



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

File Ref. : ES10170016

**RSPO PUBLIC SUMMARY REPORT
SURVEILLANCE AUDIT**

CLIENT : GIRAM STRATEGIC OPERATING UNIT (SOU 29)

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
SOU 29 Giram	Giram POM	4° 35' N	118° 12' E	91207 Kunak, Sabah
	Giram Estate	4° 35' N	118° 12' E	91207 Kunak, Sabah
	Mostyn Estate	4° 39' N	118° 07' E	91207 Kunak, Sabah

MAP : See Attachment 1

AUDIT DATE : 12-14 April 2016

DURATION : 9 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 July 2015 - 12 July 2020

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : Mahzan Munap

Name : Mohd Yusri Muhamad

Signature :

Signature :

Date : 27 July 2016

Date : 28/07/2016

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SUMMARY OF AUDITS

Stage 2 Audit			
On-site audit date :	9 - 11 December 2014	No. of auditor days :	9 Auditor Days
Audit team :	Khairul Najwan Ahmad Jahari (LA), Valence Shem, Mohamed Hidir Bin Zainal Abidin		
No. of major NCR :	6	Indicator: 2.1.1, 2.3.1, 2.3.2, 4.7.1, 4.8.1 & 6.5.1	Closing date : 8.4.2015
No. of minor NCR :	5	Indicator : 2.1.4, 2.2.3.2, 2.3.3, 6.4.3 & 6.5.2	
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers
	x		x
	Contract workers	NGOs	Govt. agency
			Independent growers
	Indigenous people	Contractor	Others (Please specify)
		x	
Supply base sampled :	Mostyn and Giram Estate		

Annual Surveillance Audit 1			
On-site audit date :	12 – 14 April 2016	No. of auditor days :	9 Auditor Days
Audit team :	Mahzan Bin Munap (LA), Khairul Najwan Bin Ahmad Jahari, Selvasingam T Kandiah, Ruzita Binti A Gani		
No. of major NCR :	1	Indicator: 4.7.3	Closing date 13.6.2016
No. of minor NCR :	2	Indicator : 4.1.2 & 6.1.4	
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers
	x		x
	Contract workers	NGOs	Govt. agency
			Independent growers
	Indigenous people	Contractor	Others (Please specify)
		x	
Supply base sampled :	Mostyn and Giram Estates		
Changes since the last audit :	No changes.		

Annual Surveillance Audit 2			
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
	Contract workers	NGOs	Govt. agency
			Independent growers
	Indigenous people	Contractor	Others (Please specify)
Supply base sampled :			
Changes since the last audit :			

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Annual Surveillance Audit 3					
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	:				

Annual Surveillance Audit 4					
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 Audit Team	Role/area of RSPO requirements	Qualifications
Mahzan Munap	Lead Auditor / Occupational Health and Safety & Environment	<ul style="list-style-type: none"> • Possessed B.S in (Petroleum Engineering) and M.B.A. Had more than 38 years of working experience spanning the Engineering Technical ladder as well as Operation and Management ladder. Experience in plant design, construction and commissioning; factory manufacturing operations and management and through these assignments had indirect responsibility for Safety, Health, Environmental and Quality. He is a Lead Auditor for OHSAS 18001 and RSPO P&C and Auditor for MSPO.
Khairul Najwan Bin Ahmad Jahari	Auditor / HCV and Social	<ul style="list-style-type: none"> • Possessed B.Sc. in Forestry from Universiti Putra Malaysia with more than 16 years of working experience in the Forest Management, forest inventories, forest harvesting, Remote Sensing & GIS. He has been trained as a RSPO P&C Lead Auditor.
Selvasingam T Kandiah	Auditor / Good Agricultural Practices and Occupational, Health and Safety	<ul style="list-style-type: none"> • Holds a B. Sc. (Hons) in Agriculture. Had work as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in Estate Department in Guthrie Headquarters.
Ruzita A Gani	Auditor / Supply Chain	<ul style="list-style-type: none"> • Holds a B. Sc. (Hons) in Chemical Engineering and had about 5 ½ years of working experience as Assistant Mill Manager in the palm oil mill. She is a qualified Lead Auditor for RSPO P&C, RSPO SC & MSPO, ISO 14001 and OHSAS 18001.

1.3 Audit methodology

The audit covered the Merotai palm oil mill and 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 Giram Estate and Mostyn 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.

1.4 Audit plan : Refer to Attachment 2

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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 Giram Certification Unit (Giram CU) is one of the Strategic Operating Unit (SOU) of Sime Darby Plantation Sdn. Bhd. (SDPSB). Located in Kunak, Sabah, East Malaysia, the CU is also known as SOU 29. The CU was certified to the RSPO MYNI:2014 P&C by SIRIM QAS International Sdn Bhd on 13 July 2015.

The Giram CU comprises of the Giram Palm Oil Mill (Giram POM) and two supply base i.e. the Giram Estate and Mostyn Estate. All the estates are owned by SDPSB. The Giram POM has a mill capacity of 60 mt/hour.

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 supply base for the last reporting period (January 2015 to December 2015)

Estates	FFB Production	
	Tonnes	Percentage (%)
Giram	76,521.49	51.54
Mostyn	71,962.60	48.46
Total	148,484.09	100.00

Table 2: Projected FFB production by supply base for the next reporting period (January 2016 to December 2016)

Estates	FFB Production	
	Tonnes	Percentage (%)
Giram	76,180.32	49.64
Mostyn	77,295.91	50.36
Total	153,476.23	100.00

Table 3: Actual FFB received and CPO & PK dispatch by Giram POM for the last reporting period (January 2015 – December 2015)

	Total (MT)
FFB Received	148,484.09
FFB Processed	148,484.22
CPO Production	33,907.37
PK Production	7,075.58
CPO delivered as IP	23,049.53
CPO delivered as non-RSPO certified	11,088.56*
PK delivered as IP	0
PK delivered as non-RSPO certified	7,450.19*

*brought forward from previous year balance

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Table 4: Projected FFB received and CPO & PK dispatch by Giram POM of the next reporting period (January 2016 – December 2016)

	Total (MT)
FFB Received	153,476.23
FFB Processed	153,476.23
CPO Production	36,753.22
PK Production	7,886.33
CPO delivered as IP	36,753.22
CPO delivered as non-RSPO certified	0
PK delivered as IP	7,886.33
PK delivered as non-RSPO certified	0

Table 5 Planted and certified area of Giram CU

Estate	Planted (ha)	Certified (ha)
Giram	3924.07	4166.98
Mostyn	3742.78	4078.03
Total	7666.85	8245.01

Table 6 Planting profile for SOU Giram

Estate	Year of establishment	Mature (Ha)	Immature (Ha)	Planted area	% of planted area mature	% of planted area immature
Giram	1993	3495.55	428.52	3924.07	89.08	10.92
Mostyn	1957	3239.52	503.26	3742.78	86.55	13.45
	Total	6735.07	931.78	7666.85	87.85	12.15

Table 7(a): Planting profile for Giram Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1993	3 rd	Mature	590.183	15.04
1995	3 rd	Mature	1276.55	32.53
1996	3 rd	Mature	612.76	15.61
1999	3 rd	Mature	319.81	8.15
2009	3 rd	mature	175.89	4.48
2011	3 rd	Immature	354.23	9.02
2012	3 rd	Immature	158.94	4.07
2013	3 rd	Immature	182.11	4.64
2014	3 rd	Immature	85.31	2.17
2015	3 rd	Immature	168.29	4.29
	Total		3924.07	100.00

Table 7(b) : Planting profile for Mostyn Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1957	1 st	Mature	1.76	0.06
1980	2 nd	Mature	42.00	1.30
1988	2 nd	Mature	3.11	0.10
1990	2 nd	Mature	101.00	3.12
1991	2 nd	Mature	34.90	1.08
1992	2 nd	Mature	80.12	2.47
1993	2 nd	Mature	56.11	1.73
1994	2 nd	Mature	70.14	2.17
1995	2 nd	Mature	80.27	2.48

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1996	2 nd	Mature	538.62	16.63
1997	2 nd	Mature	1012.85	31.27
2002	3 rd	Mature	337.50	10.42
2003	2 nd	Mature	163.85	5.06
2005	2 nd	Mature	84.55	2.61
2009	2 nd	Mature	196.52	6.07
2010	2 nd	Mature	230.39	7.11
2011	2 nd	Mature	205.80	6.35
2013	3 rd	Immature	207.84	6.42
2014	3 rd	Immature	170.31	5.26
2015	3 rd	Immature	125.11	3.86
Total Planted Area			3742.78	100.00

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Saifullizan Bin Kamaruddin
Position	:	Senior Manager, Mostyn Estate
Address	:	P.O. Box 19, 91207 Kunak, Sabah
Phone no.	:	089-855 277
Fax no.	:	089-855 010
Email	:	saifullizan@simedarby.com

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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 or Yes No

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

There is no changes since last year.

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 the 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) 2 List : 4.1.2 and 6.1.4
(refer to Attachment 4)

Total no. of major NCR(s)
(refer to Attachment 4) 1 List : 4.7.3

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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 plan for the minor non-conformities had been provided, reviewed and accepted.

6.0 RECOMMENDATION

No NCR recorded. Recommended to continue certification.

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.

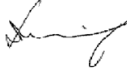
Recommended to continue certification.

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 : Mahzan Munap

(Name)

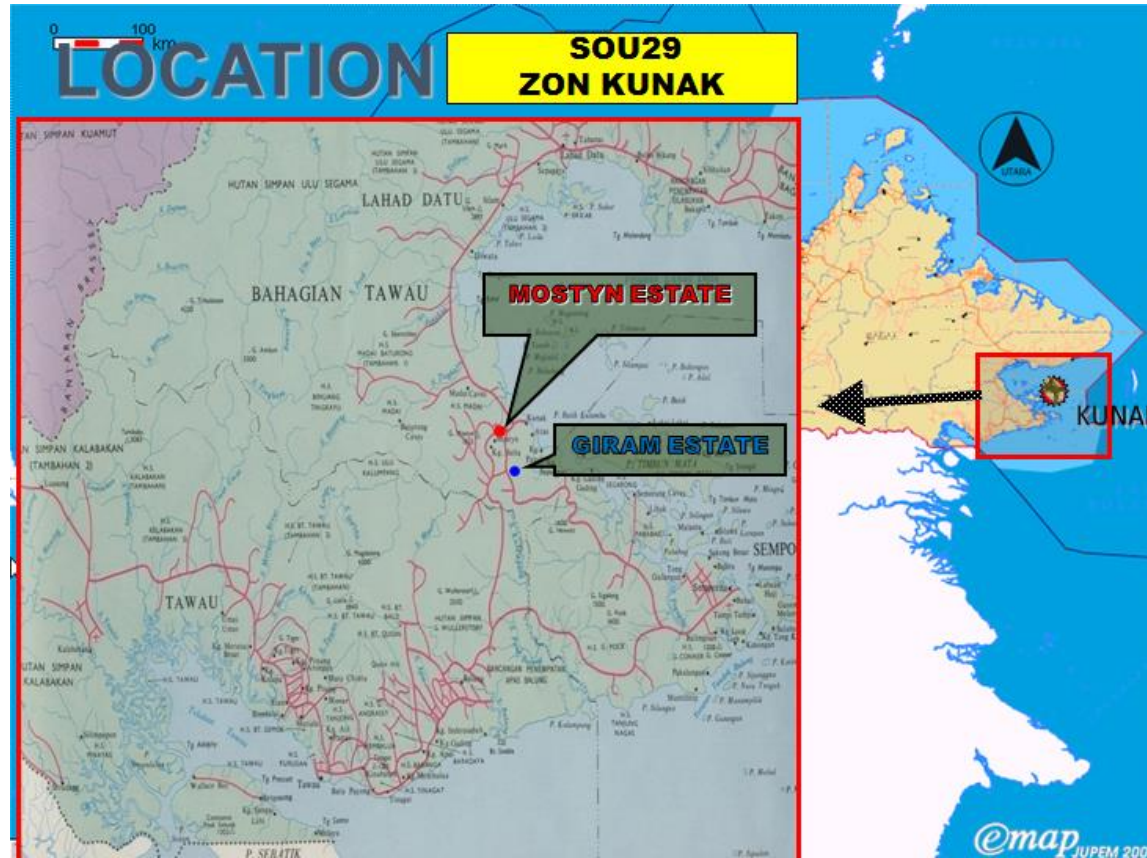


(Signature)

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Attachment 1

Map of SOU 29 - Giram CU



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Attachment 2

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 : 12 – 14 April 2016

3. Site of audit : Sime Darby Plantation Sdn. Bhd.
SOU 29 Giram
Giram Palm Oil Mill,
91207 Kunak, Sabah Malaysia

4. Reference Standard:

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

5. Audit Team

a) Lead Auditor : Mahzan Munap
b) Auditors : Khairul Najwan Bin Ahmad Jahari
Selvasingam T.Kandiah
Ruzita Abdul Gani

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

6. Audit Method

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

7. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 60 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 60 days, the certificate shall be terminated. Recurrence of major non-conformities on the same issues shall be recommended for immediate suspension. Minor non-conformities shall be upgraded to major non-conformities if the corrective actions taken are not satisfactorily and effective.

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For minor non conformities raised in the surveillance audit, corrective action plans shall be submitted within 60 days. Verification of implementation of corrective actions will be carried out during the next audit. If corrective action plans to address the minor non-conformity(ies) are not submitted within 60 days, the RSPO certificate will be recommended for suspension. If corrective action plans are not submitted within a further 60 days, the RSPO certificate will be recommended for termination.

8. Confidentiality Requirements

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

In the event that there be any legal requirements for disclosing any information concerning the 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 the completion of the peer review process.
- 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:

Day 0: 11 April 2016 (Sunday)	
12.00 pm	<ul style="list-style-type: none"> • Travel to Tawau, Sabah (MH2664) • Check-in at KGTI Guest House

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Day 1: 12 April 2016 (Monday)				
Time	Activities / areas to be visited			
8.00 – 9.00 am	<p><u>Opening meeting at SOU 29 - Giram</u> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes</p> <p>Organization Representative to brief on the following:</p> <ol style="list-style-type: none"> 1) Actions taken to address previous audit findings. 2) RSPO implementation at Giram Certification Unit (i.e. mill & supply base) including changes to: <ul style="list-style-type: none"> • Time bound plan • Significant changes on supply base, organization activities, machinery, supply bases capacity, etc. • Management of plantation, mill and Supply Chain <p>Logistics discussion to the sites to be visited.</p>			Top mgmt & Committee Member
	Mahzan	Najwan	Ruzita	
9:00 – 12:00 pm	<p style="text-align: center;"><u>Giram Estate</u></p> <p>Coverage of audit : P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Environmental management – witness activities at site • Waste & chemical management • Chemical store/fertilizer • Facilities at workplace • Training and skill development programmes • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	<p style="text-align: center;"><u>Giram Estate</u></p> <p>Coverage of audit :P1, P2, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land title user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Inspection of forested area, HCV, riparian buffer, plantation boundary, adjacent and neighbouring land use • Interview workers (foreign worker), union, gender committee, local communities, contractors, suppliers, sundry shop, etc. • Consultation with related government agencies (if required) • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	<p style="text-align: center;"><u>Giram Palm Oil Mill</u></p> <p>RSPO Supply Chain implementation including the model used</p> <ul style="list-style-type: none"> • General Chain of Custody System Requirements for the supply chain • Supply chain model D • Training • Complaint • Management Review Meeting • Documented procedures • Purchasing and goods in • Sales and goods out • Processing • Records keeping • Registration • Review of actions taken on nonconformities identified during the previous audit 	Guide(s) for each assessor
12.00 – 1.00 pm	Break and Solat			

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1.00 – 5.00 pm	Continue audit	<p><u>Kunak Bulking Installation</u></p> <p>RSPO Supply Chain implementation including the model used</p> <ul style="list-style-type: none"> • General Chain of Custody System Requirements for the supply chain • Supply chain model D • Training • Complaint • Management Review Meeting • Documented procedures • Purchasing and goods in • Sales and goods out • Processing • Records keeping • Registration • Review of actions taken on nonconformities identified during the previous audit 	Guide(s) for each assessor
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Day 2: 13 April 2016 (Tuesday)				
Activities /areas to be visited	Mahzan	Najwan	Selvasingam	
8.00 – 12.00 pm	<p style="text-align: center;"><u>Giram Palm Oil Mill</u></p> <p>Coverage of audit : P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Environmental management – witness activities at site • Facilities at workplace • Waste & chemical management • Training and skill development programmes 	<p style="text-align: center;"><u>Mostyn Estate</u></p> <p>Coverage of audit : P1, P2, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land title user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Inspection of forested area, HCV, riparian buffer, plantation boundary, adjacent and neighbouring land use • Interview workers (foreign worker), union, gender committee, local communities, contractors, suppliers, sundry shop, etc. 	<p style="text-align: center;"><u>Giram Estate</u></p> <p>Coverage of audit : P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc.) • EFB mulching, POME application • Nursery (if any) • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Interview with workers, and contractors 	Guide(s) for each assessor

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	<ul style="list-style-type: none"> • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	<ul style="list-style-type: none"> • Consultation with related government agencies (if required) • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	<ul style="list-style-type: none"> • Chemical store/fertilizer • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	
12.00 – 1.00 pm	Break and Solat			
1.00 – 5.00 pm	Continue audit	Continue audit	Continue audit	

Day 3: 14 April 2016 (Wednesday)				
Activities /areas to be visited	Mahzan	Najwan	Selvasingam	
8.00 – 12.00 pm	<p style="text-align: center;"><u>Mostyn Estate</u></p> <p>Coverage of audit : P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Interview with workers, safety committee and contractors • Chemical store/fertilizer • Facilities at workplace • Waste & chemical management • Training and skill development programmes • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit 	<p style="text-align: center;"><u>Giram Palm Oil Mill</u></p> <p>Coverage of audit : P1, P2, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land title user rights • Inspection of forested area, HCV, riparian buffer, plantation boundary, adjacent and neighbouring land use • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Interview workers (foreign worker), union, gender committee, local communities, contractors, suppliers, sundry shop, etc. • Consultation with related government agencies (if required) • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit 	<p style="text-align: center;"><u>Mostyn Estate</u></p> <p>Coverage of audit : P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc.) • EFB mulching, POME application • Nursery (if any) • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Interview with workers, and contractors • Continuous improvement • Review of actions taken on nonconformities identified during the previous audit. 	Guide(s) for each auditor
12.00–1.00 pm	Break and Solat			
1.00 – 2.30 pm	Continue with unfinished elements - Guide(s) for each assessor			
2.30 – 4.00 pm	Auditors discussion and report writing			
4.00 – 5.00 pm	CLOSING MEETING			All

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Attachment 3

RSPO P&C AUDIT CHECKLIST

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	SOU 29 continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. In Giram Estate and Mostyn Estate, management documents, such as those relating to environment, social and legal issues, are made available to the public except for those prevented by commercial confidentiality or where disclosure of such information would result in negative environmental or social outcomes. In addition, 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 readily made available through SDPSB website at http://plantation.simedarby.com . All communications were logged and registered in the CSR Record. The records for all communication were identified and maintained in different files depending on the stakeholder. Each record stated the date of communication received, response and remarks whether requests have been addressed. Among the records sighted at both estates include correspondences with the authorities, local communities, contractors, vendors/suppliers, schools, and employees. Minutes of meeting “Sesi Dialog bersama Stakeholder” (SIA) dated in Feb 2016 was verified.
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	The procedure for responding to communications were outlined in: Sustainable Plantation Management System (SPMS) – Section IV and in Estate Quality Management System (EQMS), Quality Management Manual (QMM). The flow chart of the procedures was sighted also made available on notice boards in the Estate office and Muster Grounds. The mill and estates had identified personnel responsible for complaints and records of communication were identified and maintained in different files, internal & external communication. Among the records inspected were correspondences with neighboring estate and employees. There was no request of information received by the Giram CU on environmental, social and legal issues from other stakeholders.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where	1.2.1 Land titles/user rights (Criterion 2.2);	YES	Copies of land titles / user rights were sighted available at the audited operating units.
	Occupational health and safety plans (Criterion 4.7);	YES	SDPSB continued to use IT for disseminating public information. Information relating to safety and health plans were available through SDPSB website at http://plantation.simedarby.com Safety & Health Management Policy has been established in Jan 2015, endorsed by Datuk Franki Anthony Dass, the Managing Director. The Environmental, Safety, Health Program has been established for FY 2015 / 2016.

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disclosure of information would result in negative environmental or social outcomes.		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);	YES	Social and environmental impact assessments and its relevant plans were continued being made available. SOU 29 continued to monitor the environmental impact based on the significant aspect identified for all operation. Environmental Aspect Impact Identification and Evaluation were documented and established.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary was available at Giram CU.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Environmental Improvement Plan / Pollution Prevention Plan FY 2015 / 2016 had been established by both the estates and mill.
		Details of complaints and grievances (Criterion 6.3);	YES	The system was open to all aggrieved parties and there is evidence that estate community as well neighboring community's use of the complaints book. The complaints and their outcomes were recorded and filed.
		Negotiation procedures (Criterion 6.4);	YES	Negotiation procedures made available during the audit. There was no claim against the CU by any party.
		Continual improvement plans (Criterion 8.1);	YES	Improvements approved in the capital budget 2015/16 had been sighted initiated in key areas of operations at both the mill and estates.
		Public summary of certification assessment report;	YES	Public summary for RSPO certification audit report can be assessed at the link below: http://www.sirim-qas.com.my/attachments/
		Human Rights Policy (Criterion 6.13).	YES	The Social Humanity Management Policy was updated on Jan 2015 and seen placed at 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. In addition to the above, there were also specific policies on social and humanity management, gender, and children's rights. 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. The policies were also made accessible to the public.

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	YES	The CU had continued to comply with legal requirements as per indicator. The annual evaluation of compliance has been carried out in Feb 2016. The list of applicable legal and other requirement was made available during the audit. Compliance to the applicable legal, relevant licenses and permits were verified and found satisfactory. Previous finding (Major NCR MH1) against this indicator had been verified and satisfactorily closed. The diesel storage permit at Giram Estate had been obtained and found valid. The permit is now being renewed.

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	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	The 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 them. Each estate and mill had its own Legal and Other Requirements Register and were being evaluated individually annually for compliance. The legal registers were updated (Giram Estate-Mar 2016, Mostyn Estate & POM-Feb 2016) by the PIC and approved by the respective managers.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	The CU had a documented system for identifying, updating changes to legal requirements and to monitor the status of legal compliance in their EQMS & MQMS (Estate & Mill Quality Management System) included under the Standard Operation Manual. There was evidence of compliance to legal requirements and that it had been evaluated on an annual basis. These compliances were also ensured by PSQM Internal Audits, PA visits and by RSPO Audits.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	The tracking for changes in the law is carried by the PSQM Department at SDPSB's headquarters at Ara Damansara, Subang. Any change in the law is disseminated to all CUs which then updates its legal register from time to time. This mechanism was outlined in its procedure-Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Procedure for Legal and Other Requirements. Last audit finding (Minor NCR MH2) was raised as the tracking of changes in the law was not done by PSQM Department. The current Legal Register was updated and verified in this audit. The NCR MH2 was closed.
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	Giram CU has evidence of legal ownership of its land. Copies of land titles for the CU were sighted at Mostyn Estate. The original ownership documents are kept at SDPSB's headquarters.
	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	During the site visit at Mostyn Estate, it was noted that the estate had managed to locate some of the boundary stones adjacent with the local communities. The boundary stones along the perimeter adjacent to state land and other reserves were sighted.
	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	YES	During last audit, there was one dispute logged by Claimant 1 resulting in a Minor NCR KN1 being raised. Verification to this issue showed that a proper meeting had been conducted by the estate's management with the claimant, and the minutes of meeting between was sighted. Clear participatory mapping had been conducted to construct map that show the extent of the claimant right and a certified copy of the map was handed over to the claimant. Following the meeting in Jan 2015, no news of acceptance from the

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		that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance		claimant. Further verification attempt by the auditor was hindered as the claimant was not well and currently being admitted to hospital. This has been conveyed by claimant son. At the same time, noted that the claimant son had given a positive feedback to the actions proposed by SD management and confirmed the progress of resolution action taken was appropriate. Apart from this, there was no any other disputes in Giram 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	Evidences of ownership were available and were sighted. It was also evident through interviews with stakeholders.
	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	Map to appropriate scale showing extent of claims under the dispute by Claimant 1 (as referred above) was clearly defined during the meeting in Jan 2015. This was confirmed during the consultation with the claimant son as currently, the claimant was sick and he was hospitalized.
	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	Site visit to Giram CU found no evidence that oil palm operations have instigated violence. Instead, peace and order was being maintained in the Giram CU current and planned operations. This was confirmed during the consultation with the stakeholders.
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	Evidences of ownership were available and were sighted. It was noted from records viewed, as well as through interviews with stakeholders, that there were no disputes on land rights except that mentioned in the case of Claimant 1 (as explained above).
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC)	YES	Last audit, a Major NCR KN-3 was raised as it was found that the map of appropriate scale showing extent of claims under dispute with the Claimant 1 was not clearly defined. Nonetheless, during this audit, it was verified that the plan had been developed through

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		<p>(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>		<p>consultation with the claimant and the estate has respected the claimant decision of the claim. Clear participatory mapping was conducted to construct map that show the extent of the claimant right. Surveyed map with appropriate scale showing claims had been developed and copies given to claimant. Therefore, this Major NCR KN3 was closed.</p>
	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	<p>During the last audit, it was found the copies of negotiated agreements detailing process of consent with Claimant 1 was not available. A Minor NCR KN-4 was thus issued. Since all actions had been taken by the Giram CU (as explained in indicator 2.3.1.), the Minor NCR KN-4 raised was closed.</p>
	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	<p>There was no issue on legal, customary or user rights of other users without their free, prior and informed consent except with the Claimant 1. This has been confirmed during the consultation with stakeholders.</p>

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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	The estates and the POM of the CU continued to continue making commitment to long-term economic and financial viability. The annual budgets for 2015/16 to 2019/2020 were sighted. The budget provisions cover activities for field and facilities upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. At the estates, the budget included projections on yield/ha, and total cost of production per m ton & per ha while for the Mill it was to comply with law and improvement projects.
	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 (LRRP) 2015/16 to 2036/37. This programme was reviewed once a year and 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	Like all SDPSB SOUs, Giram CU had adopted and used in their daily operation the documented procedures established by Sime Darby Plantations Sdn Bhd. The estates operations are guided by: Sustainable Plantation Management Systems Manual, Estate Quality Management System manual, and Agricultural Reference Manual. For the mill, their operations are guided by: Mill Quality Management System manual, MQMS SOP, Laboratory Process Control Manual and SOP for Sustainability Supply Chain and Traceability. Generally, the documents include operation activities, good practices, OSH, environmental and social aspects in the estates and mill.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	The Giram Mill Manager has overall responsibility for the implementation of mill and common procedures. Likewise, at the estate, the respective Estate Manager has the entire responsibility for the implementation of plantation and common procedures named above. It was verified that Giram CU monitored implementation of good agricultural/mill practices as per SOPs by on-site visits, inspections and discussions with relevant personnel by Supervisors/Managers and by conducting audits like Internal Audits, RSPO Audits and visits by Agronomists and Plantation / Mill Advisors. However, at time of visit, in Mostyn Estate Field P03M1 a large number of loose fruits were

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				left uncollected in the harvesting paths and palm circles. It was not in compliance with the SOP for Loose Fruits collection. Thus, Minor NCR STK 01 2016 was issued.
	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 Giram CU were maintained and kept as per legal requirements. The retention time varied - some for life of employment with SDPSB, some for 30 years and others 7, 5, 3 years or a minimum of 12 months.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	YES	Fresh Fruit Bunches are supplied from SDPSB owned estates which are certified to RSPO. There is no third-party FFB sent to the mil.
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 Giram and Mostyn estates practiced the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention (pruned fronds left to decompose in the fields) and some EFB and compost application. Fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried out based on the recommendation made by the company Chief Agronomist. Annual fertiliser recommendations were 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 and it was 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	The periodic foliar sampling for the nutrients has been established based on the Agronomist reports to maintain and to improve soil fertility. The latest foliar sampling in Giram Estate was carried out in Aug 2015 and at Mostyn Estate in Nov 2015. The results were used as the basis for formulation of the fertiliser recommendation for 2016.
	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 a nutrient recycling strategy in place, primarily palm fronds and EFB and compost application. Palm fronds were stacked in the fields and let to decompose. For mature oil palm areas, there was no specific program for EFB mulching and compost application at the estates. Programed EFB application was carried at the Immature areas. There was no POME applied in both estates.
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, it can be confirmed that there are no fragile/marginal soils in both estates visited. In Giram Estate the soils series are mainly Mostyn and Mostyn Lucia series. In Mostyn, mainly Bombalai and Binuang series.
	4.3.2	A management strategy shall be in place for	YES	SDPSB had a management strategy in place for planting on slopes and to minimise and control erosion and degradation of soils. The strategy in place for plantings on slopes

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		plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance		between 6 and 25 degrees are defined in Slope & River Protection Policy – Buffer Zone & 25 degrees slope and the Land Preparation for Terracing in ARM Manual. Cover crop was observed planted in the replants and the Management had generally encouraged the establishment of soft growth and areas covered with <i>Nephrolepis biserrata</i> were sighted during the visit. Most slopes had well established <i>Mucuna bracteata</i> . No bare ground was sighted during the visit.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	Noted that the road conditions were well maintained in both estates. Accessibility were made possible by regular maintenance guided by its road maintenance programmes. The program had been supported by adequate provisions in the budgets. Surface run off water from roads were well directed into fields and drains with well cambered roads 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 was no peat soil present in both estates visited.
	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 was no peat soils in both estates visited.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	N/A	There was no fragile or problem soils in both estates.
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. The water management plans were more towards pollution prevention and domestic use. The management plan covered dry spell/shortage and in case of water pollution. In the current dry season, workers were advised to conserve water during muster.
	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	YES	SOU 29 continues to implement their SOP and Policy on maintenance of the riparian zone. The buffers had been identified in accordance with Sabah Water Resources Enactment (1998). Interviews with the workers revealed that they understood the requirement of keeping the riparian zones free from any agricultural activities such as application of fertilizer and chemical weeding. The site visit was conducted to verify the protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or

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		national guidelines) shall be demonstrated. Major Compliance		before replanting along all natural waterways within the estate. There was no infringement of buffer zone sighted.
	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	The following were reviewed: Effluent discharge quantity, Monthly report on 'effluent discharge' and the Quarterly report to DOE. Effluent discharge sampling analysis was carried out on monthly basis. Parameters monitored were as specified in the regulations and the effluent discharge were within the regulatory limit set by the DOE.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) shall be monitored. Minor Compliance	YES	The mill monitored its water usage. It was tracked on monthly basis. It can be noted that, with the exception several months in 2015, in general the trend of water consumption was decreasing. The reduction in water consumption can be attributed by the conservation programs initiated by the mill.
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 Giram and Mostyn Estates had documented integrated pest management systems in place. The procedure referred is in the Agricultural Reference Manual- Plant Protection. The IPM program among others include pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls (<i>tyto alba</i>), bagworm control includes the planting of nectariferous beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> , <i>Turnera sublata</i> and <i>Euphorbia heterophylla</i> . Both estates carried out monthly detection and observation of leaf eating pests and rat damage. These detection and observations were carried by staffs. When damaged/disease was observed, proper census were then carried out. Records showed no outbreaks had taken place. It was noted that census on Barn Owl population, Ganoderma and palms stand/Ha had been carried out.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Both estates had carried out training on all aspects of IPM implementation for staff and workers. Records showed that the latest was conducted in Apr 2016.
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	Written justification of all agrochemical used is available in the Agricultural Reference Manual (for pest & weeds). 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	YES	Both estates had documented programs for spraying pesticides and for rat baiting. Pesticide application was implemented as programmed. Both estates had records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had

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	treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance		been used, the total quantity, 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 use of insecticides. It has been observed during the visit as number of beneficial plants had been planted and both estates. The estates were committed to reduce using chemicals and have now implemented the only spray circles and noxious weeds. Soft weeds and <i>Nephrolepis bisserata</i> are maintained and encouraged in the inter rows. Where possible harvester's paths were only grass cut. In the replants <i>Mucuna bracteata</i> was planted to cover stacked chipped palm materials in order to minimise breeding of Rhinoceros Beetle thus reducing chemical control. EFB and compost were applied in single layers and is not dumped in large amounts to prevent breeding of Rhinoceros Beetles.
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 with USECHH Reg. (2000). Minor Compliance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); as well as in accordance with USECHH Regulations (2000). The list of Class I chemicals was available in the Pesticide Act manual made available at both estates. There was no evidence of pesticides that were categorised by World Health Organisation as Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used in 2014/2015. The use of paraquat had been banned in all SDPSB estates. All pesticides used were from Class II, III & IV.
4.6.5	Pesticides shall only be handled, used or applied by	YES	The estates had SOP for safe handling of chemical/pesticide. Chemical Safety Management was established by the HQ. Instructions laid out in the MSDS/CSDS on hazard identification,

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	<p>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</p>		<p>first aid measures, handling and storage, exposure control/PPE were understood by those employees interviewed. Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS of the pesticide. The employees such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit. Appropriate safety and application equipment had been provided and used as per the CHRA reviewed in Feb 2015 by a competent consultant. Workers involved in pesticide application were provided with appropriate PPE and replaced when damaged. PPE issuance and replacements records were verified by the auditors. It was visibly seen that PPE was used by workers working in the fields. However, at time of visit at Giram Estate, sprayers carrying out circle and path spraying in Field 2011C were seen wearing 3M N95 mask. They had not complied with recommendation for use of respirator mask as highlighted in the CHRA Report for weedicide sprayers. Thus the Major NCR STK 02 2016 was issued under indicator 4.7.3. Noted that the training on pesticide handling was sighted carried out in Feb & Dec 2015 and in Mar 2016 by the respective Managers and Sustainability Officer.</p>
4.6.6	<p>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. 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 Regulations. Major Compliance</p>	YES	<p>Chemical stores were locked and keys held only by the storekeeper and attendant. At the chemical stores, the safety and communication documentation included a chemical register which indicated the purpose of chemical usage, MSDS/CSDS, hazards signage, trade and generic names. The store was well ventilated and had exhaust fan to arrest the chemical fumes. Pesticides were stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. All the chemicals were segregated, those larger and heavier liquid products in 20-liter containers were placed beneath the bottom rack and in secondary containment tray to capture leaks of container. There were no class 1 pesticides found in the store. Empty pesticide containers were triple rinsed, pierced and stored for disposal following the established SOP and in compliance with legal requirements.</p>
4.6.7	<p>Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	YES	<p>The following SOPs have been established for application of pesticides. Training of the SOPs and the safe application to minimize exposure and impacts of pesticides had been given to the chemical handlers and sprayers.</p>
4.6.8	<p>Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial</p>	YES	<p>Aerial spraying was not practiced on all SDPSB estates and there was no evidence to show that any had been carried out in both Giram Estate and Mostyn Estate.</p>

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		pesticide applications with all relevant information within reasonable time prior to application. Major Compliance		
	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. Minor Compliance	YES	The employees particularly 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. Continual training to enhance knowledge and skills were evident. Records showed that training had been carried out, to cite some: spraying & calibration, PPE use, spraying and chemical handling. The training to associated smallholders was not applicable to this CU as all FFB were from their own estates.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	The CU waste management and disposal plan had included the identification of sources of wastes and monitoring of waste and pollution. Accordingly the scheduled wastes were disposed as per the EQ (Scheduled Wastes) Regulations; industrial waste such as scarp iron were tendered out to Licensed Scrap Dealer, EFB sent either to Compost plant or estate for mulching at immature oil palms; recycle waste (plastic, paper, aluminum and glass) segregated and disposed to Recycle Waste Dealers and domestic wastes from Workers' housing were disposed at estate managed landfill (located away from nearby housing areas and waterways). Disposal of waste materials related to pesticide containers were being carried out as per established procedure.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	Records at clinic sighted showed that the pesticide handling operators at Mostyn and Giram estates have been subjected to Medical Surveillance by visiting Occupational Health Doctor. They were subjected to Cholinesterase test to detect presence of organo-phosphate poisoning in their blood. Results of monitoring showed that the pesticide handling operators were certified fit to work.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	YES	The estates had Inter Office Memos stating "No work with pesticides shall be undertaken by pregnant or breast-feeding women". There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women. This was confirmed by the interviewed workers.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.	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.	YES	The CU had continually adopted SDPSB's Occupational Safety and Health (OSH) Policy, plan and programme. In addition to the Operational OSH Policy, the CU also adopted the recently formulated SDPSB Management Policy entitled Safety and Health Management Policy. Both policies dated Jan 2015 were endorsed by Datuk Franki Anthony Dass, the current Managing Director. The policies (in both Bahasa Malaysia and English) were seen to be displayed at the notice boards at the mill and estate offices. The policies were also communicated to all levels of the organization through briefings. Random interviews with employees showed that they

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The occupational health and safety plan shall cover the following:		Major Compliance		generally understood the basic requirements of the policy. All safety, health and environmental activities at the mill and estates were being guided by the established Environment, Safety and Health Manual.
	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 properly observed and applied to the workers. Major Compliance	YES	SOU 29 had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during this audit. At the estates, the HIRARC covered activities like chemical mixing and spraying, harvesting and FFB collection. As for the mill, HIRARC associated with FFB sterilization, kernel extraction and oil extraction and clarification and others were identified. Corresponding SOP and Work Instructions for these activities were documented, available and used for training them in their trade skill. It was verified that chemicals being applied were in accordance with the product safety precautions. MSDS were available at point of use – example, at mill: water treatment plant, boiler chemical dosing area; at the estate: chemical store and chemical mixing area. At Giram POM, the HIRARC Register was reviewed in Dec 2015 as for the estates, it has been conducted on June-July 2015. The register was approved by their respective Manager.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. 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	Workers, particularly Pesticides Sprayers, Harvesters, Manure Applicators, Workshop personnel and all those at the mill have been provided with the necessary training in safe working practices. Appropriate PPE were given to employees of SOU 29 and the estate workers. Visit to the field confirmed that the PPE such as face masks, goggles, nitrile gloves, apron, Wellington boot and hard hat, to cover all potentially hazardous operations such as pesticide application and FFB harvesting have been used. However, at time of visit at Giram Estate, sprayers carrying out circle and path spraying in Field 2011C were seen wearing 3M N95 mask. The occurrence showed that they had not complied with recommendation for use of respirator mask as highlighted in the CHRA Report for weedicide sprayers. Thus, a Major NCR STK 02 2016 was issued. At the mill, the employees were provided with hard hat, safety shoes, gloves, ear plugs, safety glass, goggles and apron with the exception of a few not putting on ear plugs in high noise area. The PPE issuance record was sighted maintained. The frequency for PPE replacement was found reasonable.
	4.7.4	The responsible persons shall be identified. There shall be records of reg. mtgs bet. the responsible persons and 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	SOU 29 had established OSH Committee and continued to use the same Committee to facilitate their OSH implementation plan. Roles and responsibility of each member, including worker's representative, were clearly defined and the committee meetings were held on a quarterly basis. Meeting minutes were available on file and detailed the discussions that include accident cases, workplace inspections, relevant training required for workers, health monitoring results and areas for improvement.

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	4.7.5	Accident and emergency procedures shall exist and 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	YES	SOU 29 continued to maintain the existing facilities for various types of emergencies that had been identified. At the mill, an 'Emergency Room' equipped with basic facilities. They also continued to use the already documented Accident and Emergency procedures that included steps required to response for a range of potential emergencies. Site Plan and Emergency Callout list of Contacts was reviewed annually and updated. Emergency evacuation and fire drill had been conducted at Giram Estate in Nov 2015, and at Giram POM in Feb 2016. Training records sighted showed that a Basic First Aid training was held by the mill in Feb 2016. The training was jointly led by Giram Estate Hospital Assistant and Kunak Hospital staff. Likewise, Basic First Aid training had been conducted at both Giram and Mostyn estates especially for mandores and selected sprayers, harvesters and manure applicators. Interviews with First Aiders found that they were aware of their duties and responsibility. First Aid boxes were provided and maintained at several locations in the mill's and estates' office, stores and workshop. At the estate, each mandore had been seen provided with the First Aid box to take with them when on duty in the field. First Aid kits were also made available at Laboratory and Boiler Control Room.
	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 the mill and estates workers including their dependents with clinics established within the premises. They have a newly built spacious modern clinic, opened in June 2015 at Mostyn Estate. Serious cases were sent to the Kunak Hospital. The CU has also continued to provide 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 workers are covered by SOCSO. Foreign workers are covered by Workmen Compensation, Compensation Act 1952.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Form JKPP 8 for 2015 was submitted to DOSH in timely manner. Giram and Mostyn estates have sent the filled forms in Jan 2016. The Giram POM has also submitted even though there was no accident recorded. Accident Statistics were being maintained in a satisfactory manner and injury record were recorded using Lost Time Accident (LTA) metrics. No poisoning cases was recorded for 2015, thus the Form JKPP 7 was not used.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place, covers all aspects of the RSPO P&C, and includes reg. assessments of training needs and doc. of the prog. Major Compliance	YES	OHS training for staff and workers was conducted as per the OSH plan and programs developed by the SHO. The training records were being kept by mill and estates. Training needs identification matrix had been established with target dates for the training identified.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Training records were available and maintained accordingly at the POM and estates. Formal training programs for 2015/2016 that covered aspects of the RSPO Principles and Criteria, with regular assessments of training needs were presented to auditors by the CU.

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	The CU had established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) assessment covered all upstream activities such as from oil palm replanting, to FFB reception at POM and their downstream processes. At the estates, the identification and evaluation of environmental impact sampled spanned from oil palm replanting, field weeding, pest and disease treatment, harvesting and collection, road upkeep activities, FFB transportation, diesel consumption to management of empty chemical containers. Review for replanting activities at Giram Estate was carried out in Sept 2014. At the POM, the identification and evaluation of environmental impact included all activities and processes related to the mill operation. Sample of the activities assessed were cleaning activities, engine repair/servicing and starting, chemical mixing for raw water treatment, boiler operation and discharge of effluent. Among the significant environmental aspects recorded were boiler stack emission, palm oil mill effluent (POME) discharge and land contamination related to managing of scheduled wastes and general wastes.
	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	Significant environmental aspect and impact was derived from the environmental impact evaluation and captured in the 'Pollution Identification Environmental improvement action Plan'. Those activities evaluated as significant were then monitored using the mitigation measure established for each significant activity. The wastewater management plan and waste management plan developed for the CU were sighted. The management had reviewed the implementation and effectiveness of the established program on a periodic basis. For the mill the responsible person is the Assistant Mill Manager and for the estates it is the respective Unit Head where the wastes were generated and at the Clinic it is the responsibility of the estate Hospital Assistant.
	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 monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	Pollution Prevention Plan for 2016 to monitor the effectiveness of the mitigation measures taken, was in placed and reviewed in Jan 2016.

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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	The status of rare, threatened or endangered species and high conservation value habitats, that exists in the plantation or that could be affected by plantation or mill management, had been identified and their conservation taken into account in management plans and operations. Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings was conducted in Jan 2014. A report on HCV Re-Assessment for Strategic Operating Unit (SOU) Sabah Central – South Zone was verified. The assessment had covered all the High Conservation Value (HCV) within and adjacent to their 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	YES	The HCV Assessment conducted showed there was no threatened or endangered species, or HCVs, were present or were affected by plantation or mill operations at Giram CU. The management plan and action plan had been developed based on the audit finding and consultation with related stakeholders. The action plan contained information represented in tabular format with general descriptions of HCV, action steps and monitoring activities.
	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	Training program 2015/2016 at Giram CU was verified. The RTE training records including attendance list for trainings in Feb & Mar 2016 during the muster ground were sighted.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	YES	An action plan was made available in Giram CU for year 2014-2016, and was documented and reported. The outcome of monitoring was included in the HCV report.

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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 in Giram CU. It was confirmed during the consultation with stakeholders.
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	At the Giram POM and estate's workshop the auditor verified that guided by the Scheduled Waste Competent Person, all waste products and sources of pollution had been identified and documented. They were segregated, labelled and stored under shade within bunded walls. An inventory for the wastes was established. The disposal was carried out by DOE licensed contractor and the Consignment Notes were available. At Mostyn estate, domestic waste, garden waste and rubbish originating from line sites, office, workshop and store were disposed to the Majlis Daerah.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Chemical containers were triple rinsed, punched with holes and disposed through DOE approved empty container collector.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	YES	Mill wastes had been disposed as follows; EFBs were sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler. On the monitoring of water and effluent discharge, a monthly and quarterly report for final discharge were submitted to DOE in a timely manner, as required by the written approval. A procedure "Handling of Scheduled Waste" has been established. The wastes were disposed through DOE's licensed contractors.
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 and to optimize renewable energy had been incorporated into the Giram POM Objectives and Program report for 2016. The usage of diesel, fiber and Palm Kernel shell were monitored monthly. No renewable energy use at the visited estates.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance	YES	SDPSB had a policy of no open burning. It was defined in the EQMS-Under felling/clearing & land preparation Carbon Policy. Both estates practiced Zero burning.
	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	YES	As per SDPSB policy on zero burning during land preparation for replanting, both estate had adhered to this policy.

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		<i>'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003.</i> Minor Compliance		
<p>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 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.</p>	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	<p>An assessment of identified polluting activities was conducted. These include gaseous emissions, particulate/soot emissions, effluent discharge and the scheduled wastes and domestic wastes. Pollution Identification Environmental improvement action plan was used to identify the waste products and sources of pollution and being reviewed accordingly.</p> <p>The most significant environmental receptors for mill operations were:</p> <ul style="list-style-type: none"> • Air emission from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission) • Wastewater discharges from cleaning water/run-off/process station waters (hydrocyclone/claybath /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. • Land pollution includes scheduled waste, domestic waste and industrial/process waste. <p>For estates, the most significant receptors to soil were pesticides (spillage) and at Giram Estate it include domestic waste at own operated landfill.</p>
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	The significant pollutants and GHG emissions had been identified and documented as contained the Pollution Prevention Plan 2016, and plans to reduce or minimise were being implemented.
	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	Palm GHG system is used to calculate the GHG emission. Verified the 'Palm GHG' data for 2015 which has been compiled and reported to the RSPO GHG department in Apr 2016.

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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 Giram CU was prepared by PSQM in Sept 2013. The background setting of the assessment highlighted the social issues and proposed mitigation measures. Each of the estates and the mill had to formulate its own action plan to address the issues raised by the various stakeholders. Records of meeting including attendance list dated in Feb 2016 was verified.
	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 was prepared with the participation of various stakeholders, namely, estate workers, local communities, contractors, vendors and suppliers. Evidence on participation was shown by the schedules of interviews between the assessors of the report and the stakeholders concerned.
	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, incl. responsibilities for implementation. Major Compliance	YES	The Action Plans (FY 14/15 and 2016) for mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified was reviewed on Dec 2015 and made available in Giram CU. This action plans were developed in consultation with the affected parties (workers and surrounding villagers). This has been confirmed with the stakeholders consulted at the time of audit.
	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	NO	The documented SIA plans for the CU showed the non-inclusion of participation of affected parties. Therefore, Minor NCR KN1/2016 was raised.
	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 Giram CU.

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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	The CU continues to refer to the documented consultation and communication procedures established by HQ, applicable company-wide. The procedures were sighted available at respective operating units – Flowchart and Procedure on Handling Social and Internal Communication and Procedure for external Communication.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	A nominated plantation management official responsible for handling the social issues was available at the operating unit.
	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 list of stakeholders, records of all communication, including confirmation of receipt and efforts made to ensure understanding by affected parties, and records of actions taken in response to input from the stakeholders were maintained. The methods of communication and consultation were transparent as verified in the list of stakeholders FY 2015/2016 made available by Giram Estate. The SIA minutes of dated in Feb 2016 was also verified.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	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	Sime Darby Plantation had documented its communication procedures. The CU also use the procedure for handling of disputes arising from social as well as land issues (Plantation Quality Management System). Complaints on housing and other services were recorded in complaints books or request for service forms. The records include the name of the person who complained, his address, date, and type of service required. Weekly inspection records was verified during the audit. The system is open to all affected parties, set to resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers. This was confirmed during the consultation with internal & external stakeholders.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Interviews with the estate management and staffs revealed that there had been no social and land dispute with outside parties or workers during the past years. No records were available to judge whether or not the system resolved disputes except for the case of Claimant 1 (as mentioned in this protocol).
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	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 Giram CU maintained using the procedures for handling boundary issues developed by SDP to deal with customary rights and compensation for loss of legal rights. The procedure starts with confirmation of conflict, negotiation with affected parties and, if not resolved, arbitration process will take place.
	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	YES	The CU maintained implementation of its documented procedures for calculating and distributing fair compensation. They are covered either by Procedures for Handling Boundaries Dispute or Procedures for Handling Squatters Dispute or Procedures for Handling Social Disputes, depending on type of issues and stakeholders. According to the procedure, the calculation and distribution of compensation is to be carried out at the company level not at the estate/mill level.

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and other stakeholders to express their views through their own representative institutions.		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		Compensation on loss of legal rights will be determined by the Land Management Department, Kuala Lumpur.
	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	As explained in Indicator 2.2.3, the previous audit finding Minor NCR KN5 has been closed since the process and outcome of any negotiated agreements had been done and documented, including evidence of the participation of affected parties, and were made publicly available with the referred village head.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	During the last audit in 2014, a Major NCR KN-6 was issued with respect to documentation of pay and conditions for employees of contractors at Mostyn Estate. During this audit, the following were verified at Giram CU: <ul style="list-style-type: none"> • "Contract Form" and "Labour Contract Services" for circle spraying activities by the contractor in Dec 2014 and documentation of pay for employees of the said fir the month of Dec 2014 at Mostyn Estate was provided. • Likewise, pay and conditions for employees and employees of contractors were found meeting at least legal or industry minimum standards and were sufficient to provide the decent living wages. The corrective action taken to the Major NCR KN6 and the evidences verified in the continuing implementation of Indicator 6.5.1 requirements substantiate the closure of this NCR.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	During the last audit a Minor NCR KN-7 was raised due to contracts of employment detailing payments and conditions of employment was not available at Giram POM. The corrective action taken for the NCR was found effective as verified and the Minor NCR KN-7 was closed. The terms of and conditions of employment were explained and understood by the workers. Additional sampling on contracts of employment detailing payments and conditions of employment for workers also confirmed that the requirements of this Indicator had been met.

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	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. Minor Compliance	YES	Visit to line site showed that the CU had provided adequate housing made of bricks, piped water, electricity supply, clinics/health care center services for workers and dependents, educational and welfare amenities medical facilities, much in line with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446)
	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	Giram CU had demonstrated efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. The minutes of meeting with the Sundry Shop Owner was sighted.
C 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.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	The freedom of association statement was incorporated in the company Social Policy, dated Jan 2015. The policy was seen displayed on notice boards in the estates and mill. Living up to the spirit of the Policy, the CU allowed workers and staff to join unions.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	Minutes of meetings with main trade unions or worker's representatives were verified and documented as follows; Giram POM (Apr 2016), Giram Estate (Feb 2016) & Mostyn Estate (Jan 2016).
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	Sime Darby adheres very strictly to the child labour policy. As revealed in the latest Employee Master Listing, March 2016, no person below 18 years old was recruited to work either in Giram Estate, Mostyn Estate or Giram mill.

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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 CU maintained its documented Social Policy that contain equal employment opportunities statement. The policy was observed displayed inside and outside the operating unit office.
	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	An inspection of the employment offer letters revealed no case of discrimination based on race, religion, gender, national origin or any other form of discrimination as stated in Criterion 6.8. The payments and conditions of employment for foreign or local, male or female employees, were based on agreements and not decided arbitrarily by the management. All workers, local or foreign and regardless of their colour, creed, gender, beliefs, socio-cultural and political backgrounds, were provided with the same housing and amenities as required by the law. Interviews with administration staff and workers, confirmed the absence of any form of discrimination in the Giram CU.
	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 they were based on skills, capabilities, qualities and medical fitness. It was confirmed during interview with the employees.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	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	SDPSB is committed to prevent sexual harassment and all other forms of violence against women. The clear intent has been incorporated in the company Social & Humanity Management Policy and the Operational Gender Policy statements, both signed by the Managing Director, dated Jan 2015. The policies were sighted display on notice boards in the estates and POM.
	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 Social & Humanity Management Policy statement signed by the Managing Director dated Jan 2015 incorporated to protect the reproductive rights of women. Like other policy statements it was seen maintained and displayed on notice boards at the Giram Estate including Mostyn Estate and Giram POM. It too was communicated to all levels of the workforce.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and comm. to all levels of the workforce. Minor Compliance	YES	A specific grievance mechanism which respects anonymity and protects complainants had been established and implemented in the Group Policies and Authorities - Whistleblowing dated Feb 2014 and the staff of Giram CU had been made aware on this mechanism. It was also explained to all level of workers during the Safety Townhall briefing in Dec 2015.

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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 current and past prices paid for FFB were placed on notice board at weighing bridge office, Giram POM.
	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 crops were 100% supplied by Sime Darby Estate. The pricing was from MPOB website.
	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	Interview with contractors providing services to the CU confirmed that they understood the contractual agreements they entered into, and that contracts were fair, legal and transparent.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Interview with contractors confirmed that the payments were made in a timely manner.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local developments that are based on the results of consultation with local shall be demonstrated. Minor Compliance	YES	This has been demonstrated by contributions to local development which has been based on issues highlighted by the nearby village, the laying of water pipeline project across the Mostyn Estate (in progress pending approval from Sabah Water Department), maintenance of the road connecting to all related villages through the estate that ensures the road conditions were safe for use by the villagers.
	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 smallholder scheme in Giram 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	An examination of the employee list, pay slips, Collective Agreements and letter of job offer confirmed that the Giram CU did not use any form of forced or trafficked labour. Staff and workers interviewed during the audit confirmed this fact.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	Consultation with contractors confirmed that there was no occurrence of contract substitution at Giram CU.

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	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	This labour policy statement was embodied in the company Social Policy and Social and Humanity Management Policy. Company labour policy requires all foreign workers hired by the company to attend a one-week post-arrival orientation course before commencing work. Through this courses the workers were exposed among other things to various relevant laws of the country, health and safety, work contract, sourcing process of foreign workers and language and cultures of Malaysia. Rest days, overtime payment, rest day payment, sick leave, medical benefits, insurance were clearly stated in the contracts and offer letter.
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. Major Compliance	YES	The SDPSB Social Operational Policy and Social & Humanity Management Policy documented the statement to respect and give fair treatment in accordance with the rights of employees. The policy was communicated to all workers at Giram CU during the regular morning briefing/roll call. In addition, the policies dated Jan 2015 were displayed on notice boards at various strategic points in the estates and the mill.
	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	The Giram CU had obliged and engaged in the process to secure children of foreign workers access to education by allowing and assisting the establishment of HUMANA school at their plantations.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS - No new planting was observed. Thus, this principle is not applicable.

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		

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	a)	Reduction in use of pesticides (Criterion 4.6);	YES	<ol style="list-style-type: none"> 1. Both Giram Estate and Merotai Estate continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estate had established nurseries for beneficial plants mainly <i>Turnera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>. In addition, Giram Estate had <i>Euphorbia heterophylla</i>. This was to establish continuity in the planting of beneficial plants 2. The estates were committed to reduce using chemicals and now have implemented and will continue to only spray Circles and noxious weeds. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. Where possible, Harvesters' paths were grass cut. This also suppresses growth of noxious weeds and thus reduce use of pesticides for selective weeding too. 3. During replanting <i>Mucuna bracteata</i> were planted to cover chipped palm material to prevent/suppress Rhinoceros Beetle from breeding.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	Pollution Prevention for 2016 to monitor the effectiveness of the mitigation measures taken, was in place and reviewed in Jan 2016.
	c)	Waste reduction (Criterion 5.3);	YES	Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. Mill wastes had been disposed as follows; EFBs were sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler. On the monitoring of water and effluent discharge, monthly and quarterly report for final discharge were submitted to DOE on timely manner, as required by the written approval. On the scheduled waste management, the wastes were disposed through DOE's licensed contractors. It can be concluded that the storage, management and disposal of the following scheduled waste were reviewed, noted to be satisfactory.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Among those plans to be implemented at the mill are: (1) to install superheater tube at both boilers. The aim is to increase the efficiency of the mill steam turbines and reduce mill fuel consumption in the diesel generator, and (2) prudent boiler maintenance management, that is, to service them timely and avoid the use of diesel generator that rely on fossil fuel. At the estate level minimize the use of chemical fertilizer by complementing the application of POME and EFB mulching although their use is considered carbon neutral.
	e)	Social impacts (Criterion 6.1);	YES	The action plan for continual improvement - local development which has been based on issues highlighted by the nearby village, the laying of water pipeline project across the Mostyn Estate (in progress pending approval from Sabah Water Department), maintenance of the road connecting to all related villages through the estate that ensures the road conditions were safe for use by the villagers. The workers were housed at line site in newly constructed house at Giram Estate meeting the Housing and Amenities (Worker's Minimum Standard of Housing and Amenities Act 1990). In addition to enjoying modern infrastructure, each individual worker also received monthly 5kg rice and 5 kg cooking oil for their consumption.
	f)	Encourage optimising the yield of the supply base	YES	<ul style="list-style-type: none"> • Timely and proper fertilizer, EFB & compost application; • Maintain/conserves water by water management, • Improve on accessibility to maximize crop evacuation • Reduce surface run off water to prevent leaching of fertilizers

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Attachment 4

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Specificati on Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditor
Indicator 4.7.3	Major NCR STK2/2016	<p>Indicator 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.</p> <p>The recommendation for use of respirator mask, made in the CHRA for weedicide sprayers was not complied with – Sprayers carrying out circle and path spraying at Giram Estate were seen wearing 3M N95 mask.</p>	<p>Corrective Action</p> <ol style="list-style-type: none"> 1. Training on understanding of the correct type of PPE and respiratory devices suitable for selected chemicals, has been conducted in June 2016. 2. To inspect PPE/respiratory device purchased, i.e., to equip sprayers with Respirators 3M 3200 series. <p>Sighted the following supporting documents as evidence of the corrective action had been taken.</p> <ol style="list-style-type: none"> 1. Training records including pictures. 2. Use of correct respiratory devices. <p>Status : closed</p>
Indicator 4.1.2	Minor NCR STK1/2016	<p>Indicator 4.1.2. A mechanism to check consistent implementation of procedures shall be in place.</p> <p>The conduct of loose fruits collection was not in compliance with the established procedures – A large number of loose fruits were left uncollected in the harvesting paths and palm in one of the field of the Mostyn Estate.</p>	<p>Corrective Action</p> <ol style="list-style-type: none"> 1. Warning letter was issued to the respective loose fruits collection gang. 2. Refresher training for LF Collectors conducted in May 2016. <p>Sighted the following supporting documents as evidence that corrective action had been taken.</p> <ol style="list-style-type: none"> 1. Warning letter issuance in Apr 2016 and signed by receiver. 2. Picture of the fields of concern. 3. Refresher training records on May 2016. <p>Status : closed</p>
Indicator 6.1.4	Minor NCR KN1/2016	<p>Indicator 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.</p> <p>The reviewed SIA plans did not include the participation of affected parties – The documented SIA plans for Giram CU showed the non-inclusion of participation of affected parties.</p>	<p>Corrective Action</p> <ol style="list-style-type: none"> 1. Training has been in July 2016. 2. Social Impact Action Plan will be discussed in every Stakeholder Meeting and update of the progress/resolution of related issues will be communicated with the affected parties during the meeting. <p>Proposed corrective action plan is accepted. Verification of the corrective actions to be carried out in the next audit.</p> <p>Status : Open</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
D.1 D.1.1	Definition 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 received and process by the Giram POM came from Sime Darby owned estates. Sighted data from "Month End Stock Figure" which indicated volume of FFB received from Jan - Dec 2015 was 148,484.21 MT. b) Giram POM has defined the critical control point as the weighbridge, admin office, ramp, CPO despatch area, CPO storage tank and kernel silos. c) Sighted data from Giram POM total Despatch to the bulking installation is 32,166.331MT. However, only 23,049.53 MT was sold as RSPO certified CPO as per transaction in e-Trace from Jan to Dec 2015.
D 2 D.2.1	Explanation Estimate total tonnage of CPO and PK potentially produce in a year	The estimated total tonnage of CPO and PK by Giram POM in Jan - Dec 2016 are as follow: CPO : 36,753.22 MT PK : 7,886.33 MT
D 3 D 3.1	Documented procedures 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.	Giram POM continues to implement written procedure entitle 'Standard operating procedure for Sustainability Supply Chain and Traceability'. The Mill Manager has the overall responsibility for the implementation of the supply chain requirements while QA conducted has been appointed to assist the mill manager on the implementation of RSPO SCC. Sighted appointment letter dated July 2015. Interview with mill manager, QA conductor and weighbridge operator all of them are understood on the supply chain requirements. The "RSPO – Supply Chain Certification Training" was conducted in Feb 2016 by PSQM officer. The training material and attendance were sighted during the audit.
D 3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The SOP for Sustainable Supply Chain and Traceability has described how Giram POM manages FFB from certified source. It was confirmed through weighbridge ticket record that no non-certified FFB received by Giram POM.
D.4 D.4.1	Purchasing and goods in The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Giram POM will only accept the RSPO certified FFB which were mainly from Sime Darby owned estates. Records (through weighing system called 'SimeWeigh') for the period from Jan - Dec 2015 were reviewed and the following was confirmed: FFB received from certified sources = 148,484.09 MT FFB received from non-certified sources = 0 MT
D 4.2	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 overproduction observed.

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<p>D.5 D.5.1</p>	<p>Record keeping 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.</p>	<p>Giram POM has maintained the three-monthly accounting system to record RSPO certified FFB and deliveries of RSPO certified CPO and PK.</p>
<p>D 6 D.6.1</p>	<p>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.</p>	<p>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 installations were thoroughly cleaned, swept and flushed before RSPO certified CPO is pumped in to avoid contamination. 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 and dispatch tickets issued by the POMs.</p>
<p>D.6.2</p>	<p>The objective is for 100 % segregated material to be reached.</p>	<p>Giram POM does not accept any non-certified FFB. It was confirmed through summary of weighbridge ticket and therefore CPO and PK can be considered 100% segregated.</p>

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Attachment 6

Status of Non-conformities Previously Identified

P & C Indicators	Classification Major / Minor	Detail Non conformance	Corrective Action Taken	Verification by Auditor
Indicator 2.1.1	Major NCR # MH1	Indicator 2.1.1 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 audit at Giram Mill. ii) Peraturan 9(2) Peraturan Kawalan Bekalan 1974 P.U (A) 103(21.3.1974) – Permit to store diesel and petrol at Giram Estate had expired.	i) Giram Mill had engaged competent (external) person as required in sub-regulation Electrical Regulations 1994, Regulation 110(3). The inspection was carried out on monthly basis instead of every 5 years. ii) Estate management had applied for diesel permit renewal and pending for approval.	i) Monthly reports were verified. It can be confirmed that the inspection was conducted by a competent person. ii) A letter from Giram Estate to KPDNKP Lahad Datu dated in Jan 2015 was verified. A letter from KPDNKP to BOMBA dated Apr 2015 to inspect Giram Estate was also verified. Status: Closed
Indicator 2.1.4	Minor NCR # MH2	Indicator 2.1.4 A system for tracking any changes in the law. No changes and updates incorporated in the legal register at all operating units.	PSQM shall update new LORR immediately and ensure new regulation will be added into LORR.	The LORR had been sighted to include the updates and records was maintained appropriately. The left out applicable legal requirements had been sighted added into the LORR. Status: closed.
Indicator 4.7.1	Major NCR # MH3	Indicator 4.7.1 Evidence of documented Occupational Safety and Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act 139) b) All operations have been risk assessed and documented. Based on the latest revisited CHRA (Chemical Hazard Risk Assessment, 2014), the work units in the mill compound were not adequately assessed. For example, work unit such as workshop and process area (kernel plant) were not included in the assessment.	The re-assessment carried out in Jan 2015.	Correspondence between POM and the appointed assessor were sighted. A letter from the appointed assessor to Giram POM regarding the CHRA Proposed audit date to specific area for main store, chemical store, workshop and kernel plant was verified. CHRA Reports (dated in July 2014 & Jan 2015) were verified. Risk situation at Production Plant and workshop was conducted. All identified areas of POM where hazardous chemicals were being used had been assessed. It was also found that no recurrence of work unit not assessed. Status: Closed
Indicator 4.8.1	Major NCR # MH4	Indicator 4.8.1 A training program (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept. There was no evidence of training conducted at Giram Mill related to LOTO system training,	The refresher training carried out within Jan 2015.	All related training records (attendance list and training pictures) were verified. Status: Closed

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		Confined space training, Working at height & Safe electrical handling.		
Indicator 2.2.3.2	Minor NCR # KN1	<p>Indicator 2.2.3.2 Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented.</p> <p>Proof of resolution or progress towards resolution for dispute by Claimant 1 at Mostyn Estate was not available.</p>	Mostyn Estate meets the claimant to resolve the issue.	<p>During this surveillance audit, it was found that a meeting between the estate's management and Claimant 1 was held in Jan 2015. At the same time, a certified copy of the surveyed map that showed the extent of the area was handed to the claimant and the claimant was also informed about the action taken by the estate (removal of electricity poles and cables and construction of new road inside estate's land). Minutes of meeting between the claimant and Mostyn Estate representative was verified during the audit. Clear participatory mapping was conducted to construct map that showed the extent of the claimant right was sighted attached with the minutes of meeting. However, there was no on-going actions after the meeting as the claimant was sick and being admitted to hospital. However, the claimant son had given positive feedback to Sime Darby management and confirmed the progress of resolution action taken was appropriate. Status: Closed</p>
Indicator 2.3.1	Major NCR # KN2	<p>Indicator 2.3.1 Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.</p> <p>There is no clear participatory mapping conducted to construct maps that show the extent of these rights with reference to the case of Claimant 1.</p>	Mostyn Estate meets the claimant to resolve the issue.	<p>Clear participatory mapping was conducted to construct map that showed the extent of the claimant right was sighted attached with the minutes of meeting. However, there was no on-going actions after the meeting as the claimant was sick and being admitted to hospital. However, the claimant son had given positive feedback to Sime Darby management and confirmed the progress of resolution action taken was appropriate. Status: Closed</p>
Indicator 2.3.2	Major NCR # KN3	<p>Indicator 2.3.2 Map of appropriate scale showing extent of claims under dispute.</p> <p>Map of appropriate scale showing extent of claims under dispute with the Claimant 1 at Mostyn Estate was not clearly defined.</p>	Estate's management has appointed Jurukur Sabah as the surveyor to carry out the survey and to prepare a proper map. A certified copy of the surveyed map with appropriate scale that showed the extent of the area was handed to the claimant in Jan 2015.	<p>It was verified that the plan had been developed through consultation with the claimant and Mostyn Estate had respected the claimant decision of the claim. Clear participatory mapping was conducted to construct map that showed the extent of the claimant right was attached with the minutes of meeting. Map with appropriate scale showing claims had been accepted by both parties, as explained in indicator 2.3.1. Status: Closed</p>

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Indicator 2.3.3	Minor NCR # KN4	Indicator 2.3.3 Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6). Copies of negotiated agreements detailing process of consent with the Claimant 1 at Mostyn Estate was not available.	Mostyn Estate meets the claimant to resolve the issue. An agreement would be based on points of discussion stated in NCR KN-1.	All the action had been taken by the Giram CU, as explained in indicator 2.3.1. Status: Closed
Indicator 6.4.3	Minor NCR # KN5	Indicator 6.4.3 The process and outcome of any compensation claims is documented and made publicly available. The process and outcome of Claimant 1 was not documented and made publicly available.	Once the agreement was achieved as in points of discussion, the document would be made public by posting it at the Claimant 1's Village Community Hall. A copy of each was given to the Claimant 1, the Village Headman, Pengerusi JKKK and Kunak District Land Office.	During this audit it was noted, once the agreement was achieved as in points of discussion, the document is made public by posting it at the village Community Hall. A copy of each was given to the Claimant 1, the Village Headman, Pengerusi JKKK and Kunak District Land Office. This has been confirmed during the consultation with the relevant village Headman. Status: Closed
Indicator 6.5.1	Major NCR # KN6	Indicator 6.5.1 Documentation of pay and conditions. Pay and conditions for employees and for employees of contractor not available – Documentation of pay and conditions for employees of one contractor was not clearly evident.	Pay and conditions of contractor's employees should be specified in contract agreement. The management had compelled the contractor to document payment record which will be certified by the estate management. The management also shall include Workmen's Compensation clause and proof of its coverage as evidence.	Verification on "Contract Form" and "Labour Contract Services" for circle spraying activities by contractor in Dec 2014 was verified. Documentation of pay for employees of the contractor for month of Dec 2014 at Mostyn Estate was clearly evident. Pay and conditions for employees and employees of contractors during this audit was found to be meeting the legal or industry minimum standards and were believed to be sufficient to provide decent living wages. Status: Closed
Indicator 6.5.2	Minor NCR # KN7	Indicator 6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit. Contracts of employment detailing payments and conditions of employment was not available at Giram POM.	The new/updated letter of employment had been issued to respective worker.	The contracts of employment detailing payments and conditions of employment for workers were verified given to the employees. Additional sampling records on contracts of employment detailing payments and conditions of employment for workers were found available and the contents were understood by the workers. Status: Closed