



RSPO PRINCIPLES AND CRITERIA ASSESSMENT REPORT

Sime Darby Plantation Sdn Bhd
RSPO Membership No.: 1-0008-04-000-00

Certification Unit: SOU 24 Hadapan
Batu 6, Jalan Bukit Permai,
Bukit Permai, 81850 Layang-Layang,
Johor Darul Takzim, Malaysia

Bureau Veritas Certification (Hong Kong) Co. Ltd.



RSPO PRINCIPLES AND CRITERIA ASSESSMENT REPORT

PUBLIC SUMMARY REPORT

BV Contract No	3852280	Date contract	18/10/2016
Name of company	Sime Darby Plantation Sdn Bhd,(OU 24 Hadapan)		
Address company	Batu 6, Jalan Bukit Permai, Bukit Permai, 81850 Layang-Layang, Johor Darul Takzim		
Country	Malaysia		
Website	http://www.simedarbyplantation.com/		
RSPO Membership No	1-0008-04-000-00	Date registration	6/9/2004
Contact person	Samion Mansur	Contact details	+6012-779 2755 / +6012-789 2755
Certification Unit	SOU 24 Hadapan		
BV Lead Auditor	Valence Shem		
BV Audit team members	Samsudin Abu Bakar, Gan Bee Kean		
Pre-audit (if relevant)	NA	Date of pre-audit	NA
Main Evaluation	Recertification 1	Date of Assessment	25-29/4/2016 (by TUV Rheinland)
Surveillance 1 (Date Proposed)	16-20/1/2017	Date of Surveillance 1	16-20/1/2017
Surveillance 2 (Date Proposed)		Date of Surveillance 2	
Surveillance 3 (Date Proposed)		Date of Surveillance 3	
Surveillance 4 (Date Proposed)		Date of Surveillance 4	
BV Technical Reviewer	MUHAMMAD SHAZALEY ABDULLAH	Date of Review	29 MAY 2017
BV Certification Decision		Date Decision	



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List of Abbreviation

ACOP	Annual Communications of Progress
AM	Assistant Manager
ARM	Agriculture Reference Manual
BOD	Biochemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Units
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EB	Executive Board
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
FY	Financial Year
Ha	Hectare
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
JCC	Joint Consultative Committee
LORR	Legal and Other Requirements Register
LOTO	Lockout-tag out
MSDS	Material Safety Data Sheet
MPOB	Malaysia Palm Oil Board
MYNI	Malaysia National Interpretation
NCR	Non-Conformity Report
NGO	Non-Governmental Organisation
NUPW	National Union of Plantation Workers
OSHA	Occupational Safety and Health Act
PIC	Person-In-Charge
PK	Palm Kernel
POM	Palm Oil Mill
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
RSPO	Roundtable on Sustainable Palm Oil
Sdn Bhd	Sendirian Berhad
SDPSB	Sime Darby Plantations Sdn. Bhd.
SDS	Safety Data Sheet
SMETA	SEDEX Members Ethical Trade Audit
SIA	Social Impact Assessment
SOCISO	Social Security Organization
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

1.0 Scope of the Certification Assessment

1.1 Type (mill, estate and mill etc.)

The certification unit (CU) Hadapan is one of the subsidiaries of Sime Darby Plantation Sdn Bhd (SDPSB), located at Layang-Layang, Johor, Malaysia. SDPSB is a member of RSPO since 6/9/2004 and the membership number is 1-0008-04-000-00. Within SDPSB, Hadapan CU is commonly known as Strategic Operating Unit (SOU) 24. An SOU is equivalent to CU as defined in the RSPO Certification System document. The Hadapan CU consists of Hadapan Palm Oil Mill (POM), CEP Renggam Estate, Kulai Estate, Layang Estate and Seri Pulai Estate. POM commenced operations in 2007 with a processing capacity of 60 metric tonnes of FFB per hour. The total combined land area of the estates is 11,357.70 hectares (Ha) of which 10,287.01 Ha are the planted area. The scope of certification for the CU is Production of RSPO Certified Crude Palm Oil (CPO) and Palm Kernel (PK), and supply chain model used is Mass Balance (MB). The number of workers for each operating unit is stated in Table 1.

Table 1: Total and composition of workers (direct employment) as at December 2016

Operating Unit	Number of workers		Sub-total
	Local	Foreigner	
Hadapan POM	68	41	109
CEP Renggam Estate	59	254	313
Kulai Estate	62	246	308
Layang Estate	41	272	313
Seri Pulai Estate	21	179	200
Grand total	251	992	1,243

1.2 Location (map and GPS), mill and/or hectarage statement

The coordinates of the mill and estates are shown in Table 2 and location map(s) of the CU is shown in Appendix 1.

Table 2: Location and addresses of the mill and estates

Estate/Mill	GPS Location		Location Address
	Latitude	Longitude	
Hadapan POM	1°45'44.45"N	103°26'29.89"E	Hadapan Mill, Batu 6, Jalan Bukit Permai, K/B 109, 81850 Layang-Layang, Johor
CEP Renggam Estate	1°52'23.01"N	103°22'45.73"E	Ladang CEP Renggam, K/B No. 106, 86309 Renggam, Johor
Kulai Estate	1°40'05.14"N	103°32'28.21"E	Ladang Kulai, K/B No. 108, 81000 Kulai, Johor
Layang Estate	1°46'00.27"N	103°27'14.07"E	Ladang Layang, P.O. Box 105, 81850 Layang-Layang, Johor
Seri Pulai Estate	1°35'36.10"N	103°30'34.30"E	Ladang Seri Pulai, K/B No. 104, 81000 Kulai, Johor.



1.3 Description of supply base (fruit sources)

The FFB is sourced from estates within the company's group that are certified and also from certified and non-certified third parties. Details of the FFB contribution from each source to Hadapan POM are shown in the following tables:

**Table 3: Actual FFB production by the supply base for the last reporting period
(April 2016 to March 2017)**

Estates	FFB Production (Actual + Projection)		Certifying CB
	Tonnes	Percentage (%)	
CEP Renggam	31,417.35	17	TUV Rheinland
Kulai	38,670.25	21	TUV Rheinland
Layang	35,815.86	20	TUV Rheinland
Seri Pulai	28,648.60	16	TUV Rheinland
Cenas	8,124.18	4	TUV Rheinland
Ulu Remis	3,142.01	2	TUV Rheinland
TDI	21,101.61	11	TUV Rheinland
Sembrong	2,882.34	2	TUV Rheinland
Pekan Ropel	5,618.84	3	TUV Rheinland
Bukit Badak	7,341.60	4	TUV Rheinland
Ulu Remis POM	180.73	0	TUV Rheinland
Third parties	438.21	0	Not certified
Total	183,381.58	100	

**Table 4: Projected FFB production by the supply base for the next reporting period
(April 2017 to March 2018)**

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
CEP Renggam	56,138.44	26	Bureau Veritas
Kulai	40,569.74	19	Bureau Veritas
Layang	61,957.47	29	Bureau Veritas
Seri Pulai	31,315.81	14	Bureau Veritas
Third Parties	25,600.00	12	Not certified
Total	215,581.46	100	



1.4 Date of plantings and cycle

The details of the CU certified area and its planting profiles are described in Table 5 and 6.

Table 5: Details of Certified Area and Planting Profile

Estates/Mill	Area (ha)					Area (%)	
	Titled	Certified	Planted	Mature	Immature	Mature	Immature
Hadapan POM	Under Layang Estate		NA	NA	NA	NA	NA
CEP Renggam	3,093.38	3,093.38	2,873.07	2,653.46	219.61	92.36	7.64
Kulai	3,064.64	3,064.64	2,745.60	2,267.17	478.43	82.57	17.43
Layang	3,098.70	3,098.70	2,753.08	2,482.88	270.20	90.19	9.81
Seri Pulai	2,100.98	2,100.98	1,915.26	1,490.57	424.69	77.83	22.17
Total	11,357.70	11,357.70	10,287.01	8,894.08	1,392.93	86.46	13.54

Table 6: Land Profile for the Unplanted Area

Estates/Mill	Unplantable	Roads/Housing/Amenities/etc.	HCV area
Hadapan POM	NA	NA	NA
CEP Renggam	105.28	107.84	7.19
Kulai	147.78	155.96	15.30
Layang	113.32	225.66	6.02
Seri Pulai	0	99.70	86.02
Total	366.38	589.16	114.53

Tables below show the details of the year of establishment of the CU's supplying estates and their planting profiles

Table 7: Planting Profile for CEP Renggam Estate

Year of Planting	Planting cycle (Generation)	Maturity	Area (Ha)	Percentage of mature/immature
1990	2nd	Matured	26.30	92.36% matured 7.64 % immature
1991	2nd	Matured	185.92	
1992	2nd	Matured	132.03	
1995	2nd	Matured	267.37	
1996	2nd	Matured	369.28	
1997	2nd	Matured	310.11	
2000	3rd	Matured	190.05	
2001	3rd	Matured	207.99	
2002	3rd	Matured	171.14	
2003	3rd	Matured	215.62	
2005	3rd	Matured	117.71	
2009	3rd	Matured	93.82	
2010	3rd	Matured	167.44	
2011	3rd	Matured	148.83	
2013	3rd	Matured	49.85	
2015	3rd	Immature	206.79	
2017	3rd	Replanting in progress	12.82	
Total			2,873.07	

Table 8: Planting Profile for Kulai Estate

Year of Planting	Planting cycle (Generation)	Maturity	Area (Ha)	Percentage of mature/immature
1982	1st	Matured	7.13	82.57% matured 17.43% immature
1985	1st	Matured	88.60	
1987	1st	Matured	146.14	
1988	1st	Matured	93.58	
1989	1st	Matured	319.90	
1991	1st	Matured	28.26	
1998	1st	Matured	70.21	
2001	2nd	Matured	1.80	
2002	2nd	Matured	132.77	
2005	2nd	Matured	164.35	
2006	2nd	Matured	317.64	
2008	2nd	Matured	122.86	
2010	2nd	Matured	198.33	
2011	2nd	Matured	431.19	
2013	2nd	Matured	144.41	

2014	2nd	Immature	202.72	
2015	2nd	Immature	275.71	
Total			2,745.60	

Table 9: Planting Profile for Layang Estate

Year of Planting	Planting cycle (Generation)	Maturity	Area (Ha)	Percentage of mature/immature
1998	2nd	Matured	49.74	90.19% matured 9.81% immature
1998A	2nd	Matured	120.86	
1998B	2nd	Matured	116.80	
2001	2nd	Matured	134.60	
2001A	2nd	Matured	57.30	
2002	3rd	Matured	96.68	
92002A	3rd	Matured	104.44	
2002A1	3rd	Matured	62.56	
2002B	3rd	Matured	81.66	
2002B1	3rd	Matured	100.52	
2002C	3rd	Matured	124.92	
2004	3rd	Matured	52.50	
2004A	3rd	Matured	81.81	
2004A1	3rd	Matured	82.65	
2005	3rd	Matured	79.39	
2005A	3rd	Matured	128.68	
2005B	3rd	Matured	87.61	
2006	3rd	Matured	56.98	
2006A	3rd	Matured	89.51	
2006A1	3rd	Matured	73.28	
2006B	3rd	Matured	34.92	
2007	3rd	Matured	106.10	
2007A	3rd	Matured	92.37	
2008	3rd	Matured	81.90	
2008A	3rd	Matured	95.50	
2010A	3rd	Matured	138.45	
2011A	3rd	Matured	146.15	
2011B	3rd	Matured	5.00	
2014A	3rd	Immature	85.41	
2014B	3rd	Immature	70.99	
2015A	3rd	Immature	113.80	
Total			2,753.08	



Table 10: Planting Profile for Seri Pulai Estate

Year of Planting	Planting cycle (Generation)	Maturity	Area (Ha)	Percentage of mature/immature
1992	2nd	Matured	173.49	77.83% matured 22.17% immature
1995	2nd	Matured	210.51	
1998	2nd	Matured	97.40	
2000	3rd	Matured	151.53	
2001	3rd	Matured	224.87	
2002	3rd	Matured	177.41	
2003	3rd	Matured	201.12	
2005	3rd	Matured	158.62	
2013	3rd	Matured	95.62	
2015	3rd	Immature	193.83	
2016	3rd	Immature	180.86	
2017	3rd	Immature	50.00	
Total			1915.26	



1.5 Other certification held (ISO etc.)

None

1.6 Organisational information / contact person

Contact persons:

At HQ Level:

Name : Shylaja Devi Vasudevan Nair
Position : Vice President II
Address : Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7,
Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia
Telephone No. : +603 7848 4000
Fax No. : +603 7848 4363
E-mail : shylaja.vasudevan@sime-darby.com

At CU Level

Name : Syed Muhammad Bin Syed Abu Bakar
Position : Chairman of SOU 24
Address : C.E.P Renggam Estate, K/B No. 106, 86309 Renggam, Johor, Malaysia
Telephone No. : +607 753 5143
E-mail : syed.muhammad@sime-darby.com

1.7 Tonnage certified

Table 11: Details of material and products for the last and next reporting period
[UOM=MT]

Description	Actual (+projection) for last reporting period (04/16 to 03/17)	Projected for next reporting period (04/17 to 03/18)
Certified FFB received	182,943.37	189,981.46
Non-certified FFB received	438.21	25,600.00
Total CPO production	38,548.68	47,352.14
Certified CPO production	38,458.58	41,733.14
Total PK production	9,344.54	11,752.81
Certified PK production	9,322.40	10,360.82

1.8 Time bound plan / Progress against time bound plan

SDPSB has a total of 59 SOUs worldwide. As at December 2016, only 2 SOUs are pending to be certified. The details of certification progress are described in Table 12.

Table 12: Details of RSPO Certification Status as at Dec 2016

Status	Malaysia	Indonesia	Liberia	Total	Remarks
RSPO Certified	34	23	0	57	<p><u>Malaysia</u> *Effectively 34 SOUs: Sg Samak and Jeleta Bumi, Yong Peng, Sepang, Mostyn and Segaliud POM have been closed down.</p> <p><u>Indonesia</u> *Effectively 24 SOUs</p>
Planned for Certification/ Undergoing Stage 1 or Stage 2 Assessment /RSPO EB Review	0	1	1	2	<p>SDP is progressively undergoing the RSPO Certification process towards 100% RSPO certification of estates/mills.</p> <p><u>Indonesia</u> *PT MAS has undergone RSPO Main assessment and is delayed due to some social disputes. The target date for certification is by 2017 subject to the progress of the matter being resolved.</p> <p><u>Smallholders</u> As at Dec 2016, total of 29,914 Ha (58%) of total Ha, (51,715 Ha) of associated smallholders in Indonesia has been certified. Certification process for the remaining associated smallholders areas is on-going. SDP expect to achieve 100% RSPO certification of associated smallholders and outgrowers by end 2020.</p> <p><u>Liberia</u> 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.</p>
Total SOUs	34	24	1	59	<p>Other remarks: In March 2015, Sime Darby Plantation completed the acquisition of New Britain Palm Oil Limited (NBPOL). NBPOL is managed under a separate entity and the reporting of time-bound plan will be under NBPOL's management. NBPOL is considered as a different entity/member under the RSPO and NBPOL is 100% RSPO Certified.</p>

1.9 Compliance with partial certification requirements

Requirements		Assessment findings
a.	The parent organization or one of its majority ¹ owned and / or managed subsidiaries is member of RSPO. The requirements (b) to (j) will be applicable, whether the registered RSPO member is the holding company or one of its subsidiaries;	The parent organization i.e. SDPSB is an RSPO member since 6/9/2004 and the membership number is 1-0008-04-000-00.
b.	A challenging time-bound plan for certifying all its relevant entities is submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. The Certification Body will be responsible for reviewing the appropriateness of this plan, taking into account comments received from stakeholders following the public consultation process. Progress towards this plan will be verified and reported on in subsequent annual surveillance assessments (see Annex 4). Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness.	SDPSB has developed its time-bound plan and update it from time to time. The summary of the certification progress can be seen in Table 12. As reported in its RSPO ACOP 2015, SDPSB expected to achieve 100% RSPO certification of groups in 2017. At this point of time only two SOUs are pending to be certified i.e. PT Mitral Austral Sejahtera (PT MAS, Indonesia) and the new mill in Liberia.
c.	Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed (as provided for in the guidance on surveillance assessments, Annex 4) for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent).	The time-bound plan was last updated in December 2016 and no necessity to be revised so far.
d.	Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance is raised. Where there is evidence of	No lapse to be reported.

	systematic failure to proceed with implementation of the plan, a major non-compliance is raised.	
e.	No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure (Annex 5).	<p>A new mill has been set up in Liberia and commissioned in February 2016. Preparation to undergo the RSPO Certification process is in progress and SDPSB targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011.</p> <p>For the case of PT MAS, the compliance to this requirement will be reported by its appointed certification body.</p>
f.	Land conflicts, if any, 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><u>Overview of RSPO Certification Progress for PT MAS:</u> PT MAS has undergone RSPO Main Assessment in July 2011. The certification body for PT MAS has considered that SDPSB still meets the requirements of the RSPO for Partial Certification and the report has been submitted for Executive Board (EB) review. A verification audit was conducted by the Certification Body in early 2013 and SDPSB will proceed with the next steps of certification upon satisfactory resolution of the matter. On-going and regular (bi-monthly) discussions are on-going between SDPSB and the project affected communities. Reports on the progress update are submitted to RSPO on a regular basis since November 2012. The latest progress report submitted to RPSO dated 30th June 2016. SDPSB continues to engage all affected parties through regular discussions and progress reporting is being made to the RSPO Secretariat.</p> <p><u>Progress Updates:</u></p> <ul style="list-style-type: none"> • Regular discussion is on-going between SDPSB and the group of community (PAC) through bi-monthly <i>Tim Kerja Perwakilan Petani</i> (TKPP) meeting since November 2012. • In October 2013, representatives from two of nine villages (Kerunang and Entapang) left TKPP. These two villagers are supported by and working with TuK and OXFAM. They have then requested SDPSB to enter into Dispute Settlement Facility (DSF) in June 2014. Hence, there are two groups of communities: <ol style="list-style-type: none"> 1) TKPP (7 of 9 villages) and; 2) Kerunang & Entapang (2 of 9 villages) • To-date, 21 TKPP meetings have been conducted. The most recent TKPP meeting was held on 2nd November 2016. Issues related to the 14 demands are closed except for two items related to land matters i.e. ownership of nucleus plantation after expiry of HGU and allocation of plasma farm within the plasma original village/customary area. SDPSB is engaging with the local authority on this matter together with TKPP. Current discussion is on moving forward especially on replanting activities. • SDPSB visited the Kerunang & Entapang communities on 27 Aug 2014 to listen and have a better understanding on their requests. The subsequent meeting with the communities was held on 12 Dec 2014 where the communities highlighted

		<p>that they will not join the current SDP-PAC committee (TKPP) meetings and will continue to engage directly with SD instead of using the DSF mechanism.</p> <p><u>Engagement with RSPO:</u></p> <ul style="list-style-type: none"> • RSPO Secretariat is well informed on the progress through regular briefing and progress reports. The latest meeting with RSPO Secretariat was held on 8th Sept 2016. • To-date, 9 progress reports have been submitted to RSPO. The latest progress report was submitted on 30th June 2016. <p><u>Engagement with TuK-Indonesia:</u></p> <ul style="list-style-type: none"> • SDP continues to work on direct engagement with PAC – working towards a consensus with the PAC to resolve the issues. <p>Further information can be obtained from http://www.rspo.org/members/complaints/status-of-complaints/view/29</p>
g.	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	For the case of PT MAS, the compliance to this requirement will be reported by its appointed certification body.
h.	Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	For the case of PT MAS, the compliance to this requirement will be reported by its appointed certification body.



1.10 Progress of associated smallholders or outgrowers towards compliance with relevant standards

There are no associated smallholders or outgrowers engaged by Hadapan CU.



2.0 Assessment Process

2.1 Assessment methodology and programme

The assessment for certification was performed in conformity with the procedures as laid down in Bureau Veritas BMS procedures developed for the RSPO certification scheme. The normative references used for the assessment are

- 1) RSPO P&C MY-NI: 2014
- 2) RSPO Certification System: 2007 (Amended 2011)
- 3) RSPO Supply Chain Certification Standard (version 21 November 2014)
- 4) RSPO Supply Chain Certification Systems (version 21 November 2014)

The planning for this assessment was guided according to the RSPO Certification System Document. The sampling formula used is $0.8 \sqrt{y}$, where y is the number of estates, whereas, the mill is visited in every assessment. Therefore, in this assessment, since the CU consists of four estates and one mill, two estates namely Kulai Estate and Layang Estate were randomly sampled.

The assessment was conducted by visiting among others the oil palm fields, palm oil mill, HCV habitats, local communities, clinics, workers quarters, chemical and waste storage areas, landfill and other workplaces. Interviews were held with the CU's and the management of its FFB produce, employees, contractors and other relevant stakeholders. In addition, related records and other documentation were also inspected.

Details of the actual assessment programme are given in Appendix 2.

2.2 Date of next surveillance visit

The next surveillance assessment shall be carried out within 12 months from the date of this assessment completed, but not sooner than 9 months.

2.3 Lead Assessor and Assessment Team

The assessment team consisted of three assessors. The details of the assessors and their qualification are as follows:

1) Valence Shem (VAL)

Roles: Assessment Team Leader

Field: Environmental, Good Agricultural Practice, Social, HCV and Supply Chain

Qualification:

- B.Tech. (Hons) Industrial Technology, Universiti Sains Malaysia
- Nine years' experience in Oil Palm Plantation management
- Successfully completed and passed accredited Lead Assessor Course for ISO 14001: 2004 and ISO 9001: 2008
- Successfully completed and passed the RSPO P&C Lead Assessor Course in 2011
- Successfully completed and passed the RSPO SCCS Lead Assessor Course in 2012 & 2015
- Attended a training on the Conventional International Trade in Endangered Species of Wild Fauna & Flora, July 2009
- Attended Biodiversity Training by RSPO, June 2009
- Collected more than 700 auditor days in auditing various schemes i.e. ISO 14001, RSPO P&C, RSPO Supply Chain, RSPO RED, Malaysian Sustainable Palm Oil (MSPO) and SEDEX Members Ethical Trade Audit (SMETA)

2) Samsudin Abu Bakar (SAB)

Roles: Assessor

Field: Occupational Health & Safety, Environmental and Mill Best Practice

Qualification:

- Bachelor Degree in Agricultural Engineering, University Putra Malaysia
- 27 years working experience in various sectors which includes palm oil milling, automotive and civil & construction



- Successfully completed and passed accredited Lead Assessor Course for ISO 9001: 2000, OHSAS 18001: 2007 and ISO 14001: 2004
- Successfully completed and passed the RSPO P&C Lead Assessor Course in 2013
- Successfully completed and passed the RSPO SCCS Lead Assessor Course in 2014
- Collected more than 1,600 auditor days in auditing various schemes i.e. ISO 9001, OHSAS 18001, ISO 14001, RSPO P&C, RSPO Supply Chain and Malaysian Sustainable Palm Oil (MSPO)

3) **Gan Bee Kean (GBK)**

Roles: Assessor

Field: Social Aspects

Qualification:

- Master in Engineering (Material Science), Warwick University, United Kingdom
- 11 years working experience mainly in furniture industry and glove manufacturing
- Successfully completed and passed accredited Lead Assessor Course for ISO 9001: 2000, OHSAS 18001: 2007 and ISO 14001: 2004
- Successfully completed and passed the RSPO SCCS Lead Assessor Course in 2014
- Collected more than 1,100 auditor days in auditing various schemes i.e. ISO 9001, OHSAS 18001, ISO 14001, SEDEX Members Ethical Trade Audit (SMETA), FSC's Chain of Custody, RSPO Supply Chain and Malaysian Sustainable Palm Oil (MSPO)

2.4 Certification body

Created in 1828, Bureau Veritas is a global leader in Testing, Inspection and Certification (TIC), delivering high quality services to help clients meet the growing challenges of quality, safety, environmental protection and social responsibility.

As a trusted partner, Bureau Veritas offers innovative solutions that go beyond simple compliance with regulations and standards, reducing risk, improving performance and promoting sustainable development.

Bureau Veritas core values include integrity and ethics, impartial counsel and validation, customer focus and safety at work.

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2.5 Stakeholder consultation process

Meetings and interview with the relevant stakeholders were arranged during the on-site assessment.

The method of consultation with the workers, contractors and staff were through random sampling from each group in each of the FFB supplying unit and oil mill (e.g. mill operators, harvesters, general workers and sprayers) visited. The consultations which were conducted at the CU's workplace had included solicitation of comments on issues relevant to principles 4, 5 and 6 of the RPSO P&C Standard.

Outcome from the stakeholders being consulted is as in Section 3.3.



3.0 Assessment Findings

3.1 Summary of Findings

The assessment was conducted as planned using the methodology described in Section 2.1. Findings against each of the RSPO indicators are reported below.

A total of 4 major and 1 minor non-conformity reports against RSPO P&C, MY-NI 2014 requirements were raised as shown in Appendix 3. The CU has taken necessary corrective actions in order to close the major non-conformities raised. Minor non-conformities will be verified in the next assessment. Nonetheless, the CU has submitted their corrective action plan for the minor non-conformity and has been accepted by the assessment team.

Previous recertification assessment was performed by TUV Rheinland and the assessment report which has the non-conformity reports was obtained from the CU. It is also publicly available in the RSPO website. In the previous assessment, TUV Rheinland had raised 6 major and 7 minor non-conformities. One of the minor non-conformities was upgraded to major during this assessment due to lack of evidence to close it. The verification comments for the non-conformities raised in the previous assessment can be seen in Appendix 4.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY	
Criterion 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	
Indicator 1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Minor Compliance	
Findings	Compliance Status
There is no restriction for any stakeholders to obtain any information upon request with regards to environmental, social and legal issues relevant to RSPO Criteria. The mechanism of obtaining the information is addressed in SDPSB's Handling Social Issues SOP and Standard Operating Manual (SOM) Appendix 5.5.3.2 Procedure for External Communication. There has been no special request of information from any stakeholders ever since the last assessment apart from the routine returns to government authorities such as Department of Environment (DOE), Department of Safety and Health (DOSH) and Malaysian Palm Oil Board (MPOB) in order to maintain their licenses and permits.	Complied
Indicator 1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	
Findings	Compliance Status
The CU continued to maintain records of request from its stakeholders. For internal request, records are normally kept in a logbook. The records included types of complaints and the dates when they were made & attended to and remarks. Most records were mainly for repairs required for employees' quarters, which normally in-charged by the Estate Manager/Assistant Manager. Based on the records and interview with workers, the issues raised were addressed in appropriate timely manner. No request from external stakeholders ever since the last assessment.	Complied
Criterion 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	
Indicator 1.2.1	



Management documents that are made available to the public shall include, but are not necessarily limited to:		
Major compliance		
	Findings	Compliance Status
Land titles/user rights (Criterion 2.2);	No restriction for stakeholder to access the land titles of the CU upon request.	Complied
Occupational health and safety plans (Criterion 4.7);	Occupational health and safety (OSH) plan was established based on Hazard Identification, Risk Assessment and Risk Control (HIRARC). Apart from that SDPSB safety and health practices & key initiatives is publicly shown at SDPSB website http://www.simedarbyplantation.com/sustainability/practices-key-initiatives/safety-health	Complied
Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Social Impact Assessment (SIA) for the visited operating units were carried out in February 2014 and reviewed on yearly basis and the related action plan based on the SIA findings were made available to the auditors. Management documents related to environmental plans and impact assessments were also available. Among the documents presented at the visited operating units were: a) Environmental Aspect Identification (EAI) and Environmental Impact Evaluation (EIE) registers. b) Pollution Prevention Plan, FY 2016/17 c) Identification and Management of Wastewater, FY 2016/17. d) Waste Management Plan, FY 2016/17 e) Environmental Improvement Plan, FY 2016/17	Complied
HCV documentation summary (Criteria 5.2 and 7.3);	HCV assessment report which was conducted in June 2014 was available at the visited operating units.	Complied
Pollution prevention and reduction plans (Criterion 5.6);	Pollution Prevention Plan FY 2016/17 has been established and made available at the visited operating units.	Complied
Details of complaints and grievances (Criterion 6.3);	Defined in Flowchart & Procedure on Handling Social Issues (rev. 1, 1/11/08).	Complied
Negotiation procedures (Criterion 6.4);	Defined in Flowchart & Procedure on Handling Social Issues (rev. 1, 1/11/08)	Complied
Continual improvement plans (Criterion 8.1);	Continual improvement plans of the CU are publicly accessible upon requests.	Complied
Public summary of certification assessment report;	Public summary report for Hadapan CU is available at the operating units apart from the RSPO website.	Complied
Human Rights Policy (Criterion 6.13).	Human Rights Policy is covered under its Social & Humanity Management Policy which has been established in January 2015. The Policy has been displayed at various strategic places such as guard posts, notice boards, offices, etc. at the operating units.	Complied
Criterion 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.		
Indicator 1.3.1 There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.		
Minor Compliance		
	Findings	Compliance



	Status
The written policy committing to a code of ethical conduct and integrity is addressed by SDPSB through establishment of its Code of Business Conduct (COBC) available in the Sime Darby Group website and is accessible by public. Basically its purpose is to provide guidance on the standards of behaviour expected of all employees of the Sime Darby Group and also counterparts and business partners. The standards of behaviour are derived from the Group's Core Values and Business Principles. The values of the COBC were disseminated to the employees including workers through various means such as briefings, trainings and meetings.	Complied

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

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

Indicator 2.1.1
Evidence of compliance with relevant legal requirements shall be available.
Major Compliance

Findings	Compliance Status
<p>Hadapan CU is committed to compliance with all applicable requirements. Among the evidence sampled for legal compliance were: <u>Hadapan POM:</u></p> <ul style="list-style-type: none"> • Jadual Pematuhan [License No.: 002167, doc ref.: AS(B)J 31/152/000/084Jld.7 PL-002167(01)/043/2016, validity 1/7/2016 to 30/6/2017, 60 mt/hr, disposition method: land application] • Compost plant for EFB, POME, DC & Boiler Ash [cert no.: SPE/2009/526, ref.: AS(B)J 31/152/000/084] • Quarterly returns to DOE went without fail. Based on laboratory (Sime Darby Research Sdn Bhd) analysis reports, all BOD readings of final discharge were below 5,000 mg/l. • Isokinetic samplings were done biannually without fail. Reports verified: <ol style="list-style-type: none"> i) By Global Safe-T Sdn. Bhd. done in Aug 2016 for boiler 1 & 2, report no.: ACL/ENM-20160202. All parameters were complied with. ii) By Global Safe-T Sdn. Bhd. done in Dec 2016 (pending for report) - PO seen - #4300354325 • Ambient air samplings should be done quarterly in accordance to license conditions. However, the appointed contractor somehow delayed its registration in Sime Darby's Online Vendor System (OVR) which caused Hadapan Mill to miss two ambient air monitoring i.e. for first and second quarter of 2016. Nonetheless, based on results reported by Spectrum Laboratories (Johore) Sdn Bhd, the mill complied the regulated limit for the two remaining quarters. • Hadapan Mill has also filled in the DOE's Self-Regulation checklist where the mill has to present the evidence of compliance to the DOE once in a month. • Environmental audit by DOE's endorsed auditor [Mohd Shukri Ahmad Marzuki (EA 0023/CESSWI 2469)] was last done on 21&22/12/2016. Only one NCR raised with regards to Chimney No. 4 from LEV 2 at the laboratory was not equipped with sampling port as indicated in the approved drawing. <p><u>Estates:</u></p> <ul style="list-style-type: none"> • At Kulai Estate, Legal & Other Requirement Register (LORR) identified, assessed & reviewed yearly; noted last review done on 2/9/2016 with overall 100% compliance; including EQ (Scheduled Waste) Regulations, 2005; identified, listed & assessed. However it was found that, an approved DOE contractor Perniagaan Saudara Baru had collected 240 litres SW305 used oil on 14/1/2017, but the spent filters has yet to be disposed since December 2015. The labelling of scheduled waste for 	<p>NCR (HDP/SAB3-4/S1/0117)</p>



<p>SW410 Used Rags, SW102 Used Batteries & SW305 Used Oil were also found not to be in accordance to the EQ (Scheduled Wastes) Regulations, 2005. Therefore, major NCR (HDP/SAB3-4/S1/0117) was assigned.</p> <ul style="list-style-type: none"> At Layang it was reviewed on 18/11/2016 with overall 100% compliance. 	
<p>Indicator 2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance</p>	
Findings	Compliance Status
<p>The CU continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to the CU operation. Each office of the operating unit (mill and estates) has its own LORR and were being evaluated individually annually for compliance and it can be accessed by all levels of staff. Among the applicable legal laws registered are EQA, OSHA, Factory & Machinery Act, Labour Act, Pesticides Act, Workers' Minimum Standard of Housing and Amenities Act, to name a few.</p> <p>Latest review of LORR was on 1/12/2016 by the Estate Assistant Managers.</p>	Complied
<p>Indicator 2.1.3 A mechanism for ensuring compliance shall be implemented. Minor Compliance</p>	
Findings	Compliance Status
<p>The applicable legal requirements registered in the LORR. Periodically, the CU assigned its personnel to cross check the status of compliance against the LORR through various ways such as internal audit, routine inspections, etc. Whenever there is non-compliance detected, appropriate actions will be taken to address the issue. Nonetheless, it was observed that there is a need for improvement with regards to the understanding of the assigned personnel in providing the correct evidence of compliance.</p>	Complied
<p>Indicator 2.1.4 A system for tracking any changes in the law shall be implemented. Minor Compliance</p>	
Findings	Compliance Status
<p>A special department (PSQM) which is based in Kuala Lumpur was responsible in tracking the changes to the Acts and Regulations in their legal register by communicating with the publisher of the documents. This mechanism was outlined in its procedure. The revision of the legal register was done from time to time and shall there be any update, it would be communicated to the respective CUs. As to-date no change to the CU activities and no new legal requirements associated to their operation.</p>	Complied
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>	
<p>Indicator 2.2.1 Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance</p>	
Findings	Compliance Status
<p>Hadapan CU was able to demonstrate the evidence of legal ownership if its lands through possession of land titles. The CU has a list of all its land titles which have the information about names of leasee, hectare, terms & conditions, lease period and grant numbers. In total, the CU has 103 land titles with combined area of 11,357.70 Ha. Copies of the land titles were available at the CU's offices while the original were kept at headquarter. Some of the land titles were still having the term for planting rubber or cocoa instead of oil palm. Nonetheless, the SDPSB's Land Management unit are still in progress of changing the terms to oil palm.</p>	Complied
<p>Indicator 2.2.2 There is evidence that physical markers are located and visibly maintained along the legal boundaries</p>	

particularly adjacent to state land, NCR land and reserves. Minor Compliance	
Findings	Compliance Status
Whenever the land boundaries are adjacent with third party (smallholders, villages, other oil palm companies, etc.) the normal practice of SDPSB to indicate the legal boundaries are through construction of trenches. This was confirmed through the field visit at Kulai and Layang estates. Apart from that, erection of pegs painted with red and white along the boundaries was also commonly practiced.	Complied
Indicator 2.2.3 Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	
Findings	Compliance Status
There was no evidence of land dispute at the visited operating units.	Not applicable
Indicator 2.2.4 There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	
Findings	Compliance Status
There was no evidence of land conflict at the visited operating units.	Not applicable
Indicator 2.2.5 For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities and relevant authorities where applicable). Minor Compliance	
Findings	Compliance Status
There was no evidence of conflict or dispute over land at the visited operating units.	Not applicable
Indicator 2.2.6 To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	
Findings	Compliance Status
There was no evidence of land conflict at the visited operating units.	Not applicable
Criterion 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	
Indicator 2.3.1 Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	
Findings	Compliance Status
There was no evidence that the use of lands at the visited operating units diminishes the legal, customary or user rights of other users.	Not applicable
Indicator 2.3.2 Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land.	



Minor Compliance	
Findings	Compliance Status
There was no evidence that the current lands are encumbered by any customary land rights at the visited operating units.	Not applicable
Indicator 2.3.3 All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	
Findings	Compliance Status
There was no evidence that the current lands are encumbered by any customary land rights at the visited operating units.	Not applicable
Indicator 2.3.4 Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	
Findings	Compliance Status
There was no evidence that the current lands are encumbered by any customary land rights at the visited operating units.	Not applicable

PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY																								
Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.																								
Indicator 3.1.1 A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance																								
Findings	Compliance Status																							
SDPSB has its online network system called Mplan. The business and management plan is documented in the Mplan in the form of annual budget. Budgets for the current year (2016/17) and the three years projection i.e. 2017/18 to 2019/20 were available in the system. Among the information available in the annual budget was production cost (per Ha and per mt of FFB/CPO/PK), forecasted yields (FFB, CPO & PK), financial allocation for all the operations i.e. harvesting and evacuation, replanting and field maintenance.	Complied																							
Indicator 3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance																								
Findings	Compliance Status																							
Both of the visited estates have established their replanting programme with 5 years projection. Table below is the programme:	Complied																							
<table border="1"> <thead> <tr> <th rowspan="2">Year</th> <th colspan="2">Total planned replanting area (Ha)</th> </tr> <tr> <th>Kulai</th> <th>Layang</th> </tr> </thead> <tbody> <tr> <td>2016/17</td> <td>211.44</td> <td>0</td> </tr> <tr> <td>2017/18</td> <td>171.88</td> <td>116.80</td> </tr> <tr> <td>2018/19</td> <td>0</td> <td>49.70</td> </tr> <tr> <td>2019/20</td> <td>0</td> <td>120.90</td> </tr> <tr> <td>2020/21</td> <td>0</td> <td>0</td> </tr> <tr> <td>2021/22</td> <td>0</td> <td>0</td> </tr> </tbody> </table>		Year	Total planned replanting area (Ha)		Kulai	Layang	2016/17	211.44	0	2017/18	171.88	116.80	2018/19	0	49.70	2019/20	0	120.90	2020/21	0	0	2021/22	0	0
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2019/20	0	120.90																						
2020/21	0	0																						
2021/22	0	0																						



PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS	
Criterion 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.	
Indicator 4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	
Findings	Compliance Status
<p>Hadapan CU continued to adopt a comprehensive SOP for all its estate and mill practices. Operation activities in the estates and the mills include from seedlings in nursery to planting of young palms and plantation upkeep to mill despatch of CPO, PK and PKO that are guided by the standard operating procedures (SOP). They are established as part of the Estate/Mill Quality Management System documents. For the estates, on top of the Estate Quality Management System, technical guidelines as listed in the Agricultural Reference Manual - Oil Palm Planting are also used [issue 2011/1]. Sime Darby has come up with a harvesting standard which is slightly different from ARM. E-mail dated 2/8/2016 about the new standard from HQ sighted.</p> <p>For activities related to environmental requirements, SOPs in the Sime Darby Plantation-Sustainable Plantation Management System are referred to.</p> <p>Other SOPs related to safety and social issues has also been established, e.g.:</p> <ul style="list-style-type: none"> • Flowchart and Procedures on Handling Land Disputes (rev. 1, 1/11/08) • Flowchart & Procedure on Handling Social Issues (rev. 1, 1/11/08) • Keselamatan Kerja Pemotongan Buah Kelapa Sawit [Safe Operation for FFB Harvesting]; SOU24-LE/SOP-01 • Keselamatan Kerja Pemotongan Daun Kelapa Sawit[Safe Operation for Fron Pruning]; SOU24-LE/SOP-02; • Tatacara Kerja Selamat Keselamatan Penggunaan Bahan Racun; SOU24-LE/SOP-03; • Tatacara Kerja Selamat Keselamatan Penggunaan Bahan Racun, Penyuntik Racun & Penebat Lubang "Bag Worm"; SOU24-LE/SOP-04; • Tatacara Kerja Selamat Keselamatan Penggunaan Bahan Racun Tikus; SOU24-LE/SOP-06; • Tatacara Kerja Selamat Keselamatan Pemanduan Kenderaan Ladang; SOU24-LE/SOP-06; • Tatacara Kerja Selamat Keselamatan Pemanduan Badang/Mini Kubota; SOU24-LE/SOP-07; • Tatacara Kerja Selamat Kawasan Bengkel; SOU24-LE/SOP-08; <p>Tatacara Kerja Selamat Pengurusan Bengkel; SOU24-LE/SOP-09</p> <p>Briefing on the SOPs and related documents were conducted and workers are frequently reminded about it during the morning muster. Interviews with employees revealed that they understand the requirements of the SOP.</p> <p>It was also noted that relevant SOP were displayed at various work station for easy reference, for example, at estate office notice board and mill workstation notice board.</p> <p>Monitoring of the SOP implementation was closely done by person-in-charge and their records were verified. Among the records were work programmes for major activities at the estates such as fertilizer application, herbicide spraying and replanting. Other records sighted were the issuance of Personal Protective Equipment, agrochemicals and fertilizer through the stock books, store requisition and issue sheets.</p>	Complied
Indicator 4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	



Findings	Compliance Status
<p>Records of monitoring and the actions taken by the estates and mill continued to be maintained. This is to ensure that the established procedures were consistently implemented. Among the monitoring records sighted were:</p> <ul style="list-style-type: none"> • Based on estate's harvesting interval record, the interval observed to be around 12 days. Occasionally interval is 13-14 days mainly due to high crop. • Harvesting losses is monitored through infield FFB grading (using SDDS [Sime Darby Digital Supervision] mobile phone application) conducted by the management on daily basis. • Progress report of application of fertilisers, EFB and bio-compost. The work progress was generally on schedule • Infield Fertilizer Application Check • Daily FFB grading sheet - Daily record – verified Jan – March, 2016 • Mill Loses, Quality and General Data – Daily record – verified Jan – March, 2016 • Press Station Log Sheet - Daily record – verified Jan – March, 2016 • Log Sheet - Daily record – verified Jan – March, 2016 • DOBI monitoring - verified Jan – March, 2016 • M & I monitoring - verified Jan – March, 2016 • FFA monitoring - verified Jan – March, 2016 	Complied
<p>Indicator 4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	
Findings	Compliance Status
All the concerned records related to field operations are being maintained and made available during the audit. Cross refer to Indicator 4.1.2.	Complied
<p>Indicator 4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	
Findings	Compliance Status
<p>In 2016, Hadapan POM has received 438.21 mt of FFB from 3rd party</p> <ul style="list-style-type: none"> • VR Plantation (M) Sdn Bhd (collection centre) • Choon Guan Oil Palm Sdn Bhd (small grower - 640 Ha) <p>There's no specific procedure to receive 3rd party crop. However, an assessment will be done before the supplier is allowed to deliver their crop to the mill. The assessment criteria include verification of license, company profile, FFB quality to name a few.</p> <p>FFB received from these 3rd parties were recorded daily in the "Daily FFB Statement Summary".</p>	Complied
<p>Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>	
<p>Indicator 4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance</p>	
Findings	Compliance Status
ARM Section 8 covers the procedure for fertiliser application for both immature and mature. The procedure gives the guideline type of fertilisers to be used, timing to apply, dosage and placement. Whereas Safe Operating Procedure for manuring mention about tools to be used for this operation. Based on interview with the manuring workers, it was confirmed that the tools used were in accordance to the procedure.	Complied
<p>Indicator 4.2.2 Records of fertiliser inputs shall be maintained. Minor Compliance</p>	
Findings	Compliance Status



Recorded in store issue notes and manuring record book, which have the information about type of fertiliser, quantity (bags and kg), dates of application and field number.	Complied
Indicator 4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	
Findings	Compliance Status
Evidence of periodic tissue and soil sampling to monitor the changes in nutrient status was available for example Soil Analysis Report (report no.: S35/2014, dated 5/8/2014) for Layang Estate. The results of the analysis were used by the agronomist for their recommendation for fertilisers applications programme.	Complied
Indicator 4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	
Findings	Compliance Status
Application of compost program is available but due to the compost plant at Hadapan Mill is in the process of ownership transfer, the operation is temporary ceased. Nevertheless, the estates still have the initiative to apply EFB at the field as part of their nutrient recycling strategy.	Complied
Criterion 4.3 Practices minimize and control erosion and degradation of soils.	
Indicator 4.3.1 Maps of any fragile/marginal soils shall be available. Major Compliance	
Findings	Compliance Status
Soil map is available at Layang Estate which was prepared by Sime Darby's R&D-TTAS Precision Agriculture Unit (NHR). Layang Estate consists of two divisions i.e. Layang Div. and Hadapan Div. Based on the map, Layang Div. soil consists of Harimau (57.6%), Local Alluvium (12.41%), Holyrood, Kelau, Organic Clay/Muck, Jemeh, Lanchang, Peat (1.87%), Jitra, Terap, Kawang, Sungai Buloh, Renggam and Organic Sand. Whereas Hadapan Div. consists of Harimau (54.06), Local Alluvium and Renggam.	Complied
Indicator 4.3.2 A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	
Findings	Compliance Status
Ref.: ARM Section 4, Land Preparation, Clause 8.4 which reads "Areas with greater than 25 degree slope should not be planted and best left for biodiversity purposes...". Layang Estate has identified its area that has greater than 25 degree slope and has marked it on a map. That area has oil palms which were planted in 2002 (Block 4). Replanting of this block is planned in 2023 and area with 25 degree slope may be excise from being replanted. Currently, the availability of terraces and maintaining soft vegetation are the steps taken to minimise soil erosion.	Complied
Indicator 4.3.3 A road maintenance programme shall be in place. Minor Compliance	
Findings	Compliance Status
Road maintenance program for FY 2016/17 is available for Layang Estate. Among the activities for the road maintenance are roadside pruning, grading and resurfacing, roadside pit (to divert flow of water). Based on expenditure report, roughly the progress to-date is around 14%. The delay was mainly to wet season. Based on the rainfall records, it was noted that the reading is around 130 mm per month for the past 6 months.	Complied
Indicator 4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place.	

Major Compliance	
Findings	Compliance Status
According to the soil map, there is 1.87% of peat area at Layang Estate. However, the management has decided not to carry out treatment of peat at the area due to information from Sime Darby's R&D Dept. via e-mail dated 22 April 2016 which stated that most of the soil surveys done in Peninsular Malaysia were conducted more than 10 years ago and over time, due to oxidation, drying and subsidence, the peat areas are gone or too thin to be mapped as peat soils.	Complied
Indicator 4.3.5 Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	
Findings	Compliance Status
No drainability assessment is necessary due to peat soil at the visited estates.	Not applicable
Indicator 4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	
Findings	Compliance Status
No fragile or problematic soils at the visited estates.	Not applicable
Criterion 4.4 Practices maintain the quality and availability of surface and ground water.	
Indicator 4.4.1 An implemented water management plan shall be in place. Minor Compliance	
Findings	Compliance Status
The visited estates have their water supply from government i.e. Syarikat Air Johor (SAJ). Nonetheless, water management plan was still maintained. Among the water management plan established by the estates are, rain water harvesting especially for washing purpose, awareness training among workers to use water efficiently such as use wastewater for watering plant and regular checking of piping. The estates have also allocated buffer zone along the natural water ways. Based on their policy, agrichemical application is prohibited at the allocated buffer zone.	Complied
Indicator 4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance	
Findings	Compliance Status
As spelt out in their Slope and River Protection Policy, buffer zone shall be allocated at both sides of the natural water ways which size is depending on the width of the river/water ways. Oil palms which are happened to be inside the buffer zone are marked with red paints and no agrichemical application is allowed in this area.	Complied
Indicator 4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	
Findings	Compliance Status
Under Jadual Pematuhan [License No.: 002167, doc ref.: AS(B)J 31/152/000/084Jld.7 PL-002167(01)/043/2016] Hadapan POM is required to treat its effluent until the BOD level is below 5,000 mg/l before discharging through land application. Based on the quarterly returns to the DOE, BOD readings of final discharge were below 5,000 mg/l all the while. The samples of final discharge were analysed by Sime Darby Research laboratory.	Complied
Indicator 4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	



Findings	Compliance Status
Hadapan POM monitored its water usage monthly and maintained the records. Based on the past 12 months records, the average water usage per mt FFB processed were 1.1 m ³ /mt.	Complied
Criterion 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	
Indicator 4.5.1 Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	
Findings	Compliance Status
Implementation of IPM is guided by the ARM, Section 15, Plant Protection. Major pest at the visited estates is mainly rats. IPM implemented to suppress the rat population is by rearing barn owl (<i>tyto alba</i>). The barn owls population status is monitored through census done annually. Based on the latest census done in January 2017 at Kulai Estate, out of 140 boxes, 52% were occupied. Rat baiting is done based on calendar baiting by using first generation bait, warfarin. There has been no outbreak of leaf eating pest at the visited estates. Nonetheless, it was noted that beneficial plant such as <i>antigonon leptopus</i> and <i>turnera subulata</i> were planted along some of the field roads to host the predators.	Complied
Indicator 4.5.2 Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	
Findings	Compliance Status
Training of those involved in IPM implementation was adequately demonstrated through training plan and records. The last training at Layang Estate was conducted on 10/01/2017 during muster for workers. It was also noted that training on substitution of methamidophos to Impact 75 [a.i.: Acephate 75%] was conducted by the Sime Darby Zone Office to its staff.	Complied
Criterion 4.6 Pesticides are used in ways that do not endanger health or the environment	
Indicator 4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	
Findings	Compliance Status
SOP for safe agrochemicals usage, the safety aspects and the precaution that needs to be practiced are incorporated in the respective SOPs. SOPs for use of selective products that are specific to targets pests are described in ARM. Among the main chemicals used were warfarin for rodents, glyphosate and metsulfuron methyl for narrow and broadleaf weeds respectively.	Complied
Indicator 4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	
Findings	Compliance Status
Pesticides usage per Ha and per mt FFB basis is available and last updated until December 2016. Based on the records, the consumption (mainly warfarin, glyphosate and metsulfuron methyl).	Complied
Indicator 4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	
Findings	Compliance Status
The IPM implementations described in Indicator 4.5.1 are meant to minimise the use of pesticides. There has been no prophylactic use of pesticides at the visited estates.	Complied



<p>Indicator 4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance</p>	
Findings	Compliance Status
Types of pesticides used were recorded in accordance to Occupational Safety and Health [Use and Standard of Exposure Chemical Hazardous to Health (CHRA)]. The major chemicals such as glyphosate, cypermethrin, metsulfuron and warfarin are those registered under the Pesticides Act 1974 (Act 149). Chemicals of Class I and II are not in use nor available in the premise.	Complied
<p>Indicator 4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance</p>	
Findings	Compliance Status
Workers handling the pesticides at mixing area and field application were seen wearing appropriate PPE. Washing, shower and changing room facilities are provided at Kulai and Layang estates.	Complied
<p>Indicator 4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance</p>	
Findings	Compliance Status
Storage of all pesticides observed at the Kulai and Layang estates with proper signage, provided with PPE, First Aid Kit, Safety Data Sheet (SDS), Spillage Kit and all chemical containers are placed on secondary containment tray.	Complied
<p>Indicator 4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance</p>	
Findings	Compliance Status
Workers handling the pesticides at mixing area and field application were seen wearing appropriate PPE. Washing, shower and changing room facilities are provide at the Kulai and Layang estates. Drip tray used to contain any drip while dispensing from main tank to spray tank. However at Kulai Estate washing/mixing area observed with spillage of chemical sludge [pesticide mixed with water] to land from underground spill trap container.	Complied
<p>Indicator 4.6.8 Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance</p>	
Findings	Compliance Status
Aerial application of Agrochemicals is not practiced at this CU.	NA
<p>Indicator 4.6.9 Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (See Criterion 4.8). Minor Compliance</p>	
Findings	Compliance Status
Training plan sighted including refresh training for chemical handling. See Criterion 4.8.	Complied
<p>Indicator 4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and</p>	



managers shall be demonstrated (see Criterion 5.3). Minor Compliance	
Findings	Compliance Status
Pesticide empty containers, waste oil, used filters, etc. was seen to be kept in locked designated waste store. Disposal of waste material are in accordance with procedure and legal requirement.	Complied
Indicator 4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	
Findings	Compliance Status
Medical surveillance reports were available at both Kulai Estate & Layang Estate.	Complied
Indicator 4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	
Findings	Compliance Status
All spraying activities are handled by men at both Kulai & Layang estates.	Complied
Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	
Indicator 4.7.1 An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	
Findings	Compliance Status
At Kulai, Layang Estates and Hadapan mill there is a health and safety policy in place titled "Occupational Health and Safety Policy" in English and Bahasa Malaysia signed by Managing Director in January 2015. The policy covers mitigation of risks to employees, workers, contractors and visitors' health and safety at all workplace activities. Workers are made aware of and understand the policy through morning muster briefing, awareness training and during induction for newly employed. There a health and safety plan in place in the form of yearly OSH Programme; from July 2016 to June 2017. The programme includes targets for improving occupational health and safety. Evidence of implementation of the plan in place as sighted reports such as Workplace Inspections [July & October 2016], once in 3-months safety meeting [Aug & November 2016]; effectiveness of the health and safety plan being monitored. The health and safety plan made publicly available by displaying on the notice board. Action plan discussed in safety meeting if targets are not achieved. At Layang estate occupational health and safety policy displayed in the meeting room, workshop & assembly area. Medical surveillance 2016 don on 16-17.5.16 at Klinik Layang & Rengam for 25 workers. Further medical surveillance plan for 2017. Layang estate safety & health committee meeting held every 3 months; noted last year 4 minutes of meeting available [last 4 meetings Nov16, July16, Apr16 & Feb16]; reviewed minutes of meeting for Nov16; issues discussed were previous issues, incident, workplace inspection & other issues; attended by all committee members consisting of employees / employer's representatives, & contractors rep. noted issues with action by responsible person, target date and status updated.	Complied
Indicator 4.7.2 All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	
Findings	Compliance Status
At Kulai and Layang Estates risk assessments conducted for all operations covering all the organization's processes and activities as seen in 'HIRARC' records which were reviewed annually, the last review in July 2016 and	Complied



<p>November 2016 respectively; e.g. during Harvesting; snake bite is identified as Hazard; existing control is workers provided with rubber boot. If any accidents occurred, the risk assessments reviewed with action plans to prevent further recurrence; e.g.</p> <ul style="list-style-type: none"> On 7.12.16 at Field 1985 Kulai Estate, worker injured his right arm with falling frond while pruning. HIRARD reviewed in Dec 2016. HCTP retraining conducted on 22.12.2016. On 22.5.2016 at Layang Estate, worker injured his right knee with falling fruit bunch while harvesting. HIRARC reviewed in Nov 2016. HCTP retraining conducted on 3.1.17. HIRARC for Layang estate was updated in May 2016 and now includes risk assessment for electrocution/working under TNB Overhead Power Line (OHPL). 	
<p>Indicator 4.7.3 All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance</p>	
Findings	Compliance Status
<p>At Kulai estate, workers involved in the operation appropriately trained in safe working practices, e.g. on 22.12.16 HCTP Training - Pruner conducted for 24 Pruners by Assistant Estate Manager as per Training Plan. Adequate and appropriate protective equipment [PPE] available to all workers at the place of work to cover all potentially hazardous operations; e.g. during field tour at Kulai Estate witnessed pesticide application, harvesting & manuring by workers wearing appropriate PPE, i.e. Rubber Boot, Apron, Rubber Gloves & Respirator. The Respirator filters being replaced every 2 weeks. At Layang estate, witnessed workers wearing appropriate PPE during pesticide application, harvesting, machine operation & culvert repair.</p>	<p>Complied</p>
<p>Indicator 4.7.4 The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance</p>	
Findings	Compliance Status
<p>At Kulai Estate Four Assistant Estate Managers are the responsible to implement OSH programmes. EHS Committee established with workers, employer and contractors representatives. Meetings conducted as planned of once every 3 months; sighted minutes of meetings [sampled 2 meetings on 19.8.16 & 18.11.16], recording attendees and issues discussed were about health, safety and welfare. At Layang estate OSH programmes established & implemented & monitored by Assistant Estate Managers. Safety & Health committee meetings conducted as planned of once every 3 months. Raised issues were being recorded and action plan established pertaining to health, safety and welfare.</p>	<p>Complied</p>
<p>Indicator 4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance</p>	
Findings	Compliance Status
<p>At Kulai & Layang estates there is SOP for accidents and emergencies; i.e. 'Pelan Tindakan Kecemasan' - Emergency Response Plan - at workplace; covering potential emergencies, such as accident, animal attack, fire, chemical spillage and flood; Drill conducted regularly; the last drill in 2015. Accidents are investigated and action taken to prevent recurrence; e.g. All accident up-loaded into SMS IT System with action taken to prevent recurrence. Accident records provided to the local authority in accordance with local legal</p>	<p>NCR (HDP/SAB1-4/S1/0117)</p>

<p>requirements. E.g. On 7.11.16 Nuralam, a pruner, cut his toe with dropping frond while pruning; JKPP6 Form submitted to DOSH; refresh training conducted to prevent recurrence. List of Emergency Contact List available & displayed at strategic locations. Operators trained in First Aid in both field and other operations; sighted First Aider List; First Aid kits available at various locations including at field, workshop, chemical store, admin office & etc. At Layang estate records of all accidents up-loaded into SMS IT System and discussed / reviewed in safety & health committee meeting for awareness and reminder for recurrence prevention. At Layang estate there is an "Emergency Preparedness & Response" QSHE/09 procedure; established 'Emergency Response Team', Evacuation Plan [for office & Town Hall], Chemical Spillage Response Plan, Wild Life Attack Response Plan, Night Emergency Plan, Fire Emergency Plan, Workers Strike Response Plan, Flood Response Plan, etc. Emergency Contact Numbers displayed; Evacuation Plan/Fire Equipment Locations, First Aid Box [numbers, Location & Person In Charge]; Fire Drill held on 13.1.17; Fire Extinguishers Usage Training; All workers involved as seen in Attendance List on 13.1.17. Pictures evidence noted. There are 14 trained First Aiders from field workers, staff, Assistant Police & school teacher. 14 First Aid Boxes are available. At Hadapan mill there is SOP for accidents and emergencies; i.e. 'Pelan Tindakan Kecemasan' - Emergency Response Plan - at workplace; identified Fire, accident & security as the main potential emergency. Drill conducted regularly; the last fire drill in September 2016 with local authority; Accidents are recorded in SMS IT system; Last accident record was on 30.9.16 with 5 days medical leave; proper JKPP6 Form submitted to DOSH; new corrective action introduced; yearly 2016 incident statistic, JKPP6 Form submitted to DOSH on 12.1.17. However at Hadapan mill Fire Fighting Pump House is not working properly; except for Standby pump/engine driven; i.e. [1] Automatic Jockey pump keep cut-in and cut off - suspect there is water leaking or sensor/pressure switch problem, [2] As for Duty Pump when tested, it runs but have to switch off manually. Records of 'Fire Fighting Pump Test Run Record Book' reviewed; recorded monthly test run. Therefore an NCR was assigned.</p>	
<p>Indicator 4.7.6 All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	
<p style="text-align: center;">Findings</p> <p>At Kulai Estate, all workers are provided with medical care and covered by accident insurance by the company for contract workers; e.g. Mr Govin Employment Contract for Foreign Workers covering medical & accident Foreign Worker's Compensation Scheme [FWCS]. Accidents that have occurred with evidence that the affected workers received appropriate medical treatment, and was able to claim and receive compensation under the insurance policy. E.g. on 18.2.16 to 28.2.16 Mr Mundal Ismail [Indian] was temporary disabled for 8 days & claim paid by FWC. At Layang estate sample 1 accident on 13.10.16, where an Indian national injured his toes while climbing down from trailer; got 66 medical/sick leave; received proper emergency medical treatment at Kluang Hospital; insurance claim in progress through JTK[Labour Office Dept.]. JKPP6 form submitted to DOSH office on 27.10.16 as required by the regulation.</p>	<p style="text-align: center;">Compliance Status</p> <p>Complied</p>
<p>Indicator 4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	
<p style="text-align: center;">Findings</p> <p>For Kulai and Hadapan mill, a JKPP 8 form submitted in January 2017 to DOSH for January to December 2016 incident statistic. At Layang estate, form JKPP8 to be sent before 31.1.17. Noted in 2016, LTA [LTI] cases & non-LTA [LTI] cases recorded.</p>	<p style="text-align: center;">Compliance Status</p> <p>Complied</p>
<p>Criterion 4.8 All staff, workers, smallholders and contract workers are appropriately trained.</p>	
<p>Indicator 4.8.1</p>	



<p>A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.</p> <p>Major Compliance</p>	
Findings	Compliance Status
<p>The CU continued their training needs identification and programmes for the fiscal year 2016/17. Trainings were either conduct internally by its own staff or externally by other department within Sime Darby Group or by consultant. Training records observed were updated and maintained. In general the identified trainings covered the aspects of safety, environment, best practices and social.</p>	Complied
<p>Indicator 4.8.2 Records of training for each employee shall be maintained.</p> <p>Minor Compliance</p>	
Findings	Compliance Status
<p>Records of training were well maintained at the visited operating units. E.g. of some sighted records:</p> <ul style="list-style-type: none"> • Pest & Disease training by R&D Dept. on 17/10/2016 - attended by AMs (2 pax) • Chemical Handling & Scheduled Wastes training by ESH Officer on 4/1/2017 - attended by 16 persons (workers, staff & executive) • Frond Stacking training by AM on 30/9/2016 - attended by 9 workers • Premium Quality (PQ) Production training by Manager on 11/10/2016 - attended by executives of SOU 23 & 24 • Best Practice on P&D Sprayer by AM on 26/9/2016 - attended by 13 workers & staff • Manuring good practice & safety awareness by Manager on 8/9/2016 - attended by 7 executive staff & workers • Manuring application by AM on 3/9/2016 - attended by 7 executive, staff & workers • Spraying pump maintenance by supplier - once in 3 months - last conducted was on September 2016 • Harvesting competency training program by AM on 12/5/2016 - attended by 19 harvesters • Supply Chain Certification System Training on 4.10.16 attended by 13 workers. • Training for Code of Business Conduct was provided to employees (e.g. 14/12/15 for Whistle Blowing Information to POM workers) and stakeholders. 	Complied

<p>Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>	
<p>Indicator 5.1.1 An environmental impact assessment (EIA) shall be documented.</p> <p>Major Compliance</p>	
Findings	Compliance Status
<p>At Hadapan POM and the visited estates, the Environmental Aspects & Impacts (EAI) and Environmental Impact Evaluation (EIE) have been conducted between November and December, 2016 according to the scope of operation covering boiler operation, bio-gas plant, effluent treatment plant, waste disposal, cleaning, spraying, maintenance, transportation, harvesting, pruning, water treatment, pests and diseases palms by controlled, to name a few. This exercise has also identified the GHG emission as one of the pollutants.</p>	Complied
<p>Indicator 5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative</p>	



<p>effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance</p>	
Findings	Compliance Status
<p>At Kulai Estate an environmental management plan in place for year 2016/17; with responsible person, Potential impacts mitigating measures and time frame. Noted implemented for 7 environmental issues; e.g. chemical leakage, water drain from workshop, lubricants spillage, oil/sump trap, scheduled/clinical waste, soil erosion, etc. At Layang Estate, 11 environmental issues listed in the "Environmental Management Plan/Pollution Prevention Plan - FY 2016/17" signed by manager, Mr Nazri Ab Aziz.</p>	Complied
<p>Indicator 5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance</p>	
Findings	Compliance Status
<p>At Kulai Estate the plan incorporate a monitoring updates. At Layang Estate 'Time Frame' updated status of each plan. Updating of the progress of plan is carried out by the assistant managers and the results of the monitoring effectiveness are reviewed in the management units operating meetings. Mitigation measures were included in the environmental management plan.</p>	Complied
<p>Indicator 5.2 he status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>	
<p>Indicator 5.2.1 Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance</p>	
Findings	Compliance Status
<p>Generic HCV Assessment was done for SOU 24 by PSQM Department and final report is dated June 2014. Method of assessment consists of</p> <ol style="list-style-type: none"> 1) compilation of secondary and available primary data, including preliminary stakeholders consultation 2) Fieldwork and primary data collection - physical inspection, site observation, internal & external stakeholders consultation <p>In general, the areas identified as conservation were of river reserve, water catchment pond, slope area, forest border, peat swamp/fire prone.</p>	Complied
<p>Indicator 5.2.2 Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance</p>	
Findings	Compliance Status
<p>No RTE species detected at the visited estates. Among the action plans taken which were recommended in the HCV report were prohibition of agrochemicals application at river reserve & water catchment, planting of anti-erosion vegetation at slope area & bare ground, erection of prohibition of hunting signage and continue to educate employees on conservation of wildlife.</p>	Complied
<p>Indicator 5.2.3 There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance</p>	
Findings	Compliance Status
<p>The awareness among the workers was created through morning briefing from</p>	Complied



time to time. The information about disciplinary measures was also given during the briefing e.g. monetary fine up to RM50,000 or 2 years imprisonment (WCA 2010, Chap 4, Section 76).	
Indicator 5.2.4 Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	
Findings	Compliance Status
Monitoring of action plan was carried out at appropriate frequency as a mechanism to ensure effectiveness of implementation. Report of the monitoring was adequately recorded by the person in-charge. At Kulai estate, there is demarcation of the buffer zone for river/water course to ensure no chemical application. However, it was sighted during field visit [near U4 river water sampling point] there is evidence of spraying activity at the buffer zone. The same finding was raised in the previous assessment and therefore this has been upgraded to major NC.	NCR (HDP/SAB2-4/S1/0117)
Indicator 5.2.5 Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	
Findings	Compliance Status
Based on the HCV report, there was no area that needs to be set aside for local communities. Therefore, special agreement is not necessary.	NA
Criterion 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	
Indicator 5.3.1 All waste products and sources of pollution shall be identified and documented. Major Compliance	
Findings	Compliance Status
The identified wastes were documented in Waste Management Action Plan (2016/17) Among the major wastes identified are: <ul style="list-style-type: none"> • Scheduled wastes [Spent oils, sludge from mineral oil storage tank (SW310), Spent Isopropyl alcohol & reagent (SW322), spent chloroform (SW323), spent silica gel (SW405), rags/filters (SW410), contaminated containers (SW409), etc. • Solid waste [domestic wastes from housing, office, etc.] • Industrial wastes [POME, EFB, scrap metal, compost] 	Complied
Indicator 5.3.2 All chemicals and their containers shall be disposed of responsibly. Major Compliance	
Findings	Compliance Status
Chemical containers at estates are triple rinsed and punctured before disposed through licensed vendor. At the mill, chemical containers are categorised as scheduled wastes and disposed through licensed vendor. At Kulai estate there was an inventory of chemicals and their containers which are used and kept. The used chemicals and their containers stored at locked designated store area and disposed of where necessary and records of chemicals and their containers maintained. However, it is noted that at the Pesticide/Chemical Mixing Area, the Chemical Wash Sump is overflowing into the drain. Therefore an NCR was assigned.	NCR (HDP/SAB4-4/S1/0117)
Indicator 5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	

Findings	Compliance Status
<p>Action plan to manage the disposal of wastes is documented in the same Waste Management Action Plan (2016/17). Among the method of disposal are through SW Reg. 2005, landfill, application of industrial waste at the estates and bio-gas plant.</p> <p>At Kulai estate there is a documented waste management and disposal plan to avoid or reduce pollution where it was identified and monitored sources of waste and pollution. Approved DOE contractor e.g. Perniagaan Saudara Baru collected 240 litres SW305 used oil on 14.1.17. However, other scheduled waste were not disposed since year Dec 2015 SW410 for Spent Filters [SW410] and the labelling of scheduled waste for SW410 Used Rags, SW102 Used Batteries & SW305 Used Oil were not according with EQA 1974; EQ (Scheduled Wastes) Regulations, 2005. Therefore, an NCR was raised under Indicator 2.1.1.</p>	NCR (HDP/SAB3-4/S1/0117)
<p>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>	
<p>Indicator 5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance</p>	
Findings	Compliance Status
<p>As the mill obtained its electricity supply from the national grid, the usage of diesel is negligible. As for the estates, diesel consumptions were recorded monthly. The use of renewable bio-fuel i.e. fibre and shell at the mill's boiler operations has been maintained and recorded.</p>	Complied
<p>Criterion 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.</p>	
<p>Indicator 5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance</p>	
Findings	Compliance Status
<p>There was no evidence of burning for the purpose of land preparation. This is in line with SDPSB's Environment & Biodiversity Policy i.e. to comply with all statutory and regulatory requirements.</p>	Complied
<p>Indicator 5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance</p>	
Findings	Compliance Status
<p>No evidence that fire has been used for preparing land. Palms that were felled during replanting were shredded, windrowed and left to decompose in the field as evident in the replanting Field 2015 of the estates.</p>	Complied
<p>Indicator 5.6 <i>Preamble</i> <i>Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions.</i></p> <p><i>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</i></p>	
<p>Indicator 5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). Major Compliance</p>	
Findings	Compliance Status



<p>GHG calculation for 2016 is still in progress due to the process of gathering data from related sources takes more time. Nevertheless, the SOU is expected to come out with the result in February 2016.</p> <p>GHG calculation for 2015, was made using the version 2.1.1 RSPO GHG Calculator. From this calculation, the GHG emissions value was 0.84 tCO₂e/t CPO or PK. The report was submitted by the SOU on 7/10/2016. The delay was due to unfamiliarity of using the calculator.</p> <p>Other polluting activities such as dark smoke emission and mill effluent discharge were also assessed through environmental impact evaluation.</p>	Complied
<p>Indicator 5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance</p>	
Findings	Compliance Status
The CU maintained its documented plans to mitigate environmental pollution associates to its activities. Cross refer to C5.1. The CU has also completed the construction of a bio-gas plant and expected to commence soon. This plant will help to reduce the methane emission.	Complied
<p>Indicator 5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance</p>	
Findings	Compliance Status
Smoke emission from the mill's boiler's chimney was monitored in accordance to regulations such as dark smoke emission, stack emission and ambient air monitoring. Best practice of boiler operation has been implemented to ensure the smoke emitted is within the regulated limit. This included the calibration of its smoke density meter in appropriate interval by competent vendor. The quality of the final discharge of effluent was also monitored in regulated interval. Discharge samples were analysed by an accredited laboratory and the main parameter for this mill was BOD.	Complied

<p>PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLERS</p>	
<p>Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>	
<p>Indicator 6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance</p>	
Findings	Compliance Status
The initial SIA was conducted from 3 - 7 Feb. 2014 for SOU24 (both sites involved). Report maintained. SIA was conducted based on the Impact Assessment Manual by Federal Dept. of Town & Country Planning Peninsular Malaysia and Malaysian Society of Impact Assessment.	Complied
<p>Indicator 6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance</p>	
Findings	Compliance Status
Assessment was conducted with the involvement of affected party such as government agencies (Police, public clinic), surrounding neighbour (Kg. Seri Paya, SRJK Ladang Kulai), workers, NUPW representative, contractors/suppliers. Methodology of getting information is through interview guided by sets of questionnaire. Verification of the questionnaire shows that the affected parties are able to express their views.	Complied
<p>Indicator 6.1.3</p>	

Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	
Findings	Compliance Status
Identified areas of concerns from the SIA exercise are summarised in a timetable (The Management Plan on Social Impact Assessment) which consists the action to be taken, status of action, person in-charge and dates.	Complied
Indicator 6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	
Findings	Compliance Status
At the visited operating units, the Management Plan on Social Impact Assessment was reviewed on yearly basis. Sighted plan for Y2015/2016 and plan for Y2016/2017. The Plans were discussed in various type of meeting on 15/4/16, 8/9/16, 11/1/17 as reported in the meeting minutes.	Complied
Indicator 6.1.5 Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	
Findings	Compliance Status
There is no smallholder scheme to be included in the plantation.	Complied
Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.	
Indicator 6.2.1 Consultation and communication procedures shall be documented. Major Compliance	
Findings	Compliance Status
Addressed in the <ul style="list-style-type: none"> • Procedure for External Communication [Appendix 5.5.3.2 of their Standard Operating Manual (SOM)] • Responsibility, Authority & Communication [Sub-section 5.5 of their SOM] - for internal communication Meeting is held on annual basis. Meeting minutes maintained. Last meeting was held on 11/1/17 (Layang Estate) and 4/11/16 for (Hadapan POM). Issues highlighted and actions taken have been documented. There is no major issue happened.	Complied
Indicator 6.2.2 A management official responsible for these issues shall be nominated. Minor Compliance	
Findings	Compliance Status
PIC has been appointed to handle social issue at both sites. E.g. Pn. Noraziah (Asst. Manager for Layang Estate) has been appointed as person-in-charge in Layang Estate. Appointment Letter issued from Management on 1/4/16.	Complied
Indicator 6.2.3 A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	
Findings	Compliance Status
List of Stakeholders established. The record of communication from stakeholders maintained. The actions were taken and record maintained in Communication with Stakeholders FY2016/2017.	Complied
Criterion 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	
Indicator 6.3.1	
The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	
Findings	Compliance Status
Sighted the "Carta Aliran Pengendalian Isu Sosial" (App. 5 of Flowchart & Procedure on Handling Social Issues) has been established to define the communication method for social issues received from affected stakeholders. SIA will be carried out for investigation and record to be maintained as defined in the procedure. The initial negotiation between organisation and the affected parties to be settled within 2 weeks timeframe. For whistleblowing, it is addressed in the Group Policies and Authorities, GPA No. B5 Whistleblowing, dated 27/2/2014. The document is to provide mechanism for reporting, investigating and remedying and wrongdoing (fraud, misappropriation of assets, conflict of interest, sexual harassment, criminal breach of trust, illicit and corrupt practices, to name a few) - the policy is also available at the company's website.	Complied
Indicator 6.3.2	
Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	
Findings	Compliance Status
External & Internal Communication Log Books are being used to record the feedback from external and internal stakeholders at all the visited operating units. There was no dispute case for this certification unit.	Complied
Criterion 6.4	
Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	
Indicator 6.4.1	
A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	
Findings	Compliance Status
Identifying legal, customary or user rights is done via SIA. If there is any case, the issues will be handled under "Flowchart and Procedures on Handling Land Disputes" [Appendix 3 of Sustainable Plantation Management System (SPMS)].	Complied
Indicator 6.4.2	
A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	
Findings	Compliance Status
There was no evidence of claims involving customary or user rights.	Complied
Indicator 6.4.3	
The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	
Findings	Compliance Status
There was no evidence of claims involving customary or user rights.	Complied
Criterion 6.5	
Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.	
Indicator 6.5.1	
Documentation of pay and conditions shall be available.	



Major Compliance	
Findings	Compliance Status
Pay conditions are spelt out in collective agreement which is developed with agreement between the management and NUPW as can be seen in the workers' contract, pay slip and MAPA No. 14/2016.	Complied
Indicator 6.5.2	
Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.	
Major Compliance	
Findings	Compliance Status
The employment term & condition were stated in the worker's contract and MAPA (in Malay and English). For foreign workers, HR/Admin personnel explained the employment term & condition to them. Workers were interviewed in the audit and they confirmed there was explanation of contract from management office. However, noted that the Letter of Employment for foreign worker has not defined in detail of job resignation procedure (such as period of notice etc.). Therefore, NCR was assigned.	NCR (HDP/GBK1-1/S1/0117)
Indicator 6.5.3	
Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).	
Minor Compliance	
Findings	Compliance Status
Water/electricity supply and amenities have been provided to the workers who stay in estate housing area. Government school built in the estate which managed by the Education Ministry of Malaysia.	Complied
Indicator 6.5.4	
Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food.	
Minor Compliance	
Findings	Compliance Status
Minimart is available in the estate/mill. Price of goods was monitored by Social Person-in-charge. Local workers have own transportation to go to market in the town to buy foods.	Complied
Criterion 6.6	
The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	
Indicator 6.6.1	
A published statement in local languages recognising freedom of association shall be available.	
Major Compliance	
Findings	Compliance Status
Defined in the Social Policy dated in Jan'15 which has been displayed at notice board for workers' communication. The workers inclusive of foreign workers (Indonesia and Bangladesh) are having the right to join trade union named NUPW (National Union of Plantation Workers). Based on feedback from the workers, they were of their right to join association.	Complied
Indicator 6.6.2	
Minutes of meetings with main trade unions or workers representatives shall be documented.	
Minor Compliance	
Findings	Compliance Status
There is Trade Union named NUPW established. Meeting was held bet. Union and Management on yearly basis. Meeting minutes was maintained. E.g. meeting minutes dated on 8/9/16.	Complied
Criterion 6.7	



Children are not employed or exploited.	
Indicator 6.7.1 There shall be documentary evidence that minimum age requirements are met. Major Compliance	
Findings	Compliance Status
Social Policy established by MD on Jan'15 to commit on prohibition of child labour. In the company's Semua System, there is an Employee Master Listing [computer system] that is used as data base for workers profile which has the information about names, ID number, DOB and date of joining. The list of workers and worker's ID has shown that min age of worker recruited is 18 years old.	Complied
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	
Indicator 6.8.1 A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	
Findings	Compliance Status
Covered by 2 policies: 1) Social Policy 2) Social & Humanity Management Policy Both policies were signed by the Managing Director of SDPSB and communicated through various methods which include displaying at notice boards/walls at the strategic places in the CU, briefing, training, to name a few.	Complied
Indicator 6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	
Findings	Compliance Status
Social Policy dated in Jan'15 has included the prohibition of discrimination in terms of gender/women, migrant workers, race, religion etc. Based on the interview with the workers, there has been form of discrimination practiced by the employer. All the pay, benefits and facilities which include housing, water & electricity supply were provided fairly.	Complied
Indicator 6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	
Findings	Compliance Status
There was no evidence of discrimination in recruitment of employees. The selections were all done based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.	Complied
Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	
Indicator 6.9.1 A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	
Findings	Compliance Status
Covered by Gender Policy dated January 2015. There has been no report of harassment or abuse ever since the last assessment. Nevertheless, awareness about it was kept on created through gender committee, trainings, briefing and specific complaint procedure to handle such incident was available.	Complied
Indicator 6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	

Findings	Compliance Status
The Social & Humanity Management Policy dated in Jan'15 has demonstrated the commitment to prevent sexual and other forms of harassment. The policy has been displayed at notice board for all workers' reference. Training for SOU 24 was done on 29/12/2016 at Hadapan POM incorporated with HCV, Gender and Human Rights. Kulai Estate was represented by 3 staff (1 AM, 1 HA and 1 clerk). Interview with them showed that training was done effectively. These staff will then communicate about the reproductive rights policy to the rest of the employees through morning briefing, gender meeting, training, etc. This is also seen in the annual training plan for Kulai Estate. It is planned in March 2017.	Complied
Indicator 6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	
Findings	Compliance Status
The Grievance Process Flow (eff. 1 May 2013) has been established. Training was provided to employees on 9/11/16 and 21/12/15.	Complied
Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	
Indicator 6.10.1 Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	
Findings	Compliance Status
Mechanism to pay the prices of FFB from third party is based on MPOB guidelines and this is documented in a procedure.	Complied
Indicator 6.10.2 Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	
Findings	Compliance Status
At the moment, the third parties sent their FFB to Hadapan mill on voluntary basis and no contract agreement involve. Nonetheless, the pricing mechanism of FFB has been explained to the voluntary suppliers.	Complied
Indicator 6.10.3 Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	
Findings	Compliance Status
At the moment, the third parties sent their FFB to Hadapan mill on voluntary basis and no contract agreement involve.	Complied
Indicator 6.10.4 Agreed payments shall be made in a timely manner. Minor Compliance	
Findings	Compliance Status
Payment has been paid promptly according to the invoice and payment vouchers shown.	Complied
Criterion 6.11 Growers and millers contribute to local Sustainable development where appropriate.	
Indicator 6.11.1 Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	
Findings	Compliance Status
Seen the contribution made to schools and religious activities from correspondences letter and the stakeholder meeting minutes/interview session.	Complied
Indicator 6.11.2	



Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	
Findings	Compliance Status
There is no scheme smallholders associated to the CU.	Not applicable
Criterion 6.12 No forms of forced or trafficked labour are used.	
Indicator 6.12.1 There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	
Findings	Compliance Status
Workforce Management Unit (WMU) under HR Dept. Sime Darby Plantations, stationed at Sua Betong, Negeri Sembilan is responsible to recruit workers. Social & Humanity Management Policy dated in Jan'15 has included the prohibition of forced labour in the operation. The policy has been displaced on the notice board for employees' reference. There is no evidence of forced/trafficked labour observed during site visit, worker interview and document reviews.	Complied
Indicator 6.12.2 Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	
Findings	Compliance Status
Based on interview with employees and review of employment contract, there was no evidence of contract substitution.	Complied
Indicator 6.12.3 Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	
Findings	Compliance Status
Covered under Standard Operating & Process Procedure (SOPP) [WMU/WMC-SOPP/MARCH2016, dated 30/3/2016] <ul style="list-style-type: none"> • Statement of the non-discriminatory practices; (in Social Policy) • No contract substitution; (Clause 3.3.4 C.) • Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.; (Clause 3.3.3) • Decent living conditions to be provided (in Employment Contract) The temporary or foreign workers recruited have followed the legal requirements. Work permits are valid, contract signed between employer and workers. Passport is kept by company for safe keeping purpose and consent letter signed by workers. During worker interview session, the workers had feedback that they could move freely in Malaysia with duplicate passport document.	Complied
Criterion 6.13 Growers and millers respect human rights.	
Indicator 6.13.1 A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	
Findings	Compliance Status
The Social & Humanity Management Policy in Jan'15 has included the protection of human right. The training has been given to all employees as shown in the training record dated on 29/12/16.	Complied
Indicator 6.13.2 As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	
Findings	Compliance Status
This indicator is not applicable since Hadapan CU is not located in Sabah or	NA



Sarawak. Nonetheless, SDPSB has addressed this issue under Social & Humanity Management Policy.	
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PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS
There is no development of new planting in this CU and therefore, Principle 7 is not applicable.

PRINCIPLE 8: COMMITMENT TO CONTINUAL IMPROVEMENT IN KEY AREAS OF ACTIVITY		
Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.		
Indicator 8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	Findings	Compliance Status
<ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base 	<p>IPM is in place to reduce the usage of pesticide in the estates. The mill and estates have established the Waste Management Plan for FY 2016/2017 which in general contains the following:</p> <ul style="list-style-type: none"> • The types of wastes produced such as scheduled wastes (including clinical wastes), industrial wastes and domestic wastes to be disposed in appropriate manner and in accordance to legal requirements • Actions to be taken to manage and reduce the wastes. Among some of the measures are recording all waste accordingly, storing the wastes at designated area, landfill management, and training workers about 3R activity. • Setting environmental objectives at the palm oil mill through Environmental Improvement Plan / Pollution Prevention Plan FY 2016/2017 is established. It includes the zero compounds from DOE, zero burning in all operations, minimization of oil spillage, avoidance of effluent overflow at ponds in the effluent treatment plant and maximizing recycling activities. <p>The Management Plan on SIA has been established and monitored on yearly basis.to identify improvement plan in terms of social impact</p>	Complied



Module E – CPO Mills: Mass Balance	
E.1 Definition	
E.1.1 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.	
Findings	Compliance Status
Guided by their SOP for RSPO Supply Chain Certification System and Traceability, the mill is able to record the certified and non-certified FFB entering the mill and also volume sales of RSPO certified products. The amount of FFB received from the non-certified suppliers can be seen in Table 3 of this report.	Complied
E.2 Explanation	
E.2.1 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&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.	
Findings	Compliance Status
The actual and estimated tonnage of CPO and PK products that could potentially be produced by the mill can be seen in Table 11 of this report.	Complied
E.2.2 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).	
Findings	Compliance Status
The mill met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim). This is done by the Sime Darby's Global Trading & Marketing Department (GTM) which is based in Kuala Lumpur.	Complied
E.3 Documented procedures	
E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	
a) Complete and up to date procedures covering the implementation of all the elements in these requirements;	
Findings	Compliance Status
SOP for Sustainable Supply Chain and Traceability (Version 2, issue 2, dated October 2016)	Complied
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.	
Findings	Compliance Status
Responsible PIC is spelt out in Clause 4.0 of the procedure which reads "The Head of Operating Unit shall have the overall responsibility for the implementation of this SOP". For the case of Hadapan CU, the concerned PIC is the Mill Manager (En. Samiun).	Complied
E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	
Findings	Compliance Status
Addressed in the SOP: Clause 6.0: Delivery of FFB from the Estate Clause 7.0: Receiving FFB at the Mill Clause 8.0: Process Monitoring	Complied
Apart from that, the mill operation and production is also guided by its Mill Quality Management System which consists of Quality Management Manual	



and Standard Operation Procedure.	
E.4 Purchasing and goods in	
E.4.1	
The site shall verify and document the volumes of certified and non-certified FFBs received.	
Findings	Compliance Status
The incoming FFB is checked by the mill through verification of weighbridge tickets or delivery order from the certified and non-certified suppliers. The information such as field number, number of bunches, vehicle identification, date, tonnage, etc. will be keyed-in in the computer system which eventually be printed in the mill weighbridge tickets and captured in the summary report.	Complied
E.4.2	
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	
Findings	Compliance Status
No projected overproduction.	Complied
E.5 Record keeping	
E.5.1	
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.	
Findings	Compliance Status
On 31/10/2016, final balance of IP was 276.23 mt. The balance was then brought forward to November 2016 as MB CPO. The mill is recording and balancing their MB products movements in a format called RSPO Records for Oil Mills.	Complied
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.	
Findings	Compliance Status
Verification on the mill's MB Sheet showed that the CPO and PK delivered has been deducted from the accounting system correctly.	Complied
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 (i.e. product can be sold before it is in stock.)	
Findings	Compliance Status
The mill only delivered its CPO and PK from a positive stock. The mill did not sell short for the period under review.	Complied
E.5.2	
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.	
Findings	Compliance Status
No outsourced activities for PK crushing. CPO & PK are delivered 100% to local refineries and crusher plants (mainly to sister companies in Klang and Pasir Gudang).	NA

3.2 Identified non-conformances and noteworthy Positive Components (and status of non-conformities previously identified)

Hadapan CU had improvement made to their RSPO implementation. This can be seen from physical improvement of social responsibilities for its employees, minimal number of incidents related to environmental & occupational and maintaining its productivity at the best possible to maximise the company's profit.

Commitment from top management on the RSPO implementation is also evident during the assessment. The level of awareness among the employees on the RSPO implementation was also observed to be satisfactory. They were able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements.

3.3 Issues raised by stakeholders

Based on the outcome of interview with the stakeholders, generally they had given positive remarks on Hadapan CU. There was no major issue raised by any of them. Among the topics discussed during the interview were relationships between the CU, deliverance of obligations, discrimination aspects and roles on sustainability, to name a few.

The following table summarised the feedbacks received from the stakeholders consulted and their follow-ups.

Table 13: Summary of comments received during stakeholder consultation

Organizations	Feedback/comment received	Verification and follow-up by Bureau Veritas
Berwang Enterprise (contractor for transport, spraying, house repairs)	No issue	None
Cattle farmer	No issue	None
Layang Estate Primary School	No issue	None
SRK Pekan Layang	No issue	None
Bomba	No issue	None
Layang Layang Health Clinic	No issue	None
Chairman of Kampung Melayu Bukit Batu Mosque	No issue	None
SMK Layang-Layang	No issue	None
Union (2 representative Layang Estate)	No issue	None
Chit Sun Contractors SB (road work and machinery supply)	No issue	None
ARM Multiworks (Landscape maintenance and grass cutting)	No issue	None
Cafeteria	No issue	None
Kejuruteraan Dynameca SB (Machine maintenance)	No issue	None
Syarikat Binasina Eng. (Machinery maintenance)	No issue	None
SPKM Eng. (CP Rengam – Engineering & supplier)	No issue	None
KCJ Engineering (Supplier for machine parts)	No issue	None
Mini Market (Hadapan Estate)	No issue	None
KT service Ent. (spare parts supplier)	No issue	None
KWG Eng. SB (Industrial automation)	No issue	None
MDM Rogayah Sdn Bhd (grasscutting)	No issue	None

4.0 Certified organisation's acknowledgement of internal responsibility

4.1 Assessment conclusion and recommendation

Based on the evidence gathered during the on-site visits it can be concluded that Sime Darby Plantations Sdn. Bhd., Hadapan Certification Unit has conformed to the requirements of the RSPO Principles and Criteria: Malaysian National Interpretation 2014.

Therefore, the assessment team recommends Hadapan Certification Unit to be certified/continue to be certified for RSPO Principles and Criteria: Malaysian National Interpretation 2014.

4.2 Formal sign-off of assessment findings

I, the undersigned, representing Sime Darby Plantations Sdn. Bhd., Hadapan Certification Unit acknowledge and confirm the contents of the assessment report and findings of the assessment.

SIME DARBY PLANTATION SDN. BHD.
C.E.P. RENGAM (C.O. NO: 647766-V)



Manager

NAME: SYED MUHAMMAD BIN SYED ABU BAKAR
Position: CHAIRMAN, SCU 24

Date: 9/5/2017

I, the undersigned on behalf of Bureau Veritas Certification Hong Kong, confirm the contents of the assessment report and findings of the assessment.



NAME: VALENCE SHEM
Lead Assessor

Date: 9/5/2017

Location maps of Hadapan CU

Figure 1: Map showing boundary of each estate

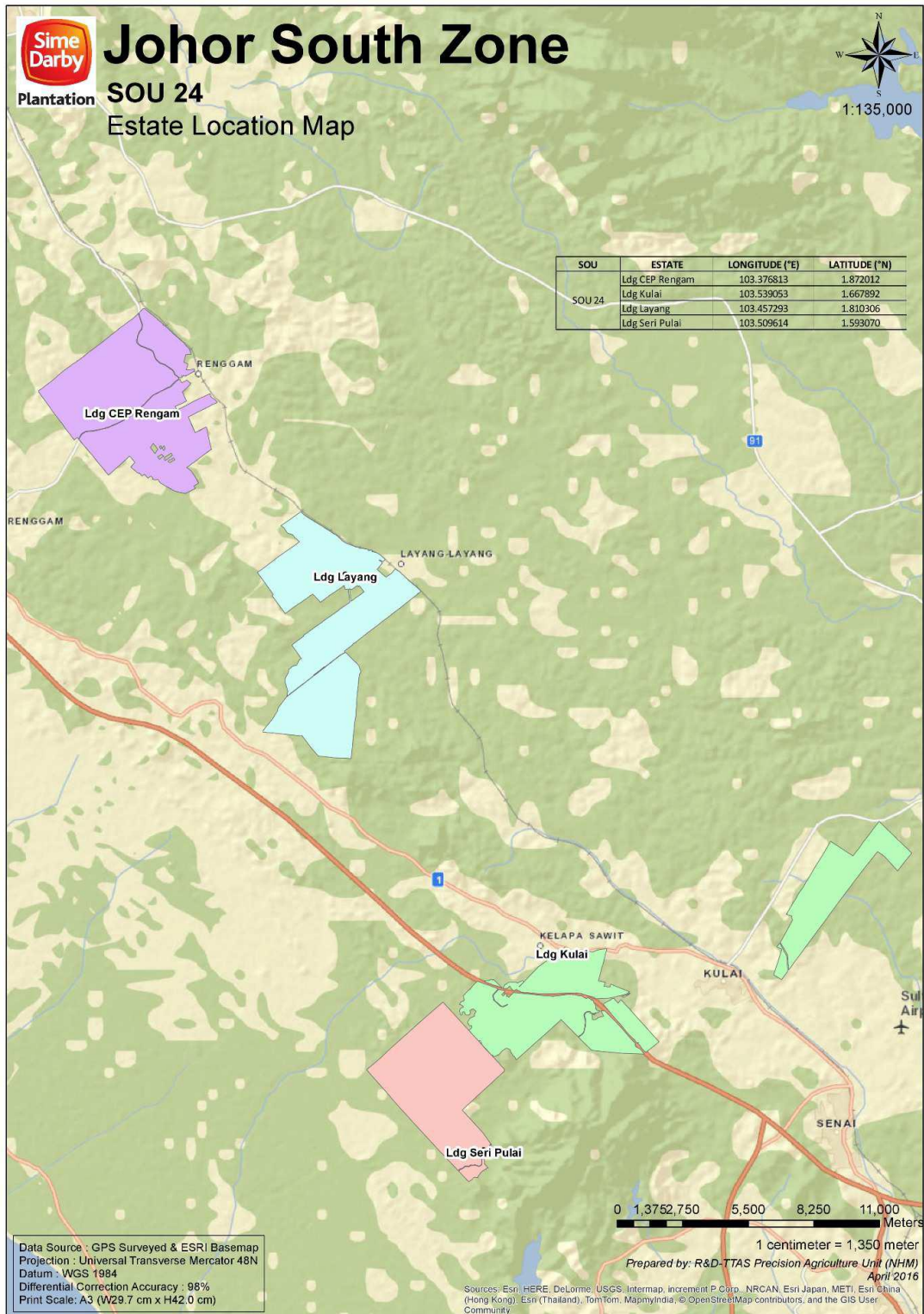
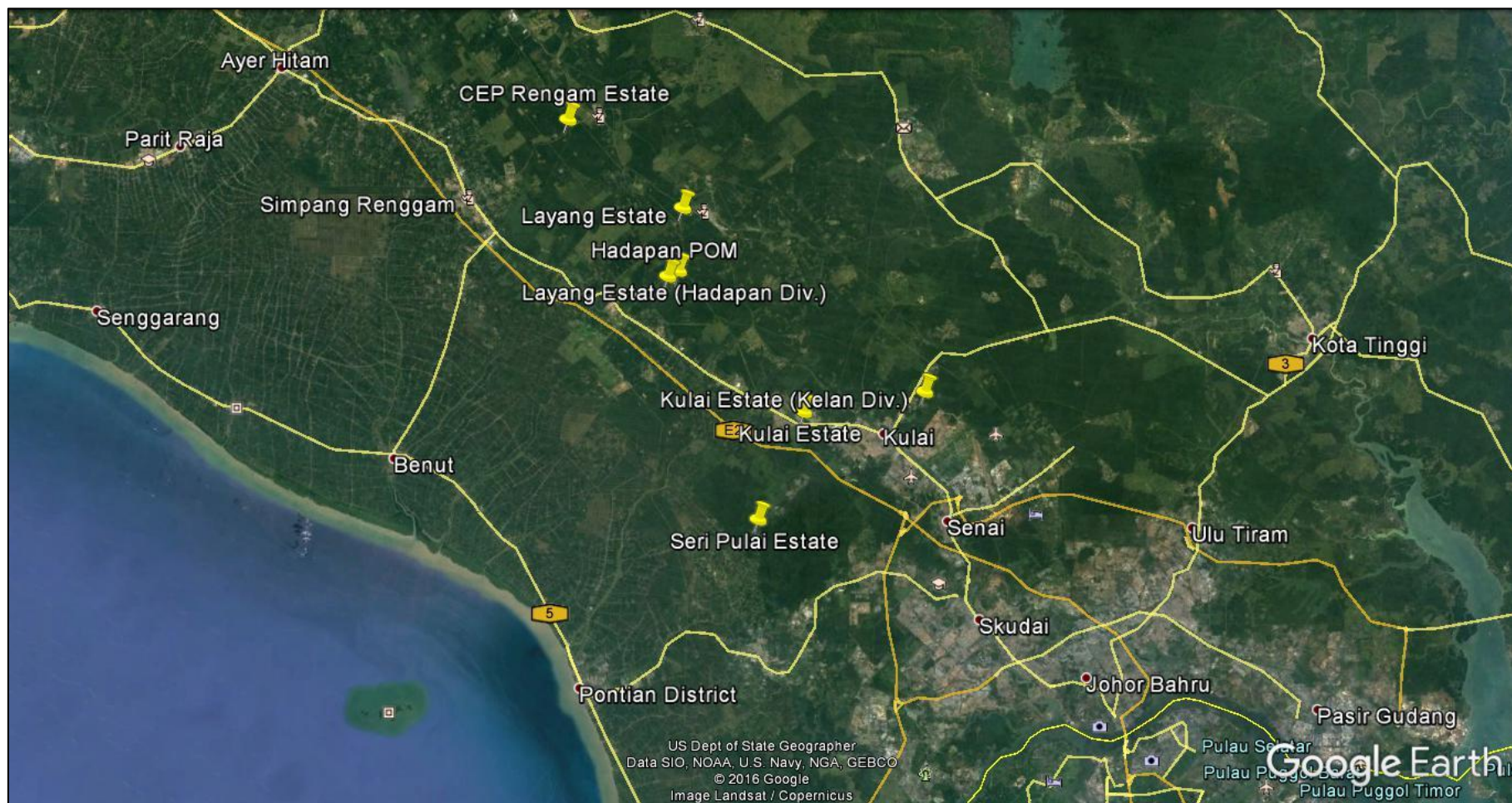


Figure 2: Location of estates and mill via satellite image



Assessment Programme

Day 1: 16 January 2017 (Monday)			
Time	Activities / areas to be visited		
0800-0900	<p>Opening Meeting with SOU Hadapan (<i>venue to be decided by SOU Hadapan</i>)</p> <ul style="list-style-type: none"> Introduction and briefing on Recertification assessment objectives, scope, methodology, criteria and programmes by the Audit Team Leader Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Recertification Assessment 2016), significant change of the organization, progress of Time Bound Plan, etc. by the management representative 		
0900-1300	VAL	SAB	GBK
	<p>Site visit and assessment at Kulai Estate relating to Good Agricultural Practice, social aspects and stakeholder consultation</p> <p>Assessment on related Indicators of P1, P2, P3, P4, P6, P7, P8</p>	<p>Site visit and assessment at Kulai Estate relating to occupational safety & health and environmental</p> <p>Assessment on related Indicators of P1, P2, P4, P5, P8</p>	Nil
1300-1400	Lunch break		
1400-1700	Continue assessment at Kulai Estate	Continue assessment at Kulai Estate	Nil
Day 2: 17 January 2017 (Tuesday)			
Time	Activities / areas to be visited		
0830-1300	VAL	SAB	GBK
	Continue assessment at Kulai Estate	Continue assessment at Kulai Estate	Nil
1300-1400	Lunch break		
1400-1700	<p>Assessment at Layang Estate relating to Good Agricultural Practice and environmental</p> <p>Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8</p>	<p>Site visit and assessment at Layang Estate relating to occupational safety & health</p> <p>Assessment on related Indicators of P1, P2, P4, P8</p>	Nil
Day 3: 18 January 2017 (Wednesday)			
Time	Activities / areas to be visited		
0830-1300	VAL	SAB	GBK
	Continue assessment at Layang Estate – site visit	Continue assessment at Layang Estate – Site visit	<ul style="list-style-type: none"> Arrival at SOU 24 Hadapan. ETA to be confirmed. Site visit and assessment at Layang Estate relating to social aspects and stakeholders consultation <p>Assessment on related Indicators of P1, P2, P4, P6, P8</p>
1300-1400	Lunch break		



1400-1700	Continue assessment at Layang Estate	Continue assessment at Layang Estate	Continue assessment at Layang Estate
1700	-	Depart to KL	-
Day 4: 19 January 2017 (Thursday)			
Time	Activities / areas to be visited		
0830-1300	VAL Site visit and assessment at Hadapan POM relating to environment aspects Assessment on related indicators of P1, P2, P4, P5, P8	SAB Nil	GBK Meeting with stakeholders (Surrounding communities, neighbours, government agencies, smallholders, Union & workers representative, contractors, suppliers, etc.)
1300-1400	Lunch break		
1400-1700	Continue assessment at Hadapan POM	<ul style="list-style-type: none"> Nil Arrival at SOU 24 Hadapan. ETA to be confirmed. 	Site visit and assessment at Hadapan POM relating to social aspects and stakeholders consultation Assessment on related Indicators of P1, P2, P4, P6, P8
Day 5: 20 January 2017 (Friday)			
Time	Activities / areas to be visited		
0830-1230	VAL Site visit and assessment at Hadapan POM relating to Supply Chain implementation including the model used	SAB Site visit and assessment at Hadapan POM relating to occupational safety & health and mill best practice Assessment on related Indicators of P1, P2, P3, P4, P8	GBK Continue assessment at Hadapan POM
1230-1430	Lunch break and Friday Prayer		
1430-1530	Continue assessment at Hadapan POM	Continue assessment at Hadapan POM	Continue assessment at Hadapan POM
1530-1615	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)		
1615-1700	Closing meeting – presentation of assessment findings (<i>venue to be decided by SOU Hadapan</i>)		
1700	Depart to KL		



Details of Non-Conformity and Corrective Actions Taken

NCR No.	: HDP/SAB1-4/S1/0117	Date of issuance	: 20/01/2017
Grade	: Major /Minor	Type of assessment	: ASA I
Implementation deadline : 17/03/2017			
Requirements	Indicator 4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.		
Non Conformity Description of objective evidence:			
At Hadapan Mill Fire Fighting Pump House is not working properly; except for Standby pump/engine driven; i.e. [1] Automatic Jockey pump keep cut-in and cut off at Auto Mode - suspect there is water leaking or sensor/pressure switch problem, [2] As for Duty Pump when tested, it runs but have to switch off manually.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
The auto start/stop malfunction happens due to mill not having a complete checklist in order to ensure pump auto system is always in good working condition.			
Correction (if applicable) <i>(to be filled in by organization)</i>			
Mill to replace the defected pressure switch and re-test the auto start stop of the both electrical pumps.			
Corrective action <i>(to be filled in by organization)</i>			
Mill will add-in additional auto start stop checking procedures into the current weekly inspection checklist, and the procedures to be witnessed and verified by Mill Executive, to ensure mill Fire Fighting pump house is always maintained on the automation pumping operation mode.			
Verification of corrective actions			
The identified root cause, correction and corrective action are acceptable. The evidence and effectiveness of corrective actions will be verified in the next assessment.			
Verified by: Samsudin Abu Bakar			
Status	: Open /Closed	Date of closure	: dd/mm/yyyy

NCR No.	: HDP/SAB2-4/S1/0117	Date of issuance	: 20/01/2017
Grade	: Major/Minor	Type of assessment	: ASA I
Implementation deadline : 17/03/2017			
Requirements	Indicator 5.2.4 Where an action plan has been created there shall be on-going monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. 		
Non Conformity Description of objective evidence: At Kulai Estate there is a demarcation of the buffer zone for river/water course to ensure no chemical application. However, it was sighted during field visit, [at Block 13B, near U4 river water sampling point]; there is evidence of spraying activity at the buffer zone. The same case was found at the mill water catchment at Hadapan Division.			
Root Cause Analysis <i>(to be filled in by organization)</i> New workers were recruited for spraying activity but briefing regarding no spraying activity at the buffer zone area yet to be done to these new workers.			
Correction (if applicable) <i>(to be filled in by organization)</i> New training on buffer zone has been given to all the sprayers.			
Corrective action <i>(to be filled in by organization)</i> Management will do refresher training on buffer zone every time new workers recruited in team aside with the normal schedule briefing for the existing sprayers.			
Verification of corrective actions The identified root cause, correction and corrective action are acceptable. Training records and picture of workers being trained were submitted as evidence.			
Verified by: Samsudin Abu Bakar			
Status	: Open/Closed	Date of closure	: 13/03/2017



NCR No.	: HDP/SAB3-4/S1/0117	Date of issuance	: 20/01/2017
Grade	: Major/Minor	Type of assessment	: ASA I
Implementation deadline : 17/03/2017			
Requirements	Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
Non Conformity Description of objective evidence:			
At Kulai Estate, an approved DOE contractor Perniagaan Saudara Baru collected 240 litres SW305 used oil on 14.1.17; however other scheduled waste are not disposed since Dec 2015 for Spent Filters [SW410] [indicated on the container] and the labelling of scheduled waste for SW410 Used Rags, SW102 Used Batteries & SW305 Used Oil are not in accordance with EQA 1974; EQ (Scheduled Wastes) Regulations, 2005.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - The contractor (Perniagaan Saudara Baru) refused to collect the schedule waste due to transportation issue. Estate was not able to find collectors that willing to collect small quantity of scheduled waste. - Staff responsible on new EQA regulations 2005 was not adequately trained on scheduled waste management especially on the timeframe to dispose of the scheduled waste. 			
Correction (if applicable) <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - Estate has communicated with Perniagaan Saudara Baru to collect our schedule waste and awaiting them for disposal date. - To request to the PSQM Department to arrange refresher training on schedule waste management for executive and staff involved by mid of February. (folder: SW Training>3.0 Scheduled Waste Management, Attendance list, Scheduled Waste Training220217) 			
Corrective action <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - To prepare plan for disposal of schedule waste through certified contractor before 180 days as stipulated under EQA 1974: act 2005. (attachment: folder SW Training>OSH Plan) - To include Scheduled Waste Management Training as part of regular training to be conducted in Estate training plan. (attachment: folder SW Training>Training plan) 			
Verification of corrective actions			
The identified root cause, correction and corrective action are acceptable. Consignment note from Saudara Baru #14049 dated 10/2/2017 was presented as evidence that the scheduled wastes had been disposed according to the regulation. Training material and attendance record on scheduled wastes management were presented to show training has been conducted. To prevent recurrence, waste management & SW management training have been included in the OHS programme 2017 and Kulai Estate Annual training program 2017 respectively			
Verified by: Samsudin Abu Bakar			
Status	: Open /Closed	Date of closure	: 13/03/2017

NCR No.	: HDP/SAB4-4/S1/0117	Date of issuance	: 20/01/2017
Grade	: Major/Minor	Type of assessment	: ASA I
Implementation deadline : 17/03/2017			
Requirements	Indicator 5.3.2 All chemicals and their containers shall be disposed of responsibly.		
Non Conformity Description of objective evidence:			
At Kulai Estate, it is noted that at the Pesticide/Chemical Mixing Area, the Chemical Wash Sump is overflowing into drain.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - Due to malfunction of water pump at chemical mixing area which is used to collect the water in chemical wash sump and recycle back for mixing. - No roof at the chemical mixing area so when heavy rain, high volume of water goes into the chemical wash sump and overflowing into the drain. 			
Correction (if applicable) <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - Estate has immediately emptied the water in chemical wash sump using portable pump. - The malfunction pump has been sent for repair. - Estate has sent workers to dig out the top soil layer that contaminated by chemical wash sump water and put in schedule waste store. 			
Corrective action <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> - Estate will put roof above the area for chemical mixing. By having this roofing system, it can avoid the possibility of overflowing water that comes from heavy rain. -Estate will do regular checking of water pump condition by using checklist of workplace inspection. (attachment: WI JAN 17 07, WI JAN 17)) 			
Verification of corrective actions			
The identified root cause, correction and corrective action are acceptable. Pictures of sump are being emptied and contaminated top soil is dug, were presented. Picture of roof has been constructed and the workplace inspection checklist was also presented.			
Verified by: Samsudin Abu Bakar			
Status	: Open /Closed	Date of closure	: 13/03/2017

NCR No.	: HDP/GBK1-1/S1/0117	Date of issuance	: 20/01/2017
Grade	: Major/Minor	Type of assessment	: ASA I
Implementation deadline : 19/03/2017			
Requirements	Indicator 6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.		
Non Conformity Description of objective evidence:			
The Letter of Employment for foreign worker has not defined in detail of job resignation procedure (such as period of notice etc.).			
Employment Act 1955:			
10. (2) In every written contract of service a clause shall be included setting out the manner in which such contract may be terminated by either party in accordance with this Part.			
Root Cause Analysis (to be filled in by organization)			
Due to it is not mandatory under clause 12.2 (2), Employment Act 1955 to stipulate the length of termination notice. Kindly refer to the below excerpt:			
Employment Act 1955			
Notice of termination of contract:			
12. (2) The length of such notice shall be the same for both employer and employee and shall be determined by a provision made in writing for such notice in the terms of the contract of service, or, in the absence of such provision in writing , shall not be less than:			
a. four weeks' notice if the employee has been so employed for less than two years on the date on which the notice is given;			
b. Six weeks' notice if he has been so employed for two years or more but less than five years on such date;			
b. Eight weeks' notice if he has been so employed for five years or more on such date.			
Correction (if applicable) (to be filled in by organization)			
PSQM will communicate with HR Upstream and discuss to establish a termination notice which will be communicated to all workers once it is established. (attachment: RE: RSPO Major NCR on Foreign Workers Employment Contract: SOU 24 Hadapan)			
Corrective action (to be filled in by organization)			
Workers Management Unit will incorporate a specific slide on the resignation or termination notice into the induction deck which will be informed to all new workers at Sua Betong Training Centre.			
Verification of corrective actions			
The identified root cause, correction and corrective action are acceptable. Although the detail of job resignation procedure was not included in the letter of employment, the Sime Darby's HR Upstream has communicated to all the CUs about the resignation procedure of workers in accordance to the regulation. Letter dated 10/3/2017 was presented as evidence. Apart from that the resignation procedure has also been included in the slide presentation which will be communicated to the newly recruited workers during induction in future. The induction for new workers is centrally conducted at Sua Betong Training Centre, Melaka, Malaysia.			
Verified by: Gan Bee Kean			
Status	: Open/Closed	Date of closure	: 13/03/2017

**Verification on NCRs raised in the Previous Assessment
by TÜV Rheinland**

NCR No.	: TUV Rheinland 1	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/06/2016			
Requirements	Indicator 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
Non Conformity Description of objective evidence:			
The mill's license from DOE (No 002167) with validity from 1 July 2015 to 30 June 2016 has a noise limit at 65 dBA (daytime) and 55 dBA (night time) in the mill for all works and processes activity. However, the Boundary Noise Monitoring dated 10 Dec 2013 by a consultant PAC Testing & Consulting Sdn Bhd has a result of 5 out of 6 points during noise monitoring has more than the permitted level. The consultant NM Laboratory (Johor) Sdn Bhd also have conducted the noise monitoring dated 31 Mar 2015 with noise level has exceed the limit as stated in the license. Since then, there is no evidence that action have been taken, completion date and responsible person to control or reduce the noise.			
Root Cause Analysis (to be filled in by organization)			
The high noise level exceeding the permissible limit is coming from Back Pressure Receiver Exhaust valve during blowing. Action has been taken by changing to the bigger silencer and the result shown is within the "Planning Guidelines for Environmental Noise Limit and Control (Schedule 1 Specification)" but still not complying as per "Jadual Pematuhan" (Compliance Schedule) requirement.			
Correction (if applicable) (to be filled in by organization)			
On this 1st June, 2016, Mill has replaced the existing silencer with the bigger diameter with an improved design. After the installation of the bigger silencer unit, Mill has arranged with the Noise Consultant on the 3rd of June, 2016 to conduct the Boundary Noise Monitoring. Two P.O.s on the above are attached as evidences. Results of the boundary noise monitoring are as attached. Mill has submitted a letter to DOE to explain on the condition and request the consideration from DOE to allow to use the limit as per "Planning Guidelines for Environmental Noise Limit and Control (Schedule 1 Specification)" on 23rd June 2016.			
Corrective action (to be filled in by organization)			
Mill to maintain the regular noise monitoring control system, and act upon immediately on any exceeding noise limit. PIC: Mill Manager			
Verification of corrective actions by TÜV Rheinland			
The mill provided evidence of signed contract form for engagement of contractor named KWG Engineering Sdn. Bhd. dated 28 May 2016 to fabricate and install modified silencer for Back Pressure Exhaust Silencer auto relieve line (mill engine room). There was also evidence of a contract form to engage Spectrum Laboratories dated 28 May 2016 as well to conduct a new boundary noise monitoring for total location of 5 points. The installation of the silencer was since completed as confirmed during on-site verification on 24 June 2016 and environmental noise monitoring was done on 3 June 2016 at 5 points within the mill by Spectrum Laboratories (Johore) Sdn. Bhd. with date reported on 14th June 2016 with Leq (equivalent continuous noise level) results for all points being less than the stated Department of Environment regulations general limit of 70 dba during day time and 60 dba during night time, and also within the mill's DOE license noise limit of 65 dBA (daytime) and 55 dBA (night time). However, the results for Lmax (maximum sound level) are still not meeting the legal limits as specified in the DOE license of the mill. <ul style="list-style-type: none"> - For point N1, Lmax taken from 7pm onwards = 62.4 dB (A), which exceeds guideline limits of 60 dB(A) - For point N2, Lmax taken from 7pm onwards = 63.9 dB (A), which exceeds guideline limits of 60 dB(A) - For point N3, Lmax taken from 8pm onwards = 66.1 dB (A), which exceeds guideline limits of 60 dB(A) - For point N4, Lmax taken from 8pm onwards = 67.5 dB (A), which exceeds guideline limits of 60 dB(A) 			



- For point N5, Lmax taken from 7pm onwards = 61.5 dB (A), which exceeds guideline limits of 60 dB(A)

As it is unclear on whether the Leq levels or Lmax were considered adequate to meet the DOE requirements, and why the DOE license noise levels were more stringent than the general DOE requirements even though the mill is not located near any residential areas (nearest being the mill worker's housing which is 1.5km away and the nearest village is 6km away), the auditee has opted to request clarification from the DOE on this matter as per letter to DOE dated 23 June 2016. As the mill has demonstrated effort to reduce the noise levels with the silencer installation but find it difficult to achieve the more stringent DOE license requirements, this NC is closed with observations pending clarification from the DOE.

Auditor Conclusions: Closed with observations

Date of closure: 23 June 2016

Verification of corrective actions by Bureau Veritas

Latest improvement – Increase the size of silencer at power generation station from 2 ft to 3 ft diameter:

Latest results after the above improvement (test carried out internally by PSQM-ESH on 24/11/2016) showed that all results were within limit.

Verified by: Valence Shem

Status	:	Open/Closed/Upgraded	Date of closure	:	NA
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NCR No.	: TUV Rheinland 2	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 2.1.2: A documented system, which includes written information on legal requirements, shall be maintained.		
Non Conformity Description of objective evidence:			
Documented system of LORR for Hadapan Mill and all estates was found not properly updated as was not detailed enough to explained the actual legal requirements such as:			
a) For OSHA 1994 as at page 1 of 5, only Part VI mentioned, whereas Sections 24-27 and the specific clauses under these sections was not listed. Clauses under General Duties of Employer and Self- Employed Persons under Section 15 was also not listed			
b) Factories and Machinery (Safety, Health and Welfare) Regulations 1983, only states to refer to the FMA regulations for specific details, instead of listing the details of the relevant regulations.			
c) Environmental Quality Act 1974 was found not including Section 22 Restriction on pollution of atmosphere, Section 23, Restriction on noise pollution. While Section 29 was stated as Restriction of Open Burning, but it is actually pertaining to Prohibition of discharge of waste into Malaysian waters (not applicable). While Section 29A is actually regarding prohibition of open burning (numbering of the section is incorrect)			
d) Factories and Machinery (Classification, Packaging and Labelling) Regulations 1997 is obsolete but was not removed from the LORR			
e) Factories Machinery (Person Incharge) Regulations 2014 was not included in the LORR			
f) Found Pesticides (Labelling) Regulations 1984 was not included.			
g) The amendment of Factories and Machinery (Person In-charge) (Amend) Regulations 2014 was not included in the LORR.			
h) For Akta Kumpulan Wang Simpanan Pekerja, 1991. Bahagian VII: Kesalahan dan Prosiding, all the sub-topics of laws were listed, not the actual legal requirement. The same is repeated for other acts related to the labour, e.g. Akta Pekerja Standard Minimum Perumahan Dan Amenities 1990; Employment Act 1955, Akta Keselamatan Sosial Pekerja 1969, Akta Kesatuan Sekerja 1959.			
i) The legal register has not adequately captured all relevant legislation as per the National Interpretation of RSPO P&C (refer to annex of the RSPO P&C) e.g. at least 18 regulations pertaining to labour are not included in the LORR such as:			
<ul style="list-style-type: none"> • Employees Social Security Act 1969 (Amended 2003) (6.5) • Workmen's Compensation Act 1952 (Act 273) (6.5) • Estate Workers Minimum Standards Housing Act (1966) (6.5) 			
Root Cause Analysis <i>(to be filled in by organization)</i>			
Due to latest update is still in progress by PSQM			
Correction (if applicable) <i>(to be filled in by organization)</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.			
(PIC: PSQM RSPO Unit and ESH Unit)			
Corrective action <i>(to be filled in by organization)</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.			
PIC: PSQM RSPO Unit , ESH Unit & Group Compliance Office			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
Verification of the operating units' legal register showed that all the legal requirements which were identified to be not updated have been updated accordingly.			
Verified by: Valence Shem			
Status	: Open/Closed/Upgraded	Date of closure	: 20/01/2017

NCR No.	: TUV Rheinland 3	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 2.1.3 (Minor): A mechanism for ensuring compliance shall be implemented.		
Non Conformity Description of objective evidence:			
It was found that the mechanism to ensure compliance was not effectively applied at Hadapan Mill and all estates where the compliance score was stated as 100% for year 2015/2016. However, there were found some inconsistencies in actual status of compliance, for example:			
<u>Hadapan Mill:</u>			
a) Section 49A regarding competent person was stated as compliance status at Hadapan Mill but actual the person in charge for scheduled waste and effluent control equipment has only undergone training but not yet registered as a competent person			
b) Factories and Machinery (Building Operations and Work of Engineering Construction) Regulations 1986, status was stated as not applicable but actually there was a project of building of Biogas Plant on-going and therefore this requirement is applicable.			
c) Factories Machinery (Noise Exposure) Regulations 1989 which requires noise induced hearing training loss to be conducted every 2 years for all workers working at areas 85db of noise was stated as compliant, but in actual the last training last conducted on 29/01/14 (over 2 years) and only attended by 13 workers at the Hadapan Mill.			
d) Evaluation of compliance done on Occupational Safety and health Act 1994 and Environmental Quality Act 1974 was not properly conducted due to missing sections in the LORR.			
<u>Kulai Estate:</u>			
a) Environmental Quality (Scheduled Waste) regulations 2005, Regulation 4, Disposal of Scheduled Waste was stated as fully compliant but found the disposal of used filter (found at the landfill) was not treated as required or as per approval by Department of Environment that requires to be dispose to authorized contractor.			
b) Under Regulation 13, confined space compliance status was mentioned as fully compliant. This was found to contradict a reference made to Code of Practice for Safe Working in Confined Space 2010 in the LORR, which state Not Applicable (N/A) status.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
Due to no dedicated person-in-charge to monitor the evaluation of compliance.			
Correction <i>(if applicable) (to be filled in by organization)</i>			
Estate and Mill to amend the LORR as per current practise.			
PIC: Assistant Manager			
Corrective action <i>(to be filled in by organization)</i>			
To appoint dedicated person-in-charge at PSQM and OU level to review the LORR.			
PIC: Assistant Manager, PSQM RSPO Unit & ESH Unit			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
Verification of the operating units' legal register showed that the assigned PIC to were able to consistently rate the status of compliance correctly. Evidences of compliance were also adequately presented.			
Verified by: Valence Shem			
Status	: Open/Closed/Upgraded	Date of closure	: 20/01/2017

NCR No.	: TUV Rheinland 4	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements Indicator 4.4.1: An implemented water management plan shall be in place.			
Non Conformity Description of objective evidence:			
Kulai Estate: There is evidence that implementation of the water management plan to ensure the suitability of river water treated for consumption at Kulai division requires improvement, i.e.:			
<ul style="list-style-type: none"> • Sighted evidence that spraying is still being carried out at some young palms adjacent to the river at block 3A with no clear demarcation of the buffer zone width. This river flows to the water catchment where water is abstracted for estate linesite and office consumption. • Analysis results from the SD R&D centre for February 2016 for domestic water usage from the pumphouse, linesite and staff quarters did not cover all parameters such as BOD, COD, TS and bacterial count, while the most recent results for October 2015 were not available. • The standard used for reference to check the quality of domestic drinking water is the EQA Industrial Effluent Regulations standard which is only appropriate for discharge to natural water. The applicable standard for domestic drinking water is the Department of Health Drinking Water Quality Standard, as stated in a letter from the Kulaijaya Health Department dated 21 October 2014 regarding report on analysis of water sample for year 2014 sighted at Seri Pulai Estate. 			
Root Cause Analysis (to be filled in by organization)			
Due to lack of understanding by sprayers on the determining of buffer zone area.			
Due to misslook by the estate management on the parameters required for water sampling			
Correction (if applicable) (to be filled in by organization)			
<ol style="list-style-type: none"> 1) Estate to provide signboard and marking along the buffer zone area and to provide refresher training to sprayers. 2) Estate to request SD R&D to include the parameters such as BOD, COD, TS and bacterial count for the next water sampling and check with R&D on the availability of water sampling result. 3) Estate to advise R&D to change the parameter reference to parameter as per Health Drinking Water Quality Standard. 			
PIC: Assistant Manager & SD R&D			
Corrective action (to be filled in by organization)			
<ol style="list-style-type: none"> 1) Estate to include monitoring of buffer zone area into the HCV Monitoring form and include it in the HCV Management Plan. At the same time, Estate will include the buffer zone training for sprayers in the training plan. The training record will be documented in the training file. 2) Estate will appoint a specific person-in-charge to monitor water sampling submission. A master time-table schedule for water sampling will be established to ensure the sampling is submitted on timely manner. 			
PIC: Assistant Manager			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
Clear demarcation of buffer zone was sighted during the site visit at Block 3A of Kulai Estate and have noticed that no trace of chemical spraying. Training records of spraying was also available and water sampling analysis results were used to identify the next course of action.			
Verified by: Valence Shem			
Status	: Open/Closed/Upgraded	Date of closure	: 20/01/2017



NCR No.	: TUV Rheinland 5	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/06/2016			
Requirements	Indicator 4.7.2: All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.		
Non Conformity Description of objective evidence:			
<ol style="list-style-type: none"> 1) At Hadapan Mill and all estates found that HIRARC is not completely reviewed for effectiveness of all actions plan taken but only revised to include risks and action plans pertaining to accidents that occurred. In addition, updating of HIRARC annually when accidents occur is not in accordance with the company's SOP which requires the HIRARC to be updated immediately when there is an accident. 2) Hazard Identification and Risk Assessment and Risk Control (HIRARC) at Kulai Estate have been reviewed on 19 Feb 2016 with no change in the assessment. However, there are cases of snake bite in estate as stated in the OSH meeting dated 19 Feb 2016 (1 case: Nov 2015 - Jan 2016), 20 Nov 2015 (1 case: Aug 2015 - Oct 2015), 21 Aug 2015 (2 cases: May 2015 - July 2015). There is no evidence that HIRARC have been revised to include risk assessment of snake bite. 3) The risk assessment for estates is not considering the potential risks due to working near the TNB's high voltage current tower and transmission cable risks at Layang Estate and CEP Rengam Estate and TNB sub-station at CEP Rengam Estate (hazards originating from outside workplace). 4) There is an Inter-office mail regarding Drowning Hazard in Sime Darby Plantation dated 26/03/14 sighted at CEP Rengam Estate, however the HIRARC for CEP Rengam estate was revised accordingly to consider this information including no proposed recommended action, although the risk is applicable to the estate as there is a recreation pond available by the road site. 5) Also observed old buildings in estates using asbestos ceiling and roofing materials, risk of workers for asbestosis Pnemoconiosis, mesothelioma, lung cancer was not considered in the HIRARC 6) The assessment and control as sampled from the HIRARC records show inconsistency of the recommendation of risk control as it was found that risks that scored as medium (4-11) and high (12-16) did not have any recommendation of risk control measure and no clear planning of implementation of risk control as there was no designated person responsible to monitor implementation and no proposed dateline. This is not in accordance with Annexure C from the Chapter 6 of the company's OSH Manual which states that: If the risk score is low (1-3), no additional risk control measure required. If the risk score is medium (4-11) Current risk control shall need to be improved. Action required to control hazards. If the risk score is high (12-16) Immediate action required to control the hazards. 			
Root Cause Analysis <i>(to be filled in by organization)</i>			
<ol style="list-style-type: none"> 1) Due to Estate and Mill is using standard generic template provided by PSQM-ESH. This generic template does not include risk at specific estates. 2) Based on Management understanding, the recommendation of risk control is only need to be done after any accident occurred. 			
Correction (if applicable) <i>(to be filled in by organization)</i>			
<ol style="list-style-type: none"> 1) Estate with assistance by PSQM-ESH Region to update the HIRARC based on latest found risks. Then, Estate will review the updated HIRARC. 2) Estate and Mill with the assistance from PSQM ESH Region to amend the HIRARC by putting up recommendation of risk control for all risks with medium & high scores and also to include the person in charge responsible to monitor implementation and the deadline of the action in the HIRARC form. 			
PIC: Assistant Manager/QA Supervisor & PSQM ESH Region			
Corrective action <i>(to be filled in by organization)</i>			



<p>PSQM to conduct refresher training to person-in-charge of HIRARC review in order to ensure all the risks are assessed correctly. Establishment of HIRARC review team and Accident investigation members to ensure the review of the risk, and action to control hazards to be done on yearly basis as well as when accident occurred.</p>	
<p>PIC: Assistant Manager/QA Supervisor & PSQM ESH Region</p>	
<p>Verification of corrective actions by TUV Rheinland</p>	
<p>Verification Result: The company has provided their revised HIRARC for the mill and estates, with results as below:</p> <ol style="list-style-type: none"> 1) Hadapan mill: Updated and reviewed on 25 May 2016. 2) Kulai Estate: Updated and reviewed on 26 May 2016. The revised HIRARC includes risk assessment and controls regarding snake bites. 3) HIRARC for Layang estate and CEP Rengam estate was both updated on 27 May 2016 and now includes risk assessment for electrocution 4) Hazard of drowning and control measures has been identified in the revised HIRARC for CEP Rengam 5) Seri Pulai estate: HIRARC was updated and reviewed on 26 May 2016 and includes risks pertaining to asbestos ceiling and roofing materials and identified risk controls. 6) For all revised HIRARCs, the identified risks that scored as medium (4-11) and high (12-16) now have a recommendation of risk control measure and designated person responsible to monitor including proposed deadline. <p>Auditor Conclusions: Closed</p> <p>Date of closure: 23 June 2016</p>	
<p>Verification of corrective actions by Bureau Veritas</p>	
<p>Verification of the HIRARC showed that the current risk assessment was still relevant and sufficient.</p>	
<p>Verified by: Valence Shem</p>	
<p>Status</p>	<p>: Open/Closed/Upgraded</p>
<p>Date of closure</p>	<p>: NA</p>

NCR No.	: TUV Rheinland 6	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/06/2016			
Requirements	Indicator 4.7.3 (Major): All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.		
Non Conformity Description of objective evidence:			
<p>Minutes of meeting conducted on 11/03/16 at CEP Rengam estate mentioned 5 accidents which occurred within Jan-Mac 2016 involving harvesters, i.e. accidents due to pricks by thorns and head injury from falling branches. Among the action discussed were workers need to wear helmets, wear long sleeved shirts and follow the SOP. There were also cases of similar type of accident involving harvester as discussed in the Minutes of Meeting of Safety and Health Committee conducted on 11/12/15 and 11/09/15.</p> <p>However, there was found evidence of lack of enforcement of requirement for workers to wear PPE and appropriate clothing, e.g. Found at CEP Rengam that one Indonesian Harvester was not wearing shirt and safety helmet while another harvester on a motorcycle wearing sleeveless shirt at Block 85.</p>			
Root Cause Analysis <i>(to be filled in by organization)</i>			
<p>PPE has been provided however, workers have not brought it to workplace.</p> <p>As for the enforcement for long sleeve, the action plan in the meeting minute is not fully reviewed and wrongly stated in the Estate internal SOP, as wearing long sleeve is only stated as recommendation as per training on Harvester competency training by HQ. What was stated in the training plan is that, to avoid injury by falling frond is to maintain safe distance</p>			
Correction (if applicable) <i>(to be filled in by organization)</i>			
<p>Estate gives verbal warning for first time abuse.</p> <p>Estate to issue memo immediately on the mandatory use of PPE during work.</p> <p>Estate Manager to review the safety meeting and review the long sleeve recommendation from December meeting with workers to follow the appropriate distance when doing harvesting activity. Estate to establish action plan to conduct refresher briefing on PPE as per Harvester Competency Training Program.</p> <p>PIC: Assistant Manger</p>			
Corrective action <i>(to be filled in by organization)</i>			
<ol style="list-style-type: none"> 1) Estate will conduct regular inspection of PPE and record the availability of PPE before commencement of work during muster in the PPE record book. Spot check will be done from time to time. 2) Estate to amend the internal SOP to omit wearing long sleeve as compulsory and state that harvester to maintain safe and suitable distance to avoid injury. <p>PIC: Assistant Manger</p>			
Verification of corrective actions by TUV Rheinland			
<p>CEP Rengam has issued a warning letter to the worker as per letter dated 20 May 2016 stating the the worker did not wear safety helmet which is not in compliance with his working contract and that the letter stated that disciplinary action will be taken in future if the issues occurs again. The estate also has prepared a memo dated 22 June 2016 to all workers stating that they must wear appropriate PPE in accordance with the work they are doing. There is record of briefing done for all workers during muster done on 5 May 2016 to remind them to wear appropriate PPE.</p> <p>During on-site verification on 23 June 2016, there were no workers sighted not wearing appropriate PPE. During on-site verification on 23 June, it was explained that the recommendation to wear long sleeve shirt to prevent accidents related thorn pricks and falling branches was not relevant as wearing long sleeve shirts would not necessarily prevent such injuries from occurring and recommended accident prevention measures stated in the OSH meeting minutes should have been approved by the HQ. CEP Rengam estate hence did a new</p>			



OSH meeting on 24 June 2016 with 15 participants to discuss accidents related to thorn pricks and falling branches and the revise accident preventive measure was stated as to ensure a safe distance and position from palm trees to avoid falling palms and branches. The company also provided their internal SOP fo safe work practice while harvesting which does not include wearing long sleeve shirts but ensuring a safer distance from the palm to avoid injuries. Record of harvesting safety procedure training done for all harvesters at the estate on 27 June 2016 including signed attendance lists and photos was sighted.

Auditor Conclusions: Closed

Date of closure: 27 June 2016

Verification of corrective actions by Bureau Veritas

All workers were observed to be using appropriate PPE during working.

Verified by: Valence Shem

Status	:	Open/Closed/Upgraded	Date of closure	:	NA
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NCR No.	: TUV Rheinland 7	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 5.2.4: Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the action plan. 		
Non Conformity Description of objective evidence:			
Layang Estate has a HCV management plan for FY2015/2016 which includes programs to protect the mill pond which is the identified HCV area of the estate by demarcating the buffer zone and monitoring activity as the site to ensure no chemical application. However, it was sighted during field visit, there was no evidence of demarcation of the mill pond buffer zone to identify areas where chemical application is not allowed, and no other evidence of HCV monitoring sighted to be fed back into the action plan as the management plan was only recently developed.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
Due to lack of periodic monitoring by management team on ensuring no chemical application and demarcating that areas as a Buffer Zone.			
Correction (if applicable) <i>(to be filled in by organization)</i>			
Estate to demarcate the area with (Buffer Zone) signage and marking the palm around the pond and to provide refresher training to sprayers. PIC: Assistant Manager			
Corrective action <i>(to be filled in by organization)</i>			
Estate to appoint-person-in-charge to conduct regular HCV monitoring for the establishment of the HCV management plan. The person-in-charge will include buffer zone in the monitoring of HCV area nad conservation area. Estate to include the buffer zone training for sprayers in the training plan. The training record will be documented in the training file. PIC: Assistant Manager			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
Verification on site showed that the chemical spraying at the mill pond buffer zone was still happened. Therefore, this NC is upgraded to Major.			
Verified by: Samsudin Abu Bakar and Valence Shem			
Status	: Open /Closed/Upgraded	Date of closure	: NA

NCR No.	: TUV Rheinland 8	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 5.3.3: A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.		
Non Conformity Description of objective evidence:			
Found fertilizer bags left and dumped in the field at several places as observed along the road at Block 85 at CEP Rengam Estate, as well as at various locations of Seri Pulai Estate.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
Lack of awareness by the workers on the proper disposal of fertilizer bags after re-use			
Correction <i>(if applicable) (to be filled in by organization)</i>			
Estate to instruct manuring gangs to collect all fertilizer bags in the field and properly store in empty fertilizer bag store and no fertilizer bags to be left dumped on the field.			
PIC: Assistant Manager			
Corrective action <i>(to be filled in by organization)</i>			
<ol style="list-style-type: none"> 1) A regular inspection and stringent supervision to ensure no empty fertilizer bags left in the field. 2) An internal training on empty fertilizer bag handling to be done for manuring gangs and store operator. 3) Estate will establish inventory records for all empty fertilizer bags issued. 			
PIC: Assistant Manager, store clerk, Supervisor & Mandore			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
Verification on site revealed that empty fertiliser bags were kept in store and no observation of the bags were dumped indiscriminately. Training records for the manuring workers were also maintained.			
Verified by: Valence Shem			
Status	: Open/Closed/Upgraded	Date of closure	: 20/01/2017

NCR No.	: TUV Rheinland 9	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/06/2016			
Requirements	Indicator 6.5.2: Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.		
Non Conformity Description of objective evidence:			
Evidence of contracts and provision of benefits for local and foreign workers were sighted at all estates. However, there some gaps in the contractual agreements and provision of benefits, as follows:			
<ol style="list-style-type: none"> 1) Availability of Employment Contracts/Extensions <ul style="list-style-type: none"> • 1a. CEP Rengam Estate: No employment contracts sighted for Indonesian workers (batch January 2016 who started work on 7th January 2016) e.g. Surya Farazi (Passport No: AT 500911). • 1b. Hadapan POM, Layang Estate and CEP Rengam Estate: There are no extension of employment contract for all foreign workers who have worked for more than three years. The Seri Pulai estate used the wrong template (the actual three-year contract form). 2) Inconsistent implementation of contract terms: <p>Clause 12: (Transportation allowance) 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 various countries at Hadapan Mill, Layang Estate, Seri Pulai Estate and CEP Rengam Estate reveal that the workers paid their agents for their airfare, i.e.:</p> <ul style="list-style-type: none"> • 3 Nepali workers (informed name of local agent is Mr. Lai)_and 2 Myanmar workers from Layang Estate • One Indian worker and one Indonesian workers from Seri Pulai • 5 Indonesian workers and 2 Indian workers from CEP Rengam. Name of Indian recruiting agent is Amoda Travels, Greenways Road, Chennai, India 3) Third Party Contract <p>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.</p> 4) Passport Consent Forms: <ul style="list-style-type: none"> • CEP Rengam Estate: No signed consent for passport safekeeping for Bangladeshi workers. 5) Deductions: <ul style="list-style-type: none"> • Seri Pulai Estate: No evidence of signed consent forms from workers pertaining to deductions: E.g. School bus, electricity, Great Eastern). • Seri Pulai Estate: JTK Permit not updated as required by permit when changes occur. E.g. electricity deduction for Indian worker Swapan Halder was RM28.51 in March 2016 whereas the permit from JTK dated 20 July 2007 allows only upto RM10 deductions for foreign workers and RM60 for local workers. (November 2015 payslip shows electricity deduction for Zainal bin Edros (37322) amounting to RM69.85). • CEP Rengam Estate: No permit from JTK for electricity deduction. • CEP Rengam Estate: Consent form for electricity deduction not available (but a monthly breakdown of electricity deduction) is available. 6) Validity of the contracts/ consent letters): <ul style="list-style-type: none"> • Layang Estate: Consent for Indian worker Dhan Kumar Rai (06714376) was signed but his name and passport particulars did not appear on the form. • Seri Pulai Estate: Contract for Indonesian worker Sahban (Passport No: AT 2151759) are not signed by the management. • Seri Pulai Estate: Signature on passport safekeeping consent form for Bangladeshi worker (Mohammed Rajan) is different from his signed contracts of employment. 7) Understanding of Contract/Consent Forms <p>Interviews with new workers at all estates confirm that they are given induction training in appropriate language. However, interviews with workers at Layang Estate, Seri Pulai Estate and CEP Rengam estate reveal that the induction courses held at Sua Betong for older</p> 			

<p>workers (e.g. 6 years) in the past was not in appropriate language (no translators). Hence, the level of understanding of contract is poor. No refresher courses are held for foreign workers.</p> <p>In addition, workers complained that they do not know what they are signing in Malay. Interviews with workers at Layang and Seri Pulai estate revealed a lack of understanding of signing the “Surat Penyerahan Passport”.</p>
<p>Root Cause Analysis (to be filled in by organization)</p> <p>1a) & 1b) Due to no proper documentation and monitoring of contract employment availability</p> <p>2) Management is not aware on the claim made by workers stating that they paid their agent due to no complaints made by the workers formally and due to company has paid the agents for the airfare.</p> <p>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.</p> <p>4) Due to no proper documentation and monitoring of passport consent letter.</p> <p>5) Lack of monitoring on the salary deduction and the consent letter.</p> <p>6) Due to no proper documentation and monitoring of passport consent letter.</p> <p>7) Lack of monitoring on the level of understanding of old workers on the contract of employment.</p>
<p>Correction (if applicable) (to be filled in by organization)</p> <p>1a) & 1b) Estate to establish the contract employment for Indonesian workers and the contract of extension. PIC: Assistant Manager & Chief clerk</p> <p>2) Foreign workers Management Unit to provide the evidence of the airfare payment to agents. The evidence is as per attached email.</p> <p>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. PIC: Assistant Manager and Chief Clerk & RSPO Unit</p> <p>4) Estate to establish the passport consent letter for Bangladeshi workers.</p> <p>5) 1) Estate to immediately obtain the signature from workers on the deduction. 2) Estate to send application on permit for salary deduction to JTK.</p> <p>6)) Estate to complete the form, and request signature from Manager. Estate to re-check the signature of Rajan and standardise the signature for both consent form and contract of employment. PIC: Assistant Manager & Chief Clerk</p> <p>7) Estate will conduct a refresher briefing on the contract of employment and surat penyerahan passport to workers. The briefing will be documented. This briefing will be done with presence of translator (senior and experienced workers from related countries) PIC: Assistant Manager</p>
<p>Corrective action (to be filled in by organization)</p> <p>1a) & 1b) Estate to appoint a person-in-charge to handle the documentation of workers as well as established checklist of documentation required prior to the work commencement. PIC: Assistant Manager & Chief clerk</p> <p>2) Estate with assistance from PSQM to conduct investigation with workers as there are no complains made by the workers via Care-lines. PIC: RSPO Unit & HR-Foreign Workers Management Unit</p> <p>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 and the internal assessment is conducted on yearly basis. PIC: Assistant Manager and Chief Clerk & RSPO Unit</p> <p>4) Estate to appoint a person-in-charge to handle the documentation of workers as well as established checklist of documentation required prior to the work commencement. PIC: Assistant Manager & Chief clerk</p>

5) 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.

PIC: Chief Clerk

6) Estate to appoint a person-in-charge to handle the documentation of workers as well as established checklist of documentation required prior to the work commencement.

PIC: Assistant Manager & Chief clerk

7) To regularly conduct refresher training to workers.

PIC: Human Resource Department

Verification of corrective actions by TUV Rheinland

1. Availability of Employment Contracts/Extensions

1a. CEP Rengam: During verification audit on 23 June, it was confirmed that there were total of 10 Indonesian workers who join the estate on January 2016 and 9 Indonesian workers who joined in June 2016. Signed employment contracts were sighted for all workers and confirmed through interviews with 4 Indonesian workers that they had signed the contracts. However, they have not received a copy of the contracts. The estate took immediate action to issue a copy of a contract to the Indonesian workers who had recently joined the company, and provided evidence of Contract Employment Issuance Record signed by the Indonesian workers on 24 June 2016 and photos of the workers with their received contracts.

1b. Hadapan Mill: During on-site verification done on 23 June 2016, it was confirmed that Hadapan mill has 14 foreign workers including Indonesian and Indian workers who have worked more than 3 years at the mill. Contract extensions for 8 foreign workers who have worked more than 3 years were sighted and confirmed available as below:

- Worker named Muruga Pandi (Indian) who started work on 14/10/2010; contract extension dated 1 October 2015 sighted for extension from 14 October 2015 – 14 October 2016
- Worker named Sahli (Indonesian) who started work on 11/5/2013; contract extension dated 1 May 2016 sighted for extension from 17 May 2016 – 16 May 2017
- Worker named Ribut (Indonesian) who started work on 17/3/2012; contract extension dated 1 March 2016 sighted for extension from 18 March 2016 – 17 March 2017
- Worker named Aksi Jayadi (Indonesian) who started work on 25/5/2013; contract extension dated 1 May 2016 sighted for extension from 24 May 2016 – 24 May 2017
- Worker named Lufti bin Zainal Abidin (Indonesian) who started work on 12/07/2011; contract extension dated 1 July 2015 sighted for extension from 14 July 2015 – 13 July 2016
- Worker named Poniran (Indonesian) who started work on 17/3/2012; contract extension dated 1 March 2016 sighted for extension from 18 March 2016 – 17 March 2017
- Worker named Muhammad Sukri (Indonesian) who started work on 07/6//2012; contract extension dated 1 June 2016 sighted for extension from 7 June 2016 – 7 June 2017
- Worker named Senthil Kumar (Indian) who started work on 10/10/2010; contract extension dated 1 October 2015 sighted for extension from 14 October 2015 – 14 October 2016

4 foreign workers interviewed at the mill informed that they had signed their contract extension and been briefed on the contents, not on for them but all the foreign workers. However, the workers had not received copy of the contract extensions. The mill took immediate action to provide a copy to the workers as per signed list of contract receipt by foreign workers, dated 24 June 2016.

Layang estate: Layang estate has total of 97 foreign workers who have worked over 3 years, 68 in Layang Division and 29 workers in Hadapan division. Due to high number of foreign workers, the estate has prepared a plan to conduct briefing on contract extension for all workers in 3 phases. The 1st briefing was done on 13 June 2016 for 33 workers from Layang Division, during which all workers signed their contracts of extension and evidence of signed extensions of contract were sighted during verification audit on 23 June. While the remaining 35 workers from Layang Division and 29 workers from Hadapan division will be briefed and requested to signed their contract extensions on 28 June 2016 and 2 July 2016 respectively. 4 foreign workers interviewed at the estate informed that they had signed their contract extension and been briefed on the contents, including other foreign workers. However, the workers had not received a copy

of the contract extensions. The estate took immediate action to provide a copy to the workers as per signed list of contract receipt by foreign workers. Photos of foreign workers receiving their contracts was also sighted.

CEP Rengam: During verification audit on 23rd June, it was confirmed that extension of employment contracts for all workers who have worked over 3 years are now available, and confirmed from interviews with 2 Bangladeshi workers (sampled from namelist) who have worked for the company since year 2007 and 2 newer Bangladesh workers who started in year 2015 that they have been briefed on their contract extension terms and conditions and have signed. However, the workers had not received a copy of the contract extensions. The estate took immediate action to issue a copy of a contract extension to the Bangladesh workers who had worked for over 3 years for the company, and provided evidence of Contract Employment Issuance Record signed by the Bangladesh workers and photos of the workers with their received contracts.

Seri Pulai: Samples of contract extensions in the correct format for 5 foreign workers were provided.

2. Inconsistent implementation of contract terms:

Layang Estate: The company provided evidence from their SAP system showing payment of airfare subsidy of RM1200 each for 15 of their Nepalese foreign workers and RM965 each for 6 of their Myanmar workers, of which the names were confirmed to be consistent with what was sighted on the master namelist for the estate. The estates has also conducted interviews with 2 Nepalese workers on 13 June 2016, and was informed that they had paid 10,000 rupees (RM6000) to their agent named SPMS overseas, including airfare. However, the company informed that this is not an agent engaged directly by SDP but most likely an intermediate agent in Nepal who assists to recruit workers, and hence whatever is paid by the worker to these intermediate agents is not within the control of the company. The company should continue conduct further investigations into the issue to confirm whether or not any agents engaged by SDP are actually claiming money from workers for airfare which is already paid by the company and take further action. There is currently no evidence of such investigation being carried out by SDP's recruiting department, and this is noted as an observation.

3. Third Party Contract

Email sent by PSQM to all estates and mill under SOU Hadapan on 15 June 2016 including Contractor's Documents Checklist to be used by the estate or mill to assess contractors for availability of labour related documents, and a powerpoint presentation entitled 'Contractors Training RSPO' to brief contractors on workers contracts, monthly payslips and documentation required. In this email, the estates and mill were instructed to use the checklist to assess compliance of contractors to labour related requirements. There is evidence of contractor briefing on labour law requirements done at the mill and estates, e.g.:

- i) Hadapan Mill: Sighted record of 'RSPO Contractors briefing on Labour Law' done on 17 June 2016 for 5 contractors, including photos and completed 'Contractor's Document Compliance Checklist Related to Labour Law' for all 5 contractors
- ii) CEP Rengam estate: Sighted record of 'RSPO Contractor Briefing and Document Assessment' dated 24 June 2016 for 2 contractors, including attendance list, photos and completed 'Contractor's Document Compliance Checklist Related to Labour Law' for both contractors
- iii) Seri Pulai estate: Sighted record of 'RSPO Contractors briefing on Labour Law' done on 17 June 2016 for 3 contractors, including signed attendance list, photos and completed 'Contractor's Document Compliance Checklist Related to Labour Law' for all 3 contractors
- iv) Layang estate: Sighted record of 'RSPO Contractor Briefing On Workers Contract, Monthly Payslip, and Documentation' dated 24 June 2016 for 1 contractors, including photo and completed 'Contractor's Document Compliance Checklist Related to Labour Law' for the contractor

In addition, the PSQM department will conduct internal audit annually of the estates and mill for compliance to RSPO requirements, including whether or not such contractor evaluations have been done by the estates and mill. Self assessment of this requirement was sighted in the revised RSPO Self Assessment checklist used for internal audits.

4. Passport Consent Forms:

CEP Rengam has total of 22 Bangladeshi workers, most of which joined in year 2007 and 2008 hence the company did not request the old workers to sign passport consent forms since they have been with the company for a long period of time and the practice of passport consent forms was started after they had joined the company. For 3 new Bangladeshi workers who joined in year 2015, signed passport consent forms were sighted, while for the old Bangladeshi workers, the estate will request them to sign the passport consent forms in batches.

5. Deductions

Seri Pulai estate: The estate had provided evidence of signed consent for deductions for school bus (9 workers), electricity deductions (42 workers under Gang 21, 9 workers under gang 61, 33 workers under Gang 1, 32 workers under Gang 2, 33 workers under Gang 22, 7 workers under gang 51, 12 workers under gang 62, and 14 staff), and for Great Easter insurance deductions (15 staff). The estate has also applied to JTK Johor Bahru for a new permit for deductions for school bus, electricity and Great Eastern insurance as seen in application letter dated 14 June 2016 and evidence of receipt by JTK on 28 June 2016.

CEP Rengam: The estate submitted a letter of application for permit for deductions of electricity and water (for usage exceeding 35 gallons/160 litres a day per worker) on 19 May 2016, with evidence of receipt from JTK on date stamped 23 May 2016. Signed consent from all estate workers and staff for deductions for electricity and water were also sighted.

6. Validity of contracts/consent letters:

Layang estate: The consent stated in the NC statement refers to consent for deductions, where the estate provided evidence of signed consent for deduction of electricity for Indian worker Dhan Kumar Rai (06714376) including name and passport particulars was signed and dated 29 October 2015. Whereas the worker's consent for passport keeping was sighted as being originally signed at Kempas Estate (another SDP estate located in Malacca) on 15 June 2016, which was where the worker was working at prior to being relocated to Layang estate.

7. Understanding of Contract/Consent Forms

During verification audit done on 24 June, Indonesian and Bangladeshi workers who have worked more than 6 years at Layang Estate and CEP Rengam estate were interviewed and it was confirmed that the estate management had provided them a rebriefing on the contract terms and it was confirmed that the older workers had a good understanding of the contracts. Workers interviewed generally also informed that they had been briefed on the purpose of the passport consent forms. At CEP Rengam estate, there was conflicting information, i.e. Indonesian workers interviewed informed that they were not briefed on the purpose of the form but only requested to sign the forms, however Bangladeshi workers at the same estate informed that briefing on the passport consent forms were provided to all workers, including the Indonesian workers. The Indonesian workers who were interviewed stated that they had no objections to their passports being kept by the company, hence this is noted as an observation.

Auditor Conclusions: Closed with observations

Date of closure: 27 June 2016

Verification of corrective actions by Bureau Veritas

All corrective actions taken were found to be effectively implemented and no recurrence found.

Verified by: Gan Bee Kean and Valence Shem

Status	:	Open/Closed/Upgraded	Date of closure	:	NA
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NCR No.	: TUV Rheinland 10	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 6.5.3 (Minor): 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).		
Non Conformity Description of objective evidence:			
<ul style="list-style-type: none"> • Hadapan Mill and Seri Pulai Estate: There is no evidence of a permit in writing from the Director General of the Labour Department to provide free and adequate supply of potable piped water drawn from any other source (other than the public main water supply, i.e. S.A.J). This contravenes Clause 23 (1) (a) & (c) of the Workers' Minimum Standard of Housing and Amenities Act (1990); • Layang Estate: Overgrown Grass at linesite. This contravenes Clause 23 (1) (a) & (c) of the Workers' Minimum Standard of Housing and Amenities Act (1990); • CEP Rengam: Improper disposal of domestic & construction waste at foreign workers' linesite (old wing) and (new wing); several barbeque spots of strewn charcoal found and some burnt wood. This contravenes Clause 23 (1) (c) of the Workers' Minimum Standard of Housing and Amenities Act (1990). 			
Root Cause Analysis <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> a) Mill and Estate do not aware with the need to apply the permit from Labour Department. b) Lacking on monitoring of linesite condition by management. 			
Correction (if applicable) <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> a) Mill and Estate to request the permit from JTK. Mill and Estate will liaise with JTK on the procedures in applying the permit. b) Estate to establish a time table of grass cutting schedule, waste disposal and line site inspection. 			
Corrective action <i>(to be filled in by organization)</i>			
<ul style="list-style-type: none"> a) Estate and Mill 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 AAO and documented in the filing system. PIC: Chief Clerk & AAO b) Estate to appoint person-in-charge to conduct weekly linesite inspection and monitoring in accordance to Workers' Minimum Standard of Housing and Amenities Act (1990). 			
PIC: QA Supervisor/ MA			
Verification of corrective actions by TUV Rheinland			
Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.			
Verification of corrective actions by Bureau Veritas			
<ul style="list-style-type: none"> a) Permit from JTK to deduct workers wage for water supplied from the government was available. b) Linesite Inspection records which included the condition of weeds as one of the inspection criteria were available. 			
Verified by: Valence Shem			
Status	: Open/Closed/Upgraded	Date of closure	: 20/01/2017

NCR No.	: TUV Rheinland 11	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/06/2017			
Requirements	Indicator 6.9.2: A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.		
Non Conformity Description of objective evidence:			
The company has yet to establish a policy on reproductive rights and hence there is no evidence of dissemination of knowledge regarding reproductive rights to all levels of the workforce. E.g. interviews with workers and staff at Layang and Seri Pulai estate reveal that the workers do not understand what reproductive rights constitute.			
Root Cause Analysis <i>(to be filled in by organization)</i>			
SDP's understanding is that the reproductive right policy is already embedded in the Social and Humanity Policy. Therefore, no specific Reproductive Rights Policy Established.			
Correction (if applicable) <i>(to be filled in by organization)</i>			
PSQM to establish a training plan to train the gender committee as well as the workers on the Reproductive Rights Policy as stated in the Social and Humanity Policy. PIC: PSQM RSPO Unit & SEPU Unit			
Corrective action <i>(to be filled in by organization)</i>			
PSQM to conduct refresher training on regular basis. PIC: PSQM RSPO Unit & SEPU Unit			
Verification of corrective actions by TUV Rheinland			
<p>It was confirmed that the company's Social and Humanities Policy dated January 2015 includes a statement of protection of reproductive rights of women and the company has no plan to develop a separate policy for protection of reproductive rights although 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>The company has not yet conducted the reproductive rights training for SOU 24: Hadapan but as this non-compliance was raised as several SOUs under SDP during audits conducted within the period of May to June 2016, the company has prepared a training plan for all SOUs audited by TUV Rheinland Malaysia indicating the planned dates of training by the PSQM team. The first training was done at SOU 23: Ulu Remis on 21 June for Ulu Remis Estate and Mill, where records of the training including attendance lists, photos and videos were sighted and verification was also conducted where it was confirmed that the women who had attended this training now had a good understanding of what constituted reproductive rights. The same training is planned to be conducted at each estate and mill under SOU 24: Hadapan on the following dates:</p> <ul style="list-style-type: none"> - CEP Rengam: 27 July 2016 - Hadapan mill and Layang Estate: 25 August 2016 - Kulai estate and Seri Pulai estate: 26 August 2016 <p>The effectiveness of the training will be evaluated during next surveillance audit.</p> <p>Auditor Conclusions: Closed with observations</p>			



Date of closure: 25 June 2016	
Verification of corrective actions by Bureau Veritas	
Training for SOU 24 was done on 29/12/2016 at Hadapan POM incorporated with HCV, Gender and Human Rights. Kulai Estate was represented by 3 staff (1 AM, 1 HA and 1 clerk). Interview with them showed that training was done effectively. These staff will then communicate about the reproductive rights policy to the rest of the employees through morning briefing, gender meeting, training, etc. This is also seen in the annual training plan for Kulai Estate. It is planned in March 2017.	
Verified by: Valence Shem	
Status	: Open/Closed/Upgraded
Date of closure	: NA

NCR No.	: TUV Rheinland 12	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2017			
Requirements	Indicator 6.12.2: Where applicable, it shall be demonstrated that no contract substitution has occurred.		
Non Conformity Description of objective evidence:			
The company could not demonstrate that no contract substitution has occurred. This is because two sets of contracts (contents not identical) signed by Bangladeshi workers (October/November 2015) were sighted at Seri Pulai estate:			
<p>1) Contract In English for Bangladeshi worker Mohammed Rajan dated 5 November 2015 (Passport No: AF4859852): Contradicting statement especially pertaining to Clause 14: Air Passage: "The first travelling expenses from Dhaka, Bangladesh to any agreed point of entry in Malaysia shall be borne by the Worker and the expenses from any agreed point of exit in Malaysia to Dhaka shall be borne by the Employer upon completion of contract".</p> <p>2) Contract in Malay for Bangladeshi worker Mohammed Rajan dated 5 November 2015 (Passport No: AF4859852): Clause 12.1 "Pembiayaan tiket kapal terbang dari negara asal ditanggung sepenuhnya oleh Majikan ketika mula berkhidmat dengan Majikan berdasarkan kadar yang telah ditentukan."</p>			
In addition, contracts for Myanmar workers, e.g. Soe Min (dated 27 March 2013) (Passport No: M929138) sighted at Layang Estate are in English. Other foreign workers' contracts are in Bahasa Melayu.			
Root Cause Analysis (to be filled in by organization)			
For Bangladeshi workers, the English version contract is applicable due to its in accordance to GtG contract, Further explanation: For Bangladeshi workers, the contract is based on the Memorandum of Understanding on the employment of workers between the Government of Malaysia and the Government of the People's Republic of Bangladeshi.			
SDP only pays a specific amount as Bon to Malaysian government.			
Reference is made to MYNI: Annex 1: Definitions pg 66 on the definition of contract of substitution, it states that:			
Contract substitution - Contract substitution occurs when the employment contract signed by the employee at his or her domicile country differs from the contract offered on arrival in Malaysia by the employer."			
In this case, the contract of substitution does not apply as the contract in English version is GtG contract provided by Bangladeshi High Commission. As for the Myanmar contract, Sime Darby template in English contract was given due to when they first arrived, found that Myanmar worker in that batch understood English. Company can choose to issue Sime Darby English or Malay version based on the understanding from the workers.			
Correction (if applicable) (to be filled in by organization)			
Estate Management to stop issuing generic contract template in Malay language with generic clause by SD to Bangladeshi workers. Estate to brief the workers on the condition stated in the contract in accordance to Government to Government (GtG) agreement.			
PIC: Estate Management & Foreign Workers Unit			
Corrective action (to be filled in by organization)			
Estate management to ensure all contracts terms are checked thoroughly and well prepared before signed by both parties prior to commencement of work. Estate management to ensure Sime Darby English or Malay version contract is prepared and provided to workers from agent, whereas contract English version from Bangladeshi High Commisioner to be provided for GTG			



workers. HR Workers management Unit is currently in the midst of establishing a new contract which includes all applicable clause for workers of all nationalities. This contract is currently under Legal review.

PIC: Human Resource Department

Verification of corrective actions by TUV Rheinland

Proposed corrective action plan accepted. Effectiveness of implementation to verified at next audit.

Verification of corrective actions by Bureau Veritas

Employment contract for Bangladeshi and Non-Bangladeshi were verified and observed that the difference only on flight fare.

Verified by: Valence Shem

Status	: Open /Closed/ Upgraded	Date of closure	: 20/01/2017
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NCR No.	: TUV Rheinland 13	Date of issuance	: 29/04/2016
Grade	: Major/Minor	Type of assessment	: Recertification
Implementation deadline : 28/04/2016			
Requirements	Indicator 6.12.3 (Major): There is no documented evidence of a special labour policy which should include: <ul style="list-style-type: none"> • No contract substitution; • Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc. 		
Non Conformity Description of objective evidence:			
There is no documented evidence of a special labour policy which should include: <ul style="list-style-type: none"> • No contract substitution; • Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc. 			
Root Cause Analysis <i>(to be filled in by organization)</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.			
Correction (if applicable) <i>(to be filled in by organization)</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. PIC: Foreign Workers Management Unit			
Corrective action <i>(to be filled in by organization)</i>			
Foreign Workers Management Unit has SOP that clearly spell out on the requirement on no contract of substitution and post arrival orientation programme. PIC: Foreign Workers Management Unit			
Verification of corrective actions by TUV Rheinland			
SDP provided 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. Details of post arrival orientation programme are defined in this SOP as follows: <ul style="list-style-type: none"> - 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:- <ol style="list-style-type: none"> i) Introduction to Sime Darby Plantation & Oil Palm ii) Language and Culture in Malaysia/ Estates/ Mills iii) Safety and Health in the Workplace iv) Civil/ Crime Laws, Drug Laws and Road Transport Laws v) Immigration Regulations vi) Labor Law/ Employment Contract vii) Child Protection Act 			
Auditor Conclusions: Closed Date of closure: 16 June 2016			
Verification of corrective actions by Bureau Veritas			



The SOP no. WMU/WMC-S0PP/MARCH2016 was still maintained.

Verified by: Gan Bee Kean and Valence Shem

Status	:	Open/Closed/Upgraded	Date of closure	:	NA
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