



**PUBLIC SUMMARY
FIRST RSPO SURVEILLANCE ASSESSMENT REPORT**

**SIME DARBY PLANTATION SDN BHD
BINUANG CERTIFICATION UNIT (SOU 28)
GIRAM CERTIFICATION UNIT (SOU 29)
MEROTAI CERTIFICATION UNIT (SOU 30)
MOSTYN CERTIFICATION UNIT (SOU 30b)**

Kunak and Tawau Districts, Sabah, Malaysia

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SUMMARY

This surveillance assessment report describes the level of continued compliance of the four Certification Units (CUs) of Sime Darby Plantation Sdn Bhd (SDPSB) namely the Strategic Operating Unit (SOU) 28 - Binuang, SOU 29 - Giram, SOU 30 - Merotai and SOU 30B – Mostyn against the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI):2008.

SIRIM QAS International Sdn Bhd (SIRIM QAS International) was contracted by SDPSB to conduct this surveillance assessment. SIRIM QAS International is the leading testing, inspection and certification body (CB) in Malaysia providing its services to all sectors of the business and industry for over 30 years. SIRIM QAS International, as an accredited certification body by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA provides a comprehensive range of management system certification services on quality, environment, health and safety.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills and oil palm estates for certification of management system against the requirements of the ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a certification body by RSPO on 21 March 2008. Since then, it has conducted pre-assessments on RSPO sustainable production of palm oil in Malaysia.

Based on the evidences gathered during the assessment, it can be concluded that these four SOUs of SDPSB have continued to comply with the requirements of the RSPO MY-NI: 2008. All the nonconformities (particularly major nonconformities) raised during this surveillance assessment have been adequately addressed and therefore closed out through the verification of correction actions taken by the SOUs.

The assessment team therefore recommends that SOU 28 – Binuang, SOU 29 – Giram, SOU 30 – Merotai and SOU 30b – Mostyn to continue to be certified against the RSPO MY-NI: 2008.

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mills and their supply base of oil palm fresh fruit bunches (FFBs) were assessed against the Malaysian National Interpretation (MY-NI: 2008) of the RSPO Principles and Criteria: 2007.

1.2 Certification Scope

The scopes of certification for the four SOUs are as follows:

- SOU 28 – Binuang, covers the sustainable production of palm oil from the Binuang Palm Oil Mill with FFBs supplied by the mill's own estates: Binuang, Tingkayu and Sungang Estates;
- SOU 29 – Giram, covers the sustainable production of palm oil from the Giram Palm Oil Mill with FFBs supplied by the mill's own estate: Giram Estate;
- SOU 30 – Merotai, covers the sustainable production of palm oil from the Merotai Palm Oil Mill with FFBs supplied by the mill's own estates: Merotai, Table, Tiger and Imam Estates; and
- SOU 30b – Mostyn, covers the sustainable production of palm oil from the Mostyn Palm Oil Mill with FFBs supplied by the mill's own estate: Mostyn Estate.

1.3 Location and Map

SOU 28, 29 and 30b are located in the Kunak District while SOU 30 is located in the Tawau District, Sabah, East Malaysia. The map of these SOUs is as in **Attachment 1** while the details on these SOUs are described in the Table 1.

Table 1
Location of Estates and Mills

SOU	Estate/Mill	GSP Location	
		Latitude	Longitude
SOU 28	Binuang Estate	4°25'N	118° 26'E
	Sungang Estate	4°39'N	118° 07'E
	Tingkayu Estate	4°24'N	118° 30'E
	Binuang Palm Oil Mill	4°42'15"N	118° 03'37"E
SOU 29	Giram Estate	4°35'N	118° 12'E
	Giram Palm Oil Mill	4°35'60"N	118° 12'0"E
SOU 30	Merotai Estate	4°23'N	117° 47'E
	Tiger Estate	4°25'N	117° 50'E
	Table Estate	4°22'N	117° 52'E
	Imam Estate	4°20'N	117° 50'E
	Merotai Palm Oil Mill	4°37'N	117° 83'E
SOU 30b	Mostyn Estate	4°39'N	118° 07'E
	Sungang Estate	4°35'2"N	118° 11'40"E

1.4 Description of Supply Base

The supply bases were confined to the estates owned by SDPSB, Jelata Bumi Estate (which is part of a CU waiting for certification) and small holders' plantations located near the palm oil mills.

1.5 Date of Plantings and Cycle

Except for the Sungang, Giram and Table Estates, all the other estates were in their second generation of planting. The date of planting and age profiles for each SOU are detailed in the following Tables 2.

Table 2
Percentage of Planted Area in Binuang Estate by Age and Planting Cycle

Age of Palm (Year)	Planting (1 st / Generation)	Cycle 2 nd	Planted Area (ha)	% of Planted Area
0-3		2 nd	1075.23	34
5		2 nd	323.19	10
8		2 nd	396.92	12
18		1 st	294.32	9
19		1 st	183.69	6
23		1 st	68.58	2
31		1 st	613.49	19
32		1 st	258.87	8
		Total	3,214.29	100

Table 3
Percentage of Planted Area in Tingkayu Estate by Age and Planting Cycle

Age of Palm (Year)	Planting (1 st / Generation)	Cycle 2 nd	Planted Area (ha)	% of Planted Area
0-3		2 nd	1138.31	62
5		2 nd	380.80	21
6		2 nd	139.59	8
7		2 nd	168.05	9
		Total	1826.75	100

Table 4
Percentage of Planted Area in Sungang Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
0-3	1 st	3.00	0
8	1 st	300.89	9
14	1 st	329.44	10
16	1 st	1255.93	40
17	1 st	545.33	17
18	1 st	380.09	12
19	1 st	240.15	8
23	1 st	116.23	4
Total		1826.75	100

Table 5
Percentage of Planted Area in Giram Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
11	1 st	330.04	9
14	1 st	650.19	17
15	1 st	936.44	25
17	1 st	1063.66	28
22	1 st	478.24	13
23	1 st	297.91	8
Total		3756.48	100

Table 6
Percentage of Planted Area in Merotai Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
0-3	2 nd	971.32	34
5	2 nd	315.62	11
6	2 nd	89.16	3
8	2 nd	300.72	11
9	2 nd	258.04	9
10	2 nd	440.28	16
11	2 nd	163.33	6
12	2 nd	76.80	3
14	2 nd	60.26	2
15	2 nd	74.00	3
16	2 nd	34.00	1
18	2 nd	37.00	1
Total		2,820.53	100

Table 7
Percentage of Planted Area in Table Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
11	1 st	424.97	20
12	1 st	1,219.40	58
13	1 st	404.11	19
14	1 st	3.69	0
15	1 st	55.35	3
	Total	2,107.52	100

Table 8
Percentage of Planted Area in Tiger Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
0-3	2 nd	114.97	4
10	1 st	336.03	13
11	1 st	1,156.39	46
12	1 st	575.72	23
13	1 st	44.01	2
14	1 st	72.78	3
15	1 st	89.17	3
17	1 st	116.90	5
22	1 st	27.45	1
	Total	2,533.42	100

Table 9
Percentage of Planted Area in Iman Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
0-3	2 nd	575.00	22
4	2 nd	277.00	11
5	2 nd	260.00	10
8	2 nd	173.00	7
9	2 nd	15.77	1
10	1 st	429.95	17
18	1 st	22.00	1
19	1 st	196.00	7
20	1 st	216.00	8
21	1 st	92.00	3
22	1 st	328.00	13
	Total	2,533.42	100

Table 10
Percentage of Planted Area in Mostyn Estate by Age and Planting Cycle

Age of Palm (Year)	Planting Cycle (1 st /2 nd Generation)	Planted Area (ha)	% of Planted Area
0-3	2 nd	207.69	5
5	2 nd	73.00	2
7	2 nd	171.27	4
8	2 nd	126.33	3
8	1 st	222.93	6
13	2 nd	200.00	5
13	1 st	824.67	21
14	1 st	437.24	11
15	1 st	86.24	2
16	1 st	285.72	7
17	1 st	57.00	2
18	1 st	84.00	2
19	1 st	47.00	1
20	1 st	109.57	3
22	1 st	25.25	1
23	1 st	255.07	6
26	1 st	174.86	5
27	1 st	186.00	5
28	1 st	66.00	2
29	1 st	134.00	3
30	1 st	151.00	4
53	1 st	2.00	0
Total		3,296.84	100

1.6 Other Certifications Held

Although not all the operating units have third-party certification, SDPSB has been implementing an integrated quality, environmental and occupational health and safety management systems which are based on the requirements of the ISO 9001:2000, ISO 14001:2004 and OHSAS 18001:1999 standards.

The SOUs which have third-party certification are shown in the Table 11 below:

Table 11
Other Certifications Held

	Estate and Mill	Other Management System Certifications Held
SOU 28	Binuang Estate	-
	Sungang Estate	-
	Tingkayu Estate	-
	Binuang Palm Oil Mill	ISO 9001:2000
SOU 29	Giram Estate	OHSAS 18001, MS 1722 Part 1, ISO 14001, ISO 9001:2000
	Giram Palm Oil Mill	OHSAS 18001, MS 1722 Part 1, ISO 14001, ISO 9001:2000, HACCP 1480.
SOU 30	Merotai Estate	-

	Tiger Estate	-
	Table Estate	-
	Imam Estate	-
	Merotai Palm Oil Mill	-
SOU 30b	Mostyn Estate	-

1.7 Organisational Information/Contact Person

Each SOU is championed by an Estate Manager who is also the contact person. There has been no change on the contact persons since the last assessment. The details of the contact persons for each SOU are as follows:

Mr. G. Chandran
Chairman of SOU 28
(Binuang Estate Manager)
Sime Darby Plantation Sdn Bhd
91207 Kunak, Sabah
MALAYSIA
Phone : 60 8982 1197
Fax : 60 8982 1197

Mr. Abdullah Saminan
Chairman of SOU 29
(Giram Estate Senior Manager)
Sime Darby Plantation Sdn Bhd
91207 Kunak, Sabah
MALAYSIA
Phone : 60 8982 6290
Fax : 60 8982 6291

Mr. Zambri Pardi
Chairman of SOU 30
(Merotai Estate Manager)
Sime Darby Plantation Sdn Bhd
91007 Tawau, Sabah
MALAYSIA
Phone : 60 8990 2801/8992 0085
Fax : 60 8990 2843

Mr. Muhamad Saipul'ilah Che Idris
Chairman of SOU 30B
(Mostyn Estate Senior Manager)
Sime Darby Plantation Sdn Bhd
91207 Kunak, Sabah
MALAYSIA
Phone : 60 89851244/8985 2204
Fax : 60 89851018

1.8 Time Bound Plan for Other Management Units

During the conduct of this surveillance assessment, SDPSB owned sixty-one (61) POMs, fifty-eight (58) SOUs and two hundred and eight (208) oil palm estates. Three (3) SOUs have been realigned due to strategic business/development reasons. The mills and estates were located in Peninsular Malaysia, Sabah and Sarawak, Malaysia and in Kalimantan, Sumatera and Sulawesi, Indonesia.

SDPSB is committed to RSPO certification as announced in earlier assessment. The certification assessments have been conducted according to the plan with the target for completion by December 2011. To-date five (5) of the company's SOUs have been certified and thirty-four (34) and three (3) SOUs in Malaysia and Indonesia respectively have undergone certification assessments. Of these, fifteen (15) reports have been submitted to the RSPO Secretariat.

1.9 Area of Plantation

Table 12
Plantation Area

Estate	Planted Area (ha)
Binuang	3,214.29
Tingkayu	1,826.75
Sunggang	3,171.06
Giram	3,756.48
Merotai	2,820.53
Table	2,107.52
Tiger	2,533.42
Imam	2,584.72
Mostyn	3,926.84
Total	25,941.61

1.10 Approximate Tonnage Certified

Table 13
Actual Volume since Date of Last Reporting Period (16 Jan 2009 to 15 Jan 2010)

CU	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	Certified CPO (Tonnage)	Certified PK (Tonnage)
Binuang	144,468.11	32,698.37	8,003.48	23,693.24	7,940.25
Giram	156,633.99	34,103.53	7,672.58	32,388.12	7,286.65
Merotai	328,100.27	62,243.85	12,589.95	46,682.89	9,442.46
Mostyn	111,156.33	25,174.00	5,030.24	21,657.19	4,327.52
Total	740,358.33	154,219.75	33,296.25	124,421.44	28,996.88

Table 14
Approximate Tonnage (Jan 2010 – Dec 2010) of Claimed Certified Sustainable Palm Oil and Palm Kernel

CU	FFB Processed (tonne)	CPO Production (tonne)	PK Production (tonne)	Certified CPO (Tonnage)	Certified PK (Tonnage)
Binuang	228,400.82	51,305.73	11,375.04	51,116.73	11,339.04
Giram	229,449.00	52,437.00	11,355.00	49,967.00	9,975.00
Merotai	317,785.99	65,370.00	12,180.00	49,490.00	9,160.00
Mostyn	117,670.00	26,063.91	5,295.15	20,067.40	3,934.14

1.11 Date Certificate Issued and Scope of Certificate

RSPO Certificate was issued on 16 January 2009 and the scope was the production of RSPO sustainable crude palm oil.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

SIRIM QAS International is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognized standards.

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

SIRIM QAS International has certified more than hundred palm oil mills and several estates to ISO 14001 and OSHAS 18001. SIRIM QAS International was approved as a RSPO certification body on 21 March 2008 and had conducted pre-assessments against the RSPO P&C.

2.2 Assessment Methodology, Programme, Site Visits

The conduct of this surveillance assessment was guided by the sampling formula of $0.8\sqrt{y}$, hence only 4 estates were planned to be assessed namely Mostyn, Giram, Binuang and Merotai. However, other estates such as Tingkayu were also visited as the nursery for replanting is located in this estate.

The assessment was conducted by visiting the field, HCV habitats, labour lines, storage areas and other work places. Interviews were conducted with the management personnel, employees, contractors and other relevant stakeholders. In addition, formal and informal interviews were conducted with the employees, local communities and suppliers without the presence of the CU's management personnel. Records as well as other related documentation were also reviewed.

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

2.3 Qualifications of Lead Assessor and Assessment Team

The assessment team comprised five auditors. The team leader and assessor on principles related to workers and community issues were involved in the main assessment. Three of the assessors; Mr. Valence Shem, Dr. Pan Khang Aun and Mr. Mahzan Munap were new to the team. The details on the assessors and their qualifications are presented in Table 14.

Table 15
Details on Assessors and Their Qualifications

Assessment Team	Role/Area of RSPO Requirement	Qualifications
1. Sabarinah Marzuky	Assessment Team Leader/environmental and legal issues	<ul style="list-style-type: none"> • Collected over 880 auditor days auditing to the ISO 14001, RSPO and MS GAP-OP • Involved in Environmental Impact Assessment Studies related to agriculture including oil palm plantation • Successfully completed RSPO Lead Auditor Course – 2008 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001 - 2007 • Successfully completed IRCA accredited Lead Assessor Training for OSHAS 18001 - 2005 • Successfully completed EARA approved Lead Assessor training for ISO 14001-1999 • M.E. Civil Engineering (Environment) • B. Sc. (Hons) Urban and Regional Planning.

2. Valence Shem	Assessor/ Plantation practices and environmental issues	<ul style="list-style-type: none"> • Collected 35 auditor days in auditing ISO 14001:2004 • Nine years experiences in oil palm plantation management • Successfully completed IEMA accredited Lead Assessor training for ISO 14001:2004 • B. Tech. (Hons) Industrial Technology • Diploma in Science
3. Dr. Zahid Emby	Assessor/ workers and issues related to community and legal	<ul style="list-style-type: none"> • Collected 38 auditor days in auditing forest management certification (FMC) and RSPO. • Peer reviewer for FSC forest management certification reports • Ph.D. (major: cultural anthropology; minor: Southeast Asian Studies International Agriculture and Rural Development) • M.A. (Social Anthropology) • B.A. Hons (Social Anthropology/ Sociology)
4. Dr. Pan Khang Aun	Assessor/ecology	<ul style="list-style-type: none"> • Collected 8 auditor days of ISO 9000:2008 • Twenty-three years working experience related to zoology and wildlife management • Conducted EIAs (fauna) for TNB and Perbadan Kemajuan Pertanian Selangor (PKPS) • Ph.D. Environmental training • M. SC. Zoology • B. Sc. (Hons) Forestry • Postgraduate Certification on Network Management
5. Mahzan Munap	Assessor/ Occupational Health and Safety	<ul style="list-style-type: none"> • Over 220 days of auditing experience in OHSAS 18001 and MH 1722 OHSMS (46 days for palm oil milling and 6 days for oil palm plantation) • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997 • Occupational Safety and Health Trainer at INSTEP PETRONAS • Successfully competed RSPO Lead Auditor Course -2008 • Successfully completed Lead Assessor Course for OHSAS 18001-2000 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001 – 2006 • MBA, Ohio University

		<ul style="list-style-type: none"> • B. Sc. Petroleum Engineering, University of Missouri, USA
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2.4 Stakeholder Consultation and List of Stakeholders Contacted

Not applicable

2.5 Date of Next Surveillance Visit

The next surveillance audit would be conducted around October/November 2010.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

This surveillance assessment was conducted as planned using the methodology as described in Section 2.2. It was noted that all the SOUs were guided by the Estate/Mill Quality Management System documents for their operations. These documents were based on the ISO 14001 and OSHAS 18001 requirements.

SOU 29, consisting of Giram Palm Oil Mill and Giram Estate has continued to be certified to ISO 9001, ISO 14001 and OSHAS 18001 with annual audit. The implementation of the internal management system for all the SOUs and the certification of SOU 29 has facilitated the SOUs maintenance of the RSPO certification.

Six non-conformities were issued as a result of the assessment. Three of them were re-issued from the previous assessment. Details of the previous non-conformities raised are as in **Attachment 3**.

SDPSB has demonstrated their commitment to address the non-conformities by preparing an action plan as shown in **Attachment 4**. The assessment team has reviewed the action plan and found it to be adequate to address the non-conformities. As such all the non-conformities have been closed out following the verification on the implementation of the corrective actions.

The summary of the findings on each of the Principle and criteria is as follows:

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1 – Oil palm growers and millers provide adequate information to other stakeholder on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.

All the SOUs have been implementing the procedure for responding to request for information as outlined in the Estate/Mill Quality Management System.

Record on all communication was identified and maintained in different files according to the different stakeholders. Each record contains the date of the request for information was received, being responded and a remark column to indicate whether the request has been answered.

Criterion 1.2 – Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

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

- 1.2.1 Land titles/user rights (C2.2)
- 1.2.2 Safety and health plan (C4.7)
- 1.2.3 Plans and impact assessments relating to environmental and social impacts (C5.1, 6.1, 7.1, 7.3)
- 1.2.4 Pollution prevention plans (c5.6)

- 1.2.5 Details of complaints and grievances (C6.3)
- 1.2.6 Negotiation procedures (C 6.4)
- 1.2.7 Continuous improvement plan (C8.1)

Information relating to land title, safety and health plans, pollution prevention plans and the procedure for complaints and grievances was publicly made available on SDPSB website at <http://plantationsimedarby.com>.

Among the documents being made available were on good agricultural practices, social enhancement, sustainability initiatives and complaint and grievances procedures. In addition, SDPSB's policies on occupational safety and health, environment and biodiversity, social, gender and slope protection and river were also made available on the website. These policies have also been displayed at various locations such as on notice boards, in estates and mills for the employees and visitors to view.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations

All the SOUs have a documented system for identifying and updating of legal requirements and monitoring the status of compliance. The TQEM Department was responsible for tracking the changes to the acts and regulations in the legal register by communicating with the publishers of these documents.

It was evident that all the SOUs have been committed in complying with these legal requirements. Approval letters and record on monitoring activities have been adequately maintained. These records have also been submitted to the relevant authorities as required.

However, verification of corrective actions taken to address a non-conformities which was raised during the previous audit at Mostyn Palm Oil Mill have revealed that these actions have not been effectively followed through. This was related to the application for an approval of fuel burning equipment. This non-conformity was re-issued as major NCR which the Mostyn Palm Oil Mill has taken corrective action by sending a fresh application to the Department of Environment.

In addition, there was a recommendation in the Proposed Mitigation Measure (PMM) which requires SDPSB to appoint a qualified Environmental Officer for the management of flora and fauna. However, there was no evidence to indicate that action has been taken and therefore an NCR was raised. The top management of SDPSB has taken appropriate action by appointing Giram Estate Manager to be responsible on this matter. A copy of the appointment letter has been extended to the assessor.

Criterion 2.2 –The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

All the SOUs assessed have evidence of legal ownership. Copies of land titles for the estates were sighted and it was evident that the terms of the land title were being complied with. The original ownership documents were kept at the Headquarters of SDPSB.

It was noted that all the SOUs have managed to locate some of the boundary stones adjacent to the forest reserves, stateland and small holdings. The SOUs have taken effort to locate al, the boundary marks by engaging a licensed surveyor. Maps indicating the result of such effort have been sighted.

Criterion 2.3 – Use of land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

Evidences of ownership (refer to findings on criterion 2.2) were available and have been sighted. It was also noted from records, as well as through interviews with stakeholders that there has been no dispute on land right in the area.

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

Criterion 3.1 – There is an implemented management plan that aims to achieve long-term economic and financial viability

The budget documents for Financial Years 2008/2009 and 2009/2010 were made available. The budget has continued to include allocations for welfare and social services such as upgrading of worker quarters and upgrading of fire-fighting system and investment on composting plant.

Replanting programme for the next ten years (2009-2019) has also been prepared. The programme has been implemented as scheduled. For the financial year 2009/2010, SDPSB has allocated 1,395 ha for re-planting and at the time this surveillance audit, 76% of the re-planting has been done.

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

Criterion 4.1 – Operating procedures are appropriately documented and consistently implemented and monitored.

Operations in the estates and mills were guided by the SOP which has been part of the Estate/Mill Management System documents. In addition, for the estates there were technical guidelines as listed in the Agricultural Reference Manual. On activities related to environmental management, the SOP as prescribed in the document 'Sime Darby Plantation-Sustainable Plantation Management System was used as reference.

The monitoring on the implementation of this SOP and guidelines has been done by the person-on-charge and records were made available for verification.

Criterion 4.2 – Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield. MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked.

All SOUs have continued to monitor fertilizer inputs as recommended by the agronomist. The recommendation was made on an annual basis as indicated in the 'Agronomic and Fertilizers Recommendation Reports – Oil Palm 2009/2010'.

Leaf (tissue) sampling was carried out and the result formed part of the recommendations on fertilizer input. Soil sampling which was to be conducted once in every 5 years was last done in August 2009. However, during the conduct of this surveillance audit, the results on the soil sampling were not yet available.

During the on-site visits, it was confirmed that the recommendations made in the report on fertilizer input at a rate of 45 MT/ha for matured area and 25-35 MT/ha for immature area have been followed and being implemented. Other practices that could help to maintain soil fertility such as POME application and font stacking were being closely monitored.

Criterion 4.3 – Practices minimize and control erosion and degradation of soils

All the SOUs have continued with their commitment to minimize soil erosion. Among the best practices being implemented were constructing terraces and scupper drain pit. Front stacking and other biomass retention in the field have been consistently implemented.

In addition, all the SOUs have continued to practice only circle and path spraying in matured areas as prescribed in the SOP. Other measures being used include establishing 'Vertiver' grass nursery for planting in areas prone to erosion. For replanting areas, it was observed that cover crops have been well established.

As evident of continuous commitment to minimize soil erosion and degradation, areas of more than 25% gradient were being conserved. Road maintenance programmes such as resurfacing, grading and maintenance of culverts have continued to be implemented in all the SOUs. It was observed that most of the roads were accessible and in very good condition.

Criterion 4.4 – Practices maintain the quality and availability of surface and ground water.

All the SOUs have continued to implement the procedures as prescribed in the SOP on the maintenance of riparian zone as part of their commitment to comply with the PMM and policy on river buffer zone.

During this surveillance, it was observed that the SOUs have continued their commitment to conserving the riparian zone by not planting on these areas. An action plan on the management of riparian zone after replanting has been clearly documented with clear time frame as part of the PMM monitoring. It has been verified in all the SOUs that there was no construction of bunds/weirs/dams across the main rivers or waterways.

All the SOUs have continued to monitor water quality in the identified waterways. The monitoring stations have been clearly marked within the estates.

Monthly rainfall data for all the SOUs has continued to be well maintained for over the past 10 years. Records were made available in the agronomist's report. The monitoring of water consumption by the mills had continued to be carried out.

All SOUs have developed their water management plans which describe the demand and supply of water for the palm oil mills, line sites as well as estates/fields. These plans also include the construction of new moisture control pits, collection and subsidiary drains.

Criterion 4.5 – Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

*The planting of beneficial plants of the 4 major species *Tunerra*, *Cassia cobanensis*, *Antigonon leptopus* and *Euphorbiaceae* has continued to be done actively. Planting target for each species has been set as part of the environmental management programme. It was also evident that the IPM, which was written in the Agriculture Reference Manual (ARM) has continued to be implemented. However, the barn owl project which started in 2008 was still under trial.*

*In the Merotai Estate, the presence of *Dana trima* attack was controlled by spraying Granulosis virus. The spraying operation was guided by an SOP to ensure that it was properly carried out. Since the attack of leaf eating pest was a rare occurrence, the monitoring was still done by daily observation in the field.*

The record on the use of active ingredient (ai) was translated to a bar chart to monitor the consumption trend of the chemical. However, it was observed that there has been no significant reduction in the consumption of these chemical due to the fact that more of them was needed especially in the replanting areas.

Criterion 4.6 – Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorized as World Health Organization Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

All the SOUs have continued to use only chemicals registered under the Pesticide Act 1974. No chemical listed in the World Health Organization as Type 1A or 1B or by the Stockholm or Rotterdam Conventions and Paraquat has been used in any of the estates.

Written justifications for all agrochemicals being used in the estates were made available in the ARM, SOP and Safety Pictorial procedures. The latter has been used for communicating to the employees on the usage and hazard of agrochemicals during training and briefing sessions.

The usage and storage of agrochemicals including pesticides have continued to follow the provisions of the Pesticide Act 1974, Occupational Safety and Health Act 1994 and USECHH Regulations 2000. Up-dated record on purchase, storage and consumption of agrochemicals was available in all of the SOUs.

Medical surveillance has been conducted for employees whose jobs require them to be exposed to chemicals. Pregnant and breast-feeding women were still strictly prohibited to work with pesticides.

Criterion 4.7 –An occupational health and safety plan is documented, effectively communicated and implemented.

Occupational Safety and Health (OSH) plans have been established which were in line with the OSH Act. The implementation of the plan was guided by the Estate/ Mill Quality Management System documents. A policy on OSH has been formulated by SDPSB and being communicated to all employees and interested parties in all the SOUs.

It was observed that appropriate risk control measures have continued to be implemented and employees have been provided with and were seen to be wearing the appropriate PPE. Other control measures such as machine guards for moving parts and administrative control on working hours have continued to be consistently implemented. Fire-fighting equipment such as fire extinguishers and water hose reels were still made available at strategic locations.

First aid boxes remained available at several locations in the mills. Based on random interviews held with first aiders, it was found that they have been aware of their duties and responsibilities.

It was found out that the person in charge of the steam boiler at the Merotai Palm Oil Mill only possessed a competency certificate for a Second Grade Steam Engineer instead of the required First Grade Steam Engineer and a First Grade Engine Driver. An NCR was therefore raised to SOU 30 against this requirement. The management of SOU 30 has appointed a qualified engineer and upgrading the competency of the existing engineer as corrective actions to address this NCR.

As part of commitment on implementation of the OSH plan, all SOUs have conducted awareness training for their staff and workers. The SOUs have continued to use the OSH Committee to facilitate the implementation of the OSH plan.

Accident cases have continued to be documented in accident reports. Work permits such as electrical Lock-Out-Tag-Out, Confined Space and Permit to Work for contractors were still made available and being maintained. It was observed that workers in all the SOUs were still covered against accidents.

Criterion 4.8 – All staff, workers and contractors are appropriately trained.

All the SOUs have established their own training needs and programmes for the year 2009/2010. Generally the training programmes have continued to focus on awareness on the RSPO, Environment, Safety and Health (ESH) Induction, Basic First Aid, Fire Fighting, 5S Housekeeping and their SOPs. Training records were sighted at all the SOUs assessed

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

Criterion 5.1 – Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

The Giram SOU has started their risk assessment as part of the certified ISO 14001-Environmental Management System requirements. Generally, the environmental aspects identification and impact evaluation were reviewed on an annual basis.

Environmental improvement plan or known as Environmental Management Programme (EMP) has been established as part of the ISO 14001 elements of objectives, targets and programmes. It was based on the identified significant aspects that could be improved within the capabilities of the SOUs.

Criterion 5.2 – The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

All the SOUs assessed have new biodiversity/HCV assessment reports after the certification assessment. The reports contain biodiversity action plan which included setting aside a nature conservation area, inspection of conservation area, rehabilitation and habitat enhancement, education and awareness, and compliance to SDPSB's Policy on river buffer zone and slope protection.

Although attempts have been made to identify the HCV and ERTs, the management plan for these resources remained elusive. A non-conformity report (NCR) was therefore raised. The SOUs have taken the appropriate actions to rectify this NCR by establishing management plans that have been prepared in consultation with the Sabah Wildlife Department.

There were evidences to indicate that all the SOUs have been committed to the conservation of the habitat. Signages to prohibit illegal hunting of wildlife have been displayed within the plantations. In addition, elephant intrusion into the area has been mitigated by the erection of high voltage fence along the forest border.

Criterion 5.3 – Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

The SOUs have identified the wastes generated from their operations. Among the wastes identified was biomass such as EFB and fibre and general waste from line site.

General waste has been appropriately managed by disposing it at the designated disposal area within the plantation. Scheduled wastes were generally managed in accordance to the Environmental Quality (Scheduled Wastes) Regulation 2005.

However, for the Mostyn Palm Oil Mil, it was noted that wastes had been stored for more than 180 days and traces of spillages were noted in the secondary containment and on the floor of the store. Therefore, a NCR was raised. The SOU has taken appropriate action by cleaning the spillages and a letter has been sent to the DoE requesting for extension of time for the storage of the waste.

Criterion 5.4 – Efficiency of energy use and use of renewable is maximized

All the SOUs were using renewable energy in the mills. Fibre and shell were used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour lines.

Records of monitoring for both renewable energy and fossil fuel were available. In addition, diesel reduction programme has been initiated and monitored as part of their EMP.

Criterion 5.5 – Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.

All replanting areas in all the SOUs have been developed without the practice of burning. This practice has continued to be adopted companywide since 1989 in accordance with the zero burning policy and also in the Agriculture Reference Manual. This practice has been verified on site and was found to have been implemented. Palm trees were felled, chipped/shredded and windrowed within the plantation during replanting.

Criterion 5.6 – Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

All the SOUs have established plan to reduce pollution. These plans have been incorporated in the SOPs of the estate/mill Quality Management System and Sime Darby Plantation – Sustainable Plantation Management System or EMP. Among the plans were reducing black smoke emission and enhancing the scheduled waste management.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS

Criterion 6.1 – Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Social Impact Assessment (SIA) on all the SOUs' operations have been conducted based on an improved version by an in-house assessment team. Records of meetings with stakeholders were sighted during this surveillance.

However, there was no timetable with responsibilities for mitigation and monitoring of impacts resulting from the assessment. Therefore an NCR was raised on Indicator 6.1.3. All the SOUs have taken appropriate corrective action by making available the timetable.

Criterion 6.2 – There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

All the SOUs have continued to follow the documented procedures for consultation and communication as elaborated in the Estate/Mil QMS.

Records on communications and consultations were sighted. Among them include correspondences with the various government departments including local schools. The list of stakeholders was also being maintained.

Criterion 6.3 – There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

There was a documented system for dealing with complaints and grievances. A complaint form was made available for any interested party. In addition, suggestion box was made available in all the estates/mill offices.

Based on the assessment record made available, it was observed that complaints have been resolved in appropriate manner.

Criterion 6.4 – Any negotiations concerning compensation for loss of legal or customary rights are dealt through a documented system that enable indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

There has been no history of legal or customary right claim by indigenous peoples, local communities or other stakeholders. There was a system in place as elaborated in the Sime Darby Estate/Mill QMS for handling this issue should it arise.

Criterion 6.5 – Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

The pay and conditions for employment for SDPSB's employees were documented in the Collective Agreement (CA) 2008-2010 between SDPSB and Sabah Plantation Industry Employees Union (SPIEU). This CA has continued to be followed. However, there were still on-going negotiations on certain issues.

Currently, the CA was still written in English and has not been translated into the local language and neither has it been explained carefully to the workers. This has been raised as an NCR. The management has organized briefings to the workers as corrective action to address this NCR. Evidences such as attendance list and briefing materials were made available and verified by the assessor.

Houses and proper amenities have continued to be provided to the employees. New houses were being built in phases to replace old ones. Similarly utilities and amenities were being upgraded whenever necessary.

Through random interviews held with the workers and their dependents, it was found that generally they have been happy with the living condition.

Criterion 6.6 – The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

All employees have been allowed to freely join the SPIEU and to bargain collectively. Minutes of meetings on issues raised by the workers were made available. Records on correspondences between SPIEU and SDPSB on matters related to benefits, joint meetings and use of estate facilities were also available which indicated that the estate management has been responsive to the worker union's concerns and needs.

Criterion 6.7 – Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

There was no evidence to indicate that children have been employed. A clear policy of not employing children has been formulated by SDPSB and this has been followed by the estates. Random interviews held with the worker have revealed that they were aware of this policy. The workers have also confirmed that there were no children being employed to work in the estates.

Criterion 6.8 – Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.

SDPSB has a policy of prohibiting any form of discrimination. This was clearly stated in its social policy which has been displayed in the offices of all the SOUs.

The same terms of employment were given for the same category of work regardless of race, sex or origin. There was no evidence to indicate that employees and workers have been discriminated in any way. All workers (local or foreign) were eligible to join the SPIEU and the pay and conditions of employment as have been elaborated in the CA were applicable to all workers even non SPIEU members.

Criterion 6.9 – A policy to prevent sexual harassment and all other forms of violence against women and to protect their productive rights is developed and applied.

At the Group level, SDPSB has established a policy to prevent sexual harassment and violence. This same policy has been executed at all the Group's subsidiaries.

There was also a specific grievance mechanism in place for handling issues on sexual harassment. A Gender Committee has been formed at the SOU level and based on interviews held with the workers, they knew on the existence of this Committee as well as the procedures to follow when submitting complaint on sexual harassment.

Criterion 6.10 – Growers and mills deal fairly and transparently with smallholders and other local businesses.

Based on interviews held with a few of the independent FFB suppliers have revealed that they have been happy with the pricing and that they have no complaint against any of the SOUs.

Criterion 6.11 – Growers and millers contribute to local sustainable development where appropriate.

The SOUs have continued to provide employment opportunities as part of their commitment towards contributing to the local community sustainable development. The SOUs have responded positively to the local community's requests for materials and financial although such requests have not been identified through consultations.

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

Criterion 8.1 – Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

Generally all the SOUs have established plans on continuous improvement for all the indicators except for indicator 8.1.5. Most of the plans have continued to be implemented through the requirements of the internal integrated management system. One such improvement plans was on minimizing chemical usage which has been implemented by planting cover crops in immature fields rather than using herbicides. Others included improvement on the workers' welfare through the construction of new housing and facilities.

3.2 Detailed Identified Non-Conformities, Corrective Actions and Assessor Conclusions

The details on the NCRs raised, corrective actions taken and the assessors' verification of the corrective actions taken are as in **Attachment 3**. All the NCRs have been closed out.

3.3 Status of NCRs Previously Identified

All previously raised NCRs and the corrective actions taken to address them have been verified for their effectiveness. One of the NCRs raised on Mostyn Palm Oil Mill on the application for fuel burning was re-issued and upgraded to major NCR. The mill has taken appropriate corrective actions which has been verified by the assessor and subsequently closed out. The details on the NCRs and the corrective actions taken to address them are as in **Attachment 4**.

3.4 Noteworthy Positive Components

All the SOUs have made further improvements on their compliance against the requirement of the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI):2008. This was evident in terms of improvement being made on housing and the related amenities such as in chemical and storage areas including changing room for the workers.

The workers' housing was kept clean and beautiful through the 'Beautiful House Contest' and good housekeeping was still being practised at all the work places.

It was also observed that the workers' awareness level on the implementation of activities related to the requirements of the RSPO P&C has improved. They have been able to explain on the operating procedures related to the work they performed and the resulting impact of not following such procedures.

Above all, it was evident that there was strong commitment from the top management to continue complying with the requirements of the RSPO and maintaining the certification.

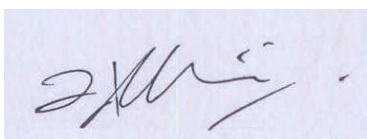
3.5 Issues Raised by Stakeholder and Findings With Respect To Each Issue

Among the stakeholders who were consulted during this surveillance audit were the workers from the different group of tasks, management staff, union representatives, FFB suppliers and the local community of Kampung Mahathir.

Generally, all the stakeholders being consulted have given their positive remarks and that they have not raised any issue against any of the SOU. On the complaint made by the workers regarding the supply of electricity and water as well as the repair work on housing, these have already been captured in the SIA.

3.6 Acknowledgement of Internal Responsibility and Formal Sign-Off of Assessment Findings

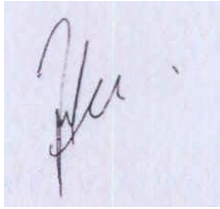
I, the undersigned, representing SOU 28, SOU 29, SOU 30 and SOU 30B, acknowledge and confirm the content of the assessment report and findings of the assessment.



Name: Zuhairi Zubir

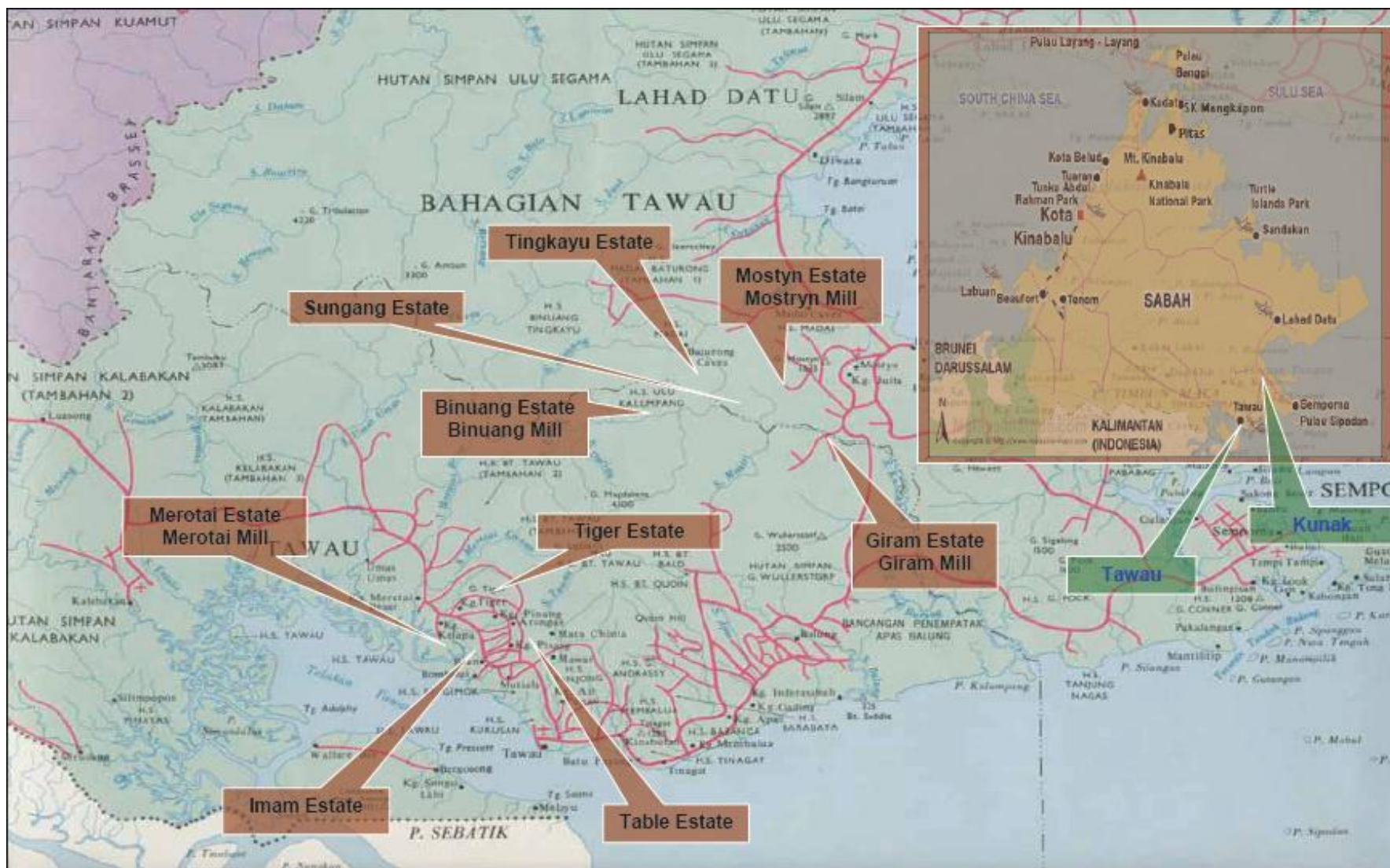
Date: 17 February 2010

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

A handwritten signature in black ink, appearing to read 'Sabarinah', is written on a light blue background.

Name : Sabarinah Marzuky (Lead assessor)
E-mail : sabarina@sirim.my

Date : 17 February 2010



ASSESSMENT PROGRAMME

**SIRIM QAS INTERNATIONAL SDN. BHD.
Sustainability Certification Section**

RSPO SURVEILLANCE ASSESSMENT PLAN
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1. Objectives

The objectives of the assessment are as follows:

- (i) To determine Sime Darby Plantation Sdn. Bhd. SOU 28, SOU 29, SOU 30 & SOU 30B conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify previous assessment findings
- (iii) To make appropriate recommendations based on the assessment findings.

2. Date of assessment : 8th – 11th December 2009

3. Site of assessment : Sime Darby Plantation Sdn. Bhd.
SOU 28 Binuang, 91207 Kunak, Sabah
SOU 29 Giram, 91207 Kunak, Sabah
SOU 30 Merotai, 91007 Tawau, Sabah
SOU 30B Mostyn, 91207 Kunak, Sabah

4. Reference Standard

- a. RSPO P&C MYNI:2008
- b. Company's audit criteria including Company's Manual/Procedures

5. Assessment Team

- a. Lead Assessor : Sabarinah Marzuki
- b. Assessor : Dr. Zahid Emby
Dr. Pan Khang Aun
Mahzan Munap
Valence Shem

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

6. Audit Method

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

7. Confidentiality Requirements

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

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

8. Working Language : English and Bahasa Malaysia**9. Reporting**

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

10. Facilities Required

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

11. Assessment Programme Details : As below

Day one: 8th December 2009 (Tuesday)

Activities /areas to be visited	Sabarinah	Mahzan	Valence	Auditee
8.00 – 8.15 am	Opening Meeting, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader			Top mgmt & Committee Member
8.15 – 8.30 am	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)			Management Representative
8.30 – 12.00 pm	Site visit and assessment at Mostyn Oil Mill <ul style="list-style-type: none"> Administration department Utilities (ETP, boiler, WTP, etc.) Waste management Verify previous audit findings 	Site visit and assessment at Mostyn Oil Mill <ul style="list-style-type: none"> Production area Workshop Chemical store Verify previous audit findings 	Site visit and assessment at Mostyn Estate <ul style="list-style-type: none"> Good Agricultural Practice Workers Issues Line site EFB mulching Waste management Chemical stores Verify previous audit findings 	Guide/PIC
12.00 – 1.00 pm	Break			
1.00 – 4.30 pm	Assessment on P1, P2, P3, P4 (4.1,4.4,4.7,4.8), P5(5.1,5.3,5.4,5.6), P8	Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6(6.5,6.6,6.7,6.8,6.9,6.10,6.11), P8	Assessment on P1, P2, P3, P4 (4.1,4.2,4.3,4.4,4.5,4.6), P5(5.3,5.5), P8	Guide/PIC
4.30 – 08.00pm	Break			
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records			Relevant PIC

Day two: 9th December 2009 (Wednesday)

Activities /areas to be visited	Sabarinah	Mahzan	Valence	Dr. Zahid	Dr. Pan Khang Aun	Auditee
08.00-12.00 pm	Site visit and assessment at Binuang Oil Mill <ul style="list-style-type: none"> Administration department Production & Utilities (ETP, boiler, etc.) Waste management Verify previous audit findings Assessment on P1, P2	Site visit and assessment at Binuang Estate <ul style="list-style-type: none"> Witness activities at site i.e. spraying, harvesting & etc Workshop Chemical stores Verify previous audit findings 	Site visit and assessment at Binuang Estate <ul style="list-style-type: none"> Good Agricultural Practice Workers Issues Line site EFB mulching Waste management Nursery Verify previous audit findings 	Assessment on <ul style="list-style-type: none"> P1, P2 (2.1,2.1.1), P6(6.1,6.2,6.3,6.4) P8 Verify previous audit findings 	Assessment on <ul style="list-style-type: none"> P1, P2 (2.1,2.2), P3, P4(4.4) P5(5.2) P8 Verify previous audit findings 	Guide/PIC

	P3, P4 (4.1,4.4,4.7,4.8), P5(5.1,5.3,5.4.5.6), P8					
12.00 pm -01.00pm	Break					
01.00- 04.30pm	Site visit and assessment at Giram Oil Mill <ul style="list-style-type: none"> Production area & Utilities Waste management Assessment on P1, P2 , P3, P4 (4.1,4.4,4.7,4.8), P5(5.1,5.3,5.4.5.6), P8	Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P8 (6.5,6.6,6.7,6.8,6.9,6.10 ,6.11), P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8	Site visit and assessment on <ul style="list-style-type: none"> Administration department Facilities such as rest area Interview with Union representative 	Site visit and assessment on <ul style="list-style-type: none"> Conservation area management Riparian Zone River system including POME discharge Boundary Water catchment area 	Guide/PIC
04.30- 08.00pm	Break					
08.00- 10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records					Relevant PIC

Day three: 10th December 2009 (Thursday)

Activities /areas to be visited	Sabarinah	Mahzan	Valence	Dr. Zahid	Dr. Pan Khang Aun	Auditee
	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> Workshop Waste management Assessment on P1, P2 , P3, P4 (4.1,4.4,4.8), P5(5.1,5.3,5.4.5.6), P8	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> Witness activities at site i.e. spraying, harvesting & etc Workshop Chemical stores Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P8 (6.5,6.6,6.7,6.8,6.9,6.10 ,6.11), P8	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> Good Agricultural Practice Workers Issues Line site EFB mulching Waste management PMM 	Site visit and assessment at Merotai <ul style="list-style-type: none"> Administration department Facilities such as rest area Interview with Union representative 	Site visit and assessment at Merotai <ul style="list-style-type: none"> Conservation area management Riparian Zone River system including POME discharge Boundary Water catchment area 	Guide/PIC
12.00- 01.00 m	Break					

	P3, P4 (4.1,4.4,4.7,4.8), P5(5.1,5.3,5.4.5.6), P8					
12.00 pm -01.00pm	Break					
01.00-04.30pm	Site visit and assessment at Giram Oil Mill <ul style="list-style-type: none"> • Production area & Utilities • Waste management Assessment on P1, P2, P3, P4 (4.1,4.4,4.7,4.8), P5(5.1,5.3,5.4.5.6), P8	Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P8 (6.5,6.6,6.7.6.8,6.9,6.10,6.11), P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.7, C4.8) , P8	Site visit and assessment on <ul style="list-style-type: none"> • Administration department • Facilities such as rest area • Interview with Union representative 	Site visit and assessment on <ul style="list-style-type: none"> • Conservation area management • Riparian Zone • River system including POME discharge • Boundary • Water catchment area 	Guide/PIC
04.30-08.00pm	Break					
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records					Relevant PIC

Day three: 10th December 2009 (Thursday)

Activities /areas to be visited	Sabarinah	Mahzan	Valence	Dr. Zahid	Dr. Pan Khang Aun	Auditee
	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> • Workshop • Waste management Assessment on P1, P2, P3, P4 (4.1,4.4,4.8), P5(5.1,5.3,5.4.5.6), P8	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> • Witness activities at site i.e. spraying, harvesting & etc • Workshop • Chemical stores Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P8 (6.5,6.6,6.7.6.8,6.9,6.10,6.11), P8	Site visit and assessment at Merotai Estate <ul style="list-style-type: none"> • Good Agricultural Practice • Workers Issues • Line site • EFB mulching • Waste management • PMM 	Site visit and assessment at Merotai <ul style="list-style-type: none"> • Administration department • Facilities such as rest area • Interview with Union representative 	Site visit and assessment at Merotai <ul style="list-style-type: none"> • Conservation area management • Riparian Zone • River system including POME discharge • Boundary • Water catchment area 	Guide/PIC
12.00-01.00 m	Break					

01.00 – 04.30pm	Site visit and assessment at Merotai Oil Mill <ul style="list-style-type: none"> • Production area & Utilities • Waste management • Verify previous audit findings Assessment on P1, P2, P3, P4 (4.1.4.4, 4.8), P5(5.1.5.3, 5.4.5.6), P8	Site visit and assessment at Merotai Oil Mill <ul style="list-style-type: none"> • Production area • Workshop • Chemical store • Verify previous audit findings Assessment on P1, P2 (2.1-2.1.1), P4(4.7), P6(6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2(C2.1-2.1.4), P4(C4.1 – 4.1.2, C4.4.7, C4.8) , P8	<ul style="list-style-type: none"> • P1, P2 (2.1,2.1.1), P6(6.1,6.2,6.3,6.4) P8 • Verify previous audit findings 	<ul style="list-style-type: none"> • P1, P2 (2.1,2.2), P3, P4(4.4) P5(5.2) P8 • Verify previous audit findings 	
04.30-08.00 pm	Break					
08.00-10.00pm	Audit team discussion and verification on any outstanding issues Note: Assessor to inform auditee on the required document/records					Relevant PIC

Day four: 11th December 2009 (Friday)

Activities /areas to be visited	Sabarinah	Mahzan	Valence	Dr. Zahid	Dr. Pan Khang Aun	Auditee
07.30-08.30 am	<ul style="list-style-type: none"> • Discussion on audit findings and closing meeting for SOU 28, SOU 29, SOU 30, SOU 30B 					Relevant PIC
08.30 am	Travel to Tawau & End of assessment					

DETAIL OF NON-CONFORMITY AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Criterion 2.1 Indicator 2.1.1	Major	One of the requirement in the approved Proposal for Mitigation Measure (PMM) by the Sabah Environmental Protection Department (EPD) recommended that SDPSB to appoint a qualified Environmental Management Officer for flora and fauna management of the SOUs. However no evidence of implementation was available during the assessment.	A letter dated 15 th December 2009 by top management (VP 1 of Southern Sabah Zone Office) has been sent to EPD informing the appointed person-in-charge as qualified environmental management officer.	A copy of the letter was send to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
		SOU 30B - Diesel generator set written approval were not made available during the assessment.	A new application for fuel burning equipment (generator set) was sent to Department of Environment (DOE) on 22 nd December 2009.	A copy of the new application was sent to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 4.7 Indicator 4.7.1	Major	Merotai Oil Mill does not have appropriate competent person-in-charge for its boiler. i- 1st Grade Steam Engineer ii- 1st Grade Engine Driver	Corrective action taken : - appointed person-in-charge who possessed 1st Grade Steam Engineer. - upgrade the competency of existing current personnel. The existing steam engineer has submitted application to DOSH to sit for the forthcoming steam engineer examination which is scheduled in June 2010. Mill Engineer has sit for examination for 2nd Grade Steam Engineer on 7 th October 2009 and waiting for result. Effective from 1 st December 2009, 1st Grade Engine Driver overlooking for both shifts. The 2nd Grade Engine Driver and	A copy of the appointment letter for person-in-charge who possessed 1st Grade Steam Engineer was sent to the assessors. The corrective action taken is adequate. A succession plan is adequate. Status of Nonconformity: Closed

			fireman have sit for examination on November 2009 and June 2009 respectively; still waiting result from DOSH.	
Criterion 5.2 Indicator 5.2.2	Major	The management plan for the new HCV assessment findings especially for ERTs is inadequate.	To establish management plan for ERTs.	A copy of management plans that were produced in consultation with Sabah Wildlife Department was send to the assessors. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 5.3 Indicator 5.3.2	Minor	Scheduled wastes stored at SOU 30B has exceeded the time frame as stipulated in the Environmental Quality (Scheduled wastes) Regulations 2005. Traces of scheduled wastes spillages were noted on the floor.	Communicate with Department of Environment (DOE) to extend the duration for storing of scheduled waste. To clean the spillage and conduct training for schedule waste handler.	A copy of letter submitted to DOE was send to the assessors. The corrective action taken is adequate. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 6.1 Indicator 6.1.3	Minor	The management plan for the new SIA conducted at each SOU has not established time table with responsibilities for mitigation and monitoring the impact except for SOU 30.	All SOUs to prepare Social Management Plan.	The management plan was established for mitigating and monitoring of impact. The corrective action taken is adequate. Status of Nonconformity: Closed
Criterion 6.5 Indicator 6.5.2	Minor	The new collective agreement (CA) that is in used (2008-2010) is not in language understood by the workers or explained to them by plantation management official.	To conduct briefing to all workers on collective agreement.	Evidence of attendance list, content of briefing material and photo of the session were extended to the assessor. Status of Nonconformity: Closed

VERIFICATION ON PREVIOUS ASSESSMENT FINDINGS FOR SOU 28, SOU 29, SOU 30 & SOU 30B

P & C, Indicator	Previous Assessment Findings	Verification by Assessor	Status
C 1.2	Management documents are not publicly available.	Webpage have been developed to include the management documents. Information on land title, safety & health plans, pollution prevention plans and complaints and grievances procedure was made publicly available through website http://plantation.simedarby.com	Closed
C 2.1	SOU 28 Non compliance with Jadual Pematuhan Kilang (001209) related with boiler smoke density meter and inadequate anaerobic pond bunding. Boiler and Diesel generator set written approval were not made available during the assessment.	SOU 28 The mill has two boilers (B1 & B2) and instruction has given to boilerman where boiler with good Smoke Density Meter (SDM) is allowed to operate. In addition the mill has appointed a contractor to calibrate SDM every six month. Verification at site was confirmed that SDM are in good condition.	Closed
		Through site visit at the effluent treatment plant, it was observed that the anaerobic pond bunding was well maintained and no trace of effluent over flow.	Closed
		Boiler (B2) and Diesel Generator set written approvals were obtained from Department of Environment (DOE). Binuang Palm Oil Mill has submitted their application for boiler no 1 (B1) written approval and accepted by DOE.	Closed
		SOU 30 Site visit at waste stores confirmed that scheduled wastes were managed in accordance with Environmental Quality (Scheduled Wastes) Regulations 2005.	Closed
		Written approval for Diesel generator set are available.	Closed
	No Proposal for Mitigation Measures (PMM) were carried out for 2008 replanting as prescribed in Environment Protection (Prescribed Activities) (Environment Impact Assessment) Order 2005) and approved by the Environmental Protection Department (EPD) of Sabah.	Post monitoring procedure was established and procedure is implemented accordingly. SOU 30 has submitted the PMM to EPD and has obtained the approval on 14 th January 2009.	Closed
	SOU 30B Boiler and Diesel generator set written approval were not made available during the assessment.	SOU 30B Boiler written approval was available. Application for Diesel generator set was sent on 3 rd June 2008 however due to a change in person-in-charge and hence communication with the authority was not followed up.	Nonconformity (Reissued)

	Unfired pressure vessel – sand filter at Mostyn Oil Mill certificate of fitness from DOSH was not available during the assessment.	Certificate of fitness for sand filter is no longer applicable as the unit is no longer in use.	Closed
C 2.2	It was noted that SOU 28, SOU 29, SOU 30 and SOU 30B have managed to locate some of the boundary stones adjacent to the forest reserves, riparian zone and small holders. It was noted that for the identified boundary stones, SOU 28 is working within their area.	SDPSB Kunak-Tawau SOUs have managed to locate the boundary stones adjacent to the forest reserves, state land and small holdings.	Closed
C 4.2	Soil sampling was not carried out and soil nutrient status was not available.	Soil sampling was done in 1953 – 1959 for soils of Semporna Peninsular, Sabah and North Borneo. The Sustainable Plantation Management System (SPMS) section 4.2.5 has included the need to conduct soil sampling for every 25 years. The soil sampling for Kunak- Tawau region was completed in September 2009.	Closed
I 4.4.1	It was noted that SOUs were in the process of demarcating the riparian zone along the main rivers.	SOUs have completed demarcating the riparian zone along the main rivers. The width of the riparian zone for river of more than 3m width is 20m as specified in accordance to the Sabah Water Resources Enactment, 1998.	Closed
I 4.4.3	SOUs have conducted monitoring of water quality in identified waterways. The monitoring stations are well marked within the estate. However, results of the analysis have yet to be obtained.	Monitoring result of water quality in identified waterways is available.	Closed
I 4.4.7	Water management plans which include identification of water sources (drainage, water catchment area (river and its tributaries) and monitoring of usage and potential of sources during emergency) are not available.	Water Management plans detailing contingency plan during water shortage, monitoring of water usage and budgets has established. The water management plan is now available and implemented accordingly for both estates and mill.	Closed
C 4.5	SOUs have also controlled <i>Dana trima</i> attack by spraying <i>Granulosis</i> virus. However, SOP for this activity is yet to be established.	SOP of spraying <i>Granulosis</i> virus was established on 5 th December 2009	Closed
C 4.8	There is no training programme available for training related to RSPO requirements except for those related to safety programme. The established training needs	Training programme has been established to include all level of employees and their training needs.	Closed

	identification need to be reviewed to ensure the appropriate level of training given to the required personnel.	The assessment has verified training calendar for 2009 and found training was conducted accordingly.	
I 5.2.2	No management plan available for HCV habitats (including ERTs) and their conservation.	A generic management plan was established. The new HCV assessment finding especially for ERTs was found to be inadequate.	Nonconformity (Reissued)
C 5.3	General wastes are collected from labour line and disposed by burying within the plantation. There is no permanent site allocated for the disposal. The disposal pit is temporary and will be closed once filled. However, during site assessment, it was noted that the current waste disposal site management need improvement. The site which is located at low lying area generates a lot of leachate due to water ponding.	The procedure for handling waste has been established and operation for dumpsite was improved. Site assessment was confirmed new disposal pit are allocated away from low lying area.	Closed
I 6.1.1 I 6.1.2 I 6.1.3	SOU's have not produced the SIA report. Thus there is no evidence of the participation of affected parties. Neither is a time table for mitigating and monitoring negative impacts is established.	New SIAs have been conducted for each SOU with participation of affected parties. However, there is no evidence of a time table with responsibilities for mitigation and monitoring negative impacts is established.	Nonconformity (Reissued)
I 6.5.2	Labour laws and collective agreement are in English and not understood by workers.	The workers had been explained about the collective agreement in the language that understood by them.	Closed