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Figure 1. Location Map of SOU 11



Figure 2. Operational Map of Kerdau Estate

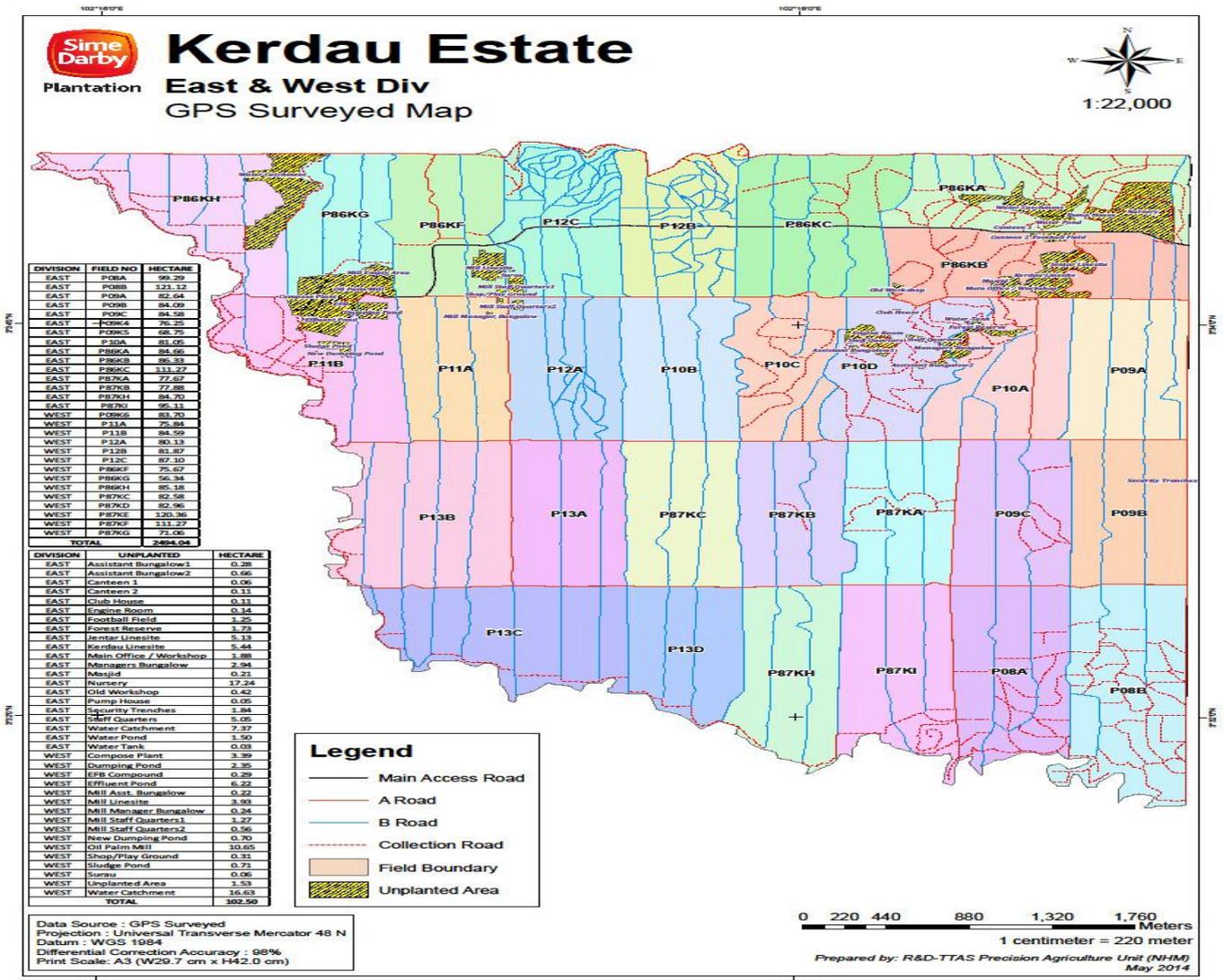


Figure 2.1 Operational Map of Kerdau Estate (Sg Tekal Division)

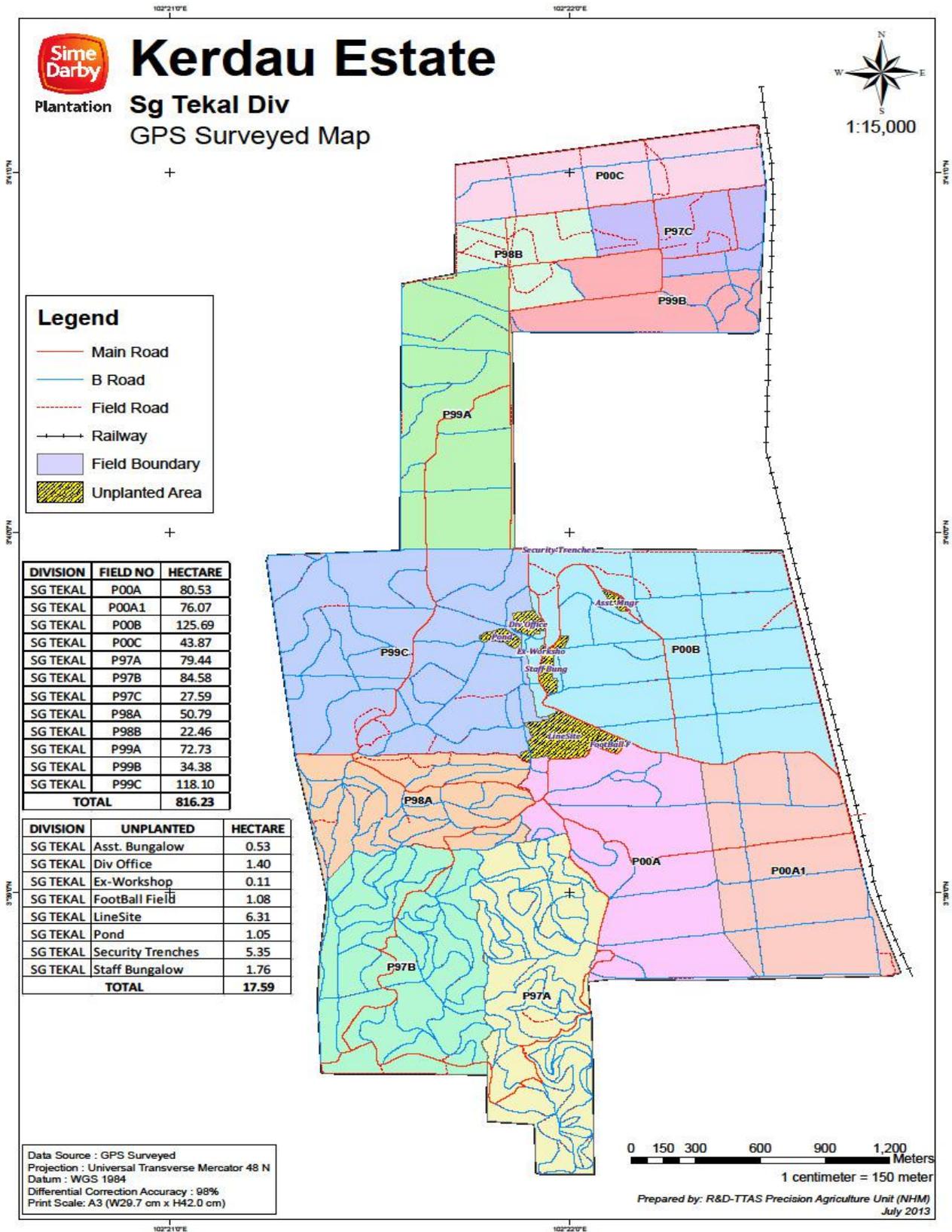


Figure 3. Operational Map of Jentar Estate

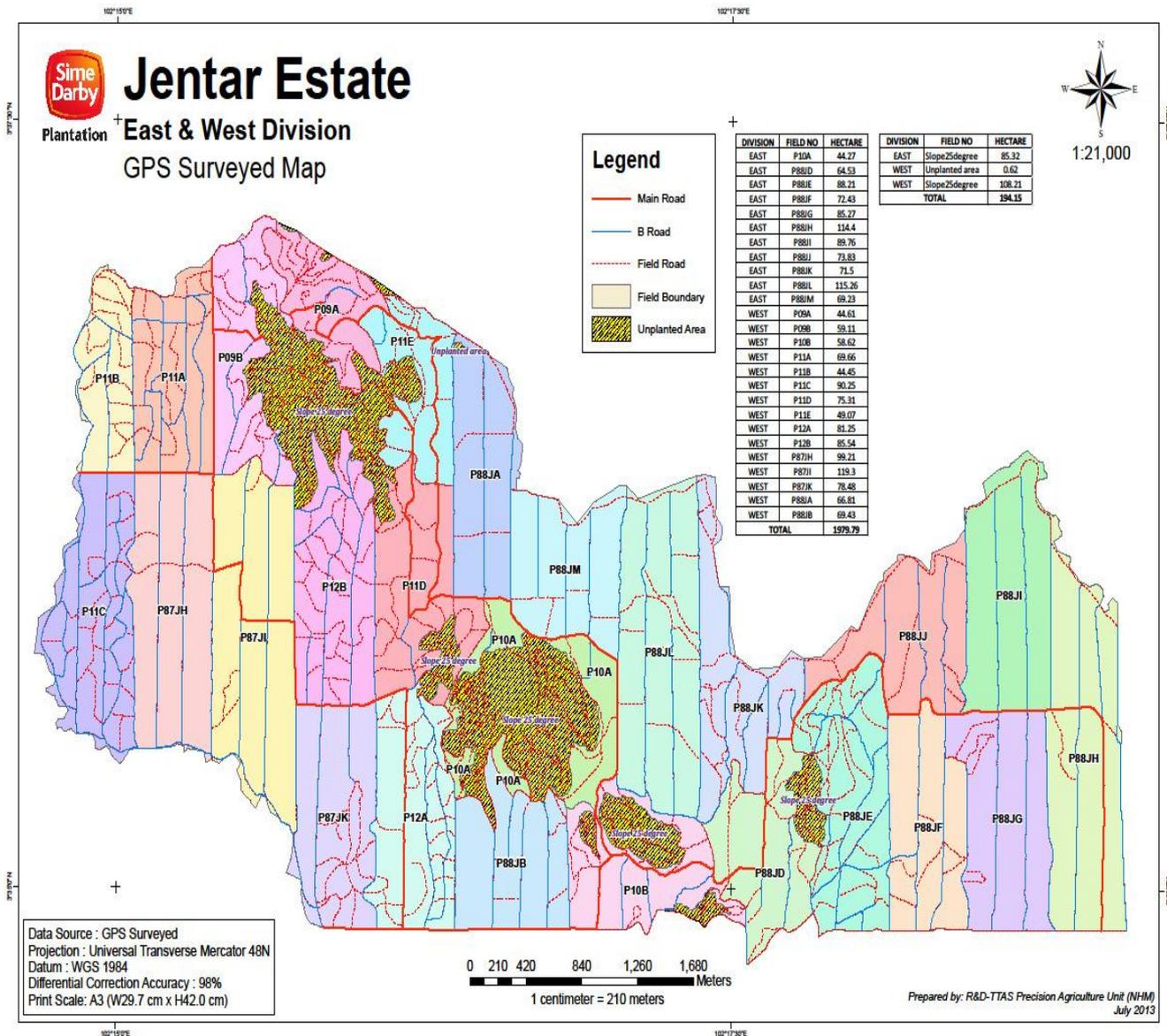


Figure 4. Operational Map of Chenor Estate

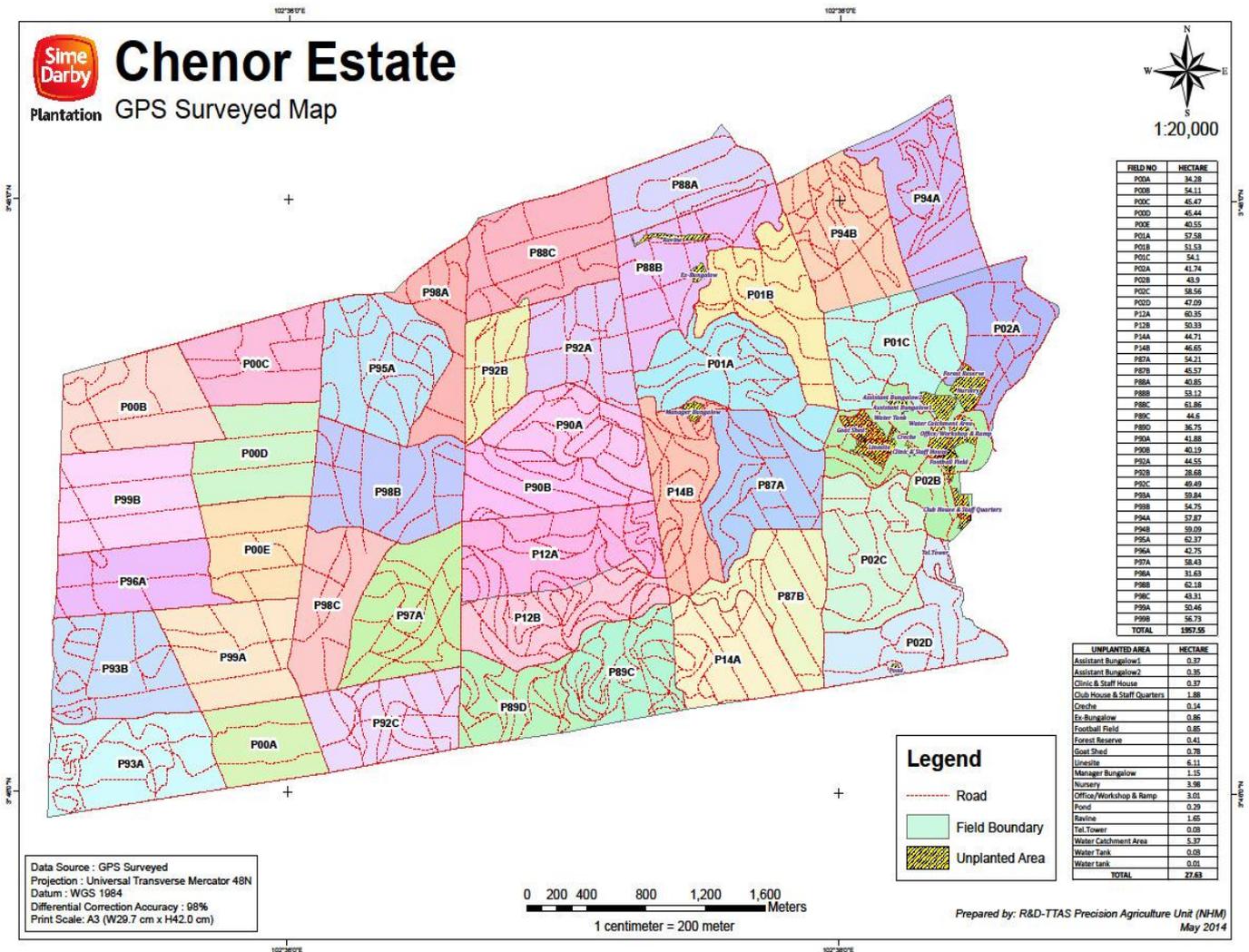


Figure 5. Operational Map of Sungai Mai Estate (Main Division)

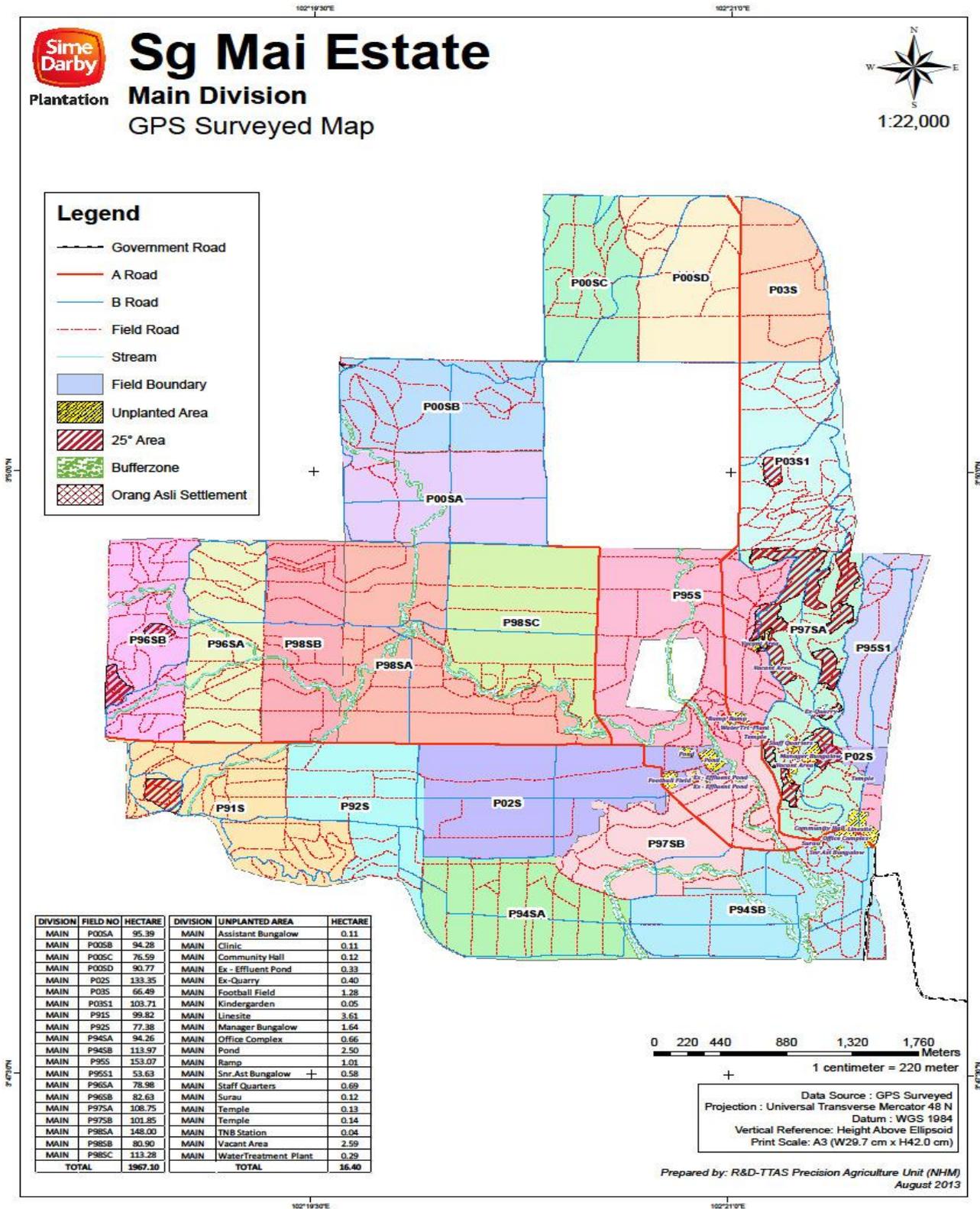


Figure 5.1 Operational Map of Sungai Mai Estate (Jerantut Division)

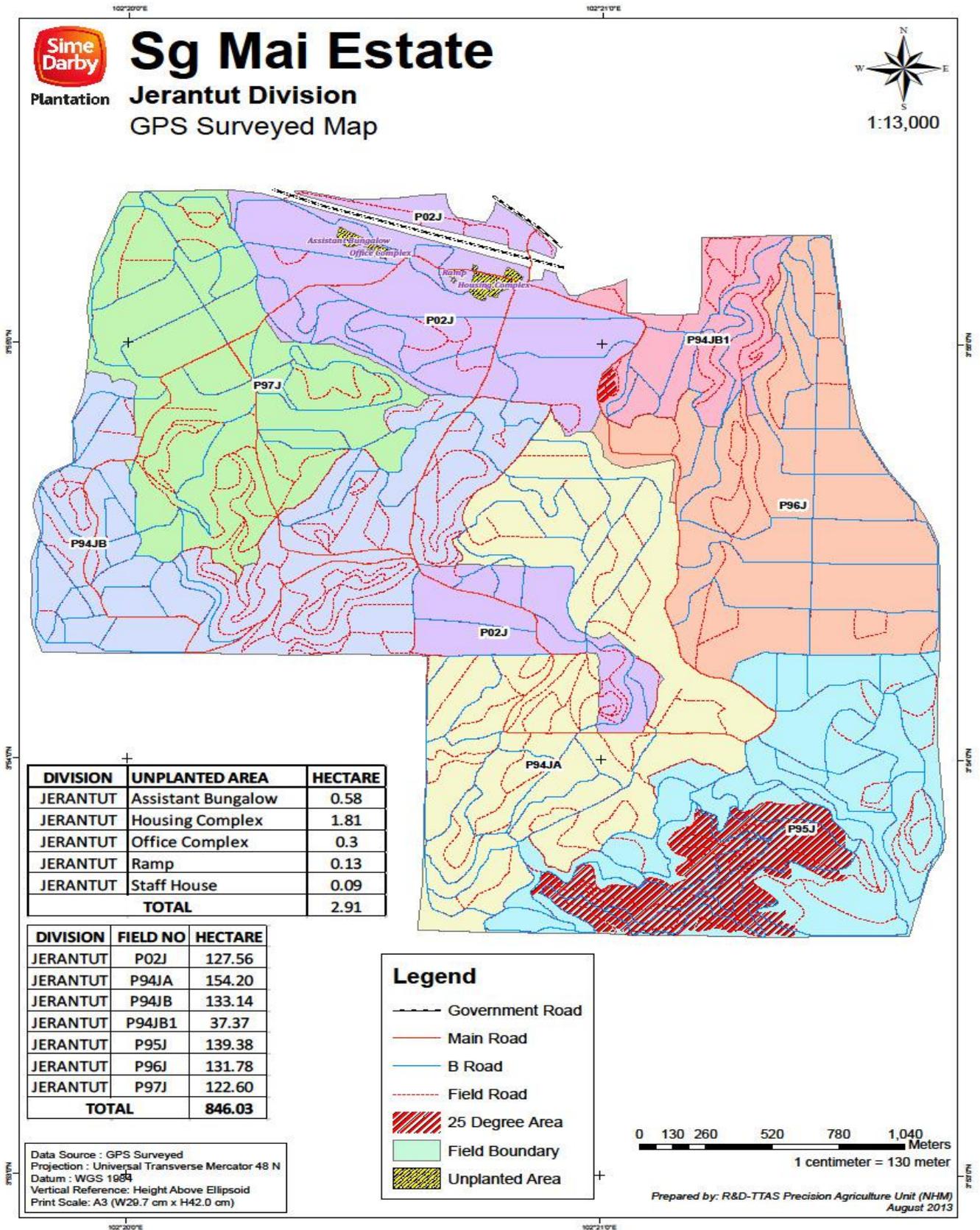


Figure 6. Operational Map of Mentakab Estate (Lanchang Division)

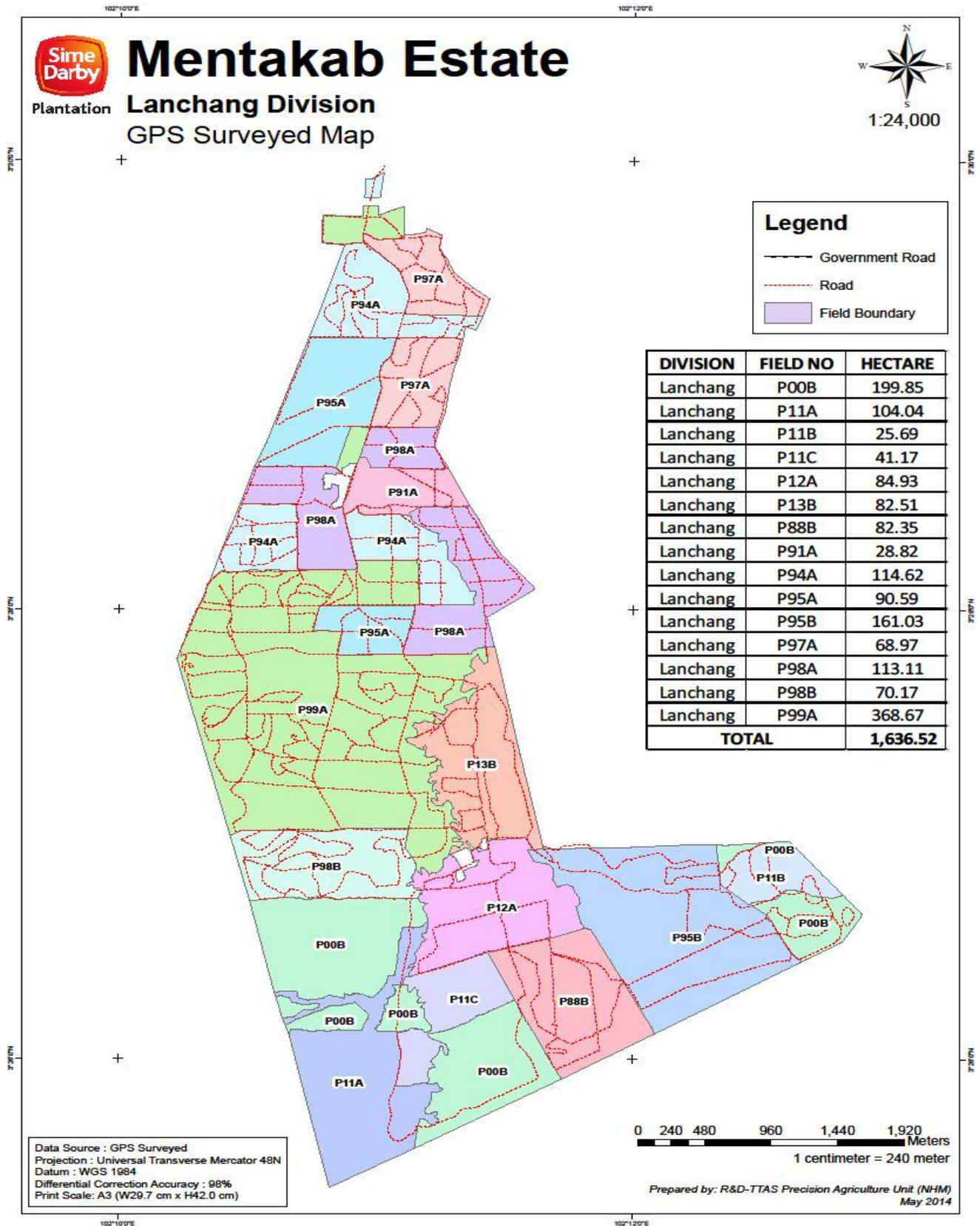


Figure 6.1 Operational Map of Mentakab Estate (Mentakab Division)

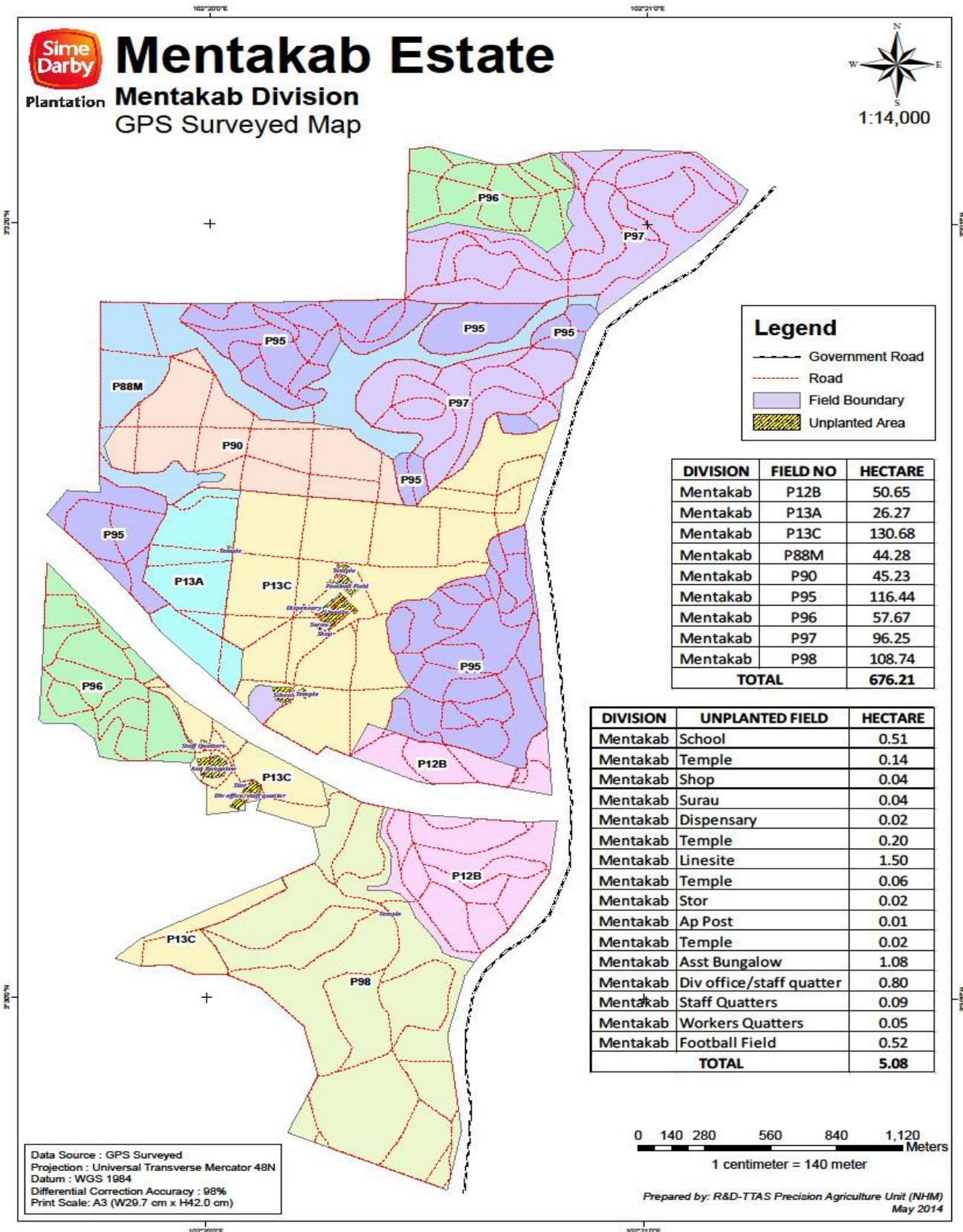
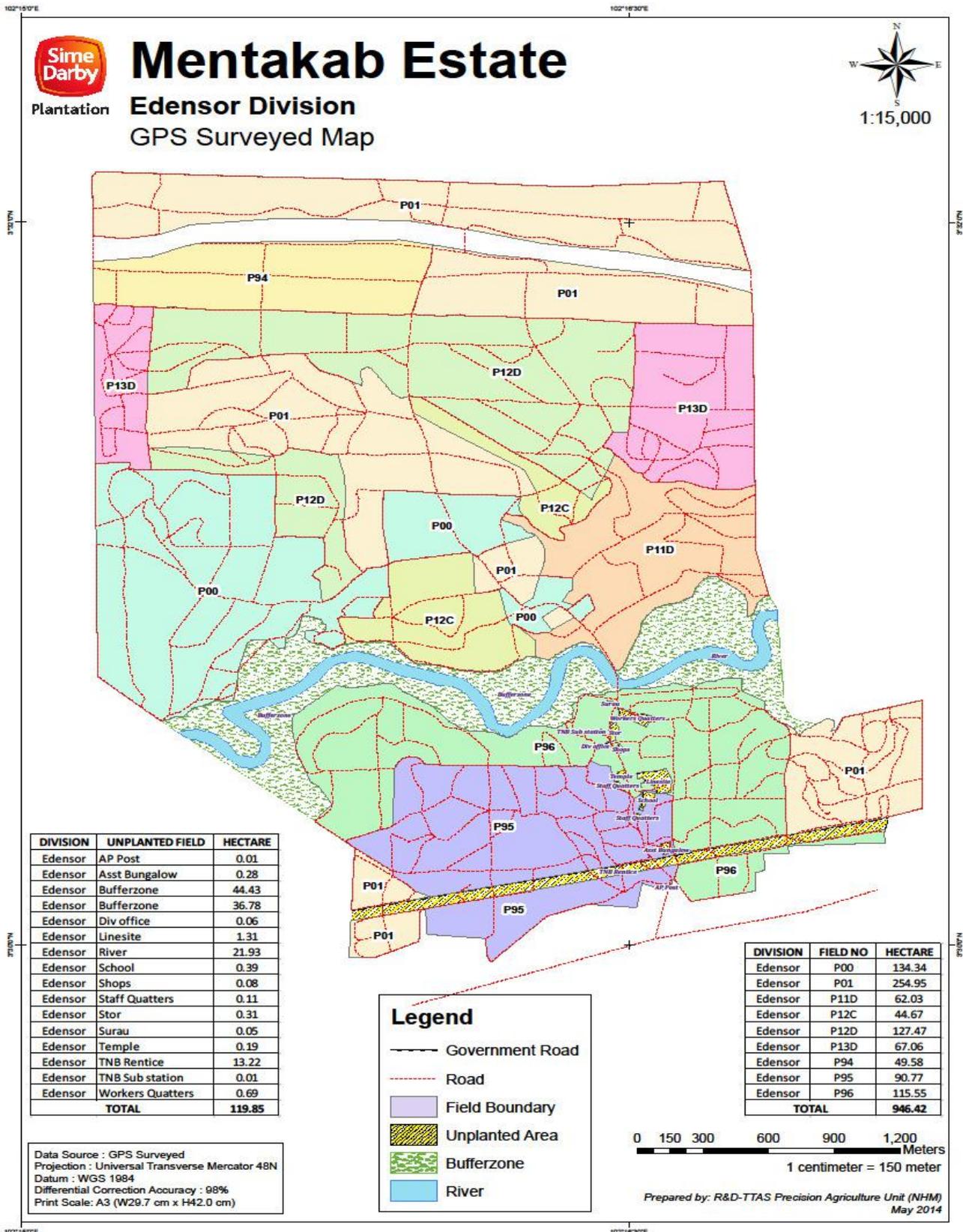


Figure 6.2 Operational Map of Mentakab Estate (Edensor Division)



Abbreviations Used

ARM	: Agriculture Reference Manual	MPOB	: Malaysian Palm Oil Board
BOD	: Biological Oxygen Demand	MSDS	: Material Safety Data Sheet
BTS (FFB)	: Buah Tandan Segar (<i>Fresh Fruit Bunch</i>)	NCR	: Non Conformance Report
CePPOME	: Certified Environmental Professional in the Treatment of POME	NPP	: New Planting Procedure
CEMS	: Continous Emission Monitoring System	NWSDM	: National Council of Welfare & Social Development Malaysia
CPO	: Crude Palm Oil	NUPW	: National Union Plantation Workers
CHRA	: Chemical Hazard Risk Assessment	OFI	: Opportunity For Improvement
CLC	: Child Learning Centre	OHS	: Occupational Health and Safety
CSA	: Conservation Site Area	OHSA	: Occupational Health and Safety Assessment
CSR	: Corporate Social Responsibility	OER	: Oil Extarction Rate
COBC	: Code of Business Conduct	PANAP	: Pesticide Action Network Asia and the Pacific
COD	: Chemical Oxygen Demand	PK	: Palm Kernel
DOE	: Department Of Environmental	PPE	: Personal Protective Equipment
EFB	: Empty Fruit Bunch	POME	: Palm Oil Mill Effluent
EMS	: Environment Management System	POM	: Palm Oil Mill
EPSM	: Environmental Protection Society Malaysia	PSQM	: Plantation Services Quality Management
EQMS	: Environment Quality Management System	PSS	: Pictorial Safety Standard
FY	: Financial Year	RHB	: Rashid Husin Bank
FPIC	: Free Prior and Informed Consent	RSPO	: Roundtable on Sustainable on Palm Oil
GHG	: Green House Gases	RTE	: Rare, Threatened or Endangered
HCV	: High Conservation Value	SDP	: Sime Darby Plantation
HIRAC	: Hazard Identification and Risk Assessment Control (HIRAC)	SIA	: Social Impact Assessment
HSE	: Health Safety and Environment	SOP	: Standard Operating Procedure
HQ	: Head Quarter	SOM	: Standarad Operation Manual
IUCN	: International Union for Conservation of Nature	SPMS	: Sustainable Plantation Management System
KER	: Kernel Extarction Rate	SOCISO	: Social Security Organization
KKS (POM)	: Kilang Kelapa Sawit (Palm Oil Mill)	SOU	: Strategic Operating Unit
LC	: Land Clearing	SW	: Schedule Waste
LCC	: Legium Cover Crop	TQEM	: Total Quality Environmental Management
LOTO	: Log Out and Take Out	WTP	: Water Treatment Plan
LTA	: Lost Time Accident		

1.0	SCOPE of the CERTIFICATION ASSESSMENT		
1.1	Assessment Standard Used		
	<ul style="list-style-type: none"> • <i>Malaysia National Interpretation - RSPO MY-NIWG of Principles and Criteria (P & C) for Sustainable Palm Oil Production. Endorsed by RSPO Board of Governors 6 March 2015.</i> • <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i> 		
1.2	Organisation Information		
1.2.1	Organisation name listed in the certificate	SOU 11 - Sime Darby Plantation Sdn Bhd	
1.2.2	Contact person	Shylaja Devi VasudevanNair	
1.2.3	Organisation address and site address	Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia	
1.2.4	Telephone	+(603)78484379	
1.2.5	Fax	+(603) 7848 4363	
1.2.6	E-mail	shylaja.vasudevan@simedarby.com	
1.2.7	Web page address	www.simedarby.com.my	
1.2.8	Management Representative who completed the application for certification	Shylaja Devi Vasudevan Nair	
1.2.9	Registered as RSPO member	1-0008-04-000-00, 7 September 2004	
1.3	Type of Assessment		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base	
1.3.2	Type of certificate	Single Date of Certificate validity was 7 July 11 – 6 July 2016, The 2 nd cycle certificate issued by TUV Rheinland Indonesia On 7 July 2016, transferred to PT Mutuagung Lestari on 19 June 2017.	
1.4	Locations of Mill and Plantation		
1.4.1	Location of Mill		
	Name of Mill	Location	Coordinate
			Latitude Longitude
	Kerdau Oil Mill	Kerdau Palm Oil Mill, 28010 Temerloh Pahang, Malaysia	3° 34' 10" N 102° 16' 42" E
1.4.2	Location of Certification Scope of Supply Base		
	Name of Supply Base	Location	Coordinate
			Latitude Longitude
	Kerdau Estate	Ladang Kerdau, Wakil Pos Kerdau 28010 Temerloh, Pahang	3° 34' 03" N 102° 17' 07" E
	Jentar Estate	Ladang Jentar, Wakil Pos Kerdau, 28010 Temerloh, Pahang	3° 35' 44" N 102° 17' 01" E
	Mentakab Estate	Ladang Mentakab/ Lanchang/ Edensor, c/o Lanchang Division, 28500 Lanchang,	3° 30' 47" N 102° 20' 10" E

	Pahang Darul Makmur.						
Sg Mai Estate	Ladang Sungai Mai, 27000 Jerantut, Pahang	3° 48' 03" N	102° 21' 24" E				
Chenor Estate	Ladang Chenor (KT), Sungai Jerik, 26400 Bandar Pusat Jengka, Pahang	3° 46' 05" N	102° 38' 14" E				
1.5	Description of Area Statement						
1.5.1	Tenure						
	• Private (Freehold land title)		13,619.55 Ha				
	• State		0 Ha				
	• Community		0 Ha				
1.5.2	Area Statement						
	• Total area		13,619.55 Ha				
	• Mature area		9,453.71 Ha				
	• Immature area		3,081.56 Ha				
	• Mill		9.71 Ha				
	• Building		43.77 Ha				
	• Road		414.77 Ha				
	• Nursery		29.33 Ha				
	• Others area (TNB rentice, football field, swampy area, un plantable, bunds, cemetery)		433.24 Ha				
	• HCV		153.46 Ha				
1.6	Planting Year and Cycles						
1.6.1	Age profile of planting year						
	Planting Year	Hectarage (Ha)					
		Kerdau	Jentar	Mentakab	Sungai Mai	Chenor	Total
	1993		277.06	50.69	208.00	112.00	647.75
	1994			279.98	291.74	60.00	631.72
	1995			151.88	275.85	41.00	468.73
	1996			138.35	283.53	58.00	479.88
	1997	175.04		267.59	324.90	130.00	897.53
	1998	236.2		332.95		102.00	671.15
	1999	214.35		294.52	347.14	96.00	952.01
	2000	313.35		254.74		162.00	730.09
	2001				250.33	181.00	431.33
	2002				163.66		163.66
	2008	216.16					216.16
	2009	243.74	101.55				345.29
	2010	302.15	100.00	72.72			474.87
	2011	156.78	316.82	271.29			744.89

	2012	233.93		330.07		108.00	744.89
	2013	374.94	312.97	119.10			672.00
	2014	231.19	154.69	139.67		91.00	616.55
	2015	258.35	154.69	110.00		90.00	613.04
	2016	235.87	505.56	121.37	167.00	234.00	1,263.80
	TOTAL	3,192.05	1,923.34	2,934.92	2,312.15	1,465.00	11,827.46
1.6.2	New Planting area after January 2010		0			Ha	
1.6.3	Planting Cycle		2 nd Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Kerdau Mill	60	170,135.22	33,635.73	19.77	8,506.76	5.00
	<i>*Production data source from 12 months before assessment (April 2016 Until March 2017)</i>						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Kerdau Estate	3,310.97	3,192.05	32,735.22	13.27	34,185.72	100
	Jentar Estate	2,207.30	1,923.34	15,144.96	13.66	15,808.02	100
	Mentakab Estate	3,266.49	2,934.92	36,293.99	14.16	37,315.21	100
	Sungai Mai Estate	2835.04	2,312.15	47,203.89	22.00	48,950.24	100
	Chenor Estate	1,999.75	1,465.00	24,917.16	23.73	25,088.03	96.33
	TOTAL	13,619.55	11,827.46	156,295.22	16.74	161,347.22	99.27
	<i>*Production data source from 12 months before assessment (April 2016 Until March 2017)</i>						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location	Supplied to Mill			
				FFB (tonnes/year)			
	Sri Kerdau Commodities	Independent FFB Supplier	No.3, Jalan Besar Kerdau,28010 Temerloh,Pahang	12,534.92			
	Golden Hose	Independent FFB Supplier	No.8888,Jalan Kemayan-Triang,28380 Kemayan,Bera Pahang	1,305.06			
	TOTAL			13,839.98			
	<i>*Production data source from 12 months before assessment (April 2016 Until March 2017)</i>						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim 7 July 2016 – 6 July 2017 (tonnes/year)		Actual certified product 7 July 2016 – April 2017 (tonnes/year)	
	• FFB Production			188,676.57		127,571.96	
	• CPO Production			40,943.00		28,122	

	• Palm Kernel (PK) Production		10,377.00		7,599		
1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)		
	Kerdau Estate	3,310.97	3,192.05	45,627	16.91		
	Jentar Estate	2,207.30	1,923.34	20,564	16.28		
	Mentakab Estate	3,266.49	2,934.92	54,378	20.11		
	Sungai Mai Estate	2835.04	2,312.15	50,867	23.71		
	Chenor Estate	1,999.75	1,465.00	28,292	24.80		
	TOTAL	13,619.55	11,827.46	199,728	20.07		
	<i>*Projected CSPO and CSPK production for 12 months of certificate (7 July 2017 – 6 July 2018)</i>						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Kerdau Mill	60	199,728	42,962	21.51	10,825	5.42
	<i>*Projected CSPO and CSPK production for 12 months of certificate (7 July 2017 – 6 July 2018)</i>						
1.9	Other Certifications						
	ISO 9001:2008		-				
	ISO 14001: 2004		-				
	OHSAS 18001:2007		-				
	ISCC		-				
	Others		5S System, Lean Six Sigma, RISE system				
1.10 Time Bound Plan							
1.10.1 Time Bound Plan for Other Management Units							
	Management Unit		Supply Base	Time Bound Plan	Location	Status	
	Mill	Time Bound Plan					
	INDONESIA						
	Sekunzir. PT. Indotruba Tengah	2010	Sekunzir	2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	2010		Certified	
	Mangala. PT. Tunggal Mitra Plantations	2010	Mangala 1	2010	Rokan Hilir District – Riau	Certified	
			Mangala 2	2010		Certified	
			Mangala 3	2010		Certified	
	Bukit Ajong PT. Sime Indo Agro	2010	West	2010	Sanggau District – West Kalimantan	Certified	
			East	2010		Certified	
			Sei Mawang	2018		-	
			East Plasma	2010		Certified	
			West Plasma	2010		Certified	
	Teluk Siak.	2011	Teluk Siak	2011	Pekanbaru,	Certified	

PT Aneka Inti Persada		Pinang Sebatang	2011	Siak District – Riau	Certified
		Aneka Persada	2011		Certified
Sungai Pinang. PT. Bina Sains Cemerlang	2012	Sungai Pinang	2012	Musi Rawas District – South Sumatera	Certified
		Bukit Pinang	2012		Certified
Pematang. PT. Teguh Sempurna	2011	Pematang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Kawan Batu	2011		Certified
		Hatan Tiring	2011		Certified
		Batang Garing	2011		Certified
Alur Dumai. PT Lahan Tani Sakti	2011	Alur Dumai	2011	Rokan Hilir District – Riau	Certified
Teluk Bakau. PT. Bhumireksa Nusa Sejati	2011	Teluk Bakau	2011	Indra Giri Hilir District – Riau	Certified
		Nusa Perkasa	2011		Certified
		Nusa Lestari	2011		Certified
Mandah. PT. Bhumireksa Nusa Sejati	2014	Mandah	2011	Indra Giri Hilir District – Riau	Certified
		Rotan Semelur	2011		Certified
Angsana Mini. PT Sajang Heulang	2011	KKPA-1 PT.SHE	2013	Tanah Bumbu District – South Kalimantan	Certified
		Pantai Bonati	2011		Certified
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	2011	Tanah Bumbu District – South Kalimantan	Certified
		Gunung Sari	2011		Certified
		KKPA-4 PT.SHE	2013		Certified
Mustika. PT Sajang Heulang	2013	Mustika		Tanah Bumbu District – South Kalimantan	Certified
		KKPA-2 PT.SHE	2013		Certified
		KKPA-3 PT.SHE	2013		Certified
		KKPA-5 PT.SHE	2013		Certified
		SAP 1	2020		ST-2
Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	2011	Kotabaru District – South Kalimantan	Certified
		Gunung Kemasam	2011		Certified
		Laut Timur	2011		Certified
		Pantai Timur	2011		Certified
		KKPA BSS	2020		-
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	2011	Kotabaru District – South Kalimantan	Certified
		Bebunga	2011		Certified
		KKPA Sungai Cengal	2014		Certified
Sukamandang PT Kridatama Lancar	2011	Sukamandang	2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified
		Sapiri	2011		Certified
		Barasdanum	2011		Certified
		Kuala Kuayan	2011		Certified
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	2012	Kotabaru District – South Kalimantan	Certified
		Pondok Labu	2012		Certified
		Rampa	2012		Certified
		Sesulung	2012		Certified
Selabak.	2012	Selabak	2012	Kotabaru District –	Certified

PT Swadaya Andhika		Randi	2012	South Kalimantan	Certified
		Sangkoh	2012		Certified
		Lanting	2012		Certified
Rantau. PT Laguna Mandiri	2012	Rantau	2012	Kotabaru District – South Kalimantan	Certified
		Matalok	2012		Certified
Betung. PT Laguna Mandiri	2014	Betung	2012	Kotabaru District – South Kalimantan	Certified
		Sekayu	2012		Certified
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	2012	Morowali District – Sulawesi Tengah	Certified
		Plasma TGK	2015		Certified
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	2012	Muaro Jambi District - Jambi	Certified
		Plasma BGR	2020		-
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	2012	Musi Banyuasin District – South Sumatera	Certified
		Bumi Ayu	2012		Certified
		Karang Ringin	2012		Certified
		Napal	2012		Certified
		Mangun Jaya	2012		Certified
		Sungai Jernih Estate and GPI KKPA	2017		-
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified
		Batang Ara (PT PSK)	2013		Certified
		Blang Simpo-01	2013		Certified
		Blang Simpo-02	2013		Certified
MAS. PT Mitra Austral Sejahtera	2020	MAS 1	2018	Sanggau District – West Kalimantan	-
		MAS 1	2018		-
		MAS 1	2018		-
		Plasma MAS	2020		-
Lembiru. PT Sandika Nata Palma	2014	Lembiru	2014	Ketapang District – West Kalimantan	Certified
		Awatan	2014		Certified
		Karya Palma	2018		-
		KKPA SNP	2020		-
		Pelanjau (PT BAL)	2018		-
		Sungai Putih (PT BAL)	2018		-
		Baturus (PT BAL)	2018		-
		KKPA BAL	2020		-
MALAYSIA					
Sg Dingin SOU 1	2010	Bukit Hijau	2010	Kerangan, Kedah	Certified
		Padang Buluh	2010		Certified
		Bukit Selangor	2010		Certified
		Sg Dingin	2010		Certified
		Jentayu	2010		Certified
		Anak Kuli	2010		Certified
		Somme	2010		Certified
Chersonese SOU 2	2011	Chersonese	2011	Kuala Kurau, Perak	Certified
		Holyrood	2011		Certified
		Kalumpong	2011		Certified

		Tali Ayer	2011		Certified
Elphil SOU 3	2011	Kinta Kellas	2011	Sg Siput, Perak	Certified
		Elphil	2011		Certified
		Kamuning	2011		Certified
Flemington SOU 4	2011	Flemington	2011	Teluk Intan, Perak	Certified
		Bagan Datoh	2011		Certified
		Sabak Bernam	2011		Certified
		Sg Samak	2011		Certified
Seri Intan SOU 5	2011	Seri Intan (Main Division)	2011	Teluk Intan, Perak	Certified
		Sabrang	2011		Certified
		Sg Wangi	2011		Certified
		Sogomana (Main Division)	2011		Certified
Selaba SOU 5	2011	Seri Intan (Selaba Division)	2011	Teluk Intan, Perak	Certified
		Sogomana (Cashwood & Sg Beruas Division)	2011		Certified
		Bikam	2011		Certified
		Clumy	2011		Certified
Tennamaram SOU 6	2011	Tennamaram	2011	Bestari Jaya, Selangor	Certified
		Sungei Buloh	2011		Certified
		Bkt Talang	2011		Certified
Bkt Kerayong SOU 7	2011	Bkt Kerayong	2011	Kapar, Selangor	Certified
		Bkt Cherakah	2011		Certified
		Bkt Rajah	2011		Certified
		Bkt Lagong	2011		Certified
		Elmina	2011		Certified
East SOU 8	2010	East	2010	Carey Island, Selangor	Certified
		Dusun Durian	2010		Certified
		Sepang	2010		Certified
West - SOU 9	2010	West	2010	Carey Island, Selangor	Certified
Bukit Putri - SOU 10	2011	Bukit Putri	2011	Raub, Pahang	Certified
Kerdau SOU 11	2011	Kerdau	2011	Temerloh, Pahang	Certified
		Jentar	2011		Certified
		Mentakab	2011		Certified
		Sg Mai	2011		Certified
		Chenor	2011		Certified
Jabor - SOU 12	2011	Jabor	2011	Kuantan, Pahang	Certified
Labu SOU 13	2011	Labu	2011	Nilai, Negeri Sembilan	Certified
		New Labu	2011		Certified
		Bradwall	2011		Certified
Tanah Merah SOU 14	2010	Tanah Merah	2010	Port Dickson, Negeri Sembilan	Certified
		Sua Betong	2010		Certified
		Bukit Pelandok	2010		Certified
Sua Betong SOU 15	2014	Salak	2014	Port Dickson, Negeri Sembilan	Certified
		Sengkang	2014		Certified
		Siliau	2014		Certified

		PD Lukut	2014		Certified
		Sungai Baru	2014		Certified
		Tampin Linggi	2014		Certified
Kok Foh SOU 16	2011	Bukit Pilah	2011	Bahau, Negeri Sembilan	Certified
		Kok Foh	2011		Certified
		Muar River	2011		Certified
		St. Helier	2011		Certified
		Pertang	2011		Certified
		Sg Gemas	2011		Certified
		Sg Sebaling	2011		Certified
		Sg Senarut	2011		Certified
Kempas SOU 17	2010	Kempas	2010	Jasin, Melaka	Certified
		Kemuning	2010		Certified
		Tangkah	2010		Certified
Diamond Jubilee SOU 18	2011	Bukit Asahan	2011	Jasin, Melaka	Certified
		Diamond Jubilee	2011		Certified
		Serkam	2011		Certified
Pagoh SOU 19	2014	Pagoh	2014	Muar, Johor	Certified
		Lanadron	2014		Certified
		Pengkalan Bukit	2014		Certified
		Welch	2014		Certified
Chaah SOU 20	2010	North Labis	2010	Chaah, Johor	Certified
		Cha'ah	2010		Certified
		Sg Simpang Kiri	2010		Certified
Gunung Mas SOU 21	2010	Gunung Mas	2010	Kluang, Johor	Certified
		Kempas Klebang	2010		Certified
		Bukit Paloh	2010		Certified
		Yong Peng	2010		Certified
Bukit Benut SOU 22	2011	Bukit Benut	2011	Kluang, Johor	Certified
		CEP Niyor	2011		Certified
		Lambak / Elaeis	2011		Certified
Ulu Remis SOU 23	2011	Pekan	2011	Layang-layang, Johor	Certified
		Sembrong	2011		Certified
		Tun Dr. Ismail	2011		Certified
		Ulu Remis	2011		Certified
		Bukit Badak	2011		Certified
		Cenas	2011		Certified
Hadapan SOU 24	2011	CEP Rengam	2011	Layang-layang, Johor	Certified
		Kulai	2011		Certified
		Layang	2011		Certified
		Seri Pulai	2011		Certified
Sandakan Bay SOU 26	2008	Tun Tan Siew Sin	2008	Sandakan, Sabah	Certified
		Tunku	2008		Certified
		Tigowis	2008		Certified
		Sentosa	2008		Certified
		Saguliud	2008		Certified

Melalap SOU 27	2011	Melalap	2011	Tenom, Sabah	Certified
		Sapong	2011		Certified
Binuang SOU 28	2009	Tingkeyu	2009	Kunak, Sabah	Certified
		Sungang	2009		Certified
		Jelata Bumi	2009		Certified
		Binuang	2009		Certified
Giram SOU 29	2009	Mostyn	2009	Kunak, Sabah	Certified
		Giram	2009		Certified
Merotai SOU 30	2009	Imam	2009	Tawau, Sabah	Certified
		Merotai	2009		Certified
		Table	2009		Certified
		Tiger	2009		Certified
Lavang SOU 31	2011	Belian	2011	Bintulu, Serawak	Certified
		Kelida	2011		Certified
		Lavang	2011		Certified
		Lavang (SE)	2011		Certified
		Rasan	2011		Certified
Rajawali SOU 32	2011	Rajawali	2011	Bintulu, Serawak	Certified
		Samudera	2011		Certified
		Semarak	2011		Certified
		Bayu	2011		Certified
Derawan SOU 33	2011	Takau	2011	Bintulu, Serawak	Certified
		Damai	2011		Certified
		Derawan	2011		Certified
		Sahua	2011		Certified
Pekaka SOU 34	2011	Chartquest	2011	Bintulu, Serawak	Certified
		Dulang	2011		Certified
		Peroh	2011		Certified
		Pekaka	2011		Certified
		Ruai	2011		Certified

Sime Darby has achieved 34 management units in Malaysia and 24 Management Units in Indonesia that RSPO certified. Total management unit in Sime Darby Plantation Sdn Bhd are 34 in Malaysia, 25 in Indonesia and 1 in Liberia.

A new mill will be set up in Liberia and planned for commissioning in Feb 2016. Preparation to undergo the RSPO Certification process is in progress and SDP targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress.

There was change of the Time Bound Plan under Sime Darby on 15 April 2016 cause the Sime Darby postpone the others certification process. Change of the Time Bound Plan explanation: PT Mitra Austral Sejahtera. There are social issue still unresolved from the Serikat Petani KelapaSawit (SPKS) Sanggau, however the improvement are in progress. Sime Darby has informed the Time Bound Plan progress, MUTUAGUNG has consider that Sime Darby still comply with the RSPO requirement for partial certification.

2.0	ASSESSMENT PROCESS
2.1	Assessment Team
ASA-1.1	<p>1. Oktovianus Rusmin (Lead Auditor). Bachelor's Degree in Social & Political Sciences Department of Anthropology. The working experience, consist of: Coastal Project-Department of Anthropology in Indonesian University (Pilot Project of Mangrove Rehabilitation in coastal area of South Sulawesi) as Social Supervisor (1999-2001), Center of Anhtropology-Indonesian University (Research and Publication) as Researcher (2002 – 2014), The Forest Trust-Indonesia (Consultant of Sustainable Forest Management) as Social Advisor (2004 – 2010) and eForest Consultant (HCV Identification and Social Impact Assessment) as staff (2010 – 2011). Already participated in several training, consist of: Forest Management Auditor (FSC Standard), Environmental Management System ISO 14001, ISO 9001:2008, Conflict Resolution, Human Right, Verification System of Wood Legality, Training Lead Auditor of ISPO & RSPO Scheme. Had participate in Sustainable Forest Certification (Eco Labelling Indonesia Standard), Gap Analysis of FSC Standard. He was numerously involved in audit of sustainable palm oil certification since 2011 for Indonesian Sustainable Palm Oil (ISPO) and RSPO Scheme in Indonesia & Malaysia as Auditor and <i>Lead Auditor</i>. During this audit he has been assigned to verify the Social Aspect, SCCS & Continues Improment</p> <p>2. Mahaswaran Malipayan (Auditor) Malaysian citizen (Fluent in Local Language), More than 15 years working experience in various industries in Malaysia that covering the full spectrum of Quality and Environmental Management System. As certified Lead Auditor and being the Principle Consultant. He too has vast exposure and experience in Quality Environmental Management System as well the Occupational, Health and Safety auditing. He owns proven track records of auditing warious multinational companies both locally and internationally. In this assessment, He assessed on Legal Aspect, Long Term Business Plan, Health & Safety and Best Agriculture Practices & IPM</p> <p>3. Ebnu Holdoon Shawal (Auditor). Malaysian citizen (Fluent in Local Language) Graduated with Bachelor of Civil Engineering from University Tenaga Nasional in Malaysia. He has been completed the ISO 9001 : 2008 QMS Lead assessor course for RABQSA – QM 785 (Exemplar Global) certified. He has an experience regarding the safety, health and environmental standard for construction works as an engineer for 1 year. He has gone for various RSPO audit since 2015. During this audit he has been assigned to verify the Transparencies and Environmental aspect.</p> <p>4. Sofyan Hadi Lubis Master's Program in Environmental and Natural Resource Management and Bachelor of Social Economic Agriculture. Has been involved as a researcher at the Research Centre of Forestry and Climate Change and Cooperation IPB-ETH Zurich Swiss-NUS Singapore regarding carbon stock analysis. The training has been followed, among other climate change mitigation and adaptation for agricultural productivity in Southeast Asia, Asian Carbon Update and Network and Climate Change Mitigation and Adaptation for Agricultural Productivity, Environmental Impact Assessment (EIA), Lead Auditor ISPO (Indonesian Sustainable Palm Oil), IHT-RSPO, ISO 9001, HCV, ISO 14001, Calculation of Greenhouse Gases (GHG), ISCC Plantation Audit and Land Use Assessment, Green Industry and ISCC EU and Plus Basic Training. Furthermore, he also worked as a staff environmental consulting firm and currently working as an auditor in the certification body (PT MUTUAGUNG LESTARI). He has conducted audits for ISPO scheme, RSPO and ISCC in oil palm plantations as an auditor. During this audit, He verified Environment/Conservation, and GHG aspect.</p>
2.2	Assessment Methodology, Assessment Process and Locations of Assessment
2.2.1	Figure of person days to implement assessment
ASA-1.1	<p>Number of auditors : 4 auditors Number of days for ASA-1.1 at site : 5 days Number of working days for ASA-1.1 at site : 20 Working days</p>
2.2.2	Assessment Process
ASA-1.1	<p>The assessment was conducted by measuring the sufficiency of implementation and consistency of the SOU 11 – Sime Darby Plantations to the requirements of Malaysian National Interpretation of the RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO MYNI, March 2015 and Supply Chain Requirement for CPO Mill 2014). The assessment was conducted in three methods: (1) document review, aiming at observe the sufficiency of types or substances from required documents; (2) interview with management and stakeholders, aiming at obtaining more</p>

detailed information and information cross check; and (3) field observation, aiming at observe directly the sufficiency of implementation on site.

Number of units in this certification activity is 5 (five) estates (Kerdau Estate, Jentar Estate, Sungai Mai Estate, Mentakab Estate & Chenor Estate), which supply the raw material (FFB) to 1 (one) palm oil mill (Kerdau POM). In conducting the assessment, the team of auditors used the $0.8\sqrt{y}$ formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are Kerdau Palm Oil Mill and 2 (two) estates (Sungai Mai Estate & Mentakab Estate).

Some opportunities for improvement as the results of ASA-1 had also delivered by the MUTU auditors to the management unit and the results are the subject will be verified at the next assessment phase.

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

The assessment program please find Appendix 2. The assessment program please find Appendix 2.

2.2.3	Locations of Assessment
ASA-1.1	<p>Kerdau POM</p> <ol style="list-style-type: none"> 1. Mill Office, Supply Chain Certification System (SCCS) verification and interview related personnel in charge to supply chain system 2. Weight bridge, Observation and interview of personnel related to FFB received mechanism and documented system 3. Water Treatment Plant (WTP) station: Observation related to water consumption and implementation of OHS, and understanding of safe working 4. Boiler's Room, Observation and interview with the worker related to implementation of OHS, understanding of safe working, overtime calculation, Chemicals Storage: Observation and interview related to OHS, hazardous waste including chemical containers management. 5. Loading Ramp, 2 sided with each side with 20 openings. Interviewed the QA of Grading section, Mr. Zawari Ismail [6 yrs in Sime Darby]. PPE for graders [safety helmet, safety shoe, gloves and west] provided by the mill. There is updated information, such as PPE usage, internal memo and SOPs are displayed on notice board. 6. Fruit handling station, 2 sides of the conveyer found with leaking of crude oil and found traces of flowing into drain. 7. PK storage area, some weekend maintenance work done and will be continue next weekend. However, the work site not barricaded effectively. 8. Compressor validity, a compressor unit at sterilizer station [PMT 4085] and another compressor at boiler room [PMT 3101] was verified. 9. Fire Extinguisher, within the processing plant, sighted a few fire extinguishers placed on the floor without proper attention. 10. Sterilizer station, The "Oblique" method in-use. The safety measures control by 3 mode of pressure control of any one 1 malfunction or not working properly, the sterilizer door would not open. 11. Workshop, Interview the Foreman [local] Mr. Zuraidi and 4 contract workers [Bangladesh] Mr. Nilchan, Mr. Koskon, Mr. Nasrul and Mr. Rumel. They are on daily wage [RM 50-55/day] and wages paid by their contractor [Lotus twin Ent.] on cash term. The workers claimed, the safety measure and welfare by the certification unit good. 12. Diesel storage area, well maintained and labels are clearly displayed. <p>Sungai Mai Estate</p> <ol style="list-style-type: none"> 13. Block 2016-E, Observation related to maintain the marginal soil. 14. Block F94SB / F77SB, Observation related to River Buffer Zone Protection 15. Block F94SB, Observation related road maintenance, and monitoring HCV & Conservation areas.

- 16. **Scheduled Wastes**, Observation related to Scheduled Wastes including chemical containers management and implementation of OHS.
- 17. **Workshop**, Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities
- 18. **EFB Mulching**, Seen the EFB application at replanting blocks – 2016 A & B.
- 19. **Cover crops**. Beneficial plants are seen effectively planted throughout the road shoulder, particularly at replanting blocks.
- 20. **Boundary stones**, A few samples were taken and the significant pole verified at Block 97A where the estate is next to Orang Asli Reserved Land
- 21. **Kampung Jahut (Enclave Area)**, observation and interview the community related ti social interaction between the certification unit and the community surround, Conflict, CSR Program, etc

Mantakab Estate

- 22. **Block P16** , Observation related to maintain the marginal soil.
- 23. **Block P96**, Observation related road maintenance, and monitoring HCV & Conservation areas
- 24. **Workshop**, Observation and interviews with employees related to management of hazardous waste and hazardous material, training, provision of PPE, training, emergency response facilities
- 25. **Manure activity**, Interviewed 5 migrant workers from Uttara Pradesh India
- 26. **Cover crops**, Well maintained and monitored
- 27. **Boundary stones**, Visited to Blocks 99A [border to small holder], 16B [border to Mardi and smallholder] and 99A [border to smallholder]
- 28. **Barn owl**, Sighted at Block 97A
- 29. **Pest and disease prevention**, during field visit, no traces of pest or bagworm attack on palms.

2.3	Stakeholder Consultation and Stakeholders Contacted
2.3.1	Summary of stakeholder consultation process.
ASA-1.1	<p>Consultation of stakeholders for SOU 11, Sime Darby Plantation Sdn Bhd was held by:</p> <ol style="list-style-type: none"> 1. Public Notification on Mutu certification website at 30 March 2017. 2. Letter sent to related agencies and NGO in Malaysia, dated 18 April 2017 3. Interview of local contractor in Kerdu POM, dated 26 April 2017 4. Interview of local stakeholder in Kampung Juhut (enclave area in Sungai Mai Estate), dated 27 April 2017 5. Internal stakeholders representatives, Focus Group Discussion of worker union and gender committee and local stakeholders (Teacher & Policemen Representative) , dated 28 April <p>Numbers of input from stakeholders were verified by auditors through field observation and document verification.</p>
2.3.2	Stakeholder contacted
	<i>Please find appendix 1</i>
2.4	Determining Next Assessment
	The next visit ASA-1 will be determined nine to twelve months after the date of certificate issued (April to June 2018)

3.0. ASSESSMENT FINDINGS

3.1. Summary of Assessment Report of the RSPO Certification

MUTUAGUNG LESTARI has conducted an assessment of Kerdau POM, SOU 11 – Sime Darby Plantation Sdn Bhd operation consisting of one (1) mill and five (5) oil palm estates.

During the assessment, there were no Nonconformity assigned against Major Compliance Indicator(s) and three (3) nonconformities assigned against Minor Compliance, and no nonconformance against supply chain requirement for CPO and five (5) opportunity for improvements identified.

Further explanation of the non-conformities raised and corrective actions taken by the certification unit are provided in section 3.5. There were three (3) non conformities Minor Compliance Indicators still Open and will observation on the Next Surveillance (ASA.1.2)

MUTUAGUNG LESTARI found that Kerdau POM, SOU11 – Sime Darby Plantation Sdn Bhd complied with the requirements of RSPO Principles & Criteria and National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, MYIWG .

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

Ref Std.	VERIFICATION RESULT of MUTU-Certification
PRINCIPLE #1 COMMITMENT TO TRANSPARENCY	
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.	
<p>Indicator 1.1.1 During the audit at SOU 11 Kerdau (Sime Darby Plantations), the certification unit had shown the latest stakeholder list at the estate and the frequency of updating the stakeholder list has been updated yearly. Stakeholder list been updated together with the stakeholder meeting and the verification of stakeholder meeting has been done by manager of each estate and mill. During the annual stakeholder meeting, all the latest information regarding the certification unit policy, information related to estate and mill activities, social and environmental issues has been publicly discussed with related stakeholders. The stakeholder can voice out their concern regarding the management operations and the issues has been taking into account by the management unit. Based on the SOP of Sime Darby management, the manager will be the responsible person to update and approved all the request and communicate externally to the stakeholders. Amongst the stakeholders invited to the meeting is managers of all estate and mill, village leaders, auxiliary police, National Union Plantation Workers (NUPW) personnel and representative, contractors, local community leaders, vendors and supplier of the certification unit. During the audit period at Kerdau POM, the company had show the minutes of meetings, and subject to be discuss during stakeholder meeting. The company had shown the person in charge regarding handling communication for internal and external stakeholders to the attendees. The procedure of communication information to the stakeholders had been brief to the stakeholders. There is available annually stakeholders held by the company to gather all the related stakeholders, Govt agencies and workers representative to voice out their opinion towards company operation.</p> <p>Indicator 1.1.2 The Certification unit had provide and SOP of constructive responses to the stakeholders kept in the management office unit entitled ‘Standard Operating Manual’ – Communication procedure. The manager of the estate will be the responsible person to communicate with external stakeholder upon request of information and for internal communication will be handled by the assistant manager of each estate and mill. As for internal communication, the certification unit had provide</p>	

a complaint book internally and external complaint book for handling complain and request by stakeholders and workers and most recent request made by the workers of estate dated 21/4/2017 regarding the repair of their electrical works. Based on the observation made, the certification unit had timely repair the faulty equipment and the response has been made on the same day of complain made.

Status: Comply

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

The management has made publicly available the related document listed by the standard. It include the Land title of the management unit (mill and supply bases), OSH plan of the mill and estate, risk assessment, mitigation plan (HIRARC document), Environmental Impact Evaluation (EIE) and Environmental Management Plan (EMP) were made available at the estate and mill.

Sime Darby Plantation SOU 11 Kerdu had also documented the Social Impact Assessment (SIA) at estate and mill accordingly, together with HCV document for the wildlife and water catchment area, Pollution prevention Plan (PPR), communication procedure to internal and external parties, and also including the Human right policy that made available at all estate and management unit of Sime Darby as per field visit and document verification.

Status: Comply

1.3

Growers and millers commit to ethical conduct in all business operations and transactions.

Indicator 1.3.1

The certification unit had provide a booklet entitled Code of Business Conduct (COBC) to all the workers and staff management of Sime Darby Kerdu Mill and estates. Record of handing booklet also made available at the estate management in which all the personnel that receive the booklet will signed a form of acceptance and the record kept in the office. Record of booklet signed and attendance sighted at the office estate dated: 28/08/2015 and the certification unit had also brief the workers during muster morning periodically. All together 107 personnel including the general workers to all staff had signed the form of booklet acceptance was sighted.

The COBC booklet has been made into slideshow presentation and has been brief to all the workers and management staff. The booklet included the element of 'prohibition any kind of corruption 'and 'zero tolerance towards bribery and corruption or else not influencing other parties to practice the corruption in the certification unit management unit. The contractor has been provided the booklet when they signing the contract and the elements key point of the booklet has been inserted together with the contract. Based on stakeholder consultation with representation of workers and Gender Committee was indicate that they area understand of Certification unit has the ethical conduct in business operations and transaction.

Status: Comply

PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

2.1

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

Indicator 2.1.1

There is a "Legal & Requirements Register" established by the PSQM (Plantation Sustainable Quality Management) which was checked and approved for compliance on 01/01/2017 by the Mill's Asst. Manager & Manager. There were no significant changes addressed in the regulation of OHS and environment. As for the general category, "National Wage Consultative Council Act 2011, Minimum Wages Order 2016 has been updated and communicated of the changes within all operating units. There is an evaluation compliance score card with annual rating statement.

Indicator 2.1.2

The content of legal register is title, subject, reference no., legal requirements, status of compliance, accountability, and the enforcing agencies. Both the mill and estate asst. managers are responsible for updating legal documents as per information from PSQM. And if there is any new laws or regulation that to be comply shall be by using the LROR and it subject to be review and approved by the manager.

Indicator 2.1.3

Sighted in page 5 of the foreign worker’s contract agreement a clause on “Foreign Workers Compensation Scheme” will be facilitate by the company. However, during audit period, there is no demonstrable evidence that Foreign Worker Compensation Scheme Certificate of Insurance renewed for 2017/18. There is no mechanism available to ensure the workers compensation being monitor regularly. **(Sungai Mai Estate). NCR. 2017.01 with Minor Category.**

As for the Fire Certificate, there are documented evidences available that the mill was failed in the initial inspection by Bomba and re-inspection schedule to be by end Apr 2017. An application through “Borang FC4’ ref: 700-2/1/6/460 dated 22/03/2016 was sent to Bahagian Pencegahan dan Keselamatan JBPM, Pahang. Since the process of application is in progress, therefore this issue to be term as an observation. The position for Medical Assistant vacant and the process of recruitment is on-going. However, there is no proper information communicated to field workers on how the management respond if any of their worker[s] found need for a medical consultation, therefore this issue to be term as an observation.

Indicator 2.1.4

The identification of changes is the responsibility of corporate department in HQ whom shall notify in written to the mill & estate representatives of the changes. It then the respective operating unit’s head to delegate the information among their team members. As for the issues concerning to environment and OHS, it is the responsibility of EHS unit [under the arm of PSQM] to update and implement the changes at SOU level. For the issues related to foreign workers, the Worker Management Unit will liaise with respective sites. The HR team co-ordinates on wages concern issues with all operating units. Sighted the RSPO Internal Consultative Assessment by the PSQM for legal and OHS requirements.

2.1.3	Status: Non Compliance with Minor category 2017.01
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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.

Indicator 2.2.1

Sungai Mai Estate

Sighted some of the land title stated the land status as either nil/Tiada/Pertainian. There is a written explanation from the Sime Darby Land Department dated on 25/05/16 stating all the terms are permissible condition for oil palm cultivation.

Mentakab Estate

There were no findings seen in the land titles for the 3 divisions in this estate. Sighted also the quit rent payment slip for the 22 land titles at which this estate was initially developed by Golden Hope Plantation.

- Lanchang division – 9 titles
- Mentakab Division – 7 titles
- Edensor Division – 6 titles

The original copies of land use right are maintained by the Corporate Head Office. Based on document verification and information by management of representative of SOU 11 Kerduau, there was no land is acquisition by the other party.

Indicator 2.2.2

During filed visit sighted the original boundary stones are well marked and visible. Aside there also boundary markers seen at field visited area. Sampled boundary stone’s GPS which border to smallholders and no discrepancy found. Both estates (Mentakab and Sungai Mai) are maintaining estate map with locations of boundary stones and GPS references. This POM is on the land of Kerduau Estate, and both sampled estates (Mentakab and Sungai Mai) were previously developed by Golden Hope Plantation.

During filed visit in Sungai Mai Estate, seen the boundary markers well maintained and visible. Visited to the markers at Blocks OP 95 S1, OP 98 SB, OP 16 A&B. Field visit observation surround of plantation area, for example in Sungai Mai area, there was any enclave of Kampung Orang Juhut, interview with local people they are aware and understand related to boundaries area between the certification unit and the communities. Both of area the palm oil plantation and the community was arrange by the Pahang Province in the early. The estate is maintaining a estate map with locations of boundary stones and GPS references. There was also field visit in Mentakab estate was sighted the original boundary stones are well marked and visible. Aside there also boundary markers seen at field visited area. Sampled boundary stones GPS at Block 99A which border

Indicator 2.2.3, 2.2.4, 2.2.5 & 2.2.6

This estate was previously developed by Golden Hope Plantation and therefore, no communities nor individual has any implications for the legal status of their land or have been disputes. The Certificate Holder has system for dealing the dispute and complaint receive. This system was refers to Procedure and flowchart for Handling Social Issues, and also has Procedure for External and Internal Communication.

Status: Comply

2.3

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

Indicator 2.3.1

The mill have and estate obtained all the relevant licenses from respective authority. There is no evidence the presence of identification of legal, customary or user right.

Indicator 2.3.2, 2.3.3 and 2.3.4

The POM is on the land of Kerdau Estate, and both sampled estates (Mentakab and Sungai Mai) were previously developed by Golden Hope Plantation and therefore, no communities nor individual has any implications for the legal status of their land or have been disputes.

Status: Comply

PRINCIPLE #3 Commitment to long-term economic and financial viability

3.1

There is an implemented management plan that aims to achieve long term economic and financial viability.

Indicator 3.1.1

During the observation at Kerdau POM, the certification unit had shown the management plan of each unit for 3 years long term economic commitment is available. The cost for per ton CPO is upward trend from 4668.23/ ton CPO to 4976.35 / ton CPO from July 2017 – June 2018 (projection data). It was sighted at the mill that there is no planning of expansion mill capacity and land area. The document available at the mill was subjected to CPO price globally and the plan will be annually reviewed. The meeting on the projection and budget will be done annually and the personnel in charge involved is at the estate management level (from staff, chief clerk, assistant manager and Manager of each unit)

Financial budget for mill observed for year 2017 ~ 2018. Proper budget data observed and showed good projection towards next 3 years. Sufficient details observed:

- OER rate
- Total cost /CPO
- Forecast price
- Profitability forecast
- Project expansion
- Allocation for social and environmental
- Estate cost
- Crop projection = Fresh Fruit Bunches (FFB) yield trends

For each estate and mill there is respected personal in charge of the budget and properly allocated the budget for the operation before suggested towards the management. The assistant manager of each estate was incharged of the document and helping on the documentation of budget.

Indicator 3.1.2

The certification unit had also provide a 3 years budget programmed for the estate in which the FFB trends will increase due to maturity of the Palm Oil. The estates has budget the replanting programmed for more than 3 years starting from year 2016 – 2020 (2016 : 167 Ha, 2017 : 126.52 Ha, 2018 : 147.31 Ha, 2019 : 247.03 Ha, 2020 : 254.15 Ha) for Sungai Mai estate. The documentation also been sighted at the estate and the evidence of yearly reviewed replanting programmed has been done accordingly based on the work task implementation on the ground. There is also timetable for those 3 division of Mentakab estate planned (Lanchang Division, Edensor Division, and Mentakab Division). Based on the field observation, interview, and document verification (Soil Map) the estates do not have fragile soil, peat soil.

Status: Comply

PRINCIPLE #4 Use of appropriate best practices by growers and millers

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

Indicator 4.1.1

The certification unit has maintained the SOP of all operations and management unit in Sime Darby Plantations Estate Quality Management System (EQMS) for Oil Palm Estate and Mill Quality Management System (MQMS) with compliance to international standard of organization. The SOP documented including all the estate and mill operations such as Estate Upkeep, estate operational activities, census, manuring, and water management. The SOP and Standard Operating Manual were kept at the mill and estate for referral in any cases and has been made into bilingual (English and Malay). There are related training towards the SOP has been made available and evidence sighted as per signature and attendant list. Such as SOP made available are :

SQMS , EQMS (estate quality management system) – :

- External communication procedure
- Flowchart and procedures on handling land disputes
- Control documents
- Procedure for Legal and other requirement
- Hazard identification risk assessment and determining control (HIRADC) Procedure
- Environmental aspect impact procedure
- Responsibility, authority and communication

Indicator 4.1.2

There is training records made available during the audit visit at the estate and mill comprising the mill operation and estates. The internal control procedure has been done by the respected Sustainability team Of Plantation Sustainable Quality Management on the each estate related to sustainability courses and the SOP related to operation has been handled by the Manager and team of each estate and mill. The certification unit had keep track the number and revision of each SOP by referring to on top of the manual on each pages. For any changes in certification unit SOP and Policy, the circulated email has been forwarded to all the management unit and the personal in charge from PSQM will be doing internal audit for verification.

Indicator 4.1.3

Records for each activity has been monitored and being updated as per attendant list and master copy of all the trainings that has been done at the estate and mill. As per records of Legume Cover Crop (LCC) and planting LCC has been made available at the estate: divided into Month of cultivation, Quantity of Seedlings required, and completion target. Each estate also has record amount of EFB was applied, based on the agronomist recommending 25-35 MT/ha to be placed accessible inter rows. Seen the EFB application records, for example at Mentakab Estate field 16 A and 16 B from July 2016 – March 2017.

Indicator 4.1.4

Third Party FFB was made available at the records of Kerdau POM FFB receiving. There are two, consist of Sri Kerdau Commodities (Temerloh, Pahang Darul Makmur) and Golden Horse Plantation (Bera, Pahang Darul Makmur)

Status: Comply

4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

Indicator 4.2.1

The estates are referencing to “Sime Darby Agricultural Reference Manual – Oil Palm Planting” as part of good agriculture practices. The manual consists of all plantation operation activities, such as planting material, new planting, replanting, palm replacement and chemical controls over pest and disease. The estates conduct regular trainings to field workers and this was evidence through training records. Aside the field Staff, executive and Mandor regularly check the worker’s performance in the field and this is always counter check by estate manager. “Sime Card / Positive Intervention Culture” is being used as part of improve work attitude. There is also visits by OHS team without prior information to assess the worker’s attitude towards safe working operation.

Indicator 4.2.2

Records of fertiliser inputs are maintained in manuring application programme. Records of fertilizer usage per tonne of FFB production is evident in Monitoring Fertilizer Use Per MT/FFB. As per recommendation from Agronomist, the estates are maintaining a fertilizer program. Sampled in Mentakab Estate, there was manuring programs done in March, April, May, June, July, August and September 2016, however the estate experienced some losses through surface runoff during raining days in December 16 till January 2017. In month of January till May was very dry season and the fertilizer application was not effective. No fertilizer application allowed if rainfall more than 25 mm/day.

Indicator 4.2.3

The leaf sampling was done by the agronomist in December 2016. The leaf sampling was found overall Nitrogen & Magnesium status has improved slightly and Phosphorus has improved significantly. The soil types being included in the "Sime Darby Agricultural Reference Manual – Oil Palm Planting" Section 5 – Planting Density. The soil sampling is schedule to be conduct in 2019. The fertilizer application was resulted from the leaf analysis.

Indicator 4.2.4

There is no land irrigation as the mill located far from this estate. During field visit at Sungai Mai Estate to Block OP 16 A and B, seen empty fruit bunch applied in the field for the purpose of replace potassium, moisture retention and as supplement from inorganic fertilizer. The agronomist recommending 25-35 MT/ha to be placed accessible inter rows. Seen the EFB application records at field 16 A and 16 B from July 2016 – March 2017. Sighted EFB application record for Lanchang Division that mostly applied on replanting blocks [2016 B]. Seen the logbook with details of weight, vehicle number and applied field. No fiber, kernel shell nor POME application sighted during field visit. Based on the summary list, total FFB collection from mill consist of :

- January 17 – 170.10MT
- February 17 – nil
- March 17 – 113.42MT

Status: Comply

4.3

Practices minimize and control erosion and degradation of soils.

Indicator 4.3.1

All estate in SOU 11 have Semi Detail Soil Maps prepared by Research & Development Precision Agriculture Unit dated January 2017. Based on these document, it was found that most soil types in Sungai Mai Estate and Mentakab Estate are moderately deep to deep yellowish brown, brown or reddish sandy clay soils and dominated by rolling slope class (12 – 24 %).

Based on interview with management representative, known that there was no significant marginal soils identified in Sungai Mai Estate and Mentakab Estate. Most of the existing land is dominated by rolling slope class (12 – 24 %).

Based on field observation to Block 2016-E Sungai Mai Estate and Block P16 Mentakab Estate, found there was area with rolling slope class (12 – 24 %). To maintain the marginal soil, the certification unit has set the procedure i.e.: through the terracing and planting cover crop to minimize the soil erosion.

Indicator 4.3.2

Based on document review and interview with management representative, it is known that the Sungai Mai Estate and Mentakap Estate have soil management plan, such as: planting cover crop, terracing, FFB application and good fertilizer application.

Based on field visit to Block 2016-E Sungai Mai Estate and Block P16 Mentakab Estate, found there was area with rolling slope class (12 – 24 %). To maintain the marginal soil, the certification unit has set the procedure i.e.: through the terracing, planting cover crop and FFB application to minimize the soil erosion.

Indicator 4.3.3

Based on document review of road maintenance program period 2016 / 2017, it is known that the estate has conducted the road maintenance. In Sungai Mai Estate and Mentakap Estate has conducted road grading from January to April 2017, for example on filed number 008A (90.45 Ha), 08B (65.32 Ha), 95B (143.89 Ha).

Based on field visit to Block F94SB Sungai Mai Estate and Block P96 Endensor Estate, it is known that the road is in good condition.

Indicator 4.3.4; 4.3.5

Based on document review of Semi Detail Soil Maps 2017, interview with management representative and field observation to estate, known that there are no pet soil types at the estate indicated.

Indicator 4.3.6

Based on document review and interview with management representative, it is known that the Sungai Mai Estate and Mentakap Estate have soil management plan, such as: planting cover crop, terracing, FFB application and good fertilizer application.

Based on field visit to Block 2016-E Sungai Mai Estate and Block P16 Mentakab Estate, found there was area with rolling slope class (12 – 24 %). To maintain the marginal soil, the certification unit has set the procedure i.e.: through the terracing, planting cover crop and FFB application to minimize the soil erosion.

Status: Comply

4.4

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

Indicator 4.4.1

Based on document review, water management plan are explained in:

- Water monitoring procedure (document ID: SD/SDP/PSQM(EHS)/203-EN4 dated 26/02/2015) & Sustainable Plantation Quality Management System / SPQMS Appendix 07 dated 01/11/2008. Water management such as: conduct water river and effluent discharge quality analysis to accredited laboratory according to Quality Standards for Malaysia.
- Reserve / River Buffer Zone and Slope Protection procedure (SPQMS Appendix 14 dated 01/01/2010). Water management among others is conducted through protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zone or before replanting along the natural waterways within the estate.
- Water consumption document. Water management among others is conducted through water consumption in accordance with the budget set up by mill management.

Based on interview with management representative, there are no changes to procedures related to the water management plan. The procedures used are still the same as the previous audit activities.

The certification unit has water monitoring procedure with document ID: SD/ SDP/ PSQM (EHS)/ 203-EN4 dated on 26/02/2015 and Sustainable Plantation Quality Management System / SPQMS Appendix 07 dated on 01/11/2008. Water management such as conducted by water river quality analysis to accredited laboratory according to Quality Standards for Malaysia.

The certification unit has conducted water management in accordance with the procedure i.e. conducted water river analysis to accredited laboratory (Sime Darby Research Laboratory Carey Island) with latest report for Sungai Mai Estate received on 23/02/2017 (test report number: IE280/2017) and Mentakap Estate received on 27/03/2017 (test report number: IE381/2017). The test results are in accordance with The Natural Water Quality Standards for Malaysia (NWQS) & Water Quality Index (WQI).

Indicator 4.4.2

The certification unit has Reserve / River Buffer Zone and Slope Protection procedure (SPQMS Appendix 14 dated on 01/01/2010). Water management among others is conducted through protection of water courses and wetlands, including maintaining and restoring appropriate river buffer zone or before replanting along the natural waterways within the estate. Based on interview with management representative, there are no changes to the procedures, still the same as the previous audit activities.

Based on field observation at Block F94SB / F77SB Sungai Mai Estate and Block P96 Endensor Estate, it is known that the river buffer zone area are demarcated with red paint about three palm trees from the edge of the water body, as indication no chemical application is permitted at these palms. It was confirmed through interview with sprayers form Sungai Mai Estate and Mentakap Estate that no spraying is carried out at these palms. Estate has also installed signboard in the filed such as in main road, collection road, riparian buffer zone, housing, offie and others, with information mentionded in the signboard is about river protection from hazardous waste, chemical activity and others types of activities to be avoided which will reduce the water.

Indicator 4.4.3

The certification unit has water monitoring procedure with document ID: SD/ SOP/ PSQM (EHS)/ 203-EN4 dated on 26/02/2015. Water management such as conducted by effluent discharge quality analysis to accredited laboratory according to quality standards for Malaysia.

The certification unit (Palm Oil Mill) has conducted effluent discharge quality analysis to accredited laboratory (Sime Darby Research Laboratory Carey Island) with latest report sighted on January - March 2017. Based on the document, the test results are in accordance with quality standards for Malaysia (BOD < 100 mg/l).

Based on interview with management representative, it is known that the mill effluent analysis was conducted once a month. And based on interview with local community, it is known that there was no pollution issues caused by WWTP activities.

Mill has license from DOE to discharge the final effluent to watercourse (Jentar River) with max effluent must less than 696 m³ / day (license number: 004379 dated 01/07/2016 - 30/06/2017). Based on mill effluent document period January – December 2016, it is known that the discharge of mill effluent into the river in accordance with the defined license.

D.O.E annual license renewal [ref: 004379 – 60 MT/hour] in accordance that expires on 30/06/2017. The final discharge only to Sungai Jentar for 696m³/day. BOD should not be more than 100mg/l and land application is not applicable. During the mill visit, sighted the effluent produced by mill is being sprayed onto shredded EFB at composting area, however, since 2015 the DOE license is not permitting for composting process (**Kerdau POM**). Based on the explanation, it is found non-conformity **NCR No.2017.02 with Minor Category**.

Indicator 4.4.4

The Palm Oil Mill used a treated water from Sungai Jentar for water consumption factory, with license number: SWUL/LPSA/73/2017 dated 18/01/2017. The license validity is from 1/1/2017 - 31/12/2017. In the license is not mentioned the maximum volume that can be used by the factory. But based on Water Treatment Plant Meter Reading and Meter Analysis Record Book, it is known that the water management (efficient use of water) conducted through water consumption in accordance with the budget set up by palm oil mill management.

Based on document of water consumption period January – December 2016, it is known that the average water consumption for mill process 1.18 m³ per ton FFB. Water consumption is still in accordance with the budget set up by palm oil mill management (1.20 m³ per ton FFB).

Based on field observation at Water Treatment Plant (WTP) station, it is known that the operator has recorded water consumption through observation at measuring instrument (flow meter).

4.4.3	Status: Non Compliance with Minor Category 2017.02
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**4.5
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.**

Indicator 4.5.1

The “Sime Darby Agricultural Reference Manual – Oil Palm Planting” outlines the IPM techniques and the estates does not establish a formal IPM plan. Sighted in the manual [Issue No.1, Version 3 – section 15] for Oryctes Rhinoceros in young palm and [No.5 – section 15] for control of rats in estates. There is no formal IPM plan established but there are on-going programs such as maintaining the barn owl and planting beneficial plants.

During field visit, sighted the beneficial plants such as Kasia, Antigonon and Turnera are manually weeded and well-watered. The records for Cypermethrin that sprayed onto the spear and bole of a palm as to control rhinoceros beetle attack is maintained for young palms [<3 yrs.]. The spraying process done manually using knapsack sprayers with fortnightly intervals.

There is no bagworm and nettle caterpillar attack in the estates. Based on the interview with Mandor and field workers, the common pests seen rats and rhinoceros’ beetles. There are both biological and chemical management for pest management. For biological control for rat is barn owl [1/10ha] and during field visit sighted the evidences of rat born under the pole and the barn well maintained. The census for occupancy of barn owl is scheduled twice in a year and the latest result sighted on Jan 2017.

Indicator 4.5.2

The documentation of training was observed in each estate

Sungai Mai Estate

Sighted training records as below:

- Inter pump Training – 21/01/2017 by Mr. Heng from My Crop attended by 20 workers.
- Training on Spraying – 11/01/2017 by Mr. Mohd. Syahmie (Assistant Manager) 10 workers attended.

Mentakab Estate

Since the pest outbreaks rather very small, therefore the estate management includes the IPM techniques into on job trainings that conducted for field workers. Sighted training records:

- Safety & spraying techniques – done on 08/04/17 attended by 14 sprayers
- Safety for spraying – done 11/04/16 for Lanchang Division workers and Mentakab nursery workers.

Rat baits (Ebor) with twice in a year program and the recent program was on Mar'17. Since the pest outbreaks rather very small, therefore the estate management includes the Integrated Pest Management (IPM) techniques into on job trainings that conducted for field workers. Sighted training records for Safety & spraying techniques and Safety for spraying for Lanchang Division workers and Mentakab nursery workers.

Status: Comply

4.6

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

Indicator 4.6.1

Field visit verified and interviewed sprayers on chemical usage and its linkage with HIRADC. Sighted relevant SOPs are established for processes that use chemicals and sufficient trainings being provided. Estates maintains the Standard operation procedure for justification of agrichemicals used. Safety data Sheet are displayed at suitable places at the chemical store. There is no evidence of purchase or store of highly toxic agrochemicals (class 1a). Herbicide application records seen for circle spraying. There is no prophylactic use of pesticides.

Indicator 4.6.2

There was showed the pesticides use in estate sampling, consist of:

Sungai Mai Estate

Herbicide application records seen for circle spraying. Seen records for January – March 2017.

	Quantity	Total pesticide
Basta	120.0	16.20
Kenlon	60.00	19.20
Cypermethrin	280.0	15.40
Supremo	680.0	278.80
a.i per ha		0.289
a.i per MT of FFB		0.157

Mentakab Estate

Records for Mar'17 verified, Cypermethrin 200L → 11L (total pesticide) and Basta 95L → 12.83L (total pesticide), the quantity a.i per ha is 0.114 and quantity of a.i per MT of FFB is 0.089.

Indicator 4.6.3

There is no prophylactic use of pesticides. Since the estate going replanting programs the Basta seen reduction (1st year every month, 2nd year in 8 months, 3rd year onwards alternate months), Cypermethrin (1st year every month, 2nd year in 8 months, 3rd year onwards every 6 months) and Tri-Ester for woodies only.

Indicator 4.6.4

Since the estates going replanting programs the Basta seen reduction [1st year every month, 2nd year in 8 months, 3rd year onwards alternate months], Cypermethrin [1st year every month, 2nd year in 8 months, 3rd year onwards every 6 months] and Tri-Ester for woodies only. There is a list of chemical available as per required by "Guidelines for the Preparation of a Chemical Register" – Section B List of Hazardous Chemicals to Health. The estate only uses Class 03 chemicals and there is no pesticide as classified by WHO class 1A, class 1B, and Stockholm or Rotterdam Conventions pesticides.

Among the products listed in the list are Ebor [Warfarin 0.05%], Soda Ash, Aluminum Sulphate, Glyphosate 41%, Amine 2, Tri-ester 32 and Surfactant. Verified the Bin Card from June 2016 – Mar 2017 and found no hazardous chemicals

purchased nor issued to the field workers. Interview with sprayers reveals there is no use of Paraquat in last 3 years. The inventory verification was done against the Bin Card for item Basta 15. Mandore routinely check on PPE usage by the workers and those sighted with miss conduct will be issued with "Sime Card". Aside the OHS committee too will perform sport checks on the PPE compliance.

Indicator 4.6.5

The workers been provided the required PPE based on the Hiradc done. During filed visit, seen the sprayers provided with high volume knapsack sprayer. Visit to the pesticide store, seen the latest copies of MSDS displayed. Application of any chemical products in the field is under controlled and only can be carried out by qualified workers which have attended the planned trainings. This statement clearly stated in the safety operating procedure ME/SOP/011 clause 5. Based on the PPE issuance records, all the sprayers and manures been provided with adequate PPE and it was verified during field visit with no negative finding by the audit team. Workers been briefed on how they able to get the replacement PPEs if found to be not useable.

According to the asst. manager, the spraying normally commences 1 or 2 days after harvesting and to be completed 2 days before the next harvesting. As general practice, a marker will be placed at the 1st palm of the row to indicate the spraying has started. During muster call, the respective field mandor to ensure spraying equipments are checked and correctly calibrated before proceeding to the field. Since the pest outbreaks rather very small, therefore the estate management includes the IPM techniques into on job trainings that conducted for field workers. All the on-job related trainings conduct in Bahasa Malaysia to Indonesian workers and either in English or Bahasa to translator of respective country of foreign workers.

The SOPs are generally in Bahasa Malaysia and English with pictorial method. During field interview, the foreign workers admits that trainings were provided in language they understand (mother tongue), and those working more than a year seen with good spoken local language. Medical surveillance for sprayers available. No sprayers been listed under "Un-Fit" category. Witnessed the sprayer's hand and abdomen that has no traces of injuries or irritation that may results from pesticide handling.

Indicator 4.6.6

Based on Scheduled Waste Inventory and Consignment Noted document, known that the Scheduled Waste stored at Scheduled Waste Storage, latest example: SW 409 (empty pesticide container) 151 kg belonging to Sungai Mas Esatate stored dated on 2/2/20017 and 10 kg belonging to Mentakap Estates stored date on 25/3/2017. After that Scheduled Waste disposal to registered contractor (Kualiti Alam Sdn. Bhd), latest example delivery date 20/2/2017 for Sungai Mai Estate and delivery date 08/4/2107 for Mentakap Estate. All Schedule Waste has been disposal less than 180 days.

Based on field observation to Scheduled Wastes in Kerdau Mill and Sungai Mai Estate, known that the used pesticides / herbicides containers stored to Scheduled Wastes was equipped with labeled and symbols; there was no spilled to the land area.

Based on interview with management representative, known that the Scheduled Wastes are stored at Hazardous Waste Storage, then disposal through D.O.E registered contractor.

Indicator 4.6.7

The certification unit has Scheduled Wastes (Hazardous Waste) Management procedure with document ID: SD/ SDP/ PSQM (EHS)/ 203-EN1 dated 26/02/2015. The procedure explains that the Scheduled Wastes are stored at Hazardous Waste Storage, then disposal through D.O.E registered contractor. Containers of scheduled waste shall be clearly labeled in accordance with regulation, shall only be in storage for not more than 180 days and the quantity of scheduled waste accumulated on site shall not exceed 20 MT, may apply to State D.O.E in writing to store above 180 days or more that 20 MT if necessary.

Based on interview with management representative, known that the Scheduled Wastes operator have understood related to Scheduled Wastes Management. Scheduled Wastes are stored at Hazardous Waste Storage, then disposal through D.O.E registered contractors.

The operator able to show the Schedule Waste document, such as: Scheduled Waste Inventory and Consignment Noted document period January – March 2017 and work agreement with registered contractor (Kualiti Alam Sdn. Bhd)

Indicator 4.6.8

No aerial application in SOU 11.

Indicator 4.6.9

Sungai Mai Estate

No smallholders associated to the estate.

All the on-job related trainings conduct in Bahasa Malaysia to Indonesian workers and either in English or Bahasa to translator of respective country of foreign workers. The SOPs are generally in Bahasa Malaysia and English with pictorial method. Sighted training records as below:

- Interpump Training – 21/01/2017 by Mr. Heng from My Crop attended by 20 workers.
- Training on Spraying – 11/01/2017 by Mr. Mohd. Syahmie (asst. manager) 10 workers attended.

Mentakab Estate

No smallholders associated to the estate.

During field interview, the foreign workers admits that trainings were provided in language they understand [mother tongue], and those working more than a year seen with good spoken local language. Sighted training records:

Indicator 4.6.10

Based on interview with management representative, it is known that the Scheduled Wastes operator have understood the Scheduled Wastes management. The operator able to show the Schedule Waste document, such as: Scheduled Waste Inventorya, Consignment Noted document period January – March 2017 and work agreement with registered contractor (Kualiti Alam Sdn. Bhd). There was showed the record of training of Scheduled Wastes operator in 8 January, 2017 in Kerdau POM, attended by personnel from Kerdau Mill and related estates.

Indicator 4.6.11

The medical examination shows, most workers with high cholesterol and high blood sugar at which the doctor recommended the workers to practice healthy lifestyle and ensure PPE being use at all time during field activities. Seen a memo dated on 15/02/2016 on restricting female workers, pregnant women or breast feeding mother from performing spraying jobs. The estate management not employed female worker[s] for spraying and manuring activities. This was cross verified in the name list and check roll. In Mentakab Estate seen the store clerk is male and he fully aware of the safety precautions and female workers are not allowed to handle pesticide. The medical examination shows, most workers with high cholesterol and high blood sugar at which the doctor recommended the workers to practice healthy lifestyle. There are 11 male sprayers as per the list, however due to less job for spraying, the audit team managed to witness and interviewed 4 workers as the other 7 workers were assigned to general works. Medical surveillance for sprayers available. No sprayers been listed under “Un-Fit” category. Witnessed the sprayer’s hand and abdomen that has no traces of injuries or irritation that may results from pesticide handling.

Indicator 4.6.12

There was seen a memo dated on 15/02/2016 on restricting female workers, pregnant women or breast feeding mother from performing spraying jobs. The estate management not employed female worker[s] for spraying and manuring activities. This was cross verified in the name list and check roll. In Mentakab Estate seen the store clerk is male and he fully aware of the safety precautions and female workers are not allowed to handle pesticide.

Status: Comply

4.7

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

Indicator 4.7.1

Sighted the Group Policy on health and safety established in English and Bahasa Malaysia in Jan 2015. The Managing Director, Datuk Franki Anthony Dass approved the policy and seen displayed at various notice boards within mill. The policy outline the certification unit’s commitment to provide workers with adequate knowledge, training, and experience to ensure continuous improvements in OSH management and performance.

As for the new workers, there is an induction training upon their arrival at training camp at Sua Betong. The PSQM team is also committed in establishing various working standards through procedures or pictorial method to improve safe working condition. During visit to mill, interview with both local and foreign workers, evidenced they are aware and understand the content of the policy.

The estates have developed the “Sustainability and EHS Plan” for 2016/17 that consist of 14 programs such as ESH Risk management for manager and his assistants, ESH structure & incident reporting for OHS committee members and vehicle & machineries safety management for workshop workers. Sighted a SOP SD/SDP/PSQM(ESH)/201/OS24 titled “ESH

Risk Management” – Hiradc and EIA dated 01/07/2015 as guide of minimum standard in developing occupational hazard and risk associated.

Indicator 4.7.2

The estates have developed the “Sustainability and EHS Plan” for 2016/17 that consist of 14 programs such as ESH Risk management for manager and his assistants, ESH structure & incident reporting for OHS committee members and vehicle & machineries safety management for workshop workers.

There was sighted a SOP SD/SDP/PSQM(ESH)/201/OS24 titled “ESH Risk Management”- Hiradc and EIA dated 01/07/2015 as guide of minimum standard in developing occupational hazard and risk associated. The management also properly warded controls to ensure assigned personals responsible to understand the operation control and method to mitigate the risks. Aside there are 10 SOPs available such as for chemical safety management and PPE that address how the worker to react in respond to potential occupational safety and health risks.

Indicator 4.7.3

All workers were trained according to their work station. Sampled raining records for nut cracking station, grading station, laboratory, and chemical room staff. Seen the PPE issuance records / logbook for safety shoes, goggle, safety helmet, respirator mask and nitrile glove. Safety shoes are replaced to all workers every 6 month once. Verified from PPE receiving record for workshop and sterilizer station workers whom received appropriate PPE.

The management also properly warded controls to ensure assigned personals responsible to understand the operation control and method to mitigate the risks. Aside there are 10 SOPs available such as for chemical safety management and PPE that address how the worker to react in respond to potential occupational safety and health risks. There is an annual OSH training programs cross checked with training record for chemical spillage & chemical mixing seen for store clerk, foreman and sprayers.

Field observation of spraying and harvesting activities with satisfactory result of workers wearing proper PPE and interview with them resulted that the workers has good PPE and safety awareness. Cross verified the PPE records at office for harvesters and sprayers. Sampled Rajman, Moug-Moug and Win Nyu (sprayers) given M3 face muffler, a (pair of rubber glove and an apron. There is a Central East Regional Safety Officer (Pahang & Selangor) Pn. Selvarani Ayer who assist by the PSQM team members.

In estates, the OSH meeting is planned on 3 monthly. Among the issues discussed were the power cables which passing through at certain blocks seen hanging very low that could potential risk for higher vehicle during FFB collection, the notice board sign at “Assembly Area” not as per in legally required color [green] but in red. Aside, the issues of health, safety and accident were discussed, the progress of SIME Card implementation, report on accident and diseases diagnosed among workers and work place safety audit result.

Indicator 4.7.4

There is a flowchart available on accidents and emergencies “Pelan Tindakan Kecemasan” for fire, flood, animal attack and travelling at night. The JKKP 6 form which submitted to DOSH and internal chronology of incidents well documented and reviewed in OSH meeting. The related Hiradc being updated accordingly and briefing to workers during master call evidenced through worker’s interview. Sighted the training records of first aid training. The content of the box verified against the list and interviewed the Mandor reveals no negative findings. Interview the sprayers on their understanding of the needs of first aid kit and they were able to respond well to auditors.

The OSH meeting is planned on 3 monthly. Among the issues discussed were the power cables which passing through at certain blocks seen hanging very low that could potential risk for higher vehicle during FFB collection, the notice board sign at “Assembly Area” not as per in legally required color [green] but in red. Aside, the issues of health, safety and accident were discussed. The result of safety audit by the OHS committee was also reviewed.

Indicator 4.7.5

There is a flowchart available on accidents and emergencies “Pelan Tindakan Kecemasan” for fire, flood, animal attack and travelling at night. The JKKP 6 form which submitted to DOSH and internal chronology of incidents well documented and reviewed in OSH meeting. The related Hiradc being updated accordingly and briefing to workers during master call evidenced through worker’s interview. Sighted the training records of first aid training conducted by Mr. Razfazwan the Medical Assistant on 20/04/17 at estate’ clinic compound.

The training was attended by 13 staff who assigned with 1st aid box. During field visit, seen the first aid equipment available for sprayers. The content of the box verified against the list and interviewed the Mandor reveals no negative findings. Interview the sprayers on their understanding of the needs of first aid kit and they were able to respond well to auditors.

Thereafter, it is the responsibility of field staff to brief their respective workers team on the availability of 1st aid kit. There was showed there is first aid box location and top up was updated on every month-end. As for April 2017, there are 20 boxes and it was cross checked at field area The Medical Assistant provides training for the staff and sprayers. Training records sampled dated on 11/01/17 that was attended by 14 foreman, an office helper and a senior asst. manager.

Indicator 4.7.6

Thereafter, it is the responsibility of field staff to brief their respective workers team on the availability of 1st aid kit. The local workers are being covered by SOCSO and volunteer life insurance premium that deducted through monthly salary. Sighted the Foreign Worker Compensation Scheme Certificate of Insurance.

There were no cases reported to DOSH through JKPP 6 and this was cross verified during interview with workers that no occupational related accidents or incidents happened in estate operation. Sighted the Foreign Worker Compensation (FWCS) Scheme Certificate of Insurance renewed for the period 10/02/17 to 09/02/18, sampled 11 foreign worker's name in the FWCS found it matching.

Indicator 4.7.7

There was available record of occupational injuries using Lost Time Accident (LTA) in each management unit.

Kerdau POM

Verified the LTI record for Mar 2017. The breakdown from 01/03 – 31/03/2017 as below:

- Total number of workers [staff 1162], [workers 1857], contractors [218], visitor [22]
- Number of man-hours x 8hrs – 25,896
- Total hours (OT) max 4hrs – 7,292
- Total man-hours – 33,352
- Cumulative man-hour without LTI – 483,771

Sungai Mai Estate

LTI record verified for:

- Jan'17 [303 workers – No. of LTI case was 1],
- Feb'17 [312 workers – No. of LTI case was 0],
- Mar'17 [278 workers – No. of LTI case was 0],

Mentakab Estate

Sampled the LTI report for Feb'17

- Total number of workers [staff 1001], [workers 8293]
- Number of man-hours x 8hrs – 74,352
- Total man-hours – 74,352
- Cumulative man-hour without LTI – 471,705

Status: Comply

4.8

All staff, workers, smallholders and contractors are appropriately trained.

Indicator 4.8.1

The management unit had maintained the training records for all the mill operation and estate activities. As per mill, the training on operation site covering the OSH Committee meeting and training, HIRARC training, Fire Drill training, Gender Committee meeting and training, and environmental / Social impact evaluation training and meeting. Based on interview with the Gender committee representative, they have been actively engaging the female workers and giving awareness to the workers accordingly base on the social policy of the certification unit. The certification unit also provide them a booklet related to the Social awareness, gender policy of the certification unit and the booklet has been brief to them as per meeting form time to time. The certification unit also allowed the gender committee to actively involve with the community and participating in the activities held by Council and NGO's outside the management unit. Several workers has been interviewed at the mill [Sahnun : General Worker from Lombok, Izzat Amin : Store keeper , Mr Zulkifli : Chemical storage , Wan Azahari : water treatment plant keeper]

Indicator 4.8.2

The training at the estate also made available as per documented including harvesting and pruning activities, best

management practices, chemical mixing and spillage prevention, spraying training and Barn Owl boxes training. There is a plan to install barn owls boxes into 1 boxer per 10 Ha to reduce usage of rat pesticides (EBOR BAIT) according to the estate manager of SG MAI. Records of each employee has been made available at the estate and sighted the attendance list and signature of the personnel in charge and respected group workers of training available. The training has been done yearly and sighted the latest training made was on 20/4/2017 on first aid kit training.

Status: Comply

PRINCIPLE #5 Environmental responsibility and conservation of natural resources and biodiversity

5.1

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

Indicator 5.1.1

The certification unit has done the Environmental Impact Evaluation (EIE) and Environmental Management Plan (EMP) in order to identify, monitor, and plans the negative impacts toward the environment. The evaluation towards the implementation and assessment of the impact on environment has been done yearly verified by the estate and mill manager dated approval date on 1/4/2017. The EIE are covering the mill activities such as :

- operation of steam boiler
- maintenance of feed water
- operation of steam turbine
- maintenance of steam turbine and alternator
- operation of 'sweco' vibrating screen
- operation of purifier
- operation of sludge centrifuge
- cleaning and de-sludging pond
- operation of pumps
- anaerobic slurry off – take land application
- desludging of ponds

The operation at the mills covering the mill effluent system include: mil effluent covered: → treatment of effluent → rupture bund, over flow → seepage → spillage. The impact of mill operation has been discussed with the related stakeholder during stakeholder meeting done yearly and review of each very aspect of environment has been clearly stated in the Environment Impact Evaluation (EIE) document made available at the mill and estate. The Environment Impact Evaluation (EIE) is also covering the drainage maintenance and road maintained at the estate. Its include the monitoring and road budgeting every year. Replanting activity sighted at Sungai Mai and Mentakab estate. Aspect of replanting towards the environmental impact has been made clear on the replant progress FY 2016/2017 from operation of Felling and Chipping, Terrace Construction, cambering and land forming, Planting Legum Cover Crop (Natural vegetation) and Palm Planting.

Indicator 5.1.2

The environmental management plan (EMP) has been established at the estate. The estate manager will be the responsible person that in charge of related environmental aspect assisted by the assistant manager. The potential impacts of each activities at the estate has been identified and measures to mitigate the significant impact has been done accordingly at the timetable. The matrix has been evaluated every year and the significant impact of activities towards the environmental has been taken into account for mitigation measures. There is available of plan and progress sighted at the timetable and for current activities, the action plan has been progressing.

Indicator 5.1.3

The monitoring protocol adapted to operational changes also has been developed in the estate. The certification unit had given the management unit the authority to monitor all the significant impact of activities towards the environments. As there is any changes in operational changes the significant value in monitoring protocol has changes accordingly. The plan and monitoring protocol has been reviewed yearly for latest FY 2016/2017.

Status: Comply

5.2

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

Indicator 5.2.1

PSQM Department has been prepared High Conservation Value (HCV) Re-assessment for Pahang Zone dated March 2016 covering SOU 11. The HCV re-assessment has been conducted against the HCVF Toolkit for Malaysia with an experienced team. The HCV assessment has involved public consultation with stakeholders (local community, Government Agency and Management Representative at SOU 11) dated 29/02/2016.

The report describes a total of 157.64 ha of HCV area identified in SOU 11 which comprises HCV 4 and HCV 6 areas as follows:

Estate	Assessment Area	Ha	Present HCV
Sungai Mai Estate	Water catchment	1.95	HCV 4
	River reserve (Sg. Mai)	48.74	
	Jah Hut cemetry	0.01	HCV 6
Mentakab Estate	River reserve (Sg. Chermang Kanan)	0.5	HCCV 4
	River reserve (Sg. Chermang Kiri)	1.2	
	River reserve (Sg. Semantan)	30.0	
Chenor Estate	Water catchment	7.82	HCV 4
Kerdau Estate	Waster catchment	7.37	HCV 4
	Pond	1.05	
Jentar Estate	Bukit Kiab	59.0	HCV 4
	Jah Hut cemetery	0.02	HV 6
Total HCV area		157.64	

The report also includes a list of common wildlife identified in the area SOU 11 including their IUCN and WCA 2010 conservation status. There are seven bird species status least concern under IUCN and Total Protected Wildlife under WCA 2010, for example: *Halcyon smyrnensis*, *Acridotheres tristis*, *Spilornis cheela*, *Gallus gallus*, etc. There are five mammals species status least concern under IUCN and Total Protected Wildlife under WCA 2010, for example: *Sus scrofa*, *Macaca fascicularis*, *Prionailurus bengalensis*, etc. There are two Reptiles species status least concern under IUCN and Total Protected Wildlife under WCA 2010, as follow: *Naja naja* and *Varranus salvator*.

Indicator 5.2.2

The certification unit has conducted monitoring HCV & Conservation areas in accordance with the program plan 2016/2017, including observations at HCV areas for signs of encroachment, wildlife issues, pollution or erosion and other. Based on result of latest monitoring January 2017, it is known that there is no spraying identified, there is no encroachment, there is no hunting, there is no wildlife issues, there is no pollution / erosion issues on the HCV areas.

Based on field observation at Block F94SB / F77SB Sungai Mai Estate and Block P96 Endensor Estate, it is known that the river buffer zone area are demarcated with red paint about three palm trees from the edge of the water body, as indication no chemical application is permitted at these palms. It was confirmed through interview with sprayers form Sungai Mai Estate and Mentakap Estate that no spraying is carried out at these palms. Estate has also installed signboard in the filed such as in main road, collection road, riparian buffer zone, housing, offie and others, with information mentioned in the signboard is about river protection from hazardous waste, chemical activity and others types of activities to be avoided which will reduce the water.

Indicator 5.2.3

HCV assessment has involved public consultation with stakeholders (local community, government agency and management representative) dated 29/02/2016. The Certification unit also has conducted socialization related to prohibiting of chemical application on the HCV area dated 21/02/2017 in Sungai Mai Estate. It was confirmed through interview with sprayers form Sungai Mai Estate and Mentakap Estate, it is known that they have understood prohibiting of chemical application on the HCV areas, for example river buffer zone. Based on interview of several workers of harvest

and sprayers, there was no indication of Based on field observation to river buffer zone area and housing complex at Sungai Mai Estate and Mentakap Estate, and also interviewed the several sprayers and harvester, it was not found activities to have captured, harmed, collected or killed any RTE species.

Indicator 5.2.4

The certification unit has conducted monitoring HCV & Conservation areas in accordance with the program plan 2016/2017 (see 5.2.2). The monitoring results provide recommendations for improvements to the next program.

Indicator 5.2.5

Based on HCV documents review and interviews with local community as well as field observation, there was no identified HCV area overlapping with local community rights.

Status: Comply

5.3

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

Indicator 5.3.1

The Certification Holder has waste management action plan document period 2016/2017. Based on the document obtained information about product and source waste / pollution.

Waste product such as: Schedule Waste (used batteries, used lubricants, duster, plastic, paper or filters contaminated with waste schedule, electric used, used pesticides /herbicides, paint container, disposed containers, bags or equipment contaminated with chemicals and pesticides), domestic waste (rubbish and sewage), recycle waste (scrap metal, compost), clinical waste (medical waste), etc.

Sources of waste such as: workshop, chemical mixing area, schedule waste store, office, store, septic tank, scrap yard, compost plan, clinic, etc.

Indicator 5.3.2

Based on Scheduled Waste Inventory and Consignment Noted document, known that empty pesticides / herbicides containers stored / disposal to Scheduled Waste Store, latest example: 151 kg belonging to Sungai Mas Esatate stored dated 2/2/20017 and 10 kg belonging to Mentakap Estates stored dated 25/3/2017. After that empty pesticides / herbicides containers submitted to registered contractor (*Kualiti Alam Sdn. Bhd*), latest example dated 20/2/2017 for Sungai Mai Estate and 08/4/2107 for Mentakap Estate. All empty pesticides containers has been submitted to registered contractor less than 180 days.

Based on interview with management representative, it is known that the Scheduled Wastes are stored at Hazardous Waste Store, and then submitted to registered contractor (*Kualiti Alam Sdn. Bhd*).

Based on field observation to Scheduled Wastes Store in Sungai Mai Estate, it is known that the empty pesticides / herbicides container stored to Scheduled Wastes which has been equipped with labeled and symbols; there was no spilled to the land area.

Indicator 5.3.3

Waste management has been implemented in accordance with the management plans, the evidence is seen from document review and field observation, for example:

- Based on field observation to Scheduled Wastes Store in KERDAU Mill and Sungai Mai Estate, known that the Schedule Waste is managed by collect and record all listed schedule waste, Schedule Waste were stored in the Schedule Waste Store, label with proper labeling, monitor of Schedule Waste inventory, and dispose off the item through registered contractor by DOE (180 days / 20 Mt whichever come frist). *Consideration for the Certificate Holder unit to ensure the implementation of schedule waste labelling at all management unit. OFI number 5.*
- Based on field observation to Housing Complex, known that the domestic waste (rubbish) is managed by arrangement of collecting of domestic waste is under estate and disposed at Landfill area.
- Based on field observation to Landfill Area, known that the Rubbish has been well management, and there was no Schedule Waste found disposed to Landfill Area.
- Based on field observation to KERDAU Mill, it is know that the fibers and shell is used as fuel to reduce fossil fuel consumption and maximize renewable energy.

- Based on field observation to WWTP, known that the WWTP has been well management, there was no leaks in waste ponds; flow meter in well condition.
- Based on interview with management representative, known that the Clinical waste (medical waste) is managed by label with proper labeling, regular inventory monitoring and weekly collection and disposal by MEDIVEST Sdn, Bhd.

Based on field observation to Housing Complex, it was not found the domestic waste (rubbish) burning activities. Domestic waste (rubbish) is managed by disposed at Landfill area.

Status: Comply

5.4

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

Indicator 5.4.1

The certification unit has monitored the use of renewable energy came from fiber and shell. Kerdau Mill has record of energy used from fossil fuel and renewable energy. Renewable energy used came from shell and fiber. Records are available from period of January – December 2016, i.e:

- October 2016: FFB processed was 11,800.75 MT, fiber usage was 1,180.08, shell usage was 931.31 MT, and total renewable energy usage was 0.18 MT / ton FFB.
- October 2016: FFB processed was 13,328.33 MT, fiber usage was 1,332.8, shell usage was 819.28 MT, and total renewable energy usage was 0.16 MT / ton FFB.
- October 2016: FFB processed was 12,944.08 MT, fiber usage was 1,294.41 MT, shell usage was 845.04 MT, and total renewable energy usage was 0.16 MT / ton FFB.

Status: Comply

5.5

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

Indicator 5.5.1;5.5.2

Based on field observation to Block 2016-E Sungai Mai Estate and Block P16 Mentakab Estate, there was no evidence of burning. Palms are felled, chipped and stacked, in accordance with the certification unit's SOP for land preparation. Based on filed observation to Housing Complex, there was no evidence of burning too. Domestic waste is collected in the available bins and then disposed to landfill area (Block P01 Endensor Estate).

Status: Comply

5.6

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

Indicator 5.6.1

Identification of emission sources are described in Pollution Prevention Plan FY 2016/2017. Sources of pollution are follow as: vehicle exhaust, machinery exhaust, road condition (graded road), Pesticides spraying, pesticide disposal, waster retaining rubbish, garbage disposal. Types of pollution are follow as; Air, Noise, Water, and Odor.

Indicator 5.6.2

Mill and Estate has record of management plan to reduce and minimize the emission and pollution including in GHG emission for 2016/2017. The management plan is similar to the previous year and mentioned about activity and reduce and minimize, such as daily monitoring smoke, efficiency energy, and others.

Implementation of emission and pollution including in GHG emission mitigation has been conducted in accordance with the management plan. It can be seen from field observation such as:

- Conducted smoke emissions analysis by accredited laboratory (UTM – A&A Laboratory). Latest analysis dated on 16/12/2016 at Chimney 3. The test results in accordance with standard Environmental Quality (Clean Air) Regulation, 1978 part V, for example: Dust Particulate (0.38 g/Nm³), Total Dust Concentration (0.40 g/Nm³).
- Conducted mill effluent analysis to accredited laboratory (Sime Darby Research Laboratory Carey Island) with latest report sighted on January - March 2017. Based on the document, the test results are in accordance with quality standards for Malaysia (BOD < 100 mg/l). It has been described on indicator 4.4.3
- Fiber and shells was used as fuel for the boiler.
- Enrichment of tress in the river border area and fertilization as recommended.

- Maintenance of the machine periodically.
- Master Plan Biogas Plant – March 2016

Indicator 5.6.3

The certification unit (Kerdau Palm Oil Mill and Supplier) has calculated GHG emissions period 2016 using the RSPO PalmGHG calculator, as follow as:

Emmission per product	tCO2e/tProduct
CPO	1.81
PK	1.81

Production	t/yr
FFB processed	175529.06
CPO produced	32304.52
PK produced	8072.16

Extraction	%
OER	18.4
KER	4.6

Lan use	Ha
Planted area	15901.43
Planted on peat	0
Conservation (forested)	0
Conservation (non-forested)	0

Summary of field emission and Sinks

Descripton	Own crop		Group		3 rd party	
	tCO2e	tCO2e/tFFB	tCO2e	tCO2e/tFFB	tCO2e	tCO2e/tFFB
Land convection	113076.37	0.67	334.57	0.77	0	0
CO2 emmisions from fertilizer	13046.26	0.08	25.59	0.06	0	0
NO2 emissions	13046.26	0.08	12.77	0.03	0	0
Fuel consumption	1453.79	0.01	3.83	0.01	0	0
Peat oxidation	0	0	0	0	0	0
Sinks						
Crop sequestration	-107181.39	-0.64	-317.13	-0.73	0	0
Sequestration in Conservation area	0	0	0	0	0	0
Total	33563.68	0.2	59.6	0.14	1541.72	0

Status: Comply

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

6.1

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

Indicator 6.1.1

The Certificate Holder has document of Social Impact Assessment Report. The early Social Impact Assessment (SIA) was conducted on August 2013, the scope covered of Kerdau, Sungai Mai, Jentar, Mentakab, Chenor and Kerdau POM.

The Stakeholder Meeting with employee in each estate, school teacher and the representation of local people has been conducted for gathering the data. There was also on 11th 16 January 2016, Plantation Sustainability and Sustainability Management (PSQM) of Sime Darby was carry out the latest Social Impact Assessment. These Report was covered an issues that been covered in the Health and education facilities, Pollution issues, Workers Union, Boundary Issues, Foreign Workers and Social Safety Issues.

Indicator 6.1.2

The results of the stakeholder meeting are documented in the Social Management plan and all of the issues are listed and resolution are documented with the Persons in Charge is stated. There was express their views with consultative process. There was shown the stakeholder meeting record, consist of:

- Attendant list of focus group discussion with related stakeholder in SOU 11 Kerdu, consist of:
 - January 11, 2016 in Kerdu POM
 - January 12, 2016 in Kerdu Estate
 - January 13, 2016 in Jentar Estate
 - January 14, 2016 in Mentakab Estate
 - January 15, 2016 in Sungai Mai Estate
 - January 16, 2016 in Chenor Estate
- Photograph of SIA gathering data process

Indicator 6.1.3

There was shown Action Plan for year 2016/2017 of Social Impact Assessment in all estate of SOU 11 Kerdu. The Plan to mitigate the negative and positive impacts has been developed and the strategies to resolve the issues are documented. The Certificate Holder was improve of living standards and increase of health, education facilities and cultural and religious values for their workers. There was available Social management plan based on the SIA that been conducted. The Persons in Charge was stated in the timetable and has been updated on annually plan. The latest plan of 2016 / 2017 in each Estate. There was shown attendant list of participant on discussion process with employee from each estate, school teacher and local people in each estate at 11 till 16 January 2016.

Indicator 6.1.4

The Certificate Holder has Management Plan On Social Impact Assessment in each estates. There was shown the evidence of meeting with stakeholders on 12 November 2016 as participate by related party in Mentakap Estate. The Mentakab Estate has review of plan for year of 2016/2017. However based on document verification it is known that there was no clear evidence in Sungai Mai that the plan to mitigate the social impact was evaluate with the affected parties.

NCR 2017. 03 with Minor Category

Indicator 6.1.5

Until ASA-01 the SOU 11 Kerdu did not has smallholder's scheme.

6.1.4	Status: Non Compliance with Minor Category 2017.03	
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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

The Certificate Holder has the list of stakeholders in every management unit, for example in Kerdau POM, Sungai Mai Estate & Mentakab Estate. The stakeholder was categorized as Contractors, Vendor/Suppliers, and Local Community Head, Other Interest Parties (Government Agencies, Schools, and Hospital). These document was update per year of 2017. All of the management unit of estate has procedure Procedure For External Communication (Issued on 01/11/2008). There was observed the record of consultation process between the certification unit with the other party, for example:

- Meeting on 12 November 2016 between management of Mentakab Estate with PDRM, community at Kampung Kelubi Edensor Division
- Stakeholder meeting in Sungai Mai Estate on 02/02/2017, the participant consist of representation of Sungai Mai Estate Staff and the related party surround of plantation area

Indicator 6.2.2

The certification unit in each management unit was pointed the responsible person. For example in Sungai Mai Estate was pointed Muhammad Arif Bin Abdul Rahman (Vice Manager). The responsible person and the job description was explained in Estate Manager Decision Letter for the responsible person for communication and consultation with the local communities and other interested parties. The role has clearly shown the appointed person responsibility and task description if there any issues raised in the management unit. The procedure has been communicated internally by method of muster morning briefing and training/socialization to the workers and the contractors.

Indicator 6.2.3

The list of stakeholder has been maintained by the each management unit of estate and POM. The stakeholder was categorized as Contractors, Vendor/Suppliers, and Local Community Head, Other Interest Parties (Government Agencies, Schools, and Hospital). The certification unit has explain the mechanism of way to communicate with related stakeholder in several event, for instance in meeting with contractor. The auditor was interview with local contractor for FFB supplied to Kerdau POM, Local People in Kampung Jahut surround of plantation area of Sungai Mai Estate. Based on those interview process that knew the stakeholder was understand the way to access information from the management unit.

Status: Comply

6.3

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

Indicator 6.3.1

The Certificate Holder has system for dealing the dispute and complaint receive. This system was refers to Procedure and flowchart for Handling Social Issues, and also has Procedure for External and Internal Communication. This procedure was explained that the certification unit will protect the whistleblower and there is no sanction for them. When the cases did not handled enough in estate unit, the cases will continue to next level of management, including to jurisdiction level or another way, based on the agreement each parties. These procedures were completed with flow chart of Form of Complaint Handling Data. The certification unit has Group Policies and Authorities (GPA. No. 85), this policy covers the oversight and responsibilities, reporting process, protection to whistleblowers and confidentiality.

There was also available Sime Darby Agriculture Charter on Poin 4 Corporate Integrity Commitment sub point 4.1 Protect Ethical Standards (III) explained that Providing an internal mechanism for reporting and investigating any claims of dishonesty, bribery or corruption, and outlining how whistleblowers are protected from negative repercussions. The complaint will process through to the RSPO if needed.

Indicator 6.3.2

Based on document verification of Complaint log book, there was no significant complaint by related party. There was several complaint by the workers related to housing facilities. There was shown the Flowchart and Procedure Handling Social Issues and Procedure for External and Internal Communication. These procedure was explain if any complaint it will respond within two weeks of the date of receipt for communication requiring direct feedback and within one week of the completion of the investigation, for communication requiring investigation. The auditor was observed the documentation of management estate respond to aspiration by the workers in Sungai Mai Estate on 27 Feb 2017 related to housing facilities maintenance.

Status: Comply

6.4

Any negotiations concerning compensation for loss of legal or customary 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

The Sime Darby Plantation has a procedure and system for land dispute in SPMS (Sustainable Plantation Management System) – Flow Chart and procedure on handling social issues and handling land dispute appendix 3. The Certificate Holder also has Social Policy was explain on Point 3 : To ensure that any negotiations concerning compensation for loss of legal or customary rights are dealt wit through a documented system that enables indigenous peoples, local communities and other stakeholders to express theirs view through their own representative institution. The land use right is earn by the government of Pahang Province. The original copies of land use right are maintained by the Corporate Head Office. Based on document verification and information by management of representative of SOU 11 Kerdu, there was no land is acquisition by the other party. Field visit observation surround of plantation area, for example in Sungai Mai area, there was any enclave of Kampung Orang Juhut, interview with local people they are aware and understand related to boundaries area between the certification unit and the communities. Both of area the palm oil plantation and the community was arrange by the Pahang Province in the early.

Indicator 6.4.2

The Certificate Holder refer to Sime Darby Plantations Social Policy that explain on Point 3 : To ensure that any negotiations concerning compensation for loss of legal or customary rights are dealt wit through a documented system that enables indigenous peoples, local communities and other stakeholders to express theirs view through their own representative institution.

Indicator 6.4.3

The land of SoU 11 Kerdu was not earn from compensation process. However the certification unit land use legality are earn by Pahang Province. The original copies are maintained by the Corporate Head office. Memorandum of agreement with land owner observed. Legal ownership – summary of land title, lease agreement, temporary holdings document. Letter from Jabatan Tanah & Survey.

Status: Comply

6.5

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

Indicator 6.5.1

The certification unit has implemented a hiring agent to hire the foreign workers and for the local workers, the recruitment is through the Manager of the estate and mill. The certification unit had shown a pay slip of several workers that have been interviewed and the payment has been made according to the latest amendment stipulated in 'Minimum Wages Order 2016' latest circulation on 1st July 2016 in which the certification unit had followed the order of RM 1000.00 minimum wages OR RM 38.46 for 6 working days. Clear observation on the document sighted and there is advance money given earlier to the workers (RM 300.00) and cumulative deduction on the pay slip sighted. 4 sampling of pay slip foreign workers interviewed on site has been cross- checked [Mr. Ariffin from Indonesia, Mr Rahimin from Indonesia, Puan Hanita from Malaysia (mandore) and Norzaidi Che Isa form Malaysia] and all the sample of workers has reach target of minimum salary as per order of National Wages Consultative Act 2011 [Minimum wages order 2016]. The Pay slip breakdown has been made into :

- The payslip breakdown has been made available into :
 - i) basic pay
 - ii) price bonus
 - iii) shift allowance
 - iv) normal day overtime
 - v) daily expenses

Indicator 6.5.2

It was sighted during the audit at Kerdu Mill, Sungai Mai estate and Mentakab estate, the certification unit had a records of all the contract signed by the employees (oreign and local workers) and being kept at the each estate and mill

management office. The contract has been kept together with the signature of contract understanding in their local language and based on the interviews on site, the workers had been brief of the contract and understood the basic content of the contract agreement between the certification unit and workers. The recruitment of the workers, contract signing and basic training has been done at 'SUA BETONG' as the center of training and recruitment of foreign workers before distributed at particular SOU and estate. During the audit, it was sighted that the contract agreement has been made as per MAPA/AMESU and MAPA / NUPW agreed by both parties between the growers and association. In the cases of receiving the pay slip by each workers, the workers had to sign the attendant list of pay slip acceptance. No complaint has been logged by the workers towards the certification unit based on the interviews and verification of complaint log book. Based on verification on site and interviews, the workers receiving their salary and wages on time every month and no missed paid captured on site.

Indicator 6.5.3

The certification unit had provide decent livings housing and amenities provided at the estate. Its include a line site and housing complex in which the certification unit had provide free water and electricity to the workers. For local workers/ staff, the certification unit had provide a single storey house and for the workers/foreign worker terrace house provided complete with 3 rooms, kitchen and a bathroom. All year electricity and clean water has been supplied by the certification unit for all the workers. There is school, temple, and NEST (child care) facilities including football field sighted at the management office. It is include the free clinic for small injuries cater for all the workers and staff at the estate. As for house repairing and maintenance, the certification unit had shown the maintenance logged and report done by the workers to the management and the repair action has been clearly sighted at the site. Foods and all the groceries are easily accessible to nearby town and villages.

Indicator 6.5.4

During the audit it was sighted that the management has provide the basic amenities and needs to the staff and workers by providing café, shop and grocery stores. There is also a van provided for the workers to go to nearby town as per occasion to buy their own goods and needs. The certification unit had shown good cooperation with the workers including accompanied them to the nearest town for matters related.

Status: Comply

6.6

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

Indicator 6.6.1

There is sighted at the mills and estate, the certification unit allowed the workers and staff to join the workers union and gender committee at the estate and mill. It is also has been stated in the Policy Of Sime Darby related to workers right. It is also sighted that the certification unit had demonstrate the two way communication between the workers and management team as they have a town hall meeting whereby the training, and complaint can be made directly to the management. The association also work closely with the management team regarding any arising issues from the workers aspect including safety, housing and amenities and also working condition related. Based on the documentation verification and interview, any kind of complaint clearly understood by the workers and the channel to voice out the concern can be made through the complaint books. The books related to housing repair has been actively being logged in due to concern on house condition and the action has been taken accordingly.

Indicator 6.6.2

During the audit, sighted that the certification unit had done the meeting with National Union Plantation Workers (NUPW) representative yearly and the record of attendance has been kept in a logbook named 'NUPW Meeting' books. All the minutes of meeting has been documented and the booklet easily accessible at the estate and mill management office. The certification unit had also send the representative NUPW from estate/ mill to the meeting in the state level (State of Pahang) and also into the national level at the main office in Selangor.

Status: Comply

6.7 Children are not employed or exploited.	
Indicator 6.7.1 The certification unit had set a policy of not allowing the children to works at Sime Darby Plantations as per certification unit policy, the children lesser than 18 years old are not allowed to work in the certification unit. The certification unit had also provide the master list of all the workers including the details (Name, Sex , Age and date of start working) including the contract agreement and passport for verification of name list workers available at the estate and mill. Based on site verification and interview, it was verified no child workers and u under age workers available at the estate and mill. All recruitment of migrant workers has been thoroughly checked during the recruitment and hiring process in order to full fill the minimum ages working in the certification unit.	
Status: Comply	
6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	
Indicator 6.8.1 Policy of non discrimination and equal opportunities has been sighted at the mills and estate. The policy has been displayed at the estate management office and mill and also at the muster ground assemblies. The social policy of the certification unit stated that ‘ all employers should be treated fairly in terms of recruitment, progression, terms and condition of works, regardless of race, caste, nationality and gender’ as per certification unit policy.	
Indicator 6.8.2 There is no evidence sighted during the audit on discrimination practiced at the mill and estate. Based on the pay slip and condition verified, the certification unit had practice the equal opportunities between the general workers, local and migrant as per contract sighted. All the recruitment process at the estate and mill had complied with the procedures practiced. Based on the interview with Medical Assistant of the estate, the certification unit had shown no discrimination between local and migrant workers in terms of their medical treatment at the clinic.	
Indicator 6.8.3 The certification unit had maintained the work credential of their workers. Sighted the evidence at Sg Mai Estate, the promotion Pn Nuriasma Bt Abd Razak (from general worker into the weighbridge operator) and Mr Bahri Bin Izahar (from the general worker into class 1station) at the mill. All the works related to workers credential, record, and employment letter has been properly kept at the mill for their references from the management team in order to promote the workers in the future. The promotion of the workers has been monitored by the suoervisor/ superior and any recommendation is based on the managers evaluation and test of the related works. The promotion letter has been issued to the related workers related to new job and particular task including the salary increment.	
Status: Comply	
6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	
Indicator 6.9.1 The certification unit had documented a social policy related to gender to prohibit any form of sexual harassment and violence at the estate and mill name ‘ Gender Policy’ approved by Dato’ Franky Anthony Dass, Head of Sime Darby Plantation. Any issues related to social and gender has been closely monitored by the certification unit and handled by the management. Based on the records and evidence, the certification unit had done the awareness related to gender on the town hall meeting and briefing to all level of staff and workers. Gender committee awareness and briefing had also sighted including the attendance and minutes of meeting available on FY 2016/2017. Sighted during the audit a gender committee meeting at Kerdau POM on 18 th February 2017 attended by 8 people including the management team to discuss on gender activities. So far there is no issues sighted at the estate and mill level as per interview and document verification. The certification unit had allowed the female workers to have 60 days of holidays if she delivered a baby and there are no female sprayer workers available at the estate. There is no violence against women sighted at the site estate and mill and the workers also understand their rights as a female workers in the certification unit.	
Indicator 6.9.2 & 6.9.3 The certification unit had documented a clear communication procedure on Standard Operating Manual of the certification unit to handle such a complaint from internal and externally. There is a clear procedure – flowchart- made available at the	

estate and mill as per procedure, who's to contact in case of any grievances occurred. The certification unit had clearly communicated all the procedure of complaint to the workers and related stakeholders during the company meeting and stakeholder meeting. As the complaint from the workforce, the manager of each estate will be the decision maker if any cases related to the workers. There is a clear time frame and duration available for the company to attend such a complaint. Based on the verification and interview, there is no information related to harassment and abused sighted at the estate and mill management.

Status: Comply

6.10

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

Indicator 6.10.1 & 6.10.2

The FFB price based on standard from Malaysia Palm Oil Board (MPOB). There was showed FFB price list update till September 2016 (still valid for October 2016). There was showed FFB price list update till April 2017 and observation at weight bridge was showed that FFB price was put in the front window of the weight bridge room. The Kerdu POM POM received outside FFB from two outsider supplier, consist of Sri Kerdu Commodities (Temerloh, Pahang Darul Makmur) and Golden Horse Plantation (Bera, Pahang Darul Makmur).

Indicator 6.10.3

There was observed of document contract between Kerdu POM and Sri Kerdu Commodities for FFB supply and also document contract between the Sungai Mai Estate and Transport Agency (Sri Kawan) for FFB loading from plantation area of Sungai Mai Estate to Kerdu POM. The document contract has been explained several point, consist of: Health and safety (Personnel Protective Used/PPE) on Payment process, etc. Based on document verification, interview with certification unit representation and the local contractor at stakeholder consultation process, they was understand of contract before signed. Overall the document was filled in Head Office and copy of document in mill and estate office, and the related evidence of payment slip was filled too by the contractors or dealers.

Indicator 6.10.4

The payment was transferred via bank account by the Head Office, the Management estate only acquired the received from the Head Office when the payment process has been done. The local contractor was informed that the payment process was well implemented. There was showed the sample of Invoice from Sri Kawan (Local Transporter) to Sime Darby Plantation-Sungai Mai Estate (Pahang), dated 02 April 2017 and payment evidence by the Sime Darby Head Office on 08 April 2017.

Status: Comply

6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Indicator 6.11.1

There was shown the documented of consultation between the certification unit and the related stakeholder surround of plantation area. For example evidence of meeting record on 02 February 2017 in Sungai Mai Estate. These evidence contained information about meeting process between representation management unit of Sungai Mai Estate between the community representation (Joint Consult Committee of Gong Hat, Paya Sok and Local People). These meeting is aim to getting input by the community related to facility improvement for the community. There was available the Corporate Social Responsibility Report in each estate. The auditor was observed several documentation of certification unit contribution to local development:

- Aid for Kindergarten School
- Aid for road maintenance
- Aid for maintenance of mosque facility
- Aid for flood victim

Indicator 6.11.2

There was no independent smallholders for FFB supplied to Kerdau POM. Until now, there was no independent smallholder's schema by SOU 11.

Status: Comply

6.12

No forms of forced or trafficked labour are used.

Indicator 6.12.1

The certification unit has Social Policy Sime Darby Plantations (approved by Managing Director, dated January 2015). These document was explained in point 6 that The certification unit does not condone forced labor or child labor (included trafficked labor). The certification unit had a recruitment agency under the 'Workers Management Unit' and all the migrant worker, hiring process are going through the unit under the Human resource department from headquarters. Based on the interview there is no payment requested from the workers. The certification unit is holding the passport for each migrant workers and the evidence of the workers handing over the passport to be kept by the management was sighted at the estate and mill including the attendant list and consent agreement. The migrant workers are provided with the copies of passport and Identification Card of of foreign workers has been provided by the workers to each of them. In case of the workers want to retrieve the passport, they will get it once they want to go back t heir own countries once the contract expired or in case of any special occasion / causalities as per management concern on managers approval and workers management unit. Based on the interviews, there is no restriction from the management team to release the workers to leave the operation area on the concern of management team. Process of retrieving the passport will be from the foreman → clerk → and manager approval. There is no indication of force labour sighted during the audit at Kerdau POM (Sampling of Sg Mai Estate, Mentakab Estate , and Kerdau Mill).

Based on the interviews with several migrant workers from Indonesia, there is no penalties had been given to the workers and the company also had shown a comprehensive procedure and process for the workers if they want to go back to their countries. There is no indication of force labour sighted during the audit at Kerdau POM (Sampling of Sg Mai Estate, Mentakab Estate , and Kerdau Mill). The company had shown a clear procedure regarding the contract employment of workers in which the workers had been gathered at SUA BETONG estate, trained and brief of policy company including contract signing before being send to the requested estate and mill.

Indicator 6.12.2 & 6.12.3

Sighted on the estate management, there is no contract substation occurred as the workers only signed a contract and the work related to the them has been assigned clearly. Copy of each workers contract has been given to them as for reference and cross check. All the migrant workers has been course induction at workers Management Unit at 'Sua Betong' estate to go through the basic training and briefing before they going to each management unit. The company also had familiarized the workers with local requirement in terms of company policy, local safety and health provision, the social aspect of the company and training on particular task on the estate. All the amenities, living conditions, housing facilities and basic paid has been clearly brief to the workers before the contract signing at the unit. Based on information by several migrants workers was interviewed that they are kept copy of document contract. The several migrants workers from Indonesia was inform that the company was provide housing and supporting facilities for their employee.

Status: Comply

6.13

Growers and millers respect human rights

Indicator 6.13.1

The Certificate Holder has Sime Darby Human Rights Charter, Agreed by Human Right Task Force on 13 January 2013. These policy has been socialized to the workers, the socialization process was conduct on morning briefing and discussion process, There was shown a documentation of Human Right Socialization to all level operation of workers in Sungai Mai Estate and Mentakab Estate (24 – 26 January 2017). The documentation consist of Socialization Presentation Point, Attendant List of Participant and Photograph. Based on document verification and interview with related party (workers, local contractor and community surround) there was no significant cases of Human Right violation.

Indicator 6.13.2

Based on document verification and stakeholder consultation with foreign worker, there is no foreign worker bring their family in SOU 11. Refer to document **Letter of Employment** (For Indonesian Workers – Peninsular Malaysia & Sarawak) was explain in Clause 7.3 (a): If the worker marry a Malaysian or foreign citizen during employ with the company, the work

<p>permit will be cancelled as per the recruitment terms and condition stated by the Immigration Department.</p>	
	<p>Status: Comply</p>
<p>PRINCIPLE #7 Responsible development of new plantings</p>	
<p>7.1 A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.</p>	
<p>Indicator 7.1.1, 7.1.2 & 7.1.3 Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016.</p>	
	<p>Status: Comply</p>
<p>7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.</p>	
<p>Indicator 7.2.1; 7.2.2 Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016.</p>	
	<p>Status: Comply</p>
<p>7.3 New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</p>	
<p>Indicator 7.3.1 To ensure that no new plantings in primary forest or HCV areas since November 2005, the Certificate Holder with RSPO membership number has submission the disclosure of liability and LUCA on 2014 to RSPO Compensation. Based on the summary obtained information that the SOU 11 Kerduu does not new planting area after 2005. Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016.</p>	
<p>Indicator 7.3.2; 7.3.3; 7.3.4; 7.3.5 Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016. Documents HCV, management and monitoring could be seen at indicator 5.2.</p>	
	<p>Status: Comply</p>
<p>7.4 Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.</p>	
<p>Indicator 7.4.1; 7.4.2 Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016.</p>	
	<p>Status: Comply</p>
<p>7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>	
<p>Indicator 7.5.1 Until ASA-1, there was no new planting in area of SOU 11 Kerduu. There was any replanting in Sungai Mai Estate and Mentakab Estate since 2016.</p>	
	<p>Status: Comply</p>
<p>7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and</p>	

negotiated agreements.	
Indicator 7.6.1, 7.6.2, 7.6.3, 7.6.4, 7.6.5 & 7.6.6	
Until ASA-1, there was no new planting in area of SOU 11 Kerdau. There was any replanting in Sungai Mai Estate and Mentakab Estate since 2016.	
	Status: Comply
7.7	
Use of fire in the preparation of new plantings is avoided other than in specific situations, as identified in the ASEAN guidelines or other regional best practice.	
Indicator 7.7.1; 7.7.2	
Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016	
	Status: Comply
7.8	
New plantation developments are designed to minimise net greenhouse gas emissions.	
Indicator 7.8.1; 7.8.2	
Until ASA1, the certificate holder was not extend for new plantation area, there was only any replanting program was conducted since 2016.	
	Status: Comply
PRINCIPLE #8 Commitment to continuous improvement in key areas of activity	
8.1	
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.	
<u>Environmental action aspect</u>	
The company has conducted continuous improvement in environmental action aspect, such as: mill effluent test periodically, water river test periodically, smoke emissions test periodically, stored hazardous waste storage approved by government, etc.	
<u>Social impacts</u>	
There was conducted of Social Impact Assessment. The early Social Impact Assessment (SIA) was carry out on August 2013, the scope covered of Kerdau, Sungai Mai, Jentar, Mentakab, Chenor and Kerdau POM. The Stakeholder Meeting with employee in each estate, school teacher and the representation of local people has been conducted for gathering the data. There was also on 11 till 16 January 2016, Plantation Sustainability and Sustainability Management (PSQM) of Sime Darby was carry out the latest Social Impact Assessment.	
<u>Best gricultural practices</u>	
Referencing to "Sime Darby Agricultural Reference Manual – Oil Palm Planting" as part of good agriculture practices. The manual consists of all plantation operation activities, such as planting material, replanting, palm replacement and chemical controls over pest and disease, planting cover crop, good terracing, improve the FFB application and good fertilizer application.	
<u>Health & Safety</u>	
<ul style="list-style-type: none"> • Visits by OHS team without prior information to assess the worker's attitude towards safe working operation. • The estate conduct regular trainings to field workers and this was evidence through training records. Aside the field Staff, executive and Mandor regularly check the worker's performance in the field and this is always counter check by estate manager. "Sime Card / Positive Intervention Culture" is being used as part of improve work attitude. 	
	Status: Comply

3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module E) CPO Mills - Mass Balance Requirements																																						
E.1	Definition																																						
E.1.1	<p>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.</p> <p>The Kerdu Palm Oil Mill has have a record mechanism on FFB's acceptance by separating FFB from own estate that being identified as certified FFB (RSPO certified) and from other sources that not being certified (<i>RSPO non-certified</i>). Certified FFB will be processed and claimed as certified CPO and PKO. There was any five own estate was supplied of FFB to Kerdu POM consist of Kerdu, Jentar, Sungai Mai, Mentakab & Chenor. Until ASA-01, there was two outsider crop plantation was supplied of FFB, consist of Sri Commodities and Golden Horse Plantation.</p> <p>The table below is certified and non-certified FFB was recorded in summary monthly FFB received.</p> <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">FFB Received</th> </tr> <tr> <th>RSPO Certified</th> <th>Non Certified</th> </tr> </thead> <tbody> <tr> <td>July 2016</td> <td>13,649</td> <td>1,819</td> </tr> <tr> <td>August 2016</td> <td>10,810</td> <td>657</td> </tr> <tr> <td>September 2016</td> <td>13,679</td> <td>1,235</td> </tr> <tr> <td>October 2016</td> <td>10,810</td> <td>705</td> </tr> <tr> <td>November 2016</td> <td>13,679</td> <td>175</td> </tr> <tr> <td>December 2016</td> <td>11,181</td> <td>1,221</td> </tr> <tr> <td>January 2017</td> <td>10,035</td> <td>1,326</td> </tr> <tr> <td>February 2017</td> <td>10,040</td> <td>2,035</td> </tr> <tr> <td>March 2017</td> <td>16,618</td> <td>4,298</td> </tr> <tr> <td>April 2017</td> <td>14,529</td> <td>2,321</td> </tr> <tr> <td>Total</td> <td>127,572</td> <td>15,791</td> </tr> </tbody> </table>	Month	FFB Received		RSPO Certified	Non Certified	July 2016	13,649	1,819	August 2016	10,810	657	September 2016	13,679	1,235	October 2016	10,810	705	November 2016	13,679	175	December 2016	11,181	1,221	January 2017	10,035	1,326	February 2017	10,040	2,035	March 2017	16,618	4,298	April 2017	14,529	2,321	Total	127,572	15,791
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	Status: Comply																																						
E.2	Explanation																																						
E.2.1	<p>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.</p> <p>The Kerdu Palm Oil Mill has record of actual tonnage produced of CPO and PK (RSPO certified). Based on data of certified products of CPO and PK, the actual tonnage produced on 07 July 2016 until April 2017 (current ASA-01) and estimation certified product are description on table below.</p> <table border="1"> <thead> <tr> <th>Products</th> <th>Estimate Tonnage Products Certified Period 07 July 2017 to 06 July 2018 (Ton / Year)</th> <th>Actual certified products Period of July 2016 until April 2017 (tonnes/year)</th> </tr> </thead> <tbody> <tr> <td>Production CPO</td> <td>42,962</td> <td>28,121</td> </tr> <tr> <td>Production PK</td> <td>10,825</td> <td>7,598</td> </tr> </tbody> </table>	Products	Estimate Tonnage Products Certified Period 07 July 2017 to 06 July 2018 (Ton / Year)	Actual certified products Period of July 2016 until April 2017 (tonnes/year)	Production CPO	42,962	28,121	Production PK	10,825	7,598																													
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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).

The Kerdau Palm Oil Mill-SOU 11 (Sime Darby Plantation) has been registered of certified products of RSPO (CSPO and CSPK) with e-trace- UTZ, Member ID: **RSPO_PO1000000295**. The mill has been documented certified Crude Palm Oil (CPO) and Palm Kernel (PK). These products was registered as **RSPO Certified – Mass Balance**. Based on the data RSPO e Trace period of July 2016 till April 2017, that shown there was any transaction of RSPO certified product only for CPO and there was no transaction of PK. The data of CPO transaction was describe below

Date	Buyer	Volume (MT)
10/11/2016	Sime Darby Plantation Sdn Bhd, SDP Jomalina	400
10/15/2016	Sime Darby Plantation Sdn Bhd, SDP Jomalina	400
12/19/2016	Sime Darby Plantation Sdn Bhd, NURI Refinery.	199.89
Total		999.89

Status: Comply

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;**
- b. The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.**

The management unit of Kerdau Palm Oil Mill (SOU 11 Sime Darby) has have work procedure as guideline to ensure the implementation for the entire required elements. These procedure is Standard Operating Procedure for Sustainable Supply Chain and Traceability (SOP No. 1, issued on March 2016) and SOP for Traceability and RSPO Supply Chain Certification System (SOP No.1, issued on 1 August 2012). It is aim for identifying product's traceability with supply chain Mass Balance Model. Person in charge have been pointed to ensure the operation of mill based on the applicable procedure consist of Mill Manager, Administration Office Staff, Weighbridge Staff, Ramp Staff, CPO & Dispatch Staff and PSQM Staff.

There has been showed of SCCS Refreshing training for the personnel in charge and related staff for implemented the supply chain system in Kerdau Palm Oil Mill. The evidences is training material by PSQM Staff, Attendant List (18 Participant) and pictures of training process, dated April 21, 2017.

Based on an field visit observation and interview with staff in weighbridge and grading area/loading ramp that indicated the personal in charge was understood the mechanism to handle of supply chain system. The personnel in charge of weight bridge can demonstrate of separate between FFB from own estate (Sime Darby) and the FFB from outsider crop plantation. And thought to grading area that shows the grading staff can demonstrated of grading mechanism and through make daily report refer to Standard Operation Procedure of Sime Darby Report System sent the grading data to Sime Weight System).

Status: Comply

E.3.2

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

The Kerdau Palm Oil Mill has mechanism for accepting the FFB. In the weight bridge area all of FFB transportation operator must show the FFB Receive Ticket. There was any two kind of FFB receive, consist of form by each own estate of SOU 11-Sime Darby Pantation (**Certified FFB**) and FFB Delivery Order (**non Certified FFB**) from the outsider crop plantation. Both of document are explain the origin of fruit and quantity, etc. In every document FFB Receive Ticket from each own estate there was any code with Note (RSPO Cert S.C Modul MB). Meanwhile for non-certificate source of FFB there are no specific code but the FFB received is different with form of FFB receive from own estate. Certified FFB that has been processed will be claimed as certified CPO and PKO. Sample of records such as:

Certified FFB

- FFB Receive Ticket from Mentakab Estate (No 11059) on 25th April 2017, vehicle number BHK 644(2), driver's name is Kirubunanthan with number of bunches is 755 with weight estimation is 16,230 Ton (estate weigh before recheck at mill weighbridge).
- DUPLICATE of FFB Receive Ticket (No. 168947) 25th April 2017, vehicle number BHK 644(2), driver's name is Kirubunanthan with number of bunches is 755 with weight estimation is 16,190 Ton is 756 with weight (after recheck at mill weight bridge)

Non Certified FFB

- FFB Delivery Order from Sri Kerdau Commodities Sdd, Bhd on 25th April 2017, vehicle number DE 8557, driver's name is Khairul (before recheck at mill weighbridge).
- DUPLICATE (No. 168903) on 25th April 2017, vehicle number CDE 8557, driver's name is Khairul, weight estimation is 31.570 Ton (after recheck at mill weight bridge)

Status: Comply
E.4 Purchasing and goods in
E.4.1
The site shall verify and document the volumes of certified and non-certified FFBs received.

The certified FFB of Kerdau POM was supplied by own estate (Kerdau, Jentar, Sungai Mai, Mentakab & Chenor.) and the non-certified FFB is only supplied from Sri Commodities and Golden Horse Plantation. There was any record mechanism on FFB's acceptance in Kerdau Oil Mill, by separating FFB from own estate that being identified as certified FFB (RSPO certificate) and from other sources that not being certified (non-certified RSPO). Certified FFB will be processed and claimed as certified CPO and PKO. The table below is certified and non-certified FFB was recorded in summary monthly FFB received.

Month	FFB Received	
	RSPO Certified	Non Certified
July 2016	13,649	1,819
August 2016	10,810	657
September 2016	13,679	1,235
October 2016	10,810	705
November 2016	13,679	175
December 2016	11,181	1,221
January 2017	10,035	1,326
February 2017	10,040	2,035
March 2017	16,618	4,298
April 2017	14,529	2,321
Total	127,572	15,791

Status: Comply
E.4.2
The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.

Based on Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System of Kerdau Oil Mill (SOU 11-Sime Darby Plantation) was stated that will management unit will inform to Certification Body if there is an over-production than the projected production.

Based on verification data of FFB's processed in 03 July 2016 – April 2017 it's known that the actual production is **CPO 28,121 ton** and **PK 7,599 ton**. These total number of product was not over than the projected for PK, which is **CPO 40,943 ton** and **PK 10,377 ton** (Based on annex Certificate of Recertification).

E.4.2 Status: Comply

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.
- b. All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.
- c. The site can only deliver Mass Balance sales from a positive stock. 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.)

The Kerdau Oil Mill has have a Monthly Summary of Sustainable FFB, CPO & Kernel and was recorded into three-monthly basis. Based on monthly summary of Sustainable FFB, CPO & Kernel Period of July 2016 until April 2017.

Period	FFB Received		CPO Produced	CPO Dispatched	PK Produced	PK Dispatched
	RSPO	Non Certified				
July-Sept	40,680	3,711	8,913	-	2,442	-
Oct-Dec	35,670	2,101	7,555	999.89	1,751	-
Jan-Mar	36,693	7,658	8,508	-	2,625	-
April	14,529	2,321	3,146	-	780	-
Total	127,572	15,791	28,121	999.89	7,599	-

Status: Comply

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.

Until ASA-01, Kerdau POM – SOU 11 (Sime Darby Plantations) did not to cooperate with the independent outsource palm kernel crushers.

Status: Comply

3.3. Conformity Checklist of Certificate and Logo Use

1.	Evidence of permission or approval certificate and logo from Certification Body which submitted by Client	X or√
ASA 1	The Kerdau POM – SOU 11 (Sime Darby Plantation) has had approval / permit the use of the certificate with the number Certificate Registry : 824 502 14019 by TUV Rheinland	✓
	Status: Comply	
2.	Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use	X or√
ASA 1	The Kerdau POM – SOU 11 (Sime Darby Plantation) does not use the logo both in the on-product and off-product.	✓
	Status: Comply	
3.	Implementation of Certificate and Logo is not used on product	X or√
ASA 1	The Kerdau POM – SOU 11 (Sime Darby Plantation) does not use the logo both in the on-product and off-product.	✓
	Status: Comply	
4.	Controlling of Certificate and Logo, including withdrawing inappropriate logo.	X or√
ASA 1	The Kerdau POM – SOU 11 (Sime Darby Plantation) does not use the logo both in the on-product and off-product.	✓
	Status: Comply	

3.4. Summary of RSPO Partial Certification.

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

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

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

MUTU Auditor has verified company partial certification and concludes that:

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

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

2.2.3	Any new plantings since January 1 st 2010 must comply with the RSPO New Plantings Procedure.	<p>Company Group/Holding Statement: A new mill will be set up in Liberia and planned for commissioning in February 2016. Preparation to undergo the RSPO Certification process is in progress and SDP targets to undergo RSPO Certification by end 2017. RSPO NPP process has been completed in 2011. Internal assessment against the draft Liberia NI has been completed and closing of gaps is in progress. *Note: RSPO NPP Announcements for SDP can be found at http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14</p> <p>Auditor Verification:</p> <ul style="list-style-type: none"> • Karya Palma Estate (PT Sandika Natapalma) and Baturus Estate (PT Budidaya Agro Lestari) any new planting after January 1st 2010 and due to not conduct NPP. • RSPO NPP process has been completed in 2011 for a new mill in Liberia.
2.2.4	Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	<p>Company Group/Holding Statement: Sime Darby (Liberia) Plantation Inc. Status: Box G - Close for Monitoring Further details please refer to: http://www.rspo.org/members/complaints/status-of-complaints/view/46 PT Mitra Austral Sejahtera (Sime Darby Sdn Bhd) Further details please refer to: http://www.rspo.org/members/complaints/status-of-complaints/view/29</p> <p>Auditor Verification: Auditor has verified the supporting evidence of above the company statement. There are land conflict in :</p> <ul style="list-style-type: none"> • PT Mitra Austral Sejahtera, this issue are remain being resolved with RSPO dispute settlement facilities <p>PT Bina Sains Cemerlang, this issue was raise on 22 April 2017 and still being process to resolve.</p>
2.2.5	Any Labour disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	<p>Company Group/Holding Statement: No stakeholder comments or complaints received.</p> <p>Auditor Verification: Auditor has verified the supporting evidence of above the company statement. There are no labour dispute in company unit.</p>
2.2.6	Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	<p>Company Group/Holding Statement: None noted. No stakeholder comments or complaints received.</p> <p>Auditor Verification:</p>

		Auditor has verified the supporting evidence of above the company statement. There is any legal non-compliance for PT Budidaya Agro Lestari waiting for land title process.
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3.5. Identification of Findings, Opportunity for Improvement and Noteworthy Positive Components.

3.5.1. Identification of Findings, Corrective Actions and Observations at Re-certification Assessment

NCR No.	: RSPO00412	Issued by	: TUV Rheinland
Date Issued	: June 03rd, 2016	Time Limit	: August 3rd, 2016
NC Grade	: Major	Date of Closing	: August 3rd, 2016
Standard Ref. & Requirement	: 2.1.1 Evidence of compliance with relevant legal requirements shall be available.		
Non-Conformance Description & Evidence observed (filled by auditor):			
<ol style="list-style-type: none"> It was found that Kerdau Mill still not having a Fire Certificate even mentioned as compliance under Fire Services Act 1988 and Fire Services (Fire Certificate) Regulations 2001 in the LORR. Also No Competent Certified Environmental Professional in the treatment of POM effluent (CEPPOME) and Certified Environmental Professional in Scheduled Waste Management (CepSWaM) yet as mentioned under Section 49A of Environmental Quality Act (Ammend) 2012. There are found in Kerdau mill one foriegn workers working permit is already expire. Process to renew in progress. However, the workers are still working in site also not cover with Insurance. <p><u>Kerdau Mill:-</u></p> <ol style="list-style-type: none"> Review of the selected employees payslips for the month of May, Oct and Dec 2015 & Feb, March and April 2016 for e.g. for employee no. 23371, 111645, & 86423 details details the deduction of wages for Great Eastern Insurance premium payment on coverage of Critical Illiness. Noted the same type of deduction of was observed in Kerdau and Sungai Mai Estate with approval from State Labour Dept (Jabatan Tenaga Kerja, Pahang) in a form of Permit Potongan Daripada Gaji Pekerja as per Section 24 of Employment Act 1955. However no approval from State Labour Dept available for the deduction of wages in Kerdau Mill when requested. <p><u>Sungai Mai Estate:-</u></p> <ol style="list-style-type: none"> Legal and Other Requirements Register (LORR) was reviewed and indicates that category - General where the Employment Act 1955 was listed scored as 100%. However there were no records on the Em- ployment Act 1955 list of evaluation was evident during the audit and as practiced for previous year. It was noted that State Labour Dept officer has issued 'Failure to comply with a Notice of Compliance' Dat- ed: 7th Jan, 2015; Reference No: PMK 10604 / 06409 on incompliance towards Section 60A (3)(a), Sec- tion 60 (3)(a)(b)(c) and Section 60 D (aa) / (aaa) of Employment Act 1955. This contradicts the score in- dicated summary of result of the evaluation of compliance. In addition there is were no follow- up evidence sighted during the audit of the last communication dated 1st April 2016 made to State Labour Dept. 			
Root Cause Analysis (filled by organization audited):			
<u>Kerdau Mill</u>			
<ol style="list-style-type: none"> Fire Certificate. Contract to Supply, Install, Refurbish, Commissioning and Guarantee Performance of Fire Fighting Sys- tem at MILL Kerdau has been awarded to m/s Mecomb Malaysia Sdn. Bhd. Currently, contract works for the above has been completed and still in warranty period. However, the en- gineering drawing just been approved by BOMBA Pahang in end of April 2016 after several comments raise by bomba since last year on the requirement in order to approve the drawing. Anticipated, Bomba inspection will be carried out soonest possible in 2016 prior to the issuance of Fire Certificate. Selected SDP Representatives whom was sent for the CEPPOME and CEP SWAM Training at EIMAS had not submitted their assignment to complete the course and to be Certified Professional. No specific person in-charge to monitor the progress of completion at SDP Level. Foreign Workers Permit & Insurance for Contractor at the point of audit, documentation of permit pend- ing approval at Immigration Dept Pahang. 			

4. JTK Permit for Salary Deduction – Great Eastern Insurance Mill did not write in to JTK for salary deduction before since Mill already implemented consent letter that employees had signed as sign of agreement for salary deduction. (Mill Chief Clerk)

Sg Mai Estate

Follow Up with Pahang Labour Dept for AP Salary. Communication previously had been made with SDP HR, MAPA and Labour Dept in relations to the Notice of Compliance issued by State Labour Dept. However, the decision/final say had not cascaded down to operation team and state labour dept for nothing.

Corrective Action *(filled by organization audited):*

1. Fire Certificate - Endorsed drawing submitted and received by BOMBA. Waiting for their reply on the inspection date.

PIC: Engineering Dept, MILL Manager

2. For CEPPOME, En Hafiz it is a Certified Professional and he already completed the courses. However, CEPSSWAM representative for SOU 11 Kerdu (En Roziman) to complete the assignment and sent for EIMAS approval before he to be certified.

PIC: Mill Engineer and Mill Manager

3. Foreign Workers Permit & Insurance for Contractor the renewed permit already obtained BY Contractor and kept in Kerdu Oil Mill Office for reference.

PIC: Chief Clerk, Mill Engineer and MILL Manager

4. JTK Permit for Salary Deduction – Great Eastern Insurance salary deduction application letter was sent to JTK Pahang on 08/06/2016. Internal memo has been issued out to workers representative to inform on the temporary on-hold the salary deduction until the permit is obtained.

PIC: Chief Clerk, Mill Engineer and MILL Manager Sg Mai Estate

5. Follow Up with Pahang Labour Dept for AP Salary HR at SDP HQ is presenting Sg Mai Estate in settling the issue with Pahang State Labour Office.

PIC: Chief Clerk, OU Manager, and HR Dept

Preventive Action *(filled by organization audited):*

1. Fire Certificate

Kerdu Oil Mill and Engineering Dept SDP to closely follow up with BOMBA in issuance of Official Inspection Letter and prepared Kerdu Oil Mill for inspection by BOMBA and obtaining the Fire Certificate.

PIC: Engineering Dept, MILL Manager

2. En Roziman with Mill Manager observation, to follow up progress of completion until certificate issuance by EIMAS.

PIC: Mill Engineer and Mill Manager

3. Foreign Workers Permit & Insurance for Contractor

Chief Clerk of Kerdu Oil Mill to ensure close monitoring of all foreign labours in checkroll or by contractor to ensure all working permit, passport and insurance are valid.

PIC: Chief Clerk, Mill Engineer and MILL Manager

4. Amendment:

Estate to establish a master list of all permit and licence required including salary deduction permit and NC closed?

The list includes the validity date and expiry date. Consent letter from the workers will also be obtained. This master

list will be displayed at the office for monitoring purposes by Chief clerk and documented in the filing system.

PIC: Chief Clerk, Mill Engineer and MILL Manager

Sg Mai Estate Amendment:

MAPA HQ representing SDP in closure of the issues. After the final decision being made, Estate Manager and Asst to act accordingly as per decision informed by HR Dept HQ.

PIC: Chief Clerk, OU Manager, and HR Dept

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

Verification Result :

1. Fire certificate:

The company submitted evidence of Letter of Acceptance issued to Mecomb Malaysia Sdn. Bhd. for Supply, Install, Refurnish, Commissioning and Guarantee Performance of the Fire Fighting System at Kerdu Palm Oil Mill, dated 15 July 2013. It was informed by the company that installation of equipment had been done but due to issue with some equipment installed, this resulted in delay of the approval of the fire fighting equipment and application for fire certificate. Since the issuance of this NCR, the company is working together with a consultant, i.e. Tetuan Earth Tech Engineering to proceed to proceed with fire certificate application with request for inspection by BOMBA (the local fire department) to conduct inspection and approval of fire certification. Sighted evidence of inspection done by BOMBA on 16 June 2016, with 9 comments from BOMBA on aspects that still required action from the company, which the mill needs to follow up on before BOMBA can issue fire certificate. The company is currently in progress to get quotations from Mecomb Malaysia Sdn. Bhd. for the new equipment/changes required to the current system in order to meet the requirements for fire certification. This is accepted as evidence of the mill's progress to obtain the fire certification and progress will be followed up again during next surveillance.

2. Competent person:

A competent person for treatment of POME has been assigned by the mill, i.e. staff named Mohd. Hafiz bin Kamaruddin. The certificate of confirmation of competency for CePPOME for Mohd Hafiz was sighted issued by the Department of Environment on 2 January 2014. A mill staff named Roziman bin Ismail had also been sent by the company to attend CePSWAM training as seen from training attendance certificate for training issued by EiMAS (Environmental Institute of Malaysia) for training done on 29 September – 3 October 2014. The competency certificate is still pending from the DOE.

3. Expired permit of foreign worker/no insurance coverage:

As stated in the nonconformance, the permit of the foreign worker was confirmed to be under progress of renewal by the mill. The mill also provided evidence that the worker, who is actually a contracted worker engaged for cleaning services under a contractor company named Junjungan Pelangi Sdn. Bhd., has insurance coverage which was paid by the contractor company. Sighted evidence of Foreign Worker Compensation Scheme coverage paid by the contractor for period of 03 May 2016 to 02 May 2017 including for the foreign worker identified in this noncompliance.

4. No Labour Permit for Deductions (Kerdu estate)

The mill provided evidence of letter of application to the Labour Department of Pahang dated 16 June 2016 for permit for salary deductions, including for insurance scheme and savings for workers welfare scheme. The Labour Department provided an approval letter dated 14 July 2016 with approval for deductions for worker's union (AMESU) fees, life insurance, religious donation ('tabung haji') and national trust funds, with conditions that written consent of affected workers is required and deductions shall not exceed 50% of the worker's salary. Pending the issuance of this permit, the mill also provided sample payslips of workers for June 2016 and July 2016 showing that these deductions were temporarily ceased pending the approval by the Labour Department.

Failure to comply with a Notice of Compliance (Sg. Mai Estate):

The notice of compliance issued by the State Labour Department Dated: 7th Jan, 2015; Reference No: PMK 10604 / 06409 on incompliance towards Section 60A (3)(a), Section 60 (3)(a)(b)(c) and Section 60 D (aa) / (aaa) of Employment Act 1955, was regarding incorrect calculation of overtime payment (current calculation does not take allowances into consideration). As explained by the company, the calculation of overtime payment is in accordance with the MAPA/NUPW agreement which is a nationwide agreement between SDP and other plantation companies who are members of MAPA and the NUPW, hence following the notice issued by the Labour Department would result in payment of overtime which is inconsistent with the payment done by other plantation companies who are MAPA members. The company had communicated a request to the Pahang Labour Department for consideration to revoke the notice, however, this was rejected as per letter from Labour Department dated 8 June 2016 stating the request was not approved except for vehicle allowances. As such the company had requested MAPA to follow up with the Labour Department of Pahang to request for revocation of the notice as seen in letter from MAPA dated 27 June 2016 to the Pahang Labour Department explaining that the practice of calculation of overtime for Sg. Mai is the same for all MAPA members. MAPA had eventually decided to take the matter to the head office of the Labour Department located in Putrajaya to discuss this issue further. Sighted evidence of confirmation of meeting to be held between representatives of MAPA, NUPW and the Putrajaya Labour Department on 9 September 2016. It was confirmed this meeting was held, but to date there is not yet any communication from the Labour Department on this matter. The company has given commitment that if the Labour Department still does not agree to revoke the notice, then they will comply with the notice. While the issue is technically not resolved, the action taken to discuss the matter further with the Labour Department with consideration of notice revocation is accepted considering the matter affects not only the company but also other plantations companies under MAPA. Revision to overtime calculation to meet the notice issued by the Labour Department should be stated accordingly in the MAPA/NUPW agreement and apply to other MAPA members as well. The outcome of this issue will be checked further during next surveillance.

Auditor Conclusion: Closed with observations

Closure date: August 3, 2016

Verified by : TUV Rheinland

NCR No.	RSPO00413	Issued by	TUV Rheinland
Date Issued	June 03rd, 2016	Time Limit	ASA-1
NC Grade	Minor	Date of Closing	26 April 2017
Standard Ref. & Requirement	2.1.2 : A documented system, which includes written information on legal requirements, shall be maintained.		

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

Found a Legal Register for Kerdu Mill, Chenor, Jentar and Mentakab Estates was not properly reviewed and documented as sampled:

- Occupational Safety and Health Act 1994, The requirement not detailing explained the actual sections. For example Part IV Gen. Duties of employer to formulate Safety and Health Policy. Actual this is under Section 16. Under Part IV also have Section 15 General Duties of Employers and Self-employed Person to Employees, Section 17 General Duties of Employers and Self-employed Person to Person Other Than Their Employees. These were not included and explained. While Part VII not explained on requirement to conduct medical surveillance as specifically under Section 28. (Kerdu Mill)
- Ammendment of Factories and Machinery (Person In-Charge) (Ammend) Regulations 2014 not clearly defined the relevant heavy machinery under ammended schedule. (Kerdu Mill, Chenor, Jentar and Mentakab Estates)

- Factories and Machinery (Steam Boiler, Unfired pressure Vessel) Regulations 1970 under Regulation 3, 45-64 and 72 were not clearly explained the actual requirements instead mentioned as refer the regulations in FMA for specific details of the conditions (Kerdau Mill).
- Occupational Safety and Health (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013 under Regulation 13 just mentioned Duty to Furnish Safety Data Sheet. The full requirement such as explanation that Safety Data Sheet need to be review by supplier every 5 years was missing (Kerdau Mill, Chenor, Jentar and Mentakab Estates)
- Factories and Machinery (Safety, Health and Welfare) Regulations 1979 (Revised 1983) from Regulation 6 to 30 all mentioned refer to regulations in FMA for specific details on conditions. Some of the applicable requirements such as Section 24 Space for Each Person, Regulation 25 Height of Workroom, Regulation 26 Air Cleanliness, Regulation 28 Temperature were mentioned as Not Applicable which actually applicable (Chenor Estate)
- Fire Services (Fire Certificate) Regulations 2001 was not applicable for all estate but mentioned as compliance
- Environmental Quality Act 1974 not included Section 22 Restriction of Pollution of Atmosphere, Section 23 Restriction of Noise Pollution, Section 29 Prohibition of Dispose Waste to Malaysian was wrongly mentioned Prohibition of Open Burning which actually under Section 29A. Section 34B Prohibition against Placing, deposit and etc of Scheduled Waste was not included (Jentar Estate).
- Occupational Safety and Health Act 1994 not included requirements of Section 16, 17 and 30. (Mentakab Estate)
- Environmental Quality Act 1974 not included requirement of Section 34B Prohibition against Placing, deposit and etc of Scheduled Waste (Mentakab Estate).

Root Cause Analysis (filled by organization audited):

Due to no dedicated competent person-in-charge to monitor the evaluation of compliance all applicable laws and regulations for estate and mill. Thus, it is a generic LORR provided by PSQM.

Corrective Action (filled by organization audited):

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, OU Manager, Estate Assistant/Mill Engineer

Preventive Action (filled by organization audited):

PSQM will update LORR based on Sime Darby Group Compliance Office's latest legal list applicable to Estate and Mill. Plus, legal compliances in relation to RSPO requirement to be put together in LORR.

To appoint dedicated competent person-in-charge at SDP HQ and Operational Level in revision of LORR as and when needed.

PIC: PSQM, OU Manager, Estate Assistant/Mill Engineer

Assessor Evaluation and Conclusion (filled by auditor):

Verification 26 April 2017:

Has been seen the latest evaluation of compliance was prepared, for example by medical Assistance on 13/02/17 and approved by estate manager on the same day. Any new laws or regulation that to be comply shall be by using the LORR and it subject to be review and approved by the manager. The Mill and each Estates staff responsible for updating legal documents as per information from PSQM. There is an evaluation compliance score card with annual rating statement. The content of legal register is title, subject, reference number, legal requirements, status of compliance, accountability, and the enforcing agencies.

The Certificate Holder has showed of result of evaluation of compliance and documented.

Auditor Conclusion: Closed

Closure date: 26 April 2017

Verified by : Mahas Maliyapan

NCR No.	: RSP000414	Issued by	: TUV Rheinland
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Date Issued	: June 03 rd , 2016	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: August 3, 2016
Standard Ref. & Requirement	: 2.1.3: A mechanism for ensuring compliance shall be implemented.		
Non-Conformance Description & Evidence observed (filled by auditor): <p>The mechanism to ensure legal and other requirements compliance was not effective as all reviewed of compliance at Kerdau Mill, Chenor, Jentar and Mentakab Estates scored 100% but found:</p> <ul style="list-style-type: none"> • Occupational Safety and Health (Safety and Health Officer) Regulations 1997 showing compliance status. Actually no SHO required for Mill (Kerdau Mill) • Pesticides (Labelling) Regulations 1984 was not included in the LORR and compliance was not evaluated (All Estates) • Deleted Environmental Quality (Sewage, Industrial Effluent) Regulations 1979 still evaluated and mentioned as compliance. (Chenor Estate) • Applicable Environmental Quality (Refrigerant) Regulations 1996 wrongly mentioned as not applicable (Chenor Estate) • Not applicable Fire Services (Fire Certificate) Regulations mentioned as compliance as actual no evidence of compliance exist. (Chenor and Mentakab Estates) • Missing Sections 16, 17 and 30 of Occupational Safety and health Act 1994 compliance status were not evaluated. (Mentakab Estate) • Factories and Machinery (Safety, Health and Welfare) Regulations 1970 (Revised 1983) mostly mentioned as not applicable and compliance status were not evaluated properly (Mentakab Estate). 			
Root Cause Analysis (filled by organization audited): <p>Incorrect checking and verification of evaluation of compliance since lack of competency from estate and mill preson in-charge in relations to interpretation of legal compliance.</p>			
Corrective Action (filled by organization audited): <p>Estates and Mill to amend the LORR as accordance current practise. PIC: PSQM, RSPO Unit and ESH Unit, Estate Assistant/Mill Engineer)</p>			
Preventive Action (filled by organization audited): <p>PSQM to conduct training regarding on LORR to ensure estate and mill preson in-charge are having the same level of understanding of legal compliance checking and implementation on site. PIC: PSQM, OU Manager, Estate</p>			
Assessor Evaluation and Conclusion (filled by auditor): <p>Verification Result :</p> <p>The company provided an updated LORR for Kerdau Mill and the estates which now incorporates the missing details of legal requirements and also evaluation of compliance was redone. All aspects which were wrongly indicated as not applicable or not evaluated correctly have now been evaluated for compliance accordingly. The company also provided evidence of planned training schedule on how to conduct evaluation of legal compliance in LORR as part of corrective action.</p> <p>Auditor Conclusion: Closed Closure date: 3 August 2016</p>			
Verified by	: TUV Rheinland		

NCR No.	: RSPO00414	Issued by	: TUV Rheinland
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Date Issued	: June 03 rd , 2016	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: August 3, 2016
Standard Ref. & Requirement	: 2.1.3: A mechanism for ensuring compliance shall be implemented.		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i></p> <p>The mechanism to ensure legal and other requirements compliance was not effective as all reviewed of compliance at Kerdau Mill, Chenor, Jentar and Mentakab Estates scored 100% but found:</p> <ul style="list-style-type: none"> • Occupational Safety and Health (Safety and Health Officer) Regulations 1997 showing compliance status. Actually no SHO required for Mill (Kerdau Mill) • Pesticides (Labelling) Regulations 1984 was not included in the LORR and compliance was not evaluated (All Estates) • Deleted Environmental Quality (Sewage, Industrial Effluent) Regulations 1979 still evaluated and mentioned as compliance. (Chenor Estate) • Applicable Environmental Quality (Refrigerant) Regulations 1996 wrongly mentioned as not applicable (Chenor Estate) • Not applicable Fire Services (Fire Certificate) Regulations mentioned as compliance as actual no evidence of compliance exist. (Chenor and Mentakab Estates) • Missing Sections 16, 17 and 30 of Occupational Safety and health Act 1994 compliance status were not evaluated. (Mentakab Estate) • Factories and Machinery (Safety, Health and Welfare) Regulations 1970 (Revised 1983) mostly mentioned as not applicable and compliance status were not evaluated properly (Mentakab Estate). 			
<p>Root Cause Analysis <i>(filled by organization audited):</i></p> <p>Incorrect checking and verification of evaluation of compliance since lack of competency from estate and mill preson in-charge in relations to interpretation of legal compliance.</p>			
<p>Corrective Action <i>(filled by organization audited):</i></p> <p>Estates and Mill to amend the LORR as accordance current practise. PIC: PSQM, RSPO Unit and ESH Unit, Estate Assistant/Mill Engineer)</p>			
<p>Preventive Action <i>(filled by organization audited):</i></p> <p>PSQM to conduct training regarding on LORR to ensure estate and mill preson in-charge are having the same level of understanding of legal compliance checking and implementation on site. PIC: PSQM, OU Manager, Estate</p>			
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verification Result :</p> <p>The company provided an updated LORR for Kerdau Mill and the estates which now incorporates the missing details of legal requirements and also evaluation of compliance was redone. All aspects which were wrongly indicated as not applicable or not evaluated correctly have now been evaluated for compliance accordingly. The company also provided evidence of planned training schedule on how to conduct evaluation of legal compliance in LORR as part of corrective action.</p> <p>Auditor Conclusion: Closed Closure date: 3 August 2016</p>			
Verified by	: TUV Rheinland		

NCR No.	: RSP000415	Issued by	: TUV Rheinland
Date Issued	: June 03rd, 2016	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: 28 April 2017
Standard Ref. & Requirement	: 4.1.3 : Records of monitoring and any actions taken shall be maintained and available, as appropriate.		
Non-Conformance Description & Evidence observed (filled by auditor): There is no record of amount EFB applied, so it cannot be ascertained whether the use of palm EFB on land in accordance with the guidelines set out which set 180kg/palm for immature palm. Chenor Estate			
Root Cause Analysis (filled by organization audited): No dedicated person in-charge with regards to EFB mulching. Records were not properly maintained.			
Corrective Action (filled by organization audited): Manager to conduct briefing to assistant in-charge and staff in-charge in providing complete records of EFB Mulching. PIC: OU Manager and Estate Assistant			
Preventive Action (filled by organization audited): Estate Assistant to properly check and verified the records established by mandore and upkeep staff before signed as checked records. Please refer to evidence submitted. PIC: OU Manager and Estate Assistant			
Assessor Evaluation and Conclusion (filled by auditor): Verification 28 April 2017: Each estate also has record amount of EFB was applied, based on the agronomist recommending 25-35 MT/ha to be placed accessible inter rows. Seen the EFB application records, for example at Mentakab Estate field 16 A and 16 B from July 2016 – March 2017. Auditor Conclusion: Closed Closure date: 28 April 2017			
Verified by	: Ebnu Holdoon Shawal		

NCR No.	: RSP000416	Issued by	: TUV Rheinland
Date Issued	: June 03rd, 2016	Time Limit	: ASA-1
NC Grade	: Minor	Date of Closing	: 26 April 2017
Standard Ref. & Requirement	: 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).		
Non-Conformance Description & Evidence observed (filled by auditor): 1. Sighted pH and TSS analysis test results of Kerdau Mill final discharge of effluent from Oct 2015 to March 2016 had exceeded DOE required legal limits. No evidence that any actions have been taken to overcome the matter. 2. The water quality of the surrounding the estate shall be monitored by performing water sampling 4 times a year as per the Sustainable Plantation Management System (SPMS) Appendix 7. However, at Mentakab Estate sighted that the water analysis was last recorded in Jan 2016 and previously on Aug 2015 with the latest sample was sent in May 2016.			
Root Cause Analysis (filled by organization audited): 1. <u>Kerdau Oil Mill</u>			

<p>The off specs readings may be contributed by the draught season increased the pH readings and amount of bacteria may affect the TSS readings. Thus high PH and TSS found in the final discharged samples.</p> <p>2. Water Samples for domestic usage and natural waterway - miss-communication among staff Field/Office) Lanchang Division and Mentakab Divison</p>	
<p>Corrective Action <i>(filled by organization audited):</i></p> <p>1. Kerdau Oil Mill Immediate investigation conducted by the KKS Kerdau ESH Committee in determining rootcause and action taken immediately. PIC: Mill Manager and Mill Engineer</p> <p>2. Latest water samples had been sent on May 2016 after raised as finding in Internal Audit. The result available for reference.</p>	
<p>Preventive Action <i>(filled by organization audited):</i></p> <p>1. Kerdau Oil Mill</p> <ul style="list-style-type: none"> • Close monitoring on daily ETP operation and promptly act for any abnormality by Mill Engineer. • Lab Analyst to be highlight to mill management in case of legal parameter off spec reoccurrence and to provide action taken immediately. PIC: Mill Manager and Mill Engineer <p>2. Senior Assistant with Medical Assistant (MA) to be in-charge on the monitoring of water sampling for both domestic usage and natural waterways. The schedule of water sampling to be availabe and follow- up during ESH Quarterly Meeting.</p>	
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i></p> <p>Verification 26 April 2017:</p> <ul style="list-style-type: none"> • Mill has license from DOE to discharge the final effluent to watercourse (Jentar River) with max effluent must less than 696 m³ / day (lisense number: 004379 dated 01/07/2016 - 30/06/2017). Based on mill effluent document period January – December 2016, it is known that the discharge of mill effluent in accordance with the defined license. There was also showed the monitoring and evaluation result of pH and TSS, there was sighted that not exceeded related DOE required legal limits. • There was observed the monitoring of wate sampling for Mentakab Estate period of January, Februari & March 2017 and the latest sample was sent in March 2017. <p>Auditor Conclusion: Closed Closure date: 26 April 2017</p>	
Verified by	: Sofyan Hadi Lubis

NCR No.	: RSPO00417	Issued by	: TUV Rheinland
Date Issued	: June 03rd, 2016	Time Limit	: August 03rd, 2016
NC Grade	: Major	Date of Closing	: July 30, 2016
Standard Ref. & Requirement	: 4.6.11 : Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> Found medical surveillance was conducted by Occupational Health Doctor (OHD) on 22/02/16 only on 3 workers from workshop at Jentar Estate. As sampled from Chemical Health Risk Assessment (CHRA) Report by Assessor (JKKP HIE 127/171-2 (124) conducted from 20-21/08/15. All chemical mixers, spray- ers, manurers, foreman, storekeeper</p>			

<p>were recommended to maintain annual medical surveillance programme. Rait bait applicator workplace risk assessment also recommended to maintained annual medical surveillance. Previous Medical surveillance was done on 19/12/14 on 25 workers. OHD also recommend- ed to continue annual medical surveillance</p>
<p>Root Cause Analysis <i>(filled by organization audited):</i> Based on Form F from recent Chemical Health Risk Assessment (CHRA), chemical mixers, sprayers, manurers, foreman, rat baiter, storekeeper recommended for health surveillance programme. Reference to USECHH Regulation 2000, Subregulation 27(3): Schedule II and Guidelines on Medical Surveillance; medical surveillance programme only to be conducted for</p> <ol style="list-style-type: none"> 1. Pesticide operators for orghanophosphate 2. Foreman and welders for Manganese
<p>Corrective Action <i>(filled by organization audited):</i> All workers involved with chemical activities and workshop staff to be sent for medical surveillance. PIC: Medical assistant (MA) and OU Manager</p>
<p>Preventive Action <i>(filled by organization audited):</i> Medical Assistant (MA) to ensure all of the below in a schedule that will be guided by VMO:-</p> <ol style="list-style-type: none"> 1. Continuity of health surveillance programme. 2. Staff and workers compulsory to be sent for medical surveillance annually. <p>PIC: Medical assistant (MA) and OU Manager.</p>
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification Result : Jentar Estate provided evidence of medical surveillance done for 14 workers involved in work with chemicals with examination done between 20 to 29 June 2016 with summary of medical results provid- ed and signed off and stamped on 30th July 2016 by a Occupational Health Doctor from Sulaiman Clinic. Medical tests results were normal for all workers.</p> <p>Auditor Conclusion: Closed Date of closure: 30 July 2016</p>
<p>Verified by : TUV Rheinland</p>

NCR No.	: RSPO00418	Issued by	: TUV Rheinland
Date Issued	: June 03 rd , 2016	Time Limit	: August 3, 2016
NC Grade	: Major	Date of Closing	: August 3, 2016
Standard Ref. & Requirement	<p>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.</p>		
<p>Non-Conformance Description & Evidence observed <i>(filled by auditor)::</i> Found hazards and risks was not properly evaluated as required by OSH Manual dated August 2008 once yearly for effectiveness and circumstances of accident, new material, equipment, machinery or process. As evidence found:</p> <ul style="list-style-type: none"> • HIRARC was reviewed due to an accidents occured on 24/11/15 approved by Mill Manager dated 21/03/16 but found no approve signature available. • Fatal accident involving Hadapan Mill was not considered and no review on Hirarc was not done accordingly at Kerdau Mill. 			

- Previous review for risk scored medium (4 and above) not having new proposed control measures and clear action plan and dateline of implementation as it should be. (Kerdau Mill, Chenor, Estates).
- Review also not comprehensive as only mentioned one Job step (maintenance with risk of electric shock and fire) for Motor & Compressor. Risk of explosion, rotating part , noise not explained (Kerdau Mill)
- HIRARC was last reviewed on 16/01/15 on operating of fax machine and office operation. 15/03/15 on workshop. No hirarc review was conducted for 2016 No review of hirarc conducted after few accidents involving harvesters in 2015/2016 as reported in Minutes of Meeting of Safety and Health Committee (Chenor Estate)

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

Lack of understanding on proper HIRARC establishment and revision at estates and mill.

Corrective Action *(filled by organization audited):*

To re-visit HIRARC and carry out revision on all job steps and activities. Any amendments to be updated accordingly with supervision of ESH Officer Regional.

PIC: PSQM, OU Manager, and Estate Assistant/Mill Engineer.

Preventive Action *(filled by organization audited):*

To conduct refresher training on EAI and EIE. EAI and EIE shall be reviewed and updated at least once a year and any changes to made accordingly (if any).

PIC: PSQM, OU Manager, and Estate Assistant/Mill Engineer.

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

Verification Result :

- Revised HIRARC for Boiler Station, Sterilizer Station, Workshop (electrical) and Workshop (mechnicl) was provided by the mill and approved by Mill Manager dated 8 or 9 June 2016
- The Accident Warning from EHS PSQM (Ref No. EHS/12/08/2015) at Hadapan Mill involving a Fireman has been considered in revised HIRARC for Kerdau mill. The accident was regarding a case which occurred on 16 July 2015 where a mill worker was tasked to clean out the dust collector chute and found the chute was stuck. The worker tried to unclog the chute by using a long pipe to dig into the chute, which resulted in a large amount of hot dust (300° C) falling on top of victim. The victim suffered third degree burns and passed away. This risk was given risk level of 4 in HIRARC for the mill. The existing controls listed for opening manhole during shutdown including requirement for Permit to Work, dedicated PPE, training, barricaded area for persons with Permit to Work only, supervision and authorized person, while the recommended risk control listed included Permit to Work, PPE and training. The additional risk control should be different from the existing risk controls and be more detailed (i.e. what kind of training to be provided), hence this was noted as an observation.
- Sighted the revised HIRARC for Kerdau mill now includes date of implementation and person in charge, however the new proposed risk control measures for risk scored medium (4 and above) are still stating the same proposed control measures as existing control. The company's PSQM department has acknowledged weaknesses in the understanding of the personnel at the mill and estates not only at SOU11: Kerdau but other SDP management units as well as weakness in the current HIRARC assessments done, which is planned to be replaced with a new format as well as training to be done personnel from all SDP SOU's. A sample of the revised HIRARC format combined with EAI and EIE assessment format to be used was provided in excel format and found to comprise several tabs, i.e. Identification of Environmental Aspects and Safety and Health Hazards, Safety and Health Assessment Form, Environmental Impact Assessment Form, Summary of Safety & Health Risk and Environmental Impacts, Magnitude Matrix table for Safety Hazards, and Magnitude Matrix table for Environmental Aspects. The company also provided the training materials prepared to be used during trainings to SOU personnel on how to use the new combined EAI, EIE and HIRARC format and how to conduct assessment of safety hazards and environmental aspects. The PSQM department also provided the training schedule for New Risk Management Workshop trainings planned to be conducted for FY 2016/17 for all SOUs which was planned from 11 August to 6 October 2016. Training for SOU 16: Kok Foh is planned for 4 October 2016. While technically not closing the issue within 60 days, it is accepted as immediate evidence of the company's efforts to resolve the issue of poor understanding of personnel at the SOU level on how to conduct HIRARC. Effectiveness of the training by PSQM and implementation of the new format will be evaluated further during the next surveillance

- Training is being done for SOU11: Kerdau as well as all other SDP's SOUs to address the issue of review of HIRARC not being done comprehensively, as explained above.

Auditor Conclusion: Closed with observations

Date of Closure: 3 August 2016

Verified by : TUV Rheinland

NCR No.	: RSP000419	Issued by	: TUV Rheinland
Date Issued	: June 03 rd , 2016	Time Limit	: August 3, 2016
NC Grade	: Major	Date of Closing	: August 3, 2016
Standard Ref. & Requirement	: 5.1.1 : An environmental impact assessment (EIA) shall be documented.		
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i> The EIE was reviewed on April 2016 for both Environmental Aspect and Impact (EAI) and Environmental Impact Evaluation (EIE) at Chenor Estate, Jentar Estate and Mentakab Estate. However, both EAI and EIE was dated back on 2013 with some information was outdated such as legal reference Environmental Quality Act (Scheduled Waste) Regulation 1989 and Environmental Quality Act (Clean Air) Regulation 1978. One of the legal EQA (Control Emission from Diesel Engines) Regulations 1996 which is the year 1996 is wrongly stated. In addition, Environmental Impact Evaluation Form (EIE) was not used properly for example spillage of diesel was considered as normal condition (suppose emergency condition) For all aspects identified, there is a column asking if there is a high potential of non-compliance to environmental regulation. All were ticked as "No" but in actual, many of the aspects have risk of legal noncompliance if not managed according to the law.			
Root Cause Analysis <i>(filled by organization audited):</i> Lack of understanding on EAI and EIE establishment and revision at estates and mill			
Corrective Action <i>(filled by organization audited):</i> To re-visit EAI and EIE and carry out revision on all aspects and impacts. Any amendments to be updated accordingly with supervision of ESH Officer Regional. PIC: PSQM, OU Manager, and Estate Assistant/Mill Engineer.			
Preventive Action <i>(filled by organization audited):</i> To conduct refresher training on EAI and EIE. EAI and EIE shall be reviewed and updated at least once a year and any changes to made accordingly (if any). PIC: PSQM, OU Manager, and Estate Assistant/Mill Engineer.			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification Result : The company's PSQM department has acknowledged weaknesses in the understanding of the per- sonnel at the mill and estates not only at SOU 11: Kerdau but other SDP management units as well as weakness in the current EAI and EIE evaluation forms being used, which is planned to be replaced with a new format as well as training to be done personnel from all SDP SOU's. A sample of the revised EAI and EIE format combined with HIRARC assessment format to be used was provided in excel format and found to comprise several tabs, i.e. Identification of Environmental Aspects and Safety and Health Hazards, Safety and Health Assessment Form, Environmental Impact Assessment Form, Summary of Safety & Health Risk and Environmental Impacts, Magnitude Matrix table for Safety Hazards, and Magnitude Matrix table for Environmental Aspects. The company also provided the training materials prepared to be used during trainings to SOU personnel on how to use the new combined EAI, EIE and HIRARC format and how to			

conduct assessment of safety hazards and environmental aspects. The PSQM department also provided the training schedule for New Risk Management Workshop trainings planned to be conducted for FY 2016/17 for all SOUs which was planned from 11 August to 6 October 2016. Training for SOU 11: Kerdau is planned for 4 October 2016. While technically not closing the issue within 60 days, it is accepted as immediate evidence of the company's efforts to resolve the issue of poor understanding of personnel at the SOU level on how to conduct EAI and EIE, which should be more effective than requiring the SOU personnel to redo the EAI and EIE using the existing templates and with poor understanding on how to conduct the evaluations. Effectiveness of the training by PSQM and implementation of the new format will be evaluated further during the next surveillance

Auditor Conclusion: Closed with observations

Date of Closure: 3 August 2016

Verified by : TUV Rheinland

NCR No.	RSPO00420	Issued by	TUV Rheinland
Date Issued	June 03rd, 2016	Time Limit	August 30, 2016
NC Grade	Major	Date of Closing	August 30, 2016
Standard Ref. & Requirement	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-Conformance Description & Evidence observed (filled by auditor):			
<p>1) There is no clear policy to protect the reproductive rights of women. There is a phrase in the Social Policy which states that "the company is committed to 'develop and apply a policy to and to protect their reproductive rights.'" (HQ) however no such policy was sighted.</p> <p>2) As there is no reproductive rights policy yet, there is no documented evidence of communication of the policy to all levels of the workforce. E.g. interviews with workers and staff at the reveal that the workers and staff do not understand what reproductive rights constitute.</p> <p>3) No evidence in the gender committee minutes of meetings that the reproductive right policy has been communicated and implemented.</p>			
Root Cause Analysis (filled by organization audited):			
"Reproductive Rights" is being embedded in the Social and Humanity Policy. Thus, there is no need specific policy			
Corrective Action (filled by organization audited):			
As for now, SDP to establish training plan to equip gender committee and Operating Unit management team on reproductive rights. Estate/Mill Management team to cascade down the information to all level of workforce. PIC:PSQM and SOU Managers			
Preventive Action (filled by organization audited):			
Monitoring of reproductive rights implementation at estates and mill will be via gender committee. SEPU Unit, PSQM shall be the point of reference for estates and mills implementation. PIC:PSQM and SOU Managers			
Assessor Evaluation and Conclusion (filled by auditor):			
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 hence not required to develop a separate policy for protection of reproductive rights. It is noted that the policy does not specify any commitment to ongoing activities such as education and awareness programmes for the purpose of implementation of this policy. This is noted as an opportunity for improvement. 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.

A training by PSQM entitled 'Introduction to Reproductive Rights Policy & Gender Committee Refresher Training' was conducted on 25 July 2016 for 24 participants at Kerdau Estate Club House, including managers, assistant managers and gender committee representatives from each estate and the mill, with evidence of attendance lists and photos. Training materials used for the session were entitled 'Introduction to Reproductive Rights' Policy in our Plantation'. The training material included discussion on issues pertaining to gender discrimination, sexual health, and family planning, and includes the definition of reproductive rights, global statistics on 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.

Estate level training was also done by the gender committee representatives of each estate, with evidence sighted as follows:

1. Kerdau Palm Oil Mill: Training done on 29 July 2016 with 10 female participants, including clerks and housewives. Photos of meeting were sighted
2. Kerdau estate: Training done on 19 August 2016 with 22 female participants
3. Chenor estate: Training done on 25 August 2016 with 16 female participants
4. Jentar estate: Training done on 12 August 2016 with 9 female participants. Photos of meeting were sighted
5. Mentakab estate: Training done on 30 August 2016 with 17 female participants, including workers, clerks and housewives.
6. Sg. Mai estate: Training done during Gender Committee meeting on 22 August 2016 for 16 participants

Auditor Conclusion: Closed

Date of Closure: 30 August 2016

Verified by : TUV Rheinland

NCR No.	: RSPO00421	Issued by	: TUV Rheinland
Date Issued	: June 03rd, 2016	Time Limit	: August 03rd, 2016
NC Grade	: Major	Date of Closing	: July 3, 2016
Standard Ref. & Requirement	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. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)		
Non-Conformance Description & Evidence observed (filled by auditor)::			

<p>a) Records of Mass balance accounting system are available. However there are lack of information from GTM department on the total sales of physical CSPO and CSPK sold through green palm. Mass balance accounting system is only referring to actual delivery based on contract.</p> <p>b) Company has made sales of Palm kernel oil in the Green palm. There no evidence that these sales have been deducted according to the RSPO conversion rate.</p>
<p>Root Cause Analysis <i>(filled by organization audited):</i> All the Sales for Sustainability Products maintained at HQ Level by Global Trading and Marketing Department. Current operation is site basis only have product information to be ready for transportation and shipment on physical stock where as GTM Dept have whole information regards to figures of physical trading and certificates sold under greenplam for SDP.</p>
<p>Corrective Action <i>(filled by organization audited):</i></p> <ul style="list-style-type: none"> • GTM Dept shall determine on communication of figures traded under greenpalm cascaded down to mill level that to be accounted in the MB Accounting System. • For PKO under greenpalm is autocalculated in the greenplam system. <p>PIC: GTM Dept, PSQM, MILL Manager</p>
<p>Preventive Action <i>(filled by organization audited):</i> Based on the correction decision, the activity shall be a continued accordingly and Kerdau Oil Mill person in-charge for SCCS to closely monitor of sustainability sales to not exceeded on quarterly basis. PIC: MILL Manager and Mill Engineer</p>
<p>Assessor Evaluation and Conclusion <i>(filled by auditor):</i> Verification results:</p> <ol style="list-style-type: none"> 1. During the audit, sighted records of sales on Greenpalm but it could not be confirmed which SOU had made the sales to Greenpalm. The company has since confirmed that Greenpalm sales were not from Kerdau Palm Oil Mill but from 6 other mills registered on Greenpalm (Bukit Puteri mill, Binuang mill, Bukit Benut mill, Bukit Kerayong mill, Merotai mill and Sandakan Bay mill). The mass balance sheet for Kerdau Palm Oil Mill has been updated to indicate Greenpalm sales and currently indicate no sales on Greenpalm in the past. 2. Same as above, the current sales of PKO on Greenpalm were confirmed to be from the other 6 mills and not from Kerdau Palm Oil Mill. The company also provided evidence of communication with the person-in-charge of Greenpalm, Mr. Bob Norman, as per email dated 25 February 2016, stating that the company is only required to key in the certified PK volumes and the PKO volume of 45% will be automatically calculated on the Greenpalm system <p>Auditor Conclusions: Closed Date of closure: 3 July 2016</p> <p>Verified by : TUV Rheinland</p>

3.5.2. Opportunity for Improvement.

No	Ref Std	Descriptions
1	1.2.1	The company does not specifically define what documents can be made publicly available as per the list of documents under RSPO IN 1.2.1

No	Ref Std	Descriptions
2	2.2.1	The company is in progress of transferring the name of land owner of Mentakab Estate from the previous owner (Mentakab Rubber Company (Malaya) Limited) to Sime Darby Plantation and simultaneously requesting for change in the land title terms to permit planting of oil palm instead of rubber. As the legal process is long and actions were observed to have been taken by the company, the progress of this NC will be checked again during the next surveillance audit.
3	2.2.1	Grant for Jentar Estate dated 7 Oct 2005 Geran (No. H.S. (D) 5401), have different hectarage 2,207.30ha as claimed but actual hectarage sighted at 2,229.08 ha.
4	4.1	Duly specified time interval since the EFB ushered in the field by the time it's applied to prevent the development of pests which are not needed
5	4.4.1	<u>Domestic Water Monitoring Testing</u> Only result of the domestic water monitoring testing was reflected in the lab testing result. There were no side-side comparison (actual result against allowable limit as per the standard) was indicated in lab testing report.
6	4.4.2	During site visit at Sungai Mai estate, area for buffer zone is not clearly demarking
7	4.5.2	No records of IPM Training were sighted, which was explained as being due to low pest attacks. Only on the job training on how to conduct pest census was conducted. As sampled census records appeared to show census was done correctly according to SOP, this was noted as an observation that records of such training should be maintained
8	4.6.6	Need to consider allocating emergency shower and eye wash nearer the chemicals store for easy access at Chenor Estate and Endensor Division and improve the signages further at Endensor Division.
9	4.6.11	Medical Surveillance was last conducted on 31 workers on 20/05/15 and for the current year 2016, it was not yet conducted at Chenor Estate.
10	4.7.1	Occupational Health and safety already define and implemented, however there are some uncontrolled operation found in field: <ul style="list-style-type: none"> - Fire Extinguisher no 14 not in proper condition, (safety pin broken, pressure indicator blurred) - Cigarette butt around Chemical store (no smoking area) - Used oil without identity in Scheduled Waste Store - Contaminated hand gloves outside scheduled Waste store - There are found that, the implementation of OSH at mill is not adequate. example as follow - has been found that one Bangladesh workers has no proper wearing PPE, and Smoking at the potential fire area, - There is no fire extinguisher in workshop. - Electrical hazard-Found that no proper installation of air-conditioner at the Charge men room.
11	4.7.1	<u>Presentation of Safety & Health Briefings to Auditors</u> Observed during the opening meeting at Kerdau Mill, Kerdau Estate and Sungai Mai Estate the level of content of Safety of Health Briefing to Auditors were observed inconsistent, for example at Kerdau Mill and Kerdau Estate the briefing on emergency evacuation were simplified meanwhile for Sg. Mai Estate the emergency evacuation part were shown in detail with recorded instructions on what specifically to do during emergency evacuations. Although the overview of the emergency evacuation information may seem sufficient, the consistency on the level of content of the briefings can be reviewed against the relevant in-house standards if any.

No	Ref Std	Descriptions
12	4.7.2	<p><u>Sg. Tekal Divison (Kerdau Estate)</u></p> <p>During the visit to the vernacular primary school it was observed that there was electrical cable at lower height within reach of people connected between the security guard post and main school building where the office was located. This was already known by the interviewed security guard and was mentioned communicated to the person in-charge for repairs but was not avail during the audit.</p>
13	4.7.2	<p>Hazard and risk was reviewed for the year 2015 and 2016 covering all activities in estate operation at Mentakab Estate & Jentar Estate. However the review process should consider few unclear action plan and dateline.</p>
14	4.7.5	<p>Found at Endensor Division, a mandore for group of harvesters not having first aid box as it was left in the office.</p>
15	4.7.6	<p><u>Incident Reporting – Kerdau Mill</u></p> <p>According to the details of the Social Security Organization (SOSCO) Accident Report for Mr. Abdul Aziz details the incident occurred on 24th Nov, 2015 and was reported later on to the mill management on 30th Nov, 2015. The case was referred to SOSCO officer and supporting documents required to given later on since based on the report there were no witness present during the incident and it was initially considered as non-occupational injury. Furthermore SOSCO has provided the payment to Mr. Abdul Aziz on Jan 2016 as evident on the payment statement. Investigation conducted was based on verbal conversation between the mill management and the said employee and was not recorded.</p>
16	4.8.2	<p>Not all records of training for each employee are maintained. Records are only available for Staff level and above. For Example Harvesting Mandore in Kerdau Estate Compliance not available</p>
17	5.3.1	<p>Fertilizer bags were found left or dumped at the field in Chenor Estate and Mentakab Estate (Edensor Divisyen).</p> <p>No proper management at storage regarding on input and output date of waste disposal.</p>
18	5.3.1	<p>Recycling bins is sighted at the Chenor Estate and Mentakab Estate (Edensor Divisyen), however, the segregation for recycling organic and inorganic waste is not properly monitored at the estates.</p> <p>No proper of segregation of organic and inorganic waste sighted at Jentar Estate and Mentakab Estate (Edensor Divisyen) landfill.</p>
19	6.1.1	<p><u>SIA – Kerdau Estate</u></p> <p>Based on the SIA report assessment dated: 11 to 16th January, 2016 – Areas of Concern SOU shared findings for Balai Bomba & Penyelamat Temerloh it is mentioned please refer to Kerdau Palm Oil Mill findings on page 15. When referred it should be page 14. In page 14 it was mentioned as below:-</p> <p>Interview with Tuan Azmi bin Mohamad Nor, OCS Balai Bomba & Penyelamat Temerloh – insisted the management to have an Emergency Response Team (ERT) in cases of emergency (E.g. Fire) which was evident thru as sighted for ERP Team Kerdau Estate 2015 / 16; Dated: 15th Feb, 2016. In addition there were comment made i.e. Training can be provided along with formal written request to the OCS Ketua Balai Bomba, Balai Bomba & Penyelamat, Bukit Angin and required for a plan of the internal area to be submitted. However the comment on required for a plan of the internal area was not clearly reflected in the Kerdau Estate SOU 11 Management Plan on Social Impact As-</p>

No	Ref Std	Descriptions
		essment. Although the rest of the sampled issues action plans were in place and im- plemented such as on housing condition / living improvement in terms of building and cleanliness. Allocation of budgets (based on report account as at April 2016) to address the other issues raised by the stakeholders was sighted.
20	6.1.1	<p><u>SIA – Kerdau Estate</u></p> <p>The reference used for conducting the Social Impact Assessment based on the Im- pact Assessment Manual by Federal Department of Town and Country planning Pen- insular Malaysia and Malaysian Society of Impact Assessment was not evident during the audit and demographics on age range for both male and female population for Kerdau Estate was not included except for Malaysian children. Year 2015 Census on Headcount & Household at Kerdau & Sg Tekal Division which reflects age group for both male and female population including total conceive numbers and total bed rid- den patient however this census was included as part of the demographic analysis of the Social Impact Assessment.</p>
21	6.1.1	<p><u>SIA – Kerdau Estate</u></p> <p>Based on the SIA report assesment 4.2 Methodology it was mentioned that for the group interview the local communities , the team based on their invitations on the list of informants interviewed (the selection criteria was based on a cross section of society. However there were no records of invitations sighted as practiced for previous year. For example Stakeholder Meeting: Social Impact Assessment (SIA) for RSPO Certification to Dr Nurul Ashikin bin Zasni (Klinik Kesihatan Kerdau) and Mr. Ahmad Kahar bin Mo- hamad Taib (Pejabat Penghulu Mukim Kerdau) and Mr. Shahrir bin Hj Othman (Sekolah Kebangsaan Kerdau) all dated: 27th Jan, 2015. Although the duly filled signed attendance list reflecting the stakeholder presence were available.</p>
22	6.2.3	<p><u>Kerdau Estate:</u> Based on the SIA report under 4.1 Data Collection & Sampling Procedures, in accordance with the requirements for information needed, the initial approach was to analyse SOU 11 Kerdau communities and stakeholder list (i.e. a description of the demography, social and cultural framework) to determine the sampling procedure based on random sampling where the results would represent an actual reflection of the impacts on the stakeholders. However noted Qualicast Sdn. Bhd- Supply rocks for road works – as reviewed from Bank Voucher Dec 2015 – Supplier and Great Eastern Life Assurance (M) Sdn. Bhd. – Insurance Company – as reviewed from Bank Voucher July 2015 were not reflected in the list of stakeholder including office representatives from MAPA / NUPW and MAPA / AMESU. Noted Mr. Periasamy – Site Chairman – MAPA/NUPW representative, Pn. Jamiselah binti Abd Rahman and Pn. Mariyai A/P Daharmalingam both union members of MAPA / AMESU have attended the Social Im- pact Assessment meeting as evident from the List of Attendance dated: 12th Jan, 2016. The list of stakeholders were later updated on-site and shown.</p>
23	6.5.2	<p><u>Offer of Employment – Kerdau Mill</u></p> <p>It was observed the all the sampled offer of employment which is needed to be signed acknowledged by the employees that binds as acceptance of employment states as fol- lows “Labour Ordinance / Collection Agreement No. 1995”, meanwhile the Letter of Ap- pointment As A General Worker states the benefits were in accordance with the MAPA / NUPW or any relevant Collective Agreement that subsequently replaces it. This reflects inconsistency between the point of references used as terms and conditions of employ- ment.</p>

No	Ref Std	Descriptions
24	6.5.2	<p><u>Employment Contract – Kerdau Mill</u></p> <p>Review of the selected employees personnel file shows the Letter of Appointment and Offer of Employment were available for employees that are employed under Sime Darby Plantations. During the merger and acquisition exercise of the previous organization i.e. Golden Hope Plantations with Sime Darby Plantations (SDP), Golden Hope Plantations employees were absorbed into SDP. Although these group of employees were without Letter of Appointment and Offer of Employment in file. Review of their relevant records such as pay slips and working time clocking records i.e. punch cards and interviews , indicates they were provided with in general the necessary benefits and compensation such as Insurance Subsidy and Price Bonuses in accordance with requirement in the Articles as stipulated in the relevant latest MAPA / NUPW and MAPA / AMESU Collective Bargaining Agreement.</p>
25	6.5.2	<p>Third Party Contract Workers.</p> <p>There is no mechanism on the part of the Mill & Estate management to monitor compliance of contractors pertaining to the Labour Laws and other relevant legislation related to labour. For e.g. for Lotus Two Enterprise contractors used for welding, machine and equipment repair works. In addition the existing contract sighted did not bind the contractor to abide such legal requirements.</p>
26	6.5.2	<p><u>Subcontractor – Maintenance – Kerdau Mill</u></p> <p>There were 6 foreign workers sub-contractors hired for maintenance and repair works in the mill and interviewed. Interview reveals that they were no negative feedback towards their contractor in terms of OSH and labor welfare, however the contract for service between the mill and sub-contractor does not reflect that sub-contractor is legally binding on compliance towards for example Employment Act, Immigration Act, etc.</p> <p>Work permit validity monitoring by the mill management which is linked to the registration of foreign workers compensation scheme (FWCS) only was in place.</p>
27	6.5.2	<p>It was observed that for MAPA-NUPW union member employees they were allowed to take annual leave entitled to them and paid later on during the end year wage payment as evident in Dec 2015 pay-slips indicates as Vacation Leave. Interviews with the selected employees reveal that they have no negative feedback on method of payment on annual leave. They were no reported negative feedback during the stakeholder consultation meeting on this also.</p> <p>Meanwhile for MAPA-AMESU union member employees they were allowed to take annual leave entitled to them and were paid on their annual leave. This could be further checked and documented with the relevant local authorities.</p>
28	6.5.3	<p>An interview with the harvesters at Chenor Estate, with one of them says that light at their house (No 3295) has been faulty for more than 1 month. Report been submitted but there is no action been taken until today.</p>

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

NCR No.	: 2017. 01	Issued by	: Mahas Maliyapan
Date Issued	: 29 April 2017	Time Limit	: ASA-02
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 2.1.3 A mechanism for ensuring compliance shall be implemented.		
Non-Conformance Description & Evidence observed <i>(filled by auditor)</i>			
Sighted in page 5 of the foreign worker's contract agreement a clause on "Foreign Workers Compensation Scheme" will be facilitate by the company. However, during audit period, there is no demonstrable evidence that Foreign Worker Compensation Scheme Certificate of Insurance renewed for 2017/18. There is no mechanism available to ensure the workers compensation being monitor regularly. (Sungai Mai Estate)			
Root Cause Analysis <i>(filled by organization audited):</i>			
Corrective Action <i>(filled by organization audited):</i>			
Preventive Action <i>(filled by organization audited):</i>			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Verified by	:		

NCR No.	: 2017. 02	Issued by	: Mahas Maliyapan
Date Issued	: 29 April 2017	Time Limit	: ASA-02
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations		
Non-Conformance Description & Evidence observed <i>(filled by auditor)</i>			
D.O.E annual license renewal [ref: 004379 – 60 MT/hr] in accordance that expires on 30/06/2017. The final discharge only to Sungai Jentar for 696m ³ /day. BOD should not be more than 100mg/l and land application is not applicable. During the mill visit, sighted the effluent produced by mill is being sprayed onto shredded EFB at composting area, however, since 2015 the DOE license is not permitting for composting process (Kerdau POM)			
Root Cause Analysis <i>(filled by organization audited):</i>			
Corrective Action <i>(filled by organization audited):</i>			
Preventive Action <i>(filled by organization audited):</i>			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Verified by	:		

NCR No.	: 2017. 03	Issued by	: Oktovianus Rusmin
Date Issued	: 29 April 2017	Time Limit	: ASA-02
NC Grade	: Minor	Date of Closing	:
Standard Ref. & Requirement	: 6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary includes the participation of affected parties		
Non-Conformance Description & Evidence observed <i>(filled by auditor)</i>			
Based on the document verification in Sungai Mai Estate , there is no evidence of plan to mitigate the social impact has been evaluated with the affected parties			
Root Cause Analysis <i>(filled by organization audited):</i>			
Corrective Action <i>(filled by organization audited):</i>			
Preventive Action <i>(filled by organization audited):</i>			
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>			
Verified by	:		

3.5.4. Opportunity for Improvement at ASA-1

No	Ref. Std.	Description
1	2.1.1	Kerdau POM As for the Fire Certificate, there are documented evidences available that the mill was failed in the initial inspection by Bomba and re-inspection schedule to be by end Apr 2017. An application through "Borang FC4" ref: 700-2/1/6/460 dated 22/03/2016 was sent to Bahagian Pencegahan dan Keselamatan JBPM, Pahang. Since the process of application is in progress, therefore this issue to be term as an observation
2	2.1.1	Sungai Mai Estate The position for Medical Assistant vacant and the process of recruitment is on-going. However, there is no proper information communicated to field workers on how the management will respond if any of their worker[s] found in need for a medical consultation.
3	2.2.1	There are 2 divisions namely Main Division [1,670.98ha] and Jerantut Division [767.69ha] totaling 2,438.67ha, however the total land area stated in the Area Statement not tally to the 8 land titles totaling to 2,853.7032ha. Noted there was a land acquisition by government for 18ha which is also not reflected of the current status in any of the documents.
4	4.7.2	Sungai Mai Estate and Mentakab Estate Hiradc for estate last was reviewed on various dates in Jan-Mar 2016. The assessment records of revised Hiradc resulted from incident / near missed or accident need to be check for the correspondence to the master copy. Sampled, Hiradc for harvesting [sickle] was revised on step 03, however the not updated in the master copy.
5	5.3.3	Mentakab Estate Consideration for the Certificate Holder unit to ensure the implementation of schedule waste labelling at all management unit

3.5.5. Noteworthy Positive Components at ASA-1 Assessment

No	Description
1	Company has commitment to implement the principle of sustainable palm oil management.
2	Has earned RSPO certificate in 2011.
3	Positive interview outputs from field workers in regard to OHS implementation and the commitment from management towards worker' welfare is well regarded.
4	There is no any traces of labour discrimination for both local and foreigners as seen many employees of the company are long serving and comfortable with the management administrative.

3.6. Summary of Arising Issues from Public, Management and Auditor Response

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>FFB Contractor</p> <p>The contractor thanking Sime Darby Management for the time of payment that has been done on time and appropriate. The contractor has been 9 years working closely for FFB transporting from Mentakab Estate to Kerdu Palm Oil Mill. There is suggestion from the contractor to get a firm contract of FFB in the method of transporting the FFB (change of lorry type) has been varied from year to year. The contractor also satisfied with the weight rate of FFB on the estate and at the mill.</p>	<p>Indicator 6.10.1; 6.10.2 & 6.10.3</p> <p>The FFB price based on standard from Malaysia Palm Oil Board (MPOB). There was showed FFB price list update till September 2016 (still valid for October 2016). Based on document verification, interview with company representation and the local contractor at stakeholder consultation process, they was understand of contract before signed. Overall the document was filled in Head Office and copy of document in mill and estate office, and the related evidence of payment slip was filled too by the contractors or dealers.</p>
<p>Auxiliary Police</p> <p>The Lans Koperal Police is satisfied with the Sime Darby Management regarding the cooperation given to the police during the patrolling period. There is no issues being reported by the police even there is a small village inside the estate. The management had given the full access to the police going in and out of the estate. The patrolling time will be from 7 am to 3 am and 3 police has been placed to take care of the estate and surrounding.</p>	<p>Indicator 6.13. 1</p> <p>Based on document verification and interview with related party (workers, local contractor and community surround) there was no significant cases of Human Right violation.</p>
<p>Head of National Union Plantation (NUPW) Workers of SOU 11 Kerdu</p> <p>There is no problem occurred between the management and workers. The workers and the surrounding local people also can work peacefully and there is no conflict between the workers and local people. The meeting has been done on monthly basis and all the problem can be channeled to the chairman of NUPW or directly to assistant manager.</p>	<p>Indicator 6.3.2</p> <p>Based on document verification of Complaint log book, there was no significant complaint by related party.</p> <p>Indicator 6.6.2</p> <p>Based on the documentation verification and interview, any kind of complaint clearly understood by the workers and the channel to voice out the concern can be made through the complaint books.</p>

Public Issues (Institution/ NGO/Community)	Auditor Verification
<p>Teacher of School Kuala Mai The teacher had thanking Sime Darby management regarding their cooperation in giving the fund / contribution during sports day and PIBG meeting. The teacher also thanks management to plan providing some food allowance to the local student (inside the estate) to ease the burden. The request made by the school also had been attend timely e.g One week of request made has been taken care of.</p>	<p>Indicator 6.11.1 There was showed documentation process of meeting is aim to getting input by the community related to facility improvement for the community. There was available also the Corporate Social Responsibility Report in each estate.</p>
<p>Gender Committee of SOU 11 Kerbau (Head of Committee) The Gender committee has been actively involved in the company activity. They have their own meeting as per planning and the cooperation between the management and female / staff workers also satisfying. There is a program of giving the helps during flood time, cooking competition and joining the activity by local council. The complaint will be made through the meeting between Gender Committee and workers done time to time, and the procedure of any complain has also been informed.</p>	<p>Indicator 6.9.1, 6.9.2 & 6.9.3 There is no violence against women sighted at the site estate and mill and the workers also understand their rights as a female workers in the company. Based on the verification and interview, there is no information related to harassment and abused sighted at the estate and mill management?</p>

<p>4.0</p>	<p>CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</p>
<p>4.1</p>	<p>Formal Sign-off of Assessment Findings</p>
	<p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p style="text-align: center;">Signed on behalf of:</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <p>SOU 11 Sime Darby Plantation Sdn Bhd Management Representative</p>  <p><u>Mohammad Shokkeri JAB</u> 26 May 2017</p> </div> <div style="text-align: center;"> <p>Mutuagung Lestari Lead Auditor</p>  <p><u>Oktovianus Rusmin</u> 26 May 2017</p> </div> </div> <div style="margin-top: 20px;">  </div>

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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Sustainable Development Network Malaysia (SUSEN)	Malaysia	bisans@pc.jaring.my	e Mail	19 April 2017		✓
2	Malaysian Environmental NGOs – MENGO	Malaysia	admin@mengo.org	e Mail	19 April 2017		✓
3	United Nations Development Programme - UNDP Malaysia	Malaysia	registry.my@undp.org	e Mail	19 April 2017		✓
4	Malaysian National Animal Welfare Foundation – MNAWF	Malaysia	secretary@mnawf.org.my	e Mail	19 April 2017		✓
5	All Women' Action Society		awam@awam.org.my	e Mail	19 April 2017		✓
6	Environmental Protection Society Malaysi (EPSM)	Malaysia	epsm@epsm.org.my	e Mail	19 April 2017		✓
7	FFB Contractor	Kerdau		Interview	26 April 2017	✓	
8	Teacher of School Kuala Mai	Kuala Mai			28 April 2017	✓	
9	Auxilliary Police	Kerdau		Focus Group Discussion	28 April 2017	✓	
10	Head of National Union Plantation Workers of SOU 11 Kerdau	Mentakap		Focus Group Discussion	28 April 2017	✓	
11	Head of Gender Committee of SOU 11 Kerdau	Mentakap		Focus Group Discussion	28 April 2017	✓	
12	Member of Community in Kampung Juhut	Sungai Mai		Interview	27 April 2017	✓	
13	Harvester (4 Migrant Workers from Indonesia)	Sungai Mai		Interview	27 April 2017	✓	
13	Sprayer (3 Migrant Workers from India). All the sprayer are man there was no female Sprayer	Sungai Mai		Interview	27 April 2017	✓	
14	Manuring/Fertilize Workers (5 Migrant Workers from India)	Mentakab		Interview	28 April 2017	✓	
15	Harvester (3 Migrant Workers from Indonesia)	Mentakab		Interview	28 April 2017	✓	

Appendix 2. Assessment Program

DATE		25 – 29 April, 2017	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
Tuesday, 25 April 2017			
04.25 - 07.25	04.25 – 07.40	Jakarta → Kuala Lumpur International Airport (KLIA)	ORN & SHL
09.00 - 13.00	10.00 – 14.30	Kuala Lumpur International Airport → SOU 11 Kerdau (Pahang)	Auditor Team
13.00 – 15.00		BREAK	
15.00 – 15.30	15.00 – 15.30	Opening Meeting Auditee Speech (Introduction of PIC, Profile of Mill and Estates Management Unit) Auditor Team Speech (Introduction, Audit Objective, Audit Scope, Audit Plan Discussion, Determine of Audit Sample, Determine of Field Visit Audit, Transparency and Confidentiality Clarification)	Management Representative of SOU 11 Kerdau
15.30 – 17.00	15.40 – 17.00	Document Review of: <ul style="list-style-type: none"> • Sime Darby Time Bound Plan • Partial Certification • Basic Information 	Auditor Team
Wednesday, 26 April 2017			
08.00 - 12.00	08.30 – 12.00	Field observation to Kerdau POM WWTP, Mill Operational, Safety and Health, Hazardous Waste Management	MMN / SHL/EHS
09.00 – 12.00	11.00 -12.00	Stakeholder Consultation (FFB Supplier)	ORN
12.00 – 13.00		BREAK	
13.00 – 17.00	13.30 - 17.00	Document review and Review of Previous Visit Non-conformance + Supply Chain System Verification	Auditor Team
Thursday, 27 April 2017			
08.00 - 12.00	09.00 – 12.00	Field Observation to Sungai Mai Estate <ul style="list-style-type: none"> • Implementation of Agronomy Aspect (Harvesting & Transportation, Manure, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application) & Implementation of Occupational Health & Safety Aspect • Implementation of Legal Aspect (Land Ownership, Legal Boundaries) and Conservation/HCV Area • Implementation of Environmental, and Waste Management Aspect (Domestic Waste Management, Fire Control Facilities). • Implementation of Social Aspect (Mechanism of Complaint and Grievance) • Observation of Workers Facilities (Housing, School, Worship Place, Clinic, etc). 	MMN SHL ORN EHS
12.00 – 13.00		BREAK	

DATE		25 – 29 April, 2017	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
13.00 – 17.00	13.30 – 17.00	<ul style="list-style-type: none"> • Clarification of Field Visit & Completing of Check List 	Auditor Team
Friday, 28 April 2017			
08.00 – 12.00	08.30 – 11.00	Field Observation to Mentakab Estate <ul style="list-style-type: none"> • Implementation of Agronomy Aspect (Harvesting & Transportation, Manure, Pesticides Application, Road Maintenance, Biological Control Monitoring, EFB Application) & Implementation of Occupational Health & Safety Aspect • Implementation of Legal Aspect (Land Ownership, Legal Boundaries) and Conservation/HCV Area • Implementation of Environmental, and Waste Management Aspect (Domestic Waste Management, Fire Control Facilities). 	MMN MMN SHL
	08.30 – 09.45 10.00 – 11.00	<ul style="list-style-type: none"> • Stakeholder Consultation • Implementation of Social Aspect (Mechanism of Complaint and Grievance) • Observation of Workers Facilities (Housing, School, Worship Place, Clinic, etc). 	ORN/ EHS ORN EHS
12.00 – 13.00		BREAK	
13.00 – 17.00 19.00 – 21.00	13.30 – 17.00 20.00 – 23.30	<ul style="list-style-type: none"> • Clarification of Field Visit & Completing of Check List • Team Auditor Meeting (Preparation for Audit Conclusion) 	Auditor Team
Saturday, 29 April 2017			
09.00 - 11.00	09.00 – 11.15	Closing Meeting in Mentakab Estate	<ul style="list-style-type: none"> • Auditor Team & Management Representative of SOU 11 Kerdau
11.00 - 16.00	12.00 – 16.30	Travel from SOU 11 Kerdau to Kualalumpur	<ul style="list-style-type: none"> • Auditor Team
19.05 – 20.10	19.10 – 20.30	Kuala Lumpur International Airport → Jakarta	<ul style="list-style-type: none"> • ORN & SHL