

**RSPO PRINCIPLE AND CRITERIA  
1<sup>st</sup> Annual Surveillance Assessment (ASA1\_1)  
Public Summary Report**

<p><b>Sime Darby Plantation Sdn Bhd</b></p>
<p>Head Office: Level 3A, Main Block Plantation Tower, No. 2, Jalan P.J.U 1A/7 47301 Ara Damansara Selangor, Malaysia</p>
<p><b>Strategic Operating Unit (SOU 27)</b> <b>Melalap Palm Oil Mill</b> 14<sup>th</sup> KM, Jalan Tenom-Keningau P.O. Box 205 89908 Tenom Sabah, Malaysia</p>

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## Section 1: Scope of the Certification Assessment

1. Company Details			
<b>RSPO Membership Number</b>	1-0008-04-000-00	<b>Date</b>	Member since: 6 September 2004
<b>Company Name</b>	Sime Darby Plantation Sdn Bhd		
<b>Address</b>	Head Office: Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7 47301 Ara Damansara, Selangor, Malaysia Certification Unit: Strategic Operating Unit (SOU 27) – Melalap Palm Oil Mill, 14 <sup>th</sup> KM, Jalan Tenom – Keningau, P.O. Box 205 89908 Tenom, Sabah, Malaysia		
<b>Subsidiary of (if applicable)</b>	N/A		
<b>Contact Name</b>	Mdm. Shylaja Devi Vasudevan Nair (Head, Sustainability Unit PSQM) Mr Bukhari Bin Yusof Azuddin (Mill Manager)		
<b>Website</b>	03-78484379 (Head Office) 087 302146 (Mill)	<b>E-mail</b>	kks.melalap@simedarby.com
<b>Telephone</b>	<a href="http://www.simedarby.com">www.simedarby.com</a>	<b>Facsimile</b>	03-78484356 (Head Office) 087 302243 (Mill)

2. Certification Information			
<b>Certificate Number</b>	RSPO 547124	<b>Original Certificate Issued Date</b>	21/01/2011
		<b>Expiry Date</b>	20/01/2021
<b>Scope of Certification</b>	Palm Oil and Palm Kernel Production from Melalap Palm Oil Mill and Supply Base (Melalap Estate and Sapong Estate)		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
AC-LM 140:2015	Quality Environment – Lean Management Bronze	Malaysian Productivity Corporation	16/03/2017

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Melalap Palm Oil Mill (25 mt/hr)	14 <sup>th</sup> KM, Jalan Tenom – Keningau, P.O. Box 205, 89908 Tenom, Sabah.	116° 00' 00"	5° 15' 40"
Melalap Estate	14 <sup>th</sup> KM, Jalan Tenom – Keningau, P.O. Box 205, 89908 Tenom, Sabah.	116° 00' 00.09"	5° 15' 45.61"

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Sapong Estate	14 <sup>th</sup> KM, Jalan Tenom – Keningau, P.O. Box 205, 89908 Tenom, Sabah.	115° 56' 56.8"	5° 03' 52.9"
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#### 4. Description of Supply Base

Estate	Mature (ha)	Immature (ha)	Infras & Other (ha)	HCV (ha)	Total Planted (ha)	Total Hectarage	% of Planted
Melalap Estate	1,353	-	803.71	88.29	1,353	2,245	60
Sapong Estate	2,333	-	1,073.28	45.72	2,333	3,452	68
Total	3,686	-	1,876.99	134.01	3,686	5,697	65

Note: Infras = infrastructure

#### 5. Plantings & Cycle

Estate	Age (Years)					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (Oct 2015 - Sept 2016)	Actual (Oct 2015 - Sept 2016)	Forecast (Oct 2016 - Sept 2017)
Melalap Estate	-	-	1,353	-	-	30,634	25,943.96	22,809
Sapong Estate	-	-	2,333	-	-	48,467	27,008.04	36,610
Total	-	-	3,686	-	-	79,101	52,952	59,419

#### 6. Certified Tonnage of FFB (Own Certified Scope)

Estate	Tonnage / year		
	Estimated (ASA1_1) (Oct 2015 – Sept 2016)	Actual (ASA1_1) (Oct 2015 – Sept 2016)	Forecast (ASA1_2) (Oct 2016 – Sept 2017)
Melalap Estate	30,634	25,943.96	22,809
Sapong Estate	48,467	27,008.04	36,610
Total	79,101	52,952	59,419

#### 7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable

Independent FFB Supplier	Tonnage / year		
	Estimated (ASA1_1) (Oct 2015 – Sept 2016)	Actual (ASA1_1) (Oct 2015 – Sept 2016)	Forecast (ASA1_2) (Oct 2016 – Sept 2017)
Trader and Independent Smallholder/outgrower	10,000	12,869	19,219

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<b>8. Certified Tonnage</b>									
<b>Mill</b>	<b>Estimated (ASA1_1) (Oct 2015 – Sept 2016)</b>			<b>Actual (ASA1_1) (Oct 2015 – Sept 2016)</b>			<b>Forecast (ASA2_1) (Oct 2016 – Sept 2017)</b>		
	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>
Melalap Palm Oil Mill	79,101	17,402	4,034	52,952	11,803	2,266	59,419	13,369.28	3,030.37

OER and KER forecast : 22.5% & 5.10%

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
Nicholas Cheong: [Nicholas.Cheong@bsigroup.com](mailto:Nicholas.Cheong@bsigroup.com)  
[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

### Assessment Methodology, Programme, Site Visits

This 1<sup>st</sup> Annual Surveillance Assessment was conducted from 25 – 27 October 2016. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Melalap Estate & Sapong Estate). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO Principles & Criteria 2013 (MYNI-2014) and RSPO Supply Chain Certification Standard 2014 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates (or smallholders) of its supply base. The estates sample were determined based on formula  $N = 0.8\sqrt{y}$  where  $y$  is the number of estates. .

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

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All the previous nonconformities are remains closed. The assessment findings for the 1<sup>st</sup> Annual Surveillance Assessment are detailed in Section 3.3.

This report is structured to provide a summary of assessment finding as attached in the Appendix A. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by RSPO approved Certification Reviewer prior to certification decision by BSI.

**The following table would be used to identify the locations to be audited each year in the 5 year cycle**

<b>1. Assessment Program</b>					
<b>Name (Mill / Supply Base)</b>	<b>Year 1 (Recertification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
Melalap Palm Oil Mill	√	√	√	√	√
Melalap Estate	√	√	√	√	√
Sapong Estate	√	√	√	√	√

[Click here to enter a date.](#)

**Tentative Date of Next Visit:** August 8, 2017 – August 10, 2017

**Total No. of Mandays: 9 mandays**

**BSI Assessment Team:**

**Mohamed Hidhir Zainal Abidin – Lead Auditor**

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers and stakeholders consultation.

**Hafriazhar Mohd Mokhtar – Team Member**

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea and Solomon Islands. During assessment, he covered the mill and estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

**Daniel Francis**

Daniel Francis is a fulltime employee with BSI Services Malaysia. He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 Lead Auditor Course and RSPO SCC Lead Auditor Course. He had been involved in the RSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

**Accompanying Persons: -****Section 3: Assessment Findings****3.1 Details of audit results**

This assessment has been assessed using the following RSPO normative requirements. The assessment details are provided in Appendix A.



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- Sime Darby Plantation Sdn Bhd Time Bound Plan
- RSPO Group Certification Standard 2016 Checklist
- RSPO P&C for Smallholders TH-WG 2012 Checklist
- RSPO P&C GN-NIWG 2010 Checklist
- RSPO P&C INA-NIWG 2016 Checklist
- RSPO P&C PNG-NIWG 2016 Checklist
- RSPO P&C SI-NIWG 2010 Checklist
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO P&C TH-WG 2011 Checklist
- RSPO Supply Chain Certification Checklist November 2014
- RSPO P&C 2013 Generic Checklist

### 3.2 Progress against Time Bound Plan

Sime Darby Time Bound Plan (TBP) is included as Appendix B. Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. Sime Darby has acquired NBPOL. NBPOL is managed as a separate management unit. NBPOL has its own RSPO membership (1-0016-04-000-00) and have achieved certification for all the certification units. As for the Plantation in Liberia, Sime Darby has completed the NPP in 2011. However, the plantation sites will be included in TBP upon completion of the mill which is delayed due to Ebola and long drought season.

There was a change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT Mitra Austral Sejahtera (PT MAS). This was the result from the mediation meeting held on 22 July 2014. PT MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB that assessed PT MAS is yet to issue the certificate. BSI has accepted the revision as justified revision due to the commitment shown by all parties involves resolving the community issue. This is also accepted by the CB that assessed PT MAS. Discussion was held with the CB that assessed the PT MAS and Sime Darby.

Due to the present mediation process, PT Mitra Austral Sejahtera TBP was revised to 2016 by Sime Darby pending on the resolution and mediation process which is acknowledged by RSPO. The final decision of issuing the certificate is under the CB that audited the PT MAS. BSI has contacted the CB and consultation was held. The CB that audited PT MAS accepted the revision of the TBP. BSI accepted the feedback from the CB that audited PT MAS as per the RSPO Certification System requirement "Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness". BSI understands that there are community issue still under negotiation through agreed process.

The improvement is in progress and acknowledge by RSPO and all parties as mutually agreed process. Latest meeting among the community and Sime Darby was held on 14 January 2016. The current status details are provided in the Appendix B. BSI has consider that Sime Darby still comply with the RSPO requirement for partial certification and has justified the revision to TBP.

- a) There is no any other isolated lapse in Time Bound Plan.
- b) No systematic failures to proceed with implementation of the Time Bound Pan since first certified.
- c) The changes in the Time bound Plan for PT Mitra Austral Sejahtera was justified and appropriate.

BSI has continued involvement with assessments of Sime Darby Management Units during the 2014 period and beginning 2015. BSI is also communicating with other Certification Bodies that auditing Sime Darby's other operating units to identify any noncompliance with rules of partial certification as per requirement in RSPO

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Certification System. During this assessment BSI has contacted the certification body that audited PT MAS to get the latest update of the progress. Sime Darby consistently has kept BSI informed of any emerging issues and claims made against it. Other than the PT MAS issue, at the time of preparation of this Report, BSI is not aware of any new issues involving:

- a. Any unresolved significant land disputes;
- b. Any replacement of primary forest or loss of HCVs;
- c. Any labour disputes that are not being resolved through an agreed process;
- d. Any evidence of noncompliance with any law at any of the landholdings.

<b>Time Bound Plan</b>		
<b>Requirement</b>	<b>Remarks</b>	<b>Compliance</b>
<b>Summary of the Time Bound Plan</b>		
Does the plan include all subsidiaries, estates and mills?	The time bound plan includes all SOUs in Malaysia and Indonesia. Malaysia- Effectively 34 SOUs: Sg Samak and Jeleta Bumi, Yong Peng, Sepang, Mostyn and Segaliud POM has been closed down. Indonesia- Effectively 25 SOUs. For Liberia operations, a new mill is being set up and commissioned in Feb 2016. Preparation to undergo the RSPO Certification process is in progress and SDP targets to undergo RSPO Certification by end 2017.	Yes
Is the time bound plan challenging? <ul style="list-style-type: none"> <li>• Age of plantations.</li> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	Sime Darby Plantation's time bound plan for certification is initially 3 years, starting 2008 – 2011. SDP has had all its SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment by end Dec 2011 in accordance to the initial timebound plan. As at Dec 2011, all Malaysian SOUs have been RSPO certified (with the exception of 2 new oil mills commissioned to replace the current oil mills after the initial timebound plan targets). The 2 new mills have been RSPO Certified in Jan and Feb 2014. For Indonesian operations, currently, 1 SOU in Indonesia (PT MAS) is pending for RSPO Certification due to social legacy issues. SDP's is actively working on its certification targets given the span across a large geographical location and over 200 estates and mills in operation.	Yes
Have there been any changes since the last audit? Are they justified?	97% of Sime Darby Plantation's upstream operations is RSPO certified, one SOU - PT MAS pending certification in Indonesia due to some social disputes and a new oil mill in Liberia has been commissioned in Feb 2016. SDP's time bound plan has been revised to take into consideration the social challenges encountered in Indonesia for the remaining SOU (PT MAS) yet to be certified. Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter.	Yes

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<p>If there have been changes, what circumstances have occurred?</p>	<p>Indonesia- PT MAS has undergone RSPO Main Assessment in July 2011. The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. A verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Ongoing and regular (bi-monthly) discussions is ongoing between Sime Darby Plantation and the project affected communities. Reports on the progress update are submitted to RSPO on a regular basis since November 2012. The latest progress report submitted to RPSO dated 30<sup>th</sup> June 2016.</p> <p>Smallholders- As at June 2016, total of 24,820 Ha (59%) of total Ha, (42,008 Ha) of associated smallholders in Indonesia has been certified. Certification process for the remaining associated smallholders areas is on-going. SDP expect to achieve 100% RSPO certification of associated smallholders and outgrowers by end 2019.</p> <p>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.</p>	<p>Yes</p>
<p>Have there been any stakeholder comments?</p>	<p>Up to date, there is no comment. SDP continues to engage all affected parties through regular discussions and progress reporting is being made to the RSPO Secretariat.</p>	<p>Yes</p>
<p>Have there been any newly acquired subsidiaries?</p>	<p>In March 2015, Sime Darby Plantation completed the acquisition of New Britain Palm Oil Limited (NBPOL). NBPOL is managed under a separate entity and the reporting of timebound plan will be under NBPOL's management. NBPOL is considered as a different entity/member under the RSPO and NBPOL is 100% RSPO Certified.</p> <p>A new mill has been 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.</p>	<p>Yes</p>
<p>Have there been any isolated lapses in implementation of the plan?</p>	<p>No lapses.</p>	<p>Yes</p>
<p><b>Un-Certified Units or Holdings</b></p>		

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<p>Did the company conduct an internal audit? If so, has a positive assurance statement been produced?</p>	<p>Indonesia - PT Mitra Austral Sejahtera has undergone RSPO Main Assessment in July 2011. The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. A verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Reports on the progress update are submitted to RSPO on a regular basis since November 2012. The latest progress report submitted to RPSO dated 30<sup>th</sup> June 2016.</p> <p>Further details please refer to the RSPO Complaints Website: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/29">http://www.rspo.org/members/complaints/status-of-complaints/view/29</a></p> <p>Liberia – New mill commissioned in Feb 2016, identification of gaps and preparation to meet the requirements of the RSPO P&amp;C is in progress.</p>	<p>Yes</p>
<p>No replacement after dates defined in NIs Criterion 7.3:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in accordance with RSPO criterion 7.3.</li> </ul>	<p>HCV assessment has been conducted for uncertified units i.e. PT Mas (by Aksenta in March 2009) and Sime Darby Plantation Liberia operations (by RSPO approved assessors – Dr SK Yap in 2011).</p>	<p>Yes</p>
<p>Any new plantings since January 1<sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.</p>	<p>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.</p> <p>*Note: RSPO NPP Announcements for SDP can be <a href="http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14?">http://www.rspo.org/certification/new-planting-procedures/public-consultations/page/14?</a></p>	<p>Yes</p>
<p>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>	<p>Sime Darby (Liberia) Plantation Inc. Status: Box G - Close for Monitoring Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/46">http://www.rspo.org/members/complaints/status-of-complaints/view/46</a></p> <p>PT Mitra Austral Sejahtera (Sime Darby Sdn Bhd) Further details please refer to: <a href="http://www.rspo.org/members/complaints/status-of-complaints/view/29">http://www.rspo.org/members/complaints/status-of-complaints/view/29</a></p>	<p>Yes</p>
<p>Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</p>	<p>No stakeholder comments or complaints received.</p>	

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Any Legal non- compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No stakeholder comments or complaints received.	Complied.
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**3.3 Details of findings**

The nonconformity is listed below. The summary report of the assessment by criteria is listed in Appendix A.

During the 1<sup>st</sup> Annual Surveillance Assessment there was 1 Major nonconformity raised. The Melalap Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1387085M1	<p><b>Requirements</b> <b>Indicator 6.5.1</b> Documentation of pay and conditions shall be available.</p>	Major
	<p><b>Evidence of Nonconformity</b> Based on the records reviewed in Sapong and Melalap Estate, it was found that there were a few piece-rate workers salary did not achieve the Minimum Wage Order 2016 of RM 920 sampled as following: 1. Worker ID:0000082143, Sapong Estate (Jul - Sep 16) 2. Worker ID:0000090339, Sapong Estate (Jul - Sep 16) 3. Worker ID 0000099328, Sapong Estate (Jul - Sep 16) 4. Worker ID: 0000081382, Melalap Estate (Jul &amp; Sep 16) 5. Worker ID: 0000033586, Melalap Estate (Jul - Sep 16)</p>	
	<p><b>Statement of Nonconformity</b> Salary payment mechanism does not demonstrate that Sapong and Melalap estate comply with Minimum Wage Order 2016.</p>	
	<p><b>Corrective Actions</b> i) To obtain confirmation from Human Resources (HR) on the details of salary computation in accordance with Minimum Wages Order 2016) for operating unit's information and further action. ii) HR department will conduct investigation to identify possible errors in the Minimum Wages calculation system. iii) To have further discussion with "Jabatan Tenaga Kerja" to get clearer understanding, as well as to verify and clarify method for wages payment exercise by Sime Darby.</p>	
	<p><b>Assessment Conclusion</b> On-site major NC close out was not required due to evidence verification is not related to process related. Major NC closure can be done off-site.</p>	

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	<p>Evidences verified for closure :</p> <ul style="list-style-type: none"> <li>i) Communication and justification record (email) from HR.</li> <li>ii) Result investigation done by HR. (<i>Minimum Wage Issue, Attendance Summar</i>)</li> <li>iii) The main issue is about the wage code used i.e. E001 which states 'basic pay' @ 'gaji pokok'. In this case, JTK Tenom has issued a statement that the code 'gaji pokok' is not accepted / acknowledged to reflect 'piece rated pay.' (Letter from JTK Tenom attached). The key issue here is the code used in SDP payslip and such changes need to be done by IT Department / Checkroll. Socialization with the union will be done, and any changes of terminology used will need to be agreed and communicated. (<i>Pematuhan Syarat Gaji</i>)</li> <li>iv) Meeting minutes &amp; feedback from worker representative with SPEIU representatives</li> <li>v) Post Briefing with SPEIU and all worker on Minimum wages standard 2016 (For Sabah)</li> <li>vi) Attendance list</li> <li>vii) Payslips for 3 identified employees in accordance to Minimum Wages Order 2016</li> <li>viii) Action Plan (during low crop)</li> </ul> <p>The above evidence was verified and found to be effective to close the major NC. Thus, the major NC was close out on 26/11/16.</p>	
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<b>Observation</b>	
<b>OBS #</b>	<b>Description</b>
1	Nil

<b>Positive Findings</b>	
<b>PF #</b>	<b>Description</b>
1	Good relationship being maintained with surrounding smallholder and villages.
2	Mill has continued maximized the use of renewable energy by consuming fibre and shell which produced through internal process.
3	Gazetted CAPEX for operation, OSH as well as environmental consideration shows the commitment towards continual improvement. For example, as to comply with Clean Air Regulations 2014 CAPEX for dust arrestor system / air pollution control equipment has been allocated.

<b>Issues raised by Stakeholders</b>
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Melalap Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.</p> <p>Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.</p>

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Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

IS #	Description
1	<p><b>Issues:</b> SK Melalap - housefly issues (seasonal) due to compost plant</p> <p><b>Management Responses:</b> Management aware of housefly issues which is common especially during wet season. However compost plant located quite far from school and does not received any complaint before. Management will discuss the seasonal housefly issues at school during next stakeholder consultation meeting.</p> <p><b>Audit Team Findings:</b> Further clarification by management reveals no any communication on this issue earlier. Issues to be discuss in next stakeholder meeting. Audit team to revisit on this issue in next audit.</p>
2	<p><b>Issues:</b> Crèche minder grievance on long working hours in child nursing.</p> <p><b>Management Responses:</b> 3 crèche minders were allocated where they can rotate the work timing as in shift. However currently only 2 available since 1 minder is away on long leave. The minder will be coming back on 1 January 2017. However a temporary minder will be place to cover the work.</p> <p><b>Audit Team Findings:</b> The company practice the ratio of 1:15 for minder per children. Current number of children is 17 and is considered within applied ratio. Work hours were based on field operational workers working hours. It is good that management to place a temporary minder to cover the work since it is necessary that 2 minders need to be available all the time.</p>

**3.3.1 Status of Nonconformities Previously Identified and Observations**

Observation	
OBS #	Description
1	<p>Initial HCV assessment that includes both the planted area and relevant landscape has been conducted by the company. Recently the company took proactive measures to review the initial HCV assessment. The review was conducted internally as per for existing plantation on 7-9 July 2015. The report is in progress of completion. The status of the review will be followed up during the next assessment.</p> <p>ASA1-1: Final report, version 2 dated January 2016 was verified during audit. HCV area presence at SOU27 estates are: Melalap Estate – HCV 4 &amp; 6 (88.2945 ha) Sapong Estate – HCV 4 &amp; 6 (45.72 ha) Total of 173.63 ha of unplatable area identified as conservation area which is not under the above HCV category</p>

Non-Conformity		
NCR #	Description	Category (Major / Minor)



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1245151M1	<p><b>Requirements:</b> <b>Indicator 4.7.2</b> 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>	Major
	<p><b>Evidence of Nonconformity:</b> Sapong Estate Demolishing and dismantling work of old wooden house was not identified and included in the HIRARC register</p>	
	<p><b>Statement of Nonconformity:</b> Non-routine operation was not comprehensively risk assessed and documented.</p>	
	<p><b>Corrective Action:</b> i) Updates on any proposed or ongoing installation of new machines/process/activities/construction/demolition were discussed in the OSH meeting agenda to ensure that the review for HIRARC is triggered or not overlooked. Latest ESH meeting dated 4/11/15 is referred to. ii) HIRARC for the demolishing and dismantling work of the wooden house has been prepared and updated. Refer to HIRARC dated 4/11/15 signed by estate manager.</p>	
	<p>The Major NC was close out on 12/11/15.</p>	
<p><b>Assessment Conclusion:</b> Any additional activities and review of HIRARC will be captured in the register. HIRARC review for the composting plant and installation of new boiler (MKZ) was observed with the additional HIRARC dated 18/08/2016 (refer JSA – A.S. Engineering Sdn Bhd) for mechanical work/hot work.  The Major NC is remained closed and the corrective action was effectively implemented.</p>		

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1245151N1	<p><b>Requirements:</b> <b>Indicator 4.1.3</b> Records of monitoring and any actions taken shall be maintained and available, as appropriate.</p>	
	<p><b>Evidence of Nonconformity:</b> Melalap POM: - Domestic water analysis, IE625/2015 (COD=16 mg/l) exceeded the limit of Class I(INWQS) Melalap Estate: - Domestic water analysis, ML158/2015 (feacal coliform = 23 MPN/100ml)exceeded the limit of Class I(INWQS) Sapong Estate: - Domestic water analysis, ML213/2015 (feacal coliform = 23 MPN/100ml) exceeded the limit of Class I(INWQS)</p>	



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	<p><b>Statement of Nonconformity:</b> Records of action taken for the off-limit water monitoring parameter was not properly maintained</p>	
	<p><b>Corrective Action:</b> i) To enhance internal mechanism (OU level) on how to handle cases where water quality results exceed limit (based on the Guideline of River Reserve Management, April 2014) ii) To conduct and document investigation on results that exceed limit and indicate resolution</p>	
	<p><b>Assessment Conclusion:</b> Verified the latest domestic water analysis for Melalap Estate (Mill and estate), refer to test report ML250/2016 dated 8/8/16. No off limit parameter detected.  Thus, minor NC was closed on 27/10/16.</p>	

Observation	
OBS #	Description



**3.3.2 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
CR01	Major	20/5/2010	Closed 19/7/2010
CR02	Major	20/5/2010	Closed 28/1/2012
CR03	Minor	20/5/2010	Upgraded to Major 28/1/2012
CR04	Minor	20/5/2010	Closed 28/1/2012
CR05	Minor	20/5/2010	Closed 28/1/2012
CR06	Minor	28/1/2012	Closed 28/3/2012
CR07	Minor	28/1/2012 Upgraded 8/1/2013	Closed 19/2/2013
CR08	Minor	28/1/2012	Closed 8/1/2013
CR09	Minor	8/1/2013	Closed 27/11/2013
CR10	Minor	8/1/2013	Minor Upgraded to Major. See ref. 997687M1
997687M0	Major	27/11/2013	Closed 24/1/2014
997687M1	Major	27/11/2013	Closed 24/1/2014
997687N2	Minor	27/11/2013	Closed on 1/12/2014
1132815M1	Major	3/12/2014	Closed on 31/01/2015
1132815M2	Major	3/12/2014	Closed on 31/01/2015
1132815N1	Minor	3/12/2014	Closed on 21/10/15
1245151M1	Major	23/10/2015	Closed on 12/11/15
1245151N1	Minor	23/10/2015	Closed on 27/10/16

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1387085M1	Major	27/10/2016	Closed on 26/12/16
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**Assessment Conclusion and Recommendation:**

Based on the findings during the assessment Melalap Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C 2013 (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Melalap Palm Oil Mill Certification Unit is approved and continued.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> Mr Bukhari Bin Yusof Azuddin	<b>Name:</b> Mr Mohamed Hidhir Zainal Abidin
<b>Company name:</b> Sime Darby Plantation Sdn Bhd Melalap Palm Oil Mill (SOU 27)	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> Mill Manager	<b>Title:</b> Lead Auditor
<b>Signature:</b> 	<b>Signature:</b> 
<b>Date:</b> 12/2/2017	<b>Date:</b> 10/2/17

**Appendix A: Summary of Findings**

Criterion / Indicator	Assessment Findings	Compliance
<b>Principle 1: Commitment to Transparency</b>		
<b>Criterion 1.1:</b> Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.		
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	Records of request and response by management of operating units sighted available being maintained accordingly. Refer to DOE visit – last enforcement visit 28/3/16. Refer to field citation report, JAS/ATOP1/08/2016. Results of visit : Compliance to SW 2005, CPO Regulation 1977 and Clean Air Regulation 1978.	Complied
<b>Criterion 1.2:</b> 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.			
1.2.1	Publicly available documents shall include, but are not necessary limited to: <ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> <li>• Occupational health and safety plans (Criterion 4.7);</li> <li>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</li> <li>• HCV documentation (Criteria 5.2 and 7.3);</li> <li>• Pollution prevention and reduction plans (Criterion 5.6);</li> <li>• Details of complaints and grievances (Criterion 6.3);</li> <li>• Negotiation procedures (Criterion 6.4);</li> <li>• Continual improvement plans (Criterion 8.1);</li> <li>• Public summary of certification assessment report;</li> <li>• Human Rights Policy (Criterion 6.13).</li> </ul> - Major compliance –	There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.  Sime Darby Plantations Sdn Bhd continued to use the internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans was made available at all operating units. Procedure for complaints and grievances were available through Sime Darby Plantations Sdn Bhd website at <a href="http://www.simedarbyplantation.com/Sustainability.aspx">http://www.simedarbyplantation.com/Sustainability.aspx</a>  Among the documents that were made available for viewing are: <ul style="list-style-type: none"> <li>• Good Agricultural Practices</li> <li>• Social Enhancement</li> <li>• Sustainability Management Programmes</li> <li>• Complaint and Grievances procedure.</li> <li>• Environmental Conservation</li> </ul> These documents highlight current Sime Darby Plantations Sdn Bhd practices and their continual improvement plans. Besides the above document Sime Darby Plantations Sdn Bhd policy on the followings are also available at the same website: <ol style="list-style-type: none"> <li>1) Social</li> <li>2) Quality</li> <li>3) Food Safety</li> <li>4) Occupational Safety &amp; Health</li> <li>5) Environment &amp; Biodiversity</li> <li>6) Slope Protection and Buffer Zone</li> <li>7) Lean Six Sigma</li> <li>8) Gender</li> </ol> In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view	Complied
<b>Criteria 1.3:</b> Growers and millers commit to ethical conduct in all business operations and transactions.			

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Criterion / Indicator	Assessment Findings	Compliance	
1.3.1	<p>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>-Minor compliance</p>	<p>Sime Darby plantation has established policy on code of ethical conduct and integrity which covers all operations in the plantation operation. Policy displayed on the notice board and communicated to employees. Interview with employees reveal that they are aware of the policy.</p> <p>Sighted a handbook of COBC (Code of Business Conduct) edition December 2011 for Sime Darby group authorized by the group President &amp; CEO. COBC was also available being published online in the Sime Darby website.</p>	Complied
<b>Principle 2: Compliance with applicable laws and regulations</b>			
<p><b>Criterion 2.1:</b> There is compliance with all applicable local, national and ratified international laws and regulations.</p>			

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<p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p>	<p>SOU 27 had continued to comply with legal requirements as per indicator. Compliance to each applicable law and regulation is monitored by the operating units and PSQM sustainability team. SOU 27 had obtained and renewed license and permits as required by the law. Sample of licenses or permit viewed were :</p> <p><u>Melalap POM</u></p> <p>i) DOE compliance license#, 001870 validity period (1/7/16 -30/6/17). BOD limit 20 mg/l. Disposal method, compost and land irrigation. ETP capacity 25 mt/hr.</p> <p>ii)DOE written approval for belt press system under CPO(prescribed premise) Regulation 1977. Refer to ASSH(B) 31/152/000/145 Jld 6(25), SPE-15/2014 dated 21/5/14.</p> <p>iii) Genset written approval, 450 KVA @ 330 kW( ref# APU.2 (J90/136/13). Noise emission: 55dBA, particulate emission, std C : 0.4 g/Nm3.</p> <p>iv) MPOB license, 535146004000 for capacity of 96,000 tonne/year. Valid until 31/12/16.</p> <p>v) Schduled waste competent person (CePSWaM), serial# CePSWaM/16390 valid until 1/6/17.</p> <p>vi) Competent person for confined space entry (AESP/AGT)</p> <ul style="list-style-type: none"> <li>- NW-NSDK-AGT-0047-L valid until 10/4/17 (AGT)</li> <li>- NW-NSDK-AE-R-0383-L valid until 07/04/17 (AESP)</li> <li>- NW-NSDK-AE-0237-L valid until 31/3/17 (AESP)</li> <li>- NW-NSDK-AE-0238-L valid until 31/3/17 (AESP)</li> <li>- NW-NSDK-AE-R-0389-L valid until 07/4/17 (AESP)</li> </ul> <p>vii) Steam engineer</p> <ul style="list-style-type: none"> <li>- JKJ 19 - #067/2010 (1st grade)</li> <li>- JKJ 19 - #089/2013 (2nd grade)</li> </ul> <p>Engine Driver</p> <ul style="list-style-type: none"> <li>- JKJ 18 – SB/16/EIS/02/6 (Grade 2)</li> <li>- JKJ 18 – SB/13/EIS/02/15 (Grade 2)</li> <li>- JKJ 18 – SB/11/EIS/02/77 (Grade 2)</li> <li>- JKJ 18 – H/ED/16/09 (Grade 2)</li> <li>- JKJ 18 – H/ED/43/07 (Grade 2)</li> </ul> <p>Electrical Charge-man A1, PJ-T-2-B-0155-2014 valid \ until 15/8/18.</p> <p>Scaffolding Operator LB/15/PP/01/19 – valid until 07/5/17.</p>	<p>Complied</p>

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Criterion / Indicator		Assessment Findings	Compliance
		<p><u>Sapong Estate</u></p> <ol style="list-style-type: none"> <li>1. Permit Barang Kawalan Berjadual – Diesel – B.PGK.SB(KGU)27/07(PBKB) – 27/10/2016 to 26/10/2017</li> <li>2. Lesen Untuk Menggaji Pekerja Bukan Pemastautin [Seksyen 118, Ordinan Buruh(Sabah Bab 67)] – JTK.H.TNM:600-4/1/63 – 12/06/2016 to 11/06/2017.</li> <li>3. Perakuan Kelayakan Pengandung Tekanan Tak Berapi (JKT15-Pin. 1/87 PMT-SB 54849) – SB PMT 599 (25/10/2017)</li> <li>4. MPOB license, #532297002000 valid until 31/8/17.</li> </ol> <p><u>Melalap Estate</u></p> <ol style="list-style-type: none"> <li>1. MPOB license: 531977002000 valid until 31/08/2017.</li> <li>1. Permit Barang Kawalan Berjadual – Diesel – B.PGK.SB(KGU)05/04(PBKB) – 04/02/2016 to 03/02/2017.</li> <li>2. Lesen Untuk Menggaji Pekerja Bukan Pemastautin [Seksyen 118, Ordinan Buruh(Sabah Bab 67)] – JTK.H.TNM:600-4/1/63 – 12/06/2016 to 11/06/2017.</li> <li>3. Perakuan Kelayakan Pengandung Tekanan Tak Berapi (JKT15-Pin. 1/87 PMT-SB 54849) – SB PMT 598 (23/05/2015). Letter dated 09/06/2016 referred for PMT renewal. Inspected 26/07/2016 (DOSH visit) and JKKP Bill#SB/BIL/16/2170 (11/08/2016) verified.</li> </ol>	
2.1.2	<p>A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -</p>	<p>List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008</p> <p>All operating units have Legal &amp; Other Requirements Register (LORR) covering all the necessary regulatory requirements. At the mill the LORR was reviewed on 8/9/16</p>	Complied
2.1.3	<p>A mechanism for ensuring compliance shall be implemented. - Minor compliance -</p>	<p>A mechanism to ensure compliance to legal and other requirement has been documented in EQMS &amp; MQMS (Estate &amp; Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU4. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office.	Complied
<b>Criterion 2.2:</b> The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Land ownership such as land lease documents is available. There is no change in the land ownership. All the land belongs to Sime Darby at the parent company. Land lease Melalap Estate (835, 17553, 17554, 28934, 29759, 31464). Mill located inside the Melalap estate land. For Sapong Estate, 8 land titles were verified under district of Tenom. Sample of land titles checked: PL 165326849, PL 166283021 and PL 166290044	Complied
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	During the field visit it was noted that legal boundaries are clearly demarcated and visibly maintained throughout the estate. Mill is located inside Melalap Estate and sharing the estate boundary. Boundary with Kg Sawang and Melalap Estate at field number P01M was verified. Boundaries are clearly demarcated.	Complied
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute in the certification unit and supply base at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
<b>Criterion 2.3:</b> Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.			

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Criterion / Indicator	Assessment Findings	Compliance
2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).. - Major compliance -	The estate lands are legally owned and leased by the company. Interview with the surrounding communities and stakeholders confirm no disputes.  Complied
2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities’ decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company’s title, concession or lease on the land. - Minor compliance -	The estate lands are legally owned by the company.  Complied
2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	The estate lands are legally owned by the company.  Complied
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance	The estate lands are legally owned by the company.  Complied

**Principle 3: Commitment to long-term economic and financial viability**

**Criterion 3.1:**

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



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Criterion / Indicator	Assessment Findings	Compliance
3.1.1	<p>A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders.</p> <p>- Major compliance -</p>	Complied
3.1.2	<p>An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available.</p> <p>- Minor compliance -</p>	Complied
<p><b>Principle 4: Use of appropriate best practices by growers and millers</b></p>		
<p><b>Criterion 4.1:</b> Operating procedures are appropriately documented, consistently implemented and monitored.</p>		
4.1.1	<p>Standard Operating Procedures (SOPs) for estates and mills are documented</p> <p>- Major compliance -</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
4.1.2 A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	<p>External Mill Advisor and a Planting Advisor (PA) inspect and report on the operations on annual basis (PA visited the estate, (Sapong) on 21-22/9/16. Refer to preliminary report, SOU27/SPE/01/1617.</p> <p><u>Melalap Estate</u> PA visit, refer to report SOU27/MLE/01/16-17 dated 3-5 August 2016.</p> <p>Latest MA visit dated 28-30/6/16 was sighted. Refer to SOU27/MLM/01/15-16.</p> <p>2015 - PQR rating: 70%, safety rating: 80% 2016 - PQR rating: 73.5%, safety rating: 80%.</p> <p>Internal RSPO audit by PSQM: 26/5/16. No major issue recorded and only observation raised for improvement.</p>	Complied
4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	<p>The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. During mill visit it was noted that that operating parameters were consistently recorded by the operators.</p>	Complied
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	<p>The mill records the origins of all third-party sourced Fresh Fruit Bunches (FFB). The records are maintained beginning at the weigh bridge. Sample Johan Sawit Sdn. Bhd. List of third party supplier is available on the R06 Monthly crop report. The FFB supplier contract requires the supplier to declare the origin of FFB. Sample contract verified No. P/G/0416/FFB00729L.</p>	Complied
<p><b>Criterion 4.2:</b> Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	<p>Good agriculture practices which follows the group agriculture manual contains Standard Operating Procedures to ensure soil fertility is managed to a level that ensures optimal and sustained yield.</p>	Complied
4.2.2 Records of fertiliser inputs shall be maintained. - Minor compliance -	<p>Fertilizer recommendation for FY2015/16 revised on 8/9/2015 by Sime Darby Research Sdn Bhd's R&amp;D Centre. Recommendation for the field P02B2 block 1 &amp; 2 (86.08 ha) at Sapong estate was applied with 2.25 kg/palm of CIRP ( 31.5% P<sub>2</sub>O<sub>5</sub>). Application records match the recommendation and total of 19.8 mt CIRP was applied.</p>	Complied
4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -	<p>Leaf sampling, refer test report P6/2016 dated 3/3/16 for selected field for total of 60 oil palm leaf.</p> <p>Soil sampling, refer to test report S13/2014 by Lab Services Section, Processing and Engineering Department and tested every 5 years.</p>	Complied

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4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -	SOU27 estates continued to implement nutrient recycling strategy such as EFB mulching in the field area. As per ARM and PA recommendation, the EFB application for mature area is around 35-40 mt/hr	Complied
<b>Criterion 4.3:</b> Practices minimise and control erosion and degradation of soils.			
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	All the estates hold copies of soil map. Soil maps and field visit confirm that there is no fragile soil on the estates.  <u>Sapong Estate</u>  Refer to soil series and manuring map dated 2/3/15 prepared by R&D Precision Agriculture Unit (NSA). Soil series identified: Talisai – 56.82%, Kelawat – 22.64%, Antulai – 10.88% and Luasong – 4.06%.  <u>Melalap Estate</u>  Soil category: Majority (Talisai) 35.07%, Kelawat (37.56%)	Complied
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	Management strategy in place for plantings on slopes above >10°. Planting terraces had been constructed where slope >10°. Melalap estate is flat to undulating while Sapong have slope >25° planted through terracing.	Complied
4.3.3	A road maintenance programme shall be in place. - Minor compliance -	Both Melalap and Sapong have implemented annual Road Maintenance Programme. Roads inspected during field visit are generally in a good condition. Road maintenance carried out internally with grader and compactor. Road maintenance includes road grading, e-surfacing wherever necessary, road side drain upkeep, culvert upkeep, road side silt pits construction etc. Monthly progress records are prepared and sent to head office. Road side pruning and silt pit construction are in the road maintenance plan.	Complied
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.	Complied
<b>Criterion 4.4:</b> Practices maintain the quality and availability of surface and ground water.			

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<p>4.4.1</p> <p>An implemented water management plan shall be in place. - Minor compliance -</p>	<p>Establishment of water management plan: Contingency plan during water shortage for financial year 2016/2017 at Melalap Mill are:</p> <ul style="list-style-type: none"> <li>i) Water shortage/dry spell               <ul style="list-style-type: none"> <li>1) Purchase water from "Jabatan Bekalan Air Sabah"</li> <li>2) To use water from Sg Pegalan and Sg Melalap</li> </ul> </li> <li>ii) Severe water pollution               <ul style="list-style-type: none"> <li>1) Purchase water from "Jabatan Bekalan Air Sabah"</li> <li>2) To use water from Sg Pegalan and Sg Melalap</li> <li>3) Reusing/recycling/rationing</li> </ul> </li> </ul> <p>Establishment of water management plan for estates Plan for FY2016/2017 was sighted at Melalap Estate.</p> <p>Wastewater management:</p> <ul style="list-style-type: none"> <li>iii) Chemical mixing water spillage – recycle for chemical mixing</li> <li>iv) Sprayer PPE washing water – recycle for chemical mixing</li> <li>v) Workshop , linesite &amp; office drains and washrooms water – septic tank and drains</li> </ul> <p>Contingency plan during water shortage:</p> <ul style="list-style-type: none"> <li>vi) No rain / prolonged dry period – linesite               <ul style="list-style-type: none"> <li>1) Fill up drain with water from catchment area</li> <li>2) Fill up drain with water from waterway</li> </ul> </li> </ul>	<p>Complied</p>												
<p>4.4.2</p> <p>Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -</p>	<p>Documented as a Guidelines on River Reserve Management (Management of River Reserve in Sime Darby Plantation; dated April 2014). Buffer zones established as following:</p> <table border="1" data-bbox="660 1285 1299 1469"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>&gt; 40 meters</td> <td>50 meters</td> </tr> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> <tr> <td>&lt; 5 meters</td> <td>5 meters</td> </tr> </tbody> </table> <p>Monitoring of upstream and downstream Sungai Melalap and Sungai Pegalan was done on monthly basis as stipulated under "Jadual Pematuhan".</p> <p>Refer to report IE786/2016 dated 24/8/16 was sighted with the standard of class IIA/IIB of INWQS for natural waterways.</p> <p>Pesticides in water, 3 water sample selected. Refer to PL475/2016 dated 27/7/16</p> <p>Industrial effluent, Sungai Pegalan (Upstream and Downstream), refer to IE851/2016 dated 24/8/16.</p>	River width	Buffer zone	> 40 meters	50 meters	20 to 40 meters	40 meters	10 to 20 meters	20 meters	5 to 10 meters	10 meters	< 5 meters	5 meters	<p>Complied</p>
River width	Buffer zone													
> 40 meters	50 meters													
20 to 40 meters	40 meters													
10 to 20 meters	20 meters													
5 to 10 meters	10 meters													
< 5 meters	5 meters													

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<p>4.4.3</p> <p>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -</p>	<p>Treated POME discharge was regularly monitored as prescribed under "Jadual Pematuhan" JPKKS/12/001870. Limit of Biochemical Oxygen Demand (BOD) discharge is 20 mg/l for land irrigation and composting. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun " to DOE for compliance.</p> <p>Sample of latest month analysis done by Sime Darby Research Sdn Bhd, Bombalai, Tawau. Report dated 8/10/2016 (Ref: EP259/2016) was sighted. Performance monitoring was done after each point outlet point starting from raw effluent (sludge pit). There was no outlet discharge from point "X" as to date. No effluent discharge from pond 6 and 7. Currently, point of monitoring and sample was taken at "Post DAF Filtrate Tank".</p> <p>The latest "Borang Penyata Suku Tahun" 3rd quarter of 2016 was sighted during the audit. Refer to the report dated 11/10/16 to DOE.</p> <p>Result was found in compliance with the regulatory limit.</p>	<p>Complied</p>
<p>4.4.4</p> <p>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -</p>	<p>Water consumption recorded for FY15/16 : 1.53 m3/mt FFB showing the ascending trend. Consumption is slightly more than the usual due to maintenance and cleaning works during low crop season.</p> <p>Todate FY16/17: 1.14 m3/mt FFB</p> <p>Action plan to reduce water consumption based on water management plan –</p> <p>a) Rainwater harvesting (gutter, piping and pump installation : Completion date April 2016</p> <p>ii) Vacuum dryer water recycle (piping c/w pump and concrete tank installation)</p>	<p>Complied</p>
<p><b>Criterion 4.5:</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		
<p>4.5.1</p> <p>Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -</p>	<p>IPM is documented in Agriculture Reference Manual. The estates continue to implement biological control for the oil palm pest in the plantation such as leaf eating pest and rat. IPM techniques applied at the estates include monitoring of pest numbers and the use of triggers for initiation of control measures. Although there have been no outbreaks of leaf eating pests, beneficial plants are being established along roadsides to attract natural predators. The estates are continue to plant beneficial plants such as Turnera subulata.</p>	<p>Complied</p>
<p>4.5.2</p> <p>Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -</p>	<p>IPM training is given by the Agronomist and plantation executives with qualification in agriculture. Interview with the barn owl occupancy census team confirm their understanding of the Sime Darby SOP in Agricultural Reference Manual v.1 Section 15 on census. Latest IPM training was conducted on 18/10/16 at Sapong Estate.</p>	<p>Complied</p>

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<b>Criterion 4.6:</b> Pesticides are used in ways that do not endanger health or the environment		
4.6.1 Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	The written justification in Standard Operating Procedure (SOP) of all agrochemical are available the Agricultural Reference Manual (ARM), SOP and in the Safety Pictorial Book prepared by Sime Darby Plantation Sdn Bhd. Refer to Sime Darby Agricultural Reference Manual, issue:1 version:3 dated 1/7/2011. Selected products are specific to the target pest, weed and disease. Some of recommended pesticides are:  Immature planting (sample) <ul style="list-style-type: none"> <li>- General weeds : Glyphosate</li> <li>- Legume &amp; broad leave : Metsulfuron Methyl</li> <li>- Stenochlaena palustris : Sodium chlorate</li> </ul> Mature planting <ul style="list-style-type: none"> <li>- VOPs : glyphosate &amp; sodium chlorate</li> </ul> The selection is also evaluated by the agronomist during his visit to the estate.	Complied
4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha was made available during assessment  Type of chemical used – Kenlon(Triclopyr butoxy ethyl ester), Supremo (Glyphosate) and Ebor (Warfarin).  Ai/Ha – July 16 ( 0.16), Aug 16 (0.138), Sept 16 (0.15)	Complied
4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5	Complied
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Paraquat was eliminated. Alternatives such as Glyphosate were used with the elimination of Paraquat. Only class III and class IV chemical was used in the estates.	Complied

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4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Pesticide operators given training on the safe handling and application of the pesticides. Suitable personal protective equipments and application equipment provided to the operators. All precautions attached to the products explained to operators and understood by them. This was noted during the interview with workers.  Complied
4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	The operating units comply with Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation.  Complied
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5  Complied
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spraying at SOU27.  Complied
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	No associated smallholders at SOU27. Employees demonstrate knowledge and skills on pesticide handling. MSDS/SDS was displayed in local Bahasa Malaysia language at the agrochemical store for each chemical stored as well as the use of safety pictorial poster for the easy understanding of the agrochemical handlers.  Complied
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Disposal method of all identified waste was already included in the pollution prevention plan where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the company within mill and estates.  Complied

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<p>4.6.11</p> <p>Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.</p> <p>- Major compliance -</p>	<p><u>Melalap Palm Oil Mill</u></p> <p>CHRA conducted on 20/06/2014 by registered assessor JKPP HIE 127/171-2(253). Based on the CHRA, a total of 14 findings/recommendations reported.</p> <p>Medical surveillance carried out once a year for all chemical handlers. Last medical check-up was conducted on 25/02/2016 by DOSH Registered doctor No.: HQ/08/DOC/00(695). All 16 workers were found fit based on the medical results.</p> <p><u>Sapong Estate</u></p> <p>CHRA conducted on 11-12/08/2015 by registered assessor JKPP HIE 127/171-2(358). Based on the CHRA, a total of 7 findings/recommendations reported.</p> <p>No medical surveillance for year 2016. RFQ dated 16/07/2016 and Quotation (MS.2016071901) received on 19/07/2016 was reviewed. However, it was postponed due to unavailability of OSH Doctor (KMSB/(OSH):005/V.1-157/09 dated 19/09/2016). Noted that PO has been issued dated 26/10/2016 (PO#4501861616). Annual medical surveillance still in-progress and to be verified during the next visit.</p> <p><u>Melalap Estate</u></p> <p>CHRA conducted on 21/10/2014 by registered assessor JKPP HIE 127/171-2(257). Based on the CHRA, a total of 4 findings/recommendations reported.</p> <p>No medical surveillance for year 2016. RFQ dated 16/07/2016 and Quotation (MS.2016081301) received on 13/08/2016 was reviewed. However, it was postponed due to unavailability of OSH Doctor (KMSB/(OSH):005/V.1-169/10 dated 26/10/2016). Noted that PO has been issued dated 27/10/2016 (PO#4501861663). Annual medical surveillance still in-progress and to be verified during the next visit.</p>	<p>Complied</p>



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<p>4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -</p>	<p><u>Melalap Palm Oil Mill</u> Female worker carries out the chemical application and laboratory works. The female workers confirmed knowledge of the policy of transfer to alternative duties if wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p><u>Sapong Estate</u> Female pesticide operator carries out work for chemical mixing, spraying and fertilizer works. The female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p><u>Melalap Estate</u> Female pesticide operator carries out work for spraying and fertilizer works. The female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p> <p>Policy on no work with pesticides for confirmed pregnant and breast-feeding women is continuously implemented.</p>	<p>Complied</p>

**Criterion 4.7:**  
An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:

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<p>4.7.1</p> <p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>- Major compliance -</p>	<p>Group Safety &amp; Health Management Policy and Occupational Safety &amp; Health Policy had been established and implemented. The policy was signed by the Managing Director of SIME Plantation on January 2015 and is displayed prominently on notice boards in English. The Policy is implemented through the OSH activities by the on-site Safety Officers and monitored by OSH Manager from Head Office.</p> <p><u>Melalap Palm Oil Mill - Audiometric Testing</u></p> <p>Annual audiometric testing completed on 25/02/2016 (ATP/2016021101) by Klinik Mansor Sdn Bhd, OHD (HQ/10/DOC/00/625), NOISE/HIE/127/5/3-1(128). Total of 34 workers were sent for the annual testing. There 5 cases of hearing impairment, 7 cases of High Tone Hearing Loss (HThL) and 3 cases of Standard Threshold Shift (STS) reported.</p> <p>Re-test required for 3 workers (within 3 months). Retest was done on 09/05/2016 for STS and noted 1 permanent STS recorded (791220-12-5811). He was transferred from the Boiler Station to the General/Landscape effective 01/09/2016.</p> <p><u>Chemical Health Risk Assessment (CHRA)</u></p> <p>MPOM - CHRA conducted on 20/06/2014 by registered assessor JKPP HIE 127/171-2(253). Based on the CHRA, a total of 14 findings/recommendations reported.</p> <p>Sapong Estate - CHRA was conducted on 11-12/08/2015 by registered assessor JKPP HIE 127/171-2(358). Based on the CHRA, a total of 7 findings/recommendations reported.</p> <p>Melalap Estate - CHRA was conducted on 21/10/2014 by registered assessor JKPP HIE 127/171-2(257). Based on the CHRA, a total of 4 findings/recommendations reported.</p> <p>The action plan was established through the recommendation from the assessor.</p> <p><u>MPOM - Medical Surveillance Programme</u></p> <p>With reference to the CHRA recommendation dated 20/06/2014 by JKPP HIE 127/171-2(253), the medical surveillance was carried out on 25/02/2016 by registered OHD, (HQ/08/DOC/00(695) under Klinik Dr Mansor. All 16 workers were found fit based on the medical results.</p> <p>The medical surveillance program has been carried out for those exposed to N-hexane, chlorine gas, potassium chromate, welding fumes, lubricant, oils and diesel. From the results, all workers sent for medical surveillance are fit to work with no detrimental of health.</p> <p><u>MPOM - LEV Inspection, Testing and Examination</u></p> <p>Testing and examination of engineering control equipment report (ctcl/IHT2/11-04/15) dated 11/04/2015 by JKPP HIE 127/171-3/2(176) for fume hoods located at the laboratory was observed.</p> <p>Reported that the performances of the LEV system for Laboratory Fume Hoods have face velocity of the hood all meets the minimum requirement of ACGIH (0.4 m/s).</p>	<p>Complied</p>

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<p>4.7.2</p> <p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -</p>	<p><u>MPOM</u></p> <p>MPOM had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment.</p> <p>HIRARC review for the composting plant and installation of new boiler (MKZ) was observed. Additional HIRARC dated 18/08/2016 (refer JSA – A.S. Engineering Sdn Bhd) for mechanical work/hot work was observed.</p> <p><u>Sapong Estate</u></p> <p>HIRARC Revised (after accident) dated 24/05/2016.</p> <p>Section: Unit Harvester Activities: Cutting the FFB Job Step:</p> <ol style="list-style-type: none"> <li>1. Cutting the lower part of the FFB (fronds)</li> <li>2. Walking from palm to palm</li> <li>3. Cutting ripe FFB</li> </ol> <p><u>Melalap Estate</u></p> <p>HIRARC was reviewed on 10/08/2016.</p> <p>Section: FFB Transporting Activities: Lory (Contractor) Job Step:</p> <ol style="list-style-type: none"> <li>1. Starting lorry</li> <li>2. Parking lorry at collection point</li> <li>3. Workers walk to collection point</li> <li>4. Worker move into lorry</li> <li>5. Travelling to and from workplace by lorry</li> <li>6. Worker move down from lorry</li> </ol> <p>Monitoring is carried out for all the best practices and checklists maintained to ensure the implementation and practicality.</p>	<p>Complied</p>

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<p>4.7.3</p> <p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Minor compliance -</p>	<p>Awareness and training program had been carried out. All workers involved had been adequately trained in safe working practices. The objective was to ensure all workers involved have been adequately trained in understanding SDS, safe working practices and the correct use of PPE.</p> <ol style="list-style-type: none"> <li>1. SOU 27 Melalap Mill Training Plan 2016 was established and approved on 04/01/2016.</li> <li>2. OSH Program Plan for 2016/2017 Sapong Estate was established and approved by the Manager.</li> <li>3. Melalap Estate - ESH Training Plan for FY 2016/2017 was established and approved by the Manager.</li> </ol> <p>Suitable PPE has been provided to the workers based on the information in the SDS and CHRA assessor's recommendation.</p> <p>List of Personal Protective Equipment (PPE) Provided – identifies the type of PPE for the respective activities.</p> <ol style="list-style-type: none"> <li>i. Boiler/Engine operator – Safety Helmet, Semi leather Hand Glove, Cotton Gloves, Safety Shoes, Safety Vest and Ear Muff.</li> <li>ii. Field workers (sprayer, manure &amp; harvester) – N95 respirator, anti-mist goggles, wellington boots, apron and sickle cover.</li> </ol> <p>During the site visit, it was noted that the PPE will be replaced by the workers when damaged or lost.</p> <p>The chemical store was found to be adequately organized, properly labelled, secured and person in charge understands the OSH procedures. SDS was placed at the chemical stores and is available. The person in charge understands the information written in SDS.</p>	<p>Complied</p>

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<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -</p>	<p>OSH policy well briefed to all workers. Interview with workers reveal that they understand the policy and the importance of safety at work. Morning briefing carried out to ensure workers are aware of safe working practices.</p> <p><u>MPOM</u></p> <p>OSH/ESH meeting conducted on quarterly basis and last meeting conducted on 04/08/2016 attended by 18 persons.</p> <p>The work place inspection conducted on 27/07/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – En Bukhari Bin Yusof Azuddin (appointment letter dated 16/08/2016). Appointment letters for other OSH committee members dated 23/08/2016.</p> <p>OSH/EHS meeting: 04/08/2016, 03/06/2016 (06/05/2016) and 25/02/2016.</p> <p><u>Sapong Estate</u></p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 21/09/2016 attended by 19 persons.</p> <p>The work place inspection conducted on 20/09/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – En Rahalim Bin Salehudin (appointment letter dated 03/10/2016). Appointment letters for other OSH committee members dated 22/01/2016, 05/04/2016, 11/04/2016 &amp; 27/04/2016.</p> <p>OSH meeting: 21/09/2016, 14/04/2016 and 22/01/2016.</p> <p><u>Melalap Estate</u></p> <p>OSH meeting conducted on quarterly basis and last meeting conducted on 21/09/2016 attended by 11 persons.</p> <p>The work place inspection conducted on 15/09/2016 and review of accident record was discussed during the OSH meeting. No any unresolved safety and health issues noted.</p> <p><u>OSH Committee Members for 2016/2017</u></p> <p>Chairman – En Mohd Fauzi bin Ishak (appointment letter dated 02/01/2016). Appointment letters for other OSH committee members dated 30/03/2016.</p> <p>OSH meeting: 21/09/2016, 24/06/2016 and 30/03/2016.</p>	<p>Complied</p>

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<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p>Accident and emergency procedures have been communicated to employees, contractors and visitors.</p> <ol style="list-style-type: none"> <li>1. MPOM - Fire evacuation drill was last conducted on 26/07/2016 to test the state of readiness during emergency situation.</li> <li>2. Sapong Estate – no records of fire evacuation drill conducted (to-date 26/10/2016).</li> <li>3. Melalap estate - no records of fire evacuation drill conducted (to-date 26/10/2016).</li> </ol> <p>Accident and emergency procedures are in Bahasa Malaysia and this is understood by the responsible workers, staff or executives involved in the operation. Good understanding level observed among the workers.</p> <ol style="list-style-type: none"> <li>1. Training for First Aid is conducted in every 3 month. Sufficient first aiders trained.</li> <li>2. First aid equipment is available at worksites. During the site visit there is evident that First Aid Box is available at the relevant area with sufficient contents and in good condition.</li> <li>3. Fire extinguisher (ABC Powder) assessed during the site observation are available and within the expiry date.</li> <li>4. Emergency eye wash facility available at chemical store and laboratory. Both are in good working condition.</li> </ol> <p>Quarterly review on accident cases carried out during OSH quarterly meeting.</p> <p><u>MPOM</u></p> <p>5 accidents reported. No JKKP 6 available. JKKP 8 was sent to DOSH on 15/01/2016.</p> <p>DOSH visits (10/10/2016) been recorded in the DOSH log book and noted comments highlighted by DOSH has been taken action accordingly by the organization. No action plan available.</p> <p><u>Sapong Estate</u></p> <p>9 accidents reported. No JKKP 6 available. Sime Darby Incident Detailed Report was observed. JKKP 8 was sent to DOSH on 05/01/2016. No visit from DOSH as of to-date.</p> <p><u>Melalap Estate</u></p> <p>10 accidents reported. No JKKP 6 available. JKKP 8 was sent to DOSH on 11/01/2016.</p> <p>DOSH visits (26/07/2016) been recorded in the DOSH log book and noted comments highlighted by DOSH has been taken action accordingly by the organization. Immediate action was taken to rectify findings.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance												
<p>4.7.6</p> <p>All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -</p>	<p>Reviewed on workers profile records found all the workers are covered by the accident insurances. Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial); while for foreign workers is covered by Foreign Workers Compensation Scheme Certificate of Insurance (RHB Insurance Berhad).</p> <p>Refer to form 8A, "Jadual Caruman" for September 2015.</p> <p>Melalap Estate: Insurance coverage for foreign workers Policy# FW191815, valid until 30/6/17 for 65 workers.</p> <p>Medical care is provided to all the employees. Reviewed on workers profile records found that all workers are covered by the accident insurances. Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial). Refer to form 8A, "Jadual Caruman" for September 2016.</p> <p>Foreign workers are covered by Foreign Workers Compensation Scheme Certificate of Insurance.</p> <table border="1" data-bbox="660 972 1297 1167"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>RHB Insurance Bhd (FW191815)</td> <td>Valid until 30/06/2017</td> <td>Sapong Estate</td> </tr> <tr> <td>RHB Insurance Bhd (FW191817)</td> <td>Valid until 30/06/2017</td> <td>Melalap Estate</td> </tr> </tbody> </table>	Insurance	Period	Remark	RHB Insurance Bhd (FW191815)	Valid until 30/06/2017	Sapong Estate	RHB Insurance Bhd (FW191817)	Valid until 30/06/2017	Melalap Estate	<p>Complied</p>			
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RHB Insurance Bhd (FW191817)	Valid until 30/06/2017	Melalap Estate												
<p>4.7.7</p> <p>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -</p>	<p>Accident records are found to be updated. All records on Lost Time Accident (LTA) metrics are maintained.</p> <p>Samples of accident statistic as shown below :</p> <table border="1" data-bbox="660 1323 1297 1507"> <thead> <tr> <th>Year (to-date)</th> <th>Melalap Mill</th> <th>Melalap Estate</th> <th>Sapong Estate</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>1 (1 LTA)</td> <td>4 (7 LTA)</td> <td>3 (5 LTA)</td> </tr> <tr> <td>2016</td> <td>5 (7 LTA)</td> <td>4 (7 LTA)</td> <td>6 (29 LTA)</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days (MC)</p> <p>MPOM recorded LTI as at January 2016 – 273,602.</p> <p>Sapong Estate recorded LTI as at Feb 2016 – 771,911.</p> <p>Melalap Estate recorded LTI as at January 2016 – 397,696.</p>	Year (to-date)	Melalap Mill	Melalap Estate	Sapong Estate	2015	1 (1 LTA)	4 (7 LTA)	3 (5 LTA)	2016	5 (7 LTA)	4 (7 LTA)	6 (29 LTA)	<p>Complied</p>
Year (to-date)	Melalap Mill	Melalap Estate	Sapong Estate											
2015	1 (1 LTA)	4 (7 LTA)	3 (5 LTA)											
2016	5 (7 LTA)	4 (7 LTA)	6 (29 LTA)											

**Criterion 4.8:**  
All staff, workers, smallholders and contract workers are appropriately trained.

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.8.1</p> <p>A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -</p>	<p>SOU27 has established an annual training program that covers all aspects of the RSPO Principles and Criteria.</p> <ol style="list-style-type: none"> <li>1. SOU 27 – Melalap Mill Training Plan 2016 dated 03/01/2016. Implementation is still on-going.</li> <li>2. Sapong Estate - OSH Program Plan 2016/2017. Implementation is still on-going.</li> <li>3. Melalap Estate - ESH Training Plan For FY 2016/2017. Implementation is still on-going.</li> </ol> <p><u>Training Needs</u></p> <ol style="list-style-type: none"> <li>1. 29 training needs/requirements SOU 27 – Melalap Mill Training Matrix 2016 dated 03/01/2016 identified for various categories of operating units.</li> <li>2. 26 training needs/requirements Sapong Estate – FY-2016-2017 identified for various categories of operating units.</li> <li>3. 28 training needs/requirements Melalap Estate – FY-2016-2017 identified for various categories of operating units.</li> </ol> <p>PSQM had also conducted the RSPO Internal Consultative Assessment Report (26/05/2016) and reported a total of 6 OFI for MPOM.</p>	<p>Complied</p>



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Criterion / Indicator	Assessment Findings	Compliance																																																															
<p>4.8.2 Records of training for each employee shall be maintained. - Minor compliance -</p>	<p>Training records for employees available and maintained at the office. Records are verified on a sampling basis which covers all aspect of training and RSPO P&amp;C requirement. Samples of training record for 2016 as follows:</p> <p><u>MPOM</u></p> <table border="1" data-bbox="660 564 1299 1305"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>26/07/16</td> <td>Fire Fighting</td> <td>MPOM</td> </tr> <tr> <td>29/07/16</td> <td>Working at height</td> <td>MPOM</td> </tr> <tr> <td>13/04/16</td> <td>HIRARC Refreshment Training</td> <td>Puan Ruziana (Safety Officer, Sabah North)</td> </tr> <tr> <td>13/04/16</td> <td>LOTO Training</td> <td>MPOM</td> </tr> <tr> <td>06/04/16</td> <td>Competent Boilerman Training</td> <td>En. Rafiq</td> </tr> <tr> <td>06/04/16</td> <td>Reduce Usage of Clayon in Kernel Plant</td> <td>MPOM</td> </tr> <tr> <td>14/03/16</td> <td>ETP Operation</td> <td>MPOM</td> </tr> <tr> <td>22/02/16</td> <td>Effluent Treatment Plant Operator Briefing &amp; Training</td> <td>MPOM</td> </tr> <tr> <td>22/2/16</td> <td>Store Maintenance Training (Store Boy)</td> <td>MPOM</td> </tr> <tr> <td>19/01/16</td> <td>LOTO Refreshment Training</td> <td>MPOM</td> </tr> </tbody> </table> <p><u>Sapong Estate</u></p> <table border="1" data-bbox="660 1350 1299 1697"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>18/10/16</td> <td>Rat Baiting Training</td> <td>Mohamad Azhari (SA)</td> </tr> <tr> <td>15/10/16</td> <td>Baton AP Training</td> <td>Korporal Zainudin &amp; AP</td> </tr> <tr> <td>13/10/16</td> <td>Safe Working for New Pruning</td> <td>Mohamad Azahari (SA)</td> </tr> <tr> <td>13/10/16</td> <td>Harvesting for Pruner</td> <td>Mohamad Azahari (SA)</td> </tr> </tbody> </table> <p><u>Melalap Estate</u></p> <table border="1" data-bbox="660 1742 1299 2054"> <thead> <tr> <th>Date</th> <th>Training</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>18/10/16</td> <td>Fertilizer Activity Training</td> <td>Mohd Padly Juslie</td> </tr> <tr> <td>18/10/16</td> <td>Whistle Usage Training</td> <td>Mohd Padly Juslie</td> </tr> <tr> <td>30/08/16</td> <td>Fire Extinguisher Training</td> <td>MPOM</td> </tr> <tr> <td>12/04/16</td> <td>Electrical Hazard in Farming Training</td> <td>Mohd Faisal Ag Hussin (SESB)</td> </tr> </tbody> </table>	Date	Training	Trainer	26/07/16	Fire Fighting	MPOM	29/07/16	Working at height	MPOM	13/04/16	HIRARC Refreshment Training	Puan Ruziana (Safety Officer, Sabah North)	13/04/16	LOTO Training	MPOM	06/04/16	Competent Boilerman Training	En. Rafiq	06/04/16	Reduce Usage of Clayon in Kernel Plant	MPOM	14/03/16	ETP Operation	MPOM	22/02/16	Effluent Treatment Plant Operator Briefing & Training	MPOM	22/2/16	Store Maintenance Training (Store Boy)	MPOM	19/01/16	LOTO Refreshment Training	MPOM	Date	Training	Trainer	18/10/16	Rat Baiting Training	Mohamad Azhari (SA)	15/10/16	Baton AP Training	Korporal Zainudin & AP	13/10/16	Safe Working for New Pruning	Mohamad Azahari (SA)	13/10/16	Harvesting for Pruner	Mohamad Azahari (SA)	Date	Training	Trainer	18/10/16	Fertilizer Activity Training	Mohd Padly Juslie	18/10/16	Whistle Usage Training	Mohd Padly Juslie	30/08/16	Fire Extinguisher Training	MPOM	12/04/16	Electrical Hazard in Farming Training	Mohd Faisal Ag Hussin (SESB)	<p>Complied</p>
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Criterion / Indicator		Assessment Findings	Compliance
<b>Principle 5: Environmental responsibility and conservation of natural resources and biodiversity</b>			
<b>Criterion 5.1:</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	Plans and impact assessments relating to environmental impacts based on documents as following: <ul style="list-style-type: none"> <li>• Appendix 5.4.1b - Environmental Aspect and Impact Evaluation Procedure, Version 1; Year 2008 Issue no. 1; Dated 1 April 2009; Register</li> <li>• Appendix 5.4.1c - Environmental Aspect and Impact Identification form, Version 1; Year 2008 Issue no. 1; Dated 1 April 2009; MR-01/EAI</li> <li>• Appendix 5.4.1d – Environmental Impacts Evaluation form, Version 1; Year 2008 Issue no. 1; Dated 1 April 2009; MR-02/EIE</li> <li>•</li> </ul>	Complied
5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance -	There is no change of current practices required to mitigate negative effects based on identified impacts for both the mill and estates. However the mill and estates have conducted periodical review on the aspects and impacts identified and evaluated as registered. The mill and estates have continuously implemented annual programs that were established as part of its individual Pollution Prevention Plan. Managers and assistant managers of mill and estates were identified as person-in-charge of the programs which were established upon review of the aspect and impact register. Review of aspect and impact register were done as following:  Melalap Mill: Environmental Aspect Identification (EAI) and Environmental Evaluation (EIE) reviewed and updated on 25/10/2016 for : i) EAI/2016/Deoiling ii) EAI/2016/Sludge pit cleaning and maintenance iii) EAI/2016/ETP operation, DAF filtrate, filter press	Complied
5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance -	An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts.  Pollution prevention plan and waste management plan was reviewed on yearly basis and was verified at all visited operating units.	Complied
<b>Criterion 5.2:</b> 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.			

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Criterion / Indicator	Assessment Findings	Compliance
5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -	Complied
5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -	Complied
5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -	Complied
5.2.4	Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -	Complied
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	Complied

**Criterion 5.3:**

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

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5.3.1 All waste products and sources of pollution shall be identified and documented. - Major compliance -	Waste sources have been identified accordingly by both the mill and estates. Documentation was done as a waste management plan which was being reviewed by respective operating units on annual basis.  Visits made to Melalap Mill together with Sapong and Melalap estates showed that all waste products and sources of pollution were identified and documented. The documentation and identification of all the waste products such as scheduled waste, domestic waste and recyclable waste such as metal, plastic, mill waste and polluting materials e.g. EFB, POME, Stack emissions and Boiler ashes were maintained and monitored at the Mill.	Complied
5.3.2 All chemicals and their containers shall be disposed of responsibly. - Major compliance -	Scheduled waste were disposed by license contractor and appointed vehicle contractor under Sime Darby Industrial Sdn Bhd.  <u>Melalap Palm Oil Mill</u> Latest Scheduled Waste disposal done on 29 Aug 2016, consignment # A016158 (SW 305), #A016159 (SW 322), # A016160 (SW 323), #A016161 (SW 409), # A016162 (SW 410) & # A016241 (SW 416) by Legenda Bumimas Sdn Bhd  <u>Melalap Estate</u> i) Latest Clinical Waste (SW 404) disposal was done on 23/3/2016 by Faber Medi-Serve Sdn. Bhd.  ii) Latest scheduled disposal was done on 29/8/2016 by Legenda Bumimas for SW 409 (consignment #A16240). Earlier disposal was done on 16/3/16 for SW305 (consignment# A13079) by the same contractor.  <u>Sapong Estate</u> i) All scheduled waste generated from workshop & vehicle was collected by appointed vehicle contractor, Sime Darby Industrial Sdn Bhd. Other scheduled waste was disposed by Legenda Bumimas Sdn Bhd latest on 30/8/2016 for SW 408 (consignment # #A016246), SW 409 (consignment #A016244)	Complied
5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -	Waste management plan for 2016/2017 was made available. Domestic waste – rubbish ( dispose by estate management) Recycled waste – Fibre, PK shell, boiler ash, scrap iron produced at palm oil mill Scheduled waste – Spent IPA, hexane, cotton pad filter, lubs, hydraulic oil, grease battery	Complied
<b>Criterion 5.4:</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.		

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Criterion / Indicator		Assessment Findings				Compliance												
5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	Renewable fuel usage FY 2015/2016 and first quarter of FY FY2016/2017 were : <table border="1" data-bbox="657 474 1305 692"> <thead> <tr> <th>Biomass fuel usage (mt)</th> <th>Power generation (turbine)</th> <th>Total power usage (genset +turbine SESB)</th> <th>Renewable energy (RE) usage( %)</th> </tr> </thead> <tbody> <tr> <td>6,345.10</td> <td>1,417,226</td> <td>2,137,710</td> <td>66.30%</td> </tr> <tr> <td>1,552.11</td> <td>373,160</td> <td>511,808</td> <td>72.91%</td> </tr> </tbody> </table> Noted that for 1 <sup>st</sup> quarter of FY2015/2016, renewable energy usage has increased.  Diesel genset : 10,884 kWh (FY15/16) Diesel genset : 5,496 kWh (todate FY16/17)				Biomass fuel usage (mt)	Power generation (turbine)	Total power usage (genset +turbine SESB)	Renewable energy (RE) usage( %)	6,345.10	1,417,226	2,137,710	66.30%	1,552.11	373,160	511,808	72.91%	Complied
Biomass fuel usage (mt)	Power generation (turbine)	Total power usage (genset +turbine SESB)	Renewable energy (RE) usage( %)															
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<b>Criterion 5.5:</b>																		
Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.																		
5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Zero open burning policy as per SOP Section B2 - Felling/Land Clearing & Land Preparation dated November 2008. Management complying with the Malaysian environmental law –EQA and Regulations 1974. No open burning noted during the field visit and facility visit.				Complied												
5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	Company have policy on no use of fire for land preparation during replanting. During the assessment there were no replanting.				Complied												
<b>Criterion 5.6:</b>																		
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.																		

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Criterion / Indicator	Assessment Findings	Compliance														
<p>5.6.1</p> <p>An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -</p>	<p>Assessment of all polluting activities was conducted under Environmental Aspect Impact for identifying activities that contributes significant impact to environment. Pollution prevention plan FY2015/2016 has been established with the mitigation measures for those activities. Source of pollution from mill processes and related activities in the premise were described as follows :</p> <table border="1" data-bbox="667 607 1299 898"> <tr> <td>Mill Processes /Activity</td> <td>Source of pollution</td> </tr> <tr> <td>Boiler and genset operation</td> <td>Clinkers@ soot, smoke and particulate emission</td> </tr> <tr> <td>POME (palm oil mill effluent)</td> <td>POME liquor and solid</td> </tr> <tr> <td>Composting</td> <td>Composting leachate</td> </tr> </table> <p>As prescribed under "<i>Jadual Pematuhan</i> JPKKS/12/001870, air emission from boiler stack have to be monitored twice per year. Stack sampling results for 2016 were :</p> <table border="1" data-bbox="676 1070 1281 1249"> <tr> <td>Date of monitoring</td> <td>Stack no.1</td> </tr> <tr> <td>16/4/16 (1<sup>st</sup> half) 2016</td> <td>0.203 g/Nm<sup>3</sup> at 12%CO<sub>2</sub></td> </tr> <tr> <td>14/12/15 (2<sup>nd</sup> half ) 2015</td> <td>0.229 g/Nm<sup>3</sup> at 12%CO<sub>2</sub></td> </tr> </table> <p>* Stack emission limit @ 0.4 g/Nm<sup>3</sup></p> <p>Smoke emission was monitored using online system (CEMS-DIS) to DOE based on the transmitted data from boiler smoke density indicator and recorder. Emission result was found in compliance with the regulatory limit. Smoke density recorder was last calibrated on 17/6/16 and valid until 6/12/16 for the next calibration. Refer to calibration sticker, B88836 calibrated by Betronic (M) Sdn Bhd.</p> <p>For effluent discharge, regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE. Refer to Indicator 4.4.3 for details.</p>	Mill Processes /Activity	Source of pollution	Boiler and genset operation	Clinkers@ soot, smoke and particulate emission	POME (palm oil mill effluent)	POME liquor and solid	Composting	Composting leachate	Date of monitoring	Stack no.1	16/4/16 (1 <sup>st</sup> half) 2016	0.203 g/Nm <sup>3</sup> at 12%CO <sub>2</sub>	14/12/15 (2 <sup>nd</sup> half ) 2015	0.229 g/Nm <sup>3</sup> at 12%CO <sub>2</sub>	<p>Complied</p>
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<p>5.6.2</p> <p>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance</p>	<p>Significant pollutants and greenhouse gas (GHG) emissions were identified includes methane from effluent, smoke and fertilizer usage have been documented. It was noted that the PSQM Department from HQ have established plans for implementation and monitoring of GHG emissions.</p>	<p>Complied</p>														

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Criterion / Indicator	Assessment Findings	Compliance	
5.6.3	<p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>- Minor compliance -</p>	<p>Monitoring of the GHG quantity was done through RSPO approved GHG calculator (Palm GHG) where annual quantification of all GHG sources was input into the calculator. These calculations were done in HQ level where GHG calculations were combined between the mill and estates. Reporting of the GHG to RSPO ERWG has been implemented since Jan 2015. Latest GHG report submission to RSPO was PalmGHG version 2.1.1. Report dated 6/10/16 was verified. The report was then submitted to RSPO on 12/10/16</p>	Complied
<p><b>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.</b></p>			
<p><b>Criterion 6.1:</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>			
6.1.1	<p>A social impact assessment (SIA) including records of meetings shall be documented.</p> <p>- Major compliance -</p>	<p>SOU 27 continued annually to update Social Impact Assessment with updated Social Action Plan with participation of local community. SIA has been conducted on 19-21/5/2015 with yearly revision on the action plan. Social Management Plan &amp; action FY15/16 has been verified and being implemented as the plan. The pending action plan has been bought forward and included in the Social Management Plan &amp; action FY16/17 after the stakeholder meeting which was held respectively in respective estate. Stakeholder meeting was conducted on 14/10/2016 (Melalap mill &amp; estate), that involve internal &amp; external stakeholder.</p> <p>Record of meeting with attendance list and minutes of meeting sighted available. There was no negative issue raised during the stakeholders meeting. Most discussions were closed and on-going. Discussions were recorded in the Management Plan on Social Impact Assessment.</p>	Complied
6.1.2	<p>There shall be evidence that the assessment has been done with the participation of affected parties.</p> <p>- Major compliance -</p>	<p>Meeting attendance and interview with stakeholders found they were invited for the meeting and the issues highlighted by them have been included in the management plan. Several stakeholder meetings have been conducted to gather the feedbacks, e.g. Stakeholder meeting with school representative, contractor, neighbouring village representative, suppliers were held on 14/10/16 at Melalap estate involved total 31 persons.</p> <p>Meeting between workers union (SPIEU) representative and management was conducted on 12/10/16. Issues that required further action has been included in the 16/17 action plan in Melalap POM and Melalap estate. At Sapong estate, the stakeholder meeting conducted on the 17/8/16. Total of 15 persons attended including worker representative, neighbouring village representative, government agency and contractor. Issues of concerns have been included in the action 15/16 to be followed up accordingly.</p>	Complied

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Criterion / Indicator		Assessment Findings	Compliance
6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Social management plan has been included in the SIA assessment to mitigate the negative impacts with time frame and person in charge. Several issues raised by the neighbouring village representatives has been include in management plan FY15/16 where issue such as frond found at man-made waterway by villages for planting purpose where action has been taken to prevent reoccurrence.  Internal stakeholders raised mainly issues on additional OT work, housing repair and upgrading of other facilities.	Complied
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	Social Management Plan & action plan was reviewed on annual basis. The latest reviewed was conducted on Oct 2016 through stakeholder meeting with related internal & external stakeholder.	Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	There is no smallholder scheme within the certification unit.	Not applicable
<b>Criterion 6.2:</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Consultation and communication procedure is similar to the procedure reported during the previous assessments. i.e. "Handling Social Issues" SOP dated 01 Nov 2008.	Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The mill and estates have appointed the respective person in charge as the management officer for any social issues. Eg. Melalap POM has appointed Assistant manager with appointment letter dated 15/6/15, Melalap estate has appointed Assistant manager with appointment letter dated 19/11/2014 and Sapong estate, has appointed estate assistant Manager with appointment letter dated 1/1/2015	Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	The mill and estates have an updated list of stakeholders. It includes internal and external stakeholders such as government departments, contractor, suppliers and workers representatives.  Stakeholder Meeting, weekly meeting etc. was the record used for all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders and action taken has been verified during the visit.	Complied
<b>Criterion 6.3:</b> There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.			



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Criterion / Indicator	Assessment Findings	Compliance	
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	System to resolve disputes, open to all affected parties to resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle blower is available in Mill and Estate Quality Management System Manual which. The complaint and grievances is open to effected parties including internal and external stakeholders. This was confirmed through stakeholder interview.	Complied
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance –	SOP to resolve social disputes “Handling Social Issues” SOP dated 01 Nov 2008 has been established. Stakeholder meetings are held regularly to identify and give opportunity to stakeholders to complaint or raise disputes. Issues are discussed and consensual agreements reached during stakeholder meetings. Follow-up actions had timelines, responsibilities, and details of actions and monitored by managers for satisfactory conclusion. Minutes of meetings are maintained and reviewed. Complaint by the workers and staff was recorded using housing repairing request form and sampled check was from staff that request for repairing was completed and accepted by the staff to close the complaint.	Complied
<b>Criterion 6.4:</b> Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.			
6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -	SOP to identify legal and customary rights as well as people entitled to compensation has been established- titled “Handling Land Disputes” SOP dated 01 Nov 2008. There have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders.	Complied
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups’ proof of legal versus communal ownership of land. - Minor compliance -	Procedure – Handling Land Disputes is in place and the disputes are supported by the Sime Darby Land Management Department.	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 6.5:</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			
6.5.1	<p>Documentation of pay and conditions shall be available.            - Major compliance -</p>	<p>Interview with employees and workers from local and foreign country reveal that they understand details and deductions outlined on their pay slips. Payroll checks confirm that correct remuneration was paid for standard hours as well as for any overtime hours worked.</p> <p>Employee's payslip reviewed ;            1.Worker ID:0000123813, Melalap mill            2.Worker ID:0000101411, Melalap mill            3.Worker ID:0000098963, Melalap mill            4.Worker ID:0000123494, Melalap mill            5.Worker ID:0000082143, Sapong Estate            6.Worker ID:0000090339, Sapong Estate            7.Worker ID:0000099844, Sapong Estate            8.Worker ID 0000099328, Sapong Estate            9.Worker ID: 0000081382, Melalap Estate            10.Worker ID: 0000072223, Melalap Estate            11.Worker ID: 0000033586, Melalap Estate            12.Worker ID: 0000085507, Melalap Estate</p> <p>Based on the records reviewed in Sapong and Melalap Estate, it was found that there were a few piece-rate workers salary did not achieve the Minimum Wage Order 2016 of RM 920 sampled as following:            1. Worker ID:0000082143, Sapong Estate (Jul - Sep 16)            2. Worker ID:0000090339, Sapong Estate (Jul - Sep 16)            3. Worker ID 0000099328, Sapong Estate (Jul - Sep 16)            4. Worker ID: 0000081382, Melalap Estate (Jul &amp; Sep 16)            5. Worker ID: 0000033586, Melalap Estate (Jul - Sep 16)</p> <p>Hence, a major nonconformity has been raised on this issue.</p>	<p>Major nonconformance</p>
6.5.2	<p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.            - Major compliance -</p>	<p>Employment contract are available in languages understood by workers. Pay and conditions explained to workers by the operating units. The employment contract is as per the collective agreement between Sabah Plantation Industry Employees Union (SPIEU) and Sime Darby Plantation (Sabah) Sdn. Bhd which is valid till 31/12/2016.</p>	<p>Complied</p>
6.5.3	<p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.            - Minor compliance -</p>	<p>Palm Oil Mill and estates provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). There is on-going upgrading of housing. Water is supplied to workers housing through piping. The water tanks are provided for storage purpose.</p>	<p>Complied</p>

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6.5.4	Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance -	Accesses to food for the workers are considered adequately and sufficiently available. There are sundry shops accessible to employees. There is a township nearby estates and mill.	Complied
<b>Criterion 6.6:</b> The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.			
6.6.1	A published statement in local languages recognising freedom of association shall be available. - Major compliance -	Workers have freedom to join the workers union. A Social Policy dated January 2015 has been established to allow Freedom of Association for workers. Policy reflected the Work Act 1955. A Collective Agreement between Sime Darby Plantation (Sabah) and Sabah Plantation Industry Employees Union (SPIEU) sighted in place. Collective Agreement for both Staff (COG. No: 128/2014) and for Workers (COG No.: 129/2014) were effective from 1/1/2014 to 31/12/2016.	Complied
6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	SPIEU meeting was conducted with attendance of estate management team with the committee members that include local and foreign worker representatives. The meeting minutes for the site visit during the audit (Melalap POM, estate & Sapong estate) has been verified on site which dated 16/9/16. The attendance has been taken and maintained with the meeting minutes. Issues related to work was discussed and it was confirmed by the union secretary that there is no any unresolved labour issue. Interview with the on-site workers union secretary reveals that most of the work related issues are resolved through verbal discussion.	Complied
<b>Criterion 6.7:</b> Children are not employed or exploited.			
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance -	Operating units are complied with the minimum age requirement. No employees below the age of 18.	Complied
<b>Criterion 6.8:</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	Policy on equal opportunity available and displayed at the offices along with the other policies.	Complied

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6.8.2 Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Operating units are continue to recruit migrant workers to overcome the shortage of local workers. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, water and electricity supplies, medical care are given to all employees without discrimination. All employees are aware of the grievance procedures through the various Committees such as Gender Committee for women, foreign workers representation and union committee to highlight their concerns and grievances if any. No grievances were highlighted to the audit team by internal and external stakeholders.	Complied
6.8.3 It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Similar to last assessment the recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. It was noted during the audit that there is no discrimination based on nationality, race, gender, age, etc.	Complied
<b>Criterion 6.9:</b> There is no harassment or abuse in the work place, and reproductive rights are protected.		
6.9.1 Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	All operating units maintain the Policy on protection against Sexual Harassment and other forms of harassment and implemented since 2009 and revised on April 2011.  Estates and mills conduct the gender committee internal meetings on a 3 month basis.  Latest meeting (all estates and mills) was done on 17/8/16 and 5/10/2016 attended by all 11 members. Meeting was conducted at Mill Office.  No negative issues were highlighted during the meeting. Proposals for women improvements were discussed for benefits of families.	Complied
6.9.2 A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Reproductive rights of the female workers are protected. Female employees are aware that they are entitled for two months paid maternity leave.	Complied
6.9.3 A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	Sime Darby has developed a Handbook for gender committee in 2014 which contains elements of: 1. Establishing a Gender Committee 2. Managing a Gender Committee 3. Type of Gender-Based Violence & Grievance Procedures.  Sites were headed by Gender Committee representatives with letters of appointment and supported by the respective management at sites. Committees were known as Tenaganita and were supported by the Sime Darby management.	Complied
<b>Criterion 6.10:</b> Growers and mills deal fairly and transparently with smallholders and other local businesses.		

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Criterion / Indicator	Assessment Findings	Compliance
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Current and past prices paid for Fresh Fruit Bunches (FFB) is available for interested parties. Pricing mechanism for FFB follows the MPOB price structure. Complied
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	Interview with the FFB suppliers reveal that mill have explained FFB pricing, and pricing mechanisms for FFB. Complied
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Interview confirmed that contractors/suppliers and workers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement Complied
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Review on payment records found all payment was made in timely manner. This was further verified during interviews with the respective stakeholders that were contractors, re planters, transportations, spare-parts, hardware. Evidence was obtained during the review as following: <u>Mill</u> - The delivery of FFB contract No.: P/G/0116/FFB00712L (Ladang Paal Sdn. Bhd.) dated 31/12/2015 valid from 1/1/2016 until 31/12/2016. Reviewed FFB delivery ticket on 21/9/2015 and FFB Receive Ticket#62496. Ladang Paal is supported with the MPOB Licence#413195-701000 which is valid from 1/12/ 2012 until 30/11/2017.  <u>Estates</u> - Contractor: Pemborong Ajuta. Contract period 1/8/2016 – 31/8/2016 Transport compost MOM to Main completed payment for the month of August 2016. - Supplier: Loongsyn Sdn. Bhd. Spareparts/Hardware. Payment completed for Invoice# IV-00182 Complied
<b>Criterion 6.11:</b> Growers and millers contribute to local sustainable development where appropriate.		
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance –	Contributions are regularly made to school activities and community activities. This was confirmed by school teachers and local community during interview. Company also allow access to local community to access through the estate roads. Consultations with the local communities are held to encourage them to highlight and suggest any activities for local community development Complied
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance –	No Scheme Smallholders within the certification Unit. Not applicable
<b>Criterion 6.12:</b> No forms of forced or trafficked labour are used.		

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6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	All employees are legal with local identification card for local employees and foreign employees are with valid passports and working permits. No evident of trafficked workers were found during the audit.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –	No contract substitution was noted.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Equal opportunity and non-discriminatory policy is implemented. No temporary workers. Migrant workers are treated equally as per the locals.	Complied
<b>Criterion 6.13:</b> Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	The existing policy covers the aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations.	Complied
6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	The management have engaged HUMANA school for the foreign workers children. Audit team member visited the HUMANA school and found that it is operating well.	Complied
<b>Principle 7: Responsible development of new plantings</b> Melalap Palm Oil Mill and supply base did not carry out any new plantings after November 2005. Therefore, the requirement of Principle 7 is not applicable during the annual surveillance			
<b>Principle 8: Commitment to continual improvement in key areas of activity</b>			
<b>Criterion 8.1:</b> Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

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<p>8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides(Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);               <ul style="list-style-type: none"> <li>• Optimising the yield of the supply base.</li> </ul> </li> </ul> <p>- Major compliance -</p>	<p>Melalap Palm Oil Mill and supply base estates have carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue besides further improving the workers housing. Allocation of CAPEX for operation, OSH as well as environmental consideration shows the commitment towards continual improvement. For example, as to comply with Clean Air Regulations 2014 CAPEX for dust arrestor system / air pollution control equipment has been allocated.</p> <p>Pesticide use is limited to use only when there is outbreak and justified with census prior to application. IPM is continuously implemented as part of efforts to reduce pesticide usage. Paraquat is completely eliminated. Recycling awareness is progressively implemented and evidence of recycling was noted during the assessment.</p>	<p>Complied</p>

**Appendix B: Approved Time Bound Plan**

<b>TIME BOUND PLAN – Certification Units in Malaysia</b>			
<b>No.</b>	<b>MANAGEMENT UNIT</b>		<b>LOCATION</b>
	<b>P O M</b>	<b>Time Bound</b>	
1	Sg Dingin	Certified 2010 - Recertification Completed	Kedah
2	Chersonese	Certified 2011. Recertification completed in July 2016	Perak
3	Elphil	Certified 2011. Recertification completed in April 2016	Perak
4	Flemington	Certified 2011. Recertification completed in August 2016	Perak
5	Seri Intan	Certified 2011 – Recertification Completed.	Perak
6	Selaba	Certified 2011 – Recertification Completed.	Perak
7	Tennamaram	Certified 2011 - Recertification Completed.	Selangor
8	Bkt Kerayong	Certified 2011 – Recertification Completed.	Selangor
9	East	Certified 2010 - Recertification Completed	Selangor
10	West	Certified 2010 - Recertification Completed	Selangor
11	Bukit Puteri	Certified 2011	Pahang
12	Kerdau	Certified 2011	Pahang
13	Jabor	Certified 2011	Pahang
14	Labu	Certified 2011	N. Sembilan
15	Tanah Merah	Certified 2010 - Recertification Completed	N. Sembilan
16	Sua Betong	Certified 2014	N. Sembilan
17	Kok Foh	Certified 2011	N. Sembilan
18	Kempas	Certified 2010 - Recertification Completed	Malacca
19	Diamond Jubilee	Certified 2011. Recertification completed in July 2016	Malacca
20	Pagoh	Certified 2014	Johor
21	Chaah	Certified 2010 – Recertification Completed	Johor
22	Gunung Mas	Certified 2010 – Recertification Completed	Johor
23	Bukit Benut	Certified 2011	Johor
24	Ulu Remis	Certified 2011	Johor
25	Hadapan	Certified 2011	Johor
26	Sandakan Bay	Certified 2008 - Recertification completed.	Sabah
27	Melalap	Certified 2011- Recertification Completed.	Sabah
28	Binuang	Certified 2009 - Recertification completed.	Sabah
29	Giram	Certified 2009 - Recertification completed.	Sabah
30	Merotai	Certified 2009 - Recertification completed.	Sabah
31	Lavang	Certified 2011	Sarawak
32	Rajawali	Certified 2011	Sarawak
33	Derawan	Certified 2011	Sarawak
34	Pekaka	Certified 2011	Sarawak



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<b>TIME BOUND PLAN – Certification Units in Indonesia</b>			
<b>No.</b>	<b>MANAGEMENT UNIT</b>		<b>LOCATION</b>
	<b>P O M</b>	<b>Time Bound</b>	
1	Sekunyir (PT. Indotruba Tengah)	Certified 2010 (Recert. Completed)	Seruyan and West Kotawaringin District – Central Kalimantan
2	Manggala (PT. Tunggal Mitra Plantation)	Certified 2010 (Recert. Completed)	Rokan Hilir District – Riau
3	Bk. Ajong (PT. Sime Indo Agro)	Recertification completed June 2016	Sanggau District –West Kalimantan
4	Teluk Siak (PT Aneka Inti Persada)	Certified 2011	Pekanbaru, Siak District – Riau
5	Sungai Pinang (PT. Bina Sains Cemerlang)	Certified 2012	Musi Rawas District – South Sumatera
6	Sukamandang (PT. Kridatama Lancar)	Certified 2011	Seruyan and East Kotawaringin District – Central
7	Pemantang (PT. Teguh Sempurna)	Certified 2011	Seruyan and East Kotawaringin District – Central
8	Alur Dumai (PT Lahan Tani Sakti)	Certified 2012	Rokan Hilir District – Riau
9	Teluk Bakau (PT. Bhumireksa Nusa Sejati)	Certified 2011	Indra Giri Hilir District – Riau
10	Mandah (PT. Bhumireksa Nusa Sejati)	Certified 2014	Indra Giri Hilir District – Riau
11	Angsana Mini (PT Sajang Heulang)	Certified 2011	Tanah Bumbu District – South Kalimantan
12	AngsanaPT Ladangrumpun Suburabadi	Certified 2011	Tanah Bumbu District – South Kalimantan
13	Mustika (PT Sajang Heulang)	Certified 2013	Tanah Bumbu District – South Kalimantan
14	Gunung Aru (PT Bersama Sejahtea Sakti)	Certified 2011	Kotabaru District – South Kalimantan
15	Bebunga (PT. Langgeng)	Certified 2012	Kotabaru District – South Kalimantan
16	Blang Simpo (PT Padang Palma Permai)	Certified 2013	Aceh Tamiang, Nangroe Aceh Darussalam
17	Pondok Labu (PT Paripurna Swakarsa)	Certified 2012	Kotabaru District – South Kalimantan
18	Selabak (PT Swadaya Andhika)	Certified 2012	Kotabaru District – South Kalimantan
19	Rantau (PT Laguna Mandiri)	Certified 2012	Kotabaru District – South Kalimantan
20	Betung (PT Laguna Mandiri)	Certified 2014	Kotabaru District – South Kalimantan
21	Ungkaya (PT Tamaco Graha Krida)	Certified 2012	Morowali District – Sulawesi Tengah
22	Ladang Panjang (PT Bahari Gembira Ria)	Certified 2012	Muaro Jambi District - Jambi
23	Rantau Panjang (PT Guthrie Pecconina Indonesia)	Certified 2012	Musi Banyuasin District – South Sumatera

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<p>24</p>	<p>MAS (PT Mitra Austral Sejahtera) The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. A verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Regular discussions is ongoing between Sime Darby Plantation and the project affected communities.</p>	<p>2016</p>	<p>Sanggau District – West Kalimantan RSPO Certification Target Date for PT MAS <u>Progress Update (As at end June 2016)</u></p> <ul style="list-style-type: none"> <li>- Regular discussion is ongoing between Sime Darby Plantation and the project affected communities (PAC) through bi-monthly Tim Kerja Perwakilan Petani (TKPP) meeting since November 2012.</li> <li>- In October 2013, representatives from two of nine villages (Kerunang and Entapang) left TKPP and backed by TuK and OXFAM. They have then requested SDP to enter into Dispute Settlement Facility (DSF) in June 2014.</li> <li>- Hence, there are two groups of PAC: 1) TKPP (7 of 9 villages) and 2) Kerunang &amp; Entapang (2 of 9 villages)</li> </ul> <p>Engagement with TKPP:</p> <ul style="list-style-type: none"> <li>- The most recent TKPP meeting was held on 16th October 2015. The meeting was on reviews on the current and planned CSR activities for the communities.</li> <li>- Engagement with Kerunang/ Entapang:</li> <li>- SDP visited the communities on 27 August 2014 to listen and have a better understanding on their requests</li> <li>- The subsequent meeting with the communities was held on 12 Dec 2014 where the communities highlighted that they will not join the current SDP-PAC committee (TKPP) meetings and will continue to engage directly with SD.</li> </ul> <p>Engagement with RSPO:</p> <ul style="list-style-type: none"> <li>- RSPO Secretariat is well informed on the progress through regular briefing and progress reports. The latest briefing session on progress update to RSPO was conducted on 30th June 2016. To-date, 9 progress reports have been submitted to RSPO. The latest progress report was submitted on 30th June 2016.</li> </ul> <p>Engagement with TuK-Indonesia:</p> <p>In May 2015, TuK submitted a proposal (in the form of concept note). SDP has requested for a presentation from TuK for better understanding, before signing of agreement. SDP continues to work on direct engagement with PAC working towards a consensus with the PAC to resolve the issues.</p>
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			<ul style="list-style-type: none"> <li>- The most recent TKPP meeting was held on 9th April 2016. Issues related to the 14 demands are closed except for two items related to land matters i.e. ownership of nucleus plantation after expiry of HGU and allocation of plasma farm within the plasma original village/customary area. SDP is engaging with the local authority on this matter together with TKPP. Current discussion is on moving forward especially on replanting activities.SDP continues to work on direct engagement with PAC – working towards a consensus with the PA C to withdraw their complaint.</li> </ul>
25	Lembiru (PT Sandika Nata Palma)	Certified 2014	Ketapang District – West Kalimantan

**Appendix C: Certification Unit RSPO Certificate Details**

Sime Darby Plantation Sdn Bhd  
Strategic Operating Unit (SOU 27)  
Melalap Palm Oil Mill  
14<sup>th</sup> KM, Jalan Tenom – Keningau  
P.O. Box 205 89908 Tenom  
Sabah, Malaysia  
RSPO membership number: 1-0008-04-000-00

BSI RSPO Certificate No. : RSPO 547124  
Date of Initial Certificate Issued: 21/01/2011  
Date of Expiry: 20/01/2021  
Applicable Standards: RSPO P&C MYNI-2014; RSPO Supply Chain Certification Standard November 2014 Module E – CPO Mills: Mass Balance)

<b>Melalap Palm Oil Mill and Supply Base</b>					
Location Address	Strategic Operating Unit (SOU 27) – Melalap Palm Oil Mill, 14 <sup>th</sup> KM, Jalan Tenom – Keningau, P.O. Box 205 89908 Tenom, Sabah, Malaysia				
GPS Location	116° 00' 00" E ; 5° 15' 40" N				
CPO Tonnage Total	13,369.28				
PK Tonnage Total	3,030.37				
CPO Claimed for Certification*	13,369.28				
PK Claimed for Certification *	3,030.37				
Own estates FFB Tonnage	59,419				
Scheme Smallholder FFB Tonnage	-				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Melalap Estate	1,353	-	892	2,245	22,809
Sapong Estate	2,333	-	1,119	3,452	36,610
TOTAL	3,686	-	2,011	5,697	59,419

**Appendix D: Assessment Plan**

Date	Time	Subjects	Hidhir	Hafri	Daniel
Monday 24/10/2016	AM	Audit Team travelling to Kota KInabalu via MH2610 (ETA 11.45 am) Traveling to Keningau and check in at Juta Hotel	√	√	√
Tuesday 25/10/2016  <b>Melalap Palm Oil Mill</b>	0830-0900	<b>Opening Meeting:</b> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation).	√	√	√
	0900-1200	<b>Melalap Palm Oil Mill</b> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic etc	√	√	√
	1200-1300	<b>Lunch</b>	√	√	√
	1300-1630	<b>Melalap Palm Oil Mill</b> Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	1630-1700	<b>Interim Closing briefing</b>	√	√	√
Wednesday 26/10/2016  <b>Sapong Estate</b>	0830-1200	<b>Sapong Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	0900-1200	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	1200-1300	<b>Lunch</b>	√	√	√
	1300-1630	<b>Sapong Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1630-1700	<b>Interim Closing briefing</b>	√	√	√

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Date	Time	Subjects	Hidhir	Hafri	Daniel
Thursday 27/10/2016  <b>Melalap Estate</b>	0830-1200	<b>Melalap Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc	√	√	√
	1200-1300	<b>Lunch</b>	√	√	√
	1300-1630	<b>Melalap Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	1630-1700	Preparation for closing meeting	√	√	√
	1700-1730	Closing meeting and traveling back to Kota Kinabalu Check in hotel at Kota Kinabalu	√	√	√
Friday 28/10/2016	AM	Audit Team travelling back to KL via MH2605	√	√	√

**Appendix E: Stakeholders Contacted**

<p><b>Internal Stakeholders</b>          Managers and Assistants          Male Mill Staff/Workers          Foreman          Female Mill Staff/Workers          Weighbridge Clerk          Foreign Worker          Field workers          Male and Female Estate workers          Hospital Assistant          Lab Assistant          Union Representatives          Gender Committee Representative          Boiler operators          Engine room operators          Store clerk          Staff and Workers at workshop</p>	<p><b>External Stakeholders</b>          Contractors          Sapong Village Representative          General Supplier          Head of the Villages</p>
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<p><b>Government Departments</b>          Labour Department, Tenom          Police Representative, Tenom          Sapong Government Clinic Representative          School Teacher – SK Ladang Sapong          School Teacher - Ladang Melalap</p>	<p><b>Workers Union and Representative</b>          Foreign Workers Representative          Sapong Estate, Melalap Estate and Melalap Mill Union Representative</p>
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**Appendix F: CPO Mill Supply Chain Assessment Report (Module E: Mass Balance)**

Requirements	Compliance
<b>E.1 Definition</b>	
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p>	<p>Melalap Palm Oil Mill receives and process both certified and non-certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During the P&amp;C assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified Products.</p>
<b>E.2 Explanation</b>	
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report.</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>
<b>E.3 Documented procedures</b>	
<p>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:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>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.</p>	<p>Melalap Mill has procedures for the incoming FFB, processing and outgoing Crude Palm Oil and Palm Kernel for the traceability with Mass Balance model covering certified and non-certified FFB received.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>Melalap Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.</p>
<b>E.4 Purchasing and goods in</b>	
<p>E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.</p>
<p>E.4.2 The site shall inform the CB immediately if there is a projected overproduction.</p>	<p>The facilities aware of this procedure.</p>



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<b>E.5 Record keeping</b>	
<p>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.</p> <p>(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.</p> <p>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.)</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit.</p> <p>Computerized system in place with the delivery deducted accordingly.</p> <p>The Mill aware that only positive stock can be delivered. No short selling.</p>
<p>E.5.2 In cases where a mill outsources activities to an independent 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</p>	<p>No outsourcing activities.</p>

**Actual Tonnage Certified Palm Production – October 2015 – September 2016 (RC)**

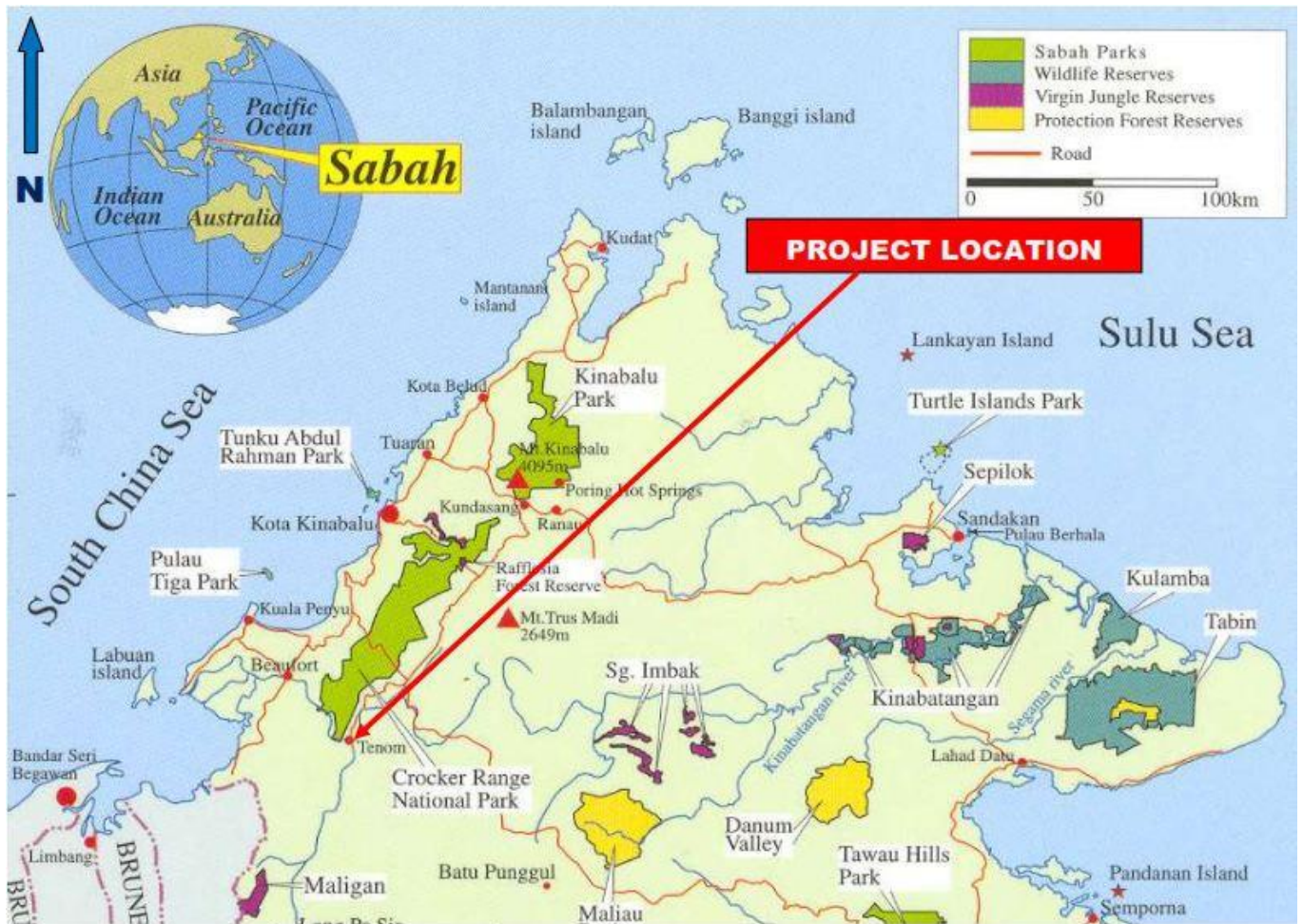
Mill	Capacity	CPO	PK
Melalap Palm Oil Mill	25 MT/hr	11,803	2,266

**Actual Tonnage Sales of Certified Palm Products – October 2015 – September 2016 (RC)**

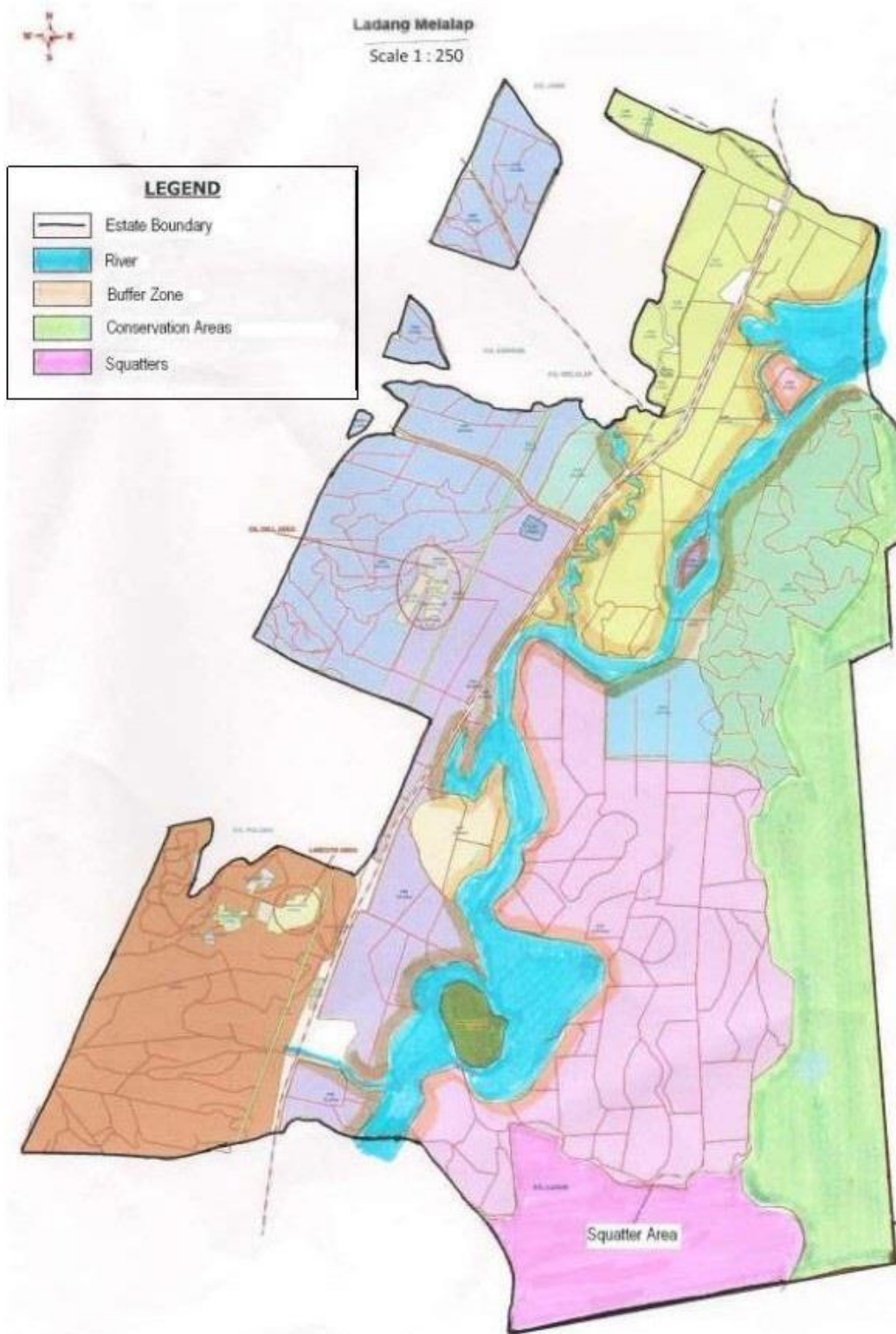
Mill	Certified CPO Sales	Certified PK Sales	Remarks
Melalap Palm Oil Mill	0	0	No physical sales of certified CPO and PK

Month	Own Supply Base (Estates)		
	Melalap Estate	Sapong Estate	Total FFB/Month (mt)
October 2015	2,920.04	3,814.76	6,734.8
November 2015	2,697.16	3,102.27	5,799.43
December 2015	2,840.64	2,453.97	5,294.61
January 2016	2,594.57	1,976.48	4,571.05
February 2016	1,986.28	1,534.17	3,520.45
March 2016	1,586.72	1,181.41	2,768.13
April 2016	2,292.45	1,927.93	4,220.38
May 2016	2,287.66	2,430.77	4,718.43
June 2016	2,119.10	2,520.25	4,639.35
July 2016	1,510.48	2,214.67	3,725.15
August 2016	1,489.33	2,460.75	3,950.08
September 2016	1,619.53	1,390.61	3,010.14
<b>Total</b>	<b>25,943.96</b>	<b>27,008.04</b>	<b>52,952</b>

**Appendix G: Location Map of Melalap Palm Oil Mill Certification Unit and Supply bases**

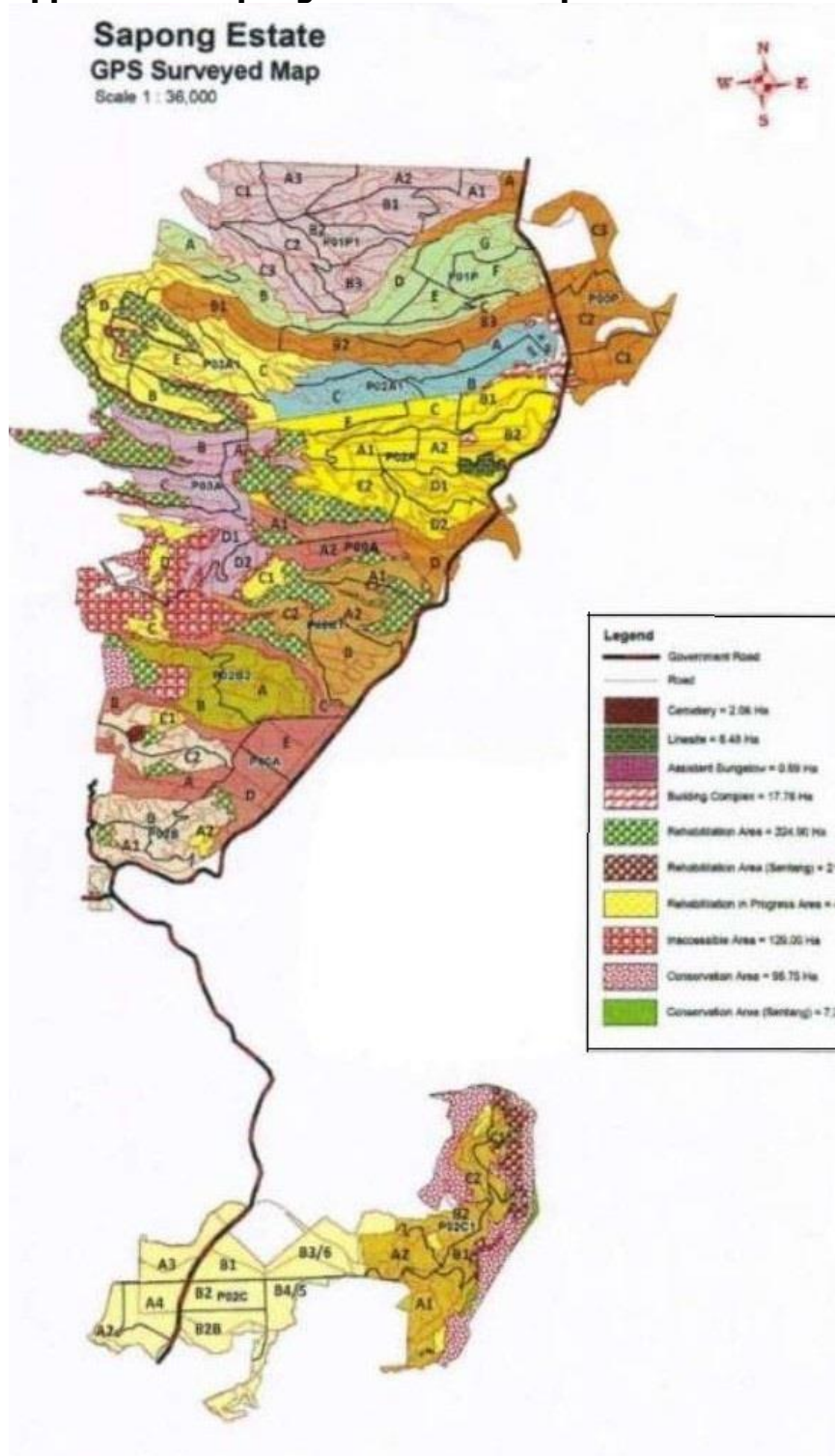


**Appendix H: Melalap Estate Field Map**





**Appendix I: Sapong Estate Field Map**



**Appendix J: List of Smallholder Sampled**

- Not applicable -

**Appendix K: List of Abbreviations Used**

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CIP	Continual Improvement Plan
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MAPA	Malayan Agricultural Producers Association
MPOA	Malaysian Palm Oil Association
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
MY-NI	Malaysian National Interpretation
NGO	Non Governmental Organisation
NUPW	National Union of Plantation Workers
OSH	Occupational Safety & Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
PPE	Personal Protective Equipment
RED	Renewable Energy Directive
RSPO	P&C Roundtable on Sustainable Palm Oil Principle & Criteria
SAJ	Syarikat Air Johor
SCCS	Supply Chain Certification Standard
SDPSB	Sime Darby Plantation Sdn Bhd
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit