

**Roundtable on Sustainable Palm Oil Certification  
RSPO**

Stage-1     Stage-2     Surveillance     Re-Certification

Name of Management Organisation : Kok Foh Palm Oil Mill – SOU 16, Sime Darby Plantation Sdn Bhd  
 Plantation Name : SOU 16 : Kok Foh Estate, Sg. Senarut Estate, Muar River Estate, Pertang Estate, Sg. Gemas Estate, Bukti Pilah Estate, St. Heiler Estate, Sg. Sabaling Estate  
 Location : 72109 Bahau, Negeri Sembilan, Malaysia  
 Certificate Code : **MUTU-RSPO/093**  
 Date of Certificate Issue : 7 July 2016                      Date of License Issue : 7 July 2017  
 Date of Certificate Expiry : 6 July 2021                      Date of License Expiry : 6 July 2018

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
ASA-1	17 – 21 April 2017	Trismadi Nurbayuto (Lead Auditor), Mohd Nizam, Ebnu Hooldon, Sandra Purba	Octo H.P.N Nainggolan	Tony Arifiarachman

Assessment	Approved by MUTUAGUNG LESTARI on:
ASA - 1	19 June 2017

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Figure 1. Location Map of SOU 16 Kok Foh

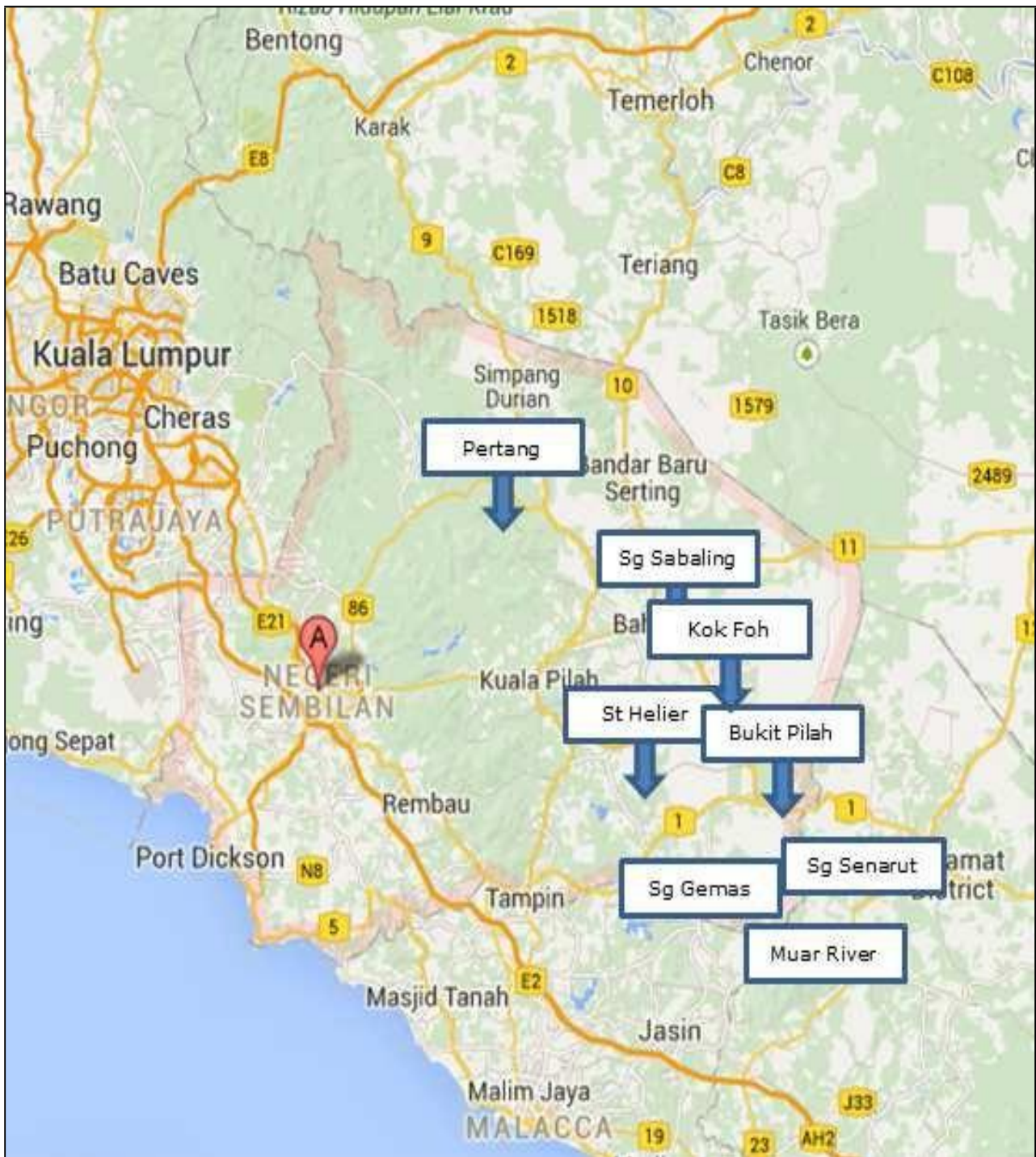




Figure 2. Operational Map of Kok Foh Estate

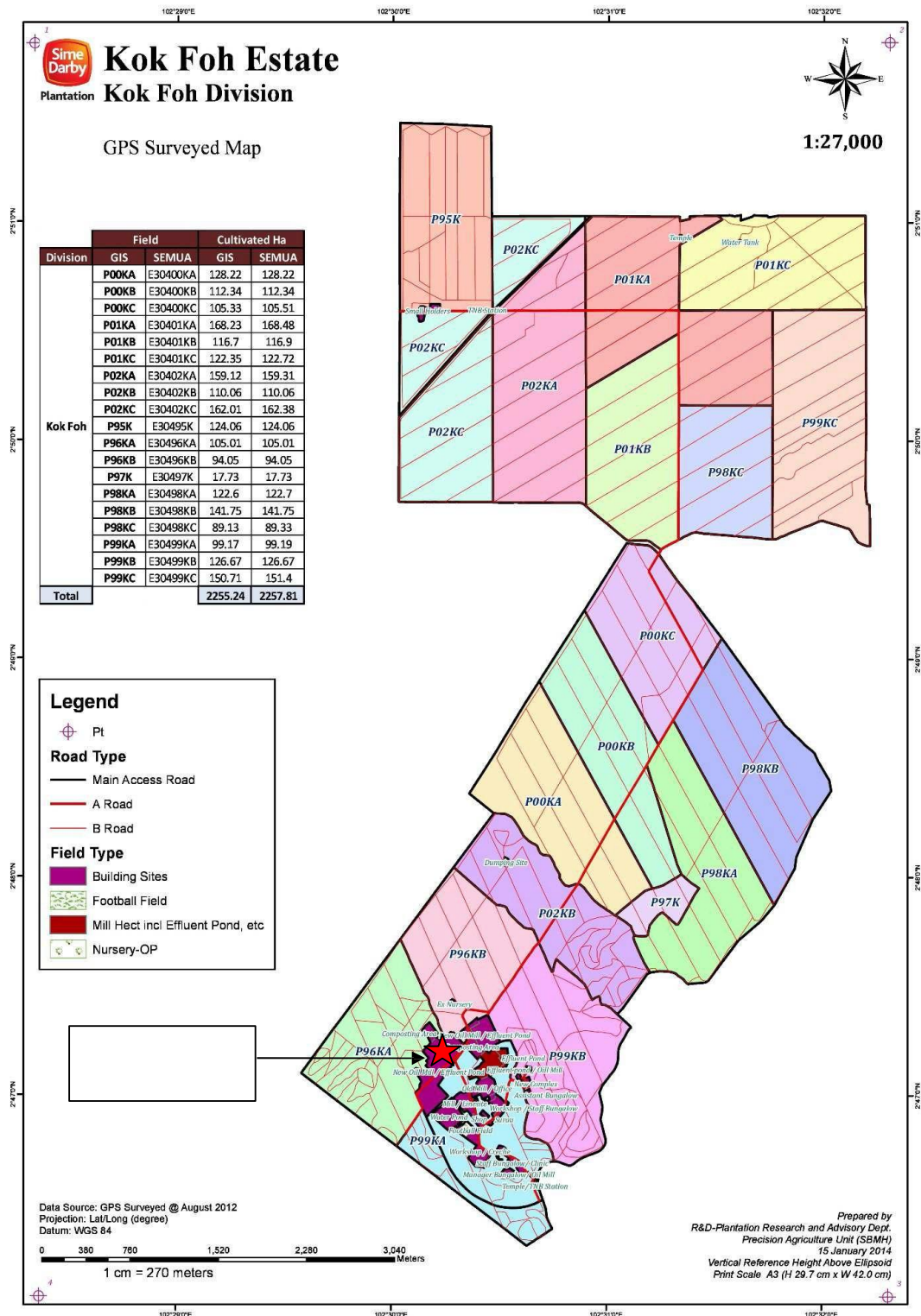






Figure 4. Operational Map of Muar River Estate

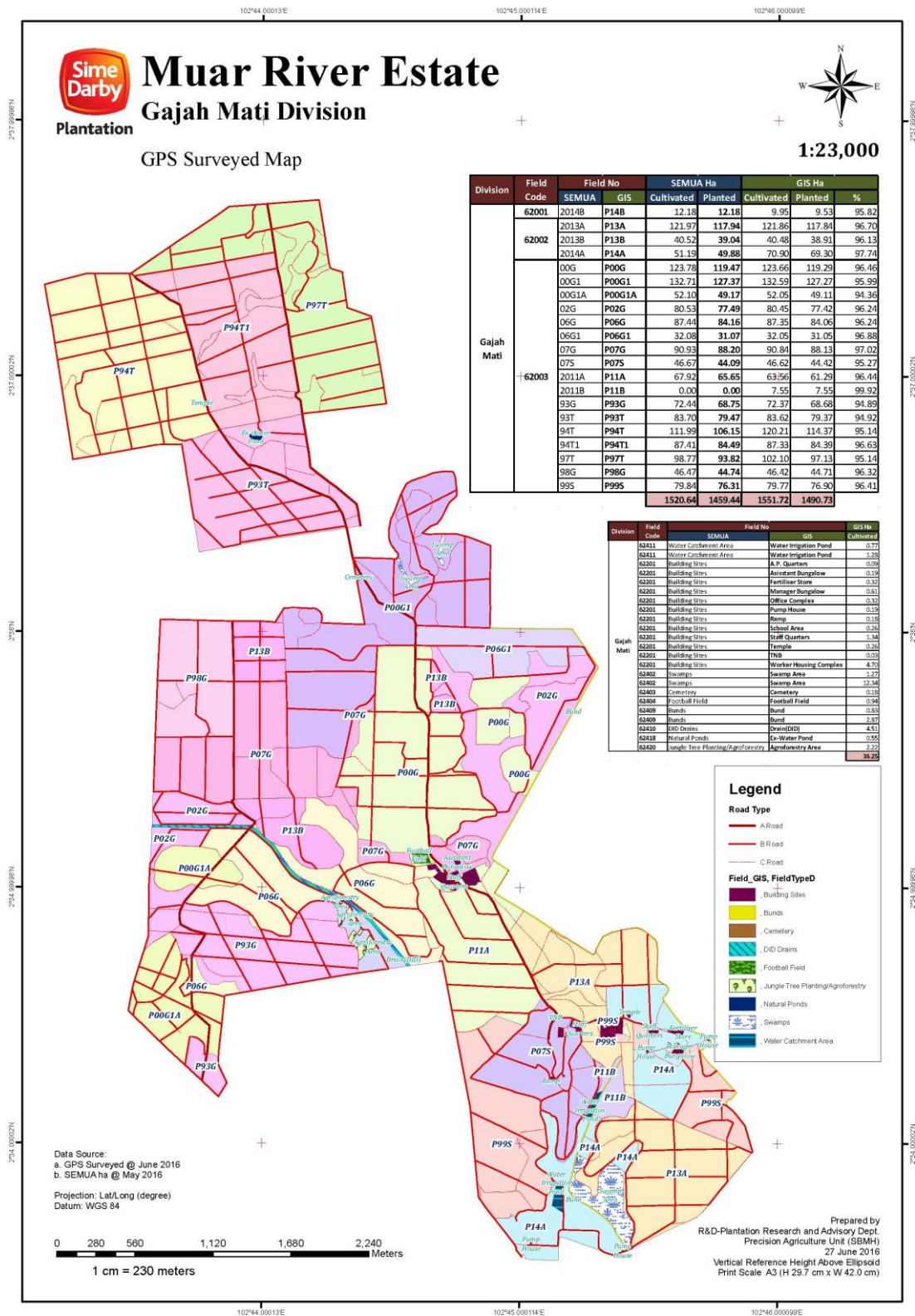






Figure 6a. Operational Map of Bukit Pilah Estate, Kelpin & New Rompin Divisions

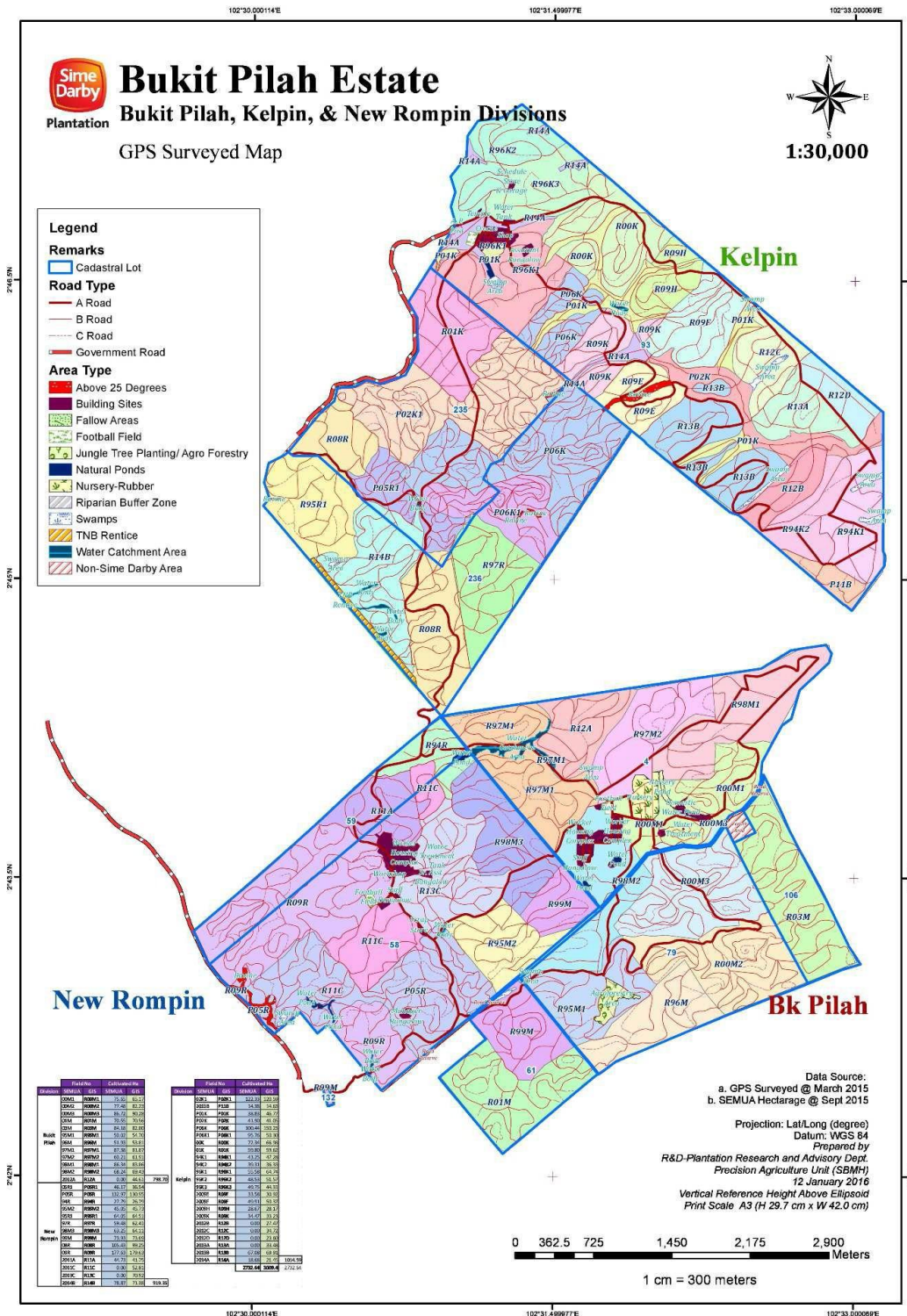




Figure 6b. Operational Map of Bukit Pilah Estate, Sg Kelamah Division

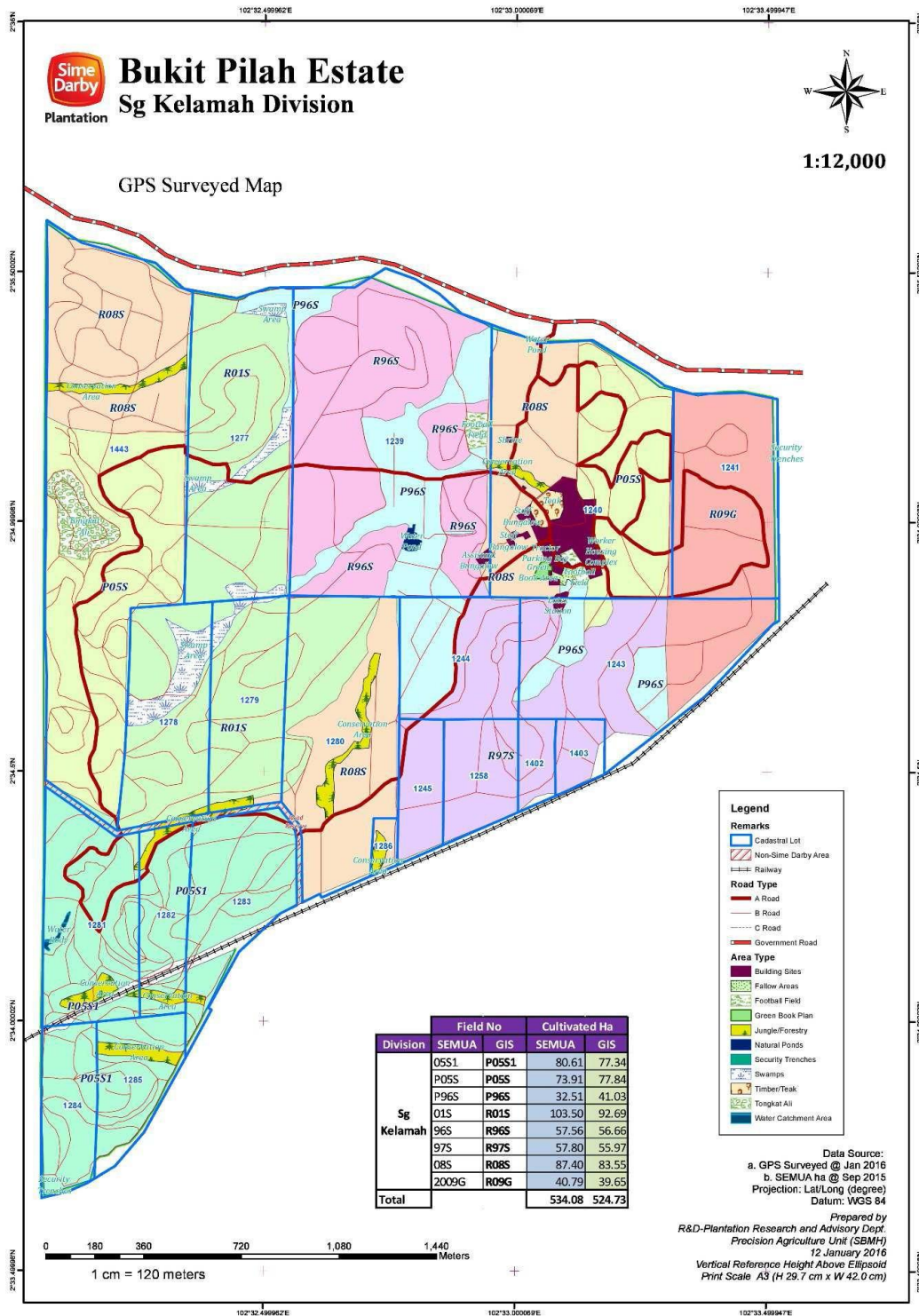


Figure 7. Operational Map of Sungai Gemas Estate

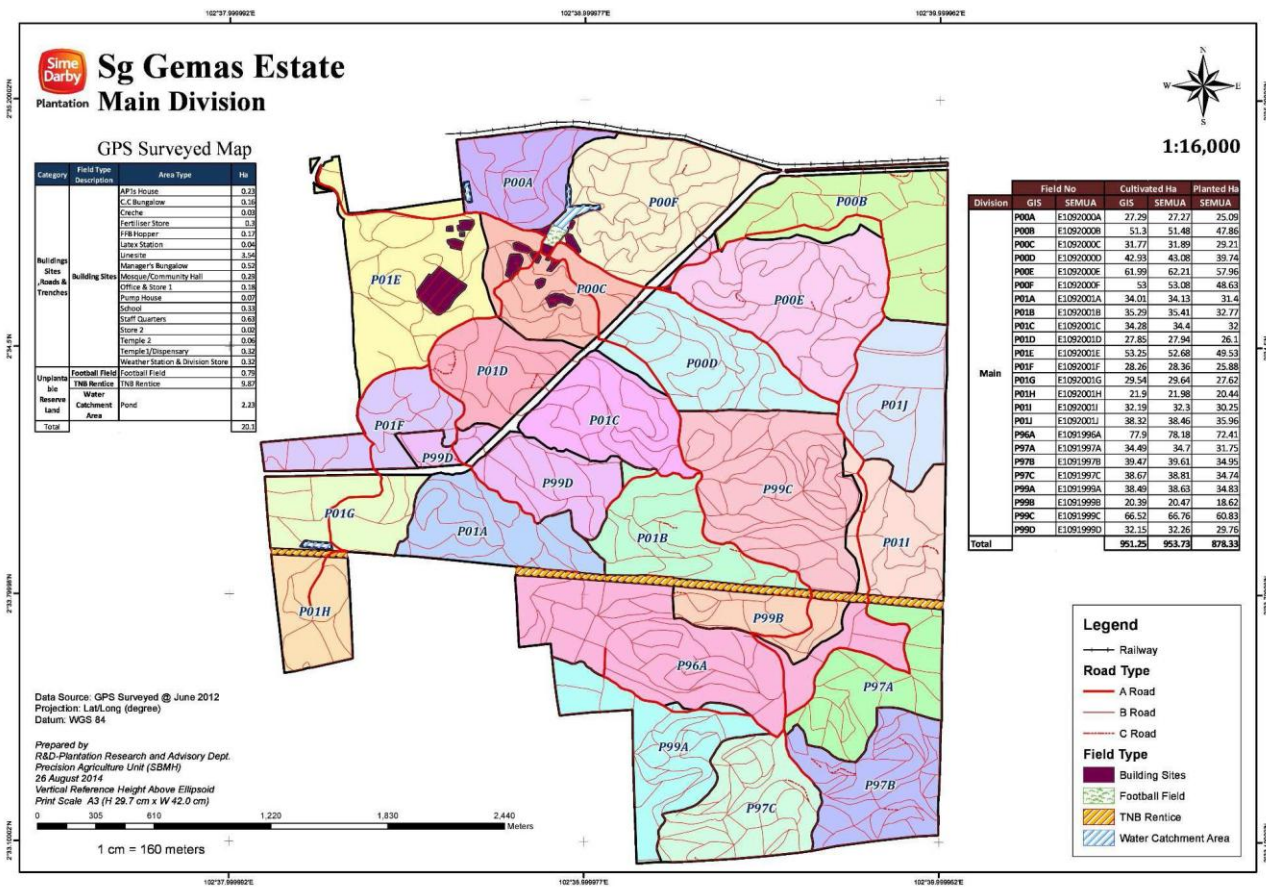


Figure 8a. Operational Map of St. Helier Estate, Jussesh Division

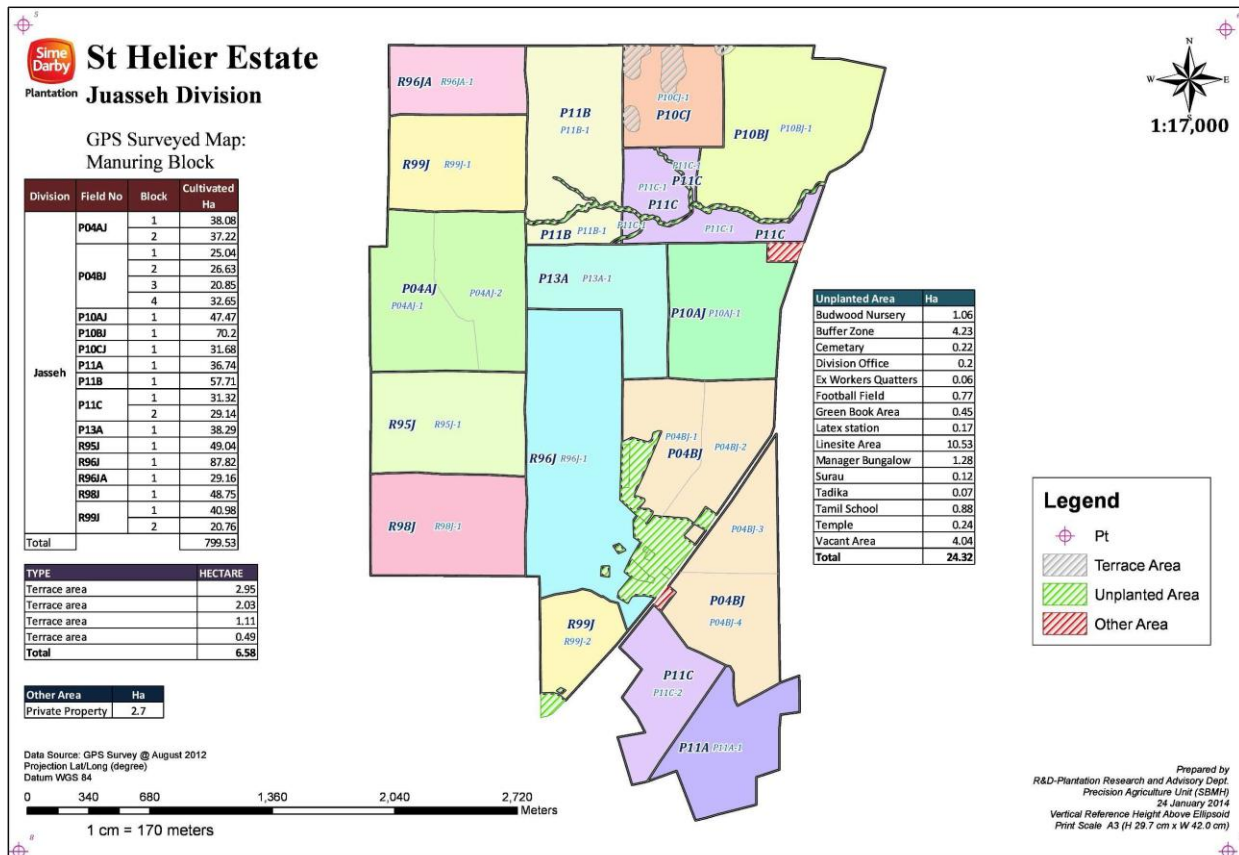
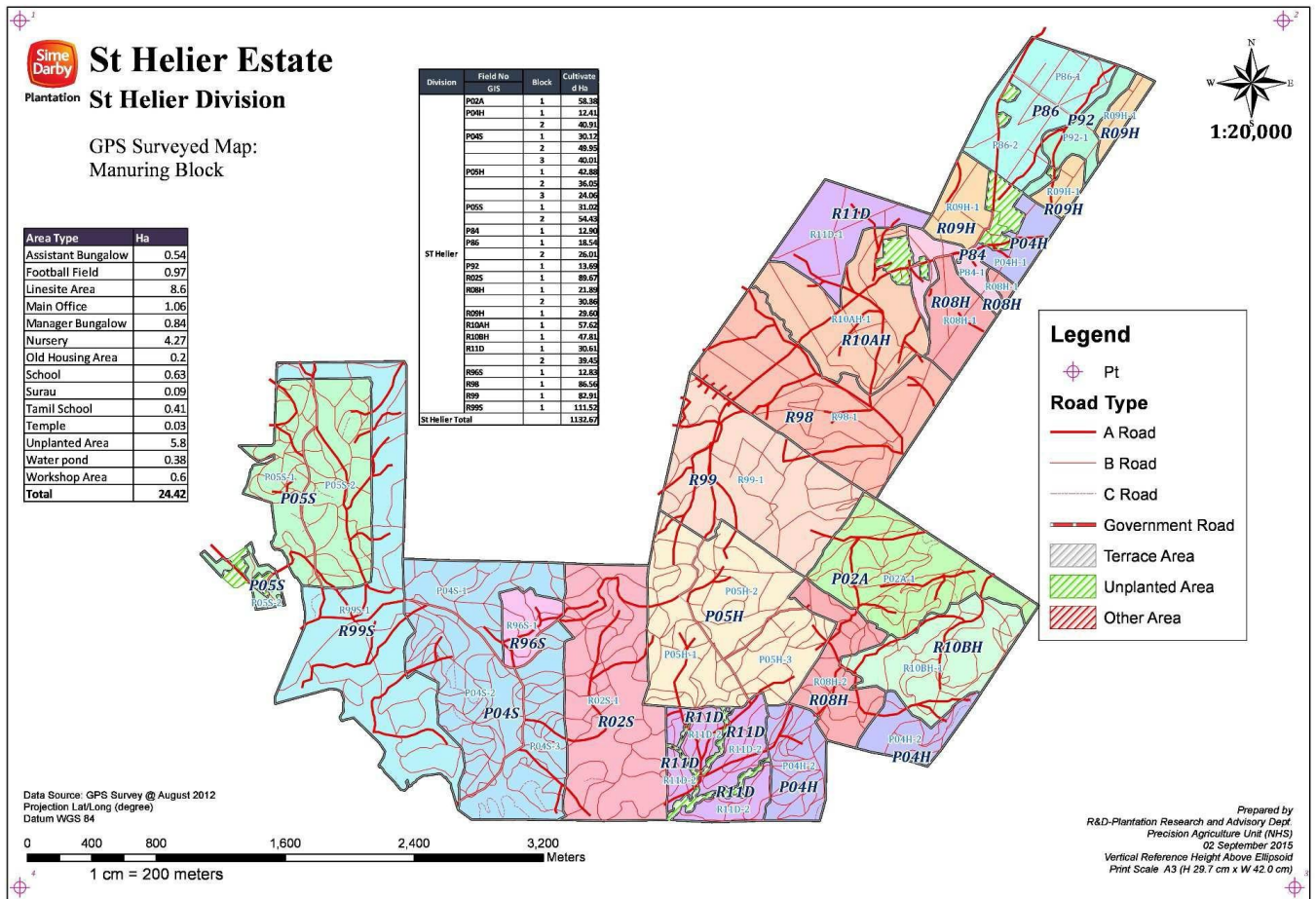




Figure 8b. Operational Map of St. Helier Estate, St Helier Division



**Abbreviations Used**

ARM	:	Agriculture Reference Manual
BOD	:	Biological Oxygen Demand
BTS (FFB)	:	Buah Tandan Segar ( <i>Fresh Fruit Bunch</i> )
CePPOME	:	Certified Environmental Professional in the Treatment of POME
CEMS	:	Continuous Emission Monitoring System
CPO	:	Crude Palm Oil
CHRA	:	Chemical Hazard Risk Assessment
CLC	:	Child Learning Centre
CSA	:	Conservation Site Area
CSR	:	Corporate Social Responsibility
COBC	:	Code of Business Conduct
COD	:	Chemical Oxygen Demand
DOE	:	Department Of Environmental
EFB	:	Empty Fruit Bunch
EMS	:	Environment Management System
EPMS	:	Environmental Protection Society Malaysia
EQMS	:	Environment Quality Management System
FY	:	Financial Year
FPIC	:	Free Prior and Informed Consent
GHG	:	Green House Gases
HCV	:	High Conservation Value
HIRAC	:	Hazard Identification and Risk Assessment Control (HIRAC)
HSE	:	Health Safety and Environment
HQ	:	Head Quarter
IUCN	:	International Union for Conservation of Nature
KER	:	Kernel Extraction Rate
KKS (POM)	:	Kilang Kelapa Sawit (Palm Oil Mill)
LC	:	Land Clearing
LCC	:	Legium Cover Crop
LOTO	:	Log Out and Take Out
LTA	:	Lost Time Accident
MPOB	:	Malaysian Palm Oil Board
MSDS	:	Material Safety Data Sheet
NCR	:	Non Conformance Report
NPP	:	New Planting Procedure
NWSDM	:	National Council of Welfare & Social Development Malaysia
NUPW	:	National Union Plantation Workers
OFI	:	Opportunity For Improvement
OHS	:	Occupational Health and Safety
OHSA	:	Occupational Health and Safety Assessment
OER	:	Oil Extraction Rate
PANAP	:	Pesticide Action Network Asia and the Pacific
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
POME	:	Palm Oil Mill Effluent
POM	:	Palm Oil Mill

PSQM	:	Plantation Services Quality Management
PSS	:	Pictorial Safety Standard
RHB	:	Rashid Husin Bank
RSPO	:	Rountable on Sustainable on Palm Oil
RTE	:	Rare, Threatened or Endangered
SDP	:	Sime Darby Plantation
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
SOM	:	Standarad Operation Manual
SPMS	:	Sustainable Plantation Management System
SOCISO	:	Social Security Organization
SOU	:	Strategic Operating Unit
SW	:	Schedule Waste
TQEM	:	Total Quality Environmental Management
WTP	:	Water Treatment Plan



<b>1.0</b>	<b>SCOPE of the CERTIFICATION ASSESSMENT</b>		
<b>1.1</b>	<b>Assessment Standard Used</b>		
	<ul style="list-style-type: none"> <li>• <i>Malaysia National Interpretation - RSPO MY-NIWG of Principles and Criteria (P &amp; C) for Sustainable Palm Oil Production. Endorsed by RSPO Board of Governors 6 March 2015.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i></li> </ul>		
<b>1.2</b>	<b>Organisation Information</b>		
1.2.1	Organisation name listed in the certificate	Sime Darby Plantation Sdn Bhd	
1.2.2	Contact person	Shylaja Devi VasudevanNair	
1.2.3	Organisation address and site address	Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia	
1.2.4	Telephone	+(603)78484379	
1.2.5	Fax	+(603) 7848 4363	
1.2.6	E-mail	shylaja.vasudevan@simedarby.com	
1.2.7	Web page address	www.simedarby.com.my	
1.2.8	Management Representative who completed the application for certification	Shylaja Devi Vasudevan Nair	
1.2.9	Registered as RSPO member	September 8, 2004, 1-0008-04-000-00.	
<b>1.3</b>	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base	
1.3.2	Type of certificate	Single	
<b>1.4</b>	<b>Locations of Mill and Plantation</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Kok Foh Oil Mill	Kok Foh Palm Oil Mill, 72109 Bahau, Negeri Sembilan	02°46'31" N      102°30'42" E
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Kok Foh Estate	Kok Foh Estate, 72109 Bahau, Negeri Sembilan	02°47'08" N      102°30'25" E
	Sg. Senarut estate	Sg. Senarut estate, 85100 Batu Anam, Johor	2°34'40" N      102°41'20" E
	Muar River estate	Muar River estate, Locked Bag No.503, 85009 Segamat, Johor	2°25'17" N      102°29'23" E
	Pertang estate	Pertang estate, 72300 Simpang Pertang, Negeri Sembilan	2°58'23" N      102°15'24" E
	Sg. Gemas estate	Sg. Gemas estate, 73400 Gemas, Johor	2°34'13" N      102°38'49" E
	Bukit Pilah estate	Bkt Pilah estate, 73500 Rompin, Negeri Sembilan	2°43'17" N      102°32'18" E
	St. Helier estate	St. Helier estate, 72100 Bahau, Negeri Sembilan	2°46'31" N      102°26'31" E
	Sg. Sabaling estate	Sg. Sabaling estate, 72100 Bahau, Negeri Sembilan	2°48'17" N      102°23'14" E

1.5 Description of Area Statement									
1.5.1	Tenure								
	• Private (Freehold land title)		14,671.10 Ha						
	• State		N/A Ha						
	• Community		N/A Ha						
1.5.2 Area Statement									
	• Total area		14,671.10 Ha						
	• Mature area		7,205.25 Ha						
	• Immature area		284.87 Ha						
	• Mill		0.14 Ha						
	• Building		116.32 Ha						
	• Road		529.98 Ha						
	• Nursery		15.64 Ha						
	• Others area (TNB rentice, football filed, swampy area, un plantable, bunds, cemetery)		206.69 Ha						
	• HCV		25.60 Ha						
	• Rubber		6,286.61 Ha						
1.6 Planting Year and Cycles									
1.6.1	Age profile of planting year								
Planting Year	Hectarage (Ha)								Total (Ha)
	Kok Foh (Ha)	Sg. Senarut (Ha)	Muar River (Ha)	Pertang (Ha)	Sg. Gemas(Ha)	Bk. Pilah (Ha)	St. Heiler (Ha)	Sg. Sabaling (Ha)	
1992	-	-	-	24.08	-	-	-	-	24.08
1993	-	-	148.22	-	-	-	-	-	148.22
1994	-	-	190.64	-	-	-	-	-	190.64
1996	189.77	-	-	121.92	72.41	32.37	-	-	416.47
1997	16.88	-	93.82	-	101.44	-	-	-	212.14
1998	342.53	-	44.74	-	-	-	-	-	387.27
1999	358.69	-	76.31	-	144.04	-	-	-	579.04
2000	333.61	-	296.01	-	248.49	-	-	-	878.11
2001	393.38	243.63	-	-	311.95	38.66	-	-	987.62
2002	412.55	23.43	77.49	-	-	163.52	53.66	-	730.65
2004	-	-	-	-	-	-	332.74	124.66	457.40
2005	-	143.24	-	145.54	-	332.21	79.87	-	700.86
2006	-	147.39	115.23	211.36	-	195.35	-	-	669.33
2007	-	-	132.29	-	-	-	-	-	132.29
2008	-	-	-	33.4	-	-	-	-	33.40
2009	-	-	-	69.3	-	-	-	-	69.30
2010	-	-	-	64.54	-	-	143.86	-	208.40
2011	-	-	65.65	-	-	14.32	145.32	-	225.29
2012	-	-	-	-	-	-	-	-	-
2013	-	-	117.94	-	-	-	36.8	-	154.74
2014	-	-	-	67.3	-	-	-	-	67.30
2015	-	-	-	87.08	-	-	-	-	87.08

	2016	-	-	-	130.49	-	-	-	-	130.49
	<b>TOTAL</b>	<b>2,047.41</b>	<b>557.69</b>	<b>1,358.34</b>	<b>955.01</b>	<b>878.33</b>	<b>776.43</b>	<b>792.25</b>	<b>124.66</b>	<b>7,490.12</b>
1.6.2	New Planting area after January 2010			-						
1.6.3	Planting Cycle			2 <sup>nd</sup> Cycle						
<b>1.7</b>	<b>Description of Mill and Supply Base</b>									
1.7.1	Description of Mill									
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>				
				<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Out put (tonnes)</b>	<b>Extraction (%)</b>			
	Kok Foh Mill	60	153,199.78	29,464.85	19.237	7,482.44	4.88			
	<i>*Production data source from April 2016 to March 2017</i>									
1.7.2	Description of Certification Scope of Supply Base									
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/yea r)</b>	<b>Supplied to Mill</b>				
						<b>FFB (tonnes/year)</b>	<b>%</b>			
	Kok Foh	2,189.26	2,047.41	31,639.14	15.45	30,053.15	94.99			
	Sg. Senarut	1,988.75	557.69	10,494.47	18.52	10,494.47	101.59			
	Muar River	1,489.61	1,358.34	22,038.59	16.22	21,043.78	95.49			
	Pertang	1,052.55	955.01	14,690.81	15.38	14,085.81	95.88			
	Sg Gemas	969.63	878.33	16,310.08	16.01	16,310.08	100.00			
	Bukit Pilah	3,667.31	776.43	11,704.48	15.07	11,077.25	94.64			
	St. Heiler	1,992.65	792.25	14,522.16	20.59	13,978.52	96.26			
	Sg. Sabaling	1,321.34	124.66	2,457.73	19.72	2,387.66	97.15			
	<b>TOTAL</b>	<b>14,671.10</b>	<b>7,490.12</b>	<b>123,857.46</b>	<b>16.45</b>	<b>119,430.72</b>	<b>98.34</b>			
	<i>*Production data source from April 2016 to March 2017</i>									
1.7.3	FFB description from other source									
	<b>Name of sources</b>	<b>Organisation</b>	<b>Location</b>	<b>Supplied to Mill</b>						
				<b>FFB (tonnes/year)</b>						
	Diamond Jubile	Sime Darby Plantation SdnBhd (RSPO Certified)	Melaka, Malaysia	197.36						
	Bukit Asahan	Sime Darby Plantation SdnBhd (RSPO Certified)	Melaka, Malaysia	420.64						
	Kemuning	Sime Darby Plantation SdnBhd (RSPO Certified)	Melaka, Malaysia	1,367.06						
	Serkam	Sime Darby Plantation SdnBhd (RSPO Certified)	Melaka, Malaysia	103.70						
	Tampin Linggi	Sime Darby Plantation SdnBhd (RSPO Certified)	Negeri Sembilan, Malaysia	1,384.34						
	Siliau	Sime Darby Plantation SdnBhd (RSPO Certified)	Negeri Sembilan, Malaysia	13.77						
	Welch	Sime Darby Plantation SdnBhd (RSPO Certified)	Johor, Malaysia	386.60						



	Cheong Wing Chan	Independent FFB Supplier	Negeri Sembilan, Malaysia	9,980.68			
	Eng Huat Latex	Independent FFB Supplier	Negeri Sembilan, Malaysia	16,041.44			
	<b>Total</b>			<b>29,895.59</b>			
<i>*Production data source from April 2016 to March 2017</i>							
1.7.4	Product categories	FFB, CPO, PK					
<b>1.8</b>	<b>Estimate Tonnage of Certified Product</b>						
1.8.1	Past Annual Claim Certified Product	Previous Certificate Claim 7 July 2016 – 6 July 2017 (tonnes/year)	Actual certified product 7 July 2016 – 31 March 2017 (tonnes/year)				
	<b>CPO</b>	37,196.17	18,307.67				
	<b>PK</b>	9,049.96	4,691.70				
	<b>FFB</b>	166,054.33	92,731.66				
1.8.2	Estimate of Certified FFB Claim						
	<b>Name of Estate</b>	<b>Total Area (Ha)</b>	<b>Planted Area (Ha)</b>	<b>FFB (tonnes/year)</b>	<b>Yield (tonnes/ha/year)</b>		
	Kok Foh	2,189.26	2,047.41	33,221	16.23		
	Sg. Senarut	1,988.75	557.69	10,950	19.63		
	Muar River	1,489.61	1,358.34	23,141	17.04		
	Pertang	1,052.55	955.01	15,425	16.15		
	Sg Gemas	969.63	878.33	17,289	19.68		
	Bukit Pilah	3,667.31	776.43	12,407	15.98		
	St. Heiler	1,992.65	792.25	15,393	19.43		
	Sg. Sabaling	1,321.34	124.66	2,605	20.90		
	<b>TOTAL</b>	<b>14,671.10</b>	<b>7,490.12</b>	<b>130,431</b>	<b>17.41</b>		
<i>*Projected FFB production from 7 July 2017 – 6 July 2018</i>							
1.8.3	Estimate of Certified Palm Product Claim						
	<b>Name of Mill</b>	<b>Capacity (tonnes/ hour)</b>	<b>FFB Processed (tonnes/year)</b>	<b>CPO</b>		<b>Palm Kernel</b>	
				<b>Out put (tonnes)</b>	<b>Extraction (%)</b>	<b>Out put (tonnes)</b>	<b>Extraction (%)</b>
	Kok Foh Oil Mill	<b>60</b>	<b>130,431</b>	<b>28,173</b>	<b>21.60</b>	<b>6,522</b>	<b>5.00</b>
<i>*Projected CSPO and CSPK from 7 July 2017 – 6 July 2018</i>							
<b>1.9</b>	<b>Other Certifications</b>						
	Others						
<b>1.10</b>	<b>Time Bound Plan</b>						
<b>1.10.1</b>	<b>Time Bound Plan for Other Management Units</b>						
	<b>Management Unit</b>		<b>Supply Base</b>	<b>Time Bound Plan</b>	<b>Location</b>	<b>Status</b>	
	<b>Mill</b>	<b>Time Bound Plan</b>					

INDONESIA					
Sekunyr. PT. Indotruba Tengah	2010	Sekunyr	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified
		Seruyan	2010		Certified
Manggala. PT. Tunggai Mitra Plantations	2010	Manggala 1	2010	Rokan Hilir District – Riau	Certified
		Manggala 2	2010		Certified
		Manggala 3	2010		Certified
Bukit Ajong PT. Sime Indo Agro	2010	West	2010	Sanggau District – West Kalimantan	Certified
		East	2010		Certified
		Sei Mawang	2018		-
		East Plasma	2010		Certified
		West Plasma	2010		Certified
Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	2011	Pekanbaru, Siak District – Riau	Certified
		Pinang Sebatang	2011		Certified
		Aneka Persada	2011		Certified
Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified
		Bukit Pinang	2012		Certified
Pemantang. PT. Teguh Sempurna	2011	Pemantang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Kawan Batu	2011		Certified
		Hatan Tiring	2011		Certified
		Batang Garing	2011		Certified
Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified
Teluk Bakau. PT. Bhumireksa Nusa Sejati	2011	Teluk Bakau	2011	Indra Giri Hilir District – Riau	Certified
		Nusa Perkasa	2011		Certified
		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indra Giri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	Mustika		Tanah Bumbu District – South Kalimantan	Certified
		KKPA-2 PT.SHE	2013		Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
		SAP 1	2020		ST-2
Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemasan	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
		KKPA BSS	2020		-

Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Sapiri	2011		Certified
		Barasdanum	2011		Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak. PT Swadaya Andhika	2012	Selabak	2012	Kotabaru District – South Kalimantan	Certified
		Randi	2012		Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2020		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate and GPI KKPA	2017		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2018	Sanggau District – West Kalimantan	-
		MAS 1	2018		-
		MAS 1	2018		-
		Plasma MAS	2020		-
Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2018		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-



		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-
		KKPA BAL	2020		-
<b>MALAYSIA</b>					
Sg Dingin SOU 1	2010	Bukit Hijau	2010	Kerangan, Kedah	Certified
		Padang Buluh	2010		Certified
		Bukit Selangor	2010		Certified
		Sg Dingin	2010		Certified
		Jentayu	2010		Certified
		Anak Kuli	2010		Certified
		Somme	2010		Certified
Chersonese SOU 2	2011	Chersonese	2011	Kuala Kurau, Perak	Certified
		Holyrood	2011		Certified
		Kalumpang	2011		Certified
		Tali Ayer	2011		Certified
Elphil SOU 3	2011	Kinta Kellas	2011	Sg Siput, Perak	Certified
		Elphil	2011		Certified
		Kamuning	2011		Certified
Flemington SOU 4	2011	Flemington	2011	Teluk Intan, Perak	Certified
		Bagan Datoh	2011		Certified
		Sabak Bernam	2011		Certified
		Sg Samak	2011		Certified
Seri Intan SOU 5	2011	Seri Intan (Main Division)	2011	Teluk Intan, Perak	Certified
		Sabrang	2011		Certified
		Sg Wangi	2011		Certified
		Sogomana (Main Division)	2011		Certified
Selaba SOU 5	2011	Seri Intan (Selaba Division)	2011	Teluk Intan, Perak	Certified
		Sogomana (Cashwood & Sg Beruas Division)	2011		Certified
		Bikam	2011		Certified
		Clumy	2011		Certified
Tennamaram SOU 6	2011	Tennamaram	2011	Bestari Jaya, Selangor	Certified
		Sungei Buloh	2011		Certified
		Bkt Talang	2011		Certified
Bkt Kerayong SOU 7	2011	Bkt Kerayong	2011	Kapar, Selangor	Certified
		Bkt Cherakah	2011		Certified
		Bkt Rajah	2011		Certified
		Bkt Lagong	2011		Certified
		Elmina	2011		Certified
East SOU 8	2010	East	2010	Carey Island, Selangor	Certified
		Dusun Durian	2010		Certified
		Sepang	2010		Certified
West - SOU 9	2010	West	2010	Carey Island, Selangor	Certified
Bukit Putri - SOU 10	2011	Bukit Putri	2011	Raub, Pahang	Certified
Kerdau	2011	Kerdau	2011	Temerloh, Pahang	Certified

SOU 11		Jentar	2011		Certified
		Mentakab	2011		Certified
		Sg Mai	2011		Certified
		Chenor	2011		Certified
Jabor - SOU 12	2011	Jabor	2011	Kuantan, Pahang	Certified
Labu SOU 13	2011	Labu	2011	Nilai, Negeri Sembilan	Certified
		New Labu	2011		Certified
		Bradwall	2011		Certified
Tanah Merah SOU 14	2010	Tanah Merah	2010	Port Dickson, Negeri Sembilan	Certified
		Sua Betong	2010		Certified
		Bukit Pelandok	2010		Certified
Sua Betong SOU 15	2014	Salak	2014	Port Dickson, Negeri Sembilan	Certified
		Sengkang	2014		Certified
		Siliau	2014		Certified
		PD Lukut	2014		Certified
		Sungai Baru	2014		Certified
		Tampin Linggi	2014		Certified
Kok Foh SOU 16	2011	Bukit Pilah	2011	Bahau, Negeri Sembilan	Certified
		Kok Foh	2011		Certified
		Muar River	2011		Certified
		St. Helier	2011		Certified
		Pertang	2011		Certified
		Sg Gemas	2011		Certified
		Sg Sebalang	2011		Certified
		Sg Senarut	2011		Certified
Kempas SOU 17	2010	Kempas	2010	Jasin, Melaka	Certified
		Kemuning	2010		Certified
		Tangkah	2010		Certified
Diamond Jubilee SOU 18	2011	Bukit Asahan	2011	Jasin, Melaka	Certified
		Diamond Jubilee	2011		Certified
		Serkam	2011		Certified
Pagoh SOU 19	2014	Pagoh	2014	Muar, Johor	Certified
		Lanadron	2014		Certified
		Pengkalan Bukit	2014		Certified
		Welch	2014		Certified
Chaah SOU 20	2010	North Labis	2010	Chaah, Johor	Certified
		Cha'ah	2010		Certified
		Sg Simpang Kiri	2010		Certified
Gunung Mas SOU 21	2010	Gunung Mas	2010	Kluang, Johor	Certified
		Kempas Klebang	2010		Certified
		Bukit Paloh	2010		Certified
		Yong Peng	2010		Certified
Bukit Benut SOU 22	2011	Bukit Benut	2011	Kluang, Johor	Certified
		CEP Niyor	2011		Certified
		Lambak / Elaeis	2011		Certified
Ulu Remis SOU 23	2011	Pekan	2011	Layang-layang, Johor	Certified
		Sembrong	2011		Certified

		Tun Dr. Ismail	2011		Certified
		Ulu Remis	2011		Certified
		Bukit Badak	2011		Certified
		Cenas	2011		Certified
Hadapan SOU 24	2011	CEP Rengam	2011	Layang-layang, Johor	Certified
		Kulai	2011		Certified
		Layang	2011		Certified
		Seri Pulai	2011		Certified
Sandakan Bay SOU 26	2008	Tun Tan Siew Sin	2008	Sandakan, Sabah	Certified
		Tunku	2008		Certified
		Tigowis	2008		Certified
		Sentosa	2008		Certified
		Saguliud	2008		Certified
Melalap SOU 27	2011	Melalap	2011	Tenom, Sabah	Certified
		Sapong	2011		Certified
Binuang SOU 28	2009	Tingkayu	2009	Kunak, Sabah	Certified
		Sungang	2009		Certified
		Jelata Bumi	2009		Certified
		Binuang	2009		Certified
Giram SOU 29	2009	Mostyn	2009	Kunak, Sabah	Certified
		Giram	2009		Certified
Merotai SOU 30	2009	Imam	2009	Tawau, Sabah	Certified
		Merotai	2009		Certified
		Table	2009		Certified
		Tiger	2009		Certified
Lavang SOU 31	2011	Belian	2011	Bintulu, Serawak	Certified
		Kelida	2011		Certified
		Lavang	2011		Certified
		Lavang (SE)	2011		Certified
		Rasan	2011		Certified
Rajawali SOU 32	2011	Rajawali	2011	Bintulu, Serawak	Certified
		Samudera	2011		Certified
		Semarak	2011		Certified
		Bayu	2011		Certified
Derawan SOU 33	2011	Takau	2011	Bintulu, Serawak	Certified
		Damai	2011		Certified
		Derawan	2011		Certified
		Sahua	2011		Certified
Pekaka SOU 34	2011	Chartquest	2011	Bintulu, Serawak	Certified
		Dulang	2011		Certified
		Peroh	2011		Certified
		Pekaka	2011		Certified
		Ruai	2011		Certified
<p>Sime Darby has achieved 34 management units in Malaysia and 24 Management Units in Indonesia that RSPO certified. Total management unit in Sime Darby Plantation Sdn Bhd are 34 in Malaysia, 25 in Indonesia and 1 in Liberia.</p> <p>A new mill will be set up in Liberia and planned for commissioning in Feb 2016. Preparation to undergo the RSPO Certification</p>					

	<p>process is in progress and SDP targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress.</p> <p>There was change of the Time Bound Plan under Sime Darby on 15 April 2016 cause the Sime Darby postpone the others certification process. Change of the Time Bound Plan explanation: PT Mitra Austral Sejahtera. There are social issue still unresolved from the Serikat Petani KelapaSawit (SPKS) Sanggau, however the improvement are in progress.Sime Darby has informed the Time Bound Plan progress, MUTUAGUNG has consider that Sime Darby still comply with the RSPO requirement for partial certification.</p>
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>
	There is no associate smallholders/outgrowers supplied to Kok Foh Mill.



2.0	<b>ASSESSMENT PROCESS</b>
2.1	<b>Assessment Team</b>
ASA-1	<p>1. <b>Trismadi Nurbayuto (Lead Auditor)</b>. Bachelor of Economics from the Department of Agribusiness, Faculty of Economics and Management, Bogor Agricultural University. Specialists for Environmental Social Impact Assessment (SEIA) and High Conservation Value (HCV). Has attended several training such as: HCV, Auditor for Indonesian Sustainable Palm Oil (ISPO) training, Auditor/Lead auditor Management System Certification (ISO 9001-2008), RSPO Lead Auditor training, and RSPO Next training. Previously worked in the private oil palm plantations, became HCV assessor who registered at the Roundtable on Sustainable Palm Oil (RSPO) until 2014. He has been involved in the SEIA and Identification of HCV in Plantation company. During this assessment he was observed and audit on Longterm business plan, Best Management Practices aspect and Supply Chain Certification System.</p> <p>2. <b>Sandra Purba (Auditor)</b>. Indonesian. Bachelor of Forestry, majored in Forest Product Technology, North Sumatra University. Experienced in industrial forest company, coal mining and oil palm plantations company for 6 (six) years as EHS and Sustainability Assistant. Have certified as General OHS Expert, attend and passed the several trainings of management system (OHS, environment and quality management), training of waste management, GHG vericator and validator training, conflict resolution and mapping training. Have been successfully passed the Indonesian Sustainable Palm Oil (ISPO) Lead Auditor training course, RSPO lead auditor training course and auditor of RSPO Next. Involve in many audit activities of similar scheme (ISPO) since April 2013 covering the Legal Aspect, Environmental aspect, Social Aspect, Health and Safety Aspect, conservation and Worker Welfare. In this audit she's assessing HCV, OSH aspect and workers welfare aspect.</p> <p>3. <b>Mohd. Nizam (Auditor)</b>. Graduated from University Malaya with a Bachelor of Sciences with Honours (Ecology). Registered as a DOE environmental auditor EA 0012 and EIA consultant AC 0808. He had a 7 years experience on plantations as assistant manager at Asiatic Development Berhad. He had 21 years experience on auditing works on ISO 14000 Advanced EMS Auditing, Identifying Environmental Aspects &amp; Impacts by Sirim Training Services S/B, Environmental Assessment &amp; Management (Aberdeen, Scotland), Project Management Training Course &amp; Train The Trainer Course (MIM). He is fluent in local language. During this audit he has been assigned to verify the Legal Aspect and Social Aspect.</p> <p>4. <b>Ebnu Holdoon Shawal (Auditor)</b>. Graduated with Bachelor of Civil Engineering from University Tenaga Nasional in Malaysia. He has been completed the ISO 9001 : 2008 QMS Lead assessor course for RABQSA – QM 785 (Exemplar Global) certified. He has an experience regarding the safety, health and environmental standard for construction works as an engineer for 1 year. He is fluent in local language. He has gone for various RSPO audits. During this audit he has been assigned to verify the Transparancies and Environmental aspect.</p>
2.2	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
2.2.1	<b>Figure of person days to implement assessment</b>
ASA-1	<p>Number of auditors : 4 auditors          Number of days for <b>ASA-1</b> at site : 5 days          Number of working days for <b>ASA-1</b> at site : 20 Working days</p>
2.2.2	<b>Assessment Process</b>
ASA-1	<p>The assessment was conducted by measuring the sufficiency of implementation with the consistency done by the SOU16, Sime Darby Plantation Sdn Bhd to the requirements of <b>Malaysia National Interpretation - RSPO MY-NIWG of Principles and Criteria (P &amp; C) for Sustainable Palm Oil Production and RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</b>.</p> <p>The assessment was conducted in three methods: (1) document review, aiming to observe the sufficiency of types or substances from required documents; (2) interview, aiming to obtain more detailed information and cross check the information; and (3) field observation, aiming to observe directly the sufficiency of implementation on site.</p> <p>Some opportunities for improvement of the results <b>ASA-1</b> delivered by the MUTU auditor to the management unit and the results are the subject will be verified at the next assessment phase (<b>ASA-2</b>).</p>

Improvement of findings from main assesment findings were observed by auditors at this **ASA-1** assessment. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU) and part of **ASA-1**.

The assessment program please find Appendix 2

2.2.3

Locations of Assessment

ASA-1

Kok Foh POM

1. **Security Pos.** Interview with security related to recording of FFB trucks, PK trucks and CPO Tanks. All of trucks will be checked about driver license, FFB consignment, Delivery Order (CPO and PK). In addition that auditor was interview related to CPO tank and PK trucks seal installation. Auditor also interviewing related to wages, over time system, and work time; based on interview all of rights and obligation has been fulfilled by the company.
2. **Weight Bridge Station.** Interview and observation related to recording of FFB consignment from own estates and outsiders crop producer. All operator was understand about RSPO Mass Balance product and traceability system.
3. **Loading Ramp Station.** Interview with mill grader related to procedure and his job description. There are two type of FFB, it's from own estate (SDP) and from Outsider Crop Producer.
4. **Sterilizer Station.** There are 5 unit with capacity @ 20 ton, based on interview with two operators from local and foreign workers. They can explaining about work instruction and their responsibilities. An operator from Indonesia was explaining: he has work permit, contract and passport. Medical checkup has been conducted every year i.a. eyes, audiometry, spirometry, blood test, lungs and heart. There are no discrimination by the company between local workers and foreign workers. All of facility on housing complex was good condition and there are sundry shop to fulfill daily needs. There are fire extinguisher with good pressure.
5. **Thresher Station.** There are maintenance activity, all of contractor workers were use PPE's.
6. **Empty Bunches Press Station.** All of ligid water was pumping to oil tank.
7. **Processing office.** Interview with foreman related to first aid and LOTO system. According to observation all of first aid contain is full.
8. **Boiler Station.** Interview with two boiler mans, they has boiler man certificate grade II. All of PPE's (mask, helmet, safety vest, gloves, face shield, ear plug, and safety shoes) was provided by the company. If any PPE's damages, it will be changed by the company. Medical checkup has been conducted every year. Safety briefing to all workers was conducted every Mondays, it was explaining about safety aspect i.a. PPE's usage, high level noise risk, OHS signboard, first aid and others.
9. **Workshop.** There are OHS signboard, oil and lubricant trap, first aid and fire extinguisher. Interview with foreign worker. All cost of renewal of contract and work permit was covered by the company. There are sundry shop near of housing complex to fulfill daily needs. Therefore there are PPE's for welding as google glass and gloves.

Sg Senarut Estate

1. **Chemical Store.** Properly manages as per OSHA requirements. MSDS available and labeling implemented.
2. **Scheduled Waste Store.** Storage proper but labeling need further improvement
3. **Workers Quarters.** New quarters are very good and spacious with 3 rooms
4. **Boundary stones.** Clearly visible.
5. **Pesticide Application on the rubber site on Field 12C.** Auditor was interview six pesticide applicators from Bangladesh, Kalkota and India. According to interview they were explain: all of PPE's was provided PPE's as helm, google glass, respirator mask, apron, rubber hand gloves, and safety booth. First aid was took by mandore, however it contain are not complete as there are no eyes water, cream lotion, and others. Medical surveillance was conducted every six month.
6. **Water catchment area on Field 12C.** According to field observation, there are no signage for buffer zone, spraying ban.
7. **Manuring on Field 02.** Auditor was observe manuring activity (MOP) with doses 1.75 Kg/plant, there are 11 workers from India, Indonesia and Nepal. They can explain about work instruction and responsibilities,

therefore all PPE's was provided by the company, if PPE's damage, it will be replaced by the company. There are regularly training every year. Based on interview with mandor, she has took first aid kit with 13 item contains.

8. **Barn Owl Box (BOB) on Field 02.** According to observation, this BOB was active and there are rat bonds on the lands.
9. **Harvesting on Field 05B.** There are 12 cutters and 12 pickers from Indonesia, according to interview with workers. They can explaining about responsibilities and work instruction, and harvest criteria. According to interview with foreign workers, they has received average salary more than 1000 RM/month.

#### Muar River Estate

1. **Chemical store.** Storage is in accordance to OSHA with MSDS available in the store.
2. **Fertilizer store.** Proper storage
3. **Workers quarters.** Still an old building but clean. Creech was closed due to no infant.
4. **Clinic.** Clean and well arrange.
5. **Sekolan Jabatan Kebangsaan Tamil Muar River.** Very clean and well organize school. Receiving award and cluster school.
6. **Pesticide Application on Field 94T.** Auditor was interview six pesticide applicators from Bangladesh, India, Kalkota and Nepal. According to interview they were explain: all of PPE's was provided PPE's as helm, google glass, respirator mask, apron, rubber hand gloves, and safety booth. First aid was took by mandore, however it contain are not complete as there are no eyes water, cream lotion, and others. Medical surveillance was conducted every six month.
7. **Water catchment area on Field 93T.** According to field observation, there are no signage for buffer zone, spraying ban.
8. **Barn Owl Box (BOB) on Field 93T.** According to observation, this BOB was active and there are rat bonds on the lands.
9. **Harvesting on Field 00G1.** There are 3 cutters and 1 pickers from Indonesia, according to interview with workers. They can explaining about responsibilities and work instruction, and harvest criteria. According to interview with foreign workers, they has received average salary more than 1000 RM/month.
10. **Field 11C.** Auditor was observe Pami Box of beneficial insect to help op pollination.
11. **Field 99.** Auditor was observe boundary stones coordinate 2°33'58"; 102°44'49.4".

#### Bukit Pilah Estate

1. **Clinic.** Clean and well presented
2. **Chemical Store.** Storage as per OSHA requirement
3. **Workshop.** Clean and well presented
4. **Worker Quarters.** Old building and new building.
5. **Pesticide Application on the rubber site.** Auditor was interview six pesticide applicators from Bangladesh, Kalkota and India. According to interview they were explain: all of PPE's was provided PPE's as helm, google glass, respirator mask, apron, rubber hand gloves, and safety booth. First aid was took by mandore, with complete of contain.
6. **Water catchment area on Field P06K.** According to field observation, there are no signage for buffer zone, spraying ban.
7. **Barn Owl Box (BOB) on Field P02K1.** According to observation, this BOB was active and there are rat bonds on the lands.
8. **Harvesting on Field P02K1.** There are foreigner workers from Indonesia, according to interview with workers. They can explaining about responsibilities and work instruction, and harvest criteria. According to interview with foreign workers, they has received average salary more than 1000 RM/month.
9. **Field R09K1.** Auditor was observe boundary stones coordinate 2.77106; 102.51364.
10. **Field P02K1.** Auditor was observe boundary stones coordinate 2.76637; 102.50914.

<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>ASA-1</b>	<p>Summary of stakeholder consultation process</p> <p>Consultation of stakeholders for SOU16, Sime Darby Plantation Sdn Bhd was held by:          Public Notification on Mutu certification website at 30 March 2017.          Public consultation meeting with internal stakeholders by interviews and local stakeholders conducted by interviews during the audit 17 April in Kok Foh POM, 18 April 2017 in Sg Senarut Estate, 19 April 2017 in Muar River Estate and 20 April 2017 in Bk Pilah Estate.          Public consultation to several Non Government Organizations at 10 April 2017.          Numbers of input from stakeholders were verified by auditors through field observation and document verification.</p>
<b>2.3.2</b>	<b>Stakeholder contacted</b>
	<b><i>Please find appendix 1</i></b>
<b>2.4</b>	<b>Determining Next Assessment</b>
	The next visit ( <a href="#">ASA-2</a> ) will be determined one year after this <a href="#">ASA-1 (April 2018)</a> .



3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSP0 Certification

MUTUAGUNG LESTARI has conducted an assessment of Kok Foh POM, SOU16 – Sime Darby Plantation Sdn Bhd operation consisting of one (1) mill and eight (8) oil palm estates.

During the assessment, there were two (2) Nonconformities were assigned against Major Compliance Indicator(s) and two (2) nonconformities were assigned against Minor Compliance Indicators and five (5) opportunities for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. The company has already prepared and implemented the corrective action(s) that had been reviewed and accepted by Auditor(s) in form of documentation evidence(s). Those corrective action(s) taken that consist of two (2) Major non-conformities had been closed out and one (1) Minor non-conformity shall be verified during next assessment.

MUTUAGUNG LESTARI found that Kok Foh POM, SOU16 – Sime Darby Plantation Sdn Bhd complied with the requirements of RSP0 Principles & Criteria and National Interpretation, RSP0 Principles and Criteria (P&C) for Sustainable Palm Oil Production, MYIWG .

Therefore MUTUAGUNG LESTARI Recommends RSP0 Certification of compliance is **continued**.

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<p><b>1.1</b>  <b>Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSP0 Criteria, in appropriate languages and forms to allow for effective participation in decision making.</b></p>		
<p><b>1.1.1.</b>            The Company had maintained the procedure of communication of internal and external parties in the Standard Operating Manual (SOM) at the estate and mill. There is adequate timeline and clearly mention at the SOP of the company. As per SOP and manual sighted, the manager of each estate will be the responsible person to handle and made decision towards internal and external communication at both estate and mill.            The stakeholder list and stakeholder meeting has been made and updated yearly in order to gathering the feedback and response of stakeholder towards the mills and estate operation. Sighted during the audit latest stakeholder meeting was done on 22<sup>nd</sup> March 2017 (Muar River Estate), 10<sup>th</sup> April 2017 (Bukit Pilah estate) and the stakeholder list has been updated on the same date as per meeting, and verified by the manager itself. Several issues has been highlighted by the stakeholder's e.g the gate opening time for the smallholders to use the certification unit road for transporting smallholders FFB. The highlighted issues has been taken action accordingly by the estate manager            The stakeholders are aware the type of information available at audited estate. There is a stakeholder meeting which is consist of contractors, villagers, local government agencies and foreign workers representative. During the meeting, the managers in charge will be responsible to communicate the type of information regarding the company policy and method to retrieve the documents that made available in the estate and mill office. They are aware due to the stakeholder meeting that has been done yearly to discuss any information related to the company operation.</p> <p><b>1.1.2.</b>            All the record related to response and request from the management unit towards the external parties has been kept in a folder. Response and action has been made timely and adequate as per certification unit SOP. As per internal response, there is separate book made available at the estate, (external complain book, Electricity repair book, complain and repair book)</p>		

	<b>Status: Comply</b>	
<b>1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</b>		
<p><b>1.2.1.</b> The management has made publicly available the related document listed by the standard. It include the Land title of the management unit (mill and supply bases) OSH plan of the mill and estate, risk assessment, mitigation plan (HIRARC document), Environmental Impact evaluation (EIE) and Environmental Risk Assesment (ERA) were made available at the estate and mill.</p> <p>Sime Darby Plantation SOU 16 KOK FOH has also documented the Social Impact Assesment (SIA) at estate and mill accordingly, together with HCV document for the wildlife and water catchment area, Pollution prevention plan (PPR), communitacation procedure to internal and external parties, and also including the Human right policy that made available at all estate and management unit of Sime Darby as per field visit and verification.</p>		
	<b>Status: Comply</b>	
<b>1.3 Growers and millers commit to ethical conduct in all business operations and transactions.</b>		
<p><b>1.3.1.</b> It was sighted that during the audit, the management had showed the commitment in all its businesses and operations by providing a booklet Code of Business Conduct (COBC) to all the level of management unit and being socialized to the local contractor that involve in Sime Darby operation.</p> <p>During the audit, it was sighted that the certification unit had include the elements in the booklet onto the contract agreement between contractor and Sime Darby unit. As for the workers and all level management unit, it was sighted a briefing has been done accordingly and the evidence of receiving the booklet were made available at the estate (letter acknowledge of receiving the booklet) and also the attendance list of workers present during the slideshow briefing. Based on the interview made, it was sighted that the briefing made in a language that understandable by the workers and staff.</p>		
	<b>Status: Comply</b>	
<b>PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS</b>		
<b>2.1 There is compliance with all applicable local, national and ratified international laws and regulations.</b>		
<p><b>2.1.1</b> Sime Darby Plantation has a standard legal and other requirements register (LORR) and updated according to financial year (F16/17). License obtained according to Mill and Estates operation such as MPOB, LLGM, KPDNKK, FMA and DOE. Recertification audit 2016, has issued a Non-conformance (Major). The management has appointed a consultant to obtain the Fire Certificate in September 2016 thus the NC has been closed with observation. Due to technical reason, the appointed consultant has withdrawn on 16/2/2017. A new consultant (Fire Pro System Resources) was proposed to be appointed 17/4/2017. This has contradict to Fire Service Act 1988, <b>Section 28(1) every designated premise shall require a fire certificate.</b></p> <p><b>2.1.2</b> Documentation system describe in LORR Register tables. Documents available at HQ, Region, Mill and Estate office.</p> <p><b>2.1.3</b> There is a mechanism to ensure compliance was done annually through internal audit by PSQM and GCAD.</p> <p><b>2.1.4</b> New laws and regulations tracking was implemented via PSQM by subscribing to <i>law.net</i>.</p>		

<b>2.1.1</b>	<b>Status: Non Conformity with Major Category No. 2017.1</b>
<b>2.2</b>	
<b>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.</b>	
<b>2.2.1</b>	
Kok Foh Mill, Bukit Pilah Estate, Sg. Senarut Estate & Muar River Estate have valid land ownership under Sime Darby Plantation Sdn Bhd, while few land title still under The China Engineer (M) Sdn Bhd. Land certificates are available at each respective office. For ownership under China Engineer and Barlow. The ownership were legally done through MOA, share acquisition. No record of contested by local observed.	
<b>2.2.2</b>	
Kok Foh Mill, Bukit Pilah Estate, Sg. Senarut Estate & Muar River Estate were surrounded by smallholders and villages. Boundary were marked by stones and perimeter drain. Boundary stones were clearly demarcated in the field..	
<b>2.2.3, 2.2.4, 2.2.5 &amp; 2.2.6</b>	
There is no land dispute in the sampled estates as their land titles are legally identified and documented.	
<b>Status: Comply</b>	
<b>2.3</b>	
<b>Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.</b>	
<b>2.3.1.</b>	
The mill is located within Kok Foh Estate. The mill have obtained all the relevant licenses from respective authority except Fire Certificate which is still pending. There is no evidence the presence of identification of legal, customary or user right. The same status applied to Bukit Pilah Estate, Sg. Senarut Estate & Muar River Estate.	
<b>2.3.2, 2.3.3 and 2.3.4</b>	
There is No negotiated agreement in any of the sampled estates, therefore FPIC not applicable.	
<b>Status: Comply</b>	
<b>PRINCIPLE #3 Commitment to long-term economic and financial viability</b>	
<b>3.1</b>	
<b>There is an implemented management plan that aims to achieve long term economic and financial viability.</b>	
<b>3.1.1.</b>	
The Certification unit has work plan for next 5 year in the document Work Plan & Projection period 2016/17-2020/21 are made for each unit management. In the document has explained the operational area plan, the production of FFB, CPO and PK, yield/ha, extraction of CPO & PK, operational cost, environmental management and operations. In addition, the Certification unit has a long term plan in business plan data for SOU 16 which describes the number of seeds, FFB production, OER, Production Cost, price of CPO, Revenue, replanting and CPO Production. The Certification unit has conducted an evaluation of the estimated budget which is conducted every month. Evaluation is recorded in Performance Monitoring while the realization recorded in monthly report.	
<b>3.1.2.</b>	
The Certification unit replanting program has not changed from the previous assessment are listed in the Long Range Replanting Program for the years 2016-2021. Replanting progress noted in the monthly report. There are also Map of replanting program which is showed presentage of replanting progress.	
<b>Status: Comply</b>	
<b>PRINCIPLE #4 Use of appropriate best practices by growers and millers</b>	
<b>4.1</b>	
<b>Operating procedures are appropriately documented and consistently implemented and monitored.</b>	

#### 4.1.1

Quality, Environmental and Occupational Health & Safety management system developed for mill observed. Total 16 management procedures developed for the whole Quality Management System.

Different SOPs developed for relevant production section:

- Reception Station
- Fruit Handling Station
- Sterilization Station
- Threshing Station
- Pressing Station
- Clarification Station

Process flow chart for production process observed. Sufficient SOPs developed and covered whole POM processes. Controlled set of QOHSE documents observed during the mill audit. Document Master List observed for all procedures and SOPs. Safety work procedure has included on the mill processing procedure at each station. Document revision well controlled with updated version keep track. During the site observation, updated documents observed at the point of use.

Reference Manual (ARM) latest updated July 2011. Standard Operating Manual (SOM), 2018 & Standard Operating Procedure (SOP), 2008. The SOP has covered the key processes like harvesting, transportation, fertilizing, IPM, chemical handling and Manuring. Estate Quality Management System established for whole Sime Darby Plantation. Quality management manual date 1/11/2008, rev 01 observed with relevant SOP developed:

- Seed Planting
- Watering
- Spraying
- Pruning
- Manuring
- Harvesting

All the procedures were available in each Mill and Estate on English and Bahasa Melayu. Based on interview with Boiler Man in Kok Foh POM, he can explain regarding working safety and his job descriptions. In addition, according to interview with harvesters in Sg. Senarut Estate on Field 05B, interview with spraying workers in Muar River Estate on Field 94T and interview with Spraying workers in Bukit Pilah Estate, They can explain related to job descriptions and safety working environment.

#### 4.1.2&4.1.3

Internal audit conducted on yearly basis for monitoring of SOPs implementation. Daily monitoring performed by mill and estate supervisor. SOU monthly briefing performed for communication of SOPs and reminder for all employees. And also there are mechanism to check consistent implementation of procedures through internal audit by PSQM, Mill Advisor Visit and Plantation Advisor Visit. The latest Mill Advisor visit on dated 19 – 21 July 2016. The operation unit has follow up all of mill advisor suggestion. Therefore Plantation Advisor had visit to the each estate, for example: latest Plantation Advisor Visit in Sg. Senarut Estate dated 17-19 February 2016, Muar River Estate dated 16-18 November 2015 and Bukit Pilah Estate dated 25-27 April 2016. In addition, there are Group Corporate Assurance Report (GCAD) dated 30 December 2016 for SOU 16, all of suggestion was follow up by management unit.

#### 4.1.4

The certification unit has Responsible Sourcing Guidelines revision 1 dated 23 February 2016 page 1 of 1 Guidelines for sourcing of third party Fresh Fruit Bunch (FFB). All of FFB from smallholders should be obedient to national regulation, has not convert from primary forest, peat area, HCV or conservation area after January 2010; zero burning when replanting and others. Based on document verification and interview with processing assistant manager, there are three FFB supplier as: Eng Huat Latex Concentrate SDN, BHD, Cheong Wing Chan Sdn Bhd and Bukit Palong Plantation



Sdn Bhd during last year.

**Status: Comply**

**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**

The certification unit has SOP Agriculture Reference Manual (2008)-Chapter 8. Manuring regarding Manuring on Immature area and Mature area. All of manuring program was monitored through Monthly Manager Report and also Agronomist Visit Report. Agronomist will be assessing the level of achievement manuring program, such as score of manuring in Sg. Senarut Estate is 100, Muar River Estate: 100 and Bukit Pilah Estate:100 .

**4.2.2**

The fertilizer inputs record was maintained by each unit on Manuring Cost Book. There are manuring records period of July 2016-March2017. This application was linked to the agronomist report. For example, fertilizer application in Sungai Senarut Estate: NKC: 266.00 MT, RP: 12.35 MT; GML: 105.35 MT; AC: 24.00 MT; MOP: 39.25 MT. The certification unit also has monitor the fertilizer use per ton FFB, for example in Sungai Senarut Estate is 0.8 MT Fertilizer/MT FFB.

**4.2.3.**

Sime Darby Plantations has Sustainable Plantation Management System (SPMS) Version1 year of 2009. Soil sampling unit will conduct every 5 years, while leaf sampling unit will conduct every year by Research and Development Center Upstream. The latest soil analysis test report on 21 October 2014 by Sime Darby Research Sdn, Bhd. While last leaf sampling unit was conducted on 1 June 2015, this sample is using for agronomic and fertilizer recommendation period of 2016/2017. For example: Fertilizer recommendation for mature area October 2016: NKC1 572.69 MT; January 2017: RP 121.34 MT; March/April 2017: AS 371.67 MT; MOP 269.40 MT; April 2017: Kieserite 180.26 MT; Borate: 7.79 MT in Muar River Estate

**4.2.4.**

There are nutrient recycle such as EFB mulching, effluent land application, and composting. EFB mulching has been conducted on Kok Foh Estate and Sg. Senarut Estate, for example: EFB application on Kok Foh Estate on March 2017 is 1,204,950 ton and Sg. Senarut Estate on 21 January 2017 with total: 107.67 ton. POME application is just on Kok Foh Estate on March 2017 is 4,072,150 ton. Therefore according to field observation on Block 98KC Kok Foh Estate is 156.36 MT.

**Status: Comply**

**4.3**

**Practices minimize and control erosion and degradation of soils.**

**4.3.1.**

Detailed soil maps as well as slope and contour maps have been prepared for some estates by SDP's R&D TTAS Precision Agriculture Unit. For example, soil map and slope information for estates sighted were as follows:

- Kok Foh estate: Soil series identified for this estate includes Marang (29.35%), Durian (20.57%), Batu Anam (25.38%), Colluvium (8.73%), Malacca (15.97%). There are no highly sloped areas identified in this estate and the area is predominantly flat to undulating. No peat is identified in this estate while Marang soil is considered a partly sandy soil with low fertility which is being managed through composting.
- Bukit Pilah estate: Soil series map for Bukit Pilah, Kelpin & New Rompin divisions states soil series identified as Bungor, Durian, Malacca, Mixed and unclassified while for Sg. Kelamah division, soil series identified include Durian, Gajah Mati, Malacca, Muchong and unclassified. The slope and contour map of this estate also shows no significant slope area, which land being predominantly flat to undulating.
- Muar River estate: Soil Series map for this estate include colluvium/alluvium (27.99%), durian (57.88%) and segamat (14.13%).

- Sungai Senarut Estate: Soil Series map for this estate include Batu Anam: 1.99%; Durian: 70.52%; Malacca: 17.23%; unclassified: 10.27%.

**4.3.2.**

There are Slope Planting Policy signed by Managing Director on January 2015, Slope of >25° must be excluded from any new plantation development and replanting program. For slopes < 25 °, the existing crop and vegetation shall be maintained accordingly. Planting of forest trees for enrichment of the species is recommended. In addition there are ARM Section 3 about replanting, this procedure was explain related to ground cover management, recycling biomass, terracing and natural regeneration instead of replanting.

**4.3.3.**

The certification unit has road grading program and record period of 2016/2017; for example: record of road grading in Field OP02 23.43 Ha (Sg. Senarut Estate) on July-August 2016; Field 94T 106.15 Ha (Muar River Estate) on September 2016 and January 2017; Field P05S Sg. Kelamah Division (Bukit Pilah Estate): 40.00 Ha it was realized on September 2016 and February 2017. According to field observation on Field 11C Muar River Estate, Field P02K1, Bukit Pilah Estate and OP02 Sg. Senarut Estate, that known all of main road and collection road on good conditions and well maintenance.

**4.3.4;4.3.5&4.3.6**

According to verification of soil map, slope map, interview with each estate managers; and also based on field observation. There are no peat area is identified in all estates.

**Status: Comply**

**4.4**

**Practices maintain the quality and availability of surface and ground water.**

**4.4.1; 4.4.2; 4.4.3 &4.4.4.**

During the audit, it was sighted that the mill and estate has their own water management plan itself title [Identification and Management of Wastewater] for the mill and Water Management Action Plan for the estate. All the document and data has been maintained and updated for Year 2016/2017. Water sources for the mill is from the water catchment and it used for the seedlings. The water usage ratio for the mill [January 17 :1.41.] [February 17 :1.20] [March 17 : 1.22] . water renewability is from the rain water and for Bukit Pilah Estate from the rain harvesting and tube well. Access of clean drinking water is from the government water [SAINS for Bukit Pilah estate] and [Syarikat Air Johor for Sg Senarut Estate and Muar River Estate]. It was sighted also a clear flow chart of the water treatment procedure made available at the mill. Maps of water catchment and swamp area at the estate was clearly made available at the management unit. Protection of the riparian and water catchment buffer has also sighted. During the audit, the management had evidence of water test being done monthly in order to monitor the water quality at the mill and estate.

There are Effluent Discharge License from Jabatan Alam Sekitar No. 002079 for The China Engineers (M) SDN, BHD. Kok Foh Palm Oil Mill valid from 1 July 2016 till 30 June 2017; Mill Capacity 45 ton FFB/Hours.

At Bukit Pilah estate the protection of water courses has been made available through jungle tree planted at the water catchment area, no planting, weeding and spraying sighted during the field observation at the area. There is also SOP has been set up by the management unit related to the protection of water courses and river buffer titled Sime Darby Plantation Quality Management System ; SOP for River Buffer Zone, River Reserve and Slope protection.

During the field observation at Sg Senarut estate, Muar River Estate, and Bukit pilah Estate, based on the water management plan, all of water catchment area should be installed by Signboard of no hunting, no swimming and no spraying. However during the observation at Sungai Senarut estate and Muar River estate, there are available signboard of no hunting and no swimming only, while in Bukit Pilah Estate, there is not available warning signboard at the water catchment pond.

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**4.1.1 Status: Non Conformity with minor category No. 2017.2.**

**4.5**

**Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.**

**4.5.1.**

Integrated Pest Management techniques are applied according to the Sime Darby Agricultural Reference Manual which was issued on 1st July 2011, however, Section 15: Plant protection regarding Control of Rate in Oil Palm was last updated in year 2012. The updated document states that due to labour constraints, all estates are to adopt a calendar baiting approach with rat baiting campaigns carried out once every 6 months to suppress rat attacks, whether or not there is visible sign of rat damage. Additional census is only carried out when there is rat damage above the threshold level of 5%.

Rat census is done after each rat baiting campaign where rat bait is replaced after each round of census and percentage update is calculated. Once percentage uptake has gone below 20%, the rat bait application will stop. Records of the rat baiting done and percentage uptake each round is recorded in a logbook. The management unit has been installed barn owl box on each estates and it has monitored every semester, for example: There are 47 BOB with percentage of occupancy is 27.66% in Sg. Senarut Estate, 154 BOB with percentage of occupancy is 83.11% in Muar River Estate, and 5 BOB with percentage of occupancy is 60% in Bukit Pilah Estate (Kelphin and Sg. Kelamah Division). Bagworm/ nettle caterpillar control is carried out according to the certification unit's SOP as per their SDP Agriculture Reference Manual issued 1 July 2011. The SOP specifies the steps for monitoring and surveillance include alert (initial detection of signs of leaves being eaten), census stage to confirm the extent of the damage observed (sample palms at one percent level by taking one palm at every ten palms at every tenth rows and country the number and larvae and pupae on both sides of the frond) and action stage where treatment is conducted when threshold levels are exceeded, i.e. 5 live larvae per palm for large species and 10 live larvae per palm for small species. Census should then done every 2 weeks until pest census results show zero count for 3 consecutive rounds of census. According to document verification, the latest report on March 2017: 163.88 Ha was attacked for example: Field 06 dated 6 March 2017: total palm census (10 plants), mean larvae per frond: small larva: 0.04 and large larva: 0.12; Mean cocoon per frond alive: 0 and dead: 0.33. Trunk injection record was sighted: dated 21 November 2016 with Impact 75 (acephate) 5 liter on Field 94T. However, there are efforts to planting beneficial plants as: *Turnera subulata*, *antigonon leptosus* and *Cassia cobanensis*.

Ganoderma is one of plant disease was found on SOU 16, annually census has been conducted on each estate. For example: there are Ganoderma attacks on Field 05B Sg. Senarut Estate (1.21%); Field 93G Muar River Estate (16.58%); and P055 Bukit Pilah Estate (1.43%).

**4.5.2.**

There are IPM training records in each estate, such as: IPM training dated 8 March 2016 to 7 workers in Sg. Senarut Estate, IPM training dated 17 March 2017 to 5 workers in Muar River Estate, and IPM training dated 3 April 2017 to 12 workers in Bukit Pilah Estate. According to interview with harvesters and spraying workers, there are no nettles attack, its only rinocheros beetles attack on replanting areas. In addition, according to interview with pest control team they has understood regarding to IPM Plan as: Barn owl box, beneficial plants and others.

**Status: Comply**

**4.6**

**Pesticides are used in ways that do not endanger health or the environment**

**4.6.1**

The Certification unit has work procedures associated with chemicals such as spraying and pest and disease control. The procedure is contained in the Pictorial Safety Standard (PSS) Chapter 8 about pesticide handling. Certification unit is using pesticides in accordance with the target and the actual target achievement in the field is conducted three to fourth times a year. The pesticide has been registered in the national regulation, based on the results of field observations in Field found chemical circle weed control. The spraying activities are using pesticides that are already registered in MPOB that is active ingredient *glyphosate* with a dose of 300 ml / hectare to control broadleaf weeds in the circle of oil palm. During field observation to field 94T Muar River Estate that known it was observed that spraying worker used chemical material with the active ingredient “glyphosate”, the target is a broadleaf weeds on the circle oil palm.

**4.6.2.**

The certification unit carries out weed control by using chemicals made in 3-4 rotations in a year. Weed controls such as circle spraying is performing selectively adapted to conditions on the field. Each of estates has been monitor pesticide usage per hectare and per FFB production. For example: average of pesticide usage on Bukit Pilah Estate is 0.058 % i.a. per hectare.

**4.6.3**

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**4.6.4**

The Certification unit has a complete list of pesticides that are designated by World Health Organization (WHO) Class 1A or 1B, or listed in the Stockholm or Rotterdam conventions. Based on interview with estate manager and field visit on chemical storage, Sime Darby Plantation Sdn, Bhd has been implementing zero policy of using *paraquat* since 2010.

**4.6.5;4.6.9; 4.6.10**

The Certification unit has a work procedures related to chemicals such as spraying and pest and disease control. The procedure contained in the Pictorial Safety Standard (PSS) chapter 8 about pesticide handling. Based on document verification, all estate were held pesticide handling training on 7 November 2016 in Sg. Senarut Estate, dated 6 March 2017 in Muar River Estate and dated 5 April 2017 on Bukit Pilah Estate. According to interview with spraying workers, they can explain about pesticide handling and PPE's usage. However there are no available associated smallholders on this audit scope. According to field observation on pesticide application activity on Field 94T (Muar River Estate), on Field P2OK1 (Bukit Pilah Estate) in Sungai Senarut Estate (rubber), all of spraying workers were uses respirator mask according to MSDS. In addition that, based on interview with mandore that known pesticide mixing were conducted in chemical mixing area. And also, based on field observation to chemical mixing places near of estate office, there are adequate and safe place for chemical mixing activity. All estate were held pesticide handling (include the waste disposal) training on 7 November 2016 in Sg. Senarut Estate, dated 6 March 2017 in Muar River Estate and dated 5 April 2017 on Bukit Pilah Estate.

**4.6.6 & 4.6.7.**

There is a SOP Environment and Quality management system (November 2008) and Pictorial Safety Standard (PSS) Chapter 8 about Pesticide handling. Based on the field visit to Sg. Senarut, Muar River and Bukit Pilah Estate, there are implementation of the SOP and well organized. All Pesticides is stored according to the Color Coding (OSHA 1994). There is an evidence showing that the empty containers are properly stored at the Chemical Storage Area. Based on the site visit at field and disposal area, there is no evidence that pesticide containers are disposed and used for others purposes. Latest empty chemical containers transporting dated: 15 April 2017 in Sg. Senarut Estate, 21 December 2016 in Muar River Estate and 31 March 2017 in Bukit Pilah Estate. All estate were held pesticide handling training on 7 November 2016 in Sg. Senarut Estate, dated 6 March 2017 in Muar River Estate and dated 5 April 2017 on Bukit Pilah Estate.

**4.6.8.**

Based on interview with estate managers, there are no aerial spraying application during last year.

**4.6.11, 4.6.12**

Specific health checks for agrochemical applicators are carried out on a regular basis each year according to their schedules and programs. The latest surveillance was conducted on February 9, 2017 for 14 workers by Pantai Hospital-Ayer Keroh at Sg Senarut Estate, 9-12 April 2017 by Segamat Clinic for 38 workers at Muar River Estate and 27 Sept 16, 29 16 September, 4 Oct 16 for 45 workers at Bukit Pilah Estate. Types of tests: blood tests, physical tests, urine and rontgen tests and CHE special tests for *acephate* applicators. Based on the field visit and register of sprayer known that there are no female employees involved in work related to chemicals and there is no found any indication of chemical exposure such as skins irritation. Based on interview with sprayer on Field 94T (Muar River Estate), on Field P2OK1 (Bukit Pilah Estate) in Sungai Senarut Estate (rubber), known that the result of MCU has been informed in personnally, also confirmed that there is no indication of skin disease and itches.

	<b>Status: Comply</b>	
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**4.7**

**An occupational health and safety plan is documented, effectively communicated and implemented.**

**4.7.1**

Has established a policy OSH by the Director on Jan, 2015 which is a commitment to meet legal requirements and other related requirements, providing adequate knowledge, training and experience to ensure competency with continuous improvement in the OSH Management, preventing accident, safe and healthy environment for employees. Policy are

written in English and Malayan. Estates and POM has develop OSH programs for the period 2016/2017, such as EHS risk assessment, EHS structure, incident and accident reporting, EPR, chemical safety management, personal noise management & border limits (for mill), contractor safety management, training and LTI status.

#### 4.7.2

Potential hazards and risks to the entire estate and mill operations have been identified and described in the documents of HIRARC including current control and recommendations of subsequent control plans. The formulation has considered all the precaution contained in the product packaging the chemicals used.

HIRARC is reviewed annually and every occurrence of accidents, for example a review by Kok Foh POM on 4 July 2016 and Bukit Pilah Estate on 3 Jan 2017. The results of the review become an improvement and feedback to the control plan establishment.

#### 4.7.3

The preparation of the OHS training program is conducted annually, the training implementation document is shown in the form of training minutes, attendance and certificates. For example: Fire drill training on 19 May 2016 at Bukit Pilah Estate, first aid training performed on 17/4/17 in Muar River, certificate no NW-HQ-AGT-R-0642-) as Authorized Gas Tester and entry supervisor for confined Space refresher at Kok Foh POM and personal hygiene and health training in Sg Senarut conducted on 16 Aug 2016.

Record of first aid training can be provide in the form of a certificate, for example: certificate no.: OFA / FRS: 2012 conducted on 15 June 2015 by the National Institute of Occupational Safety and Health; Certificate no.: 900726-08-6418 dated 8 July 2015 issued by Defense Official Amam Malaysia; Certificate of occupational first aid & CPR No.: J-OFA 0027-A, dated 15 June 2015. Based on site visit to process, spraying and harvesting known that the certification unit has been providing the PPE to all workers based on the HIRARC assessment. The replacement done if the PPE is broken.

#### 4.7.4

OSH committee has been set up in each unit as PIC in the implementation of OSH policy, consisting of chairman, secretary, emergency response team and work place inspection team. The structure is composed of representatives of management and employee representatives.

OSH meetings are held in 3 monthly basis as in accordance with the requirements of OSHA act 1994, act 514 P.U. (A) 616/1996. Minutes of meeting can be demonstrated, for example: the latest meeting in Kok Foh Pom FY2016 / 207 done on 13 Feb 2017 as many as 11 attendants; in Sg Senarut Estate on 17/02/17, 21 attendant; in Muar River Estate on 22/2/1017, 17 attendants; And in Bukit Pilah Estate held on 27/02/2017, 28 attendants. The meeting was to discuss issues related to OSH, accidents that occur within 3 months as well as a review of the implementation of the OSH program.

#### 4.7.5

Described in Standart Operation Manual (SOM) document, appendix 5.5.3.3. version 1, year 2008, issue no.: 1 on Emergency Preparedness and Response Procedure, issued on 1 Jan 2008 on steps of response to an environmental and OSH emergencies including accident and incident, emergency action plan in the event of fire and emergency action plan in the event of explosion.

As requirement of OSHA regulation, accident reported to "Jabatan Kesihatan dan Keselamatan" consist of JKPP 6 (3-7 days after accident for insurance claim) and JKPP 8 report (yearly report for entirely accident occurred). All units of estates and mill shown the evidence of delivery both reports, for example:

- Kok Foh POM → report of JKPP8 FY 2016 reported in 27 Jan 2017, the latest JKPP6 report submitted on 30 June 2016 through letter no.: NS / JKPP6 / 2016/231, No report: JKPP NS 127/900/1/4 JLD. Provided the document of medical payment receipt of from Hospital Tuanku Ampuan Najihah no.: 07040116008598 and 07040116008594, all paid by certification unit
- Sg Senarut → Report for calendar year 2016 submitted to Jabatan on 20 Jan 2017 for total lost workdays 58 cases (total accident 4 cases). Report of JKPP 6 for example on behalf of Pn. Rosliza Binti Ghazali, tanggal kecelakaan 24 Jan 2017, accident date 24 Jan 2017, report date 26 Jan 2017, the accident did not need to claim insurance.
- Muar River → JKPP8 for calendar year 2016 reported on 26 Jan 2017, 3 accident case, 39 lost days. The

latest JKPP6 report on behalf of Moh Arif Bin Angsar, dated 1/8/2016, reported on 4/8/2016, no need the insurance claim

- Bukit Pilah → JKPP8 FY2016 reported on 20 Jan 2017, 18 minor accident. The latest JKPP6 report of Norhazwani (accident on 28 Dec 2016) and insurance claim document, reported on 30 Dec 2016.

Based on site visit in the process station, harvesting and spraying is known that the first aid kit is provided in the workplace. The Mandore who are designated as in charge of first aid in the workplace can demonstrate how to perform the first aid steps.

**4.7.6**

The local worker covered by SOCSO insurance and the foreign worker covered by RHB Insurance Berhad. Provided the payment evidence of SOCSO insurance (monthly basis), namely:

- SOCSOPayment receipt period of March 2017 has been paid for total 70 workers in Kok Foh POM. Payment evidence and certificate for foreign worker insurance on behalf of Ifdan Muhammad (period of 29/8/16 – 28/8/17), Umar Sulaifi (12/4/16 – 11/4/17 ) and Budiman (18/4/2016 – 17/4/2017).
- SOCSO payment evidence of Bukit Pilah for March 2017 done on 1 Apr 2017 for 33 workers, code No.: E1406821B. RHB insurance payment and certificate for foreign workers, for example on behalf of Sahdan (No Passport : AT079018, 7 Jan 16 – 6 Jul 17), Rai Dhan Kumar (Pasport No.: 09204070, 13/9/16-12/3/18), Biswas Sajib (Passport No.: AE2824965, 30/5/16-19/5/17).
- SOCSO payment evidence for local workers in Sg. Senarut for March 2017 covering 105 workers, code no.: E1400362Y.
- SOCSO payment of local workers in Bukit Pilah for March 2017, code no.: E2200372P, as much as 366 workers.

However, the certification unit has not been able to show the insurance certificate and the payment of the foreign employee insurance, based on sampling at Sg Senarut Estate on behalf of Paramananda (Nepalese) and Demah (Indonesian); Bukit Pilah Estate on behalf of Saepudin (Indonesian) and Dhud Raj (Nepalese). **NCR No. 2017.3**

**4.7.7**

All accidents have been recorded and analyzed using LTI metrics. Showed the LTI metrics FY16 / 17 in all sampled units, inform: month, the total number of workers, miscellaneous, man-hours, total hours, total man-hours, number of LTI, a total of LTI hours and cumulative man hours without LTI.

<b>4.7.6</b>	<b>Status: Non conformity with minor category No. 2017.3</b>	
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**4.8 All staff, workers, smallholders and contractors are appropriately trained.**

**4.8.1, 4.8.2**

The entire unit has developed a training program that will be carried out, looks a training program for the period 2016/2017, the program includes aspects of the RSPO Principles and Criteria, health and environmental risks of pesticide exposure, recognition of acute and long-term exposure symptoms including the most vulnerable groups, productivity and best management practice.

Training records are shown in the form of training minutes, attendance and certificates. For example: Fire drill training on 19 May 2016 at Bukit Pilah Estate, first aid training performed on 17/4/17 in Muar River, certificate no NW-HQ-AGT-R-0642-) as Authorized Gas Tester and entry supervisor for confined Space refresher at Kok Foh POM, and personal hygiene and health training in Sg Senarut conducted on 16 Aug 2016. In addition it can be shown first aider certificate, for example: certificate no. OFA / FRS: 2012 conducted on 15 June 2015 by National Institute of Occupational Safety and Health; Certificate no. 900726-08-6418 dated 8 July 2015 issued by Defense Official Amam Malaysia; Certificate of occupational first aid & CPR No. : J-OFA 0027-A, dated 15 June 2015. The certification unit need to improve the employees training record. #OFI

	<b>Status: Comply</b>	
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**PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity**

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

**5.1.1**  
 The certification unit had conducted the Environmental Impact Evaluation (EIE) at the mill and estate. The assessment had included the activities at the mill and estate that given significant impact towards the environment. As for the estate, EIE documented are covering the road maintenance, infrastructure maintenance, water catchment protection, replanting activities at the estate, the legume cover crop vegetation, and other estate activities. It was sighted the EIE at the mill covering the mill operation including reception, sterilizer, threshing, kernel recovery, effluent treatment pond, workshop and maintenance, scheduled waste store and chemical store maintenance. EIE for all the estate and mill has been updated into Financial Year 2016/2017 as per documented. The document has been reviewed and verify by the manager of each management unit and meeting with stakeholder has been done accordingly in order to re-identify the activities that give significant impact towards environment on 13/3/2017 [Bukit Pilah Estate] 29/3/2017 [Muar River Estate] and 12/2/2017 [Sungei Senarut Estate]

**5.1.2&5.1.3**  
 It was sighted during the audit the environmental management plan has been provided at the management unit. The manager of each estate and mill had verified the document and the plan was prepared by the assistant managers of each management unit. The plan was include the mitigation action of current practices and action taken to cover from the potential impact by evaluation matrix form. It was sighted that the management unit has updated the plan every year latest sample sighted on 27<sup>th</sup> March 2017 at the mill. Based on the matrix evaluation form, the plan provided is include the monitoring protocol for the activities, and mitigation action has been made to reduce the impact as for example : create a further awareness of recycling material among the staff to reduce the environmental impact.

**Status: Comply**

**5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced**

**5.2.1**  
 HCV baseline assessment was conducted in 2008. The reassessment conducted in 2016, sighted a re-assessment report version 2.0 dated May 2016 prepared by the PSQM Department for SOU16. The report includes records of consultation activities with stakeholders. The report describes a total of 25,598 ha of HCV area identified in SOU 16: Kok Foh which only comprises HCV 4. The assessor team has been registered in ALS (HCVRN), number of registration of Nur Aida: ALS2015-104, Norsyamimi: ALS2015 -109. On the appendices 1 in the report, attached the HCV MAPS for all estates, including Sg. Senarut (3.94 ha), Muar river (0.45 ha), and Bukit Pilah 3 location (a total of 6:21 Ha).

**5.2.2**  
 HCV action plan sighted in all sampled estate for year 2016/2017, the document informing scope, objectives, programme, time frame, PIC and remark/record.  
 The certification unit has been implement the management plan, such as signboard installation on water catchment, training and socialization to workers and borders of spraying marking and regularly patrolling in the water catchment (for example report of patrol in water catchmen OP93T, observe of encroachment, sign of illegal activities, pollution/erosion period of July – Dec 2016).





**5.2.3, 5.2.4**

Based on HCV re-assessment report known that there is no found RTE species in SOU16 operational area, however the CH has drawn the policy or rules to protect RTE species on policy of saving orang utan Jan 2015 stated the certification unit are committed to protect and conserve the endangered and protective species through : proper planning of sustainable land use to prevent forest or habitat fragmentation and subsequent isolation of protected species; ensuring compliance with all regulatory requirements; educating and creating awareness about the conservation of endangered and protected species to all employees and stakeholder. Sanctions for those arresting RTE species will be adjusted to the applicable regulations.

Based on interviews with employees mentioned that there has never been an encounter with rare and wild animals. Prohibitions and sanctions for those who intentionally arrest, disrupt, hunt and maintain RTE species are known.

**5.2.5**

Not applicable.

The total of 25.598 ha of HCV area identified in SOU 16: Kok Foh which only comprises HCV 4, in the form of water catchment.

**Status: Comply**

**5.3**

**Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.**

**5.3.1.**

Sime Darby Plantation had provide a registry list of waste produced and source pollution by the estate and mill including used lubricant, empty pesticides container, used batteries tyre and tubes, rubbish, EFB application, mill effluent pond, line site, office workshop, mill rubbish, recycle material, spillage diesel at the tank, schedule waste store, chemical container. The pollution sources also including the leakage of pesticides and chemical mixing, leakage of lubricant and oil form tractor , leakage of fertilizer during fertilizing operation, grading the roa, pesticide spraying, machinery noise, machinery exhaust, and vehicle exhaust, garbage disposal and leakage of pesticides during chemical mixing.

Waste management plan is available for schedule waste and scrap iron. Inventory and disposal record were available during audit session. As for organic loading there is anew circular (New Risk (HIRADC & EAI) and Waste Management Project from Head of Upstream, Sime Darby Plantation (Ref: PSQM/ESH/060/10/2016) and the Roadshow is in progress now.), however actually during the field observation at workers housing known that the domestic waste has been managed by collecting and seperate based on organic and organic and disposed to the landfill.

**5.3.2.**

During the observation at the management unit, the certification unit had documented the inventory of chemicals used at the esatet and mill titled Waste Management Action Plan 2016/2017. List of chemical resgister also has been update at the estates: including *Hextar Cyper 5.5.(Herbicide)* *Ebor Bait(warfarin)* *BAsta 15 (herbicide)* and *Supresate (Glyphosate)*. Based on the observation at Sungei Senarut Estate, Muar River Estate and Bukit Pilah Estate , the certification unit had maintained a good maintenance and upkeep of the inventory. As for the empty containers

pesticides, evidence sighted that the container have been triple rinsed, punctured and send to the recycle collector for disposal (consignment note).

Available at the estate of scheduled waste Code SW 404 [Pathogenice waste, clinical wastes or Quarantined Material], SW 409 [Disposed Containers, Bags or Equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes] and SW 305 [Spent Lubricating Oil] . The scheduled waste has been properly stored, notified to Department of Environmental Malaysia (DOE), and being collected by the registered collector (Kualiti Alam Sdn Bhd) and properly disposed. Sample consignment note also shown that the scheduled waste has also been kept less than 180 days as per DOE regulation and less than 20 Metric tonnes.

However during the field visit at Bukit Pilah estate, based on regulations there is evidence of the pesticides containers had been kept in a store without identification as scheduled waste. Hence there is a contradict of the best practice storage of schedule waste and practice of storage at the site. **It was raised as non conformity No. 2017.4.**

**5.3.3.**

There is also sighted the documented waste management and disposal plan to avoid and reduce pollution at the estate and mill. EFB application has been done at the estate (land application) and sighted there is no evidence of waste being disposed with open fire. Reducing pollution also been made through 3R program (Reuse, Reduce, Recycle ) and been made through implementation of separate rubbish bin. Consideration to keep the copy of Sime Darby Industries notification of schedule waste to Department of Environmental Malaysia at the management unit office. #OFI

**5.3.2** | **Status: Non Conformity with Major Category No. 2017.4**

**5.4**

**Efficiency of fossil fuel use and the use of renewable energy is optimised.**

**5.4.1.**

Plan of improving of fossil fuel usage at the estate and mill has been sighted. Diesel usage has been recorded at KOK FOH POM FY 2016/2017 from July 2016 until March 2017 accordingly. Total FFB processed from July 2016-March 2017 is 113,555.45 MT, CPO processed is 22,516.49 MT and total Diesel consumed is 7,237.00 litres, with averaging 0.32 liter per CPO tonnage. Electricity usage total is 347,487.33 KWH and average 19.97 KWH/ton FFB.

It was sighted that from the document the total KWH produced per ton FFB is increasing with the highest data is on March 2017 : 20,000.00 tons fffb process producing 350,000.00 KWH (shell and fiber usage)

There is also documented biogas Masterplan form Sime Darby headquarters dated March 2016 for feasibility studies of using biogas with the target on 2017-2021 averaging 0.43tCO<sub>2</sub>-e/ mt CPO and reducing emission to the environment by 40%. The target of the certification unit are maintaining performance of biogas plant, establishment of biogas capture at remaining mills in Malaysia and Indonesia, and exploring further opportunities for carbon reduction.

**Status: Comply**

**5.5**

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

**5.5.1 & 5.5.2.**

There is a SOP in Standard Operating Procedure, Section B2, Felling / Clearing & Land Preparation year 2008. Environmental Management – Zero Burning Technique (The zero burning technique of land clearing basically involves felling the original stands, shredding them, and leaving the remnant in windrows or between terraces to decompose naturally.

**Status: Comply**

**5.6**

**Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.**

**5.6.1**

There is waste identification and management waste, for example: Processing station was produce: clarification condensate, sterilizer condensate, hydrocyclone condensate, mill floor cleaning water. Treatment: phase I (oil recovery, sludge pit, oil trap), phase II (Effluent Treatment Pond), and than dispose/discharge.

**5.6.2.**

There is a plan in Carbon Policy to reducing the carbon emissions by 40% from the 2009 levels by year 2020. There is Carbon Reduction Strategy (CRS), the objectives is to reduce from 1.06 tCO<sub>2</sub>-e / mt CPO on 2009 to 0.99 tCO<sub>2</sub>-e / mt CPO on 2015 to 2017 and 0.43 tCO<sub>2</sub>-e / mt CPO on 2017 to 2021.

**Minor 5.6.3.**

The plans being implemented and monitored by water foot print concept. The Green House Gas Emissions Report has been reported to the RSPO on 25 April 2017 to Demaladevi.

The company was calculate GHG emission using RSPO PalmGHG Calculator Version 3.0.1, it has been verified with the final summary of net GHG emissions as below table:

The field emission Source and Sinks

Area	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
<b>Emission Source</b>		
Land Conversion	74,482.99	0.66
CO <sub>2</sub> Emission from fertilizer	7,713.41	0.07
NO <sub>2</sub> Emission	8,893.93	0.08
Fuel Consumption(Field)	734.97	0.01
Peat oxidation	0	0
<b>Sinks</b>		
Crop Sequestration	-69,812.02	-0.62
Sequestration in Conservation Area	0	0
<b>TOTAL</b>	<b>22,013.28</b>	<b>0.19</b>

Mill emission and credit

Area	tCO <sub>2</sub> e	tCO <sub>2</sub> e/tFFB
<b>Emission Source</b>		
POME	19,930.14	0.15
Fuel Consumption	37.6	0
Grid Electricity utilization	808.68	0.01
<b>Credit</b>		
Export of Excess Electricity to housing & grid	0	0
Sale of PKS	0	0
Sale of EFB	0	0
<b>Total</b>	<b>20,776.42</b>	<b>0.16</b>

**Status: Comply**

**PRINCIPLE #6 Responsible consideration of employees and of individuals and communities affected by growers and mills**

**6.1**

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

**6.1.1**

There is a SIA report prepare for the whole SOU 16. SIA was conducted for the whole SOU 16 which involved 9 operating units. Latest done was in February 2016 and will be review in every 5 years.

**6.1.2**

SIA was done with the participation of affected community. SIA review was done in every 5 years. Community views were recorded and depicted in the SIA report.

**6.1.3**

Issues raised in SIA report were mitigated by action plan. Methodology and dateline were set to review the effectiveness.

**6.1.4**

There is an action plan prepare to monitor the effectiveness. SIA action plan has been implemented by each estate.

**6.1.5**

Impact on surrounding community such as smallholders is always the prime focus of Sime Darby Plantation. The SOP is clearly written in Social Policy. However this SOU 16 did not involve in smallholders scheme.

**Status: Comply**

**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**

Communication with local community was done through SIA stakeholder meeting, RSPO stakeholder meeting, Internal Estate communication and external community communication. Result of interviewed with stakeholders, generally expressed their satisfaction with SOU 16 management team.

**6.2.2**

Action Plan has been implemented. Official PIC is Assistant Manager with formal appointment letter. However local community can always communicate with any estates staff.

**6.2.3**

Affected stakeholders were recorded in SIA report. Follow up action was done by action plan report. PSQM and GCAD department are the monitoring team to ensure implementation.

**Status: Comply**

**6.3**

**There is a mutually agreed and documented system for dealing with complaints and grievances, which is Implemented and accepted by all affected parties.**

**6.3.1**

Estate management took serious action for complaint either by workers or local community. Interview with affected parties was conducted to express their satisfaction/dissatisfaction. Stakeholder meeting confirmed that their complaints have been entertained. Procedure/mechanism informed for complaints is hadle internally within the estate operation unit. None has been brought to RSPO Complaints System. However, the company are welcome if there is any complaint brought to the RSPO complaint system.

**6.3.2**

Internal complaint recorded by forms and complaint book. External complaint handled by HQ or PSQM department. Upon no settling issues, legal procedures will incurred.

**Status: Comply**

**6.4**

**Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenou peoples, local communities and other stakeholders to express their views through their own representative institutions.**

**6.4.1**

Procedures for external communication are available. However, no record of dispute with local communities occurred thus implementation evidence is not available.

**6.4.2**

This SOU 16 has never encountered land dispute issue. In other operating unit acquired was done by government or illegal settlers on Sime's land. Sime Darby used to follow government procedures.

**6.4.3**

The whole SOU 16 has never encountered conflict with surrounding local communities. There is no compensation record available. Meeting with School, NUPW and Villages depicted a positive relation.

**Status: Comply**

**6.5**

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

**6.5.1**

Definition of living wage based on minimum wages order 2016, issued by Attorney Generals Chambers, for Malaysia peninsula RM 1000/month (RM38.46/day for 6 working days per week). Provided the provisions of harvester, and loaders in MAPA / NUPW collective agreement for workers and certification unit, in the article 6 stated that the respective cutter / carrier shall be paid for the satisfactory performance of the duties. Provided the rates for total weight of ripe bunches and loose fruits harvested as for March 2017.

Detailed payment described in pay receipt, informed fixed income component (basic pay, normal day bonus price, shift allowance), un-fixed income component (bonus price, normal days overtime), defray expenses (phone reimbursement, insurance reimbursement) and deduction (normal advances, employees EPF, employees SOCSO for local workers and NUPW dues for member of workers union). The certification unit has paid the wages in accordance with applicable regulation, it is also consistent with the result of interview with the workers in the mill and estate (daily rate and productivity rate).

**6.5.2**

Pay and condition of employment described in collective agreement document and individual agreement. Sighted MAPA/NUPW collective agreement 2015, effective date 1 April 2015, valid for three years, on wages of harvester, loaders and other loaders on oil palm estates; MAPA/NUPW palm oil mill employees agreement; MAPA/NUPW field and other general employees and fringe benefits agreement.

The employment agreement for local workers described in the document of offer appointment, which stated the terms and conditions of service is in accordance with the provisions of the relevant MAPA / NUPW agreement or award.

The employment agreement for immigrant workers written in two languages (english and the language of the origin country), describes include: duration of employment, place of work, salary, working hours, medical, accommodation, compliance, foreign workers compensation scheme (accidental death due to injury while on duty, permanent disability, partial disability, temporary disability, temporary partial disability, medical and hospital expenses, sickness / injury at work place), employment cost, transportation cost at the beginning of employment, income tax, public holidays, sick leave, annual leave, unpaid vacation leave, transportation to workplace, equipment, termination of service, safety health, and other terms and conditions.

SOU16 employ immigrant workers from Indonesia, Bangladesh, India and Nepal, all workers employed is a legal workers, passport and work permit for each employee examined by auditors to verify this. Completely described in C6.12.

The auditor has verified that all immigrant personnel have employment agreements and based on interviews with employees mentioned that the employment agreement has been understood. For example: a work agreement of Indonesian immigrant workers in Kok Foh POM with passport number AT307320 dated 11/04/2015; manpower from Bangladesh in Muar River Estate with passport no .: AE2824965 on 22 March 17, and agreement with worker from Nepal with passport number: 06049774, dated 13 December 2017



**6.5.3, 6.5.4**

Based on site visit and interview with workers stated that the certification unit has been provide a sufficient facilities such as housing, prayer building, electricity and clean water. There is no grievance associated to facilities. Its also confirmed that the access to adequate, sufficient and affordable food has been provided, the distances to market only 5 Km from housing.

**Status: Comply**

**6.6**

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

**6.6.1, 6.6.2**

Stated in Social Policy dated January 2015 which states that “The certification unit shall respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively.”

Based on interview with Management Representative, confirms that the certification unit are member of MAPA and its workers (local and foreign) are freely to be or not as members of the NUPW (National Union Plantation Workers), also conformed during the interview with workers in Senarut, Muar, Kok Foh POM and Pilah.

Sighted the document of communication of addressed to be the branch secretary from NUPW Negeri Sembilan Branch Office, for example:

- On 18 Jan 2017 for Bukit Pilah Estate
- On 20 April 2016 for Senarut Estate

Meetings with certification unit’s management representatives are made when there are complaints and issues from employees. Employee understanding related to NUPW (workers union) and MAPA / NUPW collective agreement. #OFI

**Status: Comply**

**6.7**

**Children are not employed or exploited.**

**6.7.1.**

Based on employee list as by April 2017, not found any child worker. It also confirmed during the interview and field visit to spraying, manuring and harvesting activities in all unit sampled. Yes, interview with workers conducted during the field observasion, and the workers understood regarding to the minimum wages, premium system and picker/carrier/cutter wages which has been defined in the MAPA/NUPW document.

**Status: Comply**

**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, 6.8.2**

Stated in Social Policy, jan 2015 : The certification unit committed to provide the fair treatment in the process of recruitment, promotion, rules and conditions of employment, based on race, nation, caste, citizenship, gender, physical form, sexual orientation, political orientation, religion and age. During the field observation, interview and document verification known that the CH has been implemented it’s policy.

**6.8.3**

Available the SOP of employee recruitment no.: WMU/LR-SOPP/JAN2016/r1, describes the stages of local and immigrant workers recruitment. Employee recruitment policies against immigrants carried out in accordance with the policies of each country of origin. For example, clause 3.1.2 LR02 concern on quota application of Bangladesh and 3.1.6 LR06 concern on job order for Indonesian.

Based on interviews and field observations, the auditor found that the certification unit did not discriminate for promotion and career, such as observation on fertilizing in Sg Senarut Estate there are women workers who were appointed as

mandore, observation on harvesting at Bukit Pilah Estate there are immigrant workers from Indonesia appointed as harvesting clerk.

Status: Comply

**6.9**

**There is no harassment or abuse in the work place, and reproductive rights are protected.**

**6.9.1, 6.9.2**

Gender policy and social & humanity management policy approved by Managing Director on Jan 2015, SDP believes in developing business with a sense of humanity and do not infringe on basic human rights , mentioned that the certification unit will comply with applicable regulations, through:

- Preventing sexual harassment and other violence
- Provide specific procedures and mechanisms
- Provide adequate training
- Ensuring the participation of women in decision Taking
- Establish the gender committee

SOU16 has established gender committees in each units. There is a letter of notification to all members of the gender committee on the appointment of managers of the estate manager for issues: women's rights, reproductive health, workplace circumstances, domestic violence, sexual disturbance, safety, housing, salary, gender discrimination and child safety -child.

Based on site visit known that the policy has been socialized by displayed in the workplace such as estate office, storage and mill office.

**6.9.3**

Sighted The Gender Committee Handbook (First Edition) in English details out specific complaints and grievance procedures to address gender-based issues. There is also a specific procedure (in the form of a flowchart) in both English and malay namely Sexual Harassment Procedure which outlines the basic framework for handling of sexual harassment complaints. There is also a written guideline in Bahasa Malaysia titled, "Tatacara Aduan Gangguan Seksual" which specifies the framework for handling of sexual harassment complaints and the need to maintain the confidentiality of the complainant. There is a complaints form to record any incidence of sexual harassment/domestic violence or gender-based issues.

Based on interview with gender committee board in POM, Senarut and Pilah Estate known that there is no spesific complaint and/or grievance related to sexual harassment and other violence till ASA-1 conducted.

Status: Comply

**6.10**

**Growers and mills deal fairly and transparently with smallholders and other local businesses.**

**6.10.1**

FFB price was inform by Global Trading Marketing by email every month. In addition, the daily FFB prices information can be accessed by other party on MPOB websites economic and industry development division. For example: FFB prices from MPOB No. 54365004000 on March 2017 is 33.76 RM/ton.

**6.10.2**

There are three Independent FFB supplier as: BHD with Eng Huat Latex Concentrate SDN BHD, Bukit Palong Plantation, and Cheong Wing Chan. All of FFB price was inform by Global Trading Marketing by email every month. Auditor team was observe FFB payment sample according to invoices from each supplier.

**6.10.3**

Sampled a “Contract Form” between Kok Foh POM and contractors that agreed by both parties and master copy retained by POM office with carbon copy given to contractor. The contract also requires the compliance against OHS and environmental law while undertaking the project as assigned. Among the responsibilities outline in the contract are, ensure on legal workers, reporting of any accidents, payment terms and condition with employees, OHS practice and implementation, etc.

**6.10.4**

Verified the latest updated contractor and supplier list who engaged in plantation, technical and engineering related assignments. Sampled the work performed and verified the Payment Vouchers against invoices which the payment was made timely as stipulated in agreement.

**Status: Comply**

**6.11**

**Growers and millers contribute to local sustainable development wherever appropriate.**

**6.11.1**

Both Mill and estates in SOU 16 have record of CSR. Schools which located within the estates benefit the most. Others event such as festival and sport are regularly hold with surrounding communities.

**6.11.2**

Smallholders productivity did not related to estates. However there are small holder that contribute FFB to Kok Foh Mill. Improving productivity is indirectly through FFB grading.

**Status: Comply**

**6.12**

**No forms of forced or trafficked labour are used.**

**6.12.1**

There is no found a force labor or traficked or illegal in SOU16, all foreign labor has had passport and work permit.

Sighted list of work permit and pasport as well as its validity for the foreign worker, for example:

- Workers in Kok Foh POM from Indonesia → pasport No. B2716390, WP No.: 61190219 valid until 14 Oct 2017.
- Workers in Muar River Estate from Nepal → passport no.: 09204070, valid until 29 Sept 2025, WP No.: PD6886967, ex.date 17 Nov 2017.
- Worker form Nepal in Senarut Estate, passport no.: 09279276, WP no PD6883526 valid until 17 Nov 2017

Based on interviews and document review it is known that the passport of immigrant workers is kept by the certification unit for safety reasons, it’s also consistent with result of interview with workers. Provided the document of the hand-over of passport to the certification unit, in the document describes that employees can take the passport at any time on official business, for a state of emergency and if it stop working (after all obligations to the certification unit are completed).

**6.12.2, 6.12.3**

All employees (local and immigrant) have signed a work agreement before starting work. Based on interview with worker, for example in Kok Foh POM and Sg Senarut Estate (manuring in field OP02), known that the agreement signed has been stated the job description and working place.

Employee recruitment policies against immigrants carried out in accordance with the policies of each country of origin as describes in recruitment SOP no.: WMU/LR-SOPP/JAN2016/r1. Clause 3.2.1-DP01 explained that all immigrant workers must have a work permit and administered by the certification unit. Clause 3.1.9 LR09 mentioned that the certification unit supply new foreign workers through the application of calling visas to ensure all the foreign workers being recruited by Sime Darby is legal.

There is no found any indication force labor or traficked or illegal in SOU16. The employee’s both of local and foreign are freely to resign anytime, there is no statement of financial penalties in the work agreement / work appointment and also no treatment to the employee’s family (for local).

<b>Status: Comply</b>	
<b>6.13</b>	
<b>Growers and millers respect human rights</b>	
<b>6.13.1</b>	
<p>Provided social &amp; humanity management policy described that the SDP believes in developing business with a sense of humanity and do not infringe on basic human rights, approved by Managing Director on Jan 2015, through:</p> <ul style="list-style-type: none"> <li>o Respect and give fair treatment</li> <li>o Preventing sexual harassment and other forms of violence</li> <li>o Enhance employees' work skill and competencies</li> <li>o Safe guard the employee from employing forced labor, ensure the attainment of Free, Prior and Informed Consent.</li> </ul> <p>The certification unit also as a Social Policy dated January 2015 which specifically outlines the certification unit's practice of non-discrimination of employees (see 6.8.1).</p> <p>These policies, in both English and Bahasa Malaysia were sighted at all the estates and mill and adequately displayed on the certification unit notice boards and meeting rooms.</p> <p>Based on site visit and interview with workers known that the policy has been socialized and well understood by worker, the policy also has been displayed in the workplace such as estate office, storage and mill office.</p>	
<b>6.13.2</b>	
Not applicable.	
<b>Status: Comply</b>	
<b>PRINCIPLE #7 Responsible development of new plantings</b>	
<b>7.1</b>	
<b>A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</b>	
<b>7.1.1</b>	
SEIA is not prepare as there are no new planting or changes of crop such as rubber to OP.	
<b>7.1.2</b>	
SEIA report is not related.	
<b>7.1.3</b>	
SEIA report is not related.	
<b>Status: Comply</b>	
<b>7.2</b>	
<b>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.</b>	
<b>7.2.1. and 7.2.2</b>	
No new planting sighted after January 2010 as the plantation estate was established on 1996.	
<b>Status: Comply</b>	
<b>7.3</b>	
<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	
<b>7.3.1, 7.3.2, 7.3.3</b>	
There is no evidence of new plantings at any of the estates. All estates are long existing estates which are undergoing 1st or 2nd round of replanting. Hence this requirement is not applicable.	

The planting year above 2005 is replanting and conversion from rubber to oil palm, the conversion has been completed in 2014.

**7.3.4**

HCV action plan prepared is not related to new planting. HCV plan prepared currently is related to existing planting condition. HCV plan is prepared by PSQM, Sime Darby Plantation Sdn Bhd.

Status: Comply

**7.4**

**Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.**

**7.4.1 & 7.4.2.**

No new planting sighted after January 2010 as the plantation estate was established on 1996.

Status: Comply

**7.5**

**No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

**7.5.1.**

No new planting sighted after January 2010 as the plantation estate was established on 1996.

Status: Comply

**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.**

**7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5 & 7.6.6**

There no compensation paid to local that are related to land acquisition. Sime Darby has not prepare a system that related to FPIC principles. Generally Sime Darby will follow government requirements or instruction.

Status: Comply

**7.7**

**Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.**

**7.7.1&7.7.2**

No new planting sighted after January 2010 as the plantation estate was established on 1996.

Status: Comply

**7.8**

**New plantation developments are designed to minimise net greenhouse gas emissions.**

**7.8.1&7.8.2**

No new planting sighted after January 2010 as the plantation estate was established on 1996.

Status:

**PRINCIPLE #8 Commitment to continuous improvement in key areas of activity**

**8.1**

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

**8.1.1**

**Best Agricultural Aspect**

There are "Pami" Boxes in Bukit Pilah Estate to help oil palm pollination by *Elaeidobious sp* for crop increasing. Internal audit conducted on yearly basis for monitoring of SOPs implementation. Daily monitoring performed by mill and estate supervisor. SOU monthly briefing performed for communication of SOPs and reminder for all employees. And



also there are mechanism to check consistent implementation of procedures through internal audit by PSQM, Mill Advisor Visit and Plantation Advisor Visit. The latest Mill Advisor visit on dated 19 – 21 July 2016. The operation unit has follow up all of mill advisor suggestion. Therefore Plantation Advisor had visit to the each estate, for example: latest Plantation Advisor Visit in Sg. Senarut Estate dated 17-19 February 2016, Muar River Estate dated 16-18 November 2015 and Bukit Pilah Estate dated 25-27 April 2016. In addition, there are Group Corporate Assurance Report (GCAD) dated 30 December 2016 for SOU 16, all of suggestion was follow up by management unit.

<b>Status: Comply</b>
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3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module E) CPO Mills - Mass Balance Requirements														
E.1	Definition														
E.1.1	<p><b>Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</b></p> <p>There are 8 own estate and other RSPO certification scope as Diamond Jubilee Estate, Bukit Asahan Estate, Kemuning Estate, Serkam Estate, Tampin Linggi Estate, and Welch Estate During last year. Recording of FFB Received, CPO Production and PK Production every three months; for example period of 31 January – 31 March 2017.</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Certified FFB</th> <th>Un Certified FFB</th> <th>Certified CPO</th> <th>Certified PK</th> <th>CPO dispatch</th> <th>PK dispatch</th> </tr> </thead> <tbody> <tr> <td>31 Jan-31 Mar 17</td> <td>35,270.85</td> <td>10,706.52</td> <td>6,869.79</td> <td>1,869.01</td> <td>8,728.04</td> <td>1,437.58</td> </tr> </tbody> </table> <p>Percentage of FFB Received from Certified area is 76.71%-85.94%; while FFB receive from uncertified area is 14.06% - 23.29%.</p>	Quarter	Certified FFB	Un Certified FFB	Certified CPO	Certified PK	CPO dispatch	PK dispatch	31 Jan-31 Mar 17	35,270.85	10,706.52	6,869.79	1,869.01	8,728.04	1,437.58
Quarter	Certified FFB	Un Certified FFB	Certified CPO	Certified PK	CPO dispatch	PK dispatch									
31 Jan-31 Mar 17	35,270.85	10,706.52	6,869.79	1,869.01	8,728.04	1,437.58									
	<b>Status: Comply</b>														
E.2	Explanation														
E.2.1	<p><b>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</b></p> <p>the management unit has estimation of certified product from 7 July 2017 – 6 July 2018 as below:</p> <table border="1"> <thead> <tr> <th></th> <th>Actual certified products Period of 7 July 2016 – 31 March 2017</th> <th>Estimation of Certified Products from 7 July 2017 – 6 July 2018</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td>18,307.67</td> <td>28,173</td> </tr> <tr> <td>PK</td> <td>4,691.70</td> <td>6,522</td> </tr> <tr> <td>FFB</td> <td>92,731.66</td> <td>130,431</td> </tr> </tbody> </table>		Actual certified products Period of 7 July 2016 – 31 March 2017	Estimation of Certified Products from 7 July 2017 – 6 July 2018	CPO	18,307.67	28,173	PK	4,691.70	6,522	FFB	92,731.66	130,431		
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CPO	18,307.67	28,173													
PK	4,691.70	6,522													
FFB	92,731.66	130,431													
	<b>Status: Comply</b>														
E.2.2	<p><b>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</b></p> <p>Kok Foh mill is registered on the current RSPO IT system, i.e. e-Trace and all sales transactions are carried out by SDP's Global Trading &amp; Marketing Department (GTM) based in Kuala Lumpur.</p>														
	<b>Status:</b>														
E.3	Documented procedures														
E.3.1	<p><b>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements</b></p>														

**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 site procedures for the implementation of this standard.**

The certification unit has an SOP for RSPO Supply Chain Certification System and Traceability version 2 which was approved on March 2016 which is a general SOP applicable to all mills under Sime Darby Plantations and also applies for MSPO and ISCC certified mills. The SOP has been updated to define procedures for the applicable supply chain options which are now only Identity Preserved and Mass Balance (option for Segregation is no longer applicable). A summary of the SOP is as follows:

- a. Responsibilities: The Head of the operating unit shall have overall responsibility for SCCS implementation and may assign roles to relevant personnel for the implementation of this SOP
- b. Control of documents & records: Specifies that records pertaining to SCCS shall be identified and maintained, states that appointed MR and identified personnel at each Critical Control Point shall be responsible to maintain the records, defines Critical Control Points and the estate and mill, and specifies that records shall be maintained for a period of ten years.
- c. Delivery of FFB from the estate: Specifies that all FFB from estates shall be to the designated mill in the SOU, with crop diversion permitted from other sites permitted as defined in their flowchart for crop diversion. The information required in the estate weighbridge ticket or consignment note for all delivered FFB includes the RSPO certificate number
- d. Receiving FFB at the mill: States that the mill shall receive from pre-determined estates, display the list of certified FFB suppliers with certificate number, defines requirements of the mill to verify the certification status of the supplying estate and states that the mill shall maintain records of all certified and non-certified FFB received
- e. Process monitoring: Specifies requirement for Mill certified to IP and MB, where those implementing IP shall ensure that there is no mixing of RSPO certified and non-certified material in the processing and storage of sustainable products, while for MB, FFB from both certified and non-certified estate can be processed together with mass balance products inputs and outputs monitored on real-time basis
- f. CPO and PK dispatch: Specifies that all delivery shall be in accordance with the contract allocated by the Global Trading & Marketing Department (GTM), that outgoing documents including contracts and weighbridge tickets/dispatch notes shall specify the trade name (IP or MB) and RSPO certificate number, that the mill shall records and balance all receipts and deliveries of RSPO certified CPO and PK on a 3 monthly basis. This section also specifies that the GTM is responsible to make necessary transactions through the RSPO IT system or book and claim system and ensure there is no overselling
- g. Non-conforming material/product: Specifies that where there has been contamination of certified material during process, storage or dispatch, the mill shall downgrade the supply chain status of the material, that volume of downgraded material shall be recorded and GTM shall be informed. Any oversold material shall be treated as non-conforming product
- h. Product claims: Must be in compliance with the RSPO certification rules on Market Communications & Claim (2015)
- i. Outsourced Contractor: Mill is to establish a list of outsourced contractors and inspect tankers/lorries before loading material to ensure no contamination, and may advise the certification body if audit of the contractors is deemed necessary
- j. Training: Training for all personnel at CCP shall be conducted
- k. Reclassification of Mill's Supply Chain model: Defines the procedure for reclassification of a mill's implemented supply chain model and that the certification body shall be notified accordingly
- l. Production Volume: Specifies that sales shall be limited to the certified volume, and where there is any projected overproduction, the mill shall inform PSQM, which shall in turn inform the certification body of the SOU. The SOP has a list of all the certification unit's mills, their implemented supply chain module, their supplying estates (based on RSPO certification), list of other group estates diverting crop to the mill and diversion from group mills. Under this list, Kok Foh Palm Oil Mill is listed as implementing the Mass Balance supply chain option and the listed supplying estate and group estate diverting crop to the mill was confirmed to be consistent with the actual supply base and diverting estates.

**Status: Comply**

**E.3.2**

**The site shall have documented procedures for receiving and processing certified and non-certified FFBs.**

The management unit has record of certified and non-certified FFB, for example;

Own Estate (Cert No. 82450216051 MB):

- FFB Consignment No. 22364 from Bukit Pilah Estate, Field P055 dated 15 April 2017. Ticket No .1398 Nett Weight: 5,280 Kg; Bunches: 316.
- FFB Consignment No. 2332 from Muar River Estate, Field 93G dated 15 April 2017. Ticket No. 113753 Nett Weight: 10,680 Kg; Bunches: 639.
- FFB Consignment No. 5972 from Sungei Senarut Estate, Field 06A, 01A, 01B dated 15 April 2017. Ticket No. 25833 Nett Weight: 18,720 Kg; Bunches: 450.

Diversion Group:

- FFB Consignment No. 029547 from Tampin Tinggi Estate, Field 11B dated 10 March 2017. Ticket No. 25331 Nett: 14,580 Kg; Bunches: 1,247. Cert No. SGS-RSOPM-MY14/01364 Sua Betong (SOU 15)

There are other RSPO certificate number as:

Pasoh SOU 19 – RSPO 600 305 valid till 27 January 2019 (Welch Estate)

Sua Betong SOU 15 – S24 502 16032 valid till 17 May 2017 (extended) (Tampin Tinggi Estate)

D.Jubilee SOU 18 – RSPO 591 224 valid till 14 October 2021 (Diamond Jubilee, Serkam, and B. Asahan Estate)

Kempas SOU 17 – RSPO 0005 valid till 19 May 2020 (Kemuning Estate)

Outsiders (Non-certificated)

- FFB Delivery Note No. 1426625 from Eng Huat Latex Concentrate Sdn, Bhd dated 14 April 2017. Ticket No. 113701 Nett: 20,420 Kg bunces:-.
- FFB Despatch No. AB 30174 from Cheong Wing Chan, Sdn, Bhd dated 15 April 2017. Ticket No. 113712 Nett: 6,970 Kg, bunces: 200.

FFB Delivery Note No. 00015 from Bukit Palong Plantations Sdn bhd dated 15 April 2017. Ticket No. 113727 Nett: 4,540 Kg, bunces:-.

**Status: Comply**

**E.4 Purchasing and goods in**

**E.4.1**

**The site shall verify and document the volumes of certified and non-certified FFBs received.**

All tonnages of FFB received from certified estates are recorded at the mill weighbridge. The delivering estate will provide an FFB consignment note or FFB despatch advice ticket which includes the name of source (estate), vehicle and driver details, division, field, harvesting date and road, no. of bunches and weight. Consignment notes or despatch advice tickets are attached with a printout from the respective estate which includes the estimated and actual weight and RSPO certificate number. For crop received from non-certified sources from Eng Huat Latex infom: type of palm, year of planting, lorry no, net tonnage, and oil extraction.

**Status: Comply**

**E.4.2**

**The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.**

The certification unit's SOP for Supply Chain dated March 2016 specifies that sales shall be limited to the certified volume, and where there is any projected overproduction, the mill shall inform PSQM, which shall in turn inform the certification body of the SOU. It was confirmed from production and e-Trace records that there was no overproduction of certified material sold through e-Trace. FFB, CPO and PK production on below table:

	Actual certified products Period of 7 July 2016 – 31 March 2017	Estimation of Certified Products from 7 July 2016 – 6 July 2017
CPO	18,307.67	37,196.17
PK	4,691.70	9,049.96
FFB	92,731.66	166,054.33

	<b>Status: Comply</b>														
<b>E.5</b>	<b>Record keeping</b>														
<b>E.5.1</b>	<p><b>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></p> <p><b>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.</b></p> <p><b>c. The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)</b></p> <p>The total certified FFB received from certified sources, FFB received from non-certified sources, % certified and % not certified (calculated), total CPO produced, total CSPO produced (calculated from CPO produced and % certified material), CPO dispatched (divided into certified and non-certified) and total PK dispatched (divided into RSPO certified and non-certified) and CPO stock balance is summarized in a mass balance sheet and balanced once every 3 months on a mass balance sheet, for example period of 31 January – 31 March 2017.</p> <table border="1"> <thead> <tr> <th>Quarter</th> <th>Certified FFB</th> <th>Un Certified FFB</th> <th>Certified CPO</th> <th>Certified PK</th> <th>CPO dispatch</th> <th>PK dispatch</th> </tr> </thead> <tbody> <tr> <td>31 Jan-31 Mar 17</td> <td>35,270.85</td> <td>10,706.52</td> <td>6,869.79</td> <td>1,869.01</td> <td>8,728.04</td> <td>1,437.58</td> </tr> </tbody> </table> <p>Figures for certified CPO dispatched and certified PK dispatched was determined to be calculated manually from mill CPO/PK contract dispatch log books. The dispatch logbooks lists the number of CPO/PK contracts received from GTM, name of buyer, the type of CPO/PK requested (certified or non-certified) and total volume requested in the contract.</p> <p>There are example of CPO and PK delivery order:</p> <ul style="list-style-type: none"> <li>- Contract No. S/CCE/1704/CPO0029I dated 17 April 2017 with transporter Hijau Bumi Petroleum to SDP JOMA REF – Sime Darby Plantation Sdn Bhd Jl. Banting-Kangteluk Panglima Garang Industrial EAS. Nett Weight: 38,750 Kg RSPO Cert No. 824 502 16051 (SC Model MB).</li> <li>- Contract No. S/CCE/1703/CPO0019C dated 23 March 2017 with transporter Sing Rubber &amp; Transport Sdn BHD to SDP Nuri - Sime Darby Plantation Sdn Bhd PT 234 Lebu Sultan Mohamed 1, Kawasan Perusahaan PKNS FAS. Net weight: 39,250 Kg RSPO Cert No. 824 502 16051 (SC Model MB).</li> <li>- Contract No. S/CCE/1704/PK0031 dated 12 April 2017 with transporter HUP LEE OILMILL SDN BHD to HUP LEE OILMILL SDN BHD. Net Weight: 41,900 Kg.</li> </ul> <p>The contract figures and requested material type (certified/non-certified) in the Monthly Production Report (Physical Movement) were checked against buyer contracts as requested from GTM and confirmed to be consistent with the requested amount and material type as stated in the contract.</p>	Quarter	Certified FFB	Un Certified FFB	Certified CPO	Certified PK	CPO dispatch	PK dispatch	31 Jan-31 Mar 17	35,270.85	10,706.52	6,869.79	1,869.01	8,728.04	1,437.58
Quarter	Certified FFB	Un Certified FFB	Certified CPO	Certified PK	CPO dispatch	PK dispatch									
31 Jan-31 Mar 17	35,270.85	10,706.52	6,869.79	1,869.01	8,728.04	1,437.58									
	<b>Status: Comply</b>														
<b>E.5.2</b>	<p><b>In cases where a mill outsources activities to an independent (not owned by the same organization) 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.</b></p> <p>Palm kernel crusher is owned by the same organization as: SDP Nuri - Sime Darby Plantation Sdn Bhd.</p>														
	<b>Status: Comply</b>														



**3.3. Conformity Checklist of Certificate and Logo Use**

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA-1</b>	Kok Foh POM – SOU16 not use RSPO logo	√
	<b>Status: Comply</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA-1</b>	Kok Foh POM – SOU16 not use RSPO logo	√
	<b>Status: Comply</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA-1</b>	Kok Foh POM – SOU16 not use RSPO logo	√
	<b>Status: Comply</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA-1</b>	Kok Foh POM – SOU16 not use RSPO logo	√
	<b>Status: Comply</b>	

**3.4. Summary of RSPO Partial Certification.**

Compliance of the uncertified management units of Sime Darby Plantation Sdn Bhd against the rules for partial certification was determined through Self-Assessment in accordance with RSPO Certification System clause 4.2.4. A summary of findings is as stated below

Sime Darby Plantation Sdn Bhd Time Bound Plan is explained in table section 1.10. Sime Darby has achieved 34 management units in Malaysia and 24 Management Units in Indonesia that RSPO certified. Total management unit in Sime Darby Plantation Sdn Bhd are 34 in Malaysia, 25 in Indonesia and 1 in Liberia. Sime Darby Plantation Sdn Bhd has informed the Time Bound Plan progress through representative’s office in Indonesia. MUTU has considered that Sime Darby Plantation Sdn Bhd is comply with the RSPO requirement for Time Bound Plan. The Time Bound Plan was revised and declared by the Sime Darby Plantation Sdn Bhd Indonesian representative on June 16th, 2016 by the Head of PSQM.

MUTU has verified partial certification for un-certified unit’s subsidiary of Sime Darby Plantation Sdn Bhd based on their Time Bound Plan. MUTU Auditor verified positive assurance against the certification unit internal audit and supporting evidence as well as any information from others sources.

MUTU Auditor has verified certification unit partial certification and concludes that:

- There are significant land conflicts in PT Mitra Austral Sejahtera, there is still an issue that remain unresolved social i.e. from Serikat Petani Kelapa Sawit (SPKS), but improvements are ongoing.
- PT Budidaya Agro Lestari waiting for land title process.
- The company has follow RSPO requirement related to New Planting Procedure and Remediation and Compensation Procedure.
- There is no labour disputes that are not being resolved through an agreed process
- All plantations established since 2005 have been done so in accordance with the applicable laws of the country and that there is no evidence of non-compliance with law in any of the non-certified holdings which has not been declared above

2.1 Un-Certified Units or Holdings		
Section	Requirement	Concerns to Discuss, if any
2.2.1	Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p><b>Company Group/Holding Statement:</b> Companies are already doing internal audits. There are internal audit reports for each company.</p> <p><b>Auditor Verification:</b> Internal Audit report available for uncertified management unit for example PT Sandika Natapalma – Karya Palma Estate on 10 February 2017.</p>
2.2.2	No replacement after dates defined in NIs Criterion 7.3 of: <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p><b>Company Group/Holding Statement:</b> HCV assessment has been conducted for uncertified units i.e. PT Mitra Austral Sejahtera (by Aksenta in March 2009) and Sime Darby Plantation Liberia operations (by RSPO approved assessors – Dr SK Yap in 2011).</p> <p><b>Auditor Verification:</b> Sime Darby Plantation Sdn Bhd sent disclosure of liability including LUCA analysis to RSPO Secretariat on 2 December 2014 and 2<sup>nd</sup> revision on 24 June 2016. The companies</p>

		ensuring reporting of disclosure of liability progress to RSPO and according to the CB's correspondency with RSPO Remediation and Compensation.
2.2.3	Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	<p><b>Company Group/Holding Statement:</b>  A new mill will be set up in Liberia and planned for commissioning in February 2016. Preparation to undergo the RSPO Certification process is in progress and SDP targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress.  *Note: RSPO NPP Announcements for SDP can be found at <a href="http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14">http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14</a></p> <p><b>Auditor Verification:</b></p> <ul style="list-style-type: none"> <li>• Karya Palma Estate (PT Sandika Natapalma) and Baturus Estate (PT Budidaya Agro Lestari) any new planting after January 1<sup>st</sup> 2010 and due to not conduct NPP.</li> <li>• RSPO NPP process has been completed in 2011 for a new mill in Liberia.</li> </ul>
2.2.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p><b>Company Group/Holding Statement:</b>  Sime Darby (Liberia) Plantation Inc.  Status: Box G - Close for Monitoring  Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/46">http://www.rspo.org/members/complaints/status-of-complaints/view/46</a>  PT Mitra Austral Sejahtera (Sime Darby Sdn Bhd)  Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/29">http://www.rspo.org/members/complaints/status-of-complaints/view/29</a></p> <p><b>Auditor Verification:</b>  Auditor has verified the supporting evidence of above the company statement.  There are land conflict in :</p> <ul style="list-style-type: none"> <li>• PT Mitra Austral Sejahtera, this issue are remain being resolved with RSPO dispute settlement facilities</li> </ul> <p>PT Bina Sains Cemerlang, this issue was raise on 22 April 2017 and still being process to resolve.</p>
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p><b>Company Group/Holding Statement:</b>  No stakeholder comments or complaints received.</p>

		<p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There are no labour dispute in company unit.</p>
2.2.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p><b>Company Group/Holding Statement:</b> None noted. No stakeholder comments or complaints received.</p> <p><b>Auditor Verification:</b> Auditor has verified the supporting evidence of above the company statement. There is any legal non-compliance for PT Budidaya Agro Lestari waiting for land title process.</p>

**3.5 Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**

**3.5.1 Identification of Findings, Corrective Actions and Observations at *Re-Certification* Assessment**

<b>NCR No.</b>	<b>: RSP000676</b>	<b>Issued by</b>	<b>: -</b>
<b>Date Issued</b>	<b>: 27 May 2016</b>	<b>Time Limit</b>	<b>: 27 July 2016</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 12 August 2016</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.</b>		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b>			
<p>A) Found several legal non-compliances at the mill, i.e:</p> <ul style="list-style-type: none"> <li>i. According to DOE license for prescribed premise dated 10 June 2015, the factory have to ensure noise at boundary kept at 65 dBA Daytime and 55 dBA Nite. Boundary sampling done last as reported by Environmental Science (M) Sdn Bhd on 10 January 2013. 12 sampling location. Daytime 4 locations were higher than the limit. At nite most of the location sampled was higher than the limit.</li> <li>ii. Audiometric test was conducted on 05/10/15 involving 50 workers. 21 having hearing impairment, 8 standard threshold shift and need retest within 3 months. A quotation from a consultant dated 05/04/16 but test was not conducted untill date of audit.</li> <li>iii. Found 2 units of fume hoods at Laboratory without written approval from DOE, which is not in accordance with Regulation 38 of the EQ (Clean Air) Regulations 1978, Regulation 38 regarding Erection etc. of chimney (fume hoods were installed prior to year 2014 before new EQ(Clean Air) Regulations 2014 was enforced).</li> <li>iv. Mill not yet have fire certificate and during audit only found a quotation to repair and make good of existing fire-fighting system.</li> </ul> <p>B) Found several legal non-compliances pertaining to deductions as follows:</p> <ul style="list-style-type: none"> <li>i. The following deductions from employees' wages were made without the prior permission in writing of the Director General (see Section 24 (4) of the Employment Act 1955): St.Helier Estate: AIG General Insurance (RM20); education fund, sports club. Sg.Gemas Estate: Temple fund deduction permit allows for upto RM4/mth deduction (effective from 1 October 2005). But the current deduction (RM10) exceeds the permissible amount. Sungei Senarut Estate: Electricity, mosque fund and temple fund. Pertang Estate: Water (the company applied for the permit on 10 May 2016 to PTK Kuala Pilah (attached with a list of 109 workers). Bukit Pilah estate: Deduction of workers' pay for mosque fund. Muar River estate: Electricity deductions Kok Foh mill: Electricity deductions and temple fund.</li> <li>ii. The following deductions from employees' wages were made without request in writing of the employee (see Section 24 (4) of the Employment Act 1955): St.Helier Estate: education fund and sports club. Pertang Estate: Water. Kok Foh mill: temple fund</li> </ul> <p>C) The management of Pertang Estate has not been able to demonstrate that termination of the services of local employees (rubber tappers) is currently being conducted only after first terminating the services of all foreign employees employed by him in a capacity similar to that of the local employee. This is not in accordance with Section 60 N of Employment Act 1955.</p> <p>D) All estates: Clause 25 (0) of an old (undated version), Clause 24 (2) of the April 2013 version and Clause 23 (2) (May 2014 version) of foreign workers' contracts restricts the rights of employees to join and participate in trade unions. (See Section 8 of the Employment Act 1955).</p>			
<b>Root Cause Analysis (filled by organization audited):</b>			
<p>A) i) Noise sampling carried out on 10/01/13 showed results higher than the permissible limit. Since there is no recommendation provided in the report by the consultant, the management overlooked on the action to be taken on the higher results shown.</p>			



ii) Consultant unable to find Occupational Health Doctor (OHD) to carry out the test at the Mill.  
 iii) Approval for Fume Hood installation was not submitted due to misunderstanding on the regulation requirements by parties involved during construction which had caused the submission for written approval to be missed out.  
 iv) Mill was unable to apply for fire certificate due to pending mill building CCC (*Certificate of Completion and Compliance*) from Majlis Daerah Jempol. Mill only received the CF on 15/5/2015. Upon receiving the CF, mill had appointed AMI Safety Sdn. Bhd. for the submission of Fire Certificate to BOMBA. AMI Safety Sdn. Bhd. was unable to complete the submission due to some administrative issue.

B) i) Sg Gemas and Sg Senarut Estate: Due to no mechanism to check on the permit availability. Pertang Estate: The Labour Department or 'Jabatan Tenaga Kerja' (JTK) Kuala Pilah has referred the case to JTK Seremban upon the earlier request sent to JTK. Bkt Pilah Estate: Due to no mechanism to check on the permit availability. Muar River Estate: Due to no mechanism to check on the permit availability. Kok Foh Mill: Mill has permit for Temple Deduction however do not have written approval for TNB deduction due to lack of monitoring on the requirement.

ii) St Helier Estate: Due to no mechanism to check on the workers consent availability. Pertang Estate: Due to no mechanism to check on the workers consent availability. Kok Foh Mill: Management had received deduction request by temple Chairman without consent letter from employee.

C) Pertang estate: There is a misunderstanding on the mechanism of the retrenchment between the management of Pertang estate and the workers.

D) The said terms and conditions in the workers contract available at the operating unit are not appropriate

**Corrective Action** (*filled by organization audited*):

A i) The Boundary Noise Monitoring which was scheduled to be carried out on 29/8/2016 has to be postponed by the contractor to 10/9/2016. KFM requested the contractor to include any further recommendation to reduce the noise in the report

ii) Audiometric Testing for Kok Foh Mill employees is scheduled to be carried out on 19/9/2016. The follow up testing will depend on the final audiometric report.

iii) Mill have engaged competent Hygiene Technician to prepare proposal for approval before submission to DOE. Application for written approval was submitted to DOE on 14/7/2016.

iv) Mill has engaged Mecomb Sdn. Bhd at first for submission and acquired Fire Certificate. However, Mecomb Sdn Bhd is unable to carry out the job and has proposed Zaliza Niaga Sdn Bhd instead. KFM is in the midst of engaging Zaliza Niaga Sdn Bhd for a visit to the mill. Quotation has been obtained from Zaliza Niaga and site visit will be conducted by end of September 2016.

B) i) St Helier Estate: Estate management already conducted adhoc meeting with estate union on 31/5/2016 and they requested proposal to continue workers salary deduction and estate will follow up with JTK as soon as possible. Meantime, all deductions without JTK approval has been discontinued. OU will resume deduction once approval is granted by JTK Sg Gemas and Sg Senarut Estate: The estate will apply for the valid/updated/latest permit/consent of deduction from employees and JTK. Meantime, all deductions without JTK approval has been discontinued. OU will resume deduction once approval is granted by JTK. Pertang Estate: Application has been submitted to JTK Seremban. Meantime, all deductions without JTK approval have been discontinued. OU will resume deduction once approval is granted by JTK Bkt Pilah Estate: Application have been submitted to JTK. Meantime, all deductions without JTK approval has been discontinued. OU will resume deduction once approval is granted by JTK.

Muar River Estate: Apply for permit from JTK for electricity deduction. Meantime, all deductions without JTK approval has been discontinued. OU will resume deduction once approval is granted by JTK.

Kok Foh Mill: Application have been submitted to Jabatan Tenaga Kerja (JTK) on 24th May 2016. Pending processing by JTK Meantime, all deductions without JTK approval has been discontinued. OU will resume deduction once approval is granted by JTK.

ii) St Helier Estate: Meeting with local union has been conducted on 31/5/2016 and workers consent for all salary deduction has been obtained. Pertang Estate: Management will request on the consent letter from all worker involved. Kok Foh Mill: Management have obtained the consent letter from all affected workers.

C) Pertang estate: A different forum which comprises of PSQM has been established on 14th July 2016 and

investigation was carried out by PSQM. Meeting with all affected workers has been conducted on 14th July 2016 whereby all the workers have been re-briefed on the retrenchment.

D) The clause that restricting the rights of employee to join and participate the trade unions have been amended / deleted accordingly and new contracts has been distribute to the affected workers.

Latest draft of contract employment is the final stage and the task force will monitor all terms and conditions in the contract from time to time.

**Preventive Action** (*filled by organization audited*):

- A) i) An improvement plan will be developed base by the KFM on the recommendation from the consultant and the plan will be monitored accordingly.  
 ii) MA to monitor on the results of each Audiometric test and ensure that mill to follow strictly Hearing Conservation Management Guideline distributed by Mill Operations Dept. on June 2016.  
 iii) Mill will discuss and review any project related to compliance to any regulations.  
 iv) In the future, Mill will review and follow up with related parties of any pending project related to compliance of any regulations.
- B) i) All Estates/Mill: Estate to establish a master list of all permit and licence required including salary deduction permit and the list includes the validity date and expiry date. This master list will be displayed at the office for monitoring purposes by Chief clerk and documented in the filing system.  
 ii) All Estates / Mill: Estate to establish a master list of all permit and licence required including salary deduction permit and the list includes the validity date and expiry date. Consent letter from the workers will also be obtained. This master list will be displayed at the office for monitoring purposes by Chief clerk and documented in the filing system. Pertang Estate: Management will monitor on the wages deduction. Kok Foh Mill: Management will ensure that consent letter from workers are available for any deduction.
- C) Pertang estate: PSQM will monitor upon any retrenchment exercise in future to avoid any miscommunication.
- D) Will ensure that all contracts in the future will state the appropriate terms and conditions prior to distributions.

**Assessor Evaluation and Conclusion** (*filled by auditor*):

**A) MILL LEGAL NON-COMPLIANCES:**

Evidence of actions taken to demonstrate actions in progress to close the legal non-compliances were sighted as below:

- i. Kok Foh mill has not taken immediate action to directly reduce the noise yet because as seen from the last boundary sampling report done by Environmental Science (M) Sdn Bhd on 10/01/13, there were no recommendations to reduce the noise levels at locations found to be higher than the legal limit and existing controls are already in place to reduce noise but still not adequate. The mill has provided evidence that they have engaged a new consultant, i.e. Procoma Environmental (M) Sdn. Bhd. (contract form dated 30 July 2016) to carry out a new boundary noise sampling to confirm that noise levels are still exceeding the legal limit and to provide recommendations for actions to be taken to reduce the noise level. The boundary noise sampling is expected to be completed in September 2016 after which the company will carry out actions for noise reduction based on the findings and recommendations of the consultant.
- ii. The mill has provided evidence that they have engaged a new consultant, i.e. Procoma Environmental (M) Sdn. Bhd. (contract form dated 30 July 2016) to carry out the annual baseline audiometric test. The test is expected to be completed in September 2016.
- iii. The mill provided evidence that they have appointed a consultant, i.e. HITEC IESH Holdings Sdn. Bhd. to conduct the installation of two chimneys (no. 3 and no. 4) for the fume hoods at the mill and to request for written approval to the DOE. Evidence sighted was letter from Kok Foh Palm Oil Mill to the DOE of Negeri Sembilan informing dated 24 June 2016 informing of the appointment of this consultant, letter from the consultant to the DOE dated 5 July 2016 reconfirming their appointment by the mill (stamped received by the DOE on 14 July 2016) and drawing of chimney layout plan prepared by the consultant for Notification under Regulation 5 Clean Air Regulation 2014
- iv. The company provided evidence of contract form dated 12 August 2016 for engagement of Zaliga Niaga Sdn. Bhd. for fire certificate application, and additional contract form dated 24 September 2016 for checking and testing Fire Protection Systems with service for Kok Foh Palm Oil Mill for application of fire certification.

**B) DEDUCTIONS**

i) Deductions made not in accordance with permit:

**St. Helier:** This estate has submitted an application to JTK Kuala Pilah in a letter dated 6 June 2016 requesting for permission to deduct workers salary for Education Fund, Sports Fund and AIG General Insurance. The application

consisted of the cover letter by the estate manager, Appendix C form, letter of consent by the NUPW representative with signatures of all effected workers consenting to this deduction. While waiting for approval from JTK, deductions have been stopped since July 2016. This was clearly reflected in the pay slips for workers named Eswari A/P R. Chandran, Gopinathan A/L G. Hellapan Pillai and Muhamad Fatah for June 2016 and July 2016 that was sighted on site.

**Sg. Gemas estate:** The estate had submitted an application to JTK Segamat as seen in letter dated 20 June 2016 to request for increase of the deductions for the temple from RM4 to RM10. The letter is stamped as received by JTK Segamat on 3 July 2016 and the estate received a response from JTK Segamat dated 9 August 2016 stating that the application is in process. The estate has also attached evidence of consent for deductions for temple received from 20 workers. While waiting for the revised permit, the estate has revised their temple deductions for the 20 affected workers to RM4, as seen from sample pay slips of workers since July 2016. **Sg. Senarut:** This estate has submitted an application to JTK Segamat in a letter dated 21 June 2016 requesting for permission to deduct workers salary for Electricity, *Surau Ldg Senarut* (Mosque Fund) and *Kuil 1 & 2* (Temple Fund). The application consisted of the cover letter by the estate manager, Appendix C form, letter of consent by the NUPW representative with signatures of all effected workers consenting to these deductions. The application was received by JTK Segamat on 3 July 2016. As a result of receiving this application, the Deputy Director of JTK Segamat made a visit to this estate on 18/7/2016. During this visit, he requested additional documents such as workers pay slips, workers contracts, collective agreements and records of payments for the various items such as water and electricity. JTK is still processing the application. In the meantime, deductions for electricity have been stopped since July 2016. This was clearly reflected in the pay slips for 4 sampled workers for June 2016 and July 2016 that was sighted on site. Some of the estate workers interviewed said that they are aware and have consented to the deduction. Apart from this, the estate also requested for permission to deduct from workers salary for other nonstatutory items.

**Pertang estate:** The estate submitted an application to JTK Kuala Pilah on 23 June 2016 requesting for permit for deductions for water as well as for Great Eastern Life Insurance, AMESU fees and cooperative fees, advances and NUPW fees. The JTK of Negeri Sembilan responded with permit to deduct water as per letter ref. no. (4) PMT 10501/2016/0038 dated 8 August 2016 which stated the following terms:

- Deductions must be with the consent of workers and record of consent must be maintained (consent of 98 workers have been attached in the application)
- Each worker and his dependant for which accommodation is prepared for by the company is given a subsidy of 4.77 m<sup>3</sup> of water per month (159 litres x 30 days = 4770 litres or 4.77m<sup>3</sup>/person)
- Amount of deductions per month cannot exceed 50% of the worker's pay.
- Permit is valid for 3 years and expires on 7 August 2019

For other applications for permit, it was confirmed by the JTK in letters dated 8 August 2016 that there is no need for permit for deductons related to NUPW fees, AMESU fees and cooperative fees or advances.

**Bukit Pilah estate:** The estate has submitted an application to JTK Kuala Pilah as seen on letter dated 25 June 2016 requesting permit for deductions not only for the mosque fund but for all other non-statutory deductions, including deductions for Kelphin Tamil School, SAINS (Negeri Sembilan Water Company) water, electricity, Amanah Saham Nasional Berhad, worker's cooperative, Great Eastern Insurance for NUPW members, MAA Tafakul Berhad insurance, temple funds for New Rompin and Bukit Pilah Divi- sions, Sri Maha Mariaman Devotees Association of Kelpin Division, Sg. Kelamah Primary school deduc- tions, and AIG Malaysia Insurance Berhad. Sighted also evidence that worker's consent of all deductions was submitted to the JTK of Kuala Pilah.

Due to disagreement with the NUPW representatives which was confirmed with some NUPW representa- tives during on-site interviews on 10 August 2016, the deductions could not be stopped temporarily until agreement was reached with the NUPW, which was reached in end of July 2016 and the estate then is- sued a memo dated 1 August 2016 to all staff, auxiliary police and estate workers of Bukit Pilah estate that deductions as above would cease pending the permit from JTK.

**Kok Foh Mill:** The mill provided evidence that they already had a permit for deduction for temple fund is- sued by the Labour Department on 15 April 2011. Terms of the permit stated deductions for for temple fund shall be limited to RM10 per month and all deductions shall not exceed 50% of the worker's salary or 75% of the worker's salary if including housing loans.

The mill has submitted an application for other non-statutory deductions on 20 May 2016 to the Labour Department

of Negeri Sembilan, including request for permission for deductions of electricity, usage of store items for personal use, payment of NUPW insurance above the company's subsidized amount, and motorcycle loans.

The mill provided evidence of deductions for electricity having been temporarily stopped, as seen from sampled pay slips for workers below:

- Raju a// Periapan, pay slip for June 2016 showed electricity deductions of RM69, and no electricity deductions for July 2016
- Endang bin Ismarpay slip for June 2016 showed electricity deductions of RM20.25, and no electricity deductions for July 2016
- K. Badmanathan a// Krishnan, pay slip for June 2016 showed electricity deductions of RM25.05, and no electricity deductions for July 2016

**Muar River:** Muar River estate has submitted an application to JTK Segamat in a letter dated 16 June 2016 requesting for permission to deduct workers salary for electricity for a minimum amount of RM5 and maximum amount of RM150. The application consisted of the cover letter by the estate manager, Appendix C form, letter of consent by the NUPW representative with signatures of all effected workers consenting to this deduction. This application was received by JTK Segamat on 21 June 2016. Interview with the NUPW representative for this estate also reveals that all the workers have consented to the deductions and they are aware that the stoppage of deductions will be done temporarily while awaiting the approval from JTK. In the meantime, deductions for electricity have been stopped since July 2016. This was clearly reflected in the pay slips for Suparja, Rokaya Gorakh Bahadur, Chudamani, Uddin Jasim and Monahar Das for June 2016 and July 2016 that was sighted on-site. Two of the estate workers interviewed said that they are aware and have consented to the deduction.

Apart from this, the estate also requested for permission for deduction for the Sri Maha Mariamman Temple Fund, *Surau Al-Hadi* (Mosque Fund), *Yayasan Pembangunan Ekonomi Islam (Yapem)* (Islamic Economic Development Foundation) and *Tabung Haji* (Pilgrims Fund). Stoppage of deductions for these non-statutory items will commence in August 2016. The workers were informed of this through the *Memo Pem-berhentian Potongan Gaji Pekerja Bagi Bulan Ogos 2016* (Memo on Stoppage of Deductions From Workers Salary for August 2016) from the estate manager.

#### ii) Deductions made without consent of employees

**St Helier estate:** The estate has requested for permission to deduct from workers salary for other non-statutory items. It is to be noted here that the deductions for Education Fund ceased in October 2015. This was evident from the pay slip of Arumugam A/L Subramaniam for the month of April to October 2015. However the estate has applied to JTK for deduction for this purpose and consent was given by the workers for this deduction. This implies that most likely the workers were not well informed of the type of deduction they were consenting to.

**Pertang estate:** Consent of 98 workers have been attached in the application to JTK Kuala Pilah for deductions for water was sighted.

**Kok Foh mill:** Consent of 32 workers for deductions for temple fund was sighted

#### C) Termination of rubber tappers at Pertang estate

During verification of closure of Major NCs done on 12 August 2016, it was confirmed through interviews with the management of Pertang estate and through interviews with the ex-rubber tappers that there were 34 rubber tappers planned for retrenchment and during the time of the verification, 5 had been re-employed by the company as mandores, while the rest accepted the compensation for termination and most had left the estate area except for another 6 workers whose application for reemployment is still being processed, or needed more time to stay within the estate area to looking for new housing or to wait for the end of the school year of their children before leaving. As such there are total of 11 ex-rubber tappers still staying at the estate. The remaining ex-rubber tappers interviewed informed that termination was not forced in favour of the company employing foreign workers, instead all the ex-rubber tappers had been given the option of re-employment or accepting compensation, and most had chosen compensation over re-employment to work in oil palm field work.

#### D) Clause in foreign worker's contracts regarding restriction to join trade union:

The company acknowledges that there are a number of inconsistencies with the current template of contracts used for foreign workers (as raised in non-compliance under CR6.5.2 as well) including the contradicting statement on restriction to join trade union with the company's policy on freedom of association as well as other inconsistencies found during this and other audits for SDP management units. The company provided evidence of actions being taken to revise the contract template to resolve these issues (A copy of the draft contract template undergoing revision and comments for improvement was sighted). While the audit team acknowledges that technically this has not resolved the



issue within 60 days as the contracts are still in draft, it is also acknowledged that inconsistencies in the contracts affects not only this SOU but the entire company as the same revised template will be intended for use throughout the whole of SDP's plantations. Hence, additional time is required for SDP's sustainability team to work together with their HR/recruitment department to revise the contract, ensure all inconsistencies including those not identified by the audit team have been removed, and have to draft undergo a proper review process by relevant personnel of the company before being approved for use throughout the company.

It was also confirmed from interviews with foreign workers at all estates that foreign workers are allowed to join trade unions if they wish (not mandatory). List of deductions for union fees sighted as the estates, i.e. Sg. Gemas estate includes foreign workers. Therefore the actual practice of the company is to permit foreign workers to join trade unions with no repercussions in the form of termination. This is inconsistent with the clause in the contracts regarding restriction to join trade unions but is the more beneficial and proper practice.

**Auditor Conclusions: Closed with observations Date of closure: 12 August 2016**

**Verified by : Closed**

<b>NCR No.</b>	<b>: RSP000677</b>	<b>Issued by</b>	<b>: -</b>
<b>Date Issued</b>	<b>: 27 May 2016</b>	<b>Time Limit</b>	<b>: ASA-1</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 17 April 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 2.1.2 A documented system, which includes written information on legal requirements, shall be maintained.</b>		

**Non-Conformance Description & Evidence observed (filled by auditor):**

Documented system of LORR for Kok Foh Mill and all estates was found not properly updated as was not detailed enough to explained the actual legal requirements such as:

- a. OSHA 1994 only mentioned Part VI, where there were actually Section 24-27 under it and not clearly explained. General Duties of Employer and Self-Employed Persons under Section 15 was not included and explained (Sg. Gemas Estate).
- b. For OSHA 1994 missing Sections 16 (Safety and Health Policy), 17 (Duty of employer on others), 30 (Forming a Safety and Health Committee), 31 (Function of Safety and Health Committee) and 32 (Notification of incident) (Kok Foh Mill St Hellier and Pertang Estate).
- c. Safety and Health Officer Regulations 1996 in LORR suppose not applicable (Kok Foh Mill)
- d. Factories and Machinery (Safety, Health and Welfare) Regulations 1983, in the LORR under Requirement, not detailing explained the actual requirement instead asked to make reference to the regulations in FMA for specific details on the conditions (Pertang Estate)
- e. Environmental Quality Act 1974 was found not included Section 22 Restriction on pollution of atmosphere, Section 23, Restriction on noise pollution. While Section 29 was mentioned as Restriction of Open Burning which actually it is Prohibition of discharge of waste into Malaysian waters (not applicable). While Section 29A is actual prohibition of open burning) which was not included (Sg. Gemas Estate)
- f. Found Pesticides (Labelling) Regulations 1984 was not included (All Estates).
- g. The amendment of Factories and Machinery (Person In-charge) (Ammnd) Regulations 2014 was not included (Sg. Gemas).
- h. Scheduled for Factories and Machinery (Person Incharge) Regulations 2014 was mentioned as not Applicable.
- i. Factories and Machinery (Safety, Health and Welfare) Regulations. It was mentioned as not applicable. (Working at Height (Reg.12), Dangerous liquid (Reg. 14), Precaution Against Ignition (Reg. 16) Clean- liness (Reg. 23) and etc (St Hellier, Kpk Foh Mill and Pertang Estates)
- j. Environmental Quality Act 1974 not included Section 34B.
- k. Environmental Quality (Clean Air) Reg. 2014 was having requirement of previous regulation 1978 and mentioned as not applicable (St. Helier and Pertang Estates)
- l. Occupational Safety and health (Classification, Labelling and Safety Data Sheet of Hazardous Chemical) Regulations 2013, Regulation 13 should mention clearly Section 13 (4) to review Safety Data Sheet every 5 years by the supplier (St Hellier, Pertang Estates).

**Root Cause Analysis (filled by organization audited):**



Due to the use of generic LORR provided by PSQM.	
<b>Corrective Action</b> <i>(filled by organization audited)</i> : PSQM to amend the specific section mentioned in the LORR based on the current update. The updated section will then be circulated to Mill and Estates.	
<b>Preventive Action</b> <i>(filled by organization audited)</i> : PSQM will update the LORR based on Group Compliance Office's latest legal list applicable to Estate and Mill and will also incorporate the relevant legislation in the MYNI. The changes of legal requirements will then be notified to OU and OU will review on yearly basis.	
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor)</i> : <b>Verification 17 April 2017</b> LORR was well update accordingly. Set of licenses related: MPOB, FMA, DOSH, DOE, KPDNKK.I storage. Documentation system describe in LORR Register tables. Documents available at HQ, Region and Estate office.  <b>Auditor Conclusion:</b> According to document verification, all of previous non conformity has been close out.	
<b>Verified by</b>	: Mohd. Nizam

<b>NCR No.</b>	: RSPO00678	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 27 July 2016
<b>Standard Ref. &amp; Requirement</b>	: 4.7.4. <i>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.</i>		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor)</i> : Kok Foh estate: A regular OSH meeting have been conducted as sighted on 17/3/2016, 16/12/2015, 28/7/2015, 16/6/2015 and 20/5/2015. However, there was no meeting between July 2015 to December 2015 as stipulated in the OSHA Act 1994 (Act 514) P.U. (A) 616/1996 which requires meeting to be held once in every 3 months. In addition, on 16 December 2015 only 11 participants from total of 25 persons that should attend the meeting. This is against the OSH (Safety & Health Committee) Regulations 1996 which requires 50% at- tendance from the committee.			
<b>Root Cause Analysis</b> <i>(filled by organization audited)</i> : Members were not active & not cooperative as a member of OSH Committee.			
<b>Corrective Action</b> <i>(filled by organization audited)</i> : OSH committee has been reviewed and to ensure the cooperation and responsibility are met, training has been requested from the ESH Unit, PSQM Department.			
<b>Preventive Action</b> <i>(filled by organization audited)</i> : Conduct a refresher training on OSH committee to ensure they understand their role and responsibility.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor)</i> :			

Kok Foh estate provided evidence of OSH meeting done on 25 June 2016, which had 26 participants, including meeting minutes which included discussion on OSH training, safety issues, accident reports (2 accidents which occurred in April 2016), scheduled waste and environmental issues, workplace inspections results, training report and other matters. SDP's PSQM department also conducted a separate training to the OSH committee of Kok Foh estate entitled "OSHA Duties/Responsibilities Training/ Sime Card Training on 27 July 2016 with signed attendance list of 21 participants. Photos of this meeting and training materials used were also sighted. The content of the training included explanation on the required frequency of OSH meetings and required quorum of meetings (which members and number of members required), as well as other topics such as responsibilities of all OSH committee members, topics to be discussed during OSH meetings, time frame for storage of OSH meeting records, OSH committee structure, and ERP.

**Auditor Conclusions:**

**Closed Date of closure: 27 July 2016**

**Verified by** : -

<b>NCR No.</b>	: RSPO00679	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 27 July 2016
<b>Standard Ref. &amp; Requirement</b>	: 5.1.1. An environmental impact assessment (EIA) shall be documented.		

**Non-Conformance Description & Evidence observed (filled by auditor):**

1) Environmental Aspects and Impacts assessment and Environmental Impacts Evaluation for boiler construction in progress at the mill is not available

2) There was evidence that Environmental Aspect and Impact assessments was found not properly conducted:

**i) Only cover page updated but review not actually done**

- St. Hellier estate: Environmental Aspect Impacts document was only stated on cover page as last reviewed only 19/5/15, but actual content was last reviewed was on 08/08/12. Due to this, some legislation mentioned as Legal reference are outdated legislations, e.g EAI still includes EQ (Clean Air) Regulations 1978 and EQ (Scheduled Waste) Regulations 1989 although these have been superseded by EQ (Clean Air) Regulations 2014 and EQ (Scheduled Waste) Regulations 2005 respectively. For replanting, herbicides was not stated as having any legal reference (suppose to be Pesticides Act 1974).
- Bukit Pilah estate: The Environmental Impact Evaluation (EIE) cover page states review was done on 13 August 2015, however the EIE forms was dated back in 10 January 2009.
- Sg Senarut estate: The Environmental Impact Evaluation (EIE) cover page states review was done on 1 January 2016, however the EIE forms was dated back in 1 April 2013. In addition, the Serial No EIE/2013 is not completed in the form. There was no signature on who prepared the evaluation form.

**ii) Incorrect identification of potential for legal non-compliance**

- At Pertang Estate, Kok Foh estate, Bukit Pilah estate, and Sg. Senarut estate Environmental Impact Assessment FY 2015/2016 found for several Environmental Load items (e.g. Land Contamination (spillage) for diesel, lubricant disposal of clinical item, herbicide spraying), there was a question on whether there is high potential on non compliance to environmental regulations, where the answer stated was "No" but in actual there is potential for legal non-compliance.

**iii) Incorrect or outdated legislation stated as reference**

- Environmental Aspect and Impact Identification Form used at Pertang estate for fuel container and rags (discharge to land) legal reference was wrongly stated as EQ Regulations 1996 & EQ (Scheduled waste), while for petrol/diesel (land contamination), legal reference was wrongly stated as EQ (Scheduled waste) Reg. 1996 (year

of regulations stated are not the latest versions)

- The environmental impact from discharge to land is the selective weeding activity is rated at 9 (business impact) but not considering land contamination and community.

**Root Cause Analysis** (filled by organization audited):

- 1) There is no evaluation on EAI and EIE for the construction of the boiler. Mill was unaware of the requirements to conduct EAI and EIE for Engineering projects which was also not highlighted by the Department involved prior to start of the project.
- 2) i) & ii) All Estates: Lack of awareness, Insufficient review and incorrect legislation referred by the operating unit  
iii) All Estates: Lack of awareness, Insufficient review and incorrect legislation referred by the operating unit

**Corrective Action** (filled by organization audited):

- 1) Mill to immediately finalize the EAI and EIE based on the MQMS-SOM.
- 2) i) & ii) All Estates: A schedule has been planned for the PSQM Department to provide a training on the Risk Assessment which will replace the current EAI and EIE form. Review and updates on information will be done accordingly.  
iii) All Estates: A schedule has been planned for the PSQM Dept.to provide a training on the Risk Assessment which will replace the current EAI and EIE form. Review and updates on information will be done accordingly

**Preventive Action** (filled by organization audited):

- 1) Mill will review all requirements prior to starting of any engineering projects together with PSQM ESH. All future contracts only will be issued upon the completion of the EAI and EIE.
- 2) i) & ii) All Estates: To ensure the EAI and EIE are reviewed annually accordingly.  
iii) All Estates: To ensure the EAI and EIE are reviewed annually accordingly.

**Assessor Evaluation and Conclusion** (filled by auditor):

- 1) The mill provided copies of new EAI and EIE done for boiler constructions activity at the mill dated 1 June 2016, where environmental aspects and impacts identified include those pertaining to boiler construction activities such as welding (aspects: discharge of metal rods and acetylene gas to land/air, metal consumption and scrap metal discharge), grinding (aspects: noise and power consumption), hydrostatic test (aspects: leakage of contaminated water), painting (aspect: disposal of waste paint containers), crane works and movement of vehicles (aspects: smoke emissions, oil leakage and diesel consumption).
- 2) 2) The company's PSQM department has acknowledged weaknesses in the understanding of the per- sonnel at the mill and estates not only at SOU16: Kok Foh but other SDP management units as well as weakness in the current EAI and EIE evaluation forms being used, which is planned to be re- placed with a new format as well as training to be done personnel from all SDP SOU's. A sample of the revised EAI and EIE format combined with HIRARC assessment format to be used was provided in excel format and found to comprise several tabs, i.e. Identification of Environmental Aspects and Safety and Health Hazards, Safety and Health Assessment Form, Environmental Impact Assessment Form, Summary of Safety & Health Risk and Environmental Impacts, Magnitude Matrix table for Safety Hazards, and Magnitude Matrix table for Environmental Aspects. The company also pro- vided the training materials prepared to be used during trainings to SOU personnel on how to use the new combined EAI, EIE and HIRARC format and how to conduct assessment of safety hazards and environmental aspects. The PSQM department also provided the training schedule for New Risk Management Workshop trainings planned to be conducted for FY 2016/17 for all SOUs which was planned from 11 August to 6 October 2016. Training for SOU 16: Kok Foh is planned for 22 September 2016. While technically not closing the issue within 60 days, it is accepted as immediate evidence of the company's efforts to resolve the issue of poor understanding of personnel at the SOU level on how to conduct EAI and EIE, which should be more effective than requiring the SOU personnel to redo the EAI and EIE using the existing templates and with poor understanding on how to conduct the evaluations. Effectiveness of the training by PSQM and implementation of the new for- met will be evaluated further during the next surveillance.

**Auditor Conclusions:**

<b>Closed with observations. Date of closure: 27 July 2016</b>	
<b>Verified by</b>	: -

<b>NCR No.</b>	: RSPO00680	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 16 June 2016
<b>Standard Ref. &amp; Requirement</b>	: 5.3.2. All chemicals and their containers shall be disposed of responsibly.		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> There was no evidence of fertilizer bags being returned back for reuse to the original supplier as approved by DOE and SOP for scheduled waste management. Observed in St. Helier, Sg. Gemas and Pertang Estates as it was used and disposed internally.			
<b>Root Cause Analysis (filled by organization audited):</b> Lack of awareness by the workers on the proper disposal and re-use of fertilizer bags. However, Estate is guided by the letter communicated to SDP by DOE dated 16th June 2016 Ref: AS91/110/619/161.			
<b>Corrective Action (filled by organization audited):</b> Empty fertilizer bags intended for re-use, Estate to clean thoroughly as per the internal SOP available. An inventory record was established to monitor the stock of used fertilizer bag.			
<b>Preventive Action (filled by organization audited):</b> Estate to appoint person-in-charge to record the inventory of empty fertilizer bags to monitor the quantity of reuse and un reused bags.			
<b>Assessor Evaluation and Conclusion (filled by auditor):</b> The company provided a letter from the DOE dated 16 June 2016 stating permission to reuse fertilizer bags at the premises and confirming that fertilizer bags that can be reused are not categorized as scheduled wastes and do not need to be managed under the EQA (Scheduled Waste) Regulations 2005. The audit team hence accepts this as evidence from the legal authority to close this non- compliance with no need to manage fertilizer bags as scheduled wastes.			
<b>Auditor Conclusions:</b> <b>Closed Date of closure: 16 June 2016</b>			
<b>Verified by</b>	: -		

<b>NCR No.</b>	: RSPO00681	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 14 July 2016
<b>Standard Ref. &amp; Requirement</b>	: 6.1.2. There shall be evidence that the assessment has been done with the participation of affected parties		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> 1) The SIA for Pertang did not include the local community of Kg. Pertang. The SIA only focused on 2 villages, Kg. Parit Gong and Kg. Tambahtin. Smallholders such as Pekebun Kecil Foo Ng Moi, Chong Fook Hong, Ladang			

Yau & family etc were also not consulted.

- 2) The management of Pertang Estate also did not conduct an impact assessment pertaining to the retrenchment of 34 rubber tappers (local workers) planned to be done on the 1st of July 2016 due to planned conversion of rubber to oil palm. The impacts arising from this retrenchment exercise are many, e.g:
  - Difficulties of workers finding new accommodation and new jobs.
  - Difficulties in getting their children transferred to other schools at such short notice.
  - The huge relocation cost to be incurred by the workers.
  - Emotional attachment to the estate and their place of worship. Many workers are fourth or fifth generation employees at the estate and spent their entire lives at the estate.

**Root Cause Analysis** (filled by organization audited):

- 1) Kg Pertang were left out due to the location of the village were mistakenly identified and the smallholders were overlooked during the assessment.
- 2) The element of the retrenchment was missing from the SIA report due to missed information to the assessor.

**Corrective Action** (filled by organization audited):

- 1) A specific SIA has been conducted to cover Kg Pertang and the smallholders.
- 2) A specific SIA has been conducted on Pertang Estate ex-rubber tappers retrenchment issue.

**Preventive Action** (filled by organization audited):

- 1) Action plan will be monitored accordingly.
- 2) Yearly plan on SIA for retrenchment have been develop based on overall company replanting/conversion plan.

**Assessor Evaluation and Conclusion** (filled by auditor):

**Verification result:**

The company has conducted an additional SIA on 14 July 2016 to cover Kg. Pertang, the smallholders and the Pertang estate ex-rubber tappers, which was initially documented in Powerpoint format and added on as an addendum to the current SIA document of SOU 16. Signed attendance lists of the SIA conducted was sighted. The additional assessment was conducted by two persons from SDP's PSQM department. The SIA findings listed included remarks from management and possible action plans for findings as follows:

- 1) SIA findings from Kg. Pertang and 2 smallholders
  - No complaints or issues raised, hence no social action plan developed for Kg. Pertang and smallholders
- 2) SIA findings from Workers (Ex-tappers) (33 interviewees)
  - Accommodation arrangement: Initial agreement is the workers could stay in the company houses until December 2016, those who still could not find any accommodation in November requested to be given extension of stay. The estate management agreed to review such requests in November 2016.
  - Worship facility: Workers requested Estate Management to allow them to continue their practices at the temple after they have moved out of the Estate, and this is allowed by management with proper security measures (entry records, security pass, etc)
  - Re-employment possibility: Workers who are interested to be re-employed, have submitted their request to the Management. Management will consider for the reemployment for those workers have submit their application

During verification of closure of Major NCs done on 12 August 2016, phone interview was done with Kg. pertang village head to confirm the SIA findings. The Kg. Pertang village head had a complaint regarding flooding of the village due to land clearing of rubber area, which not mentioned in the SIA findings. It was likely this was not mentioned during the SIA interviews as it was a relatively recent issue, and the village head confirmed that the estate management had already taken action to assist to reduce the impacts of the flooding by opening a drain near the village. Photographic evidence of this action taken was also sighted. Another phone interview was conducted with Mr. Acanah, a neighbouring smallholder who was not included in the SIA interviews done by PSQM who owns some land planted with bananas and he had to pass through the estate area to go to his plot. Mr. Acanah mentioned that he has requested a permit from the estate to go through the estate for an extended period, i.e. 6 months to one year as currently he has to get a daily permit



to enter which is tedious. It was explained by Pertang estate management that they are aware of this request but did not permit it as they had issue with Mr. Acanah previously and hence only permitted him to enter the estate area with daily permit. PSQM should consider to include these issues raised by the Kg. Pertang village head and Mr. Acanah in the SIA findings for Kg. Pertang.

It was confirmed through interviews with the management of Pertang estate and through interviews with the ex-rubber tappers that there were 34 rubber tappers planned for retrenchment and during the time of the verification, 5 had been re-employed by the company as mandores, while the rest accepted the compensation for termination and most had left the estate area except for another 6 workers whose application for reemployment is still being processed, or needed more time to stay within the estate area to looking for new housing or to wait for the end of the school year of their children before leaving. As such there are total of 11 ex-rubber tappers still staying at the estate. The remaining ex-rubber tappers interviewed informed that termination was not forced in favour of the company employing foreign workers, instead all the ex-rubber tappers had been given the option of re-employment or accepting compensation, and most had chosen compensation over re-employment to work in oil palm field work.

**Auditor Conclusions:**

**Closed with observations Date of closure: 14 July 2016**

**Verified by** : -

<b>NCR No.</b>	<b>: RSPO00682</b>	<b>Issued by</b>	<b>:</b>
<b>Date Issued</b>	<b>: 27 May 2016</b>	<b>Time Limit</b>	<b>: 27 July 2016</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Date of Closing</b>	<b>: 10 August 2016</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 6.3.1.</b> <b>The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</b>		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> It was found at Bukit Pilah estate that complaints from workers have not been resolved in an effective, timely and appropriate manner, i.e.: 1) Water being sourced from the water catchment is murky and of very poor quality. While clean water is being supplied once every 2 days from JBA, workers interviewed informed that this is only sufficient for drinking and cooking but not sufficient for showering and cleaning. Workers informed that this issue has been ongoing for up to a year and made several complaints to management. It is noted that the estate has recently gotten approval to install water tubes to provide an improved water supply, however planned completion of installation is only after July 2016, with no additional alternative clean water sources provided for the workers in the meantime 2) The toilet at worker's house no. 146 is badly damaged for about a month, unable to be used and produces a bad smell. The worker living in this house has complained about the toilet but no repairs have been done. 3) Although the estate has a complaints book, some complaints are not adequately captured and followed up with, as workers interviewed also informed that they are not aware who is the appropriate person to lodge complaints to and they have made complaints to their mandore, the office clerks and other personnel but no follow up was done.			
<b>Root Cause Analysis (filled by organization audited):</b> Estate overlooked on the workers complaint and estate management will review it and solve the problem as soon as possible.			
<b>Corrective Action (filled by organization audited):</b> To completely record and make sure all workers complaint is completed by the estate management. 1) Water supply for drinking (consumable) has been increased – by appointing contractor (Shamiza Enterprise) -			

2000L/2 days) and another contractor (Cisco Logistic) has been appointed to supply water for other use (not consumable) – 200,000 gallon/day.

- 2) The toilet for house no. 146 has been fixed.
- 3) Complaints recorded in the complaint book is attended accordingly and monitored by Assistant Manager.

**Preventive Action** *(filled by organization audited):*

To ensure all workers complaint is treated and recorded accordingly.

**Assessor Evaluation and Conclusion** *(filled by auditor):*

During on-site verification conducted on 10 August 2016, it was confirmed that action had been taken since end of May 2016 to resolve the complaints of the workers at Kelpin Division of the estate (where the non-compliance was found) as follows:

- 1) Evidence was sighted that water supply for drinking and cleaning has been increased. Sighted contract forms for payment to contractor named Shamiza Enterprise for 14 deliveries of Sains water to Kelpin Division between 26 April to 22 May 2016 (contract form dated 30 May 2016), 19 deliveries between 24 May to 26 June 2016 and 16 Deliveries between 1 to 23 July 2016 (contract form dated 30 July 2015). Delivery of drinking water is once every 2 days of 2000 litres per delivery, which is water for drinking only. While for provision of additional clean water for washing and cleaning, there is evidence of contract form of payment of another contractor, i.e. Cisco Logistics which was engaged to deliver water on daily payment to the Kelpin Division pump house, with records of 316 trips done from 27 May to 30 June (contract form dated 30 June 2016) and 187 trips done in July 2016 (contract form dated 30 July 2016) with 25 gallons delivered daily
- 2) Complaints book shows several complaints recorded and actions taken, including the broken toilet at house 146 which has now been repaired as seen from photos and confirmed during on-site verification on 10 August 2016.
- 3) The estate assigned personnel to be in charge of taking and following up with worker's complaints from Kelpin division. It was confirmed through interviews with the workers that they have been informed who they can lodge complaints to and that the estate management now assists very well to resolve any complaints raised by the workers.

**Auditor Conclusions:**

**Closed Date of closure: 10 August 2016**

**Verified by** : -

<b>NCR No.</b>	: RSPO00683	<b>Issued by</b>	:
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 12 August 2016
<b>Standard Ref. &amp; Requirement</b>	: 6.5.2. Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sick- ness, 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.		

**Non-Conformance Description & Evidence observed** *(filled by auditor):*

**1. Compliance with MAPA/NUPW Agreement:**

St. Helier, Sg. Gemas and Sg. Senarut: The management only began deducting RM3 from the employees' salaries several months later (some have not backdated until August 2015) even though there is a MAPA/NUPW Field and Other General Employees Fringe Benefits Agreement, 2015 circular dated 4 August 2015 which states that the managers should discontinue the existing practice of deducting RM3/per month for

each employee concerned towards the NUPW/AIA Personal Accident Group Scheme.

**2. Contradiction between contract and practice or MAPA/NUPW Agreement:**

a. Clause 12: (Elaun Transportasi) of the employment contract for foreign workers states that airfare from the country of origin will be fully borne by the company. However, interviews with foreign workers from Indonesia, India, Nepal and Bangladesh at St.Helier, Sg.Gemas, Sg. Senarut and Pertang Estates, Kok Foh Mill and Nepalese workers at Muar River estate reveals that the workers paid their agents for their airfare. 2b. There is a difference between Clause 24.1 (Termination Clause) of the foreign workers' contracts (April 2013 version) and Articles 19 and 20 of the MAPA/NUPW Collective Agreement 2015 pertaining to the critical and terminal illnesses, e.g. leprosy, TB, epilepsy, cancer, HIV and other terminal illnesses. Article 20 of the MAPA/NUPW Agreement states that the employee is eligible for sick leave for such prolonged illnesses whereas the company's contract requires termination of employment. In addition, Article 19 (a) (ii) also requires hospitalization leave. 2c. There is no evidence of payment of RM 200 to foreign workers' families (Monetary Gift for Departure for Employment) (Clause 15 of the employment contract in Malay, April 2013 version).

**3. Third Party Contract Workers**

There is no mechanism on the part of the estate management to monitor compliance of contractors pertaining to the Labour Laws and other relevant legislation related to labour.

**4. Validity of the contracts/ consent letters/other documents):**

- All estates: There is no evidence of extension of employment contracts for foreign workers who have worked for more than 3 years.
- St.Helier Estate: Signatures of foreign workers' contracts not standardised. E.g. Signature in contract and passport safekeeping form for foreign worker (Indian) Surya Trinadh Poliseti (Passport No: G 1926137) are different. The signature on the contract does not correspond to the passport. The same was observed for Devraj Titung (Nepali Passport: 104565).
- Sg. Senarut Estate: Contracts for Ajay (M8495559) dated 11 August 2015, Guddu (M7961592) dated 11 August 2015, Rajbhar Jitendra (M1376945) dated 11 August 2015 not signed management.
- Pertang Estate: The signature of foreign workers on the contracts for foreign workers, their passport safekeeping form (surat penyerahan passport) and their passports are not the same. Examples sighted for Indonesian worker Ajah (Passport No: AT499310); Bangladeshi worker, Md. Azad (Passport No: AE4806828).
- Muar River estate:
  - i) One file containing contracts of foreign workers which are signed by both parties, but does not contain job description and duration of contract.
  - ii) Sighted another file containing contacts of employment of foreign workers which are not signed by the workers, and has no details of job description and place of employment, nor commencement and expiry dates. The document only contained the signature of company official.
  - iii) Sighted six contracts of employment of Nepali workers where the parties' signatures were not placed in the appropriate places. E.g. The Nepali workers signed at the place which was meant for the company official, and the company official signed as a witness.
  - iv) Working contracts for 3 Nepalese workers at Muar River Estate, i.e. Hari Bahadur Sarki, Gorakh Bahadur, Dinesh Bk were not signed by a witness.
  - v) Workers whose contracts have expired, some more than five years ago, did not sign any contract renewals. Workers only verbally informed the Assistant Manager of their intention to continue working, and no further contract was signed to formalise this arrangement
- Sg. Gemas estate: No contracts of employment for foreign workers who have worked more than 3yrs (e.g. Indian worker-Arvind Varma). Same was observed for some foreign workers at Sg.Senarut Estate.

**5. Termination of Employment:**

Pertang estate: There was no element of informed consent in the termination of employment of 34 local rubber tappers. Workers not informed about the actual compensation details prior to signing the agreement. Management has not given the exact compensation details and date of compensation payment.

b)

**Root Cause Analysis (filled by organization audited):**

1. Insufficient monitoring on the latest MAPA/NUPW agreement updates.
2. a) As per current practise, SDP is paying the flight ticket to the workers from the last point of embarkation checkpoint at source country to Malaysia, a standard practice that applies to all countries. Thus, any

travels expenses from villages far from the last checkpoint of embarkation is not included. For Bangladeshi workers, the contract is based on government to government under the Memorandum of Understanding on the employment of workers between the Government of Malaysia and the Government of the People's Republic of Bangladeshi which SDP only pays a specific amount as Bon to Malaysian government. Based on the explanation above, management is not aware that workers paid to their agent due to no complaints made by the workers formally.

b) Lack on the monitoring of the clause stated in the workers contracts.

c) Insufficient monitoring on the company benefits by the operating units.

d) Monetary departure gift is on- ly for Indonesian workers and does not apply to non-Indonesian workers, and hence the contract for non-Indonesian workers used was incorrect.

3. Due to Estate's understanding that the vendor letter of declaration is already sufficient as a mechanism to ensure the contractor complies to labour laws. Hence, no further monitoring done.
4. The contract extension by Workers Management Unit was not made available at the Operating Unit.
  - St Helier Estate: The new foreign workers coming from various education level and most of them can- not write. The signatory inside the contract was not counter check with the passport as the passport was send to the immigration for work permit endorsement.
  - Sg Senarut Estate: Contracts were overlooked by the management
  - Pertang Estate: The foreign workers coming from various education level and most of them cannot write. The signatory inside the contract was not counter check with the passport.
  - Muar River estate: i, ii) Estate management no updated of contract of employment. iii) Estate man- agement over looked about this matters. iv) Estate management over looked about this matters. v) Estate management not aware and no directive or any documents related to the extension of employ- ment contracts from WMC or related department.
  - Sg. Gemas estate: The estate not aware of the requirement of employment contracts.
5. Pertang Estate: There is a missed communication between the management and the workers involved.

**Corrective Action** *(filled by organization audited):*

1. The OU will reimburse each employees' involved accordingly. Note: List of the effected workers and the reimbursement amount will be provided.
2. a) Foreign workers Management Unit to provide the contract agreement on the statement of payment and evidence of the airfare payment. This airfare allowance are not applicable for Bangladeshi workers which was recruited under G2G programme.
  - b) HR dept. has been informed on the difference and the clause will be revised accordingly.
  - c) HR dept. has been informed on the difference and the clause will be revised accordingly. Effective July 2016 the departure gift was cease and replaced with new arrival allowance of RM150 for all work- ers which will be paid in their first month salary.
3. Estate to brief contractors on the minimum requirements of labour law. PSQM to establish a checklist for operating unit to check on the availability of the documents pertaining to labour law.
4. Contract extension for workers more than three years will be updated in stages.
  - St Helier Estate: Estate have prepared a new contracts and ensure the signature of the workers are identical with their passport.
  - SSE: The management signed the contract immediately.
  - Pertang Estate: Estate have prepared a new contracts and ensure the signature of the workers are identical with their passport
  - Muar River estate: i, ii ) Estate management will amended and updated of contract of employment. iii) Estate Management will be amended or prepare a new contract workers. iv)Estate management get- ting signature for witness by Field Supervisor. v) Estate management will prepare the extension of em- ployment contract for workers more than 3 years.
  - Sg. Gemas estate: The estate will prepare the extension of employment contracts for the workers have worked more than 3 years.
5. Pertang estate: A different forum which comprises of PSQM has been established on 14<sup>th</sup> July 2016 and investigation was carried out. Meeting with all affected workers has been conducted on 14<sup>th</sup> July 2016 whereby all the workers have been re-briefed on the retrenchment.

**Preventive Action** *(filled by organization audited):*

1. Chief clerk has been appointed to ensure that any new updates on the MAPA/NUPW will be monitored



accordingly.

2. a) SDP will monitor on the Airfare allowance in the future which WMU will confirmed the payment  
b) New task force has been developed to monitor on the terms and conditions in the foreign workers contracts.  
c) Chief Clerk to ensure all documents are recorded in good order.
3. Estate to do regular checking, on the availability of the documents related to labour laws. PSQM will include the monitoring of contract workers documents into the internal assessment checklist.
4. SDP HR is in the midst of updating new version of contract with Legal Department and related department to include extension contract clause as part of the contract which is planned to be out by end of the year 2016. This contract will then be communicated with all SOUs.
  - St Helier Estate: To ensure the contract being sign before surrender the passport to WMU for permit endorsement .The management must counter check the workers signatory between the contract and the passport
  - Sg Senarut Estate: Management will ensure all contracts are recorded accordingly.
  - Pertang Estate: To ensure the contract being sign before surrender the passport to WMU for permit endorsement. The management must counter check the workers signatory between the contract and the passport.
  - Muar River estate: i, ii, iii, iv) Estate management will monitor on the contracts of employment by de- veloping a checklist for all the clauses and requirements of all contracts. v) Estate management will provide the contracts of extension agreement upon signed and written request from the workers.
  - Sg. Gemas estate: The extension employment of contract will be sign soon
5. Pertang estate: PSQM will monitor upon any retrenchment exercise in future to avoid any miscommunication.

#### Assessor Evaluation and Conclusion *(filled by auditor)*:

##### Verification result:

##### 1. Compliance with MAPA/NUPW Agreement:

The current practice of all estates is that RM11 is deducted from foreign workers as NUPW fees including RM 3 for the personal accident group scheme, however since the issuance of the MAPA/NUPW Field and Other General Employees Fringe Benefits Agreement, 2015 circular dated 4 August 2015, the estates now reimburse RM3 to all foreign workers under NUPW as subsidy for the personal accident insurance scheme. For the estates identified in the non-conformity, evidence was sighted of reimbursement of the subsidy from August 2016 where this was not done immediately after the issuance of the circular, i.e:

**St. Helier:** Deductions for the NUPW/AIA Personal Accident Group Scheme ceased from December 2015. The reimbursements for the RM3 deducted from the workers from August to November 2015 will be done in August 2016 and this was stated in a memo by the estate manager dated 8/8/2016 to all estate workers who are NUPW members. This have to be verified during the next surveillance audit. Pay slips for Eswari A/P R. Chandran, Gopinathan A/L G. Hellapan, Muhamad Fatah and Mahyudin for June 2016 and July 2016 that were sighted on-site showed that the estate is subsidizing the RM3 for this insurance.

**Sg. Gemas estate:** Evidence of reimbursement of RM3 deductions per month made for NUPW/AIA Personal Accident Group Scheme which was not reimbursed in August and September 2016 for workers under the NUPW scheme was sighted from sampled workers pay slips in June 2016 for workers named Rusni, Kamlesh Kumar and Ram Kripal, which showed insurance subsidy payment of RM9 (RM3 for June 2016, and reimbursement of RM6 for August & September 2015). It was confirmed from sampled pay slips of the workers from August, September and October 2016 that subsidy of RM3 per month started from October 2016 onwards.

**Sg. Senarut estate:** The estate manager issued a letter dated 15/7/2016 to all workers in the estate who are NUPW members informing them that the MAPA/NUPW collective agreement dated 28/4/2015 states that there was a revision stating that the employer shall contribute to the RM3 per month towards the NUPW/AIA Personal Accident Group Scheme. This will commence from August 2015 based on the MAPA/NUPW Circular dated 4/8/2015. The deductions, however, were only stopped in January 2016. As such, reimbursements on June 2016 was done for 3 months period from October to December 2015 and the reimbursement for August and September 2015 was done in July 2016. The pay slips of workers named Shafiquil Islam, Mohinur Islam, Milon, Jayadi, Idris Ali and Saraj Miah were sampled and all reimbursements were clearly stated as Insurance Subsidy in their pay slips.

##### 2. Contradiction between contract and practice or MAPA/NUPW Agreement:

2a. During on-site verification on 10 – 12 August, several foreign workers from each estate visited were interviewed



informed that they had paid a lump sum to their agents including airfare, however as there was no record of the payment, it could not be ascertained if the lump sum payment actually included airfare, and whether payment was made to SDP's own agents or other agents. In addition, there is possibility that said workers had paid to other agents within the worker's country which are not engaged directly by SDP and hence not within the control of the company. There was evidence provided from SDP's Human Resources Department for charges made out to the respective estates for new incoming workers, including the list of workers names and various charges deducted including for airfare subsidy of each workers.

Sampled interviewed workers were cross checked against the list of charges and it was confirmed that airfare subsidy was paid by the estates for the workers to the company's HQ. As there is evidence of payment of worker's airfare by the company and no documented evidence kept by workers on who they made payment of their airfare to to confirm that the sum paid included airfare, it is suspected that airfare being paid by workers is possibly due to request from agents in their home country. Several observations/opportunities for improvement are noted as below:

- i) Most workers interviewed also were not aware of their contract terms that their airfare is meant to be paid by the company. Hence, payment of airfare was voluntary and there is no element of lying to workers regarding free airfare to coerce them to come work for the company. However the company should ensure newly arriving workers are informed of this clause and advise workers to report to them if they have paid their agents for airfare, so that the company can further investigate possibility of unscrupulous practices by these agents.
- ii) Employment contracts of workers currently state that their airfare is 'subsidized' instead of fully paid. Nevertheless, the price of the airfare subsidy paid by the estate for foreign workers airfare was cross checked against typical prices of airfare from travel from their home countries and confirmed to be equivalent or more than the normal airfare price, for example, airfare subsidy payment for Indonesian workers is RM 900 and RM 600 for Indian workers.. However, the term 'subsidy' implies the company does not fully pay for airfare, hence the wording should be revised if it is indeed fully covered. This observation has been noted by the company is being considered in the review of SDP's employment contract template.

2b. The company acknowledges that there are a number of inconsistencies with the current template of contracts used for foreign workers (as raised in non-compliance under CR2.1.1 as well) including the difference between Clause 24.1 (Termination Clause) of the foreign workers' contracts (April 2013 version) and Articles 19 and 20 of the MAPA/NUPW Collective Agreement 2015 pertaining to the critical and terminal illnesses, e.g. leprosy, TB, epilepsy, cancer, HIV and other terminal illnesses. The company provided evidence of actions being taken to revise the contract template to resolve these issues (A copy of the draft contract template undergoing revision and comments for improvement was sighted). While the audit team acknowledges that technically this has not resolved the issue within 60 days as the contract template is still in draft, it is also acknowledged that inconsistencies in the contracts affects not only this SOU but the entire company as the same revised template will be intended for use throughout the whole of SDP's plantations. Hence, additional time is required for SDP's sustainability team to work together with their HR/recruitment department to revise the contract, ensure all inconsistencies including those not identified by the audit team have been removed, and have the draft undergo a proper review process by relevant personnel of the company before being approved for use throughout the company. As time of the audit and the verification, there were no cases found of employees terminated or provided long sick leave due to such illnesses, hence it could not be ascertained which is the actual practice.

2c. Clarification received from the company is that payment of RM200 (Monetary Gift for Departure to Location of Work) is provided only to the families of Indonesian workers and not to other foreign workers due to agreement with the Indonesian immigration department. The error is therefore in the employment contracts of other foreign workers which includes the generic statement that the monetary gift will be provided to their families. This was confirmed through interviews with Indonesian workers who confirmed that their families received the monetary gift, whereas other foreign workers confirmed their families did not received such a gift. The company has been made aware of this discrepancy in their worker's contracts as well as several other issues pertaining to contract as raised during this and several other audits done at other SDP management units, and the company provided evidence that the worker's contract template is currently under review and will be revised to remove the discrepancies. This will be followed up further during the next surveillance audit.

### 3. Third Party Contract Workers

The company conducted a briefing for contractors of all estates under SOU 16 at Kok Foh POM on 21 July 2016, which included 21 participants as seen from attendance list for this briefing. Sighted materials of this training entitled

'Workers Contract, Monthly Palyship and Documentation' which describes the labour requirements which contractors are required to comply with. The estates have also required their contractors to carry out assessment of compliance to labour requirements and complete an assessment of compliance checklist as per "Contractor's Document Compliance Checklist Related to Labour Law". This is a self-declaration by the contractors themselves based on their own judgement of their level of compliance. The actual level of compliance will be verified during the internal audit done by PSQM for the operating unit. As this is a newly implemented mechanism, the intent is for the company to guide

contractors on how to comply with labour requirements rather than immediately penalizing them for non-compliance. The effectiveness of this process and the actual level of compliance of the contractors to the labour requirements in the law needs will be evaluated further during next surveillance. Evidence of assessment of compliance of contractor to labour requirements was sighted as follows:

**Sg. Gemas estate:** Done for one contractor supplying FFB transport services, i.e. Supramaniam Palanis- am Enterprise, where results of evaluation showed records maintained include all except contracts of employment and overtime records.

**St. Helier estate:** St Helier estate conducted their own RSPQ Contractor Briefing on Workers Contract, Monthly Pay Slip and Documentation on 23/7/2016 at the estate meeting room. Contractors that attended the briefing were

- 1) V. Nadarajan Enterprise (machinery repairs)
- 2) RSKP Brothers (FFB Transport).

These contractors have carried out the assessment of compliance to labour requirements and completed an assessment of compliance checklist as per "Contractor's Document Compliance Checklist Related to Labour Law".

**Sg. Senarut estate:** Cekap Sepakat Enterprise (FFB transporter) is the only contractor that attended RSPQ Contractor Briefing on Workers Contract, Monthly Pay Slip and Documentation held on 21/7/2016 Kok Foh Mill that was conducted by the Assistant Manager for Pertang Estate. Training for the other contractors that were unable to attend is planned to be carried out in August 2016 though exact date has yet to be confirmed. This contractor have filled up the Self-Declared Contractors Document Compliance Checklist Related to Labour Law based on their own judgement of their level of compliance.

**Muar River Estate:** The following contractors attended the RSPQ Contractor Briefing on Workers Contract, Monthly Pay Slip and Documentation held on 21/7/2016 at Kok Foh Mill that was conducted by the Assistant Manager for Pertang Estate:

- 1) Cekap Sepakat Enterprise (FFB transporter)
- 2) Ponvel Enterprise (Machinery rental and earthwork contractor)
- 3) Cheong Tong Motor (Supply of spare parts and repair for machineries)

These contractors have carried out the assessment of compliance to labour requirements and completed an assessment of compliance checklist as per "Contractor's Document Compliance Checklist Related to Labour Law".

**Pertang estate:** Assessment of compliance done for 5 contractors, and results were for some contractors is that some contractor maintain labour-related documents well but certain documents pertaining to labour requirements are not made available, e.g. one contractor named Ponvel Enterprise did not have available records of permits, worker's passports, overtime records, attendance records, medical checkups done, work schedule, records of working hours and annual leave records.

#### 4. Validity of the contracts/ consent letters/other documents):

**Sg. Gemas estate:** There are 27 foreign workers who have been working more than 3 years, including 5 Bangladeshis, 13 Indonesians, 9 Indians, Evidence of contracts extension sighted for all workers who have worked more than 3 years was sighted, e.g.

- i) Aravind Varna (Indian), original contract dated 13/11/2010 and 3<sup>rd</sup> contract extension dated 13/11/2015 sighted and valid for one year
- ii) Jumadi (Indonesian), joined 12.08.2013 and 3<sup>rd</sup> contract extension sighted dated 26 July 2016
- iii) Rusni (Indonesian) joined 16.07.2012 and 4<sup>th</sup> contract extension sighted dated 4 July 2016
- iv) Atika Putra (Indonesian) joined 16.07.2012 and 4<sup>th</sup> contract extension sighted dated 4 July 2016

**St. Helier estate:**

Contract extensions were sighted for 11 Indonesian workers and 5 Indian workers who has worked 3 years or more

(some have worked for only 2 years, and contract extension was prepared for them due to misunderstanding by the estate staff).

New contracts for foreign worker (Indian) Surya Trinadh Poliseti (contract dated 15 July 2013) and for Devraj Titung (Contract date 12 August 2014) was sighted. Signature on contracts was confirmed to be consistent with signatures on the worker's passports.

During on-site verification on 11 August 2016, it was sighted that the estate maintains copies of employment contracts together with copies of their passports for easy comparison of worker's signature. Sample contracts and passports of workers showed consistent signatures, i.e. for workers below:

- i) Justin Thanga Nadar (contract dated 25 July 2016)
- ii) Dinabandhu Mondal (contract dated 09 August 2016)
- iii) Gopal Biswas (contract dated 09 August 2016)
- iv) Sukanto Mitra (contract dated 09 August 2016)
- v) Kabindra Biswas (contract dated 09 August 2016)

**Sg. Senarut estate:**

During on-site verification on 10 August 2016, contract extensions have been sighted for 29 workers who have been working above 3 years. It was confirmed that all necessary information, including workers details, date, signature of worker, management and witness have been stated on the contract extensions. The estate has a plan to prepare contract extensions for remaining foreign workers (non-harvesters) who have worked more than 3 years.

The estate provided new contracts prepared for workers named Ajay (M8495559) dated 11 August 2015, Guddu (M7961592) dated 11 August 2015, Rajbhar Jitendra (M1376945) dated 11 August 2015 using contract template version dated January 2015 and it was confirmed that the contracts were signed by management.

**Muar River estate:**

During on-site verification on 11 August 2016, it was confirmed that extension of employment contracts have been prepared for all foreign workers who have worked for more than 3 years, and new employment contracts were developed for all foreign workers who having been working less than 3 years. Job descriptions, duration of contracts and other relevant information were stated in all contracts. New working contracts for 3 Nepalese workers at Muar River Estate, i.e. Hari Bahadur Sarki, Gorakh Bahadur, Dinesh Bk were provided and confirmed to have been signed by a witness. In addition, contracts for all other foreign workers were checked and confirmed to have been duly signed by workers, management and a witness in correct places. Workers have also signed on the front page where the job description, duration and other details are stated. Muar River estate has also prepared contract extensions for all foreign workers who have been working more than 3 years, including 13 Indonesian workers, 12 Bangladeshi workers, 1 Sri Lankan and 1 Nepalese. This was cross checked and confirmed against the estate's master namelist of workers.

**Pertang estate:**

During on-site verification, contract extensions were sighted for all 24 foreign workers working more than 3 years, including 15 Indonesian workers, 3 Bangladeshi, 5 Indians and 1 Nepalese.

New contracts using contract template dated January 2015 (previous version was format dated April 2013) were also sighted for Indonesian worker Ajah (Passport No: AT499310); Bangladeshi worker, Md. Azad (Passport No: AE4806828). Signatures on the the new contracts was consistent with the signature on their passports.

Samples of other workers contracts was compared with their passports with results as follows:

- i) For contract of worker named Chepang Santosh (Nepalese) dated 27.11.2015, signature on contract was consistent with his passport
- ii) For contract of worker named Abdulloh Rahman (Indonesian) dated 04.01.2016, signature on con-

- tract was consistent with his passport  
 iii) For contract of worker named Mawardi (Indonesian) dated 04.01.2016, signature on contract was consistent with his passport

**Auditor Conclusions: Closed with observation Date of**

**closure: 12 August 2016**

Verified by : -

<b>NCR No.</b>	: RSP000684	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: ASA-1
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 12 August 2016
<b>Standard Ref. &amp; Requirement</b>	6.5.3. <b>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).</b>		
<b>Non-Conformance Description &amp; Evidence observed (filled by auditor):</b> Bukit Pilah estate: Visit to the line site revealed that one house had a broken window frame which has not been fixed or replaced. Worker raised his concern that this exposed his belongings to thefts/burglaries. St.Helier Estate: a) The refuse in the housing site (Block D) are not disposed of satisfactorily. (see Workers' Minimum Housing and Amenities Act 1990 (Section 23 (i)(c)). Some of the perimeter drains around the workers' linesite (Block D) are blocked. (see Workers' Minimum Housing and Amenities Act 1990 (Section 23 (i)(b))).			
<b>Root Cause Analysis (filled by organization audited):</b> Bukit Pilah Estate: Delayed in replacing the broken window frame. St.Helier Estate: a) The refuse seen during the visit are the recycle waste collected by our worker. b) There were banana trees planted by our workers near the parameter drains. This have contribute to broken drain and blocking the water flow from line sites			
<b>Corrective Action (filled by organization audited):</b> a. Bukit Pilah Estate: A staff has been appointed to ensure all complaints are treated in timely manner accordingly. St.Helier Estate: a) Training and Gotong Royong will be conducted to ensure all workers understand the requirement to maintain clean compound b) There will be a continuous monitoring on the workers housing are			
<b>Preventive Action (filled by organization audited):</b> Bukit Pilah Estate: To complete replace broken window as soon as possible. St.Helier Estate: a) The refuse immediately collected by our contractor b) All banana Trees along the parameter drain will be removed immediately			

**Assessor Evaluation and Conclusion** *(filled by auditor):*

During on-site verification on 10 August 2016, it was seen from the Workers Complaints Record Book Kelphin Division w.e.f. March 2008 there are records of some complaints, actions taken to resolve these complaints, and photographic evidence of actions taken, e.g.:

- Broken toilet at house 146 which was fixed on 29 May 2016
- Broken door at house no. 1 which was fixed on 2 June 2016
- Broken door at house no. 150 which was fixed on 1 June 2016
- Leaking ceiling at house no. 145 which was fixed (no date stated)
- Broken bedroom door at house no. 160 which was fixed on 6 June 2016
- Stuck toilet at house no. 1 which was desludged on 19 July 2016.

During the verification, 3 Indonesian male foreign workers from Bukit Pilah estate Kelpin Division were interviewed, including some who were present during the initial interviews done during the recertification audit. The workers were appreciative and confirmed that the company had since taken immediate action to make repairs for their housing and advise the workers on who are the appointed representatives that workers can make complaints too. The workers also confirmed that there was no backlash from the management for the complaints that were made during the recertification audit.

**Verified by** : -

<b>NCR No.</b>	: RSP00685	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 12 August 2016
<b>Standard Ref. &amp; Requirement</b>	: 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.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i>			
<p>1) The gender committee members lack awareness on RSPO requirement for sexual harassment policy, e.g. that the policies need to be communicated to all levels of the workforce</p> <p>2) There is no activities planned for education and empowerment of women pertaining to sexual harassment issues or monitoring conducted for effectiveness of implementation of the sexual harassment policy.</p> <p>3) There has neither been any refresher training for staff who attended training on sexual harassment nor are there new trainings to gender committee members. Staff who were trained previously have either left the service or transferred to other estates.</p>			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i>			
Insufficient training and awareness on these matters.			
<b>Corrective Action</b> <i>(filled by organization audited):</i>			
Refresher training has been conducted to all employees on the Gender Committee by the SEPU Unit, on 22 <sup>nd</sup> July 2016 and the training were then extended to all workers.			
<b>Preventive Action</b> <i>(filled by organization audited):</i>			
Estate will ensure a continuous refresher training to all employee accordingly			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>			
<b>Verification result:</b>			
A training by PSQM entitled 'Introduction to Reproductive Rights Policy & Gender Committee Refresher Training' was conducted on 22 July 2016 for 34 participants at Kok Foh mill, including managers, assistant managers and gender committee representatives, with evidence of attendance lists and photos. Training materials entitled "Gender			



Committee Awareness Program” used during the training was sighted and covered topics such as what is the gender committee, the company’s Gender Policy and Social policy, the roles of the gender committee to empower and develop women as well as for implementation of effective and procedures and mechanisms pertaining to sexual harassment, discrimination and others, women’s issues such as domestic violence, types of sexual harassment, and prevention methods. The company’s mechanism for complaints and complaints form for sexual harassment was also explained in the training materials. During interviews with gender committee representatives from each estate on 10 - 12 August 2016, it was confirmed that they had attended the training and was able to explain what was briefed regarding sexual harassment and domestic violence, and the mechanism for grievances pertaining to these issues.

There is evidence sighted that the representatives of each estate has conducted a similar training at their estates on the “Gender Committee Awareness Program” and the trainings were done using the same training materials. Details of the estate trainings as confirmed during the verification audit was as below:

**Sg. Gemas estate:** Estate level training was done on 10 August 2016 for 5 female workers (all general workers). Evidence of photos and signed attendance list was sighted.

**Bukit Pilah estate:** Estate level training was done on 25 July at Kelpin Division for about 30 female workers, 26 July 2016 at Bukit Pilah/New Rompin Division for 39 female workers and 27 July 2016 at Kelamah Division for about 30 female workers. Evidence of signed attendance lists and photos of the training was sighted. It is noted that some female workers at each division were not able to join the the training, and the estate should conduct a separate sessions for those who could not join.

**Muar River estate:** Estate level training was done on 1 August 2016 between the gender committee, management, assistant and some worker representatives to brief on the training on company policies pertaining to sexual harassment and reproductive rights.

**Sg. Senarut:** Estate level training was done on 10 August 2016 between gender committee representatives and females workers, with training attendance list and photos sighted showing 7 participants in the training. One participant was interviewed and was able to explained well on the training materials content, including types of sexual harassment, the company’s gender policy and complaints mechanism.

**St. Helier estate:** Estate level training was done on 26 July 2016 at meeting room at St Helier for 20 female workers (including rubber tappers) and on 27 July 2016 as a townhall (medical) at the St. Helier Hall for 20 female workers.

**Kok Foh mill & estate:** Combined training for mill and estate female workers was done on 27 July 2016 with 16 participants, including records of meeting minutes and photos.

**Pertang estate:** Estate level training was done on 25 July 2016 by a female assistant to 9 female participants. Training attendance list and photos were sighted.

**Sg. Sabaling:** Estate level training was done on 9 August 2016 for over 60 male and female workers. Signed attendance lists, photos and summary of the briefing signed by the gender committee chairperson as well as the secretary were sighted. Some of the workers in the attendance list were noted to be not present and there should be a separate session held for the workers who were not present during this briefing.

Female workers interviewed at all estates confirmed that they had joined the trainings and they were trained using the same training materials. They were able to explain well the company’s policies on sexual harassment, domestic violence and the grievance mechanism.

Auditor Conclusions: Closed with observations

Verified by : -

<b>NCR No.</b>	: RSP000686	<b>Issued by</b>	:
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 12 August 2016
<b>Standard Ref. &amp; Requirement</b>	: 6.9.2. A policy to protect the reproductive rights of all, especially of women, shall be		

	<p><b>implemented and communicated to all levels of the workforce.</b></p>
<p><b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i></p> <ol style="list-style-type: none"> <li>1) There is no clear policy to protect the reproductive rights of women. There is a phrase in the Social Policy which states that “the company is committed to ‘develop and apply a policy to and to protect their reproductive rights.’” (HQ) however no such policy was sighted.</li> <li>2) As there is no reproductive rights policy yet, there is no documented evidence of communication of the policy to all levels of the workforce. E.g. interviews with workers and staff at the reveal that the workers and staff do not understand what reproductive rights constitute.</li> <li>3) There is no activities planned at Sg. Gemas, Pertang, Sg. Senarut for education and empowerment of women pertaining to reproductive right or monitoring conducted for effectiveness of such education</li> <li>4) The gender committee members lack awareness on RSPO requirement for reproductive rights policy, e.g. that the policies need to be communicated to all levels of the workforce</li> </ol>	
<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i>  SDP’s understanding is that the reproductive right policy is already embedded in the Social and Hu- manity Policy. Therefore, no specific Reproductive Rights Policy Established.</p>	
<p><b>Corrective Action</b> <i>(filled by organization audited):</i>  Training on awareness of the Reproductive Rights policy has been conducted to all employees by SEPU Unit on 22nd July 2016 and the training were then extended to all workers.</p>	
<p><b>Preventive Action</b> <i>(filled by organization audited):</i>  Estate will ensure a continuous refresher training to all employee accordingly</p>	
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i></p> <p><b>Verification result:</b>  It was confirmed that the company’s Social and Humanities Policy dated January 2015 includes a state- ment of protection of reproductive rights of women and hence not required to develop a separate policy for protection of reproductive rights. It is noted that the policy does not specify any commitment to ongoing activities such as education and awareness programmes for the purpose of implementation of this policy. This is noted as an opportunity for improvement.</p> <p>The company has developed training materials entitled ‘Introduction to Reproductive Rights’ Policy in our Plantation’. The training material includes discussion on issues pertaining to gender discrimination, sexual health, and family planning, and includes the definition of reproductive rights, global statistics on reproductive issues, SDP’s policy on protection of reproductive rights, as well as the efforts taken by SDP to protect the reproductive rights of their workforce and a reminder to go through the Gender Committee to report any issue pertaining to this. The material ends with a quiz to check the understanding of training participants.</p> <p>A training by PSQM entitled ‘Introduction to Reproductive Rights Policy &amp; Gender Committee Refresher Training’ was conducted on 22 July 2016 for 34 participants at Kok Foh mill, including managers, assistant managers and gender committee representatives, with evidence of attendance lists and photos. Training materials used for the session were entitled ‘Introduction to Reproductive Rights’ Policy in our Plantation’. The training material included discussion on issues pertaining to gender discrimination, sexual health, and family planning, and includes the definition of reproductive rights, global statistics on re- productive issues, SDP’s policy on protection of reproductive rights, as well as the efforts taken by SDP to protect the reproductive rights of their workforce and a reminder to go through the Gender Committee to report any issue pertaining to this. The material ends with a quiz to check the understanding of training participants.</p> <p>During interviews with gender committee representatives from each estate it was confirmed that they had attended the training and was able to explain what was briefed regarding the company’s reproductive rights policy</p> <p>There is evidence sighted that the representatives of each estate has conducted a similar training at their estates on the “Gender Committee Awareness Program”, and the trainings were done using the same training materials. Details of the estate trainings as confirmed during the verification audit was as below:</p>	

Sg. Gemas estate: Estate level training was done on 10 August 2016 for 5 female workers (all general workers). Evidence of photos and signed attendance list was sighted.

Bukit Pilah estate: Estate level training was done on 25 July at Kelpin Division for about 30 female workers, 26 July 2016 at Bukit Pilah/New Rompin Division for 39 female workers and 27 July 2016 at Kelamah Division for about 30 female workers. Evidence of signed attendance lists and photos of the training was sighted. It is noted that some female workers at each division were not able to join the the training, and the estate should conduct a separate sessions for those who could not join.

Muar River estate: Estate level training was done on 1 August 2016 between the gender committee, management, assistant and some worker representatives to brief on the training on company policies pertaining to sexual harassment and reproductive rights.

Sg. Senarut: Estate level training was done on 10 August 2016 between gender committee representatives and females workers, with training attendance list and photos sighted showing 7 participants in the training. One participant was interviewed and was able to explained well on the training materials content, including on the company's reproductive rights policy. She confirmed that there is no restriction of the company in reproductive rights of workers and previously there were workers with very large families, up to 13 children, and the estate accommodated by providing an additional house for workers with large families.

St. Helier estate: Estate level training was done on 26 July 2016 at meeting room at St Helier for 20 female workers (including rubber tappers) and on 27 July 2016 as a townhall (medical) at the St. Helier Hall for 20 female workers.

Kok Foh mill & estate: Combined training for mill and estate female workers was done on 27 July 2016 with 16 participants, including records of meeting minutes and photos.

Pertang estate: Estate level training was done on 25 July 2016 by a female assistant to 9 female participants. Training attendance list and photos were sighted.

Sg. Sabaling: Estate level training was done on 9 August 2016 for over 60 male and female workers. Signed attendance lists, photos and summary of the briefing signed by the gender committee chairperson as well as the secretary were sighted. Some of the workers in the attendance list were noted to be not present and there should be a separate session held for the workers who were not present during this briefing.

Female workers interviewed at all estates confirmed that they had joined the trainings and they were trained using the same training materials. They were able to explain well the company's policies on re- productive rights.

**Auditor Conclusions: Closed with observations**

Verified by : -

<b>NCR No.</b>	: RSP000687	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 18 April 2017
<b>Standard Ref. &amp; Requirement</b>	: 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.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor):</i> Workers at Sg. Senarut and during the larger stakeholder consultation expressed their dissatisfaction with the grievance mechanism for sexual harassment in the form of a complaints form which they assert deters employees from voicing their grievances because they are concerned that their anonymity would not be respected and protected.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i> Insufficient training and awareness on this matter.			

<p><b>Corrective Action</b> <i>(filled by organization audited)</i>:          Refresher training has been conducted on the grievance mechanism for sexual harassment and to inform them that all records are protected.</p>	
<p><b>Preventive Action</b> <i>(filled by organization audited)</i>:          Estate will ensure a continuous refresher training to all employee and all mechanism is well communi- cated accordingly.</p>	
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor)</i>:  <b>Verification result:</b>          A training by PSQM entitled 'Introduction to Reproductive Rights Policy &amp; Gender Committee Refresher Training' was conducted on 22 July 2016 for 34 participants at Kok Foh mill, including managers, assistant managers and gender committee representatives, with evidence of attendance lists and photos. Estate level trainings on the subjects were also conducted at each estate. During on-site verification conducted between 10 to 12 August 2016, it was confirmed that participants in the briefings had been briefed on the grievance mechanism for sexual harassment. Although it is confirmed that the company still requires them to complete the form, it was informed that the anonymity of complainants will be protected and access to the complaints form restricted only to relevant persons-in-charge. At the time of this audit and the verification, there were no cases of sexual harassment reported, hence the effectiveness of implementation of this system to ensure the anonymity of complainants could not be confirmed and will be evaluated further in future if such cases arise.</p> <p><b>Auditor Conclusions: Evidence of implementation of corrective action plan accepted. Effectiveness of implementation will be verified at next surveillance audit</b></p> <p><b>Verification on 18 April 2017</b>          According to document verification and interview with gender committee board and several workers in estate and mill that known anonymity of whistleblower has been applied. During last year, there are no complaints about this issues against.</p>	
<b>Verified by</b>	: Sandra P

<b>NCR No.</b>	: RSP000688	<b>Issued by</b>	: -
<b>Date Issued</b>	: 27 May 2016	<b>Time Limit</b>	: 27 July 2016
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 26 July 2016
<b>Standard Ref. &amp; Requirement</b>	6.12.3 <b>Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented.</b>		
<p><b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor)</i>:          There is no documented evidence of a special labour policy which should include:          • No contract substitution;          • Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.</p>			
<p><b>Root Cause Analysis</b> <i>(filled by organization audited)</i>:          SDP's understanding is that the policy is in across many types of documentation and implementation. In terms of implementation, we have Foreign Workers Management Centre who handles the foreign workers and includes the post arrival orientation programme before their posting to respective estates.</p>			
<p><b>Corrective Action</b> <i>(filled by organization audited)</i>:          Foreign Workers Management Unit has SOP that clearly spell out on the requirement on no contract of substitution and post arrival orientation programme. SOP as per attached.</p>			

**Preventive Action** *(filled by organization audited):*

Foreign Workers Management Unit has SOP that clearly spell out on the requirement on no contract of substitution and post arrival orientation programme.

**Assessor Evaluation and Conclusion** *(filled by auditor):*

**Verification result:**

The company provided their SOP no. WMU/WMC-SOPP/MARCH2016 for the Workforce Management Centre (WMC) Sua Betong, which is the main recruitment centre of SDP where orientation and induction for all newly arrived foreign workers is carried out before the workers are relocated to respective SOUs within Malaysia. The SOP includes the elements of a labour policy to protect migrant workers. Details to ensure no contract substitution and post arrival orientation programme are defined in this SOP as follows:

- Section 3.3.4 WMCO4 regarding deployment of workers specifies that Employment contract with the foreign workers will be endorsed at Operating Units (OU) and there shall be no substitution of contract
- Section 3.3.3 WMCO4 regarding Induction Programme specifies the objectives of the programme is to comply with the government guidelines/ requirements (Malaysian Palm Oil Association [MPOA] & MAPA), on foreign workers induction process incorporating modules on Company's overview, basic labour laws, criminal law and procedures, immigration regulations, work safety, Malaysian culture and language. Under Section B. Scope, it is specified that induction materials are guided by MPOA/ MAPA modules with inputs from PSQM, Corporate Communication and Group IR (Corporate video and safety)

and shall include the following:-

- i) Introduction to Sime Darby Plantation & Oil Palm
- ii) Language and Culture in Malaysia/ Estates/ Mills
- iii) Safety and Health in the Workplace
- iii) Civil/ Crime Laws, Drug Laws and Road Transport Laws
- iv) Immigration Regulations
- v) Labor Law/ Employment Contract
- vi) Child Protection Act

**Auditor Conclusions: Closed**

**Verified by** : -

**3.5.2 Opportunity for Improvement**

No	Description
-	-



**3.5.3 Noteworthy Positive Components**

No	Description
1	<ul style="list-style-type: none"> <li>- Good filing system maintained at mill and estates. Documents requested were re-trieved quite fast.</li> <li>- Good cooperation from all estate and mill staff throughout the audit process</li> </ul>
2	<p>Good housekeeping observed in Mill and Sg. Gemas, Pertang Estates as evidence of 5'S implementation. Communication and informations disseminated with clear signages and fully utilization of notice board as observed.</p>
3	<p>Kok Foh Mill has a composting plant producing approximately 2400 MT of compost a month and fully applied at Kok Foh estate and part of the SOU's recycling strategy</p>
4	<p>Workers at Kok Foh estate, Sg. Senarut and Muar River Estate generally mentioned that the working environment in the company is very positive. The workers are satisfied with the work and living conditions. All workers at these estates reported that in case of any complaints/problems with housing the estate management responds quickly to rectify the issue. No issues with the estate management were reported by the workers, and workers informed that water quality, pay and other conditions were good.</p>
5	<ol style="list-style-type: none"> <li>1. The management of Sg. Gemas Estates updates the contracts for new foreign workers according to the latest template.</li> <li>2. All employment contracts, consent forms and agreements are signed, in order and well kept.</li> </ol>
6	<p>The management of Pertang Estate began reimbursing RM3 from the employees' salaries immediately after the MAPA/NUPW circular was received in August 2015.</p>

3.5.3 Identification of Findings, Corrective Actions and Observations at **ASA-1** Assessment

<b>NCR No.</b>	: 2017.1	<b>Issued by</b>	: Mohd. Nizam
<b>Date Issued</b>	: 21 April 2017	<b>Time Limit</b>	: 20 June 2017
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 16 May 2017
<b>Standard Ref. &amp; Requirement</b>	: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor)</i> : RSP0 recertification audit in 2016, SOU 16 was issued NCR (Major) for not obtaining approved Fire Certificate for Kok Foh Mill. However, the NCR was downgraded to observation as Sime Darby Plantation has shown proved evidence that the Fire Certification Consultant (Fire Protection System) has been appointed in September 2016. The consultant had withdrawn the contract on 16 February 2017 thus making the submission pending. As at 17 April 2017, the Mill Manager has proposed Fire Pro System Resources as a consultant responsible to obtain Fire Certificate from Fire Service Department. The appointment for Fire Pro System Resources is still pending approval from the General Manager. Failure to obtain Fire Certificate has contradict to Fire Service Act 1988, <b>Section 28(1) every designated premise shall require a fire certificate.</b>			
<b>Root Cause Analysis</b> <i>(filled by organization audited)</i> : The fire certification process was pending at previously appointed consultant. The consultant has failed to deliver the work as required.			
<b>Corrective Action</b> <i>(filled by organization audited)</i> : Kok Foh Oil Mill has appointed a new consultant to carry out the works specified in the contracts and prepare the mill for certification.			
<b>Preventive Action</b> <i>(filled by organization audited)</i> : Close monitoring of works carried out by consultant and its contractors to avoid delays. Monitoring will be done by the Mill Manager, En. Ghazali Said			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor)</i> : <b>Verification on 16 May 2017</b> The company was shown evidence of engaging fire certification consultant No. 4300370157 dated 21/4/17 and delivery by 31/5/17. The evidence is recommended to be accepted and nonconformity <b>was closed with observation</b> , while the Fire Certificate from Fire Service Department will be re-verification on next surveillance.			
<b>Verified by</b>	: Mohd Nizam		

<b>NCR No.</b>	: 2017.2	<b>Issued by</b>	: Ebnu Holdoon S
<b>Date Issued</b>	: 21 April 2017	<b>Time Limit</b>	: ASA-2
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	: 16 May 2017
<b>Standard Ref. &amp; Requirement</b>	: 4.4.1. An implemented water management plan shall be in place.		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor)</i> : Based on the water management plan, all of water catchment area should be installed by Signboard of no hunting, no swimming and no spraying. However during the observation at Sungai Senarut estate and Muar River estate, there are			

available signboard of no hunting and no swimming only, while in Bukit Pilah Estate, there is not available warning signboard at the water catchment pond.

**Root Cause Analysis** *(filled by organization audited):*

Overlooked the requirement of the water management plan of having signboards at the water catchment areas.

**Corrective Action** *(filled by organization audited):*

- To install signboards of no chemical activities at the reserve area around water catchment ponds.
- To mark reserve areas to indicated limits of chemical activities
- To retrain spraying and manuring workers on the reserves and no chemical activities allowed within reserves.

**Preventive Action** *(filled by organization audited):*

Regular 4 monthly reminder training/briefing for workers and new workers. Persons in-charge to provide training is Mycrop (external supplier on the technical matters) and PIC from each estate (on sustainability & best practices):

- i. Muar River Estate – Muhamad Hasnal Badarudin (Assistant Manager)
- ii. Sg. Senarut Estate – Aidi Mazrol Ab Manan (Assistant Manager)
- iii. Bukit Pilah Estate – Mohd Azmil Samsudin (Assistant Manager)

**Assessor Evaluation and Conclusion** *(filled by auditor):*

**Verification on 16 May 2017**

The company was shown several evidence as:

1. HCV and Buffer zone signboard installing documentation as limits of chemical activities on Muar River Estates, Sungai Senarut.
2. Signboard of no hunting, no swimming, and no spraying installing on HCV area at Bukit Pilah Estate; and also limits of chemical activities by yellow paint on second row oil palm from water catchment area.
3. Training record related to no chemical activities allowed within reserves area to all of spraying workers and manuring workers on Muar River Estate dated 8 May 2017.
4. Training record related to HCV and no chemical activities allowed within reserves area to all of spraying workers on Sungai Senarut Estate dated 13 April 2017.
5. Training record related to no chemical activities allowed within reserves area to all of spraying workers and manuring workers on Bukit Pilah Estate dated 10 May 2017.

**Auditor Conclusion:**

According to root cause, corrective action, preventive action analysis; the nonconformity was closed.

**Verified by** : **Trismadi N**

<b>NCR No.</b>	<b>: 2017.3</b>	<b>Issued by</b>	<b>: Sandra Purba</b>
<b>Date Issued</b>	<b>: 21 April 2017</b>	<b>Time Limit</b>	<b>: ASA-2</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>: 16 May 2017</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 4.7.6 All workers shall be provided with medical care, and covered by accident insurance.</b>		

**Non-Conformance Description & Evidence observed** *(filled by auditor)*

All local employees have been covered in the workers compensation scheme and social security (SOCSO), and payments are made monthly. Based on interviews with management representatives (PSQM) known that the foreign worker is covered in RHB Insurance Berhad, valid for one year period. However, the company has not been able to show the insurance certificate and the payment of the employee, however based on sampling at Sg Senarut Estate on behalf

<p>of Paramananda (Nepalese) and Demah (Indonesian); Bukit Pilah Estate on behalf of Saepudin (Indonesian) and Dhud Raj (Nepalese).</p>
<p><b>Root Cause Analysis</b> <i>(filled by organization audited)</i>: There was no mechanism to track worker's insurance policy when needed.</p>
<p><b>Corrective Action</b> <i>(filled by organization audited)</i>: To maintain an active list of employees complete with insurance policy number and coverage validity period.</p>
<p><b>Preventive Action</b> <i>(filled by organization audited)</i>: To immediately update and search policy for respective worker when necessary. Person in-charge for monitoring: i. Muar River Estate – Prema a/p Kannan (Chief Clerk) ii. Sg. Senarut Estate – Geeta Kumari a/p Dorgadas (Chief Clerk) iii. Bk Pilah Estate – Pn. Zaiton Jaafar (Chief Clerk)</p>
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor)</i>: <b>Verification on 16 May 2017</b> The company was shown several evidence as:</p> <ol style="list-style-type: none"> <li>1. Insurance Guarantee No. MG076517 from RHB Insurance Berhad valid from 17 September 2017 until 16 March 2018. There also list of foreigner workers name including of Dudhraj BK (Nepal)/ Bukit Pilah Estate.</li> <li>2. Insurance Guarantee No. BR-BG138362 from RHB Insurance Berhad valid from 12 April 2016 until 11 October 2017. There also list of foreigner workers name including of Saepudin (Indonesia)/ Bukit Pilah Estate.</li> <li>3. Insurance Guarantee No. BR-BG145231 from RHB Insurance Berhad valid from 29 August 2016 until 27 February 2018. There also list of foreigner workers name including of Demah (Indonesia)/ Sg Senarut Estate.</li> <li>4. Insurance Guarantee No. MW101602 from RHB Insurance Berhad valid from 13 September 2016 until 12 September 2017. There also list of foreigner workers name including of Parmananda Chaudhary (Nepal)/ Sungai Senarut Estate.</li> </ol> <p><b>Auditor Conclusion:</b> According to root cause, corrective action, preventive action analysis; the nonconformity was closed.</p> <p><b>Verified by</b> : <b>Trismadi N</b></p>

<b>NCR No.</b>	: 2017.4	<b>Issued by</b>	: Ebnu Holdoon S
<b>Date Issued</b>	: 21 April 2017	<b>Time Limit</b>	: 20 June 2017
<b>NC Grade</b>	: Major	<b>Date of Closing</b>	: 19 May 2017
<b>Standard Ref. &amp; Requirement</b>	: 5.3.2 All chemicals and their containers shall be disposed of responsibly		
<b>Non-Conformance Description &amp; Evidence observed</b> <i>(filled by auditor)</i> :			
<p>Based on Malaysian Environmental Quality Act 1974 (Environmental Quality [Scheduled wastes] Regulations 2005, SW 409 Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes.</p> <p>However during the field visit at Bukit Pilah estate, based on regulations there is evidence of the pesticides containers had been kept in a store without identification as scheduled waste.</p>			

<p><b>Root Cause Analysis</b> <i>(filled by organization audited):</i>          Person handling Scheduled Waste has lack of knowledge in SW labelling</p>
<p><b>Corrective Action</b> <i>(filled by organization audited):</i>          To retrain the Scheduled Waste handler the requirements of SW labeling as per EQA.</p>
<p><b>Preventive Action</b> <i>(filled by organization audited):</i>          Close monitoring of Scheduled Waste stored and ensure it complies with EQA requirements, by monitoring the SW records and physical storage on monthly basis. Person in-charge for monitoring: Mohd Akhbar bin Ahmad (Assistant Manager)</p>
<p><b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>  <b>Verification on 16 May 2017</b>          The company was show documentation of schedule waste store and labelling as per EQA, there are separating between SW 409 (chemical containers) with others. However there are no evidence of retrain records about schedule waste handler as corrective action analysis. And also there are update record of Schedule Waste monitoring.</p> <p><b>Verification on 19 May 2017</b>          Schedule Waste Management taining has been conducted on 13 May 2017 to 13 Bukit Pilah Estate staff. There also SW 409 monitoring record dated 18 May 2017 with quantity 32 unit chemical containers.</p> <p><b>Auditor Conclusion:</b>          According to root cause, corrective action, preventive action analysis; the nonconformity was closed.</p>
<p><b>Verified by</b> : Trismadi N</p>

**3.5.5 Opportunity for Improvement**

No	Description
4.8.2	Record of employees training
6.5.2	The companies can improve performance by making records during signing agreements and passport storage declarations.
6.6.1	Employee understanding related to NUPW (workers union) and MAPA / NUPW collective agreement
5.3.3	Consideration to keep the copy of Sime Darby Industries notification of schedule waste to Department of Environmental Malaysia at the management unit office

**3.5.6 Noteworthy Positive Components**

No	Description
1	Company has commitment to implement the principle of sustainable palm oil management.
2	Has earned RSPO certificate in 2009.
3	Good filing system maintained at mill and estates.



4	Good housekeeping observed in Mill and Sg. Senarut, Muar River, Bukit Pilah Estates as evidence of 5'S implementation.
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3.6 Summary of Arising Issues from Public, Management and Auditor Response

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p><b>Head mistress of Sekolah Jenis Kebangsaan Tamil Sg. Kelamah</b> raised the issue of river maintenance adjacent to the school. The stagnant water had caused bad smell and disturbed the lively hood of the school. The school’s teacher wished estate management to do regular maintenance to the river.</p> <p><b>En. Sabari</b> wish estate to have more CSR to Kg. Sri Rompin.</p>	<p>It has been verified by auditor team and will be followed up by management unit.</p>
<p><b>Replanting contractor</b> wish estate to consider increase in the current contract as petrol price has increased.</p>	<p>It has been verified by auditor team and will be followed up by management unit.</p>
<p><b>Gender Committee</b> The company has set and facilitate the gender committee in each unit, the mechanism to deliver the specific grievance has been established. There is no grievance submitted to GC at the time.</p>	<p>It’s according to criteria 6.9.</p>
<p><b>Batu Anam Village Leader</b> The stakeholder thanking sime darby regarding some of their contribution during ‘Kenduri’. The management had given a cooperation to use the barn. There are few suggestion from the village leaders to the management :</p> <ul style="list-style-type: none"> <li>i) Providing a local people with job from the Sime Darby</li> <li>ii) Providing the young student to have practical training</li> <li>iii) Sime Darby (learning more about the estatemanagement</li> <li>iv) Contribution part of CSR to the local people to buy the seedlings from Sime Darby – local people even have experienced being cheated buying the seedlings from private nurseries</li> </ul>	<p>It’s according to criteria 6.11.</p>
<p><b>National Union Plantation Workers representative</b> Thanking Sime Darby giving them a good cooperation in a meeting. No problem happen between the management and workers. Request and response to the management has been attended timely and appropriate. Water and electricity had been provided, the surrounding house compound has been kept clean.</p>	<p>It’s according to criteria 6.6.</p>
<p><b>Teacher from Sekolah Jenis Kebangsaan Tamil Muar River</b> The company had given full cooperation in terms of contribution to the school. The school even have student from outside and has been categorized as cluster school from the government. Good cooperation between company and management regarding social and respected from the workers in the estate.</p>	<p>It’s according to criteria 6.11.</p>

Public Issues (Institution/ NGO/Community)	Auditor Responses
<p>The company had also maintained the estate road in order for the parents sending the children to school. There is computer laboratory inside the school, and internet connection also available. The school is active in dancing competition and had won several award during competition.</p>	
<p><b>Paya Lang Village Leader</b>            The company had maintained a good relationship with the management. The request of fund from the company also has been attended properly by the management. The company also had attend the activity by the mosque and actively engaging with local people nearby. The local people also thanking the management regarding the contribution during flood as the management had given them several necessity item to them. There is no issue regarding the local people land nearby the estate.</p>	<p>It's according to criteria 6.11.</p>
<p><b>Local Contractor</b>            There is a several suggestion from the contractors that dealing with Sime Darby Management. Particular on the contract, the contractor is confused with the specification of equipment ordered by Sime Darby management and turns out the equipment being ordered is different. There is a suggestion to insert the picture of equipment ordered in purchase order.            The contractor also suggest to Sime Darby to relook at the contract available to reconsider the payment to them adequately as per current economic scale.</p>	<p>It has been verified by auditor team and will be followed up by management unit.</p>

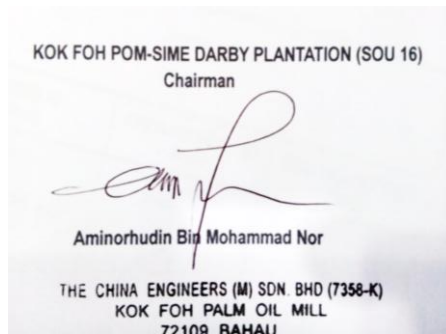
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Formal Sign-off of Assessment Findings

Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.

Signed on behalf of:

PT Mutuagung Lestari  
Lead Auditor



Friday, 19 May 2017



Trismadi Nurbayuto  
Friday, 19 May 2017

Appendix 1. List of Stakeholder Contacted in the RSP0 Certification Process

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Sustainable Development Network Malaysia (SUSDEN)	-	<a href="mailto:bisans@pc.jaring.my">bisans@pc.jaring.my</a>	Email	10 April 2017		√
2	Malaysian Environmental NGOs – MENGO	-	<a href="mailto:admin@mengo.org">admin@mengo.org</a>	Email	10 April 2017		√
3	United Nations Development Programme - UNDP Malaysia	-	<a href="mailto:registry.my@undp.org">registry.my@undp.org</a>	Email	10 April 2017		√
4	Malaysian National Animal Welfare Foundation – MNAWF	-	<a href="mailto:secretary@mnawf.org.my">secretary@mnawf.org.my</a>	Email	10 April 2017		√
5	National Union Plantation Workers-NUPW	-	-	Interview	17 April 2017	√	
6	Paya Lang Village	-	-	Interview	17 April 2017	√	
8	Batu Anam Village	-	-	Interview	17 April 2017	√	
9	Local Contractor	-	-	Interview	17 April 2017	√	
10	Sekolah Jenis Kebangsaan Tamil Muar River and Sg. Kelamah	-	-	Interview	17 April 2017	√	
11	Gender Committee	-	-	Interview	18 April 2017	√	
12	Kok Foh POM Workers 3 foreign workers from Indonesia	-	-	Interview	17 April 2017	√	
13	Sg. Senarut Estate Spraying: 2 Nepali, 3 Bangladesh, 1 Kalkota, 1 Indinan Manuring: 3 Indonesian, 5 Indian, 3 Nepali Harvester: 12 Indonesian	-	-	Interview	18 April 2017	√	
14	Muar River Estate Spraying: 3 Nepali, 2 Bangladeshi, 1 Indian Harvester: 12 Indonesian	-	-	Interview	19 April 2017	√	
15	Bukit Pilah Estate Harvester: 10 Indonesian Spraying: 4 Bangladeshi, 4 Nepali	-	-	Interview	20 April 2017	√	



Appendix 2. Assessment Program

DATE TARIKH	16 – 21 April 2017	
PLANNED TIME PELAN MASA	PROCESSES / CLAUSES TO BE AUDITED PROSES / FASAL YANG DIAUDIT	AUDITOR
Ahad / Sunday 16 April 2017  08.35 – 11.50	Travelling from Jakarta to Kuala Lumpur  Travelling from KL to Garden View Hotel in Bahau (Negeri Sembilan)	TNB/SNP  TNB/SNP/EHS/ MNZ
Isnin / Monday 17 April 2017 08.00 – 09.00	<b>Opening Meeting in Kok Foh POM</b> <ul style="list-style-type: none"> <li>Auditee Speech (Introduction of PIC, Profile of Mill and Estates Management Unit)</li> <li>Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Determine of Field Visit Audit, Transparency and Confidentiality Clarification)</li> </ul>	All Auditor Team
09.00 – 13.00	Document Audit and Field visit to <b>Kok Foh PALM OIL MILL</b> <ul style="list-style-type: none"> <li>Supply Chain verification (FFB Receiving, Weighbridge, FFB Sorting, Processing Activity, Despatch CPO); Occupational Health &amp; Safety Aspect (Inspection to Chemical Storage, Hazardous Waste Storage, Fire Control Simulation, POME Pond &amp; Land Application of POME)</li> <li>Interview&amp;FGD with Worker's Union, Gender Committee, Local Contractor, All Local Communities.</li> </ul>	TNB/MNZ  SNP/EHS
13.00 -14.00	<b>Break and Lunch</b>	All Auditor
14.00 – 16.30	<ul style="list-style-type: none"> <li>Field Observation Verification &amp; Completion of Check List in Mill</li> </ul>	
Selasa / Tuesday 18 April 2017 08.00 – 09.30	Document Audit and Field Visit to <b>Sq. Senarut Estate</b> <ul style="list-style-type: none"> <li>Agronomy (Harvesting &amp; Transportation, Manuring, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application, Peat Area (Water management, etc); Environmental, Occupational Health &amp; Safety Aspect (PPE Used in Harvest, Manure &amp; Pesticide Application) and Worker Welfare</li> <li>Conservation Aspect (Inspection of HCV Identified Area, Riparian/Waterways Zone, Reservoir, Forest Area); Legal Demarcation Aspect (Inspection of Legal Boundary Stones, Community Buffer Area/Enclave)</li> <li>Worker's Facilities Aspect (Housing, Daycare, Sports Facilities, Employees Meeting Hall, Sanitary Facilities) &amp; (Inspection to Chemical Storage, Fertilizer Storage, Hazardous Waste Storage, Fire Control Facilities, Waste Management)</li> </ul>	MNZ/SNP
09.30 – 13.00		TNB/EHS
13.00 – 14.00	<b>Break and Lunch</b>	TNB/EHS
14.00 – 17.00	<ul style="list-style-type: none"> <li>Field Observation Verification &amp; Completion of Check List in Estate</li> </ul>	All Auditor



DATE TARIKH	<b>16 – 21 April 2017</b>	
PLANNED TIME PELAN MASA	PROCESSES / CLAUSES TO BE AUDITED PROSES / FASAL YANG DIAUDIT	AUDITOR
<b>Jumaat / Friday 21 April 2017</b>		
08.00 – 10.00	<b>Closing Meeting:</b> <ul style="list-style-type: none"> <li>• Presentation of Assessment Findings by Auditor Team (Explanation of Identified Nonconformities and Completion of Corrective Timeline, Answer &amp; Questions)</li> <li>• Auditee Response against Assessment Findings</li> </ul>	<b>All Auditor</b>
10.00 – 13.00	Travelling from Site to KL	<b>All Auditor</b>
19.05 – 20.10	<b>Travelling from KL to Jakarta</b>	<b>TNB/SNP</b>