



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

File Ref. : ES10170005

**PUBLIC SUMMARY REPORT
RSPO SURVEILLANCE AUDIT**

CLIENT : MEROTAI STRATEGIC OPERATING UNIT

PARENT COMPANY : SIME DARBY PLANTATION SDN. BHD.

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

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

Certification Unit	Mill / Estate	Location		
		Latitude	Longitude	Address
Merotai Strategic Operating Unit (SOU 30)	Merotai POM	4°23'N	117°83'E	91007 Tawau, Sabah
	Merotai Estate	4°23'N	117°47'E	91007 Tawau, Sabah
	Tiger Estate	4°25'N	117°50'E	91007 Tawau, Sabah
	Table Estate	4°22'N	117°52'E	91007 Tawau, Sabah
	Imam Estate	4°20'N	117°50'E	91007 Tawau, Sabah

MAP : See Attachment 1

AUDIT DATE : 18 – 21 April 2016

DURATION : 13 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 Mass Balance Model

VALIDITY OF RSPO CERTIFICATE : 13/7/2015 – 12/7/2020

The following attachments form part of this report:

Non-conformity Report(s) ☒

List of additional site(s) ☐

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : Hazani Othman

Name : SIME DARBY PLANTATION (SABAH) SDN. BHD.
(Co. No 29355-01)

Signature : *Hazani Othman*

Signature : *[Signature]*
FUSMANJUDJI KERTANAYAN
MANAGER

Date : 17 June 2016

Date : 17/6/16

Table of contents	Page
1.0 AUDIT PROCESS	6
1.1 Certification body	6
1.2 Qualification of audit team	6
1.3 Audit methodology	6
1.4 Audit plan	6
1.5 Date of next audit	7
2.0 SCOPE OF CERTIFICATION AUDIT	7
2.1 Description of the certification unit	7
2.2 Description of the Supply Base (including planting profile)	7
2.3 Organization Information / Contact Person(s)	9
3.0 AUDIT FINDINGS	9
3.1 Changes to certified products in accordance to the production of the previous year	9
3.2 Time bound plans including changes and reasons for the changes see below	9
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)	10
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.	10
3.5 Any new acquisition which has replaced primary forests or HCV areas	10
3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)	10
3.7 Status of previous non-conformities * (refer to Attachment 6)	10
3.8 Complaint received from stakeholder (if any)	10
4.0 DETAILS OF NON-CONFORMITY REPORT	10
4.1 For P&C (Details checklist refer to Attachment 3)	10
4.2 For SC (Details checklist refer to Attachment 5)	10
5.0 AUDIT CONCLUSION	10
6.0 RECOMMENDATION	11
List of Attachment	
Attachment 1 : Map of SOU 30 – Merotai CU	12
Attachment 2 : RSPO Surveillance Audit Plan	17
Attachment 3 RSPO P&C Audit Checklist And Findings	23
Attachment 4 : Details of Non-conformities and Corrective Actions Taken	68
Attachment 5 RSPO Supply Chain at the palm oil mill – Mass Balance Model – Module E	70
Attachment 6 : Status of Non-conformities Previously Identified	73

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF AUDITS

Stage 2 Audit				
On-site audit date	:	15-18/12/14	No. of auditor days	: 14
Audit team	:	Valence (LA), Hazani, Jagathesan		
No. of major NCR	:	3	Indicator: 2.1.1, 4.7.1 (g), 6.10.2	Closing date : 20/3/15
No. of minor NCR	:	2	Indicator : 2.1.4, 5.1.2	
Indicate the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers
	:	x		x
	:	Contract workers	NGOs	Govt. agency
	:			
	:	Indigenous people	Contractor	Others (Please specify)
	:		x	
Supply base sampled	:	All 4 Estates (Merotai, Table, Imam, Tiger)		

Annual Surveillance Audit 1				
On-site audit date	:	18-21/4/16	No. of auditor days	: 13
Audit team	:	Hazani (LA), Razman, Selvasingam		
No. of major NCR	:	1	Indicator: 8.1.1	Closing date: 3/6/16
No. of minor NCR	:	2	Indicator :5.4.1, 6.5.3	
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers
	:	x		x
	:	Contract workers	NGOs	Govt. agency
	:			
	:	Indigenous people	Contractor	Others (Please specify)
	:		x	
Supply base sampled	:	Merotai and Tiger Estate		
Changes since the last audit	:	Common rotation of managerial and middle management at operating units in the CU.		

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
	:			
	:	Indigenous people	Contractor	Others (Please specify)
	:			
Supply base sampled	:			
Changes since the last audit	:			

RSPO PUBLIC SUMMARY REPORT

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
	Contract workers	NGOs	Govt. agency
	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
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractors	Others (Please specify)
Supply base sampled :			
Changes since the last audit :			

RSPO PUBLIC SUMMARY REPORT

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
OCP	Outside Crop Purchase
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

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
Hazani Othman	Audit Team Leader Environmental and HCV	Holds a Bachelor of Forestry Science and Diploma in Forestry, from the Universiti Putra Malaysia. He is a Lead auditor for ISO 14001, FSC & MTCC FMC and CoC and RSPO P&C
Mohd. Razman Salim	Auditor / Social and occupational health and safety	Possessed B.Sc.Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology
Selvasingam T. Kandiah	Auditor / Good agricultural practices and occupational, health and safety	Holds a B. Sc. (Hons) 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 head quarters
Zulkarnain Abdullah	Auditor / Supply chain	Holds B. Sc. Forestry. Had more than 17 years of working experience related to wood related product. He has been qualified as RSPO SC auditor since 2014.

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 Merotai Estate and Tiger 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

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 Merotai Certification Unit (Merotai CU) is one of the Strategic Operating Unit (SOU) of Sime Darby Plantation Sdn. Bhd. (SDPSB). Located in Tawau, Sabah, East Malaysia, the CU is also known as SOU 30. The CU was initially certified to the RSPO P&C by SIRIM QAS International Sdn Bhd in 2009 until 2014. However, since the renewal was not carried out prior to the expiry of the certificate, a new stage 2 was carried out in 2015 and was later certified again on 13 July 2015.

The Merotai CU comprises of the Merotai Palm Oil Mill (Merotai POM) and four supply base i.e. the Merotai Estate, Tiger Estate, Table Estate and Imam Estate. All the estates are owned by SDPSB. The Merotai POM has a mill capacity of 90 mt/hr.

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

The FFB is sourced from company owned estates that are certified and a small percentage from third party suppliers. 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 (%)
Merotai	67,419.34	19.50
Imam	70,163.40	20.30
Table	56,485.70	16.34
Tiger	67,622.09	19.56
Third party suppliers (Non-certified)	83,980.38	24.29
Total	345,670.91	100

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

CU own estates	FFB Contribution	
	Tonnes	Percentage (%)
Merotai	75,795.84	21.34
Imam	79,377.94	22.35
Table	55,764.02	15.70
Tiger	63,530.61	17.89
Total	274,468.41	77.28
Other Supply Bases		
Third parties (non-certified)	80,700.00	22.72
Grand Total	355,168.41	100.00

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

	Total (MT)
FFB Received	345,670.910
FFB Processed	345,524.032
CPO Production	80,922.967
PK Production	15,840.423
CPO delivered as Mass Balance	0
CPO delivered as non-RSPO certified	81,244.600*
PK delivered as Mass Balance	0
PK delivered as non-RSPO certified	15,751.660

*CPO delivered was higher than produced due to clearance of previous stock.

RSPO PUBLIC SUMMARY REPORT

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

	Total (MT)
FFB Received	355,168.410
FFB Processed	355,168.410
CPO Production	82,257.004
PK Production	17,190.151
CPO delivered as Mass Balance	63,566.884
CPO delivered as non-RSPO certified	18,690.120
PK delivered as Mass Balance	13,962.151
PK delivered as non-RSPO certified	3,228.000

Table 5 Planted and certified area of Merotai CU

Estate	Planted (ha)	Certified (ha)
Merotai	2,686.12	3,052.66
Tiger	2,292.66	2,444.96
Table	2,071.83	2,083.78
Imam	3,268.88	3,865.29
Total	10,319.49	11,446.69

Table 6 Planting profile for SOU Merotai

Estate	Year of establishment	Mature (Ha)	Immature (Ha)	Planted area	% of planted area mature	% of planted area immature
Merotai	1957	2,686.12	NIL	2,686.12	100	0
Tiger	1949	2,292.66	NIL	2,292.66	100	0
Table	1950's	2,071.83	NIL	2,071.83	100	0
Imam	1978	1,912.11	1,356.77	3,268.88	58	42
Total		8,962.72	1,356.77	10,319.49	87	13

Table 7(a): Planting profile for Merotai Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1992	2 nd	Mature	36.18	1.35
1995	1 st	Mature	25.03	0.93
1995	2 nd	Mature	46.23	1.72
1994	2 nd	Mature	32.64	1.22
1996	1 st	Mature	51.86	1.93
1998	1 st	Mature	71.93	2.68
1999	2 nd	Mature	155.87	5.80
2000	1 st	Mature	317.16	11.81
2000	2 nd	Mature	95.93	3.57
2001	2 nd	Mature	234.54	8.73
2002	2 nd	Mature	293.71	10.93
2004	3 rd	Mature	84.67	3.15
2005	2 nd	Mature	298.59	11.12
2007	2 nd	Mature	303.06	11.28
2008	3 rd	Mature	298.04	11.10
2009	3 rd	Mature	193.68	7.21
2010	3 rd	Mature	147.00	5.47
Total			2,686.12	100.00

Table 7(b) : Planting profile for Imam Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1976	1 st	Mature	30.00	0.92
1977	1 st	Mature	26.47	0.81
1990	1 st	Mature	72.73	2.22
1991	1 st	Mature	20.78	0.64
1995	1 st	Mature	454.35	13.90
1996	1 st	Mature	147.35	4.51
2000	1 st	Mature	405.13	12.39
2001	2 nd	Mature	14.90	0.46
2002	2 nd	Mature	220.70	6.75
2004	2 nd	Mature	240.60	7.36

RSPO PUBLIC SUMMARY REPORT

2005	2 nd	Mature	279.10	8.54
2008	2 nd	Immature	230.84	7.06
2009	2 nd	Immature	509.00	15.57
2010	2 nd	Immature	328.0	10.03
2011	2 nd	Immature	288.93	8.84
Total			3,268.88	100.00

Table 7(c) : Planting profile for Table Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1995	1 st	Mature	54.13	2.61
1996	1 st	Mature	3.69	0.18
1997	1 st	Mature	397.27	19.17
1998	1 st	Mature	1199.34	57.89
1999	1 st	Mature	417.40	20.15
Total			2,071.83	100.00

Table 7(d) : Planting profile for Tiger Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1992	1 st	Mature	98.41	4.28
1994	1 st	Mature	97.85	4.27
1995	1 st	Mature	74.13	3.23
1996	1 st	Mature	45.89	2.00
1997	1 st	Mature	503.63	21.97
1998	1 st	Mature	1,010.10	44.06
1999	1 st	Mature	308.78	13.47
2007	2 nd	Mature	109.03	4.76
2010	2 nd	Mature	44.84	1.96
Total			2,292.66	100.00

Organizational Information / Contact Person(s)

2.3

The details of the contact person is as shown below:

Name	:	Pushparaju A/L Kertanayan
Position	:	Manager
Address	:	P.O. Box 135, 91007 Tawau, Sabah
Phone no.	:	089-750531
Fax no.	:	089-750531
Email	:	ldg.imam@simedarby.com

RSPO PUBLIC SUMMARY REPORT

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	If yes, state reasons/justifications
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

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

There is no changes to the time-bound plan.

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

☐

Yes

☐

No

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

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

☐

Yes

☒

No

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

There is no changes since last year.

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 assessment comprising of workers, surrounding villagers and contractors / suppliers. Generally, all of the stakeholders had given positive feedback towards the SOU.

4.0 DETAILS OF NON-CONFORMITY REPORT

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

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

2 List : HO-02, MRS 01 2016

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

1 List : HO-01

RSPO PUBLIC SUMMARY REPORT

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 :

Hazani Othman

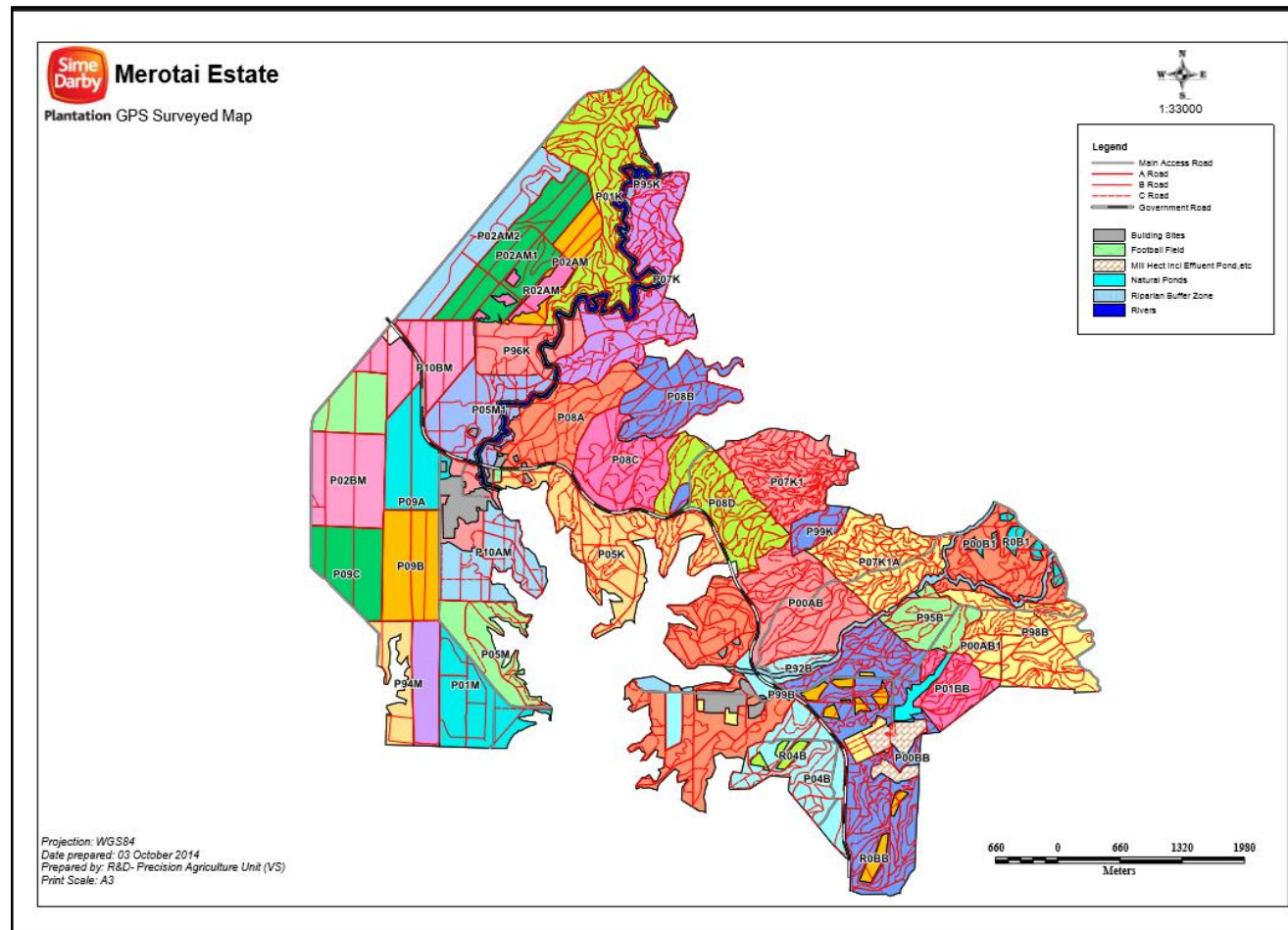
Hazani Othman

(Name)

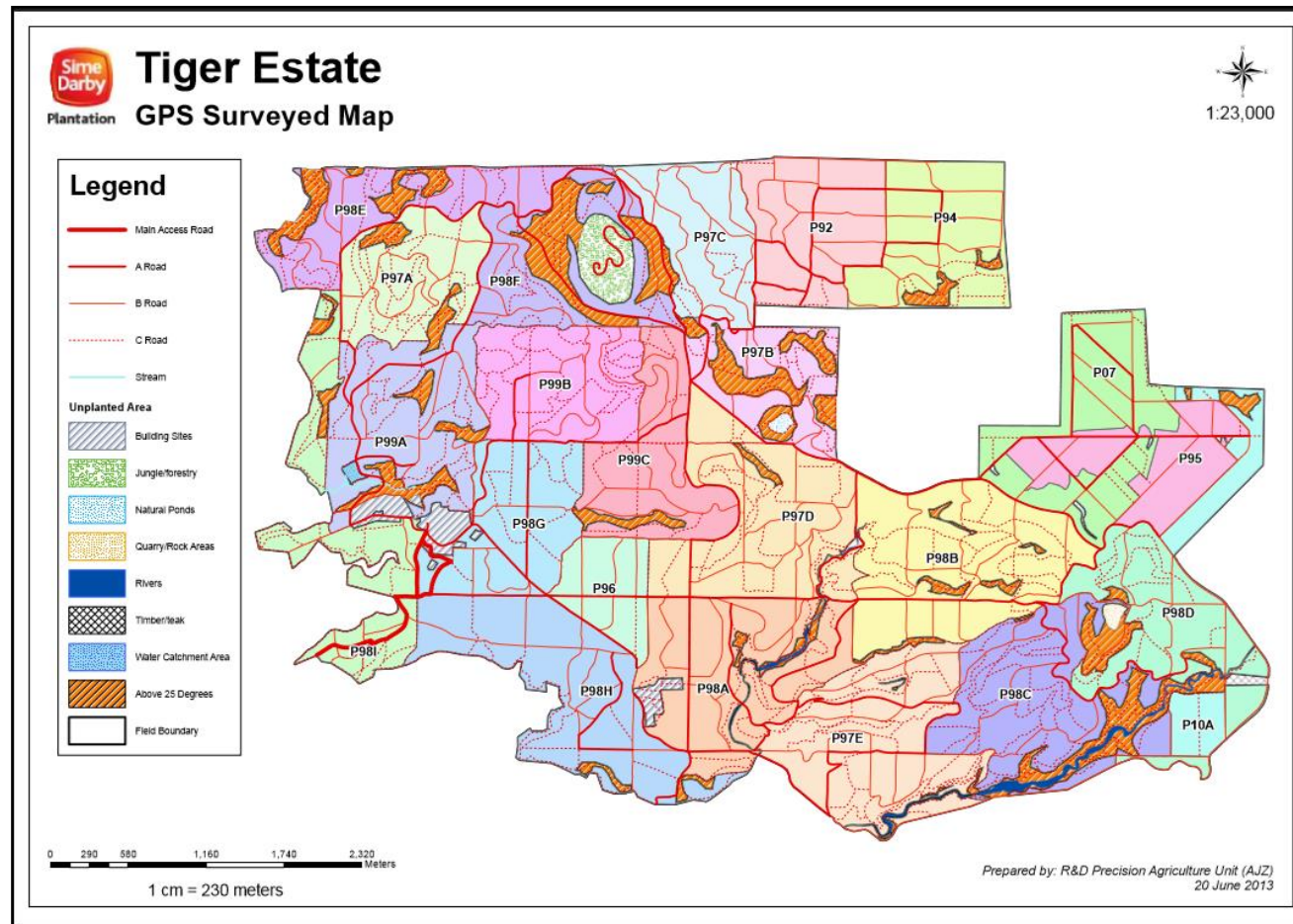
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Map of SOU 30 – Merotai CU

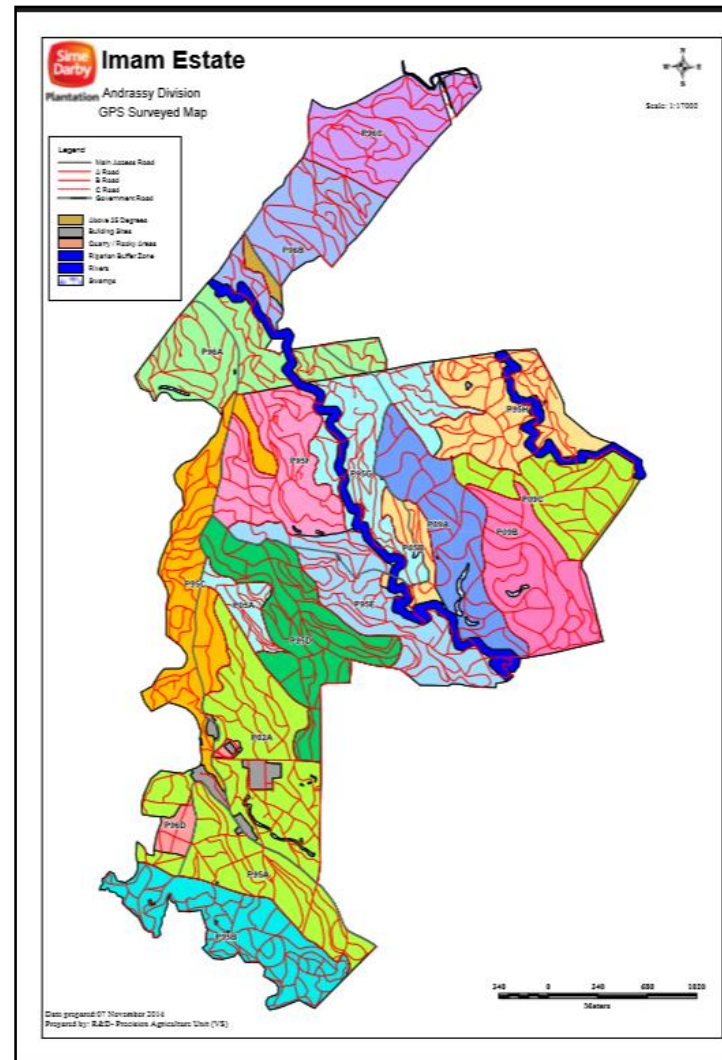
Merotai Estate



Tiger Estate

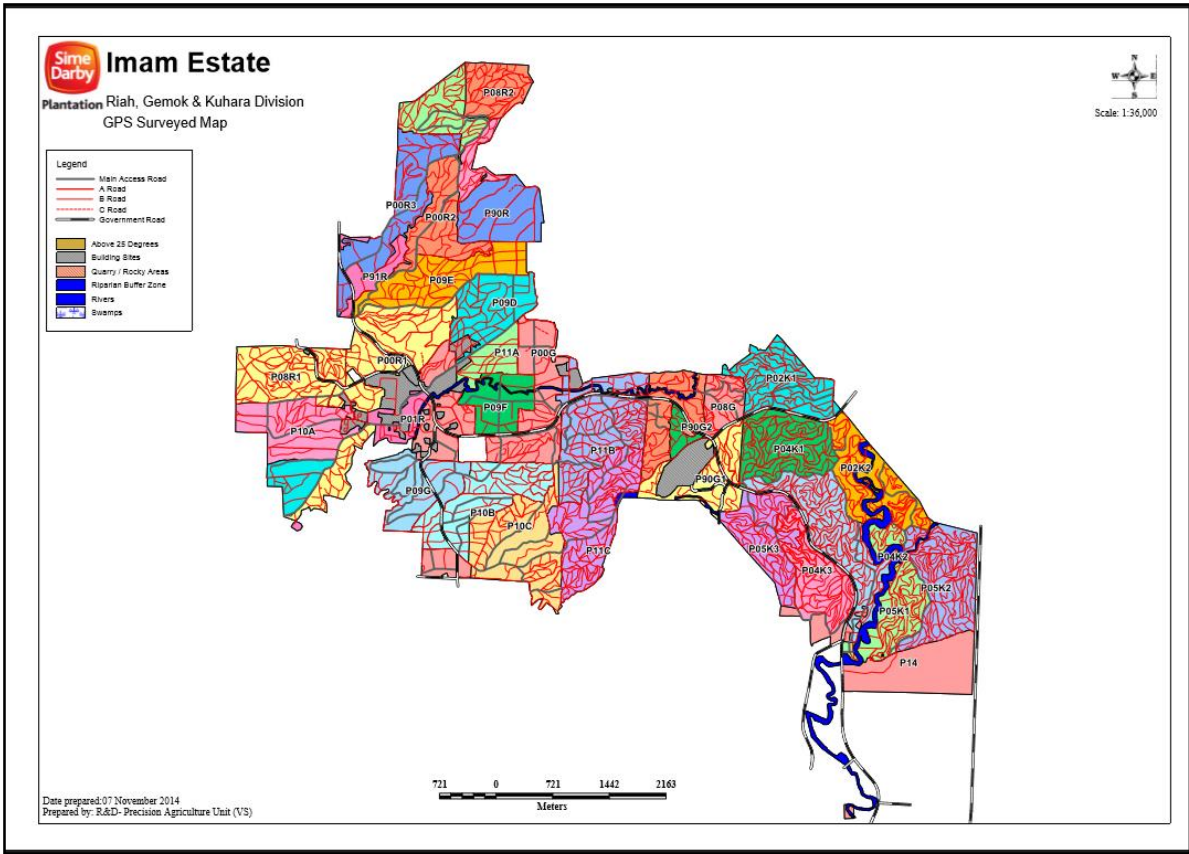


Imam Estate (Andrassy Division)



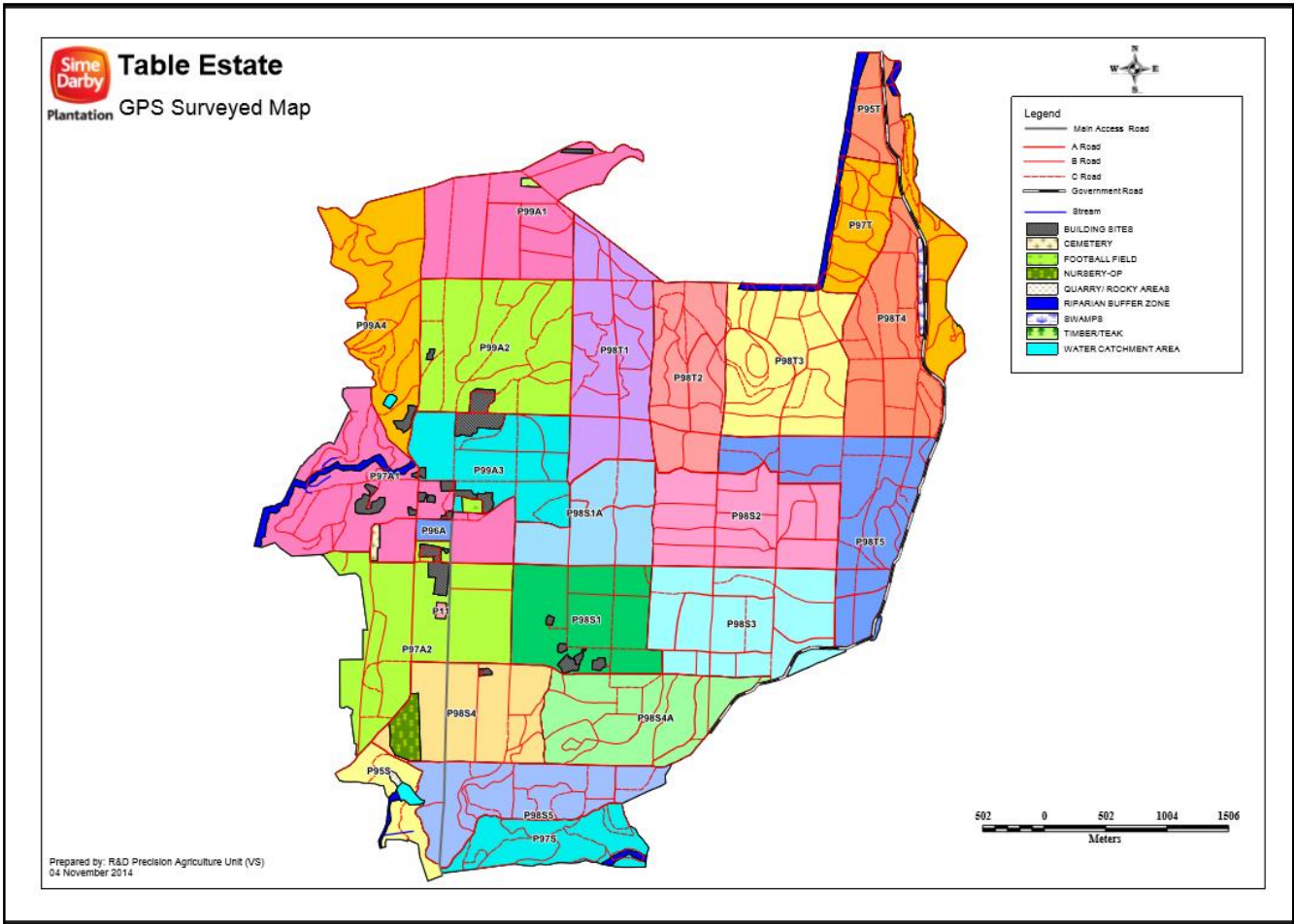
RSPO PUBLIC SUMMARY REPORT

Imam Estate (Riah, Gemuk, Kuhara Division)



RSPO PUBLIC SUMMARY REPORT

Table Estate



RSPO SURVEILLANCE AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

- (i) To evaluate the Certification Unit continued conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain requirements.
- (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 : 18th to 21st April 2016

3. Site of audit : SOU Merotai

- Merotai Palm Oil Mill
- Merotai Estate
- Tiger Estate

4. Scope of Certification: Production of Crude Palm Oil and Palm Kernel Using Mass Balance Model

5. Reference Standard:

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

6. Audit Team

a) Lead Auditor : Hazani Othman
 b) Auditors : Mohd. Razman Salim
 Selvasingam T. Kandiah
 Zulkarnain Abdullah

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

7. Audit Method

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

8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed by submitting corrective action plans within 1 month. Another 2 months to submit evidence of implementation. In any event, the evidence of implementation shall be submitted prior to the expiry of the RSPO certificate. Failure to submit

RSPO PUBLIC SUMMARY REPORT

satisfactory corrective actions to resolve the major non conformity(ies) raised before the expiry of the RSPO certification will result in non-renewal of the certificate. A new application for RSPO certification will be required.

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

9. 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.

10. Working Language : English and Bahasa Malaysia

11. 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

12. 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

13. Audit Programme Details: As shown below

RSPO PUBLIC SUMMARY REPORT

Day 1: 18 April 2016 (Monday)

Time	Programme		
0830-0900	Opening Meeting (at Merotai Palm Oil Mill): Team introduction and briefing on audit objectives, scope, methodology, criteria, programmes, etc. by audit team leader.		
0900-0930	Briefing by organization on progress of RSPO implementation, including: <ul style="list-style-type: none"> • action taken to address previous audit findings. • update on time bound plan progress. • significant changes that could affect conformities to requirements, new acquisition / disposition, structure, infrastructure, facilities, capacity, new planting / replanting hectareage, sales, etc. • issues, such as legal non-compliance / action, disputes, complaint, claims etc. 		
0930-1300	Hazani	Selva	Razman
	Audit at Tiger Estate of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental and HCV management, including follow up of previous issue, if any: <ul style="list-style-type: none"> • Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. • Audit of environmental management at relevant areas / location including amenities, facilities, infrastructure, such as stores of chemical, fertilizer, oils and scheduled wastes, workshop, effluent treatment plant, genset, wastes recycling stations, clinic, etc. • Audit of management of any conservation at relevant areas / location including HCV, riparian buffer zone, steep areas, wildlife habitat, etc. 	Audit at Merotai Estate (at fields and linesite) of relevant Indicators P1, P2, P3, P4, P7 and P8 of good agricultural practices (GAP) and occupational safety and health (OSH) management, including follow up of previous issue, if any: <ul style="list-style-type: none"> • Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, commitment to long-term economic and financial viability, water management, training, continuous improvement plan etc. • Audit of GAP and OSH managements at fields and linesites such as nursery, planting, weeding, spraying, harvesting, IPM and application of EFB and POME etc., including water treatment and domestic waste management at linesites. • Consultation with any relevant management personnel, local and foreign employees, committees, contractors, etc. 	Audit at Merotai Palm Oil Mill of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social management, including follow up of previous issue, if any: <ul style="list-style-type: none"> • Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. • Audit of OSH management at relevant mill operation, amenities, facilities, such as stores of chemical, fertilizer, and oils, workshop, water & effluent treatment plants, laboratory, boiler, genset, clinic, wastes recycling stations, etc. • Audit of social aspects including management of any amenities and facilities provided or available, such as workers quarters, water treatment plant, shops worship / prayer places, etc. • Consultation with any relevant management personnel, stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc.
1300-1400	Lunch break		
1400-1700	Hazani	Selva	Razman
	Continue audit at Tiger Estate	Continue audit at Merotai Estate	Continue audit at Merotai Palm Oil Mill
1700	End of Day 1 audit		

RSPO PUBLIC SUMMARY REPORT

Day 2: 19 April 2016 (Tuesday)

Time	Hazani	Selva	Razman	Zulkarnain
0800-1300	<p>Audit at Merotai Estate of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental and HCV management, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. Audit of environmental management at relevant areas / location including amenities, facilities, infrastructure, such as stores of chemical, fertilizer, oils and scheduled wastes, workshop, effluent treatment plant, genset, wastes recycling stations, clinic, etc. Audit of management of any conservation at relevant areas / location including HCV, riparian buffer zone, steep areas, wildlife habitat, etc. 	<ul style="list-style-type: none"> Continue audit at Merotai Estate 	<p>Audit at Tiger Estate of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social aspects, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. Audit of OSH management at relevant mill operation, amenities, facilities, such as stores of chemical, fertilizer, and oils, workshop, water & effluent treatment plants, laboratory, boiler, genset, clinic, wastes recycling stations, etc. Audit of social aspects including management of any amenities and facilities provided or available, such as linesites, water treatment plant, shops worship / prayer places, etc. Consultation with any relevant stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc. 	<p>Audit at Merotai POM related to Supply Chain requirements and implementation of related model including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> General Supply Chain System requirements Documented procedures Purchasing and goods in Processing Outsourcing activity Sale and goods out Registration of transaction Mass balance accounting Records keeping Training Claims
1300-1400	Lunch break			
1400-1700	Continue audit at Merotai Estate	<p>Audit at Tiger Estate of relevant Indicators P1, P2, P3, P4, P7 and P8 of good agricultural practices (GAP) and occupational safety and health (OSH), including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> Review of relevant evident of conformities, including commitment to transparency, compliance to laws and regulations, commitment to long-term economic and financial viability, water management, training, continuous improvement plan etc. Audit of GAP and OSH managements at any relevant operation at fields and linesites including water and waste management. Audit of operation may 	Continue audit at Tiger Estate	Continue audit at Merotai POM

RSPO PUBLIC SUMMARY REPORT

		<p>includes nursery, planting, weeding, spraying, harvesting, IPM and application of EFB and POME etc. Audit in linesites may include water treatment and domestic waste management.</p> <ul style="list-style-type: none"> • Consultation with relevant management personnel, local and foreign employees, committees, contractors, etc. 		
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Day 3: 20 April 2016 (Wednesday)

Time	Hazani	Selva	Razman
0800-1300	<p>Audit at Merotai POM of relevant Indicators of P1, P2, P4, P5, P7, and P8 of environmental and HCV management, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> • Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. • Audit of environmental management at relevant areas / location including amenities, facilities, infrastructure, such as stores of chemical, fertilizer, oils and scheduled wastes, workshop, effluent treatment plant, genset, wastes recycling stations, clinic, etc. • Audit of management of any conservation at relevant areas / location including HCV, riparian buffer zone, steep areas, wildlife habitat, etc. 	<p>Audit at Tiger Estate of relevant Indicators P1, P2, P3, P4, P5, P7 and P8 of good agricultural practices, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> • Review of relevant evident of conformities, including commitment to transparency, compliance to laws and regulations, commitment to long-term economic and financial viability, water management, training, continuous improvement plan etc. • Audit of relevant operation at fields, such as nursery, planting, weeding, spraying, harvesting, IPM implementation, safety, health and environmental practices, including, waste management & application (such as EFB, POME) etc. • Consultation with relevant management personnel, employees, committees, contractors, etc. 	<p>Audit at Merotai Estate of relevant Indicators P1, P2, P4, P6, P7 and P8 of occupational safety, health and social aspects, including follow up of previous issue, if any:</p> <ul style="list-style-type: none"> • Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. • Audit of OSH management at relevant mill operation, amenities, facilities, such as stores of chemical, fertilizer, and oils, workshop, water & effluent treatment plants, laboratory, boiler, genset, clinic, wastes recycling stations, etc. • Audit of social aspects including management of any amenities and facilities provided or available, such as linesites, water treatment plant, shops worship / prayer places, etc. • Consultation with any relevant stakeholders, such as local and foreign employees, committees, unions, contractors, suppliers, tenants, local communities, government agencies etc.
1300-1400	Lunch break		
1400-1700	Continue audit at Merotai POM	Continue audit at Tiger Estate	Continue audit at Merotai Estate

RSPO PUBLIC SUMMARY REPORT

Day 4: 21 April 2016 (Thursday)

Time	Hazani	Selva	Razman
0800-1300	Continue audit at any unfinished operating unit.	Continue audit at any unfinished operating unit.	Continue audit at any unfinished operating unit.
1300-1400	Lunch break		
1400-1530	Audit team discussion and concluding of findings, writing and issuance of NCR (if any), and preparation for verbal reporting of audit findings.		
1530-1700	Closing Meeting (at Merotai Palm Oil Mill)		

Note: Time and duration shown are approximate. Subject to weather, field visits may change accordingly, if necessary.

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	Merotai CU continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholders. Among the records sighted were correspondences with the authorities, local communities, employees, minute of meeting with stakeholders and social assessment report. No requests for information from stakeholders were observed, except as below: <u>Merotai POM</u> The mill has received notice from DOSH: i) Notis JKJ 26 No Siri 26A ii) Borang JKJP3 No Siri iii) Borang JKJP3 No Siri 3A <u>Tiger Estate</u> The estate has received quarterly employment survey by Department of Statistics Malaysia for 2015 dated 17/12/2015. Tiger Estate has responded to Department of Statistics Malaysia on 2/01/2016. <u>Merotai Estate</u> DOSH has requested accident information on tractor driver such as trailer design, maintenance record and appointment letter as tractor. Merotai Estate has submitted all information requested by DOSH.
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	The Merotai CU has maintained all records related to safety in the respective site's file.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative	1.2.1 Land titles/user rights (Criterion 2.2);	YES	Information relating to land titles maintained available through SDPSB website at http://plantation.simedarby.com . SDPSB maintained their ownership on the Merotai CU. This was verified by auditor through their land titles.
	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
	Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	YES	Environmental impact assessment and environmental plan are available at each operating unit of the CU. The environmental assessment include the Environmental Aspect and Impact Identification (EAI) document. Documented environmental related plans contained in the Environmental Improvement Plan / Pollution Prevention Plan / Waste Management Plan.

RSPO PUBLIC SUMMARY REPORT

environmental or social outcomes.				A Social Impact Assessment for the Merotai CU and the action plan based on the SIA findings were also made available to the auditors.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV related documentations are available at each supply base. The HCV assessment and the action plan are in the "HCV Re-assessment for Strategic Operating Unit Sabah Central – South Zone, Final Report, Version 11 dated January 2014" and "Biodiversity Action Plan FY 2015/16" documents.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Environmental pollution prevention and reduction plans maintained available by the CU at each operating unit. Documented environmental pollution prevention and reduction related plans contained in Environmental Improvement Plan / Pollution Prevention Plan / Waste Management Plan.
		Details of complaints and grievances (Criterion 6.3);	YES	Details of grievances, complaints and actions taken to solve them were recorded in the Complaint Book at each of the operating units.
		Negotiation procedures (Criterion 6.4);	YES	Merotai CU has established negotiation procedures titled 'Prosedur Komunikasi Luaran'.
		Continual improvement plans (Criterion 8.1);	YES	As mentioned in principle 6 (6.1), a Social Impact Assessment (SIA) has been prepared for the Merotai CU in 2014 (to be updated in 2016) by the Social and Environment Projects Unit, PSQM Department of SDPSB. The assessment had covered the mill and all the estates under the Merotai CU. The report highlighted various issues raised by the stakeholders of the respective estates and mill. Stakeholders' complaints, requests and comments were incorporated in the report. An action plan based on the findings of the SIA was developed by the respective estates and mil. The action plan was presented to the auditors. Continual improvement plans were also available at each operating units. Documented continual environmental improvement related plans contained in Environmental Improvement Plan / Pollution Prevention Plan / Waste Management Plan.
		Public summary of certification assessment report;	YES	Public summary of certification audit shall available at SIRIM QAS Intl.'s website.
		Human Rights Policy (Criterion 6.13).	YES	In January 2015, SDPSB has developed a Social & Humanity Management Policy. The Policy was signed by the Managing Director and displayed at various notice boards at the mill and estates.
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	An updated Social Policy (signed by the Managing Director January 2015) committing the company to a code of ethical conduct and integrity in all operations and transactions was available at site. In addition, there are also specific policies on social and humanity management, gender, and children's rights. These policies taken together demonstrated the company's respect for fair conduct of business, a prohibition of all forms of corruption, bribery and fraudulent use of funds and resources. These policies have been communicated to all level of the workforce via morning briefing, memos and during training. The policies are also displayed at the notice boards. This showed the company's commitment to a proper disclosure of information in accordance with applicable regulations and accepted industry practices.

RSPO PUBLIC SUMMARY REPORT

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	<p>The CU had continued to comply with legal requirements as per the indicator requirements. Guided by the established procedure, the annual evaluation of compliance was carried out concurrently with the review of legal register by the Sustainability Department. The list of applicable legal and other requirement was made available during the audit. The following legal requirements sampled for review :</p> <ul style="list-style-type: none"> • Fire Prevention& Protection Certificate – as per Fire Service (Fire Certificate) Act 1988. • Boiler – Reg.: SB PMD 145. • Boiler – Reg.: SB PMD 146. • Sterilizer – Reg.: SB PMT 979. • Sterilizer – Reg.: SB PMT 980. • Sterilizer – Reg.: SB PMT 978. <p>Nineteen (19) staffs which involved as the Authorised Entrant and Standby Person for confined space has received medical surveillance (health fitness certificate) by registered OHD dated 14/9/2015. The authorized entrant had also made a self-declared on their health status before doing work in the confined space area such as sterilizer, boiler and oil room.</p> <p>Certificates of authorised gas tester and entry supervisor (AGT), authorized entrant and standby person (AESP) are available and valid. Gas tester (Gas Alert Max XTII – MA211-025961) has been calibrated.</p> <p>Audiometric test has been conducted on 7/6/2015 and 12/6/2015 by a registered OHD. All workers are fit to work. As recommended, next test will be carried out on 6/6/2016.</p> <p>Auditor also has verified certificates of competent person for steam engineer grade 1, steam engineer grade 2, engine driver grade 1, engine driver grade 2, and electrical charginman A4.</p> <p>There was no application of methamidophos observed in both estates.</p> <p>For Merotai POM, the laboratory workers who handle n-Hexane have been scheduled to attend the exposure monitoring once in every 6 months. Records were sighted for the monitoring on 22/05/2015 and 10/03/2016. There was also a planned to conduct the monitoring in August 2016. The report in 2015 was delayed due to miscommunication with the OHD. Therefore, the previous NCR # JS 1/2014 has been satisfactorily closed out.</p> <p>The Mill has maintained compliance with relevant environmental legal requirements. Valid DOE's license, written approvals for boiler and generator sets are available. Results of prescribed monitoring and reporting of effluent analysis, black smoke and scheduled wastes were also available, and submitted to DOE. Competent persons for scheduled wastes management and treatment of effluent are also available.</p>

RSPO PUBLIC SUMMARY REPORT

				<p>Relevant licenses and permits such as MPOB license, Domestic Trade Ministry and Work permits were valid.</p> <p>Foreign workers have valid work permits and passports. Monitoring activities were being conducted in accordance with the relevant procedures and requirements. The renewal of work permits was carried by Sime Darby Berhad Foreign Workers Centre.</p> <p>Follow up of previous non-conformity noted that the mill has obtained an approval from the Labour Department for the deductions of employee wages for union fee, trust fund etc.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained Minor Compliance	YES	<p>Merotai 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 for their operations. Each operating unit had its own Legal and Other Requirements Register (LORR) and were being evaluated annually for their compliance. Evidence of evaluation of compliance that and been evaluated on an annual basis was made available during the audit. The legal registers were update by the appointed person in-charge.</p>
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	<p>Both estates have a documented system to monitor and ensure compliance of legal requirements. The mechanism was documented in EQMS (Estate Quality Management System) under Standard Operation Manual. There is evidence of compliance to legal requirements which has been evaluated on an annual basis. These compliances are ensured by Internal & External Audits, PA visits, RSPO Audits and by Preliminary Group Corporate Assurance Reports (PGCAR).</p> <p>The following was sighted during the audit: PSQM Internal Audits (Merotai on 23/11/2015 & Tiger on 25/11/2015), PA visits (Merotai on 23/02/2016 & Tiger on 26/02/2016), Mill Visit Report (No. SOU30/MRM/01/16-16, 9-13/11/15), Group Corporate Assurance Department (audit report), Mill Oil Recovery Audit and Internal RSPO Assessments.</p>
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	<p>PSQM department, which is based in Kuala Lumpur is responsible in tracking any changes to the Acts and Regulations. This was done through communicating with the publisher of the documents. This mechanism was outlined in its procedure. The updating of the legal register was carried out on a periodical basis. Any change in the legal register is communicated to the respective SOUs. However, as to date, no changes observed. The CU had made use of the SDPSB established documented system for identifying, tracking, accessing and updating the legal requirements. It had ensured that all applicable legal requirements pertaining to RSPO had been established, implemented and maintained. Observed that the Merotai CU had updated its legal register include new requirements, such as:</p> <ol style="list-style-type: none"> 1. Code of practice for safe working in a confined space, 2010 2. CLASS Regulation 2013 3. Medical Assistant (Registration) Act 1977 4. FMA 1967, Person in Charge Regulations (Amendment), 2014 5. Labour Ordinance Cap. 67 6. Immigration Act, 1975 7. Industrial Relation Act, 1956

RSPO PUBLIC SUMMARY REPORT

				Therefore, the previous Minor NCR VS 01/2014 has been satisfactorily 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	The copy of legal ownership of the land under the CU was verified. There are 31 land titles involved under Merotai CU. Most of the leasee names are Sime Darby Plantations (Sabah) Sdn. Bhd. [a subsidiary, which wholly owned by Sime Darby Plantation Sdn Bhd.], while some were not. The CU is still in the process of updating the leasee names with the authorities. The CU found to be complying with the terms of the land titles. Most of the terms are for cultivation of oil palms and some were still for cultivation of rubber/abaca. The CU is still in the process of updating the terms with the authority.
	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	Boundary stone and pegs were visibly maintained between Tiger Estate and neighboring third party oil palm estates such as Syarikat Keeta, JC Chan, Kebun Rimau, Ooi Trading, Syarikat Haspalm. At Merotai Estate, boundary stones and pegs are visibly maintained between the estate and Tawau Forest Reserve (Mangrove Forest), Kg. Sg. Hj. Matahir and Kg. Simpang Tiga.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	YES	It was observed that there was no dispute concerning land.
	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	It was observed that there was no dispute concerning land.
	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	YES	It was observed that there was no dispute concerning land.

RSPO PUBLIC SUMMARY REPORT

		communities and relevant authorities where applicable). Minor Compliance		
	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	Auditor has verified through Stakeholders Meeting dated 7/9/2015 and interview with nearest villagers and other oil palm plantation companies that there was no violence action taken by Merotai CU. The CU only employed watchmen in order to guarding security of its workers, staffs and children, as well as their belongings and company properties.
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	It was observed that there was no conflict or dispute concerning land.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: 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; 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; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have	YES	It was observed that there was no conflict or dispute concerning land.

RSPO PUBLIC SUMMARY REPORT

		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. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	It was observed that there was no conflict or dispute concerning land.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	It was observed that there was no conflict or dispute concerning land.

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	Both estates continue to persevere to make 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 upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield/ha, and total cost of production per m ton & per ha.

RSPO PUBLIC SUMMARY REPORT

	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 in the Long Range Replanting Programme (LRRP) 2015/16 to 2030/31. This programme is reviewed once a year and is incorporated into their annual financial budget.
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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	The CU continued to practice as per their established documented manual / procedures such as the Plantations / Mill Quality Management System (PQMS / MQMS), PQMS / MQMS Standard Operating Manual and Procedures (SOP) and Sustainable Plantation Management System (SPMS) Manual, RSPO Supply Chain Manual, ESH Management System Manual, Occupational Safety and Health Manual, Pictorial Safety Standards, Laboratory Process Control Manual and Security Guidelines. The documents include operation activities in the estates and mill from seedlings in nursery to planting of young palms and plantation upkeep to mill FFB receipt, grading, processing, quality analysis and despatch of CPO, PK and PKO as well as security of the CU. For the estates, on top of the PQMS, technical guidelines as listed in the Agricultural Reference Manual were also referred. Contents of the manual were disseminated to the workers through morning roll call and trainings. The manual is also kept in the administration office where everyone can refer. It was also seen that relevant SOP, sometimes an abridged version, were displayed at various work stations for easy reference.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	All operating units observed been monitored its consistency of implementation in accordance to documented requirements stated in 4.1.1 via mechanism stated in 2.1.3.
	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 all operating units observed were maintained and kept for a minimum of 12 months. Among example of monitoring records were: <ul style="list-style-type: none"> Monthly Costing and Annual Reports on monitoring of all activities. Work Program Sheets, Field cost books for harvesting, weeding, Bin cards, Monthly Progress & Report Account, rainfall data, pest census, etc. FFB quality control and corrective action records were sighted. Harvesting rounds / harvesting interval records.

RSPO PUBLIC SUMMARY REPORT

	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	YES	Actual FFB received from third party between January and December 2015: <table><tr><td></td><td>FFB (Mt)</td><td>%</td></tr><tr><td>RSPO Certified FFB</td><td>-</td><td>-</td></tr><tr><td>Non-Certified FFB</td><td>83,980.38</td><td>100.00</td></tr><tr><td>TOTAL</td><td>83,980.38</td><td>100.00</td></tr></table>		FFB (Mt)	%	RSPO Certified FFB	-	-	Non-Certified FFB	83,980.38	100.00	TOTAL	83,980.38	100.00
	FFB (Mt)	%														
RSPO Certified FFB	-	-														
Non-Certified FFB	83,980.38	100.00														
TOTAL	83,980.38	100.00														
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates practice 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. Maintenance of soil fertility is guided by: i) EOMS chapter B8 – Leguminous Cover Crops ii) EOMS chapter B14– Manuring iii) ARM Section 8- Manuring iv) ARM Section 17 - Leguminous Cover Crops Fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried based on the recommendation made by the Chief Agronomist II. The recommendation for Merotai estate was made on 24/08/2015 while the Tiger estate on 12/05/2015. The annual fertiliser recommendations were made based on annual foliar sampling and 5 yearly soil sampling. Fertiliser application program was monitored using records like program sheets, bin cards, total bags & area form, AP records, empty bag return, field cost book, fertiliser application monitoring forms, etc.												
	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, total bags & area form, AP records, empty bag return, field cost book, Fertiliser Application monitoring forms, etc. Records of programs and applications of fertilisers were made available to auditors. Records sighted showed that actual applied in 2014/2015 was in line with program. Fertiliser application for 2015/2016 was on going in both estates.												
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	From the Agronomist reports it was confirmed that periodic foliar sampling for the nutrients N, P, K, Mg, Ca & B had been carried out in both estates and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The latest foliar sampling at Merotai estate was carried out in April 2015, which formed the basis for formulation of the fertiliser recommendation for 2016. At Tiger Estate it was carried in March 2016 and the results of which will be used to formulate the fertiliser recommendation for 2016/2017. Soil maps were made available to the auditors. Analysis for soil T-N, Av-P, Ex-K. Ex-Ca and Ex-Mg was carried out as per ISCC & RSPO requirement in Merotai estate and Tiger estate on 25/05/2014 by the Senior Chemist from R&D department of SDPSB.												
	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. Palm fronds were stacked in the fields to decompose and by EFB application. The estates focused more on application of compost than EFB. EFB was applied in the mature oil palm areas. In 2014/2015, EFB application for 2015/2016 was on going in both estates. Compost was applied in both estates. Currently, in 2015/2016 application was on going.												

RSPO PUBLIC SUMMARY REPORT

				POME application was applied in fields P00BB and P01BB in Merotai estate. The BOD of POME at the time of application was below 20mg/l, and was applied as land irrigation.
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	N/A	Based on the soil maps provided, there was no fragile/marginal soils in both estates visited. At Merotai estate, the soils type are mainly the Kinabutan, Mai, Table and Kechor series. In Tiger estate it was mainly of Table series.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	SDPSB had a management strategy in place for planting on slopes and to minimise and control erosion and degradation of soils. Among the strategies for plantings on slopes between 6 and 25 degrees are: <ul style="list-style-type: none"> Slope & River Protection Policy – Buffer zone & 25 degree slope Item 8 Section 4 – Land preparation for terracing in ARM Manual. <p>49% of Merotai estate is flat and undulating It has a straight line planting with the balance on terrace planting. Tiger estate had 62% of its area planted on terraces. Both estates had also implemented prevention of soil erosion measures such as construction of moisture conservation pits (MCP) in steep slope areas. Cover crop was observed and the CU management had generally encouraged the establishment of soft growth. Areas with <i>Neprolepis biserrata</i> were sighted during the visit. Most slopes had well established <i>Mucuna.bracteata</i>. No bare ground was sighted during the visit.</p>
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit to both estates, it was noted that road conditions were good and well maintained. A regular maintenance of the road was seen, and guided by its road maintenance programmes. The program for grading, re-surfacing, road side pruning, pot hole patching, culvert maintenance, etc had been supported by adequate provisions in the budgets. Surface run off water from road is directed into the fields and drains with well cambered roads and with road side slit pits and road sided drains. For road maintenance, both estates had used motor graders and tractor compactors, back hoes, tractors with back buckets and excavators. For re-surfacing at Tiger estate, laterite from its own laterite pits was used and in addition on both estates crusher run was purchased.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	N/A	There were no peat soils in both audited estates.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	N/A	Not applicable as there were no peat soils in both estates.

RSPO PUBLIC SUMMARY REPORT

	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	Not applicable as there were no fragile and 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	<p>All operating units had in place and implemented water management plans. Plans for 2015/2016 were sighted. Generally, the water management plans are more towards pollution prevention and domestic use. The management plan also covered dry spell/shortage and in case of water pollution. Generally, the CU also observed to maintain availability and quality of water supply. Workers were advised to conserve water during muster.</p> <p>The plans cover the following:</p> <ul style="list-style-type: none"> • Desilting of drains and the use of sand bags bunds in moisture conservation trenches (MCT) to trap water. • Monitor water consumption of staff & workers housing and to identify and repair leaking pipes immediately. • Washing of offices and bungalows only once in 2 days. <p>In Tiger Estate, an addition natural water collection pond had been constructed for increasing of water supply capacity to address during drought season. Rainwater harvesting was also implemented at the worker's new quarters. The water is used for washing purposes. Rainfall records based on rain gauge reading is available on site. Records of rainfall data, for the last 10 years, to assist in the water management plans were sighted.</p>
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	YES	<p>Both estates continue to protect water courses including maintaining and restoring appropriate riparian buffer zones along all natural waterways. Sime Darby had the policy to maintain the buffer by restricting agrochemicals application and was left undeveloped during replanting. During the site review, it was noted that the assigned buffer zones along the natural waterways were identified, marked and left untouched. The width of the buffer zone for both sides of the banks is in accordance to the Drainage and Irrigation Department (DID) requirements.</p> <p>No bunds, weirs or dams across any waterways and rivers was observed in both estates visited.</p>
	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	<p>Treatment of the palm oil mill effluent continues to be under controlled and monitored as per the applicable legal requirements. Generally, the quality of effluent complied with its specification, except few occurrences. Actions were taken accordingly. However, there is no explicit continual improvement action plan observed. A Major NCR HO-01 issued under 8.1.1 (b).</p>
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	YES	<p>The water consumption in the mill has been monitored on monthly basis. The mill was observed implementing a reduction plan to reduce water usage per ton of FFB processed. The plan contained in the "Action Plan to Reduce Fresh Water Usage FY2015/16" and detailed in "Kaizen Sheet" (project).</p>

RSPO PUBLIC SUMMARY REPORT

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	As for all of SDPSB estates, both Merotai estate and Tiger estate had documented integrated pest management (IPM) system in place. The procedure referred is in Agricultural Reference Manual (ARM) Section 15 - Plant Protection. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls (<i>tyto alba</i>), bagworm control includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i> and for rhino beetles is by using pheromone trap. It was noted that the rearing of barn owls is generally unsuccessful in Sabah. Though there were 41 barn owl boxes in Tiger estate, there were not inhabited by any owls. There were no barn owl boxes in Merotai estate. Both estates have carried out monthly detection and observation of leaf eating pests, rat damage and diseases like Ganoderma. These detection and observations were carried by appointed staffs. When damaged/disease was observed, proper census were then carried out. Records showed no outbreak had been taken place in the last reporting period. Rat baiting was by calendar baiting at 2 campaigns per year. Baiting was continued until bait acceptance fell below 20%. However, rat damage in both estates had been very low. Records showed that beneficial plants were continuously planted in both estates visited. During visits to nurseries, it was observed that both estates had beneficial plants in polybags, ready for planting.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Both estates have carried out training on IPM implementation to staffs and workers. Records showed that the latest training were conducted in October 2015 and in April 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	The written justification in Standard Operating Procedure (SOP) of all agrochemical was available in the Agricultural Reference Manual Section 15 and 16, Chapter 9 of the OSH Manual on Safe Handling and in the Safety Pictorial Book prepared by Sime Darby Plantation Sdn Bhd. The uses of selective products that are specific to the target pest, weed or disease were demonstrated in the Agricultural Reference Manual. In addition, both estates had procedures for safe handling of chemicals, 'Senarai Nama Tatacara Kerja Selamat (SOP) – Ladang Merotai' and 'Arahan Tetap Untuk Meracun Rumpai – Ladang Tiger', which covered, to mention some "Penggunaan Racun Tikus, Bahan Racun, Baja" and etc
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Both estates had documented programs for spraying pesticides and for rat baiting. Pesticide application was implemented as planned. Both estates have records to show the types of pesticides used with active ingredients, their LD50, where these pesticides were 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	YES	As part of the IPM plans, management of both estates had established nectariferous beneficial plants nurseries (<i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera</i>

RSPO PUBLIC SUMMARY REPORT

		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		<p><i>sublata</i>) for continuous planting in order to attract natural predators and thus to reduce use of insecticides against leaf eating pest.</p> <p>During visits to the nurseries, it was observed that both estates had a number of beneficial plants ready for planting. Both estates have documented programs for spraying pesticides and for rat baiting. Pesticide application was implemented only as and when required/programmed.</p> <p>The estates were committed to reduce using chemicals and now have implemented and will continue to only spray Circles (Strip) and noxious weeds. Soft weeds and <i>Nephrolepis bisserata</i> are maintained and encouraged in the inter rows. Harvester's paths were only grass cut.</p> <p>EFB and compost were applied in single layers and were not dumped in large amounts to prevent breeding of Rhinoceros Beetles in order to minimise pesticide use. Prophylactic use of pesticides was not observed in both estates visited.</p>
	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 Regulations (2000). Minor Compliance	YES	<p>Both estates observed only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).</p> <p>There was no evidence of pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and that paraquat, had been used. All pesticides used were either class III or class IV. Records of spraying were kept in files and in accordance with USECHH Regulations. Among the pesticide used are the Ken-Amine Class III, Supremo Class III, Kenlon Class III and Canyon Class IV.</p>
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly	YES	<p>Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS/CSDS of the pesticide.</p> <p>As mentioned under Indicator 4.6.1 both estates had in place SOPs for safe-handling of pesticides.</p> <p>Appropriate safety PPE on both estates had been provided and used as per the CHRA recommendation on 24/09/2013.</p> <p>The staffs and workers such as the storekeepers, sprayers, fertilizer and rat bait workers have been trained and they understood the hazards involve associated with the chemicals and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the</p>

RSPO PUBLIC SUMMARY REPORT

		observed, applied, and understood by workers (see Criterion 4.7). Major Compliance		MSDS/CSDS training. It was noted that the MSDS/CSDS are available at all sites during the audit. All workers involved in pesticide application were provided with appropriate PPE and replaced when damaged. PPE issue and replacements records were verified by the auditors. It was also observed that PPE was used by workers working in the fields. From interviews conducted with workers and staffs in the fields and stores clerks it was confirmed that they had been trained and were aware of safe handling procedures. Trainings on spraying which included the safety aspects and usage of PPE when handling pesticides were carried in January & November 2015 at Tiger estate and on Merotai estate in November 2015. Record of training was available for verification.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	The storage of chemicals and fertilisers in the CU were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and its Regulations. All of the chemicals and fertilisers were stored and segregated accordingly. The stores were well ventilated, and equipped with exhaust fans, emergency shower and eye wash area, 'Safety Signage', 'Spill Kit' to handle any emergencies. The stores were locked and the keys are controlled by the store keeper and attendant. Colour code is used to distinguish the 'Chemical Class'. Chemicals observed were of class III & IV. Relevant MSDS/SDS were available in both chemicals and fertiliser stores. Only authorized personnel were allowed to handle the chemicals. Empty pesticides containers had been triple rinsed, holes punched in them and stored separately in the schedule waste store awaiting proper disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by SDPSB's ARM, Pictorial Guide, OSH Manual, CHRA and by MSDS/SDS supplied by the manufacturer. The CHRAs on both the estates were on reviewed on 24 ⁰⁹ /2013 by registered doctor.
	4.6.8	Pesticides shall be applied aurally only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	There was no evidence of any aerial spraying carried out in both estates.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8).	YES	The staffs and workers such as the storekeepers, sprayers, fertilizer and rat bait workers have been trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. The following training records were sighted during the audit: 1. Spraying & Calibration 2. PPE use

RSPO PUBLIC SUMMARY REPORT

		Minor Compliance		
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	YES	Domestic wastes at both estates were removed to approved dump sites twice a week by appointed wastes contractor. During the visit, no open burning was sighted.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	The CHRAs of both estates have been reviewed by registered doctor. The following were sighted: <u>Tiger estate</u> Annual medical surveillance was conducted for pesticide operators as per CHRA. The CHRA was last conducted on 26-27/5/2015, by registered competent person. <u>Merotai estate</u> Annual medical surveillance was conducted for pesticide operators as per CHRA by registered OHD. The CHRA was last conducted on 24/9/2013, by registered DOSH.
	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". At both estates identification of pregnancy was carried out by the Mas. This was done through interviews with women on the last menstrual period dates. This interview was done during the monthly medical check-up conducted. Pregnancy test is carried out in doubtful cases. There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women. This was confirmed during the interviews with the workers.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	An occupational health and safety policy has been established on 1/01/2015. The policy has been communicated to all levels of the organization through briefings and being displayed prominently in Bahasa Malaysia and English at the notice boards at the mill and estate offices and Muster Ground. Random interviews with employees showed that they generally understood the basic requirements of the policy. Occupational health and safety (OHS) management plan has been established at Merotai POM, Tiger estate and Merotai estate titled 'Environment, Safety and Health Program FY 2015/2016'. The OHS management plan sighted addressed issues related to ESH risk management, ESH structure, incident reporting, emergency preparedness & response, chemical safety management, personal & boundary noise management etc. Generally, the OSH plans were acceptable.
	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	YES	It was confirmed that all the operating units have assessed their operations where health and safety is an issue. The following were reviewed: <u>Merotai POM</u> HIRARC for the mill has been identified since 2010. The latest review was carried out on 12/10/2015 for the biogas plant. Two accidents involving LTI – HIRARC was revised after each accident. <u>Tiger Estate</u> HIRARC for the operation of the estate has been identified since 2013. Latest review

RSPO PUBLIC SUMMARY REPORT

		properly observed and applied to the workers. Major Compliance		<p>was conducted on 6/4/2016. No changes to the risk rating and no significant changes related to the HIRARC. Latest linesite inspection had been conducted dated 5/4/2016 and documented as verified by auditor.</p> <p><u>Merotai Estate</u> HIRARC for the operation of the estate has been identified. There was a revision on harvesting activities due to accident during loading of FFB dated 13/4/2016. The HIRARC was reviewed on the same day.</p>
	4.7.3	<p>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>Major Compliance</p>	YES	<p>Training and briefing on the operations have been provided to workers to educate them on safe working practices to ensure applicable precautions are adhered. The training were conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc.</p> <p>The staffs and workers such as the storekeepers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained on handling of chemicals. They understood the hazards involve with the chemicals and how the chemicals should be used in a safe manner. All workers were provided with appropriate PPE and replaced when damaged. The issuance of PPE and the replacements was recorded and the records were verified by the auditor. It was also observed that PPE was used by workers working in the fields.</p> <p>Based on the HIRARC carried out at both estates, the types of PPE for different activities were identified. The use of the PPE is being checked and inspected daily and recorded in the 'Daily Safety Checklist'. The following were sighted:</p> <ul style="list-style-type: none"> i. Harvester - safety helmet, sickle cover, hand glove and wellington boots. ii. Sprayers - respirator, nitrile glove (chemical resistant), goggles, wellington boots and apron. iii. Manuring - apron, wellington boots and dust mask. <p>Records of training were maintained at the office for reference and verification, and were verified during the audit. Some of the latest training conducted were as follows:</p> <p><u>Merotai Estate</u></p> <ol style="list-style-type: none"> 1. Pruning 2. Spraying 3. Manuring 4. Harvesting <p><u>Tiger Estate</u></p> <ol style="list-style-type: none"> 1. Spraying 2. Harvesting 3. Frond Stacking 4. Manuring

RSPO PUBLIC SUMMARY REPORT

	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s 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	<p>Regular meetings concerning health, safety and welfare, and responsible persons in each operating unit have been carried out according. Records of the meetings have been reviewed. The following were sighted:</p> <p><u>Merotai POM</u> Quarterly Safety & Health Committee meeting was conducted. The meeting was chaired by the Mill Manager. Minutes of meeting dated 7/3/2016, 8/12/2015, 10/9/2015 and 12/6/2015 were verified.</p> <p><u>Tiger estate</u> Quarterly Safety & Health Committee meeting was conducted. The meeting was chaired by the Estate Manager. Minutes of meeting dated 15/1/2016, 26/10/2015, 25/6/2015 and 9/2/2015 were verified.</p> <p><u>Merotai estate</u> Workplace inspection was carried out and reported in the OSH Committee dated 4/3/2016, 4/12/2015, 8/9/2015 and 11/6/2015. Concerns were identified and appropriate actions initiated.</p>
	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	<p>Emergency response plan (ERP) has been established and defined in procedure, Level 2, Standard Operation Manual, Sub Section 5.5, Management Responsibility, Attachment 5.5.3.3 Emergency Preparedness and Response Procedure, version 1, issue 1 dated 1/11/2008. Further findings as below:</p> <p><u>Merotai POM</u> Emergency Response Team (ERT) for FY2015/2016 has been established with adequate representation from relevant employees. The Emergency Response Plan (ERP) has addressed the incident reporting, explosion, accident, fire breakout in mill and oil spillage. Fire drill was last carried out on 20/01/2016 and post mortem report was available for verification.</p> <p>Trained First Aiders and their training records were available for verification. The validity of certificate is 3 years.</p> <p>The mill has conducted accident investigation for two accidents on the same day when the accident occurred. Therefore, the previous NCR # JS 2/2014 was satisfactorily closed.</p> <p><u>Tiger estate & Merotai estate</u> The ERP has addressed incidents such as exposure to poisonous substances, agrochemicals spillage, wild animal attack and fire breakout. Fire drill was last carried out on 6/3/2015 at Tiger estate and 19/8/2015 at Merotai estate. Post mortem report was available for verification.</p> <p>First aid kits were maintained in various work stations. The kits were checked on monthly basis and replenished by the respective estate's Hospital Assistant. The first aid box at mill laboratory, FFB ramp, boiler station, chemical store, and workshop were verified and found that the contents were adequate and appropriate.</p> <p>Trained First Aiders and their training records were available for verification. The validity of certificate is 3 years.</p>

RSPO PUBLIC SUMMARY REPORT

	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	As per the Compensation Act 1952, foreign workers at Merotai POM are covered by insurance policy from RHB Insurance Berhad. At Tiger estate, RHB policy was sighted. As for Merotai estate, the foreign workers are covered by SPPA insurance.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Accident statistics have been maintained and periodically reviewed (quarterly basis) during Health and Safety Committee meeting by each operating unit.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	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 all operating units. Among the trainings for FY2015/2016 identified were: <ol style="list-style-type: none"> 1. Chemical sprayers training 2. Training on legal compliance 3. First aid training 4. Chemical handling training (raw water treatment) 5. LOTO training 6. JSA and HIRARC training 7. PPE training 8. RSPO training 9. Control procedure on water sampling and analysis, and fertiliser sampling techniques 10. POME training 11. "Pengendalian Sistem E-SWISS" 12. "Pengurusan Bahan Buangan Terjadual" 13. CePPOMES Relevant records of training conducted observed maintained.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Training records were kept in the training file for all employees. Records of trainings with names of employees attended the training were presented and verified by auditor.

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	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	The CU has established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (EAI) which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental aspects are the boiler stack emission which is associated with air emission, palm oil mill effluent (POME) discharge (water pollution) and land contamination which related to the management of scheduled wastes and general waste. For estate operations, all

RSPO PUBLIC SUMMARY REPORT

the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.				activities from harvesting, pest and disease, upkeep programme until delivery to mill have been identified.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	No new significant impact, which requires changes of current practices to mitigating negative effects. However, the CU maintained action plans (Environmental Improvement Plan / Pollution Prevention Plan / Waste Management Plan) to manage and mitigate identified negative effects. Responsible persons assigned by management of each operating unit have been identified to implement the plans.
	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	Beside the responsible persons, the plans contained actions to mitigate the identified negative effects. The outlined actions were implemented. Generally, tray, bund, sump and oil trap maintained where potential of chemical and oil spillage could occur, particularly at oils and chemicals storage, filling, mixing areas. Spillage of chemical observed collected back for re-used, and oil spillage observed collected and disposed as scheduled wastes item accordingly. POME continues to be treated before being discharged for land irrigation. EFB continues to process into compost. Leachate from composting is collected and recycled back for composting application. Fibre and shell are used as fuel for boiler operation. Scheduled wastes have been managed in accordance with the regulatory requirements. Records of periodical reporting of each of the above items were evident. These were the evidence which showed that the plans been monitored. The plans are reviewed annually.
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	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 CU maintained its documented HCV assessment, which contained in the "HCV Re-assessment for Strategic Operating Unit Sabah Central – South Zone, Final Report, Version 11, January 2014". The assessment generally had considered both the planted area and relevant wider landscape-level. The CU observed to maintain its identified HCVs, i.e. natural pond and remnant forest patch ("Bukit Tiger" in Tiger estate) and natural pond (in Merotai estate) respectively. The CU has also identified a small part of Merotai estate bordered to swamp / mangrove forest.
	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	YES	There were no RTE observed to be present in the CU. The CU had a regular programmes to educate its employees pertaining to the protection of the RTE, rules and regulation, as well as protection of buffer zone. The CU has conducted a regular patrol of HCV areas, access, and boundary of estates. Signage, such as "No Hunting", "No Fishing", "Buffer Zone" were available. No use of chemicals observed been applied in the buffer zone as prohibited by the CU.

RSPO PUBLIC SUMMARY REPORT

they are maintained and/or enhanced.		shall be implemented through an action plan. Major Compliance		In general, the action plan has been implemented accordingly. Detailed of action plan concerning HCV contained in the "Biodiversity Action Plan FY 2015/16".
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	The CU has regularly educate its employees via morning muster briefing about the need to protect the RTE species. Appropriate disciplinary measures will be taken if found violated. Information pertaining RTE and relevant CU policies were displayed at the morning muster station. No case of non-compliance and disciplinary measures taken so far.
	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	The CU had continued to monitor its HCV areas and presence of RTE. During the field audit, there was no presence of RTE in the areas found and the monitoring records also confirmed that no significant outcomes detected.
	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 is no HCV set-asides with existing right of local communities observed.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	The wastes and the sources of pollution were identified and documented in "Waste Management Plan".

RSPO PUBLIC SUMMARY REPORT

socially responsible manner.	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	All chemical wastes and empty chemical containers were collected and disposed according to scheduled wastes requirements.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	Plan to reduce pollution has been documented and continued to be implemented. Generally, tray, bund, sump and oil trap were provided where potential of chemical and oil spillage could occur, in particular at the oil and chemicals store, filling and mixing areas. The spilled agro-chemical that was collected and re-used. As for the oil, the spilled oil was disposed as scheduled wastes. POME continues to be treated and discharged for land irrigation as prescribed in their license issued by DOE. EFB continues to be processed into compost. Leachate from the composting plant is collected in a sump pit and recycled back in the composting process. Fibre and shell are used as fuel for boiler operation. Scheduled wastes were maintained to be managed in accordance to the regulatory requirements.
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	NO	A plan for improving efficiency of the use of fossil fuel has been established, implemented and monitored in Merotai POM only. The mill has implemented a diesel reduction project, which is part of their "Lean Six Sigma Project Charter" project. The mill also continues to use renewable energy such as shell and fibre for the operation of boiler. During the audit, there was no evident that at Tiger estate and Merotai estate have planned for improving efficiency of the use of fossil fuel. Thus, Minor NCR HO-02 was issued.
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 ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	SDPSB had a policy of no open burning. It was in: <ul style="list-style-type: none"> • EQMS-SOP-Section B2 - Under felling/clearing & land preparation. • Local Procedure - "safe working". • Carbon Policy. As advocated, both estates practiced zero burning. It was evident that all palms were felled, shredded, windrowed and left to decompose.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	As per SDPSB policy on zero burning during land preparation for replanting, both estate had adhered to this policy.

RSPO PUBLIC SUMMARY REPORT

<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>	<p>5.6.1</p>	<p>An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).</p>	<p>YES</p>	<p>The CU had assessed its operation for determining polluting activities, including gaseous emissions, particulate/soot emissions and effluent.</p>
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RSPO PUBLIC SUMMARY REPORT

	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 CU had identified significant GHG (methane) emission from their effluent pond. Plan to minimise the emission was carried out through the establishment of the biogas plant. The plant is currently at the commissioning stage.
	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	The HQ of the CU is currently monitoring the GHG emission from the CU operation. Noted that calculation and monitoring of GHG emission was using the PalmGHG tool. Reporting of GHG monitoring was submitted to RSPO.

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 CU has made available the documented social impact assessment, including records of meetings. The document is titled as "Social Impact Assessment (SIA), SOU 30 Merotai" dated September 2013. The assessment was conducted with workers, union representative, gender committee, contractor, supplier, villagers, and government agencies.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	The CU still continues to involve affected parties in their assessment and consultation process. List of attendance of the affected parties was maintained.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	YES	Merotai POM, Tiger estate and Merotai estate have established a Social Management Plan FY 2015/2016. The action plan has addressed all issues related with staff, workers and stakeholders. The action plan has included the timetable, responsibilities, action taken and date of completion. The following were sighted: 1. Roof repairing at Sekolah Agama Rakyat (Tiger estate). 2. Repairing the rain hut in the field (Tiger estate). 3. Installation of 24/7 electricity supply for workers' quarters through connection from Sabah Electricity Sdn Bhd (Merotai estate).
	6.1.4	The plans shall be reviewed as a minimum once every two years	YES	The SIA action plan for Merotai CU has been reviewed annually with latest revision dated 21/03/2016.

RSPO PUBLIC SUMMARY REPORT

		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		
	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 Merotai CU. However, the CU has conducted OER and FFB grading briefing on 29/2/2016 to the third party FFB suppliers.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Generally, the CU maintained its documented "Procedure for External Communication Prosedur Komunikasi Luaran". Communication with external parties was filed and made available to the auditors. Internal communication has also been implemented via various means, such as briefings and meetings, notice boards, emails, letters, and etc. The morning briefings continued to be most common channel through which the management communicates whatever policies to the workers.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The CU has appointed specific management official at respective operating unit responsible for social issues. Appointment letters dated 1/03/2016 were sighted.
	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	Merotai POM has maintained a list of its stakeholders for FY2015/2016. Minutes of meeting with stakeholders carried out on 10/10/2015 was reviewed. Actions were taken to response to the input of the stakeholders. Auditor has verified during interview with one of the heads of village. Tiger estate has also maintained list of its stakeholders for FY2015/2016. Stakeholder meeting was carried out on 7/09/2015. Actions have been taken in response to input from stakeholders. It was evident that the meeting had invited various stakeholders. Merotai estate has also maintained list of its stakeholders for FY2015/2016. Stakeholder Meeting has been conducted on 14/04/2016. It was evident that actions have been taken in response to input from stakeholders.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	All complaints were recorded in the Complaints Book/ Laporan/Aduan Kampung Form for workers and Request Book for stakeholders. The book was accessible to all aggrieved parties i.e. internal and external. A review of the book showed that all the complaints were from internal stakeholders and related to house repairs. There were no complaints from external stakeholders. The CU maintained its dispute system which is open to any affected parties. Relevant policy and procedures were available for reviewed. Anonymity of complainants and whistleblowers will not be revealed to third parties. Sime Darby also has published

RSPO PUBLIC SUMMARY REPORT

accepted by all affected parties				guideline on whistle blowing complaint at http://www.simedarby.com/Whistleblowing.aspx .
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	The mill and the estates have recorded all complaints from their workers.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	The procedure concerning legal and customary right pertaining to land issue, including compensation process remained under the purview of the Land Management Department at Sime Darby headquarter. If any, the process will be managed in accordance with the 'Appendix 3 - Flowchart and Procedures on Handling Land Disputes'. This procedure is applicable to all Sime Darby's CUs. For compensation concerning employee issues, the process is handled by the Human Resource Department in headquarters.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	YES	The compensation procedure maintained as described in SDPSB's SOP 'Appendix 3 - Flowchart and Procedures on Handling Land Disputes'. Compensation on loss of legal rights will be determined according to the land authority. There is no case of compensation observed that could be verified
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There is no case of compensation observed that could be verified the process and outcome.
C 6.5 Pay and conditions for employees and for	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Pay and condition for employees and contractors of the CU maintained documented in their employment contract and contract work respectively. The wages are found to be complying with the industry minimum standard. Workers pay slip included the basic pay,

RSPO PUBLIC SUMMARY REPORT

contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages				attendance incentive, afternoon work, transport allowance, phone allowance, wage rate, work benefits, overtime, annual leave and public holidays etc.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	Workers employment contract included information pertaining to work terms such as working hours, service period, medical facilities, housing, transportation allowance, maternity leave, entitle for sick leave, annual leave, etc. Briefing on understanding about payment and calculation were carried out accordingly. Interviewed with foreign workers from Indonesia confirmed that there were aware of their benefits and rights.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance	NO	All employees of the CU are provided with accommodation, domestic water supply, electricity, clinic and welfare amenities such as mosque, community hall, crèche, kindergarten and playground for children & workers, and HUMANA school (Merotai and Imam estate) for schooling kids of foreign workers. Auditor has verified record on linesite audit checklist dated 22/1/2016, 19/2/2016, 18/3/2016 and 19/4/2016 at the Merotai POM which was conducted on monthly basis. At the Tiger estate, linesite sanitary inspection was also conducted on monthly basis. The inspections were carried out on 15/01/2016, 12/2/2016 and 11/03/16. At the Merotai estate, linesite sanitary inspection was conducted on 5/2/2016 and 9/3/2016. However, the audit period was not in line with Section 23, Workers' Minimum Standards of Housing and Amenities Act 1990 where the act required management to conduct weekly. Thus, a Minor NCR MRS 01 2016 was raised. Water sampling analysis for drinking at Merotai estate was carried out accordingly. The parameters include pH, total dissolved solid, aluminum, turbidity, chloride, total coliform and fecal coliform. The results were below than the maximum limit of drinking water quality standard by the Ministry of Health Malaysia.
	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	Auditor has verified meeting record between Merotai POM and canteen representative which was held on 8/4/2016. The meeting had discussed issues on the sufficiency of the food supply and the cost of the food to ensure the food is affordable. Tiger estate has visited two sundry shops on 1/01/2016. The visit included discussion on the affordability and adequacy of the supplies at the shops. Interviews with several workers and staffs was carried out during the audit. The interviewees felt that even though food quality and variety is better outside and food prices higher than in the mill/estates, the difference in the price is negligible and acceptable to them. Merotai estate has monitored a sundry shop on 1/1/2016 for affordability and adequacy of the supplies. Interviews with several workers and staffs was carried out during the audit. The interviewees felt that even though food quality and variety is better outside

RSPO PUBLIC SUMMARY REPORT

				and food prices higher than in the mill/estates, the difference in the price is negligible and acceptable to them.
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	Freedom of association policy maintained in the documented Social Policy established by HQ dated January 2015. The policy was written in both Bahasa and English languages, and publicly displayed outside and inside the operating unit offices.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	The CU is retaining its minutes of meeting with trade unions. The record 'Minit Mesyuarat Perundingan Bersama Ahli Sabah Plantation Industry Employees Union (SPIEU) dan Majikan' dated 6/1/2016 was reviewed as well as other routine management minutes of meeting, which among other includes their employee rights. The union was represented by local and foreign workers at Merotai POM, Merotai estate and Tiger estate.
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	There was documented evident that the CU met minimum age requirements. Review of the workers list and employment agreement provided information containing details of employees including age and date of joining the CU confirmed that there are no under aged employee has been employed.
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 continues to practice equal opportunities. A Social Policy which confirmed the equal opportunities was posted on notice boards in the estates and mill. There was no evidence of any group being discriminated.
	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	Evident of payment, housing and amenities provided found no discrimination has been practised. Interviewed with workers, including chairman and secretary of Gender Committee, women and foreign workers also agreed that there were no discrimination been practised. The relevant stakeholders minute of meetings also reviewed, which confirm no issues.
	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	Recruitment and promotion are in accordance with the industry standard as well as the CU criteria, including skills and medical fitness. A review of some job advertisements and records of hiring and promotion showed that they were based on skills, capabilities, qualities and medical fitness. Employees interviewed during the audit confirmed these criteria.

RSPO PUBLIC SUMMARY REPORT

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	The CU maintained its Gender policy which included statement to prevent sexual and all other forms of harassment and violence in the company. A Gender and Child Committee was established to oversee any issues on sexual and violence. Periodical meetings were conducted and minutes were made available. The Gender policy had been communicated to all employees.
	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 Gender policy has been maintained which included statement to protect the reproductive rights. Gender and Child Committee was maintained and act to ensure the policy continued to be implemented. The policy had been communicated to all employees through briefings, meetings and notice board displays.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	A specific grievance mechanism which respects anonymity and protects complainants has been established as observed in a "Code of Business Conduct (COBC)" booklet, which available in the website: http://www.simedarby.com/about-us/governance/ . The matter concerning anonymity and protects complainants observed had been communicated to employees. There has not been any reported sexual harassment case in the CU, hence, the implementation and effectiveness of this mechanism is yet to be tested.
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	Current FFB observed displayed at weighbridge counter. Records of past prices were maintained and available.
	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	Pricing mechanism for FFB has been documented in the contract of services between Merotai Mill and the approved suppliers. Meanwhile, any services obtained were based on suppliers' quotation, prior to select and award. At Tiger estate, auditor has verified contract of FFB transporter and the pricing mechanism was documented in details in the contract agreement.
	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	The suppliers/contractors and tenant at Merotai POM mentioned that they understood the contents of their contracts.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Supplier / contractors affirmed that they usually received their payments through electronic transfer to their account the following month after they had completed their job / order and submit the required documents to Sime Darby's Finance Department.
C 6.11	6.11.1	Contributions to local development that are based on	YES	The CU continues to contribute to local development needs. Among the contribution included the following:

RSPO PUBLIC SUMMARY REPORT

Growers and millers contribute to local Sustainable development where appropriate.		the results of consultation with local communities shall be demonstrated. Minor Compliance		a) bus transportation for secondary school which is located outside the CU. b) financial support for HUMANA school. c) support the supply of powder milk for crèche. d) accommodation for HUMANA's teacher. f) maintenance of school facilities and landscape. g) provide job opportunities to local communities
	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 for Merotai CU. However, the CU has conducted OER and FFB grading briefing dated 29/2/2016 to the third party FFB suppliers.
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	A perusal of the employee list, pay slips, employment contract and letter of job offer confirmed that the CU did not use any form of forced or trafficked labour. Rest days, overtime payment, rest day payment, sick leave, medical benefits, insurance, etc. were clearly stated in the contracts and offer letter. 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	During the auditing process no evidence of contract substitution emerged. This issue was also not raised by the employees interviewed.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	A "Social and Humanity Management Policy" dated January 2015 was available and displayed at the notice boards at the estates and the mill. A procedure titled as "Sourcing Process for Foreign Workers" was also available which among others include the employment of foreign workers. The existence of the policy and procedure was also communicated to employees through memos and morning briefings.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	YES	The CU has established a "Social and Humanity Management Policy", which among others include the respect to human rights. The policy has been communicated to all operating units and their employees.
	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	Merotai estate has provided Humana School for foreign workers' children.

RSPO PUBLIC SUMMARY REPORT

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

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

Clause	Indicators		Comply Yes/No	Findings
C 7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.	7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.1.3	Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
C 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations	7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.2.2	Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.

RSPO PUBLIC SUMMARY REPORT

<p>C 7.3 New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values</p>	7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.3.3	Dates of land preparation and commencement shall be recorded. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2). Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with	NA	No new planting was observed. Thus, this principle is not applicable.

RSPO PUBLIC SUMMARY REPORT

		the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). Minor Compliance		
C 7.4 Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.	7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided. All new plantings should not be cultivated on land more than 300m above sea level unless specified by local legislation. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
C 7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.	7.5.1	Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed by these local peoples. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.

RSPO PUBLIC SUMMARY REPORT

<p>C 7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</p>	7.6.1	Documented identification and assessment of demonstrable legal, customary and user rights shall be available. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.6.2	A system for identifying people entitled to compensation shall be in place. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.6.6	Evidence shall be available that the company has made adequate efforts to enable affected communities and rights holders to have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
<p>C 7.7 No use of fire in the preparation of new plantings other than in specific situations, as</p>	7.7.1	There shall be no land preparation by burning, other than in specific situations, as identified in the <i>'Guidelines for the Implementation of the</i>	NA	No new planting was observed. Thus, this principle is not applicable.

RSPO PUBLIC SUMMARY REPORT

identified in the ASEAN guidelines or other regional best practice.		ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Major Compliance		
	7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
C 7.8 <i>Preamble</i> New plantation developments are designed to minimise net greenhouse gas emissions.	7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. Major Compliance	NA	No new planting was observed. Thus, this principle is not applicable.
	7.8.2	There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. Minor Compliance	NA	No new planting was observed. Thus, this principle is not applicable.

RSPO PUBLIC SUMMARY REPORT

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	Both Merotai estate and Tiger estate continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates have established nurseries for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to ensure continuity in the planting of beneficial plants. The estates were committed to reduce the use of chemicals. The estates have implemented and will continue to only spray Circles (Strip) and noxious weeds. Spraying was only carried when required. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. Harvester's paths were grass cut only. EFB was applied in single layers and was not dumped in large amounts to prevent breeding of Rhinoceros Beetles. To ensure efficient loose fruit collection, circle raking was carried to avoid VOPs.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	NO	The CU maintains its commitment to reduce environmental impact. Among the improvements made to reduce the use of agro-chemical includes: (a) planting of <i>Nephrolepis biserrata</i> in bare areas. (b) practices of grass cutting at path instead of using agro-chemical. (c) use of standardised cups to ensure correct and consistent amount of fertiliser applied. The CU has also established action plan to (d) reduce diesel consumption (Lean Six Sigma Project by Merotai POM). (e) reduce mill's water usage (Kaizen project by Merotai POM). However, during the audit, it was found that there were no explicit action plan established and implemented concerning the following: (a) recurrence of black smoke emission exceeded limit . (b) effluent and natural waterways analysis results occasionally out of specification.

RSPO PUBLIC SUMMARY REPORT

				(c) oil trap not effectively constructed and soil pollution observed outside the trap behind the temporary scheduled wastes store at Merotai POM. Thus, Major NCR HO-01 issued.
	c)	Waste reduction (Criterion 5.3);	YES	Waste reduction plan continues to be implemented in the CU. Refer to criterion 5.3 for details.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	The CU was noted to have implemented its action plan to reduce GHG emission. Refer to criterion 5.6 for details.
	e)	Social impacts (Criterion 6.1);	YES	Continuous improvement plan for Merotai POM, Tiger estate and Merotai estate for FY 2016 was observed. These includes : <ol style="list-style-type: none"> 1. Repairing of workers quarters 2. Water supply 3. Dengue control 4. Donation to kindergarten 5. Festive token 6. Transportation for school children 7. To install 24/7 electricity for workers' quarters connection from the Sabah Electricity Sdn Bhd at Merotai Estate
	f)	Encourage optimising the yield of the supply base	YES	Both estates were committed to implement best agricultural practices which included the following: <ul style="list-style-type: none"> • timely and proper fertiliser application. • improve on accessibility to maximise crop evacuation. • water management, at Tiger estate water is pump into the fields during dry seasons. • maintaining harvesting interval below 12 days. • to collect all loose fruit to minimise losses.

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditor
Indicator 8.1.1	Major HO-01	<p><u>Requirement:</u> 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: (b) environmental impacts.</p> <p><u>Finding:</u></p> <ol style="list-style-type: none"> 1. Improvement action plan to resolve occurrence of black smoke emission exceeded limit not yet effectively implemented. 2. No evident of improvement action plan been established and implemented concerning few effluent and natural waterways analysis results out of specification. 3. Pollution control not effectively implemented. <p><u>Objective evidence:</u></p> <ol style="list-style-type: none"> 1. Recurrence of black smoke emission exceeded limit still observed. Until now, the target to ensure continuous run of 2 boilers and 2 turbines for resolving the black smoke issue yet to achieve. 2. No evident of action plans for continual improvement been established and implemented in Merotai POM concerning few effluent and natural waterways analysis results out of specification. 3. Oil trap not effectively constructed and soil pollution observed outside the trap behind the temporary scheduled wastes store at Merotai POM. 	<p><u>CU's response:</u> The actions taken and outlined improvement programmes accepted. Improved result and effective implementation shall be verified in the next audit.</p> <ol style="list-style-type: none"> 1. Black smoke –actions plan: <ol style="list-style-type: none"> (a) reduce boiler load <ul style="list-style-type: none"> • operation of 2 boiler if only enough fuel and water, and both not under maintenance. • genset to use if load increase. • to add 1 unit biogas engine. (b) ensure good working condition. <ul style="list-style-type: none"> • yearly overhaul & inspection. • yearly maintenance & servicing of multicyclone dust trap system. • boiler cleaning once weekly if not operating. • boiler control system servicing & calibration every 6 months. • boiler black smoke & alarm system servicing & calibration every 6 month or if faulty. (c) operation <ul style="list-style-type: none"> • Reduce usage of shell. 2. Effluent & natural waterways –action plan: <ul style="list-style-type: none"> • run online dewatering system (decanter) to reduce solid inside anaerobic ponds. • increasing 2 times blowdown rate at bioreactor and clarifier tanks to reduce suspended solid in Bio-Polishing Plant. • monthly cleaning of cosmo balls and membrane to reduce suspended solid and carry over to final discharge. • carry out desludging for Anaerobic ponds after biogas plant in operation & during dry season. • relocate and reassign sampling points.

RSPO PUBLIC SUMMARY REPORT

			<p>3. Oil trap – action and plan.</p> <ul style="list-style-type: none"> • cleaned up the oil trap and the area. • installed valve and sump. • assigned Executive and Store in-charge person. • establish cleaning schedule. • maintain good housekeeping. <p><u>Auditor's verification:</u> Closed</p>
Indicator 5.4.1	Minor HO-02	<p><u>Finding:</u> The plan for improving efficiency of the use of fossil fuel only established in Merotai POM.</p> <p><u>Objective evidence:</u> There were no evident that Tiger estate and Merotai estate have plan for improving efficiency of the use of fossil fuel.</p>	<p>Planned to switch source of electricity from self generating using fossil fuel generator to SESB electricity supply in next fiscal year.</p> <p><u>Auditor's verification:</u> Corrective actions accepted. Progress of action plan will be verified during next surveillance audit.</p>
Indicator 6.5.3	Minor MRS 01 2016	<p><u>Finding:</u> Management has not conducted weekly inspection of workers' housing as required in the Section 23, Workers' Minimum Standards of Housing and Amenities Act 1990.</p> <p><u>Objective evidence:</u> Visited sites have conducted linesite audit monthly:</p> <ol style="list-style-type: none"> 1. Merotai POM - 22/1/2016, 19/2/2016, 18/3/2016 and 19/4/2016 2. Tiger estate - 15/01/2016, 12/2/2016 and 11/03/16 3. Merotai estate - 5/2/2016 and 9/3/2016 	<p><u>CU's response:</u></p> <ol style="list-style-type: none"> 1. To appoint one person in-charge in each OU to carry out weekly housing inspection assisted and on behalf of the MA. 2. MA to train these appointed PIC on what to inspect and checklist to be used. 3. Weekly report shall be verified by the MA for reliability. <p><u>Auditor's verification:</u> Corrective actions accepted. Effectiveness of the corrective actions plan will be verified during next surveillance.</p>

RSPO Supply Chain at the palm oil mill – Mass Balance Model –Module E

Item No	Requirement Nov 2014	Findings																								
E.1 E.1.1	<p>Definition</p> <p>To verify :</p> <p>a) the volume of certified and uncertified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p>Actual FFB received from January to December 2015</p> <table><tr><td></td><td>FFB (Mt)</td><td>%</td></tr><tr><td>RSPO Certified FFB</td><td>261,690.53</td><td>75.71</td></tr><tr><td>Non-Certified FFB</td><td>83,980.38</td><td>24.29</td></tr><tr><td>TOTAL</td><td>345,670.91</td><td>100.00</td></tr></table> <p>Total production for RSPO products from January to December 2015</p> <table><tr><td></td><td>(Mt)</td></tr><tr><td>RSPO Certified CPO</td><td>61,301.61</td></tr><tr><td>RSPO Certified PK</td><td>11,999.36</td></tr></table> <p>Actual Volume despatch RSPO products from January to December 2015</p> <table><tr><td></td><td>(Mt)</td></tr><tr><td>RSPO Certified CPO</td><td>Nil</td></tr><tr><td>RSPO Certified PK</td><td>Nil</td></tr></table>		FFB (Mt)	%	RSPO Certified FFB	261,690.53	75.71	Non-Certified FFB	83,980.38	24.29	TOTAL	345,670.91	100.00		(Mt)	RSPO Certified CPO	61,301.61	RSPO Certified PK	11,999.36		(Mt)	RSPO Certified CPO	Nil	RSPO Certified PK	Nil
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E 2 E.2.1	<p>Explanation</p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p>Based on “MPLAN 2016 (Mill M3.0 – MEROTAI)”, approximation total tonnage potential to be produced for year 2016/2017:</p> <p>CPO – 82,257.004 Mt - OER at 23.16%</p> <p>PK – 17,190.151 Mt – KER at 4.84%</p> <p>Tonnage of crude palm oil (CPO) and palm kernel (PK) covered by the certification of MEROTAI Palm Oil Mill complex certification unit from January to December 2016.</p> <table><tr><td></td><td>(MT)</td></tr><tr><td>CPO Production claimed for certification</td><td>63,566.88</td></tr><tr><td>PK Production claimed for certification</td><td>13,962.15</td></tr></table>		(MT)	CPO Production claimed for certification	63,566.88	PK Production claimed for certification	13,962.15																		
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E. 2 E 2.2	<p>Explanation</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organisation (RSPO IT platform or book and claim).</p>	<p>Since the last audit, MEROTAI POM has yet to deliver/sell RSPO certified CPO and PK.</p>																								

RSPO PUBLIC SUMMARY REPORT

E 3 E 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 name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	a) Standard Operating Procedures (SOP) for sustainable supply Chain and traceability (revised in March 2016) have been established to describe the procedures on the following activities related on its supply chain certification standard required by the RSPO: <ul style="list-style-type: none"> • Responsibilities • Receiving FFB • Process monitoring • Logistic of raw material and finished product • Storage (raw material and finished product) • Production process from raw material(s) to finished product(s) • Management of contamination from non-certified products at the identified critical points • Sales of finished product, including the identification of SCC model used • Method to check the RSPO certification validity of the suppliers • Control of non-conforming products/documents • Retention period of keeping the SCC related records such as contract document, purchasing records, delivery records, etc. b) The Mill Manager has identified as having overall responsibility and authority over the implementation of the standard requirements and compliance.
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	It was stated in Section 6.0, 7.0 and 8.0 of company's SOP. The procedure focused on handling of FFB using MB model. The procedure was reviewed and found acceptable.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	All certified FFB came from MEROTAI SOU 30's estates and non-certified FFB come from independent third party FFB suppliers. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified and non-certified FFBs received by the mill had been properly recorded and monitored. All purchasing and sales activities were handled by Global Trading Marketing in Headquarter Merotai POM has received 261,690.53 MT of RSPO FFB from own estates for their processing activities. Within same interval, MEROTAI POM had received 83,980.38 MT of non-certified FFB from Outside Crop Purchase (OCP).
E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	There was no overproduction observed.

RSPO PUBLIC SUMMARY REPORT

E.5 E.5.1	Record keeping a) 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. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	a) The Merotai POM monitored their incoming of FFB and the outgoing of certified CPO product in "Mass Balance Report 2015" on three monthly basis. This records contain information about certified FFB received, processed, CPO & PK production and to-date balance stock. b) Based on "Mass Balance Report 2015", the accounting records were found to be consistent and tally. c) Since last audit, Merotai POM has yet to deliver/sell RSPO certified CPO and PK.
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organisation) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	The company's outsource activity only involved the transportation of certified product to buyer. An agreement namely "Agreement on the land transportation of crude palm oil (CPO) and palm kernel (PK) between the mill and one of their transporters dated 1/9/2014 was sighted.

RSPO SURVEILLANCE AUDIT REPORT

Attachment 6

Status of Non-conformities Previously Identified

P & C Indicators	Classification Major / Minor	Detail Non conformance	Corrective Action Taken	Verification by Auditor
Indicator: 2.1.4	Minor VS 01/2014	<p>Finding: Updates of the Legal and Other Requirements Register (LORR) have yet to be done at some of the visited operating units.</p> <p>Objective evidence: The current LORR has yet to be updated to include the some of the legal requirements e.g.: <input type="checkbox"/> Environment Quality Act 1974, 49A on competent person (amendment 2012). <input type="checkbox"/> Industrial Code of Practice Confined Space 2010. <input type="checkbox"/> CLASS (Classification, Labeling and Safety Data Sheet) Regulation 2013. <input type="checkbox"/> Medical Assistant (Registration) Act 1977. <input type="checkbox"/> FMA 1967, Person in Charge Regulations (Amendment) 2014. <input type="checkbox"/> Labour Ordinance Cap 67. <input type="checkbox"/> Child Care Centre Act, 1984. <input type="checkbox"/> Immigration Act, 1975. <input type="checkbox"/> Industrial Relation Act, 1956.</p>	The CU has informed SIRIM through e-mail on 6/4/2015 that a department in Sime Darby Group (PSQM) will update the legal and other requirements register by adding in the missed out requirements identified by the assessors.	<p>Merotai CU has reviewed their legal register dated 25/11/2015 (Tiger estate) and 23.12.2015 (Merotai estate) with updated legal such as :</p> <ol style="list-style-type: none"> 1. Code of Practice for Safe Working in a Confined Space, 2010 2. CLASS Regulation 2013 3. Medical Assistant (Registration) Act 1977. 4. FMA 1967, Person in Charge Regulations (Amendment), 2014 5. Labour Ordinance Cap. 67 6. Immigration Act, 1975 7. Industrial Relation Act, 1956 <p>It was noted that the Child Care Center Act, 1984 was not applicable to Merotai CU because the creche' service is provided with no fee for all employees.</p> <p>Closed.</p>
Indicator: 5.1.2	Minor VS 02/2014	<p>Finding: Inadequate mitigation measure/action plan for negative environmental impacts.</p> <p>Objective evidence: Based on the monthly records of smoke emission from boiler No. 1 at Merotai POM, there are occasions that the regulated limits have not been complied with for the month of November 2014. However, there was no evidence that the issue has been addressed or the mitigation measure/action plan has been reviewed.</p>	<p>The corrective actions plan sent by the mill are:</p> <ol style="list-style-type: none"> i) To continuously run with 2 boilers and 2 turbine. ii) To conduct stack monitoring test by 3rd party. iii) To carry out boiler furnace cleaning every week. iv) To monitor condition of dust cyclone every 3 months. 	<p>Improvement action plan to control smoke emission not effectively implemented. Further, there are few others non-compliances observed, which improvement action plans also not effective. Thus, a Major NCR raised under 8.1.1 (b).</p> <p>Closed and refer to 2016 audit finding Major NCR HO-01.</p>
Indicator: 6.10.2	Major HO-2014-01 (Raised as Major from	<p>Objective evidence: Current FFB price (December 2014) was not made publicly available by Kilang Kelapa Sawit Merotai.</p>	FFB price for December 2014 had been made publicly available. Pictures of FFB price being displayed in the notice board was	Merotai POM has displayed current and past prices of FFB/OER for January, February and March 2016 at weighbridge.

RSPO SURVEILLANCE AUDIT REPORT

	Minor NCR in previous audit)		submitted to the auditor for verification.	Closed
Indicator: 2.1.1	Major JS 1/2014	<p>Objective evidence (i): At Imam estate - the use of Methamidophos (class 1b) highly toxic pesticides, during the period of Feb to July, 2014 for 'Trunk Injection' was not recorded using the Form I, II, & III. as required by Pesticides Act 1974 (Act 149) & Regulations, Rules and Order – Highly Toxic Pesticides Regulations 1996 – Second Schedule.</p> <p>Objective evidence (ii): At Merotai POM – the Lab workers who handle n-Hexane (a schedule II chemical – Sub regulation 27(3)) are only subjected to exposure monitoring once a year and not at intervals of 6 months. Latest check: 26/5/2014 – Prior check: 22/7/2013.</p> <p>Objective evidence (iii): There are deductions of employee wages for Union fee, trust fund, etc. made by Kilang Kelapa Sawit without prior permission in writing of the Director of Labour.</p>	<p>The information about consumption of Methamidophos has been recorded by using forms in accordance to Highly Toxic Pesticides Regulations (using form I, II and III) by Imam Estate. A copy of the forms has been submitted to the auditor for verification.</p> <p>The mill has provided the medical surveillance reports for all the involved employees. The medical surveillance was carried out by a JKPP's authorised Occupational Health Doctor. Copies of the medical surveillance results were sent to the assessor for verification.</p> <p>It was reported by Merotai mill that the permit was misplaced and had later been found. A copy of the permit was then submitted to the assessor for verification. [Permit # 11(0072)SDK, dated 2/4/2014, validity 2/4/2014 to 1/4/2015].</p>	<p>There was no evidence to show that any Class 1 Pesticides had been used in Merotai and Tiger estates.</p> <p>Closed.</p> <p>Merotai POM also has send their laboratory workers who handle n-Hexane for exposure monitoring once in 6 months. The monitoring was carried out on 22 May 2015, 10 March 2016. The next planned will be in August 2016.</p> <p>Closed</p> <p>The mill has obtained approval from the Labour Department (No Siri: 11(0121)KNK) for the deductions of employee wages for union fee, trust fund etc. The letter is valid from 21 August 2015 to 20 August 2016.</p> <p>Closed</p>
Indicator: 4.7.1 (g)	Major JS 2/2014	<p>Finding: The mechanism for carrying out investigation of cause and initiating appropriate follow up actions are not effective.</p> <p>Objective evidence: At Imam Estate the following occupational related accidents' cause investigation and follow up actions records are not being maintained. i) Class v Accident dated 8/10/2014 (Report No: INC-000 6 916). ii) Class v Accident dated 3/11/2014 (Report No: INC-000 7125). iii) Class v Accident dated 7/11/2014 (Report No: INC-000 7223).</p>	<p>Imam estate has made an effort to complete the accident report which included the investigation of cause and follow-up actions to prevent recurrence thereafter. A copy of the set of documents (accident reports and follow-up actions) has been submitted to the assessor for verification.</p>	<p>Merotai POM, Tiger Estate and Merotai Estate have conducted accident investigation for all accident occurred in 2015.</p> <p>Closed</p>