



**PUBLIC SUMMARY
THIRD SURVEILLANCE ASSESSMENT**

**DERAWAN STRATEGIC OPERATING UNIT (SOU 33)
SIME DARBY PLANTATION SDN BHD
Bintulu, Sarawak, Malaysia**

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1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Introduction

This public summary provides the general information on the Derawan Strategic Operating Unit (Derawan SOU) of the Sime Darby Plantation Sdn Bhd (SDPSB), the assessment process, the findings of the surveillance, non-conformity reports (NCRs) and verification of corrective actions on the minor NCRs and OFIs raised during the previous assessment as well as the decision on the continued certification of the SOU against the requirements of the RSPO Principles and Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010)

The Derawan SOU is also known as SOU 33. An SOU is equivalent to a certification unit (CU) as defined in the RSPO Certification Systems Document. The Derawan SOU was certified by a certification body (Control Union Certification) on 30th December 2011. This assessment is the third surveillance assessment after SDPSB had decided to transfer the certification of the Derawan SOU to SIRIM QAS International Sdn. Bhd (SIRIM QAS International).

This assessment covered the Derawan Palm Oil Mill (Derawan POM) and its supply bases. The supply bases assessed were confined to the estates owned by SDPSB. There are four main estates supplying RSPO-certified fresh fruit bunches (FFBs) to the Derawan POM i.e. Sahu Estate, Derawan Estate, Takau Estate and Damai Estate. The mill capacity is 40 MT/hr.

The focus of this surveillance was to assess the Derawan SOU's continued conformance against the RSPO P&C MYNI (2010) and the RSPO Supply Chain Certification Standard, 25 November 2011 as well as to verify the actions taken by the Derawan SOU to address the findings of the previous surveillance assessment.

1.2 Location of Mill and Supply Base

The Derawan SOU consists of the Derawan Palm Oil Mill (Derawan POM) and four oil palm estates, all located in Bintulu, Sarawak. The location map of the CU is shown as in **Attachment 1** while the details on the locations of the mills and estates are shown in **Table 1**.

Table 1
Location of Derawan SOU (Mill and Estates)

Certification Unit	Mill/Estate	Location		
		Latitude	Longitude	Address
Derawan Strategic Operating Unit (SOU 33)	Derawan Oil Mill	3° 23'24 732" N	113° 20'43 500" E	97008 Bintulu, Sarawak
	Derawan Estate	3° 23'59 23"N	113° 20'33 62" E	97008 Bintulu, Sarawak
	Sahu Estate	N3.49674	E113.387	97008 Bintulu, Sarawak
	Takau Estate	3° 23'59 23" N	113° 20'33 62" E	97008 Bintulu, Sarawak
	Damai Estate	N3.47099	E113.398	97008 Bintulu, Sarawak

1.3 Description of Volume of Processing and Dispatched

Details of the actual and projected volume of FFB processing and dispatched of RSPO certified CPO and PK are as shown in the following **Tables 2** and **3**.

Table 2
Actual FFB Received and CPO and PK Delivered by Derawan POM
Since Date of Last Reporting Period (October 2013 to September 2014)

	Quantity (MT)
FFB Received	155,050.36
FFB Processed	152,916.08
CPO Production	31,291.38
PK Production	6,956.22
CPO delivered as Segregation	31,291.38
CPO delivered as Mass Balance	-
CPO delivered as non-RSPO certified	-
PK delivered as Segregation	6,956.22
PK delivered as Mass Balance	-
PK delivered as non-RSPO certified	-

Table 3
Projected FFB Received and CPO and PK Delivered by Derawan POM
for Next Reporting Period (October 2014 to September 2015)

	Quantity (MT)
FFB Received	146,892.50
FFB Processed	142,081.86
CPO Production	29,370.83
PK Production	6,198.42
CPO delivered as Segregation	29,370.83
CPO delivered as Mass Balance	-
CPO delivered as non-RSPO certified	-
PK delivered as Segregation	6,198.420
PK delivered as Mass Balance	-
PK delivered as non-RSPO certified	-

1.4 Certification Details

The details on the certification unit and contact persons for Derawan SOU are as shown below:

Certification Unit : Derawan Strategic Operating Unit (SOU 33)
Parent Company : Sime Darby Plantation Sdn. Bhd.

RSPO Membership Number : 1-0008-04-000-00
 Certification date : 8 October 2013

1.5 Description of Fruit Supply Base

Details on the actual and projected FFB contribution from each source to the Derawan SOU are shown in the following tables:

Table 4
Actual FFB Production
Since Date of Last Reporting Period (October 2013 to September 2014)

Estates	FFB Production	
	Tonnes	Percentage (%)
Sahua	49,949.36	30.81
Derawan	36,630.27	22.60
Takau	37,341.00	23.03
Damai	38,186.20	23.56
Outside	0	0
Total	162,106.83	100

Table 5
Projected FFB Production
for Next Reporting Period (October 2014 to September 2015)

Estates	FFB Production	
	Tonnes	Percentage (%)
Sahua	46,791.57	31.85
Derawan	31,594.94	21.51
Takau	38,120.65	25.95
Damai	30,385.34	20.69
Outside	0	0
Total	146,892.50	100

1.6 Certified Area and Date of Planting and Replanting Cycle

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

Table 6
Planted and Certified area of Derawan CU

Estate	Planted (ha)	Certified (ha)
Takau	2,033.67	2,210.53
Damai	1,938.87	2,901.00
Sahua	2,041.03	2,408
Derawan	2,044.77	2,405
Total	8,058.34	9,924.53

Table 7
Planting Profile of Takau Estate

Year of Planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
1995	1st	Mature	1,671.24	82.19%
2013	2nd	Immature	200.61	9.86%
2014	2nd	Immature	161.82	7.95%
Total			2,033.67	100%

Table 8
Planting Profile of Damai Estate

Year of Planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
1996	1st	Mature	262.87	13.55
1997	1st	Mature	451.79	23.30
1998	1st	Mature	909.67	46.93
2014	2nd	Immature	103.35	5.33
2015	2nd	Immature	211.19	10.89
Total			1,938.87	100.00

Table 9
Planting profile of Saha Estate

Year of Planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
1994	1st	Mature	241.00	11.81%
1995	1st	Mature	606.96	29.74%
1998	1st	Mature	1,162.07	56.94%
2000	1st	Mature	31.00	1.51%
Total			2,041.03	100.00

Table 10
Planting Profile of Derawan Estate

Year of Planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted Area (ha)	Percentage of Planted Area (%)
1994	1st	Mature	565.40	27.65
1995	1st	Mature	667.49	32.64
1996	1st	Mature	68.23	3.33
2012	2nd	Immature	179.58	8.78
2013	2nd	Immature	123.75	6.05
2014	2nd	Immature	239.08	11.69
2015	2nd	Immature	201.24	9.86
Total			2,044.77	100.00

1.7 Other Management System Certifications Held

Apart from ISCC, the SOU does not have any other management system certified.

1.8 Progress against Time-Bound Plan

SDPSB was committed to certify all 59 SOUs (in Malaysia and Indonesia) as outlined in its time bound plan. All of its SOUs had already been certified, except 1 SOU in Indonesia, which was still pending to solve on social issue.

1.9 Progress of Associated Smallholders or Outgrowers towards Compliance with Relevant Standards

Not applicable as Derawan SOU sources RSPO-certified FFBs from its own certified supply base.

1.10 Organisational Information / Contact Person(s)

The details on the contact persons for Derawan SOU are as shown below:

Name : Muhammad Irsan Bin Azmi
Designation : Manager, KKS Derawan
Address : P. O. Box 2324, 97011 Bintulu, Sarawak
Phone # : 086-477313
Fax # : 086-477313

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia. SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. We have also conducted pre assessment against RSPO Principle and Criteria.

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

2.2 Qualifications of Lead Assessor and Assessment Team Members

The assessment team consisted of three assessors. The details of the assessors and their qualifications are detailed below:

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
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Hazani Othman	Assessment Team Leader / Conservation and Social scopes	<ul style="list-style-type: none"> • An associate SIRIM's Lead Auditor (ISO 14001, ISO 9001, FSC & MTCC FMC and CoC, RSPO P&C). • Approximate 20 years total working experience. Approximate 16 years experiences in management systems and sustainability auditing / certification. • Over 400 auditor days of auditing experience of various scheme and industry • Successfully completed SCS/FSC Forest Assessor Course - 2000. • Successfully completed MTCC/Smartwood/GTZ endorsed Forest Certification Assessor Course - 2000. • Successfully completed IRIM / FDPM / UPM / FRIM / APAFRI endorsed Forest and Environmental Audit Course – 2000. • Successfully completed EARA ISO 14001 approved Lead Assessor Course - 2000. • Successfully completed IRCA ISO 9001 approved Lead Assessor Course - 2005. • Successfully completed MTIB / Sarawak Planted Forest - Forest Plantation Development Course – 2010. • Successfully completed RSPO endorsed Lead Assessor Course - 2013. • Successfully completed MTCC endorsed Auditor Course for Natural and Plantation Forests - 2013. • Hold Bachelor of Forestry Science and Diploma in Forestry, Universiti Putra Malaysia. • Freelance consultant on environmental, quality and social management.
Mohamed Hidhir Zainal Abidin	Auditor / Good Milling Practices, Occupational Health & Safety, Environmental and Supply Chain scopes	<ul style="list-style-type: none"> • 4 years' experience in palm oil milling • Collected 150 auditor days in auditing for RSPO • Collected more than 100 auditing days for OHSAS 18001, ISO14001 and ISO 9001 • Successfully completed IRCA/RABQSA accredited Lead Assessor training for ISO 9001, ISO14001 & OHSAS 18001 in 2012 • Successfully completed RSPO Lead Assessor Course in 2013 • B.Sc. (Hons) Chemical Engineering, Universiti Kebangsaan Malaysia (UKM).
Mohd Norddin bin Abd. Jalil	Auditor / Good Agricultural Practices (GAP)	<ul style="list-style-type: none"> • Thirty five years experiences in plantation management covering rubber and oil palm. • Attended a training on RSPO P & C and certification requirements in December 2012 • 14 days auditing experience in RSPO P & C • Plantation Advisor to TDM Plantation Sdn. Bhd. • B.Sc. Agriculture (weed management)

2.3 Assessment Methodology and Programme

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. Nonetheless, all the estates were visited in this assessment but were assessed with different elements of the standard. The mill was assessed in every assessment.

The assessment team carried out field and office assessments for conformance against the RSPOP&C MYNI (2010). The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

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

It is important to note that the findings from this assessment were based on samples taken from the organization activities, procedures, records etc. Statistically, there was always a possibility that one or more problematic issues/areas would remain unidentified during the course of this audit. The absence of non-compliance in any area or activity does not necessarily imply that no lapses or non-compliance exist.

The assessment programme is as in **Attachment 2**.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The findings of this surveillance assessment were presented during the on-site closing meeting. There were 3 major and 3 minor NCRs raised on the Derawan SOU's compliance against the requirements of the RSPO MY-NI (2010).

The detailed findings of the assessment on the SOU's compliance with the requirements of the RSPO MYNI (2010) are as follows:

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
<p>C 1.1 Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making</p>	1.1.1	<p>Records of requests and responses must be maintained. <i>Major.</i></p>	Yes	<p>Derawan SOU had continued to implement the communication procedure as had been described and established for the estates and mill. During the audit, it was found that there was no request for information from the stakeholders received by the SOU. However, record on communications with the internal and external stakeholders had continued to be maintained. The record among other, provides information on the date of communication received, response and remarks. Most internal communication records were on repairs required for the workers' quarters.</p>
<p>C 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:-</p>	1.2.1	Land titles / user rights (C 2.2)	Yes	<p>The CU had maintained no restriction of access to its documents, except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. Documents pertaining to land ownership were still being maintained and they had been sighted during this assessment.</p>
	1.2.2	Safety and health plan (C 4.7)	Yes	<p>Safety and Health plan had also continued to be made available at all operating units. Cross refer to C 4.7.</p>
	1.2.3	Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)	Yes	<p>Social and environmental impact assessment and its relevant plans were still being made available. Cross refer to Criterion 5.1 and 6.1.</p>
	1.2.4	Pollution prevention plans (C 5.6)	Yes	<p>Pollution prevention plan for FY14/15 was made available during this assessment. Refer to C 5.6.</p>
	1.2.5	Details of complaints and grievances (C 6.3)	Yes	<p>Records on complaints were being maintained and made available. However, there was no grievance or complaint received by the SOU. Nevertheless, the SOU had continued to maintain its procedure on the handling of complaints and grievances.</p>

	1.2.6	Negotiation procedures (C 6.4)	Yes	SDPSB had continued to refer the “Procedure on Handling Social Issues” established by the HQ for negotiation, should there be any case raised on the SOU.
	1.2.7	Continuous improvement plan (C 8.1)	Yes	SDPSB had continued to maintain continuous improvement plan, mostly on environmental and social besides CAPEX.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations	2.1.1	Evidence of compliance with legal requirements. <i>Major</i>	No	Generally, SOU 33 had continued to comply with the applicable legal requirements, except the following lapses of which a Major NCR MH1 was raised with respect to the following requirements: 1) having competent person for air pollution control equipment and management of scheduled wastes in accordance to the Environment Quality Act 1974, Section 49A; and 2) approval on the method used for water treatment in accordance to the Workers Minimum Standards of Housing and Amenities Act 1990, Section 6(1) (a).
	2.1.2	A documented system, which includes written information on legal requirements. <i>Minor</i>	Yes	List of applicable ‘Legal and other Requirements Register’ (LORR) had continued to be made available during this assessment.
	2.1.3	A mechanism for ensuring that they are implemented. <i>Minor</i>	Yes	The mechanism used to ensure compliance to legal and other requirements was still being maintained and implemented.
	2.1.4	A system for tracking any changes in the law. <i>Minor</i>	No	As stated in the Standard Operation Manual, PSQM Department undertook the responsibility on identifying, managing, updating and tracking the legal requirements. A minor NCR was raised during the previous audit on this indicator as it was found that the legal register had not been updated.

				During this audit, it was found that the legal register has yet to be updated. Therefore this minor NCR had been upgraded to major NCR MH2.
C 2.2 The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	2.2.1	Evidence of legal ownership of the land including history of land tenure. <i>Major</i>	Yes	Derawan SOU had continued to maintain copies of legal land ownership. Copies of land ownership, quit rent and payment was made available and being sighted. All original copies of the land titles were still being kept in Sime Darby headquarters in Kuala Lumpur. These documents contain the history on the land tenure.
	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] <i>Major</i>	Yes	The SOU had continued to comply with the terms of land title, such as the type of land use (which is for agriculture) and payment for quit rent to the State land authority.
	2.2.3 .1	Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained. <i>Minor</i>	Yes	It was observed during field visit that the boundary markers were still being maintained and made visible.
	2.2.3 .2	Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. Cross ref. to 2.3.3, 6.4.1 and 6.4.2. <i>Minor</i>	Yes	There were no land disputes.
C 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.	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. <i>Major</i>	Yes	There were no land disputes
	2.3.2	Map of appropriate scale showing	Yes	There were no land disputes.

		extent of claims under dispute. <i>Major</i>		
	2.3.3	Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). <i>Minor</i>	Yes	There were no land disputes.

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	Annual budget with a minimum 2 years of projection <i>Major</i>	Yes	Derawan SOU had continued to aim for long term economic and financial viability by having documented annual and long-term budget. Annual budget for the financial year 2014/2015, which is from July 2014 to June 2015 was presented. The budget had included capital and operating expenditures. The operating expenditures include maintenance and upkeep for mature and immature oil palm, administration cost on upkeep of housing, security, and safety. A long-term budget projections until the year 2018/2019 was also presented.
	3.1.2	Annual replanting programme projected for a minimum of 5 years with yearly review. <i>Minor</i>	Yes	It was observed that replanting programmes in both Takau and Damai Estates were still in progress. The replanting programmes were still being reviewed once a year and incorporated in the annual budget. The replanting programmes had continued to be implemented as scheduled until year 2019.

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

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented and consistently implemented	4.1.1	Documented Standard Operating Procedures (SOP) for estates and mills. <i>Major</i>	Yes	Derawan CU had continued to implement the established documented procedures. Among the reference documents were Plantations / Mill Quality Management System (PQMS / MQMS). Manual, PQMS / MQMS Standard Operating Manual

monitored.				<p>and Procedures (SOP) and Sustainable Plantation Management System (SPMS) Manual, RSPO Supply Chain Manual, ESH Management System Manual, Occupational Safety and Health Manual, Pictorial Safety Standards, Laboratory Process Control Manual and Security Guidelines. These documents prescribe the procedures on the activities being implemented in the estates and mill from seedlings in nursery to planting of young palms and plantation upkeep to mill FFB receipt, grading, processing, quality analysis and despatch of CPO, PK and PKO as well as on the security of the SOU.</p> <p>In addition, for the estates, the technical guidelines as listed in the Agricultural Reference Manual were still being referred and followed.</p> <p>The Manual was still being kept in the administration office where everyone could refer it. Based on site inspection and interviews held with the workers, it was found that generally, the SOP had continued to be implemented and understood by the workers. It was also seen that the relevant SOP, sometimes the abridged version were being displayed at various work stations.</p>
	4.1.2	Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. <i>Minor</i>	No	<p>Derawan SOU had continued to maintain and keep records for a minimum of 12 months for the purpose of monitoring. Some of the records sighted in the estates were Field Cost Book, Store Bin Cards, and Programme sheets for Fertiliser Application, Field upkeep and Rat baiting records, house list of occupancy, number of school bus passenger, etc. In the POM, records on mill's operations were also being kept and verified.</p> <p>However, it was found that some of the monitoring records related to domestic water and river water analysis had not been kept and made available. Therefore, a minor NCR MH4 was raised.</p>

C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	Monitoring of fertilizer inputs through annual fertilizer recommendations. <i>Minor</i>	Yes	Derawan SOU had also continued to monitor its fertilizer input. An annual fertiliser recommendation was still being provided by the agronomist at Sime Darby Research Sdn. Bhd. based on the annual foliar sampling. The applications of fertilizer were still being monitored by the programme sheets and carried out as scheduled.
	4.2.2	Evidence of periodic tissue and soil sampling to monitor changes in nutrient status. <i>Minor</i>	Yes	Periodic foliar and soil sampling to monitor changes in nutrient status were still being done in the estates. The results formed the basis for fertiliser recommendations. Soil samplings were carried out once every 5 years as had been prescribed in the SPMS Manual for PH, Organic Carbon, Total N, Total & Available P and Exchangeable K, Mg and Ca. The last sampling was carried out in July 2009.
	4.2.3	Monitor the area on which EFB, POME and zero-burn replanting is applied. <i>Minor</i>	Yes	EFB mulching and compost application had continued to be carried out and monitored. EFB had also being applied in replanting fields. The CU had continued to practise zero burning and this was evident in the 5 replants being undertaken, i.e. 2013A, 2013B, 2014A & 2014B in Takau Estate and 2014A in Damai Estate.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Documented evidence of practices minimizing soil erosion and degradation (including maps). <i>Minor</i>	Yes	Derawan SOU had also continued its practice to minimize and control erosion and degradation of soils. Pruned fronds were still being stacked along terraces in the undulating and hilly areas, while in flat areas the U shaped stacking was still being practised. During the site visit, the estates had continued to maintain soft vegetation such as <i>Nephrolepis bisserata</i> and soft grasses in the inter-lines. In order to establish more ferns in the inter-lines, the Damai and Takau Estates had even planted <i>Nephrolepis bisserata</i> in some areas. Maps showing the areas which had implemented erosion control were sighted. In the replants done in 2013 and 2014 in the Takau and 2014A in the Damai Estates, it was observed that the slopes were terraced and planted with cover crops. The terraces

				<p>were constructed with a stop bund every 20 meters. Both estates had continued to practice only circle and path spraying for field maintenance in the matured areas as stipulated in their SOP.</p> <p>Roadside drains and pits in the estates were strategically located along the road to collect water runoff to further minimize soil erosion. These pits could also retain moisture in the oil palm fields. In addition, both the estates had made further effort to minimise soil erosion by constructing moisture conservation pits (MCP) and trenches in some areas.</p>
	4.3.2	Avoid or minimize bare or exposed soil within estates. <i>Minor</i>	Yes	<p>Derawan SOU had continued to avoid or minimize bare or exposed soil in the estates. During the field inspection, it was observed that there was no extensive bare ground and that all estates had maintained soft grasses and ferns to avoid bare soil in the matured fields.</p> <p>Inter-row vegetation was still being kept with soft grass and <i>Nephrolepis biserrata</i> fern for soil conservation. In addition, the estates were still being covered with <i>Mucuna bracteata</i>. Weeding activities had also been carefully limited to the circle and path spraying of the palm to avoid over-spraying to other areas.</p>
	4.3.3	Presence of road maintenance programme. <i>Minor</i>	Yes	<p>During the field visit, it was observed that generally the condition of the main and in-field roads had been satisfactory through regular maintenance guided by the road maintenance programmes such as road resurfacing, grading, compacting and culvert maintenance.</p>
	4.3.4	Subsidence of peat soils should be minimised through an effective and documented water management programme. <i>Minor</i>	Yes	<p>There were no peat soils in the estates and hence there was no water management programed being developed.</p>
	4.3.5	Best management practices should be in place for other fragile	Yes	<p>There were no fragile and problem soils within the Derawan SOU.</p>

		and problem soils (e.g. sandy, low organic matter and acid sulphate soils). <i>Minor</i>		
C 4.4 Practices maintain the quality and availability of surface and ground water.	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. <i>Major</i>	Yes	Derawan SOU had continued to protect the water courses and wetlands including maintaining and restoring appropriate riparian buffer zones during or before replanting along all natural waterways in the estates. During the site visits at Takau and Damai Estates, it was observed that the 20m buffer zone boundary was still being maintained and signboards were seen along the river. Spraying activities were still being prohibited at the riparian buffer zone along the Sungai Takau and Sungai Similajau and other natural water catchment area.
	4.4.2	No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate. <i>Major</i>	Yes	During the site assessment in both Takau and Damai Estates it was observed that there was still no construction of bunds/weirs/dams across the main rivers or waterways. All stream and drainage had continued to flow without obstruction.
	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 C 5.1 and 8.1). <i>Major</i>	Yes	Derawan SOU had also continued to monitor every quarterly the incoming and outgoing water crossing the estates as per established procedure, Sustainable Plantation Management System, Appendix 7, dated 1/4/2008.
	4.4.4	Monitoring rainfall data for proper water management. <i>Minor</i>	Yes	Derawan SOU had continued the routine daily recording of rainfall. Records on rainfall were made available and reviewed. The data collected was then used as input for developing water management plan for planning field operations such as the timing for application of fertilizer in the estates.
	4.4.5	Monitoring of water usage in mills	Yes	The mill had also continued to monitor water consumption and

		(tonnage water use/tonne FFB processed). <i>Minor</i>		record the monthly usage per ton FFB processed.
	4.4.6	Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders. <i>Minor</i>	Yes	It was observed that there was no water drainage into protected areas. The discharge of treated effluent from the mill and the estates' workshop had been properly controlled. Environmental mitigation plans to mitigate the identified negative impacts had continued to be implemented. Among the mitigation plan include construction of oil trap system at the outlet of the drain from the workshop and oil storage, identifying buffer zones, segregation of recyclable waste, oil spill control and emergency preparedness.
	4.4.7	Evidence of water management plans. <i>Minor</i>	Yes	The SOU had continued to implement its water management plans. The plans among other include actions to reduce water usage, management of wastewater and contingency. Among the evidences of implementation of the water management plan were the followings: i) Mill washing on Sunday and dry cleaning on daily basis. ii) Reduce usage of fresh water and recycling the sterilizer condensate liquor for oil dilution and vacuum dryer water. iii) Control of overflowing treated water, and scheduled pumping every 4 hours.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.	4.5.1	Documented IPM system. <i>Minor</i>	Yes	Derawan SOU had continued to maintain the documented IPM system as shown in the SOP/Section B13/Pest and Diseases and ARM/Section B15/Plant Protection. The introduction of biological control and the use of barn owls for rat control was being investigated in the Takau Estate. The Takau and Damai Estates had continued to manage pests, disease, weeds and invasive introduced species using the appropriate IPM techniques. In order to minimize the use of insecticides continued availability of beneficial plants, Takau Estate had established nurseries for planting <i>Tunera</i>

				<p><i>subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>.</p> <p>Spraying using chemicals had been kept at a minimum by spraying only circle and paths and soft weeds and planting <i>Nephrolepis bisserata</i> in interlines with only noxious weeds being sprayed out.</p>
	4.5.2	Monitoring extent of IPM implementation for major pests. <i>Minor</i>	Yes	There was no recent attack by leaf eating pest. The estates had continued to implement calendar baiting to eradicate rats and monitor the extent of infestation. In addition, the Derawan SOU had also encouraged the planting of beneficial plant such as <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> as part of the IPM on the biological control over bagworms and nettle caterpillars.
	4.5.3	Recording areas where pesticides have been used. <i>Minor</i>	Yes	Derawan SOU had continued to record areas where pesticides had been used. The areas where the pesticides had been used were recorded in the field cost books, bin cards and in program sheets.
	4.5.4	Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil. <i>Minor</i>	Yes	The SOU had also continued to monitor pesticide usage including active ingredients, areas treated, amount applied per hectare and the number of applications.
C 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	4.6.1	Written justification in Standard Operating Procedures (SOP) of all agrochemicals use. <i>Major</i>	Yes	The SOP, Agricultural Reference Manual (ARM) and Safety Practical Book still requires written justification of all usage of agrochemical. This includes the specific targets and the correct dosage of agrochemicals to be used.
	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). <i>Major</i>	Yes	It was observed that all pesticides used were those officially registered under the Pesticide Act 1974. The estates had used only class III and IV pesticides. There were no illegal agrochemicals (stated by local and international laws) in particular 'paraquat' being used or found. Paraquat had been totally replaced by a systemic herbicide, i.e. glufosinate ammonium.

Conventions, growers are actively seeking to identify alternatives, and this is documented.	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. <i>Major</i>	Yes	It was observed that pesticides had continued to 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. Chemical Safety Data sheets (CSDS) were available at the point of storage and use. Record on purchase, storage and use of pesticides had been properly maintained.
	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. <i>Major</i>	Yes	The SOU had continued to use the ARM, SOP and safety pictorial procedure to disseminate information on these chemicals. There was also a chemical register, which indicates the purpose of chemical usage (intended target), hazards signage, trade and generic names in English and/or Malay language as well as the CSDS of the chemicals. Where information was available only in English, explanation of the same information which had been translated to local language would be provided for the benefit of workers. The Safety Pictorial procedures were used as a means of communication to the employees during training and briefing session. Based on interviews held with the sprayers, it was confirmed that they had clearly understood on the proper handling of chemicals, their safety and health hazards and the need to wear appropriate PPE.
	4.6.5	Annual medical surveillance as per CHRA for plantation pesticide operators. <i>Major</i>	Yes	An annual medical surveillance had continued to be conducted for pesticide operator. From their medical reports, being sighted, it was observed that the exposure level was still below the permissible limit and that they were still fit to work based on the report by the Occupational Health Doctor.
	4.6.6	No work with pesticides for confirmed pregnant and breast-feeding women. <i>Major</i>	Yes	Based on interviews held with the workers, site visits and verification by the Estate Health Assistant, it was confirmed that no pregnant and breast feeding women had been allowed to work with pesticides.

				As for female workers, monthly pregnancy tests had continued to be conducted at the estate's clinics. For their safety and health, all confirmed pregnant and breast-feeding women were still being prohibited to work as pesticides sprayers.
	4.6.7	Documentary evidence that use of chemicals categorised as World Health Organisation 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. <i>Minor</i>	Yes	There was no Type 1A or 1B chemical being used in the SOU. There was no illegal agrochemicals (stated by local and international laws) and in particular 'paraquat' being used or found. Paraquat had totally been replaced by a systemic herbicide, glufosinate ammonium
	4.6.8	Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities. <i>Major</i>	Yes	There was no evidence to indicate that aerial spraying had been conducted in the SOU.
	4.6.9	Evidence of chemical residues in CPO testing, as requested and conducted by the buyers. <i>Minor</i>	Yes	The mill had not conducted any testing to indicate the presence of chemical residue in CPO.
	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. <i>Minor</i>	Yes	Records of both current and previous financial years on the usage of pesticides by area, quantity used, hectares applied and a.i. /ha were made available to the auditors.
C 4.7	4.7.1	Evidence of documented		

<p>An occupational health and safety plan is documented, effectively communicated and implemented.</p>	<p>Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139). <i>Major</i></p> <p><u>The safety and health (OSH) plan shall cover the following</u></p>		
	<p>a) A safety and health policy, which is communicated and implemented</p>	<p>Yes</p>	<p>The Derawan SOU had continued to follow the SDPSB's Occupational Safety and Health (OSH) policy. The policy had been communicated to all levels of the organization through briefings and it had been displayed prominently in Bahasa Malaysia and English on notice boards at the mill, estates office and Muster Ground. Based on random interviews held with the employees, it was found that they were familiar with the policy requirements; i.e. to work safely, comply with legal requirements and follow established procedures and instructions from the management.</p>
	<p>b) All operations have been risk assessed and documented.</p>	<p>Yes</p>	<p>Derawan SOU had identified and assessed the significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment.</p> <p>Similarly for the Derawan POM, all key activities related to its operations had been risk assessed.</p>
	<p>c) An awareness and training programme which includes the following specifics for pesticides:</p> <ul style="list-style-type: none"> i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8) ii. all precautions attached to 	<p>Yes</p>	<p>OSH awareness and various OSH training courses had been identified for each category of worker to ensure they have been adequately trained in safe working practices. Some of specific training which had been identified were as follows:</p> <ul style="list-style-type: none"> a) Safe Driving Technique @ Tractors Driver On Site Training b) Hearing Conservation Training c) SOP refresher training for Sterilizer Station

	products should be properly observed and applied to the workers.		<p>d) Chemical Safe handling and PPE training and demonstration</p> <p>e) First Aid Training</p> <p>e) Harvesting Standard Training</p> <p>Based on field inspection and observation of spraying tasks, it was found that chemicals had been applied in accordance with the product safety precautions.</p>
d)	<p>The appropriate personal protective equipment (PPE) are used for each risk assessed operation.</p> <p>i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.</p>	Yes	Appropriate PPE had continued to be provided to the workers based on the information in the MSDS/CSDS and CHRA assessor's recommendation and their daily routine task.
e)	The responsible person (s) should be identified.	Yes	The same appointed persons were still responsible on safety at each operating unit. In addition, there was a Safety and Health Committee which guides the SOU's policy on the workers' safety and health.
f)	There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.	Yes	Quarterly Safety & Health Committee meeting had continued to be held. Records on this Committee's meeting had been properly kept.
g)	Accident and emergency procedures should exist and instructions should be clearly understood by all workers.	Yes	Emergency Response Plan (ERP) had been established and prescribed in the Standard Operation Manual, Sub Section 5.5, Management Responsibility, Appendix 5.5.3.3 Emergency Preparedness and Response Procedure, version:1, issue :1 dated 1/11/2008.

				Information on response to emergencies had been disseminated. Instructions on response to accident and emergencies situation had been tested and were found to be clearly understood by the workers whom were interviewed at the mill and estates.
	h)	Workers trained in First Aid should be present in both field and mill operations.	Yes	It was observed that trained first aiders were available at all work area both in the estates and mill. Based on training record, it was found that most of the Estate Mandores and Department Heads had been trained on first aid. The latest refresher training on first aid was conducted on 19/8/14 by Estate Medical Assistant, Mr Fernandez Sam.
	i)	First Aid equipment should be available at worksites	Yes	First Aid Kit had continued to be made available at appropriate locations in the estate and mill such as at spraying, manuring and harvesting sites. Trained first aiders were still responsible to monitor the usage of first aid kit and replenished by the MA on monthly basis.
	4.7.2	Records should be kept of all accidents and periodically reviewed at quarterly intervals. <i>Major</i>	Yes	<p>Accident statistics had continued to be kept and reviewed during the Safety and Health Committee meeting. Internal reporting for accident was still been done by ESH/PSQM and notified to DOSH for accident with more than 4 days of medical leave using JKKP Form 6 and recorded in annual accident statistic using JKKP Form 8.</p> <p>Records on accident investigation including minutes of meetings, accident chronology, sketch of accident area, personal information including training records, corrective action had also been properly kept for future reference.</p>
	4.7.3	Workers should be covered by accident insurance. <i>Major</i>	Yes	Derawan SOU had continued to ensure all foreign workers (both mill and estate) were covered by insurance as required under the Workmen Compensation Act 1952. All local workers had been covered by SOCSO as required under Employee's Social Security Act 1969.
C 4.8	4.8.1	A training programme	Yes	Derawan SOU had continued to conduct training needs on

All staff, workers, smallholders and contractors are appropriately trained.		(appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept. <i>Major</i>		RSPO P&C. The annual training programme for both estates and mill were made available. All training records, including attendance list had continued to be made available and well maintained.
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Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings
C 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.	5.1.1	Documented aspects and impacts risk assessment that is periodically reviewed and updated. <i>Major</i>	Yes	Derawan SOU had continued to conduct and review the environmental aspects and impacts risk assessment for activities related to their operations. Sample of the activities assessed related to mill operation were cleaning, engine repair/servicing and starting, chemical mixing for raw water treatment, boiler operation and discharge of effluent. For the estate's operations, among the activities identified were road maintenance, harvesting and collection, FFB transportation, field weeding, pest and disease treatment, diesel consumption, and management of empty chemical containers.
	5.1.2	Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. <i>Minor</i>	Yes	Derawan SOU had prepared an Environmental Management Plan (EMP) for FY 2014/15 including an action plan in mitigating significant negative impacts resulting from its operations. Among the negative impacts being identified were black smoke and tertiary treatment plant performance for Derawan POM. For the effluent discharge, a plan had been developed for upgrading the SES (Super Effluent System) which had been included in the CAPEX for FY2014/2015 to comply with BOD of 20ppm.
C 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	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. <i>Major</i>	Yes	The SOU had continued to implement the results of assessment and identification of the 5-years Biodiversity Baseline Assessment Report. The assessment had identified conservation areas of river reserve and un-plantable steep area in the Derawan Estate.

or mill management, shall be identified and their conservation taken into account in management plans and operations.	5.2.2	Management plan for HCV habitats (including ERTs) and their conservation. <i>Major</i>	Yes	It was observed in the Derawan Estate that the SOU had continued to protect and managed the identified conservation areas.							
	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. <i>Minor</i>	Yes	The SOU had continued with its commitment to discourage any illegal or inappropriate activities. It was observed that signages e.g. "No Fishing" were still being displayed at strategic location & in the SOU.							
C 5.3 Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.	5.3.1	Documented identification of all waste products and sources of pollution. <i>Major</i>	Yes	For Derawan POM and the estates, the sources of waste had remained the same as follows:							
				<table border="1"> <thead> <tr> <th>Estate & Mill Processes /Activity</th> <th>Waste Generated</th> </tr> </thead> <tbody> <tr> <td>Lab, Boiler , Engine room, Workshop, Clinic</td> <td>Scheduled Waste: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste</td> </tr> <tr> <td>Line site, Mill office and plant</td> <td>Domestic Waste: Rubbish and Sewage</td> </tr> <tr> <td>ETP and EFB plant</td> <td>Industrial Waste : POME and EFB</td> </tr> <tr> <td>Chemical mixing</td> <td>Empty pesticide container</td> </tr> </tbody> </table>	Estate & Mill Processes /Activity	Waste Generated	Lab, Boiler , Engine room, Workshop, Clinic	Scheduled Waste: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste	Line site, Mill office and plant	Domestic Waste: Rubbish and Sewage	ETP and EFB plant
	Estate & Mill Processes /Activity	Waste Generated									
Lab, Boiler , Engine room, Workshop, Clinic	Scheduled Waste: Spent lubricant, spent hydraulic oil, used batteries, used oil filters, contaminated rags, empty container (grease, lubricant and hydraulic), Spent solvent (Hexane), Spent chemical (IPA), empty bottle and container for chemical, clinical waste										
Line site, Mill office and plant	Domestic Waste: Rubbish and Sewage										
ETP and EFB plant	Industrial Waste : POME and EFB										
Chemical mixing	Empty pesticide container										
5.3.2	Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. <i>Minor</i>	No	Waste management plan for FY 14/15 was reviewed. During the site visit in the Damai Estate, it was found that the landfill areas for the domestic wastes were located under high voltage electrical lines with the neighbouring field 98SD of the Saha Estate. This had posed hazard to movement around the pit.								

				Therefore, a minor NCR MN1 was raised.
	5.3.3	Evidence that crop residues / biomass are recycled (Cross ref. C 4.2). <i>Minor</i>	Yes	It was observed in the Takau Estate that pruned fronds were still being stacked in the field to decompose. Palms that were felled during replanting were also shredded, windrowed and left to decompose in the field. In addition EFB mulching and compost application had continued to recycle crop residues/biomass in Field 95TF and 95TG and Field 97DI, 98DH, 98DI, 98DJ and 98DK of Damai Estate. EFB was also applied in the replants of 2013A, 2013B, 2014A & 2014B in Takau Estate and 2014A in Damai Estate.
C 5.4 Efficiency of energy use and use of renewable energy is maximized.	5.4.1	Monitoring of renewable energy use per tonne of CPO or palm product in the mill. <i>Minor</i>	Yes	The use of renewable energy per MT of CPO produced had continued to be monitored in the Derawan POM. For the fiscal year 13/14, the total fibre & shell used was 122,988.74 MT while the total CPO produced was 24,904.63 MT, resulting in a renewable energy /MT of CPO of 4.94.
	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). <i>Minor</i>	Yes	The Derawan SOU had also continued to monitor the direct fossil fuel used per MT of CPO produced in the mill. For the same fiscal year, the consumption of diesel by the Derawan POM totalled 565,663.37 litres while the production of CPO was 24,904.63 MT giving a fossil fuel use of 22.71 litres per MT of CPO produced.
C 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.	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. <i>Major</i>	Yes	There were no evidence to indicate that there was open or control burning under (declared activities) occurring in both (Takau and Damai) estates. Likewise, the CU had not used fire for waste disposal and replanting.
	5.5.2	Previous crop should be felled/mowed down, chipped/shredded, windrowed or	Yes	The Derawan CU had continued the practice of zero burning and this was evident in the 4 replants, 2013A, 2013B & 2014A & 2014A1 where palms were felled, shredded, windrowed and left

		pulverized/ ploughed and mulched. <i>Minor</i>		to decompose in the Takau and Damai Estates.
	5.5.3	No evidence of burning waste (including domestic waste). <i>Minor</i>	Yes	It was evident that there was no sign of burning at the landfill/dumping site. There was also no evidence of open burning at the line site area during the audit. All domestic waste was buried in the landfill.
C 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.1	Documented plans to mitigate all polluting activities (Cross ref to C 5.1). <i>Major</i>	Yes	Cross refer to C5.1
	5.6.2	Plans are reviewed annually. <i>Minor</i>	No	Although the SOU had conducted an annual review on the pollution prevention plan, however it was found out that the plan has not included the followings: <ul style="list-style-type: none"> - Plan for the Clean Air Regulations 2014 compliance in 5 year time; - Plan on GHG emission monitoring and reduction; and - Plan for zero effluent discharge as per requirement in the latest “<i>Jadual Pematuhan</i>” <p>Owing to these lapses, a minor NCR MH3 was raised.</p>
	5.6.3	Monitor and reduce peat subsidence rate through water table management. (Within ranges specified in C 4.3). <i>Minor</i>	Yes	There was no peat soil in the Derawan CU.

Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management, including replanting, that have social impacts are identified in a	6.1.1	A documented social impact assessment including records of meetings. <i>Major</i>	Yes	The SOU had continued to implement its documented 5-year Baseline Social Impact Assessment (SIA). The SOU had also continued to conduct annual stakeholders consultation/meeting to review on the social impacts in a participatory way.

participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.	6.1.2	Evidence that the assessment has been done with the participation of affected parties. <i>Major</i>	Yes	The SOU had continued to involve its stakeholders in the process of reviewing the social impact assessment. Among the stakeholders involved were its neighbours, contractors, canteen operator, etc. Records of meeting (e.g. 1/FY2014/2015, 4/11/14, Derawan Estate and Derawan POM) were made available.
	6.1.3	A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. <i>Minor</i>	Yes	It was observed that the SOU had continued to review and update the timetable on the social action plan.
C 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.	6.2.1	Documented consultation and communication procedures. <i>Major</i>	Yes	It was observed that the SOU had continued to implement an open and transparent methods on consultation and communication as had been documented in the policy.
	6.2.2	A nominated plantation management official at the operating unit responsible for these issues. <i>Minor</i>	Yes	The SOU had continued with the same appointed management official to be responsible on communication and consultations at each of the operating unit.
	6.2.3	Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders. <i>Minor</i>	No	The Derawan SOU had continued to maintain a list of stakeholders. However, it was found that the existing list had missed to include some of the relevant stakeholders. In addition, while records on communication had generally been maintained, however, that on action concerning some complaints received from workers and the previous contractors of Derawan POM had not been recorded. Thus, a major NCR HO-2014-01 was raised.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	6.3.1	Documentation of the process by which a dispute was resolved and the outcome. <i>Major</i>	Yes	The SOU had continued to follow the standard procedure on handling complaint and grievance as documented in the 'Procedure for External Communication', 'Flowchart and Procedure on Handling Social Issues', and Flowchart and Procedures on Handling Land Disputes' which had been prepared by SDPSB.

	6.3.2	The system resolves disputes in an effective, timely and appropriate manner. <i>Minor</i>	Yes	The system had worked effectively well in resolving a dispute involving a deduction of payment to a transporter. In this case, the dispute had been resolved timely and that the solution was agreed by both parties without further complaint.
	6.3.3	The system is open to any affected parties. <i>Minor</i>	Yes	The dispute had demonstrated that the SOU had continued its commitment to ensure that the system for resolving dispute is open to any affected parties. In addition, the 'grievance book' had remained open to all affected parties and that the clerk had continued to record complaints/grievances involving the Derawan SOU.
C 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.	6.4.1	Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation. <i>Major</i>	Yes	The SOU had continued to use the same documented procedure for identifying legal and customary rights and people entitled to compensation.
	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. <i>Minor</i>	Yes	The SOU had continued to maintain the same procedures for calculating and distributing fair compensation.
	6.4.3	The process and outcome of any compensation claims is documented and made publicly available. <i>Minor</i>	Yes	It was observed that the process and outcomes pertaining to the resolved dispute had been made publicly available.
C 6.5	6.5.1	Documentation of pay and	Yes	Pay and conditions of employment were as documented in

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.		conditions. <i>Major</i>		employment contract for employee which had continued to follow industry minimum standards. The SOU had continued to keep relevant documents on pay such as salary slip, monthly wage statement, bank-in slip etc.
	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. <i>Minor</i>	Yes	The CU had continued to provide their workers with employment contract which provides the necessary information on the post and job responsibility, term of employments such as working hours, service period, medical facilities, housing, transportation allowance and leave. Based on random interviews held with workers, it was found that they had understood the terms of their employment contracts.
	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). <i>Minor</i>	Yes	The staff and workers of Derawan SOU had continued to be provided with housing and adequate domestic water supply, electricity, clinic and welfare amenities such as mosque, creche, kindergarten and playground. The SOU had continued to run the HUMANA school for schooling kids of the Indonesian workers and school bus for local staff's children of the primary and secondary schools which were located outside the CU. All facilities were provided without any charge.

C 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.	6.6.1	Documented minutes of meetings with main trade unions or workers representatives. <i>Major</i>	Yes	There was still no workers union in the SOU. Nevertheless, it has been the policy of SDPSB to allow workers to form or join a union.
	6.6.2	A published statement in local languages recognizing freedom of association. <i>Minor</i>	Yes	The SOU had continued to maintain the same policy on freedom of association as stated in the Social Policy which was still being displayed at the Derawan POM and other operating units. The policy was written in both Bahasa and English languages.
C 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.	6.7.1	Documented evidence that minimum age requirement is met. <i>Major</i>	Yes	The employee master lists at the operating units had been verified and it was found that none of employees was below the minimum age requirement.
C 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.	6.8.1	A publicly available equal opportunities policy. <i>Major</i>	Yes	The SOU had continued with its equal opportunities policy as prescribed in the social policy which had been displayed at each operating unit.
	6.8.2	Evidence that employees and groups including migrant workers have not been discriminated against. <i>Minor</i>	Yes	Based on random interviews held with local as well as foreign workers, there was no evidence to indicate there was of discrimination against race, national, origin, religion, gender, or age.
C 6.9	6.9.1	A policy on sexual harassment	Yes	The SOU had continued to apply its gender policy on sexual

A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.		and violence and records of implementation. <i>Major</i>		harassment and violence. The implementation of this policy was being monitored by Gender Committee which had been established at each operating unit. The Gender Committee would meet when necessary to discuss on matters related to sexual harassment and other forms of violent against women. However, it was found that so far, there had been no case of sexual harassment and violence.
	6.9.2	A specific grievance mechanism is established. <i>Major</i>	Yes	The SOU had continued to follow the procedure and mechanism which had been established by Headquarter for handling grievance.
C 6.10 Growers and mills deal fairly and transparently with smallholders and other local businesses.	6.10.1	Pricing mechanisms for FFB and inputs/services shall be documented. <i>Major</i>	Yes	As Derawan POM had not received any outside FFB, there was no documented pricing mechanism for the FFB. For other services, the prices were set by the CU.
	6.10.2	Current and past prices paid for FFB shall be publicly available. <i>Minor</i>	Yes	The Derawan POM had continued to receive only FFB from the CU's own supply base. Therefore, the POM had not made publicly available the current and past prices of FFBs.
	6.10.3	Evidence that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. <i>Minor</i>	Yes	Based on interviews held with suppliers, service providers or contractors of the SOU, it was found that they had to sign a contract before delivering goods or services and that they had understood and agreed that generally the terms of contract they had entered into were fair and transparent.
	6.10.4	Agreed payments shall be made in a timely manner. <i>Minor</i>	Yes	The suppliers/contractors of Derawan CU had acknowledged that they received their payments in timely manner.
C 6.11 Growers and millers contribute to local sustainable development wherever appropriate.	6.11.1	Demonstrable contributions to local development that are based on the results of consultation with local communities. <i>Minor</i>	Yes	It was observed that the CU had made the following contributions to the local development based on the results of consultations with the local communities: (a) Sport and recreational facilities using its football field. (b) buffalo for "Hari Raya Korban". (c) safety helmet to workers and their children. (d) jersey to the local football team.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

No new planting was observed. Thus, principle 7 is not applicable.

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

Clause	Indicators		Comply Yes/No	Findings
<p>C 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.</p> <p>MY NIWG commits to demonstrate progressive improvement to the following but not limited to:</p>	8.1.1	Minimise use of certain pesticides (C4.6). <i>Major</i>	Yes	<p>Derawan SOU had continued to develop and implement action plans to enable continuous improvement in its key operations such as:</p> <ul style="list-style-type: none"> a) minimizing the use of herbicides such as Glyphosate through the use of low volume nozzle (Inter 12). b) Planting continuously beneficial plants i.e. <i>Antigonon leptopus</i>, <i>Cassia cobanensis</i> and <i>Tunera subulata</i>. c) increasing the use of EFB as mulch in mature field to supplement organic matter to the soil as well as erosion control.
	8.1.2	Environmental impacts (C5.1). <i>Major</i>	Yes	<p>Identification and evaluation of environmental impact assessment had continued to be carried annually so as to identify other aspects and activities that could impact the environment. With comprehensive assessment of the impact, appropriate mitigation measures can be determined for continual improvement.</p>
	8.1.3	Maximizing recycling and minimizing waste or by-products generation. <i>Major</i>	Yes	<p>The programs being implemented to meet the requirements of Indicator 8.1.3 include zero waste, use of by-products such as EFB and POME in the fields and also increasing the workers' awareness on 3R's initiatives.</p>
	8.1.4	Pollution prevention plans (C5.6). <i>Major</i>	Yes	<p>Pollution prevention plan was available and had been reviewed annually for the mill and estates. Among the improvement plans include is to installation of tertiary plant to reduce BOD level to 20 ppm compliance, and upgrading of machinery to improve process efficiency and recovery.</p>

	8.1.5	Social impacts (C6.1). <i>Major</i>	Yes	Among the plans by CU to improve on social impact include the construction of RC road, building new shop lots, improvement on the crèche building (floor), replacement of all damaged doors and repainting the workers housing.
	8.1.6	A mechanism to capture the performance and expenditure in social and environmental aspects. <i>Minor</i>	Yes	The CU had continued to capture its performance and expenditure of social and environmental aspect through the CAPEX and by reviewing/updating the improvement action plans.

Module D – Segregation

Item No	Requirement	Findings
D.1 D.1.1	Documented procedures The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements	Derawan POM had continued to implement the documented “Sustainable Plantation Management System”, Appendix 15 : Standard Operating Procedure (SOP) for RSPO Supply Chain Certification System and Traceability, version 1, issue 1, dated March 2013. The SOP has described the implementation of the supply chain system covering all elements of the RSPO Supply Chain Certification Standard (RSPO SCCS).
	b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Mr. Mohd Amizal Awang Soh had been appointed as a RSPO SCCS Management Representative (MR).
D.1.2	The facility shall have documented procedures for receiving and processing certified and noncertified FFBs.	The same procedures for receiving and processing of certified FFBs as described in para 5.2.2.2 on Purchasing and goods in of the SOP had continued to be used.

D.2 D.2.1	Purchasing and goods in The facility shall verify and document the volumes of certified and non-certified FFBs received.	Review period (Nov 13 – Oct 14) : Total quantity of RSPO Certified FFB received was 154,406.61 MT. There was no non-certified FFB received by the Derawan POM.
D.2.2	The facility shall inform the CB immediately if there is a projected overproduction.	Last year FFB projection = 245,896 MT Actual FFB received: 154,406.61 MT (November 2013 – October 2014). There was no over projection of FFB.
D.3 D.3.1	Record keeping The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	Derawan POM had continued to maintain up-to-date records and made accessible the following records on: <ul style="list-style-type: none"> • Training; • Incoming FFB; • Outgoing of CPO and PK; • Production of CPO and PK
D.3.2	Retention times for all records and reports shall be at least five (5) years.	Para 5.2.2.1 of the SOP on the procedure for Record Keeping requires all record and report regarding RSPO SCCS shall be kept for a period of 5 years.
D.3.3	The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	Derawan POM had prepared a “Mass Balance Quarterly Report of 2013/2014” to monitor the quantity of incoming certified and non-certified FFB on 3 monthly basis. The report was sighted and found to be accurate.
D.3.4	The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	Product names and model used were clearly stated on the relevant document such as sales contract, delivery order and weighbridge ticket for RSPO certified FFB.
D.4 D.4.1	Sales and good out The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: <ol style="list-style-type: none"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered; e) Reference to related transport documentation. 	To-date, Derawan POM has yet to sell RSPO certified CPO. However, the documented procedures on sales requires all sales invoice for RSPO certified products to include the required information as specified in clause D.4.1 of the RSPO SCCS.
D.5	Processing	

D.5.1	The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material ⁹ ; up to 5 % contamination is allowed.	Derawan POM had received only RSPO-certified FFB from its own certified estates. On rare occasion, the POM may also receive certified FFBS from other certified estates from other SOUs under the Sime Darby Groups (which had also been certified for RSPO P&C) during a crop diversion.
D.5.2	The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	As the Derawan POM had only received and processed RSPO certified FFBS, therefore all the certified CPO produced by the mill had originated from FFBS supplied by the certified estates of the Derawan SOU's supply base.
D.5.3	In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	Derawan POM had not outsourced the activity for palm kernel crush. The POM sold its palm kernel to other palm kernel crush companies such as Bintulu Edible Oil and Austral Edible Oil.
D.6 D.6.1	Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	The Derawan POM had conducted appropriate training on the RSPO SCCS and the mill's supply chain system to the key personnel involved on the implementation of the supply chain activities. Attendance list was sighted. Based on training materials made available, it was found that the training conducted had covered most of the aspects related to the implementation of the in RSPO supply chain system.
D.7 D.7.1	Claims The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims.	To-date, the Derawan POM has yet to sell RSPO certified product.

3.2 Identified Non-Conformities

Details of the non-conformities, corrective actions taken by Derawan CU and assessors' verification of the corrective actions taken are as in **Attachment 3**. All major non-conformities have been closed out.

3.3 Status of Non-Conformities Previously Identified

All corrective actions taken to address the minor non-conformities raised during the previous assessment had been accepted and verified by the assessors. All except for minor NCR# MH1 (2.1.4), had not been closed out and therefore being upgraded to a major NCR. The details on the verified non-conformities are as in **Attachment 4**.

3.4 Issues Raised by Stakeholders

There were various stakeholders interviewed during this assessment comprising of workers, from the surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedbacks on the Derawan SOU.

3.5 Noteworthy Positive and Negative Observations

The level of awareness of the workers on the requirements of the RSPO P&C and implementation of activities related the certification was found to be improving. It was also observed that they were 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. Positive observation was also noted during the audit on the improvement on the condition of housing and related amenities, the use of cover crops instead of herbicides, as well as on IPM implementation. However, there were areas which require action for improvement as raised in the non-conformities report.

4.0 ASSESSMENT RECOMMENDATION AND DATE OF CLOSING NON-CONFORMITIES

No NCR recorded. Recommended to continue certification.

Minor NCR(s) recorded. Recommended to continue certification conditional upon acceptance of corrective action plans within 1 month of the date of this audit.

Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs.

Major NCR(s) recorded. Proposed corrective action and evidence of implementation within 2 months of the date of this audit to be submitted to SIRIM QAS International

Verification on major NCRs is required :

On-site audit of the following areas is recommended within 2 months (if applicable)

On-site audit not required. Records of implementation of corrective action to be submitted for verification.

Note: The major NCRs raised during surveillance audit shall be addressed within 60 days or certificate shall be suspended. Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P&C CERTIFICATION.

5.0 ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

5.1 Date of Next Surveillance Visit

The next surveillance visit will be conducted within 12 months but not sooner than 9 months after the approval of this report by RSPO.

5.2 Formal Sign-off of Surveillance Assessment Findings

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


Name: *Hazani Othman*
(Hazani Othman)

Designation: Associate Lead Auditor

Date: 16/04/2015

I, the undersigned, on behalf of **Sime Darby Plantation Sdn. Bhd., Derawan Certification Unit** acknowledge and confirm the contents of the assessment report and findings of the assessment.

Sime Darby Plantation Sdn Bhd (547/66-V)
Derawan Oil Mill

SIGNATURE 

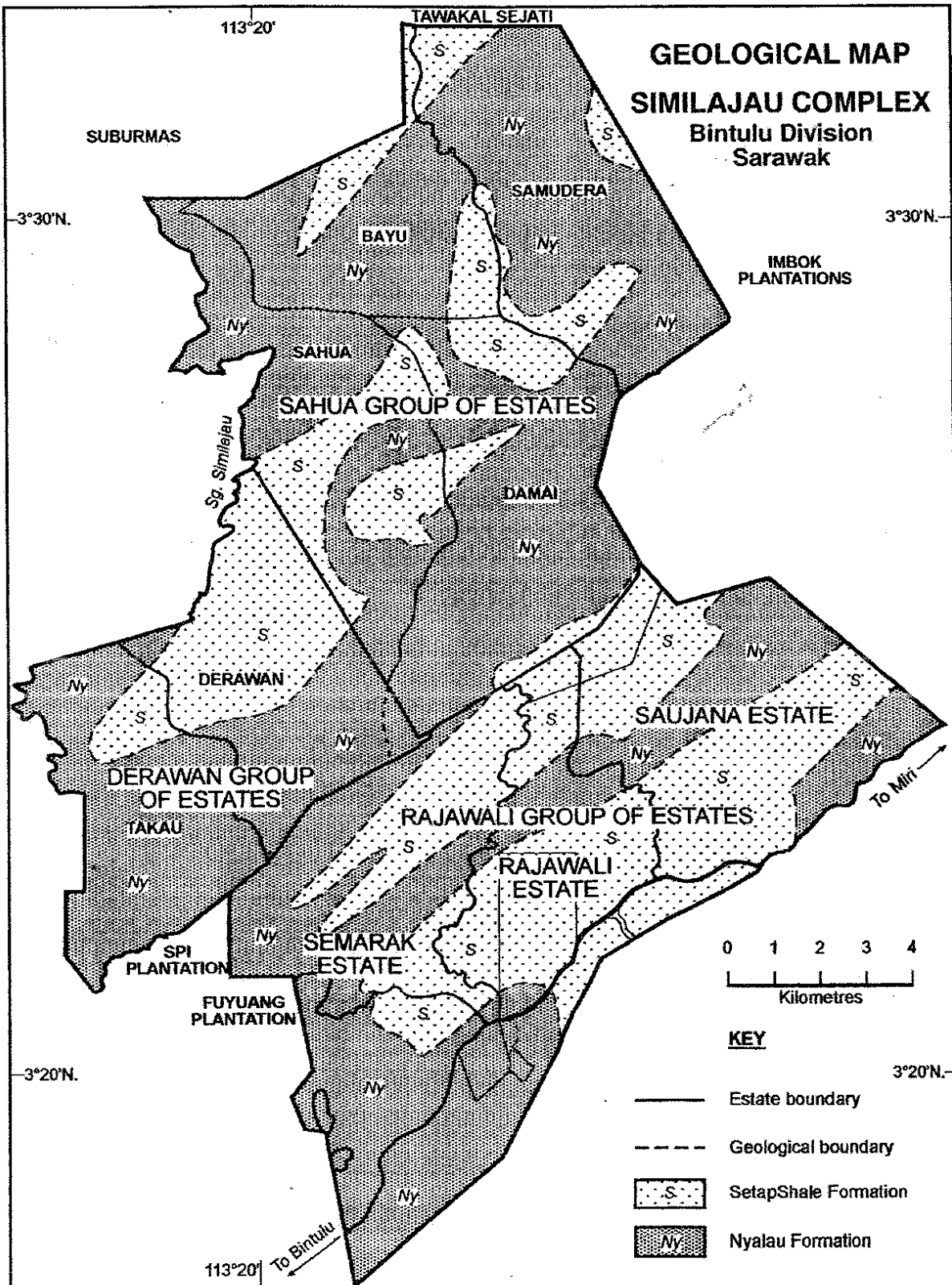
MUHAMMAD IRSAN BIN AZMI
MILL MANAGER

Name: Muhammad Irsan Bin Azmi

Designation: KKS Derawan Mill Manager

Date: 22 April 2015

Map of Derawan CU



RSPO SURVEILLANCE ASSESSMENT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MY-NI) and RSPO Supply Chain Certification Standard.
- (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 : **17th – 21st November 2014**

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
(Derawan Certification Unit – SOU 33)
97011 Bintulu
Sarawak
Malaysia

4. Reference Standard

- a. RSPO P&C MY-NI 2010
- b. RSPO Supply Chain Standard (November 2011)
- c. Company's audit criteria including Company's Manual/Procedures

5. *Assessment Team

- a. Lead Assessor : Hazani Othman
- b. Assessors : Mohamed Hidhir Zainal Abidin
: Hj. Mohd. Norddin Abd. Jalil

**If there is any objection to the proposed audit team, the organization is required to inform the Lead Auditor/RSPO Section Manager.*

6. Audit Method

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

7. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 60 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 60 days, the certificate shall be terminated. For minor non conformities raised in the surveillance audit, corrective action plans shall be submitted within 30 days and these shall be upgraded to major non conformities if the corrective actions are not implemented in the next audit.

8. Confidentiality Requirements

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

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

9. Working Language : English and Bahasa Malaysia

10. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 30 days after the date of assessment
- d) Distribution list : client file

11. Facilities Required

- a) Room for discussion
- b) Relevant document and record
- c) Personnel protective equipment if required
- d) Photocopy facilities
- e) A guide for each group

12. Assessment Programme Details : As follows

Assessment Programme

Day 0: 16th November 2014 (Sunday)

Time	Hazani	Hidhir	Hj. Norddin	Auditee
Whole day	<ul style="list-style-type: none"> • Travelling from KLIA to Bintulu Airport. • Travel from Bintulu Airport to Derawan Certification Unit 			PIC

Day 1: 17th August 2014 (Monday)

Time	Hazani	Hidhir	Hj. Norddin	Auditee
0830-0900	Opening Meeting, assessment team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by Lead Assessor.			Top mgmt & Committee Member
0900-0930	Briefing on the organization background and implementation of RSPO (including action taken to address previous assessment findings, progress of time bound plan, and significant changes of organisation, usage of SIRIM / RSPO logo, if any. <i>(Please provide map of CU, which indicates mill & its supply base, conservation areas, and surrounding neighbor, e.g. other plantations, wetland, forest, kampong etc.)</i>			Management Representative
0930-1300	Assessment at Derawan Estate and its amenities relating to HCV and social issues, which may include: <ul style="list-style-type: none"> • Plantation boundary • HCV and SIA management and action plan • Water supply • Interviews with employee and committees • Consultation with union representatives contractors, relevant government agencies, local people, indigenous people (if applicable and any) • Verification of previous issues (if applicable) Assessment on related indicators of P1,	Assessment at Derawan POM and its amenities related to Good Milling Practices, safety, health and environmental issues, which may include: <ul style="list-style-type: none"> • Mill operation • Oils and Chemicals store • Scheduled waste store • EFB area • ETP • WTP • Boiler • Engine room • Workshop • Domestic waste collection and disposal 	Assessment at Takau Estate field, related to Good Agricultural Practice, safety, health and environmental Issue, which may include: <ul style="list-style-type: none"> • Verification of CU's hectarage, yield and GPS maps (KML / KMZ / Shack file) • Estate and planting profile • Nursery • Water management • Projection and actual yield • Replanting programme • EFB , POME application, if applicable • Road maintenance 	Guide/PIC

	P2, P3, P4, P5, P6, P7, P8.	<ul style="list-style-type: none"> • Interviews with employee and committees • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P4, P5, P7, P8.</p>	<ul style="list-style-type: none"> • IPM application, if any. • Steep area • Riparian zone • Sensitive area, if any. • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P3, P4, P5, P7, P8.</p>	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Relevant PIC

Day 2: 18th August 2013 (Tuesday)

Time	Hazani	Hidhir	Hj. Norddin	Auditee
0830-1300	<p>Assessment at Derawan Estate and its amenities relating to HCV and social issues, which may include:</p> <ul style="list-style-type: none"> • Plantation boundary • HCV and SIA management and action plan • Water supply • Interviews with employee and committees • Consultation with union representatives, contractors, relevant government agencies, local people, indigenous people (if applicable and any) • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P3, P4, P5, P6, P7, P8.</p>	<p>Assessment at Derawan POM relating to Supply Chain implementation and the model used, which include:</p> <ul style="list-style-type: none"> • General requirements • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims • Mass balance accounting 	<p>Assessment at Takau Estate field, related to Good Agricultural Practice, safety, health and environmental Issue, which may include:</p> <ul style="list-style-type: none"> • Verification of CU's hectarage, yield and GPS maps (KML / KMZ / Shack file) • Estate and planting profile • Nursery • Water management • Projection and actual yield • Replanting programme • EFB , POME application, if applicable • Road maintenance • IPM application, if any. • Steep area • Riparian zone 	Guide/PIC

			<ul style="list-style-type: none"> • Sensitive area, if any. • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P3, P4, P5, P7, P8.</p>	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 3: 19th August 2014 (Wednesday)

Time	Hazani	Hidhir	Hj. Norddin	Auditee
0830-1300	<p>Assessment at Derawan POM and its amenities relating to HCV and social issues, which may include:</p> <ul style="list-style-type: none"> • HCV and SIA management and action plan • Water supply • Interviews with employee and committees • Consultation with union representatives, contractors, relevant government agencies, local people, indigenous people (if applicable and any) • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P3, P4, P5, P6, P7, P8.</p>	<p>Assessment at Sahua Estate and its amenities related to safety, health and environmental issues, which may include:</p> <ul style="list-style-type: none"> • Oils and Chemicals store • Scheduled waste store • WTP • Engine room • Workshop • Domestic waste collection and disposal • Interviews with employee and committees • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P4, P5, P7, P8.</p>	<p>Assessment at Damai Estate field, related to Good Agricultural Practice, safety, health and environmental Issue, which may include:</p> <ul style="list-style-type: none"> • Verification of CU's hectarage, yield and GPS maps (KML / KMZ / Shack file) • Estate and planting profile • Nursery • Water management • Projection and actual yield • Replanting programme • EFB, POME application, if applicable • Road maintenance • IPM application, if any. • Steep area • Riparian zone • Sensitive area, if any. • Verification of previous issues (if 	Guide/PIC

			applicable) Assessment on related indicators of P1, P2, P3, P4, P5, P7, P8.	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 4: 20th August 2014 (Thursday)

Time	Hazani	Hidhir	Hj. Norddin	Auditee
0830-1300	<p>Assessment at Derawan POM and its amenities relating to HCV and social issues, which may include:</p> <ul style="list-style-type: none"> • HCV and SIA management and action plan • Water supply • Interviews with employee and committees • Consultation with union representatives, contractors, relevant government agencies, local people, indigenous people (if applicable and any) • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P3, P4, P5, P6, P7, P8.</p>	<p>Assessment at Sahua Estate and its amenities related to safety, health and environmental issues, which may include:</p> <ul style="list-style-type: none"> • Oils and Chemicals store • Scheduled waste store • WTP • Engine room • Workshop • Domestic waste collection and disposal • Interviews with employee and committees • Verification of previous issues (if applicable) <p>Assessment on related indicators of P1, P2, P4, P5, P7, P8.</p>	<p>Assessment at Damai Estate field, related to Good Agricultural Practice, safety, health and environmental Issue, which may include:</p> <ul style="list-style-type: none"> • Verification of CU's hectarage, yield and GPS maps (KML / KMZ / Shack file) • Estate and planting profile • Nursery • Water management • Projection and actual yield • Replanting programme • EFB , POME application, if applicable • Road maintenance • IPM application, if any. • Steep area • Riparian zone • Sensitive area, if any. • Verification of previous issues (if applicable) <p>Assessment on related indicators of</p>	Guide/PIC

			P1, P2, P3, P4, P5, P7, P8.	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 5: 21st November 2014 (Friday)

Activities / areas to be visited	Hazani	Hidhir	Hj. Norddin	Auditee
0830-0945	Assessor team discussion, concluding and preparation for verbal reporting of assessment findings, and writing and issuance of NCR (if any)			
0945-1100	Closing Meeting			Top mgmt & Committee Member
1100	Travel to Bintulu Airport			

Details of Non-Conformities and Corrective Actions Taken (2014)

No.	Clause	Non-conformity	Action	Status
1. MH1 Major	2.1.1: Evidence of compliance with legal requirement	<p>Finding: The following requirements were not fulfilled 3) Environment Quality Act 1974, Section 49A – Air Pollution Control Equipment Competent Person & Scheduled Waste Manager. 4) Non-compliance to Workers Minimum Standards of Housing and Amenities Act 1990, Section 6(1)(a)</p> <p>Objective evidence: 1) There was no Air Pollution Control Equipment competent person and schedule waste manager available at SOU33. 2) The manner of treating the water has yet to be approved by the Director General.</p>	<p>Assistant Mill Engineer has received his certification for CERTIFIED ENVIRONMENTAL PROFESSIONAL IN SCHEDULED WASTE MANAGEMENT. No competent person for Air Pollution is necessary as mill do not have a scrubber system or air filter system. Nevertheless, mill has written letter to DOE Sarawak, `10/2/15 for further clarification, if any.</p> <p>KKS Derawan had clarified with JTK pertaining to own treating raw water for consumption.</p>	Communication with DOE concerning competent person for air pollution control accepted. Further clarification from DOE to be verified in the next audit, if any.
2. MH2 Major (Upgraded)	2.1.4: A system for tracking any changes in the law	<p>Finding: No changes and updates incorporated in the legal register at all operating units.</p> <p>Objective evidence: Legal register file was not updated with regards to i) Environment Quality Act 1974,</p>	PSQM - R&C will update the respective LORR.	Communication with <i>Kementerian Pembangunan Wanita, Keluarga dan Masyarakat</i> concerning applicability of Child Care Centre Act, 1984 accepted. Status of this matter to be followed up.

		<p>49A on competence person (amendment 2012)</p> <p>ii) Code of Practice Confined Space 2010</p> <p>iii) The Business, Profession and Trading Licensing Ordinance (Section 5, 23 & 24(2))</p> <p>iv) CLASS (Classification, Labelling and Safety Data Sheet) Regulation 2013</p> <p>iv) Medical Assistant (Registration) Act 1977</p> <p>v) FMA1967, Person in Charge Regulations (Amendment) 2014</p> <p>vi) Labour Ordinance, 1952</p> <p>vii) Child Care Centre Act, 1984</p> <p>viii) Immigration Act, 1975</p> <p>x) Industrial Relation Act, 1956.</p>		
<p>3. MH3 Minor</p>	<p>5.6.2: Plans are reviewed annually</p>	<p>Finding: The annual reviewed plan was not updated</p> <p>Objective evidence: Pollution prevention plan was not adequately reviewed issues pertaining to :</p> <ul style="list-style-type: none"> - Plan for the Clean Air Regulations 2014 compliance in 5 years' time. - GHG emission monitoring and reduction plan - Plan for zero effluent discharge or composting or other method as per requirement in the latest "Jadual Pematuhan " 	<p>Mill management has reviewed Pollution Prevention Plan especially on the issue related to Clean Air Regulation 2014 and effluent discharge. Mill also has included in mill budgetary FY 2015/2016 for usage of furrow system to complement current discharge to watercourse.</p>	<p>Plan accepted. Implementation and review of plan will be verified in the next audit.</p>

<p>4. MH4 Minor</p>	<p>4.1.2: Records of monitoring and the action taken are maintained and kept for a minimum of 12 months.</p>	<p><u>Finding:</u> The water monitoring records (domestic water and river water) were not properly maintained and kept for reference.</p> <p><u>Objective evidence:</u> The latest retrievable records for water monitoring were : 1) Test report ML192/13 dated 2/8/13 for domestic water analysis for Damai and Saha. 2) Test report IE 595/2014 dated 14/7/14 and IE 818/2014 dated 20/10/14 for monitoring of upstream and downstream Sg Takau (Derawan POM).</p>	<p>Mill has filed all results for water monitoring (domestic and river water) and to keep all the records for a minimum of 12 months. Lab Supervisor will be responsible to ensure that all water analysis result are properly recorded and maintained.</p>	<p>Accepted.</p> <p>To verify action had been taken and effective in the next audit.</p>
<p>5. MN1 Minor</p>	<p>5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.</p>	<p><u>Finding:</u> Operational plan has developed but was not appropriately implemented.</p> <p><u>Objective evidence:</u> It was found that the landfill area for the domestic wastes for Damai Estate was under the high voltage electrical lines neighboring field 98SD of Saha Estate, which would pose hazard to movement around the pit.</p>	<p>Landfill relocated.</p>	<p>Action accepted. Follow up will conducted in the next audit.</p>
<p>6. HO-2014-01 Major</p>	<p>6.2.3: Maintenance of a list of stakeholders,</p>	<p><u>Finding:</u> 1. Some of relevant stakeholders were not listed. 2. Communication and action taken</p>	<p>1) Stakeholders are already updated. 2) To update list of complaint by workers & contractor in the</p>	<p>Action taken with regard to plan for addressing previous issues will verified in the next audit.</p>

	<p>records of all communication and records of action taken in response to input from stakeholders.</p>	<p>in response to complaints from workers were not evidently been recorded.</p> <p><u>Objective evidence:</u></p> <ol style="list-style-type: none"> 1. Some of relevant stakeholders of Derawan Estate and Derawan Palm Oil Mill were not listed. Examples: <ol style="list-style-type: none"> (a) <i>Jabatan Tenaga Kerja.</i> (b) <i>Jabatan Kebajikan Masyarakat.</i> (c) Immigration Department. (d) Drainage and Irrigation Department. (e) NEST (Nursery for Estate Toddlers). (f) <i>Neighborhood committee.</i> (g) school bus operators. 2. There are complaints expressed from workers and the previous complaints from contractors of Derawan Palm Oil Mill, which records of communication and action taken to response yet to be evident. Examples: <ol style="list-style-type: none"> (a) inconsistent (interrupted) electricity supply. (b) inconsistent quality of supplied water (i.e. odour and murky). (c) child care centre not adequately staffed, and short care hour. (d) salary increment and payment of overtime issues. (e) road condition issues at linesite. 	<p>complaint form / books. To indicate in the status of complaint (either in progress or completed). If completed, worker / contractor to sign.</p> <p>3) Previous will be addressed accordingly.</p>	
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		<p>(f) eyes fatigue and backache issues related to personnel working long hours using computer.</p> <p>(g) previous issues of unpaid maintenance works / supplier services raised by contractors.</p>		
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Status of Non-Conformities Previously (2013) Identified

Clause	Non conformity	Corrective Action Submitted	Status
<p>Indicator 2.1.1 - Evidence of compliance with legal requirements</p> <p>(MAJOR)</p> <p>NCR# MH4</p>	<p>The following lapses were found:</p> <p>1) Non-compliance to Factories and Machinery (Person in Charge) Regulation 1970, Regulation (4), Last sentence that reads "in addition, the owner shall employ a first grade ICE visiting engineer."</p> <p>Objective evidence :</p> <p>Derawan POM did not have a 1st Grade ICE visiting engineer.</p> <p>2) Non-compliance to Electricity Rules 1999, Section 4 (5) Rule 3, Licence to Use, Work or Operate an Electrical Generating Installation as per the Sarawak Electricity Ordinance, Chapter 50, 2007</p> <p>Objective evidence :</p> <p>All installation (RPOM and its estates offices that operate Generator Sets) did not possess licence to generate electricity exceeding 5kw</p>	<p>1) To liaise with mill operation department and HQ pertaining to the 1st grade ICE visiting engineer.</p> <p>2) To request/apply for the genset license</p>	<p>Appointment of 1st grade ICE visiting engineer through MSIEA (Malaysian Steam & Internal Combustion Engine Engineer Association) MSIEA currently still searching for the available competent person in Sarawak</p> <p>Status of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p> <p>Appointment of consultant for genset license submission to Ministry of Public Utility and SESCO.</p> <p>Quotation from consultant, PKM Projek Konsultant Sdn Bhd has been obtained. Refer PKM/RAJAWALI/LIH dated 6/12/13.</p> <p>PO to the appointed consultant.</p> <p>Status of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>

	<p>3) Non-compliance to Environmental Quality (Clean Air) Regulations 1978 written approval for 900kVa genset at Derawan POM.</p> <p>Objective evidence :</p> <p>There was no evidence that requirements on stack emission and noise level are within the regulated limit for the 900kVA genset at Derawan POM</p> <p>4) Non-compliance to Workers Minimum Standards of Housing and Amenities Bill 1990, Section 19 (3).</p> <p>Objective evidence :</p> <p>There was no registered medical practitioner to visit all its clinic at least once a fortnight to supervise the operations and management of the clinic and to provide medical treatment to workers and their dependants at SOU 33.</p> <p>5) Controls of Supplies Regulations 1974, Regulation 9(2) were not complied with.</p> <p>Objective evidence :</p> <p>Damai Estate did not have the Licence for the purchase of Fertilizers.</p>	<p>3) To request/apply for the genset written approval</p> <ul style="list-style-type: none"> - To conduct noise and Emission monitoring <p>4) HQ to recruit VMO</p> <p>5) Application to KPDNKK, Bintulu</p>	<p>Asialab Group quotation was sighted. Refer document ALM/EM/MKTG/0114/01.</p> <p>PO to the appointed consultant.</p> <p>Status : Close</p> <p>HQ decision to recruit full time medical doctor. Refer correspondence with VP/II/DGM, Human Resource Upstream, Tn Muhammad Khairi Abu Bakar.</p> <p>Status of MO recruitment will be verified in the next audit.</p> <p>Status : Close</p> <p>Verified application letter to KPDNKK, Bintulu dated 23/10/13 for the :</p> <ul style="list-style-type: none"> i) Application of new permit, fertilizer ii) Permit renewal for the diesel and petrol <p>Status : Close</p>
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<p>Indicator 2.1.4 – A system for tracking any changes in the law</p> <p>(MINOR)</p> <p>NCR# MH1</p>	<p>Legal register file QSHE/04/5.2.4 was not updated with regards to</p> <p>i) Environment Quality Act 1974, 49A on competence person (amendment 2012)</p> <p>ii) Code of Practice Confined Space 2010</p> <p>iii) Sarawak Electricity Ordinance (Chapter 50) 2007</p> <p>iv) MPOB Regulations (Licencing) 2005</p> <p>v) The Business, Profession and Trading Licensing Ordinance (Section 5, 23 & 24(2))</p> <p>vi) Medical Assistant (Registration) Act 1977</p>	<p>PSQM will be updating the legal register.</p>	<p>Status of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>
<p>Indicators 4.7.1 – Evidence of documented Occupational Safety and Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act 139)</p>	<p>The above requirement were not complied with</p> <p>Objective evidence :</p> <p>i) Appointment letter for the new safety health committee secretary, MA for Takau Estate was not made available.</p> <p>ii) Safety and health committee meetings were not conducted in timely manner. FY2012 (19/10/12 & 10/4/12) and FY 2013 (26/7/13) Takau Estate.</p>	<p>i) To include related activities in the ESH plan FY2013/2014 for Takau Estate and Derawan POM.</p>	<p>i) Verified OSH plan FY2013/2014 for Derawan POM and Takau estate</p> <ul style="list-style-type: none"> - Planning of SHC meeting - Workplace inspection <p>Verified appointment letter of new SHC secretary for Takau Estate, Mr Fernandez A/K Sam effective 25/10/13.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p>

<p>(MAJOR)</p> <p>NCR #MH2</p>	<p>iii) Workplace inspection activity was not consistently implemented at Takau Estate</p> <p>iv) Inspection checklist for first aid kit and fire hydrant was not available in the Derawan POM.</p> <p>v) No further action taken for hearing impairment cases in Derawan POM. Total of 39 workers reported with hearing impairment.</p> <p>vi) Health surveillance programme for chemically exposed workers was not conducted in the required interval (12 month) at Derawan POM. Last checked was in 14/2/12.</p>	<p>iv) To create and maintained the first aid and fire hydrant checklist</p> <p>v) Re-testing will be conducted for the affected workerS</p> <p>vi) Related workers will be sent for the surveillance testing</p>	<p>First aid kit has been established. Sample of hydrant checklist/fire extinguisher/WPI for Derawan POM was sighted.</p> <p>Management decided to send for retest to the hearing impairment workers.</p> <ul style="list-style-type: none"> - 33 out of 39 will be sent for retest. - The remaining 6 employees were already resigned. <p>Verified purchase order to Global Green OSH Services Sdn Bhd. PO number 4300215630. Result of audiometric testing will be verified in the next audit.</p> <p>Status : Close</p> <p>Sighted OSH plan for the Derawan POM. Health surveillance programme will be conducted on December 2013.</p> <p>Sighted purchase order to Klinik Hj Roslan. PO number 4300215646. Result of health surveillance will be verified in the next audit.</p> <p>Status : Close</p>
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	v) Hearing conservation programme was not conducted for every 2 years interval. No records to show the programme has been carried out before.	v) To conduct hearing conservation training every 2 years.	Sighted OSH plan for the Derawan POM. Hearing conservation programme will be carried out on January 2014. Sighted purchase order to Global Green OSH Services Sdn Bhd. PO number 4300215645. Status : Close
Criterion 4.1 & Indicator 4.1.1: Documented Standard Operating Procedures (SOP) for estates and mill. (MAJOR) NCR# STK1	Section 7, 6.1.6 of the Agricultural Reference Manual (ARM) on frequency of circle spraying rounds of Immature palm was not complied with. Objective evidence : Some patches of palms in the 2012 A and 2012B replants of Derawan Estate were smothered by weeds, creepers and cover crop.	Immediate to do circle spraying at field 2012A and 2012B To strictly adhere work programme as stated in the ARM.	Verified picture sent on immediate circle spraying at the respective block. Spraying programme for the respective field area (2012A & B) has been verified. Status : Close
Indicator 5.3.2 : Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution. (MINOR)	Waste management plan FY 2013/2014 for Derawan POM and Takau Estate was not consistently implemented. Objective evidence : i) Cracked and leaked containment bund found at Derawan POM scheduled waste store. ii) Some of the waste container was not properly closed. I.e SW410, SW409 and SW 305.	i) Mill has budgeted new SW store for the next financial year. ii)Dedicated staff has been appointed to oversee the DOE issue and schedule waste management	Effectiveness of corrective action taken will be verified in the next audit. Status : Close


<p>NCR# MH3</p>	<p>iii) SW 322 (spent chemical) was not disposed in timely manner. Last generation was on 5/11/12.</p> <p>iv) 5th Schedule or inventory of schedule waste was not consistently updated and the data was not accurate. Latest inventory dated 20/9/13 with inconsistent amount of scheduled waste recorded.</p> <p>v) Signed copy of consignment notes was not consistently recorded as well as waste information (7th schedule of the waste information). Disposal of SW 305, SW410 & SW409 on 23/7/13</p> <p>vi) Labelling of schedule waste (solid and liquid) has to be in accordance with 3rd Schedule.</p> <p>vii) Some of the waste generated was not identified. I.e SW408 and SW312.</p>	<p>iii)ESH regional officer will be conducting training on schedule waste.</p>	
<p>Indicator 4.4.3 - Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current</p>	<p>Outgoing water into waterways was not monitored as stipulated procedure; Sustainable Plantation Management System, Appendix 1 SOP for taking water samples from streams/rivers dated 1/11/2008.</p> <p>Objective evidence :</p> <p>i) Only one sampling point monitored at Takau Estate for surface water</p>	<p>To conduct immediate water sampling analysis to R&D lab Pulau Carey.</p>	<p>Water sampling map has been incorporated with all 3 sampling point (SP1, SP and SP3)</p> <p>Water sampling programme for FY2013/2014 has been scheduled.</p> <p>Cover letter to R&D lab for water sampling analysis dated 3/12/13 was sighted.</p> <p>Result of water sampling analysis will be verified in the next audit.</p> <p>Status : Close</p>

<p>activities which may have negative impacts.</p> <p>(MAJOR)</p> <p>NCR# MH5</p>	<p>analysis. The upstream and downstream of Sg Takau was not monitored as there is a replanting programme carried out in P95TN, Takau Estate.</p>		
<p>Criterion 4.8: All staffs, workers, smallholders and contractors are appropriately trained</p> <p>Indicator 4.8.1</p> <p>(MAJOR)</p> <p>NCR# MRS01</p>	<p>Auditees at the Derawan POM were not really understand the requirements and action needed for grievance or complaints procedure and the documentation.</p> <p>Objective evidence :</p> <p>i) Clerk and Asst. Engineer at the Derawan POM said different system to record any complaint/grievance from contractors :</p> <ul style="list-style-type: none"> - fill in form at the security guard (told by clerk) or - by email (told by Asst. Engineer) <p>ii) Contractors for Derawan POM were not aware with standard documented procedure on complaint/grievance</p> <p>iii) Asst. Engineer at the Derawan POM do not really understood the function of SIA report, management plan & action plan including stakeholders meeting.</p>	<p>i) Grievance procedure will be made known to all stakeholders by published documents and statements.</p> <p>ii) Refresher training will be conducted by HQ personnel to all mill personnel involved.</p>	<p>Training for SIA has been conducted on 7/11/13.</p> <p>Verified the training module on social component, SIA, handling boundary dispute and gender issues.</p> <p>Grievance briefing was conducted on 20/11/13 for Rajawali POM. It was a combined training (Rajawali and Derawan</p> <p>Published documents/statement was made known to public</p> <p>Status : Close</p>

<p>Indicator 6.1.3 A timetable with the responsibilities for mitigation and monitoring is reviewed and updated as necessary</p> <p>(MAJOR) upgraded</p> <p>NCR# MRS02</p>	<p>There was no evidence to show that management has reviewed and updated mitigation and monitoring program on social issues with their stakeholders.</p> <p>Objective evidence :</p> <p>Derawan POM only prepared action plan of social assessment for 2012</p>	<p>Social action plan has been prepared for 2013/2014</p>	<p>Latest social action plan for FY2013/2014 was developed.</p> <p>Status : Close</p>
<p>Indicator 6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders</p> <p>(MINOR)</p> <p>NCR# MRS03</p>	<p>Communication and action taken on external and internal grievances were not properly recorded by auditee.</p> <p>Objective evidence :</p> <p>i) There was no record of all communications and actions taken on complaint/grievance by stakeholders. Only quarters complaint form for staffs and workers were established by Derawan POM. However, the remark section in the complaint form was leave blank.</p> <p>ii) Contractors have discussed with the new manager of Derawan POM on the issue of unpaid maintenance works / supplier services that happened between these contractors with previous manager. However, records of discussion, decision and</p>	<p>Records of communication on compliant/grievance will be enhanced and rectified accordingly</p> <p>Issue arising will be discussed with the HQ personnel and action will be taken accordingly.</p>	<p>Stakeholder consultation meeting will be conducted on 26/12/13. Noted in the invitation letter that stakeholders will be explained on the grievance procedure.</p> <p>Memo has been published to all with regards to grievance and suggestion to Derawan POM management.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>

	actions taken by the new manager on the issue were not recorded. This issue has been raised by contractors during consultation with external auditor.		
Indicator 6.5.2 (MINOR) NCR #MRS04	<p>During consultation with staffs and workers on payslip statement, they do not well understood the detail of payments.</p> <p>Objective evidence :</p> <p>i) Cleaner and two Indonesian workers at the Derawan POM were also not really understand details statement in the payslip</p>	Briefing on the payslip will be conducted to all workers and samples of translated payslip will be made available.	<p>Details of the pay slip have been explained in the memo dated 8/11/13. Effectiveness of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>
Indicator 6.11.1 (MINOR) NCR #MRS05	<p>There was no documented evidence to show that management has demonstrate contributions to local development based on the results of consultation with local communities and other stakeholders</p> <p>Objective evidence :</p> <p>i) No documented evidence to show that Derawan POM has demonstrate contribution to local development based on results of consultation</p> <p>ii) During audit, auditee at the Derawan POM cannot show any evidence of documented consultation with relevant stakeholders.</p>	<p>Proper records on CSR will be kept accordingly</p> <p>Meeting/consultation with the relevant stakeholders will be conducted in due time.</p>	<p>Stakeholder consultation meeting will be conducted on 26/12/13.</p> <p>Other records of Derawan POM contribution to local development and related CSR activities will be verified in the next audit.</p> <p>Effectiveness of corrective action taken will be verified in the next audit.</p> <p>Status : Close</p>

G. IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN HAVE BEEN SATISFACTORILY VERIFIED. RECOMMENDED FOR CERTIFICATION.

Audit Team Leader :	Mohamed Hidhir Zainal Abidin		12/03/2014
	_____	_____	_____
	(Name)	(Signature)	(Date)