on the classification of work. Appropriate PPE was used for each risk assessed. The field workers in the plantation and mill had been equipped with appropriate PPE. PPE issuance were verified and found acceptable. Workers interviewed showed that they understood the reason and the importance of wearing PPE provided by the company. For example PPE provided for sprayer gang has been completely worn and types of respiratory protection were standardized.

Emergency procedures exist and instructions during emergency were understood by those workers interviewed. Emergency response plan has been tested for both mill and estate. Emergency fire evacuation drill has been conducted on September 2012 for Tennamaram POM, however the post mortem report has yet to be improved further. Total evacuation time was wrongly interpreted where it supposed to be clocked as time the last employee arrived minus time the first alarm was on. For the fire fighter preparedness, Tennamaram POM has been provided with adequate number of fire extinguisher and fire hydrant point at strategic location in the mill. Fire extinguisher has been serviced and inspected by BOMBA officer on January 2013. However to test other type of condition and scenario, Tennamaram POM has yet to consider night drill for the next financial year.

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

OSH performance was continuously monitored and accident cases were managed in accordance with OSH Regulations. Accident records were kept and reviewed. An accident scoreboard was made available at mill and estates and updated regularly to show the current OSH performance status. In 2012 no Lost Time Incident (LTI) case was recorded at the mill. JKKP 8 was sighted submitted to DOSH timely.

SOU06 had appointed the Mill Engineer 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. However, the specific duties of Emergency Response Team members could be improved and spelt out in the appointment letter for EHS committee and ERT committee.

The assessor had noted that Bukit Talang Estate had their workers covered by accident insurance under RHB Insurance Berhad, policy number FW035895 with period of cover until June 2013. Mill employees were also covered by RHB Insurance Berhad, policy number FW035614 with period of cover until June 2013 for the foreign worker and SOCSO for the local employees.

<p>Criteria 4.8 All staff, workers, smallholders and contractors are appropriately trained.</p>
<p>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</p>

Audit findings

SOU 06 had established their training needs and programmes for the year 2012/13. Generally the training programme covers the major training identified such mill process training and the implementation of SOPs, Safety & Health related training, waste handling and also ERP on chemical spillage. Among safety and health training conducted were Confined Space Training (24/10/12), Lock Out Take Out Training (24/10/12), ERP training given by SHO for Central Region, Chemical Awareness Training (6/2/12). Training attendance list was available and well maintained for those related training. However, refresher training on RSPO has yet to be conducted as most staff interviewed at that mill and estates visited were at a lost. Tennamaram POM also has yet to train and nominate other mill personnel to administer first aid assistance.

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

<p>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.</p>
<p>Indicator 5.1.1 Documented aspects and impacts risk assessment that is periodically reviewed and updated. Major compliance</p>
<p>Indicator 5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. Minor compliance</p>

Audit findings

SOU 06 had developed its environmental aspects/impacts (EAI) register associated with activities in the estates and mill. The assessor found that most of the activities were identified and evaluated accordingly. Nonetheless, EAI register for Tennamaram POM has yet to be included new EFB machine installed at threshing station and also including desludging activities on abnormal and emergency conditions.

Generally, the Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) were reviewed on annual basis and based on the associated changes of machinery and

processes. 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 most significant environmental receptors are the boiler stack emission which associated with air emission, palm oil mill effluent (POME) discharge to water course and land contamination which related to managing the schedule waste and also general waste. While at the estates, are reduction of natural resource consumption such as diesel and water.

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. Therefore, opportunity for improvement was raised on the EAI identification and evaluation as described earlier.

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

Sime Darby SOU 06 had compiled information about the status of High Conservation Value (HCV) within and adjacent to their oil palm plantation area. The HCV Assessment Report named Biodiversity Baseline Assessment Report was prepared in Jan 2009. The report compiled the documentation of HCV sites and activities from each of the visited estate; Tennamaram, Bukit Talang and Sungai Buloh estates. Sime Darby staff had identified protected area such as ponds, worships, graveyard, biodiversity area (tree planting area) for HCV sites. Also, there was no evidence existence of rare, threatened or endangered species in these areas during the assessment.

Two lakes located close to the main office of Sungai Buloh estate has successfully identified, recorded and documented as HCV sites as recommended from previous surveillance audit for Opportunity for Improvement.

All visited estates had identified and documented their potential biodiversity and HCVs. Action plans, report and procedures on HCV were presented during the assessment. However, the action plans seem to be a standard template for all estates. The usage of standard template for all estates had caused an error on site specific information.

The previous surveillance auditor had raised this issue and recommended Opportunity For Improvement (OFI) ;

1. Management plan and plans of actions should be specific to individual estates catering for the differing site specification

2. A description of each HCV would be useful. Details such as locations, site conditions and importance of site would be appropriate.
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.
4. Proper signage indicating HCV site should be erected to create awareness.

However, no action has been taken on (1) (OFI).

For the requirement of training on HCV and their conservation, Biodiversity & HCV Guidelines Course had been conducted at the Tennamaram Main Office on 11 January 2013 with attendance of 11 staffs from all estates. Therefore, the NCR from previous surveillance was satisfactorily closed out.

Monitoring effort for all proposed activities in the action plan not been taken except monitoring of Tree Planting where the action plan has set minimum monitoring programme which is at least 4 times in a year.

Biodiversity area at the Bukit Talang Estate and water catchment at the Bukit Belimbing (one of the divisions in Bkit Talang Estate) had been declared by the management as HCV area from Biodiversity Assessment Report. However, there was no evidence of identification and documentation on both sites. Documentation and management plan for both HCVs are highly recommended . Signage such as 'No Fishing', 'No Swimming' and name of the site has been erected to create sense of awareness.

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 3R (reduced, recycle, re-use) on waste management. They had established a waste management system on the identification of wastes and plans to reduce and dispose them in an environmentally and socially responsible manner. There was a program to encourage recycling of solid wastes with recycle bins provided in the mill compound and estate offices. The disposition of domestic wastes generated from workers and staff quarters as were then totally handled by the district council. Thus there was no more landfilling of solid waste inside the premise.

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

The general domestic wastes were collected from the linesite and staff quarters and disposed to secured landfill by managed local government. Frequency of collection was 3 times per week and domestic waste were collected from transit collection centre before disposal. Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, washed and reused. Chemical containers that could no longer be reused were pierced and properly stored at designated area before sent for disposal.

Wastes from the palm oil milling process had been disposed as follows; EFB were sent for mulching in the field, while process waste/residue/biomass i.e. fibre and shell were used as fuel in the boiler. Sighted during assessment where the EFB dumping area was flooded with leachates and water overflowing from nearby monsoon drain. Pump house near EFB dumping area was built to evacuate all leachates from EFB to the process drain before going to effluent treatment plant. However, the effectiveness of pump operation cannot be determined.

While sources of pollution such as effluent from oil clarification plant and production floor washing activities or called (POME) will be treated in the effluent treatment plant and finally discharged into the nearby estate for land application. ETP was designed to cater the processing capacity of 60 ton FFB with the final discharge BOD limit at 5000 mg/l. As to date, there was no occurrence of non-compliance result of final discharge BOD as the limit stipulated in the written approval was relatively higher than actual discharge limit. However, monitoring of POME to the land for fertilization has to be monitored regularly and to avoid overflowing to the nearby river.

Effluent treatment plant process start from anaerobic digestion tank to anaerobic ditches and flows to the series of holding ponds and aerated ponds for aerobic process. Treated POME will be pumped to the holding pond at the estate before transferring to the long beds for land application. Land application area was located at Tennamaram Estate which has been constructed with pipe line and long beds. During site visit, block 97 was visited for the daily land application programme. No evidence of POME overflow to the nearby river sighted.

During site visit, it was noted that de-silting work had been started since January 2013 and targeted to complete by March 2013. De-silting programme consisting 3 unit of holding pond A,B and C in order to improve hydraulic retention time and also removing the solid formation in the aerated ponds. Dumping ponds was found to be sufficient with no evidence of bund ruptured while transferring of POME liquor and solid. Operational control on site was found satisfactory both on safety and environmental requirements.

On the performance monitoring, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Final discharge sample has been sent to accredited laboratory under Sime Darby R&D in Pulau Carey. For 2012, there was no evidence of non-compliance and the average final discharge BOD only reported at 300-400 mg/l compared to the stipulated discharge limit of 5000 mg/l. Results of analysis were kept for reference and reporting purposes internally and externally to the regulatory body.

On the monitoring of smoke emission from boiler, online monitoring system or Continuous Emission Monitoring System (CEMS) was used to record and monitor smoke emission and shows real-time event to DOE office. For the stack particulate monitoring, 3rd party consultant was appointed to conduct the sampling twice a year. From the report, it was evident stack sampling result was below 0.4 g/Nm³.

Other waste being generated from the maintenance activities of equipment and machinery in the estates or mill were scrap metal and scheduled wastes such as spent lubricant oil, spent oil filter and empty chemical containers. All estates had been operating their own Scheduled Waste store at individual operating unit site. The assessment team had visited the scheduled waste storage area and the housekeeping and labelling in accordance with Schedule Waste Regulation 2005. Latest inventory record as at January 2013 has been presented during assessment. Most of the schedule wastes were disposed to Kualiti Alam on 30 October 2012.

However, Tennamaram POM has yet to obtained acknowledgment of 7th Schedule from the contractor during transportation of schedule waste. OFI was raised on the issue.

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. With the use of TNB supply, fossil fuel usage has been dropped with no more genset used in the mill. Fossil fuel only use in the prime movers. Records of monitoring for both renewable energy and fossil fuel are available as per the requirement of the indicator.

Criterion 5.5

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

Indicator 5.5.1

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

Major compliance

Indicator 5.5.2

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

Minor compliance

Specific Guidance:

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

Indicator 5.5.3

No evidence of burning waste (including domestic waste).

Minor compliance

Audit findings

Fire was not used in all estate operations, replanting, land clearing and waste disposal. This

practice has been adopted company-wide since 1989 in accordance with what had been written in their zero burning policy and also in the Agricultural Reference Manual. All replanting areas in the SOU were developed without the practice of burning.

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

Criterion 5.6

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

Indicator 5.6.1

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

Major compliance

Indicator 5.6.2

Plans are reviewed annually.

Minor compliance

Specific Guidance:

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

Audit findings

SOU 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

A Social Impact Assessment (SIA) for the estates audited was sighted. Agreeing with past auditors, the assessment was found to be sufficient when inspected. In it was incorporated the various elements spelt out in this criterion, inputs raised by various stakeholders (estate workers, representatives of local communities, vendors and suppliers) during stakeholder consultations as well as records of meetings. However the survey method used to collect data could be improved. As such the present auditor would like to re-affirm the suggestions made in the last audit regarding improvement of the survey method to be used and the action plan to be developed in future SIA.

Evidence of participation of local communities and other stakeholders was shown in the written as well as photographic records of the consultations. The list of stakeholders consulted during the SIA study was made available and it covered all the relevant stakeholders which include estate workers, representatives of local communities, vendors and suppliers. These were verified during the field visits and discussions with local communities and other stakeholders.

At the end of the SIA report an Action Plan to be implemented by all the estates involved was presented. The plan was aimed at managing the issues raised by the stakeholders. Each of the estates was required to prepare its own Action Plan to manage its own specific issues which included a timetable with responsibilities for mitigation and monitoring. In addition, the estates were required to revise the action plans annually. The prepared plans were presented to the auditors during the surveillance.

However there was no SIA for Tennamaram POM. As pointed out in the last surveillance audit, Tennamaram POM and its relevant stakeholders were not included in the preparation of the SIA report for SOU 06 and thus the mill was not able to prepare a mitigation plan (NCR # RM 01). No action had been taken to remedy the situation. The SIA for Tennamaram POM (Indicators 6.1.1 and 6.1.2) and the related mitigation plan (Indicator 6.1.3) was not sighted. Since the audit, plans have been put in place to carry out a SIA for Tennamaram Estate. However since the assessment has not been carried out an NCR was raised against Criterion 6.1 for Tennamaram POM still stands.

Criterion 6.2

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

Indicator 6.2.1

Documented consultation and communication procedures.
Major compliance

Indicator 6.2.2

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

Indicator 6.2.3

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

Specific Guidance:

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

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

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

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

Audit findings

To ensure effective communication between management and staff/workers various modes of communication had been practiced which include daily assemblies (muster/roll call), internal circulars and memos, notices, posters, suggestion box and the complaint form. With regards to external communication, procedures established and documented in the Sime Darby Estate Quality Manual were applicable in all the estates. Interviews with local community leaders confirmed that the estates consulted relevant stakeholders whenever any issue of interest to both parties arose.

Consultation and communication procedures were sighted in all the estates and oil mill in SOU 06 except for Tennamaram Estate. Since the audit, Tennamaram Estate had not submitted the aforesaid consultation and communication procedures. Hence, an NCR was raised against Indicator 6.2.1 for the estate stands.

Letters nominating plantation management officials at the operating unit to be responsible for issues related to communication with internal and external stakeholders in the audited estates and oil mill in SOU 06 were sighted.

A comprehensive and updated list of stakeholders had been maintained and was presented during the surveillance. The list included all relevant external and internal stakeholders. Records of all communication and records of action taken in response to input from stakeholders for example the grievance file, minutes of stakeholder meetings/consultations and records of mitigation/enhancement measures taken, were sighted.

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

There was a documented SOP for resolving grievances and complaints sighted in the Sime Darby Estate Quality Management System's Standard Operating Manual which prescribed specific procedures to handle disputes arising from social and boundary issues. This was in addition to the Industrial Relations Act, 1967 which provided mechanisms for resolving disputes between employers and their employees. Interviews with the estate management revealed that there had 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.

The complaint and grievance form and the Complaints Book were actively utilized by the staff and workers demonstrating a wide acceptance of this channel. Complaints, mostly on housing repairs, were usually entered into the Complaints Book to be acted upon by the estate administration. The procedure for internal stakeholder complaints and grievances was well-established as judged from the documentation and in interviews with workers. A compilation on all complaints and grievances captured by the complaint form were prepared and sighted in the Complaint Form File. In addition, employees of the estate could make verbal complaints to their mandores or Assistant Managers. If the complaints could not be resolved, then, they would be brought to the attention of the Manager for his decision. In addition committees such as the JCC, Gender Committee and Safety and Health Committee play an important role in resolving grievances and complaints between estate management and staff/workers.

The system of using complaint form and Complaints Book allowed all affected parties, internal and external, to use the system to lodge their grievances and complaints. However the system, even though open to all, so far had only been used by staff and workers. External stakeholders, according to community leaders interviewed, preferred to present their complaints and grievances verbally and directly to the estate/oil mill management.

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

There were no indigenous community living in close proximity to SOU 06, thus no specific procedures had been developed for identifying legal and customary rights of indigenous communities as well as people entitled to compensation and for calculating and distributing fair compensation. Even so, SDPSB has documented procedures for handling boundary disputes. Thus, according to the management, should any land claims (legal or customary) arise, the procedures in Sime Darby Estate Quality Management System and Mill Quality Management System would be referred to.

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

Pay and conditions for employees were in accordance to legal and industry standards. Plantation workers were given flexibility with regards to the mode of wage determination as they could choose the piece rate or the daily-wage system. Workers interviewed expressed their satisfaction with the terms of their contract.

SOU 06 did not discriminate between foreign and local workers in terms of pay and conditions. Both local and foreign workers were on the same salary scheme. 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. The pay and conditions were clearly documented in their job contract (*Surat Tawaran Kerja*). All foreign workers had to fulfill the legal requirements before they could be employed to work in the estate.

All workers were given direct contracts of employment with details of terms and conditions of employment such as working hours, overtime rate and holiday entitlement clearly stated in the contract. The contract was in Malay/Indonesian, a language understood by the workers. In addition the terms of contract (payments and conditions of employment) were explained to them at the time of the signing of the contract and repeated and elaborated during the morning briefing sessions. This was confirmed by workers interviewed during the assessment.

Based on observation of workers' quarters and living areas as well as conversations with workers it was confirmed that SOU 6 provided adequate housing (2 or 3 bedrooms), clean water supply and electricity (the bills paid by the workers), medical (a clinic in every estate), educational (primary schools in the estates) and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446).

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 not new to the estates and mill audited. Every estate has a local chapter of the National Union of Plantation Workers (NUPW). A file containing minutes of meetings with trade union representatives was sighted. However in one estate, Tennamaram Estate, the last meeting with union representatives was convened on 23 March 2007. An OFI had already been raised on this issue in the last surveillance audit and since then no meeting had been held. Hence an NCR was raised against Indicator 6.6.1 for Tennamaram Estate.

The company's policy of respecting the rights of workers to join trade unions or other forms of voluntary association had been spelt out in its Freedom of Association Policy publicized through notices placed at strategic sites such as office notice boards.

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

SDPSB, according to the union leaders and workers interviewed, had a very strict policy on child labour. The company had established a policy prohibiting the employment of persons under the age of 18, in accordance with the definition of the ILO Convention and Malaysian Labour Laws. The policy included in its Social Policy was displayed on office notice boards. The implementation of this policy was verified by an examination of the data in the latest Employee Master Listing or Workers Register. The register of employees which included the date of birth showed no under-aged employee on the role of the estates and mill audited which showed the minimum age requirement had been complied with. During field assessment no person under the age of 18 was observed working in any part of the estates or oil mill. This was also confirmed by workers interviewed during the audit.

Criterion 6.8

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

Indicator 6.8.1

A publicly available equal opportunities policy.
Major compliance

Indicator 6.8.2

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

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

SDPSB had adopted the principle of justice and non-discrimination in the hiring of its workers as well as in dealings with its workers. Any form of discrimination based on race/ethnicity, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age was rejected. Union representatives and workers/staff interviewed revealed

that their pay and terms of work are based on the MAPA/ NUPW and AMESU agreements and not decided by SDPSB. This is clearly seen upon perusal of its Equal Opportunity Policy included in the company's Social Policy. This policy, in the Malay/Indonesian language, was displayed on office/estate notice boards.

Examination of the profile of the work force indicated that opportunities for employment were opened to all. Both the foreign workers and local workers were highly diversified in terms of ethnic origin, beliefs and places of origin. Although there were more foreigners than local workers, this situation was a reflection of the local labour supply situation in the plantation industry which is facing a general labour shortage, not a discrimination against the local labour force

There was no restriction on the employment of female employees. Women were represented in management, staff and plantation labour force.

Generally the employees were satisfied with the treatment they received from their employer seeing no form of discrimination practiced by their employer. Everyone was given equal treatment regardless of their socio-cultural or physiological/biological background. This was expressed by workers and staff interviewed during the audit.

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

A policy against sexual harassment and violence against women had been developed. There is a specific policy prohibiting sexual harassment called Sexual Harassment Policy (*Polisi Gangguan Seksual*) in place. This policy had been publicly displayed on notice boards at the office and made available to all employees in Malay/Indonesian. The policy defined what constituted sexual harassment.

A Gender Committee had been established to handle issues related to women with sexual harassment as a standing agenda of every meeting of the Committee. Members of the Committee were made up of female plantation workers, staff, and management and they met quarterly. Interviews with the committee members revealed that they were aware of their roles and responsibilities and female workers interviewed confirmed that the committee members did explain to them, albeit informally, what constitutes sexual harassment. There was no case of sexual harassment reported.

A specific grievance mechanism for dealing with sexual harassment, violence against women and protection of their reproductive rights had been developed. A form for registering complaints about sexual harassment was sighted. The employees were aware of this form which was readily available to them.

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 third parties whom either smallholders or small growers. Therefore, pricing mechanisms for these fruits was not an issue. The contractors, vendors and suppliers of FFB transportation, hardware or engineering works interviewed were fully aware of the pricing mechanisms of the services and hardware/equipment they supplied to the estates and mill. In some cases contracts were signed by both parties (e.g. FFB transportation) and in other cases the prices were determined through the tender system. They were satisfied with the agreement they had entered into and the treatment received from the estates and mill. They affirmed that the payments had been made in a timely manner and no complaints were expressed by them.

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

SOU Tennamaram had established a clear policy on local sustainable development which was reflected in the larger Social Policy. The local community leaders interviewed mentioned that the estates had provided important services to their communities e.g. grass cutting on soccer fields and playgrounds and contribution in terms of money and in kind made to local schools. Some children of neighbouring villages attended schools in some estates and some estate roads are used by the local communities.

However local sustainable development entails among other things the empowerment of local communities so that they could develop capability to sustain and build on whatever initiatives, projects or activities that were implemented. This would require the estates and mill to carry out regular consultations with the local communities as required by this criterion. No record of such consultations with local communities is sighted in Tennamaram and Sg. Buloh Estates as well as Tennamaram POM. The limited contributions to local communities were made on an ad-hoc basis. Hence an NCR was raised against this indicator.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS**Criterion 7.1**

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

Indicators:

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

Major compliance

Specific Guidance:

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

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

Minor compliance

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

Minor compliance

Guidance:

The terms of reference should be defined and impact assessment should be carried out by accredited independent experts, in order to ensure an objective process. Both should not be done by the same body. See also C 5.1 and C 6.1. This indicator is

not applicable to development of smallholder schemes below 500ha. For Sabah, new planting or replanting of area 500ha or more requires EIA. For areas below 500ha but above 100ha, proposal for mitigation measures (PMM) is required. For Sarawak, only new planting of area 500ha and above requires EIA. Onus is on the company to report back to the DOE on the mitigation efforts being put in place arising out of the EIA.

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

There was no new planting or plan to develop new area for oil palm plantation in SOU Tennamaram. 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.

Module D – CPO Mills: Segregation

Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill, the implementation of any processing controls (for example, if segregation is used), and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without segregating the material then only Module E is applicable.

The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body in the public summary of the certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.

The mill must also meet all registration and reporting requirements for the appropriate supply chain under the approved RSPO supply chain managing organisation (RSPO IT System or Greenpalm).

Audit findings

Generally SDPSB is in the midst of preparing its procedure for RSPO supply chain implementation for all of its palm oil mills. At the point of this assessment, SOU 06 has presented to the assessor its tentative procedure. It was found that the procedure still needs to go further enhancement in order to adequately fulfil the requirements of the standard. SOU 06 also needs to conduct training on this requirement to all its relevant personnel.

Since Tennamaram Oil Mill does not accept any non-certified FFB, all the certified CPO and PK produced ever since the last assessment is classified as Segregation products. In addition, SOU 06 has decided not to accept any crop from non-certified supplier in the future. Thus, all the annual estimated CPO and PK to be produced are also classified as Segregation products. At the point of this assessment, there has been no CPO or PK sold as certified products. All the dispatched products were sold as conventional.

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. All major nonconformities have been closed out.

3.3 Status of Non-conformities Previously Identified

All previous nonconformities were verified for the corrective actions effectiveness. Corrective action has been taken and verified by the assessor. One of the previous NCRs has been reissued due to lack of evidence to close it out. Details of the verified nonconformities are in Attachment 4.

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.

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

The following table were among the stakeholder consulted during the surveillance assessment:

No.	Estate	Affiliation
1.	Sg Buloh	Union Comm Mem
2.	"	Mandore
3.	"	Harvester
4.	"	Attendant Beam
5.	"	Contractor
6.	"	Supplier
7.	"	Sec NUPW
8.	"	Peng. Kg Api-Api
9.	Tennamaram	Chair Union
10	"	Kg Idaman
11.	"	Supplier
12.	"	Supplier

13.	Tennamaram POM	V Chair Union
14.	„	Union Comm Mem
15.	„	„
16.	„	Sec Gender Comm
17.	„	Contractor
18.	Bukit Talang	Supplier
19.	„	Supplier
20.	„	Chr Division Union
21.	„	Sec Div Union
22.	„	Chair Div Union
23.	„	Gender Comm
24.	„	„
25.	„	„

Generally all stakeholder consulted give positive remarks that they have no issue on dealing/working with the SOU.

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.

Muhammad Ali Nuruddin

Name : Muhammad Ali Nuruddin

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



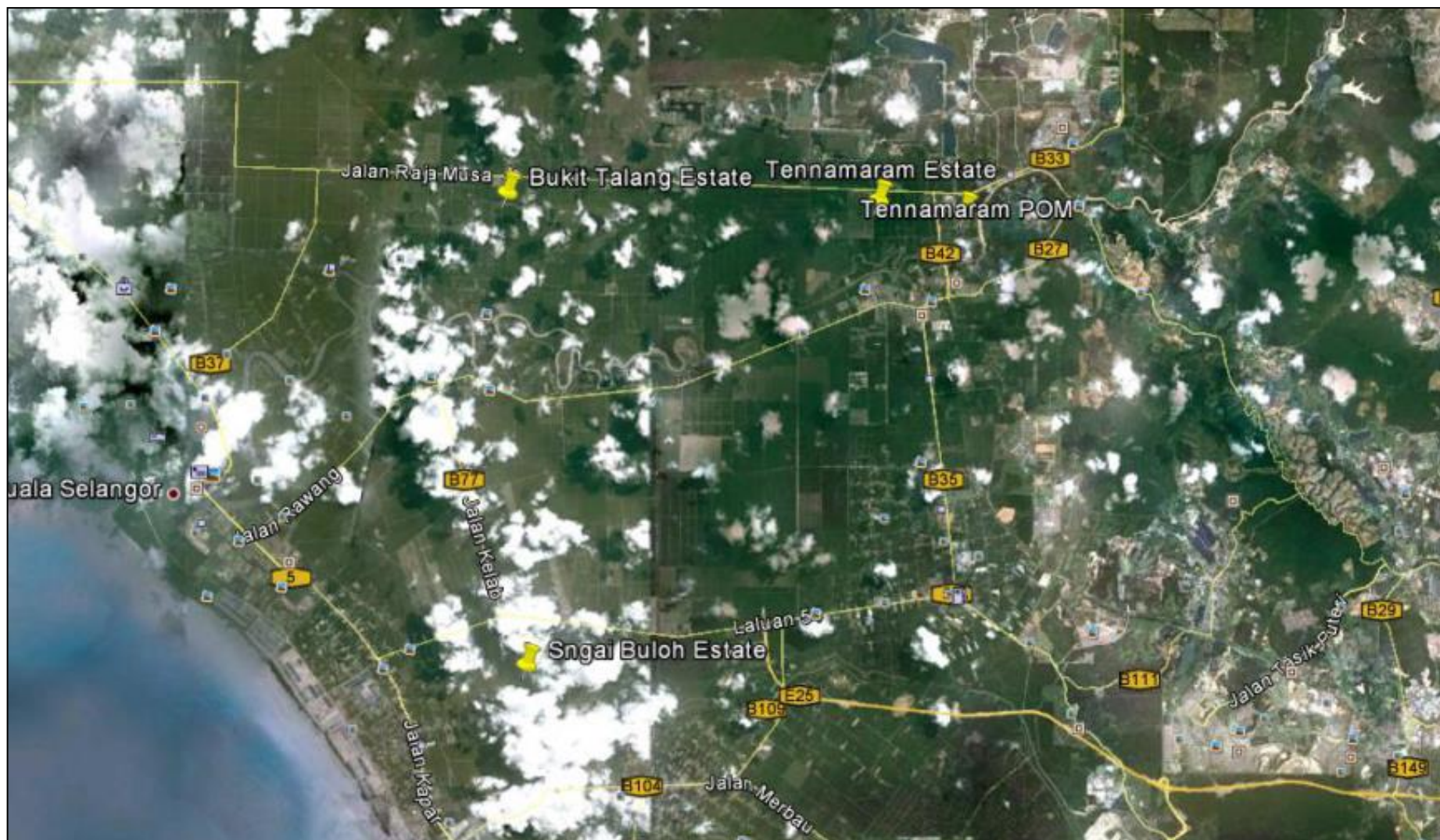
Name : VALENCE SHEM
(Lead Assessor)

5.0 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 nonconformities 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.

Location Map of Tennamaram CU in Selangor, Malaysia



RSPO SURVEILLANCE ASSESSMENT PLAN
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1. Objectives

The objectives of the assessment are as follows:

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

2. Date of assessment : **14th to 17th January 2013**

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
Kilang Kelapa Sawit Tennamaram, K/B No. 211,
45600 Batang Berjuntai
Selangor Darul Ehsan, Malaysia

4. Reference Standard

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

5. *Assessment Team

- a. Lead Assessor : Valence Shem
- b. Assessors : Mohamed Hidhir Zainal Abidin
Mohd. Razman Salim
Dr. Zahid Emby
Pn. Che Roshaya Ab Rahman (Observer)

**If there is any objection to the proposed audit team, the organization is required to inform the Lead Assessor/ SIRIM's Food, Agriculture and Forestry Section Head.*

6. Assessment Programme Details : As follows

Day one: 14th January 2013 (Monday)

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

Day two: 15th January 2013 (Tuesday)

Activities /areas to be visited	Hidhir	Dr. Zahid & Roshaya	Razman	Valence	Auditee
0900-1300	Continue assessment at <u>Tennamaram POM</u>	Site visit and assessment at <u>Sungai Buloh Estate</u> relating to local community issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at <u>Bukit Talang Estate</u> relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at <u>Bukit Talang Estate</u> relating to Good Agricultural Practice and Environmental Issue Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Relevant PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

Day three: 16th January 2013 (Wednesday)

Activities /areas to be visited	Hidhir	Dr. Zahid	Razman & Roshaya	Valence & Roshaya	Auditee
0900-1300	Site visit and assessment at <u>Bukit Talang Estate</u> on Environment and Occupational Safety Issues Assessment on related Indicators of P1, P2, P3, P4, P5, P8	Site visit and assessment at <u>Tennamaram POM</u> on responsible social considerations Assessment on related indicators of P1, P2, P3, P6, P8	Site visit and assessment at <u>Tennamaram Estate</u> relating to estates boundary, HCV and management plan Assessment on related Indicators of P1, P2, P4, P5, P8	Site visit and assessment at <u>Tennamaram POM</u> on Supply Chain Implementation including the model used	Relevant PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

Day four: 17th January 2013 (Thursday)

Activities /areas to be visited	Hidhir	Dr. Zahid	Razman	Valence	Auditee
0900-1100	Continue with any outstanding assessment of Day 3, Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)				Relevant PIC
1100-1300	Closing Meeting				Top mgmt & Committee Member
End of Assessment					

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.1 NCR# VS01	Major	Some evidence of compliance with requirements of Pesticides (Highly Toxic Pesticides) Regulations 1996 was not found. The following requirements of Pesticides (Highly Toxic Pesticides) Regulations 1996 have yet to be fulfilled: 1) Regulation 3. Prohibition (Bukit Talang) 2) Regulation 4. Maintenance of records (Bukit Talang & Sg. Buloh) 3) Regulation 11. Medical examination (Bukit Talang)	<u>Bukit Talang Estate</u> All regulation will be strictly complying and will be maintain regularly in order to comply with the regulation. <u>Sg Buloh Estate</u> To comply with the requirement of Regulation 4. (Maintenance of records). Only the records were not shown during the observation.	Corrective action is accepted. Evidence presented: i) Employment letters with medical report to confirm the employees were fit to conduct trunk injections form Bukit Talang Estate ii) Copies of completed Form I, II and III in accordance to Second Schedule of Pesticide (Highly Toxic Pesticides) Regulation 1996 from Sg. Buloh Estate Status: Closed
Criterion 6.1 NCR# ZE01	Major	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. As pointed out in the last surveillance audit, Tennamaram POM and its relevant stakeholders were not included in the preparation of the SIA report for SOU 6 and thus the mill was not able to prepare a mitigation plan (NCR # RM 01). No action has been taken to remedy the situation.	To request for Social Impact Assessment for Tennamaram POM from PSQM-RSPO & Certifications Unit. To write a letter to the relevant stakeholders- Invitation for Stakeholder meeting on 7 th Feb 2013. To prepare necessary mitigation plan based on the report and meeting outcome	Corrective action is accepted. Evidence presented: i) Minutes of stakeholder (worker, local community, smallholder representatives) meeting held on 13 March 2013. ii) SIA Report for Tennamaram POM iii) Management Plan based on SIA findings

				Status: Closed
Indicator 6.2.1 NCR # ZE02	Major	No consultation and communication procedures were sighted at Tennamaram Estate.	A copy of the procedure inside the Sustainable Plantation Management System (SPMS) has been requested from PSQM Department	Corrective action is accepted. Evidence presented: The content pages of SPMS which include the consultation and communication procedure. Status: Closed
Indicator 6.6.1 NCR # ZE03	Major	A file containing minutes of meetings with trade union representatives is sighted. However in one estate the last meeting convened was in 2007. An OFI has already been raised on this issue in the last surveillance audit. The last meeting with union representatives in Tennamaram Estate was convened on 23 March 2007 as verified by the minutes of the meeting recorded.	To conduct meeting with trade unions or workers representative and record accordingly.	Corrective action is accepted. Evidence presented: Minutes of meeting with union representatives held on 11 March 2013. Status: Closed
Indicator 6.11.1 NCR# ZE04	Minor	No record of consultations with local communities was sighted at Tennamaram Estate, Sungai Buloh Estate and Tennamaram POM. The limited contributions to local communities are made on an ad-hoc basis.	To do communication between Tennamaram Estate, Sg. Buloh Estate and Tennamaram POM and Local communities on this financial year such as football competition, <i>gotong-royong</i> , and blood donation campaign.	Corrective action is accepted. This will be verified in the next audit. Sg Buloh Estate management met with local community representatives on May 16 2013. Various issues were discussed and recorded in the minutes but there was no discussion of future contributions to the local communities. Status: Closed

VERIFICATION ON PREVIOUS ASSESSMENT FINDINGS)

P & C, Indicator	Previous Assessment Findings	Verification by Assessor	Status
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.	SOU Tennamaram has conducted training on 10/4/012 to all the relevant personnel. Records of training were submitted to the assessor for verification.	Closed
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.	Boundary stones at the Bukit Talang and Tennamaram Estates had been located.	Closed
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.	Biodiversity & HCV Guidelines Course had been conducted at the Tennamaram Main Office on 11 January 2013 with attendance of 11 staffs from all estates. Records of training were submitted to the assessor for verification.	Closed
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.	The SIA for Tennamaram POM had not been carried out and the associated mitigation plan had not been developed. Hence the minor NCR for 6.1.2 was raised to major for Criterion 6.1.	Reissued as Major NCR, raised against Criterion 6.1.

OPPORTUNITIES FOR IMPROVEMENT	
Principle/Criteria/Indicator	Details of Opportunities For Improvement
I 2.1.1	<p><u>Evidence with compliance to legal requirement</u></p> <ul style="list-style-type: none"> a) Tennamaram POM has yet to communicate with BOMBA regarding the exemption of fire certificate and expedite the process which has been long overdue. b) Due to requirement PIC Regulation 1970 on boiler HS, Tennamaram POM has yet to hire 1st grade engine driver (boilerman) to ensure adequate coverage of personal manning the boiler when the mill is in operation round the clock. Currently Tennamaram POM is waiting for Bukit Talang POM personnel to be transferred and fit the position. c) Tennamaram POM has yet to send for refresher the AGT, AE and SP for confined space where their licence has already expired.
I 2.1.4	<p><u>A system for tracking any changes in the law</u></p> <ul style="list-style-type: none"> a) Some of the applicable legal requirements such as (but not limited to) from <ul style="list-style-type: none"> • MPOB Act 1998, MPOB Reg (Licensing) 2005 • Akta Timbang dan Sukat, 1972, KPDN – Peraturan Kawalan Bekalan 1974 have yet to be registered in the Legal and Other Requirements Register (LORR). b) Tennamaram POM has yet to update the Code of Practice of Confined Space 2001 which already superseded by 2010 revision.
I 4.1.1	<p><u>Documented Standard Operating Procedure (SOP) for estate and mill</u></p> <p>Tennamaram POM has continued using the MQMS (SOP) developed by PSQM department for the entire SOUs. However, changes or additional of new machinery has yet to be incorporated and updated in the SOP i.e. new ultra filter system for water treatment plant and installation of new EFB press.</p>
I 4.1.2	<p><u>Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.</u></p> <ul style="list-style-type: none"> a) The 7th Schedule for all of the Scheduled Wastes at Bukit Talang Estate needs to be made available. b) The MSDS for metamidophos needs to be obtained from the same manufacturer of the actual stock.
Module D – CPO Mills: Segregation D.1.1	<p><u>The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements...</u></p> <p>SOU 06 has presented to the assessor its tentative procedure. It was found that the procedure still needs to go further enhancement in order to adequately fulfil the requirements of the standard</p>
I 5.2.1	<p><u>Identification and assessment of HCV habitats and protected areas</u></p> <p>The identification of Biodiversity area at the Bukit Talang and water catchment at the Bukit Belimbing had yet to be clearly documented.</p>
I 5.2.2	<p><u>Monitoring of HCV habitats and protected areas</u></p> <ul style="list-style-type: none"> a) The current management plan and action plan seem to be a standard template that is used for all the estates. Management plans should be specific to individual estates catering for the differing site specification. b) There are seven actions that has been planned to be taken in the Management Plan of Bio-Diversity and Conservation Value at Bukit Talang Estate. However, only quarterly monitoring of Tree Planting has been done. The other six, are yet to be evident.

I 5.3.1	<p><u>Documented identification of all waste products and sources of pollution</u></p> <p>Aspect impact identification and evaluation for all activities associated with environment has been established. However, some activities and operation has yet to be included such as the EFB press and the abnormal and emergency condition during desludging</p>
I 5.3.2	<p>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution</p> <ul style="list-style-type: none"> a) Observed during site visit EFB dumping area was flooded with water flowing out from nearby monsoon drain. However, there was a standby pump located at the area but the pump operation cannot be determined b) At Tennamaram POM, the acknowledgment of 7th schedule (waste information) from schedule waste contractor has yet to be obtained
C 6.4	<p>It is strongly suggested that FPIC that is being developed by SDSB be read together with the already established Procedures for Handling Boundaries Disputes and the Procedures for Handling Squatters' Disputes when dealing with Criterion 6.4. It is also suggested that all estates and the POM of SOU 6, though not situated in close proximity to Orang Asli communities, should file FPIC with the other two Procedures and the file regularly updated, reporting the existence or non-existence of these legal and customary rights disputes and the related compensation.</p>