



**SIRIM QAS INTERNATIONAL SDN. BHD.**  
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,  
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : ES10170018

**RSPO PUBLIC SUMMARY REPORT  
SURVEILLANCE AUDIT**

**CLIENT : BINUANG STRATEGIC OPERATING UNIT**

**PARENT COMPANY : SIME DARBY PLANTATION SDN. BHD.**

**RSPO MEMBERSHIP No.: 1-0008-04-000-00**

**LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):**  
(In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Mill / Estate	Location		
		Latitude	Longitude	Address
BINUANG Strategic Operating Unit (SOU 28)	Binuang Oil Mill	4° 42' 15" N	118° 03' 37" E	91207 Kunak, Sabah, Malaysia
	Binuang Estate	4° 25' N	118° 26' E	91207 Kunak, Sabah, Malaysia
	Sungang Estate	4° 39' N	118° 07' E	91207 Kunak, Sabah, Malaysia
	Tingkayu Estate	4° 24' N	118° 30' E	91207 Kunak, Sabah, Malaysia
	Jeleta Bumi Estate	4° 40' 30" N	118° 15' 10" E	91207 Kunak, Sabah, Malaysia

**MAP :** See Attachment 1

**AUDIT DATE :** 3-6 May 2016

**DURATION :** 16 auditor days

**STANDARD :** RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014

**SCOPE OF CERTIFICATION:**

Production of Crude Palm Oil and Palm Kernel Using Identity Preserved Model

**VALIDITY OF RSPO CERTIFICATE :** 13/7/2015-12/7/2020

**The following attachments form part of this report:**

Non-conformity Report(s) ☒

List of additional site(s) ☐

**Report by Audit Team Leader**

Name : Mohd Zulfakar Kamaruzaman  
Signature : *Mohd Zulfakar*  
Date : 26 July 2016

**Acknowledgement by Client's Representative**

SIME DARBY PLANTATION (SABAH) SDN. BHD.  
(Company No. 29959-V)  
KILANG KELAPA SAWIT BINUANG  
Name :  
Signature : *Abdul Ghafar Bin Sulaiman*  
Date : 27/7/16  
Abdul Ghafar Bin Sulaiman  
Mill Manager

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**SUMMARY OF AUDITS**

<b>Stage 2 Audit</b>				
On-site audit date :	6 - 9 April 2015		No. of auditor days :	16 Auditor Days
Audit team :	Hazani Othman (LA), Valence Shem, Mohamed Hidhir Zainal Abidin, Hj. Mohd Norddin Abd. Jalil.			
No. of major NCR :	18	Indicator: 1.1.1, 2.1, 2.1.1, 3.1,4.1,4.1.2, 4.4, 4.4.1, 4.6, 4.7, 4.7.1, 4.8.1, 5.1, 5.3, 6.2, 6.4, 6.5.2, 6.6, 6.7.1, 6.8.1, 6.9 and 8.1.		Closing date : 25/4/15
No. of minor NCR :	7	Indicator : 2.1.4, 4.2, 4.3, 4.5, 5.1.2, 5.2.3 and 6.8.2		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	<b>x</b>		<b>X</b>	<b>x</b>
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
		<b>x</b>		
Supply base sampled :	Binuang Estate, Sungang Estate and Tingkayu Estate			

<b>Annual Surveillance Audit 1</b>				
On-site audit date :	3-6 May 2016		No. of auditor days :	16 Auditor Days
Audit team :	Mohd Zulfakar Kamaruzaman (LA) , Mohd Razman Salim, Jagathesan a/l Suppiah, Selvasingam T. Kandiah, Ruzita Abd Gani			
No. of major NCR :	3	Indicator: 2.1.1, 4.7.3 and 5.2.2		Closing date : 1 July 2016
No. of minor NCR :	3	Indicator : 4.1.2, 4.5.2 and 4.8.2		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	<b>x</b>		<b>X</b>	<b>x</b>
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
		<b>x</b>		
Supply base sampled :	Binuang Estate and Jeleta Bumi Estate			
Changes since the last audit :	No changes.			

<b>Annual Surveillance Audit 2</b>				
On-site audit date :			No. of auditor days :	
Audit team :				
No. of major NCR :		Indicator:		Closing date :
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				

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Changes since the last audit :				
<b>Annual Surveillance Audit 3</b>				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

<b>Annual Surveillance Audit 4</b>				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractors	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

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**Abbreviations:**

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

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## 1.0 AUDIT PROCESS

### 1.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the 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 and nationally 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 Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and accredited by ASI on 27 September 2014.

### 1.2 Qualification of audit team

Member of the Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar Kamaruzaman	Lead Auditor HCV and Social aspects	Holds a B.Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation. Successfully completed IRCA accredited Lead Assessor training for QMS, EMS and OHSMS.
Mohd Razman Salim	Auditor/ Social aspects	Possessed B.Sc.Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology.
Jagathesan a/l Suppiah	Auditor / Occupational Health & Safety and environmental related to mill and plantation	Possess a Bachelor of Chemical Science & Minor in Management (Hons). Had carried out audits for various scheme such as ISO 9001, ISO 13485, ISO 14001, OSHAS 18001 and GMP/FDA regulations for the past 15 years.
Selvasingam T Kandiah	Auditor / Good Agricultural Practices (GAP), Occupational Health & Safety related to plantation	B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Bangalore, India (1969-1973), A Planter with Kumpulan Guthrie Berhad (1995-2002 – retired), Inclusive of One year in Liberia and 2 years in Estate Department in Guthrie head quarters
Ruzita Abd Gani	Auditor / Supply chain	Holds a B.Sc. (Hons) Chemical Engineering and had about 5 ½ years of working experience as assistant mill manager in the palm oil mill. She is a qualified as lead auditor for RSPO P&C, RSPO SC & MSPO, ISO 14001 and OHSAS 18001.

### 1.3 Audit methodology

The audit covered the Binuang palm oil mill, two of its supply base. The sampling of the number of the supply base was using the formula of  $0.8\sqrt{y}$ . The two supply base covered during the audit are Jeleta Bumi Estate and Binuang Estate. The audit included on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

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1.4 Audit plan : Refer to Attachment 2

1.5 Date of next audit :

The next surveillance audit will be conducted within 12 months but not sooner than 9 months from this audit.

## **2.0 SCOPE OF CERTIFICATION AUDIT**

### **2.1 Description of the certification unit**

The Binuang certification unit (CU) is one of the Sime Darby Plantation Sdn Bhd's (SDPSB's) Strategic Operating Unit (SOU). The CU is also known as SOU 28 and was certified to the RSPO P&C by SIRIM QAS International Sdn Bhd in 2015. This audit is the annual surveillance audit 1 (ASA 1)

The Binuang CU consisted of one palm oil mill and four of its own estates namely the Binuang Estate, Sungang Estate, Tingkayu Estate and Jeleta Bumi Estate. This audit also covered Binuang Palm Oil Mill (Binuang POM). The mill capacity is 40 mt/hr.

### **2.2 Description of the Supply Base (including the planting profile)**

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

Table 1: Actual FFB production by the estates for the last reporting period (May 2015 to April 2016)

Estates	FFB Contribution	
	Tonnes	Percentage (%)
Binuang	42,518.41	26.94
Sungang	29,975.49	18.99
Tingkayu	38,652.66	24.49
Jeleta Bumi	46,669.09	29.57
<b>Grand Total</b>	<b>157,815.65</b>	<b>100.00</b>

Table 2: Projected FFB production by estates for the next reporting period (May 2016 to April 2017)

Estates	FFB Contribution	
	Tonnes	Percentage (%)
Binuang	49,486.61	28.56
Sungang	29,797.22	17.19
Tingkayu	45,207.07	26.09
Jeleta Bumi	48,800.00	28.16
<b>Grand Total</b>	<b>173,290.90</b>	<b>100.00</b>

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Table 3: Actual FFB received and CPO & PK dispatch by Binuang POM for the last reporting period  
(May 2015 – April 2016)

	Total (MT)
FFB Received	157,815.65
FFB Processed	157,723.63
Certified FFB	157,723.63
Non Certified FFB	0.00
CPO Production	37,290.688
PK Production	8,012.75
CPO delivered as Identity Preserved	29,345.27
CPO delivered as non-RSPO certified	9,036.89
PK delivered as Identity Preserved	0.00
PK delivered as non-RSPO certified	8,190.65

Table 4: Projected FFB received and CPO & PK dispatch by Binuang POM of the next reporting period  
(May 2016 – April 2017)

	Total (MT)
FFB Received	173,290.90
FFB Processed	173,290.90
Certified FFB	173,290.90
Non Certified FFB	0.00
CPO Production	41,589.82
PK Production	8,317.96
CPO delivered as Identity Preserved	41,589.82
CPO delivered as non-RSPO certified	0.00
PK delivered as Identity Preserved	8,317.96
PK delivered as non-RSPO certified	0.00

Table 5: Planted and certified area of Binuang CU

Estate	Planted (ha)	Certified (ha)
Binuang	2,859.35	3,271.08
Sungang	1,959.62	2,786.41
Tingkayu	2,371.08	2,546.98
Jeleta Bumi	2,817.49	3,099.44
<b>Total</b>	<b>10,007.54</b>	<b>11,703.91</b>

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Table 6: Planting profile for SOU Binuang

Name of supplying estate	Planting Age (Ha)					Total Planted Area (ha)
	Immature	3-<6 years	>6 - 15 years	>16 - 25 years	>25 years	
Binuang	377.54	529.27	1,705.73	246.81	0	2,859.35
Sungang	564.48	288.07	240.08	866.99	0	1,959.62
Tingkayu	652.95	462.33	1,255.80	0.00	0	2,371.08
Jeleta Bumi	508.88	0	9.74	2,298.87	0	2,817.49
<b>Total</b>	<b>2,103.85</b>	<b>1,279.67</b>	<b>3,211.35</b>	<b>3,412.67</b>	<b>0</b>	<b>10,007.54</b>

### 2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below

Name	:	Mohd Safirus Hailani
Position	:	Manager, Binuang Estate
Address	:	Ladang Binuang, P.O Box 130, 91207 Kunak, Sabah, Malaysia.
Phone no.	:	+6089-855197
Fax no.	:	+6089-855190
Email	:	<a href="mailto:ldq.binuang@simedarby.com">ldq.binuang@simedarby.com</a>



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### 3.0 AUDIT FINDINGS

3.1 Changes to certified products in accordance to the production of the previous year.

*There is no changes to certified products.*

3.2 Time bound plans including changes and reasons for the changes see below

	Yes	No	<u>If yes, state reasons/justifications</u>
➤ acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
➤ emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
➤ labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

3.3 Overall comment in terms of acceptance or non acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed )

*There is no changes to the time-bound plan.*

3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.

☐

Yes

☐

No

If no, please state reasons N/A as there is no associated smallholders supplying FFB to the CU.

3.5 Any new acquisition which has replaced primary forests or HCV areas

☐

Yes

☒

No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

*There is no changes since last year, contact person still the same since last year Mr Mohd Safirus Hailani.*

3.7 Status of previous non-conformities \* (refer to Attachment 6)

Closed

☒

Not closed

☐

\* If not closed, minor non conformity will be upgraded to major non conformity

3.8. Complaint received from stakeholder (if any) :

There were various stakeholders interviewed during this Audit comprising of workers, surrounding villagers and contractors / suppliers. Generally, all of the stakeholders had given positive feedback towards Binuang CU.

### 4.0 DETAILS OF NON-CONFORMITY REPORT

4.1 For P&C : (Details checklist refer to Attachment 3)

Total no. of minor NCR(s)  
(refer to Attachment 4)

3 List : JS-2016-02, STK-1.2016, STK-2.2016

Total no. of major NCR(s)

3 List : JS-2016-01, MRS 01 2016, STK-3.2016

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4.2 For SC : (Details checklist refer to Attachment 5)

Total no. of minor NCR(s)                      0    List :    0

Total no. of major NCR(s)                      0    List :    0

**5.0 AUDIT CONCLUSION**

The audit team concludes that the organization has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

It is confirmed that all Corrective actions for Major non-conformities has been satisfactorily closed and corrective actions plan for the minor non-conformities had been provided, reviewed and accepted.

**6.0 RECOMMENDATION**

☐

No NCR recorded. Recommended to continue certification.

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Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next 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. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.

☒

Recommended to continue certification.

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

*Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.*

Audit Team Leader :    Mohd Zulfakar Kamaruzaman

\_\_\_\_\_  
(Name)

*Mohd Zulfakar*

\_\_\_\_\_  
(Signature)

Map of SOU 28 - Binuang CU



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**Attachment 2**

**SIRIM QAS INTERNATIONAL SDN. BHD.**

**RSPO SURVEILLANCE 1 AUDIT PLAN**

**1. Objectives**

The objectives of the audit are as follows:

- (i) To determine Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI)
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit
- (iii) To make appropriate recommendations based on the audit findings

**2. Date of audit** : 3 - 6 May 2016

**3. Site of audit** : SIME DARBY PLANTATION SDN. BHD.  
SOU Binuang,  
91207 Kunak, Sabah  
Malaysia

**Reference Standard:**

- RSPO P&C MYNI: 20014
- RSPO Supply Chain Certification Standard, 2014
- Company's audit criteria including Company's Manual/Procedures

**4. Audit Team**

a) Lead Assessor : Mohd Zulfakar Kamaruzaman  
b) Assessor : Mohd Razman Salim  
Jagathesan a/l Suppiah  
Selvasingam T Kandiah  
Ruzita Abd Gani

*(If there is any objection to the proposed audit team, the organisation is required to inform the Lead Assessor/RSPO Section Manager.)*

**5. Audit Method**

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

**6. Audit Findings**

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed by submitting corrective action plans within 1 month. Another 2 months to submit evidence of implementation. In any event, the evidence of implementation shall be submitted prior to the expiry of the RSPO certificate. Failure to submit satisfactory corrective actions to resolve the major non conformity(ies) raised before the expiry of the RSPO certification will result in non-renewal of the certificate. A new application for RSPO certification will be required.

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For minor non conformities raised, 1 month is given to submit corrective action plans to minor non-conformity. The timeframe for submitting the corrective action plans may be extended up to the period of the expiry date of RSPO certification. If corrective action plans to address the minor non-conformity(ies) are not submitted before the expiry of the RSPO certification, a recommendation for non-renewal of RSPO certification will be made.

**7. Confidentiality Requirements**

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

In the event that there be any legal requirements for disclosing any information concerning the organisation, SIRIM QAS International shall inform the organisation 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 : Tentative date of issue of report not more than 30 days after closure of NC.
- 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 and printing facilities
- e) A guide for each assessor

**12. Audit Programme Details:** As shown below:

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<b>Day 1: 3 May 2016 (Tuesday)</b>				
<b>Time</b>	<b>Activities / areas to be visited</b>			
9.00 – 9.30 am	<b><u>Opening meeting at Binuang Palm Oil Mill</u></b> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes  <b>Organization Representative to brief on the following :</b> <ol style="list-style-type: none"> <li>1) RSPO implementation at Binuang SOU (i.e. mill &amp; supply base) including changes</li> <li>2) Time bound plan for Sime Darby Plantation Sdn. Bhd.</li> <li>3) Significant changes on organization activities, machinery, supply bases capacity etc.</li> </ol>			Top Mgmt & Committee Member
	<b>Razman</b>	<b>Zulfakar</b>	<b>Selvasingam</b>	
9:30 – 1:00 pm	<b><u>Binuang POM</u></b> Coverage of audit : P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	<b><u>Binuang Estate</u></b> Coverage of audit : P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• HCV Assesment</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<b><u>Jeleta Bumi Estate</u></b> Coverage of audit: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue audit			Guide(s) for each assessor

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<b>Day 2: 4 May 2016 (Wednesday)</b>					
<b>Activities /areas to be visited</b>	<b>Zulfakar</b>	<b>Razman</b>	<b>Jagathesan</b>	<b>Selvasingam</b>	
9.00 – 1.00 pm	<u><b>Binuang Estate</b></u> Coverage of audit: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Hcv Assessment</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<u><b>Binuang Estate</b></u> Coverage of audit: P1, P2, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<u><b>Jeleta Bumi Estate</b></u> Coverage of audit: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Jeleta Bumi Estate</b></u> Coverage of audit: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue audit	Continue audit	Continue audit	Continue audit	Guide(s) for each assessor

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<b>Day 3: 5 May 2016 (Thursday)</b>					
<b>Activities /areas to be visited</b>	<b>Zulfakar</b>	<b>Jagathesan</b>	<b>Razman</b>	<b>Selvasingam</b>	
9.00 – 1.00 pm	<p><b><u>Jeleta Bumi Estate</u></b></p> <p>Coverage of audit : P1, P2, P4, P5, P6, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Hcv Assesment</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<p><b><u>Binuang POM</u></b></p> <p>Coverage of audit: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<p><b><u>Jeleta Bumi Estate</u></b></p> <p>Coverage of audit : P1, P2, P5, P6, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<p><b><u>Binuang Estate</u></b></p> <p>Coverage of audit: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue audit	Continue audit	Continue audit	Continue audit	Guide(s) for each assessor



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Day 4: 6 May 2016 (Friday)						
Activities /areas to be visited	Zulfakar	Razman	Ruzita	Jagathesan	Selvasingam	
8.30 – 1.00 pm	<u><b>Jeleta Bumi Estate</b></u> Coverage of audit: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Hcv Assesment</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<u><b>Jeleta Bumi Estate</b></u> Coverage of audit: P1, P2, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, gender committee, local communities and stakeholders</li> <li>• Plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<u><b>Binuang POM</b></u> Site visit and audit on Supply Chain Implementation including the Model used <ul style="list-style-type: none"> <li>• General Chain of Custody System Requirements for the supply chain</li> <li>• Documented procedures</li> <li>• Purchasing and goods in</li> <li>• Outsourcing activity</li> <li>• Sales and goods out</li> <li>• Processing</li> <li>• Records keeping</li> <li>• Registration</li> <li>• Training Claims</li> </ul>	<u><b>Jeleta Bumi Estate</b></u> Coverage of audit: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Binuang Estate</b></u> Coverage of audit: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00– 2.00 pm	Break					
2.00 – 4.00 pm	<ul style="list-style-type: none"> <li>• Continue audit on unfinished area &amp; Verification on outstanding issues</li> <li>• Audit Team discussion, preparation on audit findings and issuance of NCR (if any)</li> </ul>					
4.00 – 5.00 pm	Closing meeting					Top mgmt & Comm. mabr

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**Attachment 3**

**RSPO P&C AUDIT CHECKLIST AND FINDINGS**

**Principle 1: COMMITMENT TO TRANSPARENCY**

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	Binuang CU continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records inspected were correspondences with the authorities and employees as follows: DOSH, DOE & Fire Department visit monitoring Log, CHRA Document / Med Surveillance and Audiometry test reports for the mill and estates. SDPSB continued to use the internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans and the procedure for complaints and grievances were available through SDPSB website at <a href="http://plantation.simedarby.com">http://plantation.simedarby.com</a>
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	Records of requests for information from stakeholders and responses by the CU were sighted in the internal and external communication files. The latest communications records for stakeholders meeting were sighted. There was no request for social information from stakeholders.
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.	1.2.1 Land titles/user rights	YES	Information relating to land titles are available at the SDPSB website at <a href="http://plantation.simedarby.com">http://plantation.simedarby.com</a> . The auditor had verified the land titles for SOU 28 and confirmed that SDPSB owned the SOU.
	Occupational health and safety plans	YES	SDPSB continued to use their website to disseminate public information. Information relating to safety and health plans are available at <a href="http://plantation.simedarby.com">http://plantation.simedarby.com</a>
	Plans and impact assessments relating to environmental and social impacts	YES	A Social Impact Assessment (SIA) for Binuang CU and the related action plans based on the SIA findings were made available to the auditors. Management documents related to environmental plans and impact assessments were made available at all audited operating units. Among the documents sighted were: Environmental Aspect Identification and Environmental Impact Evaluation registers, Pollution Prevention Plan, Identification and Management of Wastewater, Waste Management & Environmental Improvement Plan.
	HCV documentation summary	YES	HCV documentation summary was made available at Binuang & Jeleta Bumi Estate.
	Pollution prevention and reduction plans	YES	Pollution prevention and reduction plans continued made available at all assessed operating units. Among the relevant documents were: Pollution Prevention Plan, Identification and Management of Wastewater, Waste Management & Environmental Improvement Plan.
	Details of complaints and grievances	YES	Details of grievances and complaints and actions taken to solve them were recorded in the Complaint Form (Borang Aduan) for stakeholders and Request for Maintenance form for internal staff and workers.

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		Negotiation procedures	YES	Negotiation procedure as described in "Plantation Quality Management System" document was made available to the auditors. There was no claim against the CU by any party.
		Continual improvement plans	YES	Sime Darby Plantation Sdn. Bhd. has committed to utilise the established system to regularly monitor and review their key activities at the mill and estates. Relevant action plans were initiated for continuous improvement in key areas of operations, environmental, safety, health and welfare of the workers as well as social contribution to the community. Details of the CU continual improvement plans have been reported in indicator 8.1. The continuous improvement plans related to environment was established and update accordingly.
		Public summary of certification assessment report;	YES	Public summary for RSPO certification audit report can be assessed at the link below: <a href="http://www.sirim-qas.com.my/attachments/article/442/RSPO%20Audit%20Report-Binuang-Stg2%202015-Public%20Summary.pdf">http://www.sirim-qas.com.my/attachments/article/442/RSPO%20Audit%20Report-Binuang-Stg2%202015-Public%20Summary.pdf</a>
		Human Rights Policy	YES	In Jan 2015, SDPSB has developed a Social & Humanity Management Policy. The policy is signed by the SDPSB's Managing Director and was displayed on various notice boards at the mill and the estates offices.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	A written policy committing to a code of ethical conduct and integrity in all operations and transactions has been established and signed by the Managing Director in Jan 2015. On top of that, there were also specific policies on social and humanity management, gender, and children's rights. These policies demonstrated the company's respect for fair conduct of business, prohibition of all forms of corruption, bribery and fraudulent use of funds and resources. These policies have been communicated to all level of the workforce through display on notice boards at the mill and estates, memos, morning briefings and trainings (as evident in the training files). The policies were also made accessible to the public. This showed the company's commitment to a proper disclosure of information in accordance with applicable regulations and accepted industry practices.

**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 relevant legal requirements shall be available. Major Compliance	NO	The Binuang CU had continued to comply with legal requirements as per indicator. Guided by the established procedure, the annual evaluation of compliance has been carried out concurrently with the review of legal register by PSQM in Jan 2016. The list of applicable legal and other requirement was made available during the audit. Among the identified legal requirements are as follow : a) <b>Factories and Machinery Act 1967</b> (Notification, Certificate of Fitness and Inspection Regulation 1970, Steam Boiler & Unfired Pressure Vessel Regulation 1970, Safety Health and Welfare 1970, Noise Exposure Regulation 1989 and Person In Charge Regulation 1970). b) <b>Occupational Safety and Health Act 1994</b> (NADOPOD Regulation 2004, Safety Health Committee Regulation 1996, USECHH Regulation 2004).

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				Under the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations, Part VIII – Monitoring of Exposure at the place of work, Section 26(2) – employees exposed or likely to be exposed to chemicals hazardous to health listed in Schedule II, the monitoring of exposure of employees to be repeated at intervals of not more than six months or at such shorter intervals as determined by the assessor. At Binuang POM, it was found that some Lab workers handled n-Hexane were not subjected to exposure monitoring at work place for the past 5 years. The last exposure monitoring was carried out on April, 2010. Therefore, a Major NCR JS – 2016 -01 was raised.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	Binuang CU continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operations. Legal and Other Requirements Register is prepared by the PSQM department. Each office of CU has their own LORR and the compliance has been evaluated individually on annual basis. For Binuang POM, the latest review was carried out by the Assistant Engineer in Jan 2016 and approved by the Mill Manager. As for Binuang and Jeleta Bumi Estate, the review were carried out by the respective Assistant in Feb 2016.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	Both estates have a documented system to monitor and ensure compliance to the identified legal requirements. The mechanism was documented in the Estate Quality Management System under Standard Operation Manual. There is evidence of compliance to legal requirements which has been evaluated on an annual basis. These compliances are also being checked through the Internal & External Audits, Plantation Advisory and Mill Advisory visits, RSPO Audits and by Preliminary Group Corporate Assurance Reports.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	PSQM department, which is based in Kuala Lumpur is responsible in tracking any changes to the Acts and Regulations. The updating of the legal register was carried out on a periodical basis. Any change in the legal register is communicated to the respective SOUs.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	YES	Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate has provided with legal use of the land through a Country Lease signed by the Director of Lands and Surveys of Sabah following the payment of premium. This document is available at all the individual estates.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	The physical markers such as boundary pegs and boundary stones along the perimeter adjacent to the state land and other reserves are available at site between Binuang Estate and Madai Baturong Forest Reserve. All estates have maps to indicate the locations of the boundary pegs. The Jeleta Bumi Estate had also maintained and monitored its boundary pegs and boundary stones along the perimeter adjacent to Madai Baturong Forest Reserve, IOI Group and Yuwang Group oil palm plantation.

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	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent. Minor Compliance	YES	There was no conflict or dispute concerning land in the CU.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	YES	There was no conflict or dispute concerning land in the CU.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	YES	There was no conflict or dispute concerning land in the CU.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	There was no conflict or dispute concerning land in the CU.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	YES	There was no conflict or dispute concerning land in the CU.

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	2.3.2	<p>Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.</p> <p>Minor Compliance</p>	YES	There was no conflict or dispute concerning land in the CU.
	2.3.3	<p>All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	YES	There was no conflict or dispute concerning land in the CU.
	2.3.4	<p>Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	YES	There was no conflict or dispute concerning land in the CU.

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**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	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	Both estates continued to make commitment to long-term economic and financial viability. The annual budgets for 2015/16 to 2020/2021 were sighted. The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield/ha, and total cost of production per m ton & per ha.
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	The replanting programme for the next five years had been prepared as sighted in the Long Range Replanting Programme 2015/16 to 2036/37. This programme is reviewed once a year and is incorporated in their annual financial budget.

**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, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	In Binuang CU, the SOPs for each of the process had continued to be implemented. Brief version of the SOPs were displayed at the appropriate locations. Copies of the documented SOPs were presented to the audit team. Generally, it was observed that activities being implemented involved safety and health, environmental, quality, employees, etc. In general, the practices in the CU had been carried out as per the Plantations / Mill Quality Management System standard operating manual and procedures, Sustainable Plantation Management System Manual, Supply Chain Manual, ESH Management System Manual, Occupational Safety and Health Manual, Pictorial Safety Standards, Laboratory Process Control Manual and Security Guidelines. The documents include all aspects of the operation in the estates and mill. These include seedlings in nursery to planting of young palms and plantation upkeep to mill FFB receipt, grading, processing, quality analysis and despatch of CPO and PK as well as security of the SOU.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	As for all SBPSD estates both estates had a list of SOPs in the EQMS and Agriculture Reference Manual. Both estates monitored good agricultural practices as per SOPs by on-site visits, inspections and discussions with relevant personnel and by conducting audits like Internal Audits, RSPO Audits and visits by GM, PA and Agronomists. However, during the audit the following was found not being followed:

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				<p>1 – The recommendation for monthly health screening by estate nurses, first aider or VMO made in the CHRA (2013) for workers exposed to chemicals hazardous to health was not complied with.</p> <p>2 – The 'Prosedur Operator Jentera Berat and Ikrar Pemandu' was not complied with.</p> <p>3 – The practice of reusing all water from washing of agrochemical containers, PPE and spraying equipment and spillage during chemical mixing was not re-used.</p> <p>It was also found that, at Jeleta Bumi Estate:</p> <p>1 – The health screening was carried out only once in every 3 months for workers exposed to chemicals hazardous to health.</p> <p>2 – The wheel bolts/nuts were missing from tractor and its trailer (same case noted in Binuang Estate).</p> <p>3 – The water from the sump for collecting water from washing of agrochemical containers, PPE and spraying equipment and spillage during chemical mixing was seen overflowing into the field drain. Thus, a Minor NCR STK 1 2016 was issued.</p>
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Records of monitoring and the actions taken by both Jeleta Bumi & Binuang Estate were maintained and kept for a minimum of 12 months. Monthly Costing and Annual Reports on monitoring of all activities were made available. Among the records sighted at the estates included Work Program Sheets, Field cost books for manuring, weeding, bin cards, Monthly Progress & Report Account, rainfall data and pest census.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	YES	The scope for Binuang POM is Identity Preserved, therefore this indicator was not applicable for this CU.
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	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention and EFB in replants and compost application in mature areas. Fertiliser application was carried out based on the recommendation made by the Chief Agronomist, recommendations made based on annual foliar sampling and 5 yearly soil sampling.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser application program was monitored using records like program sheets, bin cards, field cost book, Fertiliser Application monitoring forms, work flow sheets in Replants, etc. Records of programs and applications of fertilisers were made available to auditors. Fertiliser application for 2015/2016 was on going in both estates.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	From the Agronomist's report it was established that both estates carried out periodic foliar sampling for the nutrients and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The latest foliar sampling at Jeleta Bumi Estate was carried out in July 2015 and for Binuang Estate, the sampling was carried in Nov 2015.



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	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	YES	Both estates had established a nutrient recycling strategy. Palm fronds were stacked in the fields to decompose and by EFB and compost application. POME was applied at Binuang Estate. The estates applied EFB in replants and compost in mature areas.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	Based on the soil maps provided, there was no fragile/marginal soils in both estates visited. In Jeleta Bumi Estate the soils were of Pinianakan, Apas, Table, Jarangan, Kinabutan, Paliu, Lumisir, linanam, Durian, Ambun, Kumansi, Tanjong Lipat, Batang, Paliu T1, Lumisir T1 series. In Binuang Estate the soil was of Alluvial, Brantian, Gumpal and Sipit series.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	SDPSB had established strategy for planting on slopes, to minimise and control erosion and degradation of soils. The strategy in place for plantings on slopes between 6 and 25 degrees was in the Slope & River Protection Policy – Buffer Zone & 25 degree slope and Land Preparation for Terracing in ARM Manual. 78% of Jeleta Bumi Estate is flat and undulating. It has straight line planting with the balance on terrace planting. For Binuang Estate, 60% of it area planted are on terraces. The estates had implemented prevention of soil erosion measures such as construction of moisture conservation pits (MCP) in steep slope areas, establishment of cover crops and noted that no bare ground was sighted during the visit.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted road conditions were well maintained in both estates. Accessibility were made possible by regular maintenance guided by its road maintenance programmes. The program for grading, re-surfacing and road side pruning had been supported by adequate provisions in the budgets. Surface run off water from roads is directed into fields and drains with well cambered roads and with road side slit pits and road sided drains.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	N/A	There were no peat soils in both audited estates.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	N/A	Not applicable as there were no peat soils in both estates.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	N/A	Not applicable as there were no fragile and problem soils in both estates.

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C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	Both estates had in place and implemented water management plans. Plans for 2015/2016 were sighted. At Jeleta Bumi Estate, the management plan covered dry spell/shortage, in case of water pollution, flood and rain harvesting to reduce treated water usage. Workers were advised to conserve water during muster. At Binuang Estate the plan covered improving underground piping system, recycling waste water from chemical premixing & PPE washing for spraying and rain water harvesting. Rainfall records based on rain gauge reading were available on site. Records of rainfall data, for the last 10 years, to assist in the water management plans were sighted.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	YES	Generally, Binuang Estate and Jeleta Bumi Estate have continued to protect water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate. During site visit, observed the 20m buffer zone boundary for Sg. Binuang was identified with signboard erected along its rivers. The oil palm trees at the buffer zone were ring sprayed with white paint at the trunk to differentiate them with the other non-riparian zone oil palm trees. The boundary markers for the buffer zones were sufficient and maintained. This practice was in accordance with the Riparian Zones Management Guidelines [Sabah Water Resources Enactment (1998)]. Therefore, previous NCR #MN4 was satisfactorily closed.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	YES	Water Management Plan (for 2016) was established. The plan included the contingency plan during water shortage, identification of wastewater, action plan to reduce fresh water usage. The plan was reviewed and noted to be satisfactorily implemented. The monitoring of the wastewater discharge was carried out on in accordance with the frequency defined in the procedure. Review of the results revealed that the parameters were within the limit stipulated by DOE.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	YES	It was evident that the monitoring of water usage in the mill is being monitored and it can be concluded that in general the water usage is in a stable trend.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	Both Jeleta Bumi & Binuang Estate had documented IPM system in place. The procedure is stipulated in the Agricultural Reference Manual - Plant Protection. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls, bagworm control includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> and for rhino beetles is by using pheromone trap. Both estates also carried out monthly detection and observation of leaf eating pests, rat damage and diseases like Ganoderma. Records showed no outbreak had been taken place in the previous year.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	NO	At Jeleta Bumi Estate trainings on IPM implementation for staffs and workers had been carried out. Records showed that training were conducted in May, October and November 2015 and in February and April 2016. However, as for Binuang Estate there were no records to show that IPM training has been conducted. As such the Minor NCR STK 2 2016 was issued.

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C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	Justification on the use of all agrochemical is available in the Agricultural Reference Manual, the OSH manual and in the Safety Pictorial Book prepared by SDPSB. The use of selective products that are specific to the target pest, weed or disease were demonstrated in the Agricultural Reference Manual.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Both estates had documented programs for spraying pesticides and for rat baiting. Pesticide application was implemented as planned. Records were available to show the types of pesticides used with active ingredients and their LD50, where the pesticides were used, the quantity used, number of applications and Ai/Ha. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field-cost books and in progress reports.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	As part of the IPM plans, management of both estates had established nectariferous beneficial plants nurseries for continuous planting in order to attract natural predators and thus to reduce the use of insecticides against leaf eating pest. During the visit, it was observed that both estates had a number of beneficial plants ready for planting in the nurseries. Both estates had documented programs for spraying pesticides and for rat baiting. Pesticide application was implemented only as and when required/programmed. EFB application in replants is applied in single layers and is not dumped in large amounts. Also noted that both estates prophylactic spraying using diluted cypermethrin for immature palms in zero burning of oil palm to oil palm replanting was carried out against rhinoceros and apogonia attack as per SOP.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and that paraquat, had been used. Most pesticides used were class III & class IV.

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		with USECHH Regulations (2000). Minor Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance	NO	Records showed that pesticides were handled, used and applied only by trained persons and as per the MSDS/CSDS of the pesticide. Appropriate safety and application equipment had been provided and used as per the recommendation of the CHRA (dated Sept 2013). It was evident that the employees involved in the chemical handling such as the storekeepers, sprayers, fertilizer and rat bait workers have been trained in chemical handling and they had understood the hazards of the chemicals and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to them through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit. All employees involved in pesticide application were provided with appropriate PPE and replaced when damaged. PPE issuance and replacement records were verified by the auditors. It was also observed that most of the workers in the fields were using PPE while working except at Binuang Estate where the harvester and workers applying fertiliser were seen not using any PPE. A Major NCR STK-3.2016 was issued under Indicator 4.7.3. Trainings on spraying which included the safety aspects and usage of PPE when handling pesticides was carried in Nov 2015 (both estates), April 2016 (Jeleta Bumi) and Feb 2016 (Binuang). Records of training were available for verification.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Reg. Major Compliance	YES	Pesticides were stored in accordance with the legal requirement. The chemical stores in both estates were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as the Pesticides Act 1974 (Act 149) and Regulations. The stores were well secured and keys held by only the store keeper and attendant. Record of purchase, storage and used had been properly maintained. All chemicals were segregated and fertilisers were well stacked. Both stores are well ventilated. Only authorised personnel were allowed to handle the chemicals. Relevant MSDS/SDS were available in the stores. Empty pesticides containers had been triple rinsed, holes and punched, and had been stored separately in the scheduled waste store awaiting disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by SDPSB's ARM, Pictorial Guide, CHRA and by MSDS supplied by the manufacturer. The CHRAs for both estates were reviewed in Sept 2013 by competent consultant.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide app. with all relevant information within reasonable time prior to app. Major Compliance	YES	Aerial spraying was not practiced at all SDPSB estates and there was no evidence to show that it had been carried out in both Jeleta Bumi Estate and Binuang Estate

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	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance	YES	The employees such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. Records showed that these trainings had been carried out accordingly; Crop protection spraying, Spraying & Calibration, Spraying & PPE use and Pesticide Handling.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	Company established procedure; Scheduled Wastes (Hazardous Waste) Management is available. It can be confirmed that the disposal of waste materials related to pesticide containers are being carried out accordingly. Triple rinsing activities was continually implemented for empty pesticide container. The rinsed containers were pierced and stored prior disposing. Records are maintained and the latest disposal was on March 2016 by approved contractor.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	The CHRAs on both estates were on reviewed in Sept 2013 by competent consultant. As per the CHRA recommendation, all sprayers, store keeper and workers handling pesticides in both estates were sent for medical surveillance and the records presented to the auditors. At Jeleta Bumi & Binuang Estates, the relevant employees were sent for medical surveillance in March 2016, checked by a competent doctor. Records sighted and verified. Pesticide handling operators were certified fit to work with controlled exposure to pesticides.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	YES	The estates had Internal Office Memos stating "No work with pesticides shall be undertaken by pregnant or breast-feeding women". At both estates, identification of pregnancy was done by the HA based on interview with their women workers on the last menstrual period dates. This interview was done during the monthly medical check-up. There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	Both estates continued to adopt the SDPSB Occupational Safety and Health Policy. The policy is signed by Dato, Franki Anthony Dass and is available in Bahasa and English. The policy has been communicated to all employees through briefings and displayed on the estates notice boards. It was also communicated to all employees through the employee's representative in the OSH committee. A safety and health plan for 2015/2016 had been implemented and the plans for both estates were presented to the auditors. The implementation was monitored by internal audits conducted by OSH officers from PSQM Department.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be	NO	The hazard identification, risk assessment and risk control had been carried out covering activities in the estates and the mill. Updated HIRARC register were presented during the audit.  At Jeleta Bumi Estate the latest review was carried out in Mar 2016 by the OSH team consisting of Assistant Manager, HA, employees and contractors. The review was approved by the manager. Noted that the review was done after a mechanical buffalo (MB) operator was stung by hornets in the same month. Noted that appropriate risk

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		properly observed and applied to the workers. Major Compliance		<p>control measures had been identified and a person had been assigned to monitor the implementation of the control measures in the field.</p> <p>For Binuang Estate, HIRARC has been established with the latest review carried out in Feb 2016, prepared by the Quality Officer, reviewed by the Estate Assistant and approved by the Estate Sr. Manager. No new risks were identified.</p> <p>For the Mill, HIRARC was established with the latest review carried out in Jan 2016. It has been prepared the QA Conductor and approved by the Mill Manager. The HIRARC was reviewed after accidents occurred i.e. Minor injury at the boiler station and mill compound. The mill Chemical Exposure Monitoring Report was carried out by a competent consultant in May 2010. No further monitoring was carried out for the past 5 years. Refer to NCR raised under Indicator 2.1.1. Medical Surveillance Report which has been prepared by a competent person (dated May 2015) included the USECHH 1, USECHH 2, USECHH 3, USECHH 4, USECHH 5i and 5ii, NADOPOOD 7. Annual &amp; baseline audiometric testing report (under Factories and Machinery (Noise Exposure) Regulation, 1989 was available. Frequency of monitoring is once a year.</p>
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	NO	<p>Training and briefing on the operations were provided to all employees to educate them on safe working practices and to ensure applicable precautions are adhered. Training for employees are conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. The employees such as the storekeepers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. Records of training in Binuang CUs were maintained at the offices for reference and verification, and were verified during the audit.</p> <p>During the audit, it was noted that in Binuang Estate:</p> <p>1 – The recommendation for use of dust mask, goggles and boots made in the CHRA (2013) for manuring operator was not complied with.</p> <p>2 – The recommendation for use of boots and sickle covers made in the HIRARC (2015/2016) for harvesters was not complied with.</p> <p>3 – Workers applying Ammonium Chloride in Block 02C1 were seen not using dust mask, goggles and boots and</p> <p>4 – Harvesters in Block 07B1 were seen not using boots and sickle covers for sickles. Hence, the Major NCR STK 3 2016 was issued.</p>
	4.7.4	The responsible persons shall be identified. There shall be records of regular meetings between the responsible persons & workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	<p>Safety &amp; Health Policy dated Jan 2015 signed by Datuk Franki Anthony Dass was available at the CU. Safety &amp; Health committee has been established. This was verified through the OSH safety committee org chart.</p> <p>Safety &amp; Health Committee for Binuang POM, Binuang &amp; Jeleta Bumi estates were verified. Periodic meetings were carried out to discuss issues related to health and safety of the employees. Relevant records related to the meeting were maintained and the safety meetings minutes were reviewed and found satisfactory.</p>
	4.7.5	Accident and emergency procedures shall exist and	YES	<p><u>Binuang POM</u>: Accident and emergency procedures have been established. It has been verified that the following drills were carried out i.e. Fire Drill, Consequences of Fire and</p>

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		instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance		<p>Fire survival &amp; Kunak Fire Brigade Malaysian Fire. Satisfactorily comments were noted as the evacuation time was within the targeted time. As for the first aid training, a 2-day training included the first aid treatment and CPR was provided. First aid kits at stations were checked and found to be satisfactorily maintained.</p> <p><u>Binuang Estate</u>: First aid training was provided by 'Persatuan Bulan Sabit Merah Malaysia'. Competency certificate from 'PBSB' was issued to the attendees and the certificate is valid until Oct 2016. The first aid kits at designated stations were checked and found to be satisfactorily maintained. The First Aid Box was checked and refilled on a monthly basis by the Medical Assistant.</p> <p><u>Jeleta Bumi Estate</u>: The estate had the procedure for fire, flood, chemical spillage, strikes and emergency and accident response in both English and Bahasa. The procedures were displayed at the office, Muster Ground, Workshop and Dispensary. Telephone numbers and names of the members of the Emergency Response Team (ERT), police station, fire brigade, immigration and hospital were communicated to all employees and also displayed on the notice boards. The Field Staff and Mandores were assigned to carry out emergency response in the field and interviewed staff and mandores in the field had understood and were aware of the requirements. During field inspection it was noted that all operating units had been provided with First Aid boxes which were checked on a monthly basis by the Medical Assistants. Records of replenishment were verified by the auditor. First aid trainings, the Emergency Response Plan and Fire Drill was conducted in Jan 2016 and records of such trainings were made available to the auditor. There were no fatal accidents and accidents with more than 4 day lost in 2015 for Binuang CU. Records of accidents were properly maintain.</p>
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	The CU provides medical care to all its employees. Clinics are available within the premises and for serious cases the employees were referred to the general hospital, Hospital Kunak which is about 40 km or Klinik Madia 18km from the CU. Ambulance service is available at Clinic Tingkayu, which also provide services to all the Binuang operating units. The CU had continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992. Sighting of records and cross check with workers showed that they were covered with valid insurance policy. Local employees are covered by SOCSO and as for the Foreign Workers, they are covered by Workmen Compensation provided as per Compensation Act 1952. Insurance policies were reviewed and it can be confirmed that policies available at the mill and estates were valid during the conduct of audit.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Accident statistics are being maintained and reviewed in quarterly basis and this was evident through the review of the minutes of the OSH meeting. The following were reported: MILL - 5 cases in 2015 and nil for 2016 (to the date of audit). The JKPP 8 for 2015 was submitted to DOSH in Jan 2016. Accident statistics have been satisfactorily maintained. JELETA BUMI – 3 cases in 2015 and nil for 2016. The JKPP 8 for 2015 was finalized by Feb 2016. BINUANG – 8 cases (2015) and 2 cases in 2016. JKPP 8 for 2015 has been submitted to DOSH in Jan 2016. Accident Statistics are being maintained in a satisfactory manner.

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C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	In general no changed in the RSPO requirements that requires re-training on relevant RSPO requirements to the personnel. Formal training programmes for 2015/2016 had covered aspects of the RSPO Principles and Criteria, with regular assessments of training needs were presented to auditors by both estates and mill. Training programmes were also extended to contractors and suppliers. Trainings were either conducted internally by its own staff or by other department within the Sime Darby Group.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	NO	Some training records were not available as follows - At Binuang & Jeleta Bumi Estate, training records for training on the Health, Safety and Environment, GAP related activities and RTE. Thus, Minor NCR JS-2016-02 was raised.

**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 continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	The CU has established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) which covers from upstream activities such as FFB reception until downstream processes was sighted during the audit. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler, palm oil mill effluent (POME) discharge and land contamination which related to managing the scheduled wastes and also general wastes. For the estate operation, all activities from harvesting, pest and disease, upkeep programme until delivery to the mill have been identified.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible persons. Minor Compliance	YES	Environmental Aspect and Impact Identification Form & Environmental Impact Evaluation Form were used to identify Aspect & Impact and take necessary action. Binuang POM review this in Jan 2016 and approved by the Mill Manager. As for Binuang & Jeleta bumi Estate, they review the form in Feb 2016 and it has been approved by Sr. Estate Manager. Environmental Improvement Plan FY 2015 / 2016 comprising of Pollution Prevention Plan was established and verified.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of	YES	'Pollution Identification Environmental improvement action plan' to monitor the effectiveness of the mitigation measures taken, are in place. The following indexes are being monitored; BOD final discharge, Reduce water & electricity consumption. Generally, The performance were on track.



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		monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance		
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	YES	A report titled as "HCV Re-Assessment for Strategic Operating Unit (SOU) Sabah Central – South Zone" was made available to the auditor. The report was prepared by the PSQM Department in Jan 2014, and had covered all the High Conservation Value (HCV) within and adjacent to the CU. The HCV assessment had identified the rare, threatened and endangered species (RTEs) for estate named Binuang, Sungang, Tingkayu and Jeleta Bumi, including the management and action plan. In general, Binuang CU had identified 8 potential HCV in the whole estates
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	NO	Sighted the RTE species identified in the operating units audited. However, appropriate measures that are expected to maintain and/or enhance RTE species (such as elephant and hornbill) was not addressed in the HCV action plan. Therefore, Major NCR MRS 01 2016 was raised.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	The CU has regularly educate its employees via morning muster briefing about the need to protect the RTE species. Appropriate disciplinary measures will be taken if found violated. Information pertaining RTE and relevant CU policies were displayed at the morning muster station.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation/mill op. shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	YES	Records on daily monitoring was verified during the audit. The latest daily records for HCV monitoring was conducted in Apr & May 2016 at Binuang & Jeleta Bumi Estate. Binuang Estate is also monitoring the elephant attack in the estate. It was observed that signage had been erected at each estate to ban hunting. The entrances to each estate had gates and manned by guards. Regular patrols were conducted and reported on the protection of these HCV sites. The staff and workers were also consulted on this and they were aware of the responsibility to protect endangered, rare and threatened species of forest flora and fauna in their areas. There were also posters put up at all estates gates.

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	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There was no HCV set-asides with existing rights of local communities living nearby with Binuang CU. So, this indicator was not applicable with this CU.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	Binuang CU has identified of all wastes and sources of pollution. The environmental management plan were then established to mitigate applicable identified wastes and source of pollution. The most significant environmental receptors for the estates and mill operations were:  Air: sources from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission), GHG.  Water: cleaning water/run-off/process station waters (hydro-cyclone /sterilizer condensate/clarification waste) & boiler quenching water and blowdown.  Land: scheduled waste, domestic waste and industrial/process waste.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Empty chemical containers were triple rinsed, punched with holes and disposed through approved licensed contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	YES	For the identified waste and pollutants, the headquarters had established procedures and guideline to guide the disposal of the wastes so as to minimize pollution on the routine operation.  For the mill wastes, the disposal were as follow: EFB - sent for mulching in the estate, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler. POME was channeled into an effluent treatment plant. The final discharge from the treatment plant is used for land irrigation. Effluent quality monitoring was also done on monthly basis. Samples were taken at the final discharge point. The monitoring of the effluent discharge is reported to DOE on monthly and quarterly basis. This practice is in accordance with the requirements in the written approval issued by DOE. Review of the results revealed that the quality of the effluent discharge is in within the regulatory limit.  On the scheduled waste management, an internal procedure is available. The scheduled wastes were disposed through licensed scheduled waste contractor accordingly.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	A plan for improving the efficiency of the use of fossil fuels is in place and has been incorporated into the Environmental Aspect and Impact activities report for 2015 and it has been reviewed accordingly.
C 5.5 Use of fire for preparing land or	5.5.1	There shall be no land preparation by burning, other than in specific situations as	YES	SDPSB had a policy of no open burning. This was reflected in their SOP Under felling/clearing & land preparation, Local Procedure - "safe working" and Carbon Policy.

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replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice		identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance		Both estates practiced zero burning. Visit to the sites with re-plants found that all palms were felled, shredded, windrowed and left to decompose.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	SDPSB had a policy of zero burning during land preparation for replanting and both estates adhered to this policy.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	An assessment of identified polluting activities has been conducted and monitored. These include gaseous emissions, particulate / soot emissions and effluent. 'Pollution Identification Environmental improvement action plan' – is used to identify the waste and sources of pollution. . The most significant environmental receptors for the estates and mill operations were: Air emissions – source from boiler operations (smoke & particulate), vehicle & generator (smoke/gases), anaerobic processes (biogas from ETP and EFB dumping). Water discharge – cleaning water/run-off/process station waters (hydrocyclone / clay bath /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. Land – scheduled waste, domestic waste and industrial/process waste.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	Pollution Identification Environmental improvement action plan' – is used to identify the waste products and sources of pollution – is in place and is being reviewed accordingly greenhouse gas – potential sources are being identified using 'Carbon Inventory Calculation Methodology and reported in the sustainability report.
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	GHG Emission calculation and monitoring is available at CU level, using Palm GHG Summary Report The Palm GHG report for Binuang CU has been submitted to RSPO in May 2016.

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reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.				
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**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 that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	The social impact assessment report for SOU Binuang was prepared by the PSQM Department in Sep 2013. The report covered the 4 estates, namely, Binuang, Tingkayu, Sungang, Jeleta Bumi, and the Binuang POM. The report included the background information of the estates and the mill, the labour policies, grievance procedures (internal, external land owner issues), sexual harassment policies, facilities and amenities offered by the estates and the social impact assessment procedures and the outcome. The CU stakeholders' list was updated in Jan 2016. All neighbouring estates were included. The SIA information was updated and each of issues were identified for each of the OUs and discussed them in their respective section of the report.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	The SIA report presents in detail the comments made by the various stakeholders on social impacts as well as the proposed mitigation plans by the estates/mill. Each of the issues raised by the participant was addressed in the action plan. Sighted attendance dated in July 2013. List of attendance of affected parties were maintained.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	YES	Stakeholders meeting was held by the CU to gather inputs in the process of reviewing and updating the Management Action Plan for SIA 2016. The Action Plan had documented i) Areas of concern, ii) Key findings, iii) Action plan, iv) Person in charge, and vi) Date of completion

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	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	YES	The plans were reviewed on yearly basis and updated as necessary. The SIA management action plan was reviewed in Apr 2016 for Binuang POM & Jeleta Bumi Estate and in Mar 2016 for Binuang Estate.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	There was no smallholder scheme in Binuang CU.
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	Consultation and communication procedures shall be documented. Major Compliance	YES	Generally, the CU maintained its documented Procedure for External Communication. Communication with external parties were filed and made available to the auditors for review. Internal communication also continued to be implemented via briefings, meetings, notice boards, emails, letters, and other means. Therefore, previous NCR HO-2014-02 has been satisfactorily closed.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	Management officials responsible for social issues at Binuang POM, Binuang Estate and Jeleta Bumi Estate have been appointed. Therefore, previous NCR HO-2014-02 has been satisfactorily closed.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	The CU maintained the list of stakeholders for FY2015/2016. Records of communication and actions taken in response to input from stakeholders have been established. Therefore, previous Major NCR HO-2014-02 has been satisfactorily closed.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	The system was open to all aggrieved parties. All complaints from stakeholders and workers were recorded in the Complaints Form. The forms are accessible to all aggrieved parties, internal as well as external. A review of the forms showed that all of the complaints were from mainly from the workers and related to house repairs. There were no complaints from external stakeholders. The CU affirms that its dispute system is open to any affected parties. Relevant policy and procedures were observed maintained available for sighted. Anonymity of complainants and whistle blowers will not reveal to third parties where requested as explained in the job description for

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accepted by all affected parties				management social responsible person. Sime Darby also has published guideline on whistle blowing complaint at <a href="http://www.simedarby.com/Whistleblowing.aspx">http://www.simedarby.com/Whistleblowing.aspx</a>
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Mill and estates have recorded all complaints from workers in the Complaints Form and actions have been taken to resolve the complaints.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user 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	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	The procedure concerning legal and customary pertaining to land issues, including compensation remained to be handled by the Land Management Department at Sime Darby headquarter. This is consistent with their procedure Flowchart and Procedures on Handling Land Disputes. This procedure is applicable to all Sime Darby's CUs. Any compensation concerning employee issues is to be handled by the Human Resources Department in headquarters. Therefore, previous NCR HO-2014-03 has been satisfactorily closed.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of trans migrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	YES	The CU maintained its documented procedures established by head office for distributing fair compensation The provisions contained in the Plantation Quality Management System document. Nevertheless, there is no case of compensation observed that could be verified.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	According to the management of the estates and the mill there was no any dispute on land or squatters. This was further confirmed during the interview with the villagers nearby to the CU.
C 6.5 Pay and conditions for employees and for contract workers always meet at least	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	The employment contract is in Bahasa Malaysia for foreign workers and English for local workers. However, the pay slip is in English. The CU has explained the pay slip to the workers. Sample of employment offer letter for local worker for Mr. Bakhtiar bin Baharudin and employment contract of foreign worker for Mr. Daud b. Sangkala, Hamira bte Baco, Erawati bte Ahmad and Samsia bte Bandu were reviewed and verified by the

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legal or industry minimum standards and are sufficient to provide decent living wages				auditor. The contract included information relating to the working hours, employee provident fund (for local only), annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc. Interviews with the above workers were carried out and apparently they understood the content of their contract of employment and the pay slip statement.
	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.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	Workers employment contract included information pertaining to work terms such as working hours, service period, medical facilities, housing, transportation allowance, maternity leave, entitle for sick leave, annual leave etc. Briefing on understanding about salary payment and calculation were evident. Interviewed with foreign worker from Indonesia confirmed that there were aware of their benefits and rights. All of them understood and have no significant issues concerning their employment.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance	YES	All employees of the CU are provided with accommodation, domestic water supply, electricity, clinic and welfare amenities such as mosque, community hall, crèche, kindergarten and playground for children and workers, and HUMANA school for schooling kids of Indonesian foreign workers. Noted that the Jeleta Bumi Estate has conducted domestic water analysis once in three months and both estates have also conducted housing weekly inspection. The analysis result has been verified by auditor.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	Binuang POM and Binuang Estate are monitoring the price of food and supply at the local shop to ensure that the food is affordable, sufficient and adequate. A monitoring was conducted in Feb 2016. While at Jeleta Bumi Estate, one sundry shop, was also checked on the same month for the same purpose. Interviews with the workers and staffs revealed that they also get the food supply from outside of the estates.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	Freedom of association policy is documented in the Social Policy established by HQ. The policy is dated in Jan 2015 and is available in both Bahasa Malaysia and English. The policy is publicly displayed outside and inside the operating unit offices. Therefore, previous NCR HO-2014-05 was satisfactorily closed.
	6.6.2	Minutes of meetings with main trade unions or workers	YES	The CU maintained to retain its documented minutes of meeting with trade unions title as 'Mesyuarat Pengurusan Ladang Binuang dengan Wakil SPIEU'. The latest meeting was carried out in Feb 2016. The union is participated by local and foreign workers at

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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.		representatives shall be documented. Minor Compliance		Binuang POM, Binuang Estate and Jeleta Bumi Estate. Therefore, previous NCR HO-2014-05 was satisfactorily closed.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The Social Policy (dated Jan 2015) is publicly available at the visited estates and mill. The policy statements emphasise on child under 18 years must not be employed to work in hazardous jobs. This policy is posted on notice boards for the understanding of the public and workers. As at Jan 2016, Binuang Estate had a total workers of about 254 workers while at Jeleta Bumi Estate 257 respectively. Verification through local employment card and copies of passports of foreign workers confirmed that there was no record of persons under age of eighteen. Therefore, previous NCR HO-2014-06 was satisfactorily closed.
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 including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	The Social Policy (dated Jan 2015) is publicly available in the estates and POM. The policy statements emphasize on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards for the understanding of the public and workers. Therefore, previous NCR HO-2014-07 was satisfactorily closed.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	Interviews with workers at the Binuang POM, Binuang Estate and Jeleta Bumi Estate revealed that the CU has not discriminated its staffs and workers. Foreign workers received similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	An inspection of job advertisements and records of hiring and promotion showed that the selection are based on skills, capabilities, qualities and medical fitness. Employees interviewed during the audit confirmed this.
C 6.9 There is no harassment or abuse in the work place, and	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The company maintained its Gender Policy that cover sexual harassment, reproductive rights and violence cases again women, workers and communities. Gender Committee maintained active to oversee any issues on sexual and violence. Periodic meetings at least once in three months at Binuang Estates (minutes sighted for Aug & Nov 2015, Mar 2016), Jeleta Bumi Estate (June & Oct 2015, Feb 2016 were) conducted and



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reproductive rights are protected.				minutes were made available. The sexual policy and flowchart for handling social issues have been explained to all level of workforce during the Gender Committee meeting.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The company maintained its Gender Policy that cover sexual harassment, reproductive rights and violence cases again women, workers and communities. Gender Committee maintained active to oversee any issues on sexual and violence. Periodic meetings have been carried out at both of the estates. Evident of meetings were sighted.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	A specific grievance mechanism which respects anonymity and protects complainants has been established as observed in a "Code of Business Conduct (COBC)" booklet, which available in the website: <a href="http://www.simedarby.com/about-us/governance/">http://www.simedarby.com/about-us/governance/</a> . Managers at each operating units are responsible in handling and channelling issue to the higher management. The management has directed the Manager to respects and protects anonymity and complainants where requested. The mechanism has been communicated to all levels of the workforce as verified by auditor during interviews.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	The mill received FFB from its own certified supply base only. Thus, no pricing mechanism for FFB is necessary. For other services, the selection of vendors are based on the quotations.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	YES	The suppliers/contractors and canteen operator interviewed mentioned that they understand their contracts and they have been dealing for quite long time. They were happy with their business relationship. Supplier / contractors affirm that usually received their payments in cheque at the following month after they had completed their job / order.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	From the interview with the contractor and the canteen operator confirmed that they understood their contracts and they have been dealing with the CU for quite a long time. They were happy with their business relation and affirmed that they usually received their payments in the form of cheque at the following month after they had completed their job / order.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Payments observed were paid in timely manner, which were on the 10 <sup>th</sup> of every month after completed their job / order.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	The CU continued to contribute to local communities as result of stakeholders consultation and relevant action taken. Among the actions were <i>gotong-royong</i> and social activities with local communities, repairing of Humana school, provide a rest house for children at school, use of CU facilities like hall and football field by local communities and frequent patrol to avoid unauthorised access from other bordered estates, etc.

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	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	There was no scheme smallholders included in the CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	There was no trafficked labour used in the CU. This was verified through interview with several workers (chemical sprayers and harvesters), verification of their passport, contract agreements and work permit. The interviewed workers mentioned that they were employed voluntarily and freely, without any threats of penalty.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	As verified through employment contracts, passports, work permits and interview with foreign workers, there was no contract substitution occurred at the visited site.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	Special labour policy for employment of foreign workers has been addressed in the Social Policy. It includes statement that all employees should be treated fairly in terms of recruitment, terms and conditions of work, provide decent living, no contract substitution and post arrival programme will be conducted once arrived for three months (for foreign workers). Sime Darby has established specific procedures/flowchart for employment of foreign workers titled as 'Sourcing Process for Foreign Workers'. The procedure has been implemented for any employment related with foreign workers.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	YES	A Social and Humanity Management Policy was sighted. The policy was displayed on notice boards at various strategic points in the estates and the mill. The existence of the policy was also communicated to employees through memos and morning briefings.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Binuang Estate and Jeleta Bumi Estate have provided Crèche and Humana school for foreign worker's children.

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

No new planting observed. Thus, this principle is not applicable to Binuang CU.

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	<u>Pesticides reduction:</u> <ol style="list-style-type: none"> <li>Both Jeleta Bumi and Binuang Estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides the estate has established nurseries for beneficial plants mainly Tunera subulata, Cassia cobanensis and Antigonon leptopus. This actions ensure continuity in the planting of beneficial plants</li> <li>The estates were committed to reduce the use of chemicals. The estates have implemented and will continue to only spray Circles (Strip) where possible and noxious weeds. Nephrolepis bisserata are planted and maintained. Soft weeds maintained and encouraged in the inter rows. The G15 policy on Binuang estate also required general workers to plant 15 <i>Nephrolepis biserrata</i> points a day.</li> <li>Both estates stacked chipped palm materials in Close Ended Conservation Trenches (CECT) in flat areas which will contain water in the replants in order to minimise/prevent breeding of Rhinoceros Beetle thus reducing chemical control.</li> <li>EFB application in replants. It is applied in single layers and not dumped in large amounts to prevent breeding of Rhinoceros Beetles.</li> <li>To ensure efficient loose fruit collection, expedite circle raking was carried to avoid VOPs. Binuang Estate had also introduced the G15 Policy which requires workers to manually remove and bring back VOPs to the muster ground daily.</li> </ol>
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	An Aspect and Impact assessment has been carried out, identifying the significant Environmental Impacts. The Environmental Aspect Identification & Environmental Impact Evaluation Summary reviewed accordingly.

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	c)	Waste reduction (Criterion 5.3);	YES	Waste products and source of pollution has been identified. 'Pollution Identification Environmental improvement action plan' – is used to identify the waste products and sources of pollution. This plan is being reviewed accordingly.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	'Pollution Identification Environmental improvement action plan' – is used to identify the waste products and sources of pollution. Greenhouse gas and its potential sources are being identified using 'Carbon Inventory Calculation Methodology.
	e)	Social impacts (Criterion 6.1);	YES	Continuous improvement plan for Binuang POM, Binuang Estate and Jeleta Bumi Estate FY 2016 such as Quarters repairs, Water supply, Dengue control, Transportation for school children and Proposed a water tank for workers' quarters.
	f)	Encourage optimising the yield of the supply base	YES	Both estate are committed to implement best agricultural practices inclusive of timely and proper fertiliser application, improve accessibility to maximise crop evacuation, water management – to create water bodies and to block water conservation trenches (WCT) using sands bags, maintaining harvesting interval and to collect all loose fruit to minimise losses.

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Attachment 4

**Detail of Non-conformities and Corrective Actions Taken**

<b>P &amp; C Indicator</b>	<b>Specification Major/Minor</b>	<b>Detail Non-conformances</b>	<b>Corrective Action Taken by the CU and Verification by Assessors</b>
Indicator 2.1.1	Major	<b>#NCR No : JS – 2016 -01</b> 1. The process for carrying out Exposure Monitoring at Binuang POM in a timely manner found not effective. The Lab workers at Binuang POM who handle n-Hexane was not subjected to exposure monitoring at work place for the past 5 years. The last exposure monitoring was carried out in 21 <sup>st</sup> April, 2010.	<b>Corrective actions:</b> Appointed competent person to carry out the chemical exposure monitoring.  <b>Verification by Auditor:</b> Verified the contract form issued by the mill to appoint hygiene technician for chemical exposure monitoring dated 26 May 2016. The exposure monitoring was completed on 16 June 2016. <b>Status: Closed</b>
Indicator 4.1.2	Minor	<b>#NCR No : STK-1.2016</b> 1. The recommendation for monthly health screening by estate nurses, first aider or VMO made in the CHRA (2013) for workers exposed to chemicals hazardous to health was not complied with. 2. The 'Prosedur Operator Jentera Berat and Ikrar Pemandu' was not complied with. 3. The practice of reusing all water from washing of agrochemical containers, PPE and spraying equipment and spillage during chemical mixing was not reused. 4. Jeleta Bumi Estate – Monthly health screening was not carried out for workers exposed to chemicals hazardous to health. 5. Jeleta Bumi Estate – Wheel bolts/nuts were missing from Tractor and hook lift trailer. 6. Binuang Estate - Wheel bolts/nuts were missing from a trailer. 7. Jeleta Bumi Estate – water from the sump for collecting water from washing of agrochemical containers, PPE and spraying equipment and spillage during chemical mixing was seen overflowing into a field drain.	<b>Corrective actions:</b> - Estate HA to establish monthly screening scheduled for all workers exposed to chemicals as per CHRA recommendation. Monthly medical check-up (April 2016) for sprayer that miss out during the audit have been completed by the estate. - To conduct checking of bolts and nuts for all tractors and hook lifts and to include this checking into the Preventive Maintenance Program for vehicle. The operator responsible to carry out the checking, verify by foreman or staff and approve by Assistant in charge. - To review the design of mixing area by constructing proper roofing and sump that can accommodate spillage of chemical at certain circumstances.  <b>Verification by Auditor:</b> Corrective action plan accepted. The effectiveness of the corrective action will be verify during next audit. <b>Status: Open</b>
Indicator 4.5.2	Minor	<b>#NCR No : STK-2.2016</b> The training of those involved in IPM implementation was not demonstrated. Binuang Estate – There were no records to show that training of those involved in IPM implementation was conducted.	<b>Corrective actions:</b> - To identify those involved in IPM activities and retrain with relevant IPM-related trainings and keeping records - IPM training plan has been established. The estate will strictly follow the plan as per requirement.  <b>Verification by Auditor:</b> Corrective action plan accepted. The effectiveness of the corrective action will be verify during next audit. <b>Status: Open</b>

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Indicator 4.7.3	Major	<p><b>#NCR No : STK-3.2016</b></p> <p>1. The recommendation for use of dust mask, goggles and boots made in the CHRA (2013) for manuring operator was not complied with.</p> <p>2. The recommendation for use of boots and sickle covers made in the HIRARC (2015/2016) for harvesters was not complied with.</p> <p>a) Binuang Estate – Workers applying Ammonium Chloride in Block 02C1 were seen not using dust mask, goggles and boots.</p> <p>b) Binuang Estate – Harvesters in Block 07B1 were seen not using boots and sickle covers for sickles</p>	<p><b>Corrective actions:</b></p> <ul style="list-style-type: none"> <li>- Binuang estate has provided all suitable PPE to Manuring gang and Harvester as per CHRA recommendation.</li> <li>- to ensure complete PPE before commencement</li> <li>- Monitoring of PPE before work</li> </ul> <p><b>Verification by auditor</b></p> <p>Auditor has received PPE Inspection form for Manuring Gang dated 9/5/16. The training for use of PPE also has been conducted for Manuring Gang on 10/5/16, for Sprayer on 14/5/16 and for Harvesters on 26/5/16. <b>Status: Closed</b></p>
Indicator 4.8.2	Minor	<p><b>#NCR No : JS – 2016 -02</b></p> <p>Auditor found that the process of maintaining Training records found not effective.</p> <p>i) At Binuang Estate – Although Health, Safety and Environmental Trainings are stated to be carried out , however the records of the training were not available.</p> <p>ii) At Binuang Estate – Records of GAP related training activities e.g Raking, Manuring were not available.</p> <p>iii) At Binuang Estate – Records of RTE related training activities e.g awareness on Elephant, Hornbill were not available.</p>	<p><b>Corrective actions:</b></p> <p>The management will establish training needs and plan to all staffs and workers customized to estate's training and requirement.</p> <p><b>Verification by Auditor:</b></p> <p>Corrective action plan accepted. The effectiveness of the corrective action will be verify during next audit. <b>Status: Open</b></p>
Indicator 5.2.2	Major	<p><b>#NCR No : MRS 01 2016</b></p> <p>Auditor found that appropriate measures that are expected to maintain and/or enhance RTE species was not addressed in the HCV action plan.</p> <p>i) Binuang Estate did not addressed on RTE species such as elephant and hornbill in the HCV action plan although management and workers have found the wildlife in the plantation area.</p>	<p><b>Corrective actions:</b></p> <ul style="list-style-type: none"> <li>- RTE species has been included in HCV action plan, estate will strictly follow the plan as per requirement.</li> <li>- Conduct refresher training on HCV including RTE species.</li> </ul> <p><b>Verification by Auditor:</b></p> <p>The revised HCV action plan has stated about the RTE species. Records of training 'Taklimat HCV, Biodiversiti dan Pengurusan Bersepadu Perosak' conduct on date 16/5/2016 to all workers and staff has been reviewed and accepted. <b>Status: Closed</b></p>

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**Attachment 5**

**RSPO Supply Chain at the palm oil mill – Identity Preserved Model –Module D**

Item No	Requirement	Findings ASA 1 Standard Nov 2014
<b>D.1</b> D.1.1	<b>Definition</b> To verify : a) the volume and sources of certified FFB entering the mill b) the implementation of any processing control c) volume sales of RSPO certified	a) It was confirmed that all FFB entering Binuang POM came from group estate i.e. Binuang Estate, Tingkayu Estate, Sungang Estate and Jelata Bumi Estate. The total volume of FFB received for the period from May 2015 – April 2016 is 157,815.65 tonnes. Sighted data from "Month End Stock Figure". b) Binuang POM has defined the critical control point (CCP) i.e. weighbridge, admin office, ramp, CPO despatch area, CPO storage tank and kernel silos.
<b>D 2</b> D.2.1	<b>Explanation</b> Estimate total tonnage of CPO and PK potentially produce in a year	The estimate total tonnage of CPO and PK potentially produce by Binuang POM in Jan 2016 to Dec 2016 as follows: CPO : 39,249.94 MT & PK : 8,227.14 MT.
<b>D 3</b> <b>D 3.1</b>	<b>Documented procedures</b> The site 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; b) The role 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 site's procedures for the implementation of this standard.	a) Binuang mill has continued to implement written procedure titled as 'Standard operating procedure for Sustainability Supply Chain and Traceability SD/SDP/PSQM/001', version 2, dated March 2016. b) Binuang Mill Manager have overall responsibility for the implementation of the supply chain requirements while QA conductor has been appointed to assist the Mill Manager on the implementation of RSPO SCC. Sighted appointment letter dated 17 March 2015. Interview with Mill Manager, QA conductor and weighbridge operator all of them have understood on the supply chain requirements. "RSPO – Supply Chain Certification Training" was conducted in Feb 2016 by PSQM officer. Among the participants were the weighbridge operator, QA conductor, office admin, Mill Manager and Assistant Manager.
<b>D 3.2</b>	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The Sustainable Supply Chain and Traceability procedure has described how Binuang mill manages the FFB from certified source. It was confirmed that no non-certified FFB was received by Binuang POM.
<b>D.4</b> D.4.1	<b>Purchasing and goods in</b> The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Binuang POM will only accept the RSPO certified FFB which are from Sime Darby's own estates i.e. Binuang Estate, Tingkayu Estate, Sungang Estate and Jelata Bumi Estate. Monitoring records titled as "Mass Balancing Records for Oil Mills" has recorded the tonnage of certified FFB and its supplying estate. Verified through Binuang POM weighing system called 'SimeWeigh' and random sample of weighbridge ticket from Binuang Estate and Jelata Bumi Estate.
<b>D 4.2</b>	The site shall inform the CB immediately if there is a projected overproduction.	Based on records of FFB received and CPO & PK produced, there was no over-production observed.

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<b>D.5 D.5.1</b>	<b>Record keeping</b> The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	Binuang POM has maintained the three-monthly accounting system to record RSPO certified FFB and deliveries of RSPO certified CPO and PK.
<b>D 6</b> <b>D.6.1</b>	The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	The dispatch of the RSPO certified CPO to the bulking installation by the supplying POMs was made based on a specific contract. The receiving pit, pipelines and tanks in the bulking installation were thoroughly cleaned, swept and flushed before RSPO certified CPO was pumped in to avoid contamination. Dedicated tanks were used to store RSPO certified CPO from Binuang POM. For traceability of a specific batch of RSPO certified CPO back to the supplying POM, the bulking installation kept the relevant documents such as the weighbridge ticket, CPO dispatch note, Dispatch oil quality ticket, Authorization from transporter, Borang MPOB L3, CPO dispatch authorization issued by the POM.
<b>D.6.2</b>	The objective is for 100 % segregated material to be reached.	Binuang POM does not accept any non-certified FFB. It was confirmed through summary of weighbridge ticket and interview with weighbridge operator. Therefore CPO and PK can be considered 100% segregated.



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Attachment 6

**Status of Non-conformities Previously Identified**

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
Indicator: 1.1.1	Major	<p><b>NCR #: MH1/2014</b></p> <ol style="list-style-type: none"> <li>1) There was no clear evidence to show requests and responses between both parties.</li> <li>2) Records of responses to DOSH during annual inspection and OSHA audit dated in Sept 2014 pertaining to :               <ol style="list-style-type: none"> <li>i) Exposure monitoring of air contaminant at kernel plant and workshop as per CHRA recommendation.</li> <li>ii) Relabeling of chemical container in accordance with USECHH 2000 regulations.</li> <li>iii) Biological monitoring for Hexane and calcium carbonate.</li> <li>iv) Installation approved Professional Engineer (PE) design LEV for laboratory.</li> </ol> </li> <li>3) Records of request and response related to BOMBA.</li> <li>4) Location map of sampling points at upstream and downstream of Sungai Binuang has yet to be submitted to the DOE.</li> </ol>	<p>Mill already sent appropriate letter dated in Apr 2015 to DOSH to reply regarding the annual inspection and OSHA audit in Sept 2014. Mill will include necessary item as per recommendation by DOSH IN NEST Annual Medical Surveillance which will be conducted in April 2015.</p> <ol style="list-style-type: none"> <li>i) Mill have obtained quotation on Annual medical surveillance and will include testing on monitoring of air contamination at Kernel Plant and workshop as per CHRA recommendation</li> <li>ii) immediate action has been taken by Binuang POM to change relabeling chemical container as per USECHH 2000</li> <li>iii) Binuang POM will engage consultant to conduct test monitoring as per CHRA recommendation and it will be included under annual medical surveillance</li> <li>iv) Mill already put up a budget on for appointing consultant and to ensure the LEV design follow as per standard requirement</li> </ol> <p>Binuang POM invites Malaysian Fire &amp; Rescue Department to conduct audit for renewal fire certificate. They also has obtained quotation for fire alarm at mill.</p>	<ol style="list-style-type: none"> <li>1) Fire Certificate has been renewed.</li> <li>2) Issues required was updated to DOSH.</li> <li>3) The sampling points at Sungai Binuang was submitted to DOE. The submission was evident.</li> </ol> <p><b>Status: Closed</b></p>
Criterion: 2.1	Major	<p><b>NCR #: MH2/2014</b></p> <p>The intent of the criterion 2.1 has not been fulfilled.</p>	<p>Sunpia has withdrawn from the RSPO certification of the SOU.</p>	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the</p>

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		No evidence to show compliance with the following indicators of I 2.1.1, I 2.1.2, I 2.1.3, I 2.1.4 for Sunpia Estate.		criterion is no longer applicable to the CU. <b>Status: Closed</b>
Indicator: 2.1.1	Major	<b>NCR #: MH2/2014</b>  Evidence of compliance with legal requirements: i) Electricity Regulations 1994, Regulation 110 (3) – Requirement on electrical installation inspection every 5 years. No evidence of 5 years inspection records available during the assessment ii) Workers Minimum Standard of Housing and Amenities Act 1990 -Section 23(2) weekly line site inspection - Linesite inspection was not carried out on weekly basis at Tingkayu Estate.	i) Estate's hospital assistant already notified about workers housing complex inspection on weekly basis. Currently, the HA has made proper schedule for weekly inspection. ii) Assistant Manager already given notification letter to hospital assistant to conduct weekly inspection at workers housing area.	CT Engineering competent Electrical Engineer had carried out the monthly inspection on electrical Installation. This was verified through Visiting Engineer's Logbook. At Tingkayu Estate, weekly linesite inspection were carried out on weekly basis. Scheduled Linesite Records were reviewed. At Binuang Estate, weekly linesite inspections were being carried out. This was verified through the 'Safety Committee Meeting Minutes' <b>Status: Closed.</b>
Indicator: 2.1.4	Minor	<b>NCR #: MH3/2014</b>  No changes and updates incorporated in the legal register at all operating units. Legal register file was not updated.	PSQM Department undertake the updating of the company-wide legal register.	The LORR has been updated on regular basis. The latest update by the PSQM department was in January 2016. The updated LORR had included all the highlighted regulations and Act. <b>Status: Closed</b>
Criterion: 3.1	Major	<b>NCR #: MN 1</b>  There were no management plan to achieve long-term economic and financial viability. It was found that there were no compliance to indicators 3.1.1 and 3.1.2.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 4.1	Major	<b>NCR #: MH4/2014</b>  The intention of the criterion has not been fulfilled No evidence to show compliance for me 4.1.1 & me 4.1.2.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>

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Indicator: 4.1.2	Major	<b>NCR #: MH4/2014</b>  Domestic water analysis were not properly kept and maintained. The only retrievable record for drinking water analysis was for Sept 2014.	It has been implemented accordingly. QA Officer is now assigned to ensure implementation be conducted accordingly.	Jeleta Bumi Estate has conducted domestic water analysis once in three months. The analysis result has been verified by auditor. <b>Status: Closed</b>
Criterion: 4.2	Minor	<b>NCR #: MN 2</b>  There were no practices to maintain soil fertility. It was found that there were no compliance to indicators 4.2.1, 4.2.2, and 4.2.3.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 4.3	Minor	<b>NCR #: MN 3</b>  There were no practices to minimize and control erosion and degradation of soils. It was found that there were no compliance to indicators 4.3.1, 4.3.2 and 4.3.3.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 4.4	Major	<b>NCR #: MN 4</b>  There were no practices to maintain the quality and availability of surface and ground water. It was found that there were no compliance to indicators 4.4.1, 4.4.3, 4.4.4, 4.4.6, and 4.4.7.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Indicator: 4.4.1	Major	<b>NCR #: MN 4</b>  Binuang CU did not restore the riparian buffer zones at its natural waterway. It was found that the buffer zone along its river alongside the main road leading to Binuang Mill Office in 2013 Replant were not restored as the palms were felled for replanting in Binuang Estate.	The CU had cut the plant and gave instruction and awareness training, which no spraying or manuring activities in the area.	During site visit, observed the 20m buffer zone boundary for Sg. Binuang was identified with signboard erected along its rivers. The oil palm trees in the buffer zone were ring sprayed with white paint at the trunk to differentiate them with the other non-riparian zone oil palm trees. The boundary markers for the buffer zones were sufficient and maintained. This practice was in accordance with the Riparian Zones Management Guidelines (Sabah Water Resources Enactment (1998)). <b>Status: Closed</b>

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Criterion: 4.5	Minor	<b>NCR #: MN 5</b>  The pests, diseases, weeds and invasive introduced species were not managed using appropriate IPM techniques. It was found that there were no compliance to indicators 4.5.1, 4.5.2, 4.5.3 and 4.5.4.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 4.6	Major	<b>NCR #: MH5/2014</b>  The intent of the criterion has not been fulfilled. No evidence to show compliance with the following indicators of I 4.6.1, I 4.6.2, I 4.6.3, I 4.6.4, I 4.6.5, I 4.6.6, I 4.6.7 & I 4.6.10.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 4.7	Major	<b>NCR #: MH6/2014</b>  The intent of the criterion has not been fulfilled. No evidence to show compliance with the following indicators of me 4.7.1, me 4.7.2 & me 4.7.3.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Indicator: 4.7.1	Major	<b>NCR #: MH6/2014</b>  The above requirement was not effectively implemented and monitored. <ul style="list-style-type: none"> <li>i) Safety and health committee meetings were not conducted in timely manner. The only meeting carried out was in July 2014</li> <li>ii) Workplace inspection activity was not consistently implemented at Tingkayu Estate.</li> <li>iii) First aid box content was not in accordance with 4<sup>th</sup> schedule of Safety Health &amp; Welfare Regulation 1970. It was found that only 9 items inside the box instead of 17 items as per requirement.</li> </ul>	The matters had been implemented accordingly. <ul style="list-style-type: none"> <li>i) Estate management already conducted the safety meeting accordingly. Estate also already prepare proper schedule</li> <li>ii) Estate already conduct a proper workplace inspection and will implement it consistently</li> <li>iii) Estate will ensure all 17 items will be in place in the first aid box as per requirement.</li> </ul>	<ul style="list-style-type: none"> <li>I) The Safety and Health Committee meeting were conducted at Binuang Estate and the mill.</li> <li>II) The estate has carried out workplace inspection – using a checklist.</li> <li>III) Mill comes under the purview of the 4<sup>th</sup> Schedule of Safety Health &amp; Welfare Regulation 1970 – as such 17 first aid items are maintained.</li> </ul> <b>Status: Closed</b>
Indicator: 4.8.1	Major	<b>NCR #: MH7/2014</b>  4.8.1: A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the

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		training for employees are kept. The intent of the principle and criterion have not been fulfilled. No evidence to show compliance for indicator 4.8.1.		criterion is no longer applicable to the CU. <b>Status: Closed</b>
Criterion: 5.1	Major	<b>NCR #: VS01/2014</b>  Indicators 5.1.1 and 5.1.2 have not been complied with. There is no evidence that the following indicators of the RSPO P&C have been complied with at Sunpia Estate: i) 5.1.1 – No documented aspects and impacts risk assessment that is periodically reviewed and updated. ii) 5.1.2 – No environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>
Indicator 5.1.2	Minor	<b>NCR #: VS01/2014</b>  Indicator 5.1.2: Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. Inadequate mitigation measure/action plan for negative environmental impacts. There is no evidence that environmental improvement plan to mitigate the negative impacts from Binuang POM.	The matters had been addressed accordingly.	Verified release of dark smoke records for Jan, Feb & March 2016. All were within the 15 minutes limit compliance. BOD and SS of the discharge to the monsoon drain has been monitored. Monsoon water release records were verified within limits and a 3 action plan has been identified in the Environmental Improvement Plan FY 2015 / 2016, which is currently being implemented. Sighted at the EFB dumping area, leachate is at minimal and mill has budgeted for roofing and cementing of the floor. Sighted effluent level at the final Aerobic to be at the satisfactory level. <b>Status: Closed</b>
Indicator 5.2.3	Minor	<b>NCR #: HO-2014-01</b>  Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. No evidence that Sunpia Estate complies with the above indicator.	Sunpia has withdrawn from the RSPO certification of the SOU.	Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU. <b>Status: Closed</b>

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		No evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.		
Criterion: 5.3	Major	<p><b>NCR #: VS02/2014</b></p> <p>Indicators 5.3.1 and 5.3.2 have not been complied with.</p> <p>i) There is no evidence that the following indicators of the RSPO P&amp;C have been complied with at Sunpia Estate:</p> <ul style="list-style-type: none"> <li>- 5.3.1 – No documented identification of all waste products and sources of pollution.</li> <li>- 5.3.2 – Having identified wastes and pollutants, no operational plan has been developed and implemented, to avoid or reduce pollution.</li> </ul> <p>ii) Environmental issues based on site implementation need to be further improved on:</p> <ul style="list-style-type: none"> <li>- Empty chemical container was not rinsed and pierced.</li> <li>- Dumping site for domestic waste is located near to worker's line site.</li> <li>- Site condition for genet room and waste oil storage need to be upgraded to avoid further land contamination.</li> </ul>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Criterion: 6.2	Major	<p><b>NCR #: HO-2014-02</b></p> <p>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</p> <p>No evidence that Sunpia Estate complies with indicators of this criterion. The following indicators were not complied - 6.2.1, 6.2.2 and 6.2.3.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Criterion: 6.4	Major	<p><b>NCR #: HO-2014-03</b></p> <p>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's institutions.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>

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		No evidence that Sunpia Estate complies with indicators of this criterion. The following indicators not complied - 6.4.1 and 6.4.2.		
Indicator: 6.5.2	Major	<p><b>NCR #: HO-2014-04</b></p> <p>Labour laws, union agreements or direct contract of employment detailing payment and conditions of employment are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.</p> <ul style="list-style-type: none"> <li>- No evidence that Sunpia Estate complies with the above indicator.</li> <li>- There are employees not aware of their employment categories and content of union agreements.</li> </ul>	<p>- Sunpia has withdrawn from the RSPO certification of the SOU.</p> <p>- Employees had been informed on their employment benefits and conditions.</p>	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Criterion: 6.6	Major	<p><b>NCR #: HO-2014-05</b></p> <p>The employer respects the right of all personnel to form and join trade unions of their choice and 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. No evidence that Sunpia Estate complies with indicators of this criterion. The following indicators not complied. 6.6.1 and 6.6.2.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Indicator: 6.7.1	Major	<p><b>NCR #: HO-2014-06</b></p> <p>No evidence that Sunpia Estate complies with the above indicator.</p> <p>No documented evidence that minimum age requirement is met.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Indicator: 6.8.1	Major	<p><b>NCR #: HO-2014-07</b></p> <p>A publicly available equal opportunities policy. No evidence that Sunpia Estate complies with the above indicator. Equal opportunities policy was not publicly available.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>

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Indicator: 6.8.2	Minor	<p><b>NCR #: HO-2014-09</b></p> <p>Evidence that employees and groups including migrant workers have not been discriminated against. The electricity provided to all categories of personnel was not in compliance to the above requirement.</p>	The CU had obtained consent from workers and staff for deduction of their wages for electricity provided.	<p>Interviewed with local and foreign workers in the CU observed no complaint about discrimination issues between races, ethnics and religious.</p> <p><b>Status: Closed</b></p>
Criterion: 6.9	Major	<p><b>NCR #: HO-2014-05</b></p> <p>No evidence that Sunpia Estate complies with indicators of this criterion. The following indicators not complied. - 6.9.1 and 6.9.2.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>
Criterion: 8.1	Major	<p><b>NCR #: VS03/2014</b></p> <p>Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations. Indicators 8.1.3 and 8.1.6 have not been complied with.</p>	Sunpia has withdrawn from the RSPO certification of the SOU.	<p>Sunpia Estate (a smallholder associated with the CU) has been withdrawn from the certification. Hence, the nonfulfillment of the criterion is no longer applicable to the CU.</p> <p><b>Status: Closed</b></p>