

**Roundtable on Sustainable Palm Oil Certification**  
**R S P O**

☐ Stage-1    ☐ Stage-2    ☐ Surveillance    ☒ Re-Certification

Name of Management :  
 Organisation : **SIME DARBY Plantation Sdn Bhd**  
 Plantation Name : **SOU 31 – Lavang POM and Lavang Estate; Rasan Estate, Kelida Estate, Belian Estate & Lavang Special Estate.**  
 Location : **Village of Lavang, District of Bintulu, Sarawak - Malaysia.**  
 Certificate Code : **MUTU-RSPO/053**  
 Date of Certificate Issue : 30 December 2016      Date of License Issue : 30 December 2016  
 Date of Certificate Expiry : 29 December 2021      Date of License Expiry : 29 December 2017

Assessment	Assessment Date	PT. Mutuagung Lestari Auditor	Reviewed by	Approved by
Re-Cert	17 - 21 October, 2016	Oktovianus Rusmin (Lead Auditor), Yap Chin Hung, Mohd. Nizam , Ebnu Holdoon Shawal	Ganapathy Ramasamy	

Assessment	Approved by MUTUAGUNG LESTARI on:
Re-Cert	22 November 2016

**TABLE OF CONTENT**

**FIGURE**

Figure 1. Location Map of SOU 31- Lavang POM	1
Figure 2. Operational Map of Lavang Estate	2
Figure 3. Operational Map of Rasan Estate	3
Figure 4. Operational Map of Kelida Estate	4
Figure 5. Operational Map of Belian estate	5
Figure 6. Operational Map of Lavang Special Estate	6
Abbreviations Used	7

**1.0 SCOPE of the CERTIFICATION ASSESSMENT**

1.1 Assessment Standard Used	8
1.2 Organisation Information	8
1.3 Type of Assessment	8
1.4 Location of Mill and Plantations	8
1.5 Description of Area Statement	9
1.6 Planting Year and Cycles	9
1.7 Description of Mill and Supply Base	10
1.8 Estimate Tonnage of Certified Product	10
1.9 Other Certifications	11
1.10 Time-Bound Plan	11

**2.0 ASSESSMENT PROCESS**

2.1 Assessment Team	16
2.2 Assessment Methodology, Assessment Process and Locations of Assessment	16
2.3 Stakeholder Consultation and Stakeholders Contacted	18
2.4 Determining Next Assessment	19

**3.0 ASSESSMENT FINDINGS**

3.1 Summary of Assessment Report of the RSPO Certification	20
3.2 Summary of Assessment Report of Supply Chain Requirement	45
3.3 Conformity Checklist of Certificate and Logo Use	50
3.4 Summary of RSPO Partial Certification	51
3.5 Identification of Findings, Corrective Actions, Observations, Opportunity for Improvement and Noteworthy Positive Components	53
3.6 Summary of Arising Issues from Public, Management and Auditor Responses	61

**4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

4.1 Formal Signing of Assessment Findings	63
---	----

**APPENDICES**

1 List of Stakeholders Contacted in the RSPO Certification Process	64
2 Assessment Program	65

Figure 1. Location Map of SOU 31- Lavang POM

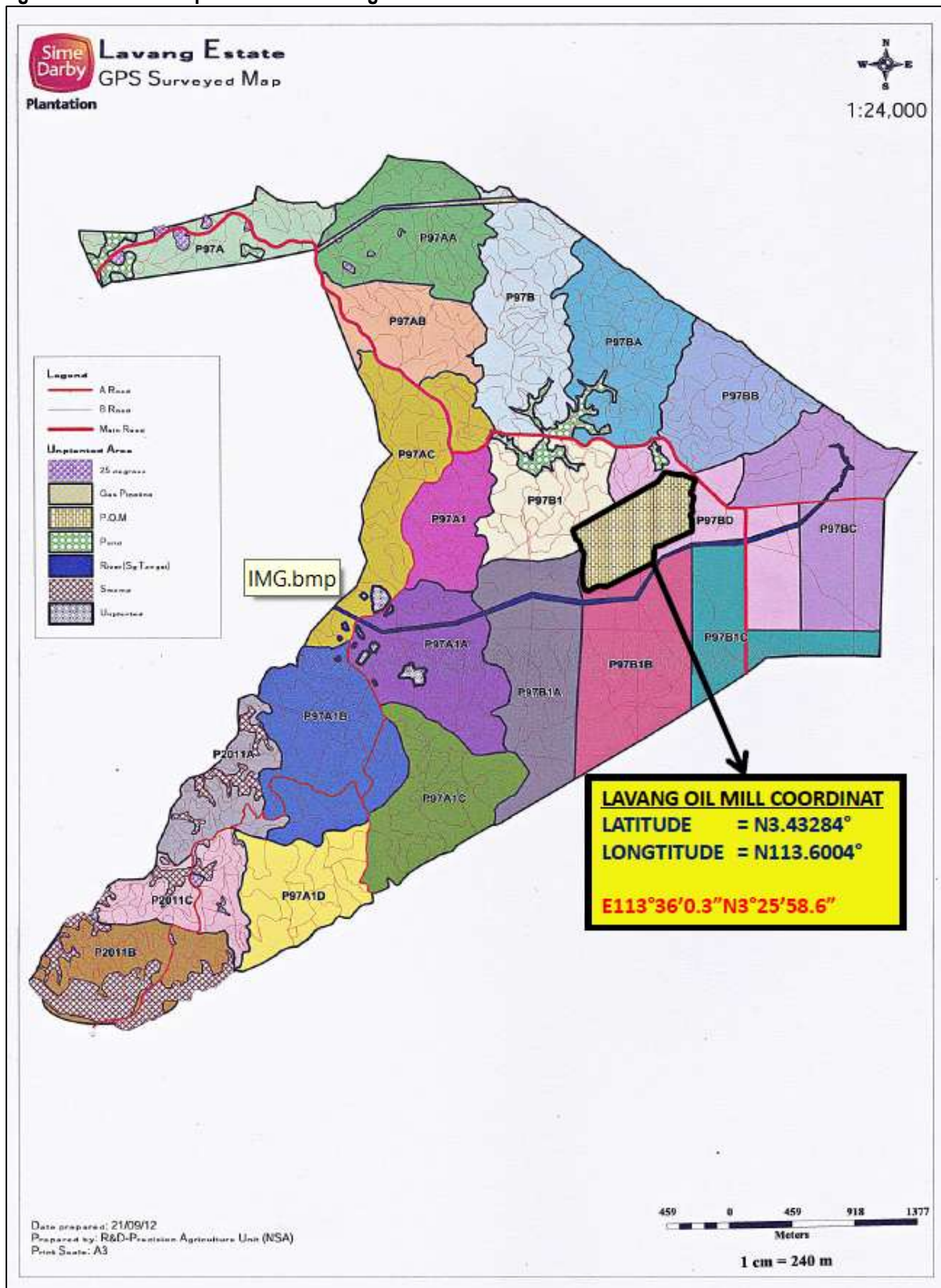


Figure 2. Operational Map of Lavang Estate

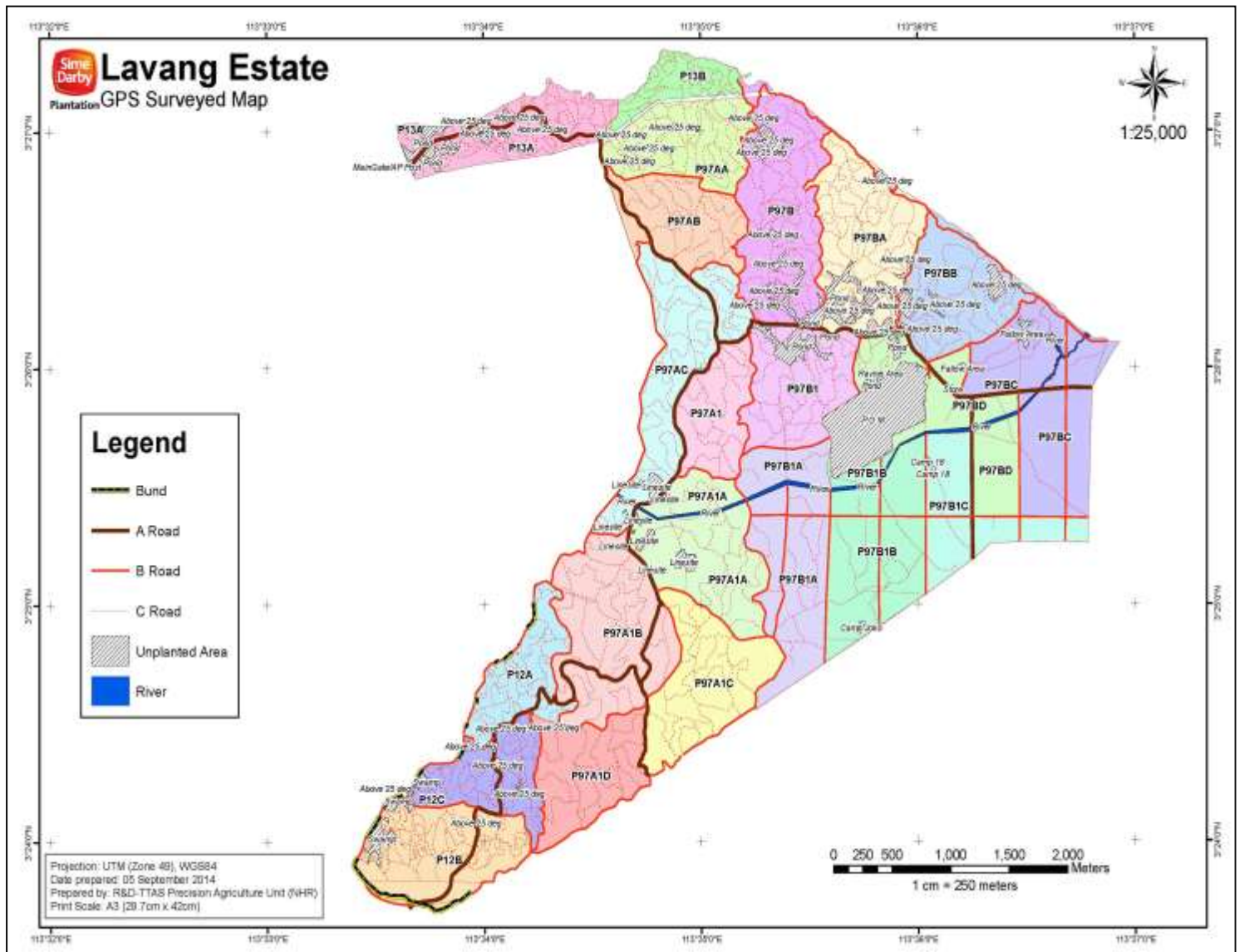




Figure 3. Operational Map of Rasan Estate

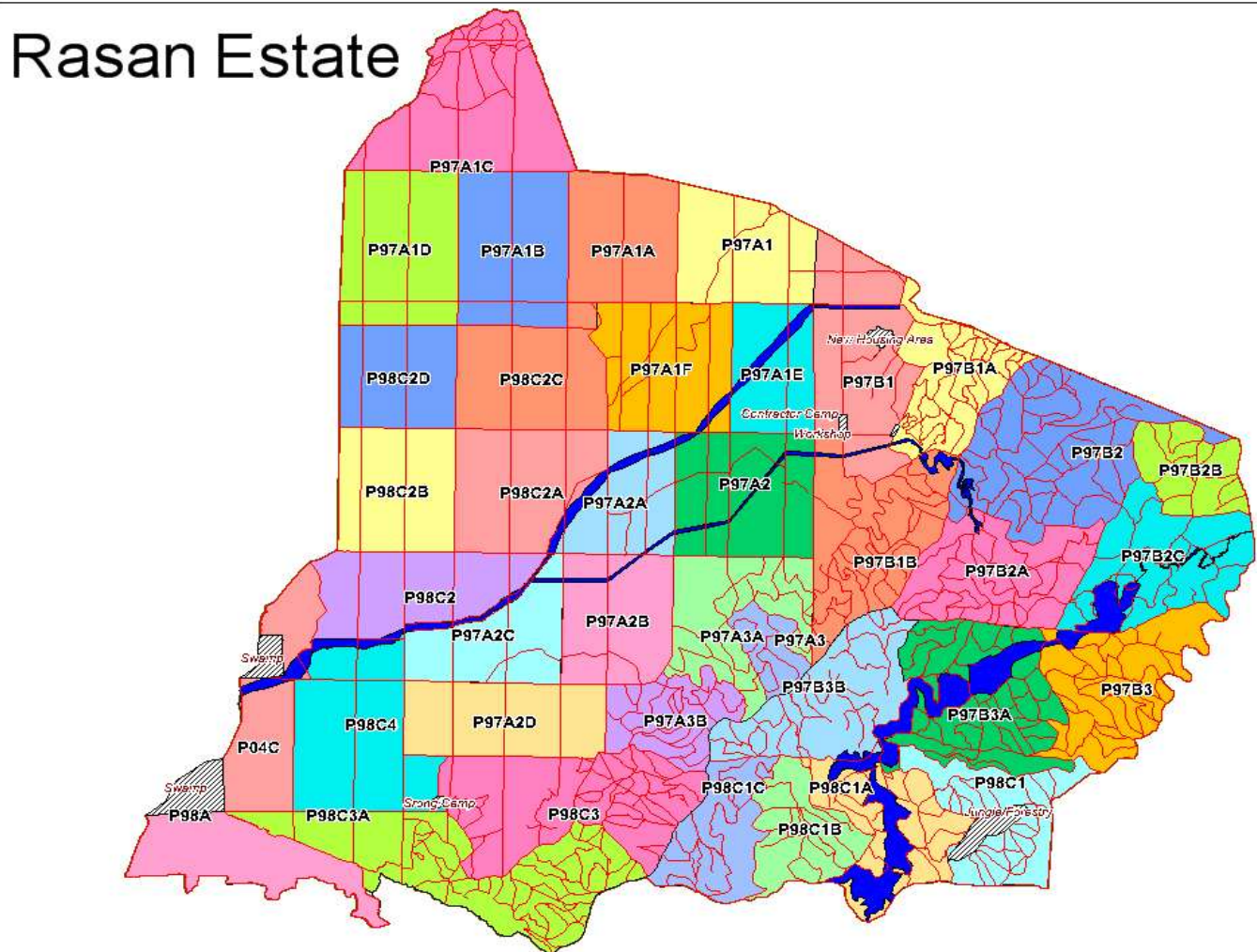
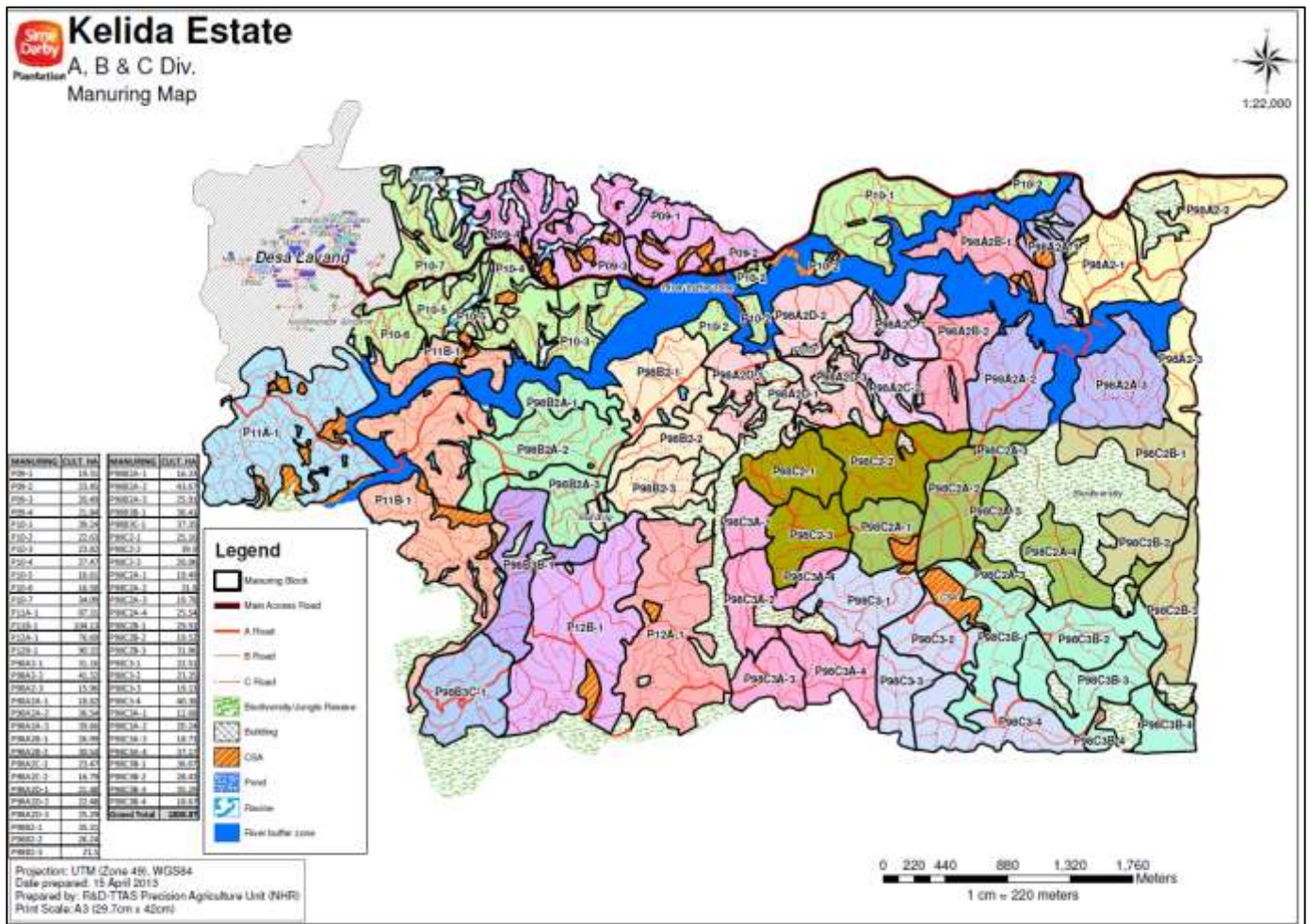


Figure 4. Operational Map of Kelida Estate



Estate Figure 5. Operational Map of Belian Estate

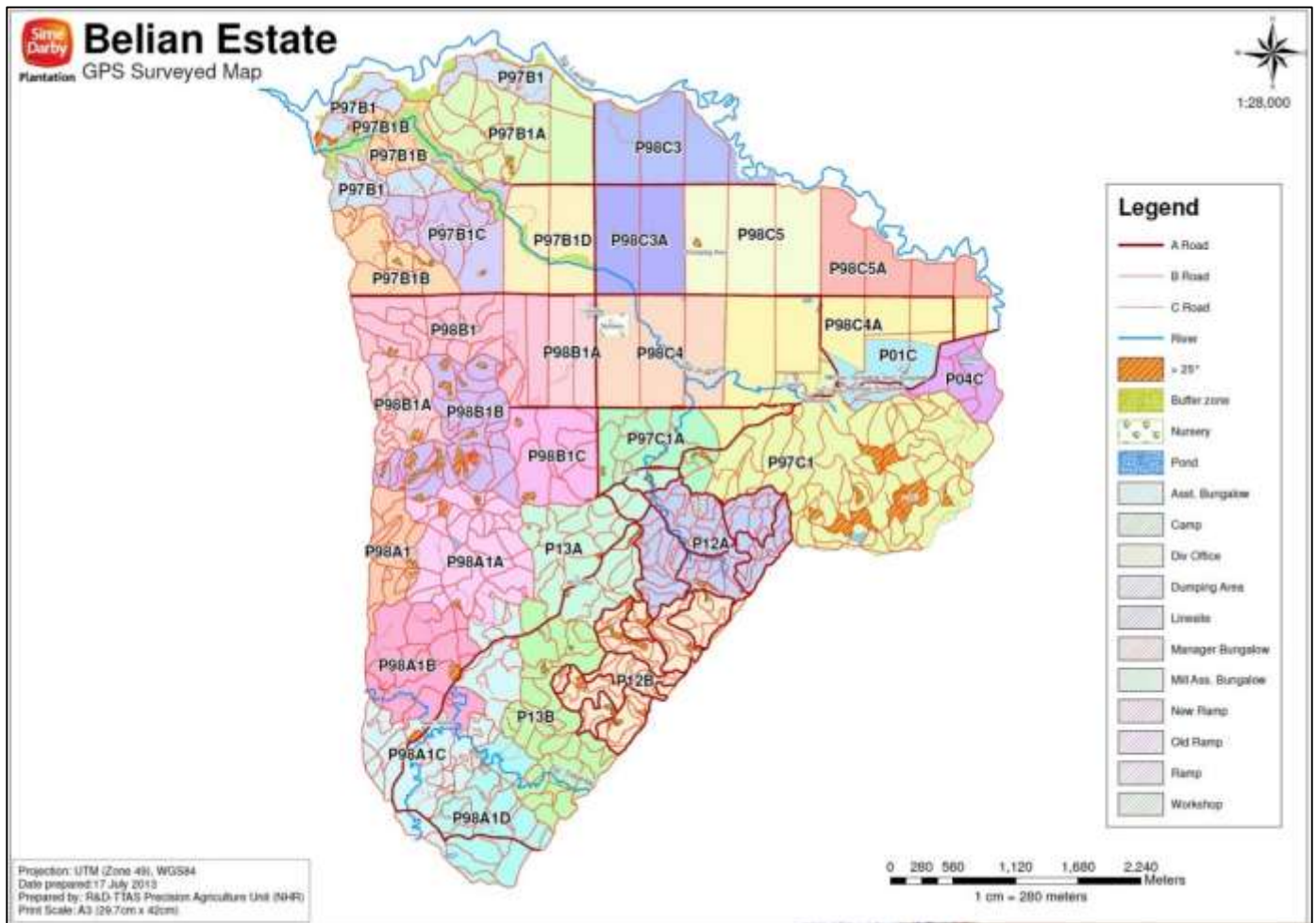
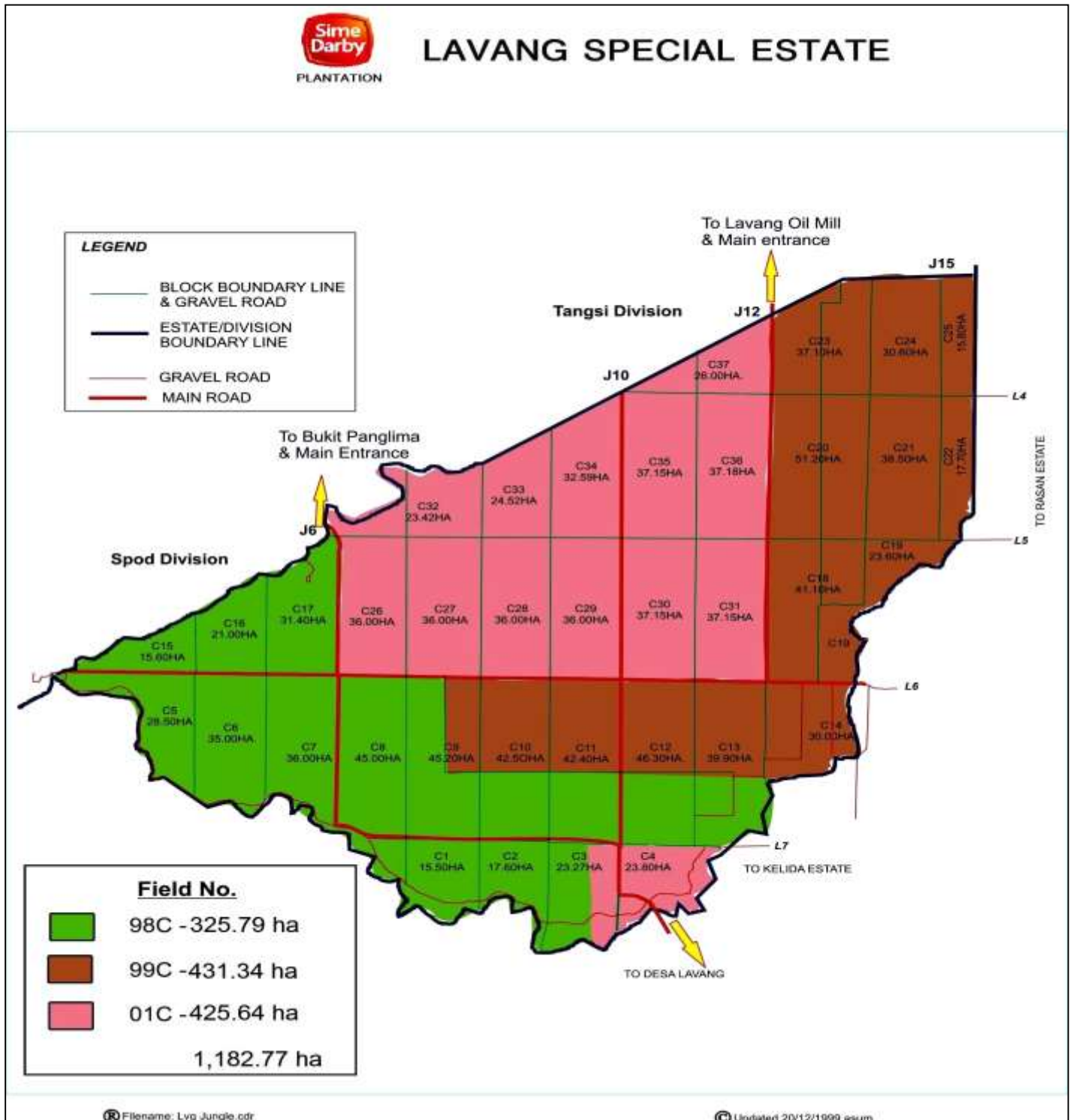




Figure 6. Operational Map of Lavang Special Estate





### Abbreviations Used

ARM	:	Agrochemical Research Management
ASA	:	Annual Surveillance
BOD	:	Biological Oxygen Demand
BTS (FFB)	:	Buah Tandan Segar ( <i>Fresh Fruit Bunch</i> )
CPO	:	Crude Palm Oil
CHRA	:	Critical of High Risk Assessment
CSR	:	Corporate Social Responsibility
EQMS	:	Environment Quality Management System
HCV	:	High Conservation Value (Nilai Konservasi Tinggi)
HIRAC	:	High Risk Assessment and Control (HIRAC)
HSE	:	Health Safety and Environment
KER	:	Kernel Extraction Rate
KKS (POM)	:	Kilang Kelapa Sawit (Palm Oil Mill)
LC	:	Land Clearing
LOTO	:	Log Out and Take Out
LTA	:	Lost Time Accident
MPOB	:	Malaysian Palm Oil Board
OER	:	Oil Extraction Rate
PK	:	Palm Kernel
PPE	:	Personal Protective Equipment
POME	:	Palm Oil Mill Effluent
PSQM	:	Plantation Services Quality Management
SDP	:	Sime Darby Plantation
SIA	:	Social Impact Assessment
SOP	:	Standard Operating Procedure
SPMS	:	Sustainable Plantation Management System
SOU	:	Strategic Operating Unit

1.0	<b>SCOPE of the CERTIFICATION ASSESSMENT</b>		
1.1	<b>Assessment Standard Used</b>		<ul style="list-style-type: none"> <li>• <i>Malaysia National Interpretation - RSPO MY-NIWG of Principles and Criteria (P &amp; C) for Sustainable Palm Oil Production. Endorsed by RSPO Board of Governors 6 March 2015.</i></li> <li>• <i>RSPO Supply Chain Certification Standard For organizations seeking or holding certification Adopted by the RSPO Board of Governors on 21 November 2014 (Module D / E for CPO Mill)</i></li> </ul>
1.2	<b>Organisation Information</b>		
1.2.1	Organisation name listed in the certificate	Sime Darby Plantation Sdn Bhd	
1.2.2	Contact person	Shylaja Devi Vasudevan Nair	
1.2.3	Organisation address and site address	Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor, Malaysia	
1.2.4	Telephone	+(603)78484366	
1.2.5	Fax	+(603) 7848 4363	
1.2.6	E-mail	shylaja.vasudevan@sime-darby.com	
1.2.7	Web page address	www.sime-darby.com.my	
1.2.8	Management Representative who completed the application for certification	Shylaja Devi Vasudevan Nair	
1.2.9	Registered as RSPO member	07 September 2004 (1-0008-04-000-00)	
1.3	<b>Type of Assessment</b>		
1.3.1	Scope of Assessment and Number of Management Unit	Palm Oil Mill and supply base	
1.3.2	Type of certificate	Re- Certification , Main Assesment (Holding)	
1.4	<b>Locations of Mill and Plantation</b>		
1.4.1	Location of Mill		
	<b>Name of Mill</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Lavang Oil Mill	P.O Box 1288,97008 Bintulu ,Sarawak	N 3° 25' 42" E 113° 36' 01"
1.4.2	Location of Certification Scope of Supply Base		
	<b>Name of Supply Base</b>	<b>Location</b>	<b>Coordinate</b>
			<b>Latitude</b> <b>Longitude</b>
	Lavang	KM 72 Bintulu Miri Road,P.O.Box 1288, Lavang Complex 97008 Bintulu Sarawak	N 3° 13' 13" E 113° 21' 11"
	Lavang Special	KM72, JALAN BINTULU-MIRI,P.O.BOX 1288,97008 BINTULU,SARAWAK,MALAYSIA	N 3° 33' 16" E 113° 37' 15"
	Belian	Belian Estate, Sime Darby Plantation (Sarawak) Sdn Bhd PO Box 1288, KM 72 Jalan Bintulu-Miri, 97008	N 3° 31' 37" E 113° 38' 31"

		Bintulu, Sarawak.					
	Rasan	KM 72 Bintulu Miri Road,P.O.Box 1288, Lavang Complex 97008 Bintulu Sarawak	N 3° 15' 34"	E 113° 21' 37"			
	Kelida	KM 72, Bintulu-Miri Road, P.O.Box 1288, 97008 Bintulu, Sarawak, Malaysia.	N 3° 32' 19"	E 113° 40' 51"			
1.5	Description of Area Statement						
1.5.1	Tenure						
	• Freehold land title (Private)		11,692.93	Ha			
	• State			Ha			
	• Community			Ha			
1.5.2	Area Statement						
	• Total area		11,692.93	Ha			
	• Mature area		9,139.30	Ha			
	• Immature area		1,318.41	Ha			
	• Mill			Ha			
	• Emplishment		-	Ha			
	• Infrastructure		479.37	Ha			
	• Nursery		12.20	Ha			
	• Occupation		-	Ha			
	• Others area		109.18	Ha			
	• HCV		634.47	Ha			
1.6	Planting Year and Cycles						
1.6.1	Age profile of planting year						
	Planting Year	Hectarage (Ha)					
		Lavang	Lavang Special	Belian	Kelida	Rasan	Total
	1996	543.68	-	-	-	-	543.68
	1997	585.91	-	325.18	576.12	2044.57	3,531.78
	1998	-	332.83	1344.83	313.71	1095.08	3,086.45
	1999	-	404.79	-	-	-	404.79
	2001	-	394.26	46.87	-	-	441.13
	2004	-	-	48.96	-	63.11	112.07
	2010	-	-	-	257.21	-	257.21
	2011	211.68	-	-	184.60	-	396.28
	2012	-	-	203.23	162.68	-	365.91
	2013	118.00	-	202.86	72.56	-	393.42
	2014	-	-	204.72	106.55	-	311.27
	2015	99.34	-	200.05	85.13	-	384.52



	2016	229.20					229.20
	TOTAL	1,787.81	1,131.88	2,576.7	1,758.56	3,202.76	10,457.71
1.6.2	New Planting area after January 2010		0 Ha				
1.6.3	Planting Cycle		2 <sup>nd</sup> Cycle				
1.7	Description of Mill and Supply Base						
1.7.1	Description of Mill						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Lavang Oil Mill	90	168,021	33,806	20.12	9,325	5.55
	*Production data source from January 2016 – October 2016						
1.7.2	Description of Certification Scope of Supply Base						
	Name of Estate	Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	Supplied to Mill	
						FFB (tonnes/year)	%
	Lavang	1,944.16	1,787.81	27,903.46	15.61	27,903.46	100
	Lavang Special	1,178.29	1,131.88	21,364.49	18.87	21364.49	100
	Kelida	2,269.48	1,758.56	20,702.27	11.77	20,702.27	100
	Rasan	3,454.00	3,202.76	56,334.50	17.59	56,334.50	100
	Belian	2,847.00	2,576.70	31,032.75	12.04	31,032.75	100
	TOTAL	11,692.93	10,457.71	157,337.47	15.05	157,337.47	100
	*Production data source from January 2016 – October 2016						
1.7.3	FFB description from other source						
	Name of sources	Organisation	Location			Supplied to Mill	
						FFB (tonnes/year)	
	Subis Plantation Sdn.Bhd	Independent	Subis Plantation Sdn.Bhd 7C,1 <sup>st</sup> floor, Merbau Road, P.O .Box 1503, 98008 Miri, Sarawak			10,683.20	
	TOTAL					10,683.20	
	*Production data source from January 2015 – September 2016						
1.7.4	Product categories			FFB, CPO, PK			
1.8	Estimate Tonnage of Certified Product						
1.8.1	Past Annual Claim Certified Product			Previous Certificate Claim January 2015 to December 2016 (tonnes/year)		Actual certified product January 2016 to October 2016 (tonnes/year)	
	• FFB Production			197,864		112,850	
	• CPO Production			48,347		24,338	
	• Palm Kernel (PK) Production			11,654		6,596	

1.8.2	Estimate of Certified FFB Claim						
	Name of Estate(s)		Total Area (Ha)	Planted Area (Ha)	FFB (tonnes/year)	Yield (tonnes/ha/year)	
	Lavang		1,944.16	1,787.81	26,098	14.60	
	Lavang Special		1,178.29	1,131.88	21,364	18.87	
	Kelida		2,269.48	1,758.56	24,315	13.83	
	Rasan		3,454.00	3,202.76	68,016	21.24	
	Belian		2,847.00	2,576.70	37,247	14.46	
	TOTAL		11,692.93	10,457.71	177,040	16.93	
	*Projected FFB production for 12 months of certificate						
1.8.3	Estimate of Certified Palm Product Claim						
	Name of Mill	Capacity (tonnes/ hour)	FFB Processed (tonnes/year)	CPO		Palm Kernel	
				Out put (tonnes)	Extraction (%)	Out put (tonnes)	Extraction (%)
	Lavang Oil Mill	90	177,040	35,674	20.15	9,932	5.61
	*Projected CSPO and CSPK production for January 2017 – December 2017						
1.9	Other Certifications						
	ISO 9001:2008			-			
	ISO 14001: 2004			-			
	OHSAS 18001:2007			-			
	ISCC			2011, 2012, 2013, 2014, 2015			
	Others			5S System, Lean Six Sigma. Malaysian Productivity Corporation awards (MPC)			
1.10	Time Bound Plan						
1.10.1	Time Bound Plan for Other Management Units						
Indonesian Operation							
	Management Unit		Estate (Supply Base)	Time Bound Plan	Location	Status	
	MILL	Time Bound Plan					
	Sekunzir. PT Indotruba Tengah	2010	Sekunzir	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan	Certified	
			Seruyan	Certified 2010		Certified 2010	
	Manggala. PT Tunggal Mitra Plantations	2010	Manggala 1	Certified 2010	Rokan Hilir District – Riau	Certified 2010	
			Manggala 2	Certified 2010		Certified 2010	
			Manggala 3	Certified 2010		Certified 2010	
	PT Sime Indo Agro	2010	PT. Sime Indo Agro	Certified 2010	Sanggau District –West Kalimantan	Certified 2010	
			East	2016		2016	
			West	2016		2016	

		Sei Mawang	2018		2018
Teluk Siak. PT Aneka Inti Persada	2011	Teluk Siak	Certified 2011	Pekanbaru, Siak District – Riau	Certified 2011
		Pinang Sebatang	Certified 2011		Certified 2011
		Aneka Persada	Certified 2011		Certified 2011
Sungai Pinang. PT Bina Sains Cemerlang	2012	Sungai Pinang	Certified 2012	Musi Rawas District – South Sumatera	Certified 2012
		Bukit Pinang	Certified 2012		Certified 2012
Sukamandang. PT Kridatama Lancar	2011	Sukamandang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified 2011
		Sapiri	Certified 2011		Certified 2011
		Baras Danum	Certified 2011		Certified 2011
		Kuala Kuayan	Certified 2011		Certified 2011
Pematang. PT Teguh Sempurna	2011	Pematang	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan	Certified 2011
		Kawan Batu	Certified 2011		Certified 2011
		Hatan Tiring	Certified 2011		Certified 2011
		Batang Garing	Certified 2011		Certified 2011
Teluk Bakau. PT Bhumireksa Nusa Sejati	2011	Teluk Bakau	Certified 2011	Indra Giri Hilir District – Riau	Certified 2011
		Nusa Perkasa	Certified 2011		Certified 2011
		Nusa Lestari	Certified 2011		Certified 2011
Mandah. PT Bhumireksa Nusa Sejati	2014	Mandah	Certified 2011	Indra Giri Hilir District – Riau	Certified 2011
		Rotan Semelur	Certified 2011		Certified 2011
Angsana. PT Ladangrumpun Suburabadi	2011	Angsana	Certified 2011	Tanah Bumbu District – South Kalimantan	Certified 2011
		Pantai Bonati (PT SHE)	Certified 2011		Certified 2011
		Gunung Sari	Certified 2011		Certified 2011
		KKPA-4 PT.SHE	Certified 2013		Certified 2013
		KKPA-1 PT.SHE	Certified 2013		Certified 2013
		SAP PLASMA (LSI PLASMA)	2020		2020
Mustika. PT Sajang Heulang	2013	KKPA-2 PT.SHE	Certified 2013	Tanah Bumbu District – South Kalimantan	Certified 2013
		KKPA-3 PT.SHE	Certified 2013		Certified 2013
		KKPA-5 PT.SHE	Certified 2013		Certified 2013



Gunung Aru. PT Bersama Sejahtera Sakti	2011	Gunung Aru	Certified 2011	Kotabaru District – South Kalimantan	Certified 2011
		Gunung Kemas	Certified 2011		Certified 2011
		Laut Timur	Certified 2011		Certified 2011
		Pantai Timur	Certified 2011		Certified 2011
		KKPA Bersama Sejahtera Sakti (BSM)	2020		2020
Bebunga. PT. Langgeng Muaramakmur	2011	Sungai Cengal	Certified 2011	Kotabaru District – South Kalimantan	Certified 2011
		Bebunga	Certified 2011		Certified 2011
		KKPA Sungai Cengal	2014		2014
Pondok Labu. PT Paripurna Swakarsa	2012	Binturung	Certified 2012	Kotabaru District – South Kalimantan	Certified 2012
		Pondok Labu	Certified 2012		Certified 2012
		Rampa	Certified 2012		Certified 2012
		Sesulung	Certified 2012		Certified 2012
Selabak. PT Swadaya Andhika	2012	Selabak	Certified 2012	Kotabaru District – South Kalimantan	Certified 2012
		Randi	Certified 2012		Certified 2012
		Sangkoh	Certified 2012		Certified 2012
		Lanting	Certified 2012		Certified 2012
Rantau. PT Laguna Mandiri	2012	Rantau	Certified 2012	Kotabaru District – South Kalimantan	Certified 2012
		Matalok	Certified 2012		Certified 2012
Betung. PT Laguna Mandiri	2014	Betung	Certified 2012	Kotabaru District – South Kalimantan	Certified 2012
		Sekayu	Certified 2012		Certified 2012
Ungkaya. PT Tamaco Graha Krida	2012	Ungkaya	Certified 2012	Morowali District – Sulawesi Tengah	Certified 2012
		Plasma TGK	2015		2015
Ladang Panjang. PT Bahari Gembira Ria	2012	Ladang Panjang	Certified 2012	Muaro Jambi District - Jambi	Certified 2012
		Plasma BGR	2015		2015
Rantau Panjang. PT Guthrie Pecconina Indonesia	2012	Rantau Panjang	Certified 2012	Musi Banyuasin District – South Sumatera	Certified 2012
		Bumi Ayu	Certified 2012		Certified 2012
		Karang Ringin	Certified 2012		Certified 2012
		Napal	Certified 2012		Certified 2012
		Mangun Jaya	Certified		Certified 2012

			2012		
		KKPA Sungai Jernih	2015		2015
		Sungai Jernih Estate	2017		2017
		GP Plasma	2017		2017
Blang Simpo. PT Perkasa Subur Sakti	2013	Tamiang (PT PPP)	Certified 2013	Aceh Tamiang and East Aceh District – Nanggroe Aceh Darussalam	Certified 2013
		Batang Ara ((PT PSK))	Certified 2013		Certified 2013
		Blang Simpo-01 (PT PPP)	Certified 2013		Certified 2013
		Blang Simpo-02 (PT PPP)	Certified 2013		Certified 2013
MAS. PT Mitra Austral Sejahtera	2018	MAS 1	2018	Sanggau District – West Kalimantan	2018
		MAS 2	2018		2018
		MAS 3	2018		2018
		PLASMA MAS	2018		2018
Lembiru. PT Sandika Nata Palma	2014	Lembiru	Certified 2014	Ketapang District – West Kalimantan	Certified 2014
		Awatan	Certified 2014		Certified 2014
		Pelanjau (PT BAL)	2018		2018
		Sungai Putih (PT BAL)	2018		2018
		Baturus (PT BAL)	2018		2018
		Karya Palma	2018		2018
		KKPA Sandika Nata Palma	2020		2020
		PLASMA BAL	2020		2020

**Malaysian Operation**

	Management Unit	Address	Hectarage (Ha) *	Time Bound Plan (Planned Audit Year)	Status (Actual/Target Certification Year)
1	Sg. Dingin	Karangan, Kedah	19,730	2010	Certified 2010
2	Chersonese	Kuala Kurau, Perak	11,246	2011	Certified 2011
3	Elphil	Sg Siput, Perak	6,826	2011	Certified 2011
4	Flemington	Teluk Intan, Perak	11,577	2011	Certified 2011
5	Seri Intan	Teluk Intan, Perak	9,225	2011	Certified 2011
6	Selaba	Teluk Intan, Perak	5,603	2011	Certified 2011
7	Tennamaram	Bestari Jaya, Selangor	10,074	2011	Certified 2011
8	Bkt Kerayong	Kapar, Selangor	10,830	2011	Certified 2011
9	East	Carey Island, Selangor	10,991	2010	Certified 2010
10	West	Carey Island, Selangor	5,741	2010	Certified 2010
11	Bukit Puteri	Raub, Pahang	3,876	2011	Certified 2011
12	Kerdau	Temerloh, Pahang	13,790	2011	Certified 2011
13	Jabor	Kuantan, Pahang	2,232	2011	Certified 2011
14	Labu	Nilai, Negeri Sembilan	5,752	2011	Certified 2011
15	Tanah Merah	Port Dickson, Negeri Sembilan	5,304	2010	Certified 2010
16	Sua Betong	Port Dickson, Negeri Sembilan	18,748	2011	Certified 2011
17	Kok Foh	Bahau, Negeri Sembilan	14,916	2011	Certified 2011

18	Kempas	Jasin, Melaka	10,809	2010	Certified 2010
19	Diamond Jubilee	Jasin, Melaka	8,029	2011	Certified 2011
20	Pagoh	Muar, Johor	9,783	2011	Certified 2011
21	Chaah	Chaah, Johor	8,789	2010	Certified 2010
22	Gunung Mas	Kluang, Johor	12,410	2010	Certified 2010
23	Bukit Benut	Kluang, Johor	8,085	2011	Certified 2011
24	Ulu Remis	Layang-layang, Johor	17,097	2011	Certified 2011
25	Hadapan	Layang-layang, Johor	11,376	2011	Certified 2011
26	Sandakan Bay	Sandakan, Sabah	16,786	2008	Certified 2008
27	Melalap	Tenom, Sabah	5,697	2011	Certified 2011
28	Binuang	Kunak, Sabah	10,219	2009	Certified 2009
29	Giram	Kunak Sabah	7,602	2009	Certified 2009
30	Merotai	Tawau, Sabah	10,493	2009	Certified 2009
31	Lavang	Bintulu, Sarawak	11,783	2011	Certified 2011
32	Rajawali	Bintulu, Sarawak	10,101	2011	Certified 2011
33	Derawan	Bintulu, Sarawak	8,774	2011	Certified 2011
34	Pekaka	Bintulu, Sarawak	11,704	2011	Certified 2011
1.10.2	<b>Progress of Associated Smallholders and Outgrowers for Certifiable Standard</b>				
	* There is no associate smallholder & outgrower				
	**Subis Plantation Sdn Bhd. is an independent supplier				



<b>2.0</b>	<b>ASSESSMENT PROCESS</b>
<b>2.1</b>	<b>Assessment Team</b>
<b>Re-Certification</b>	<p>1. <b>Oktovianus Rusmin (Lead Auditor)</b>. Indonesian Citizen. Bachelor's Degree in Social &amp; Political Sciences Department of Anthropology. Specialists in the field of Social and Cultural (Social Impact &amp; Conflict Resolution) and HCVF. Already participated in Forest Management Auditor Training (FSC Standard), ISO 14001, ISO 9001:2008, Environmental Management System Training, SVLK (wood legality) Auditor, Indonesian Sustainable Palm Oil (ISPO) and RSPO Lead Auditor Training. He was several times involved in the assessment of Sustainable Forest Management Certification (Standard LEI) and Gap Analysis Audit (FSC Standard). Had worked at the Center for study of Anthropology University of Indonesia and Social Advisor at Tropical Forest Trust (TFT) Indonesia. He was numerously involved in Social Impact Assessment and HCV Identification in Palm Oil Plantations and Natural Forest concessions. During this audit he has been assigned to verify the Social Aspect, Conservation &amp; SCCS.</p> <p>2. <b>Yap Chin Hung (Auditor)</b>. Graduate from University of Malaya with a Bachelor of Engineering (Honours) Degree in Manufacturing Engineering. He is a member of the Institute of Engineers, Malaysia. He had consulted and trained clients from various industries such as chemical, metal fabrication, engineering, electronics, manufacturing, fabrications, plastics, construction and trading in setting up and implementing the Management Systems based on ISO 9001, ISO 14001, ISO 13485, ISO 2200, HACCP, GMP, FSC and OHSAS 18001. Along his service as ISO consultant, he has assist more than 100 companies to obtain the ISO certification from various Certification Body. Yap is also the associate auditor for QE Certification, UK helping in carrying out 3rd party certification audit for ISO 9001, ISO 14001, ISO 22000 &amp; OHSAS 18001. During this audit he has been assigned to verify the EHS aspect &amp; Mill Management Practices.</p> <p>3. <b>Mohd. Nizam (Auditor)</b>. Graduated from University Malaya with a Bachelor of Sciences with Honours (Ecology). Registered as a DOE environmental auditor EA 0012 and EIA consultant AC 0808. He had a 7 years experience on plantations as assistant manager at Asiatic Development Berhad. He had 21 years experience on auditing works on ISO 14000 Advanced EMS Auditing, Identifying Environmental Aspects &amp; Impacts by Sirim Training Services S/B, Environmental Assessment &amp; Management (Aberdeen, Scotland), Project Management Training Course &amp; Train The Trainer Course (MIM). During this audit he has been assigned to verify the Legal Aspect, Plan &amp; Best Agriculture Practices.</p> <p>4. <b>Ebnu Holdoon Shawal (Trainee Auditor)</b>. Graduated with Bachelor of Civil Engineering from University Tenaga Nasional in Malaysia. He has been completed the ISO 9001 : 2008 QMS Lead assessor course for RABQSA – QM 785 (Exemplar Global) certified. He has an experience regarding the safety, health and environmental standard for construction works as an engineer for 1 year. He has gone for various RSPO audit including Felda POM and United Plantation as trainee auditor and have total 42 man days following the auditing activities. During this audit he has been assigned to verify the Environmental aspect, transparency, worker right/welfare and basic information data.</p>
<b>2.2</b>	<b>Assessment Methodology, Assessment Process and Locations of Assessment</b>
<b>2.2.1</b>	<b>Figure of person days to implement assessment</b>
<b>Re-Certification</b>	<p>Number of auditors : 4 auditors</p> <p>Number of days for <b>Re-Certification</b> at site : 5 days</p> <p>Number of working days for <b>Re-Certification</b> at site: 20 Working days</p>
<b>2.2.2</b>	<b>Assessment Process</b>
<b>Re-Certification</b>	The assessment was conducted by measuring the sufficiency of implementation and consistency of the SOU 31 – Sime Darby Plantations to the requirements of Malaysian National Interpretation of the RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO MYNI, March 2015 and Supply Chain Requirement for CPO Mill 2014).

	<p>The assessment was conducted in three methods: (1) document review, aiming at observe the sufficiency of types or substances from required documents; (2) interview with management and stakeholders, aiming at obtaining more detailed information and information cross check; and (3) field observation, aiming at observe directly the sufficiency of implementation on site.</p> <p>Number of units in this certification activity is 5 (five) estates (Lavang Estate, Belian Estate, Rasan Estate, Kelida Estate &amp; Lavang Special Estate), which supply the raw material (FFB) to 1 (one) palm oil mill (Lavang POM). In conducting the assessment, the team of auditors used the <math>0.8\sqrt{y}</math> formula to determine the management units sampling to be focused on and also considered the issues raised by stakeholder. Based on this formula, the team of auditors determined that the sampling locations are Lavang Palm Oil Mill and 3 (three) estates (Lavang Special Estate, Rasan Estate &amp; Belian Estate).</p> <p>Some opportunities for improvement as the results of <b>Re-Certification</b> had also delivered by the MUTU auditors to the management unit and the results are the subject will be verified at the next assessment phase.</p> <p>Improvement of findings from <b>ASA 04</b> findings were observed by auditors at this <b>Recertification</b>. All information obtained was recorded in Check List of PT Mutuagung Lestari (MUTU International).</p> <p>The assessment program please find Appendix 2. The assessment program please find Appendix 2.</p>
<b>2.2.3</b>	<b>Locations of Assessment</b>
<b>Re-Certification</b>	<p>The scope of the audit was based on a sampling of the supply bases. In total there are 5 supply bases (Lavang, Lavang Special, Kelida, Rasan and Belian. Audit team used <math>0.8\sqrt{y}</math> formulation to determine estate sampling which became the main focus of the assessment. Based on this formulation, the chosen samples for initial assessment are 1 (one) mill (Lavang POM) and 3 (three) the supply bases <i>Lavang Special, Rasa and Belian Estate</i>.</p> <p><b><u>Lavang Mill</u></b></p> <ul style="list-style-type: none"> <li>• <b>Weight bridge. Loading ramp and processing area:</b> Observation and interview with the operators regarding their job descriptions and responsibilities. Ensuring the operators' awareness on the Supply Chain System applied in the work.</li> <li>• <b>Lavang Effluent Treatment Pond :</b> No discharge observed for effluent treatment system. Relevant maintenance and monitoring performed.</li> <li>• <b>Workshop :</b> Compliance, in order – 5s system has been implemented, Maintenance activities observed such as cutting and welding. Portable fire extinguisher standby during the welding process. Sufficient PPE observed.</li> <li>• <b>Kernel Plant :</b> No operation running during the field audit. Sufficient signage observed.</li> <li>• <b>Boiler Area :</b> Breakdown maintenance performed by the outsourced contractor. Boiler maintenance work supervised by Boilerman, Mr Augustine Jimbau. Proper barricade available for the work area. Valid permit to work observed with briefing performed prior to work start</li> <li>• <b>Lavang POM Scheduled Waste Store .</b>Proper scheduled waste storage setup. Sufficient labeling observed and comply with legal requirement. Good maintenance of scheduled waste store observed.</li> <li>• <b>Chemical Store :</b> Good arrangement of chemical store observed. Chemical MSDS available in the chemical store.</li> <li>• <b>Sterilization Area :</b> Sterilization process assessed. Good safety practice in place. All sterilizers observed with certificate of fitness</li> </ul> <p><b><u>Lavang Special Estate</u></b></p> <ul style="list-style-type: none"> <li>• <b>Boundary Stone :</b> At Block P13A, clear evidence of boundary stone at the estate.</li> <li>• <b>River buffer Zone (Conservation area) :</b> Lavang River at Field P98C1: sign board was installed &amp; natural vegetation surround</li> <li>• <b>Water Weirs/Gate:</b> monitoring of water level at Field P01C1</li> <li>• <b>Replanting Area</b> at Block 98 C: there was no indication land burning for land preparation</li> </ul>

- **Spraying Work : Block 31** - Spraying activity assessed. Sufficient PPE available at the point of use. No female sprayer found
- **Harvesting Work : block 21 and 22** - Harvesting activity assessed. Sufficient training provided. First aid training organized.
- **Workers Housing Quarters**, housing and supporting facilities is in good condition (electricity and clean water is supplied by the company).
- **Lavang Special Estate, Block 20** : Manuring activity assessed. Sufficient PPE observed. First aid facility available and controlled by Mandor
- **Lavang Special Estate, Chemical & Scheduled Store** : Good arrangement of chemical observed. Full set of chemical MSDS available. Sufficient facilities such as mixing area, bathing area, changing room. Good ventilation observed.

#### **Rasan Estate**

- **Harvesting activity at Field P971A** : 4 workers interviewed. Proper PPE observed during the site observation
- **Pesticide Spraying activity at Block P97B1** : Total 8 sprayers interviewed. Sufficient PPE observed
- **Chemical Store and Workshop** : Good 5S practice observed at chemical store and workshop. Good understanding of staff observed.
- **Scheduled Waste Store** : Good arrangement and labeling observed. Total 5 type of scheduled waste available.
- **Water Weirs**: monitoring of water level at Field P97A1C
- **River buffer Zone (Conservation area)** : Bloi River at Block 04C: sign board was installed & natural vegetation surround

#### **Belian Estate**

- **Pesticide Spraying activity** at 98C4A Block 19: Total 7 sprayers (6 female + 1 male) interviewed. Sufficient PPE observed.
- **Harvesting activity** at 98C4 Block 15 & 16 : 4 workers interviewed, Proper PPE observed during the site observation.
- **Chemical Store and Workshop** : Good 5S practice observed at chemical store and workshop. Consideration to improve the chemical mixing area flooring
- **Scheduled Waste Store** : Good arrangement and labeling observed. Total 4 type of scheduled waste available
- **River buffer Zone (Conservation area)** : Pugang River at Field 97B1D: sign board was installed & natural vegetation surround
- **Boundary Stone** at Field 98 B1/B2, clear evidence of boundary stone at the estate.

#### **Stakeholder Consultation in Lavang Complex (Desa Lavang)**

The Lavang village is the designation for the workers residential complex, office space and other facilities in the area SOU 31. The complex is inhabited by workers from several estates, school teachers and contractors who are settle in the area SOU 31 Lavang Sime Darby Plantation. During stakeholder consultation of workers' representatives, teachers and contractors around the Lavang village was participated. The participant was attended at the stakeholder consultation is 21 people.

<b>2.3</b>	<b>Stakeholder Consultation and Stakeholders Contacted</b>
<b>2.3.1</b>	<b>Summary of stakeholder consultation process.</b>
<b>Re-Certification</b>	<p>Consultation of stakeholders was held by:</p> <ol style="list-style-type: none"> <li>1. Public announcement at 13 September 2016 on RSPO Website</li> <li>2. Public announcement at 13 September 2016 on MUTU Website</li> <li>3. Letter sent to related agencies and NGO in Malaysia, dated 10 October 2016</li> <li>4. Internal stakeholders representatives, Focus Group Discussion of worker union and gender committee on 17</li> </ol>



	<p>October 2016</p> <p>5. External stakeholder consultation, dated 17 October 2016 Representative of Informal Leader, Local Contractor &amp; Teachers in Desa Lavang.</p> <p>Numbers of inputs from stakeholders were received by the audit team and clarified by the management. The consultation results are captured under 3.6 (Summary of Arising Issues from Public, Management and Auditor Response)</p>
2.3.2	<b>Stakeholder contacted</b>
	<b><i>Please find appendix 1</i></b>
2.4	<b>Determining Next Assessment</b>
	The next visit [ASA 1- (1) ] will be determined nine to twelve months after the date of certificate issued.

**3.0. ASSESSMENT FINDINGS**
**3.1. Summary of Assessment Report of the RSPO Certification**

MUTUAGUNG LESTARI has conducted an assessment of Lavang POM – SOU 31, *Sime Darby Plantation Sdn Bhd* operation consisting of one (1) mill and five (5) oil palm estates.

During the assessment, there were two (2) Nonconformities were assigned against Major Compliance Indicator; three (3) nonconformity were assigned against Minor Compliance Indicator; and zero (0) nonconformance against supply chain requirement for CPO mill and four (4) opportunity for improvement were identified.

Further explanation of the non-conformities raised and corrective actions taken by the company are provided in section 3.5. Those corrective action(s) taken that consist of two (2) Major non-conformities had been closed out and shall check the effectiveness and consistency implementation in next audit visit. Three (3) Minor non-conformities and four (4) Opportunity for Improvement shall be verified during next assessment.

MUTUAGUNG LESTARI found that Lavang POM – SOU 31, *Sime Darby Plantation Sdn Bhd* has complied with the requirements of National Interpretation, RSPO Principles and Criteria (P&C) for Sustainable Palm Oil Production, Malaysia and RSPO Supply Chain Certification Standard November 2011 for CPO Mill.

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

Ref Std.	VERIFICATION RESULT of MUTU-Certification	
<b>PRINCIPLE #1 COMMITMENT TO TRANSPARENCY</b>		
<b>1.1</b>	<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.</b>	
<b>Indicator 1.1.1</b>	Based on the site verification, there is an available documented information related towards environmental, social and legal issues had been maintained at the estate. Information related to environmental, social and legal issues relevant to RSPO audit has been made available to the relevant stakeholder. Request of information related to the enquiry from external stakeholder was documented and kept in the folder at the management office. The list of stakeholders had been maintained for all estates (Lavang Special, Rasan and Belian) and mill Lavang latest updated 27/09/2016 which comprising vendors, contractor and other interested parties (government agencies and local communities). The stakeholder list had been verified by the personnel in charge of each management unit and the SOP of communication was made publicly available through the estate and mill administration.	
<b>Indicator 1.1.2</b>	During the audit, There is a SOP made available through the company in which the response to the stakeholder and clearly stated the response to stakeholder enquiries (SOP (SPMS Section 3 Documentation and Communication (Version 1 Year 2008, Issues 1, Issues 01/11/08)). For each estate and management unit, there is a person in charge dedicated to handle complain and grievances from the stakeholders (internal and externally) and the request made by the internal stakeholder was attended efficiently : There is a request from Headmistress of SK desa lavang dated : 1/1/2016 requesting for:	
	<ul style="list-style-type: none"> <li>• Classroom door</li> <li>• Window glass</li> <li>• Flooring for fourth year classroom</li> <li>• PA system was available.</li> </ul>	
	The request was approved on 7/1/2016 by Mr. Andrew and the repair has been done.	
	<b>Status: Comply</b>	

**1.2**

**Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.**

**Indicator 1.2.1**

During the audit, it was sighted that the company has no restriction towards the document published at the estate unless those prevented by the management confidentiality or disclosure information that may result negative outcomes towards the company.

Based on the interview, Sime Darby Plantations Sdn Bhd are using the internet medium to disseminating their public information. In estate and workers level, the management has been trained by the management to deliver the information towards all level and workforce operation. All the procedure related to complain and grievances were made available through sime darby website : <http://www.simedarbyplantation.com/sustainability.aspx>

And the there is documented SOP circulated throughout the estate and mill management. Amongst the document that was made available in the estate were :

- i) Land title and user right ; the document was made available at the estate management office and based on the interview the management had shown that they have a legal right of respected land (refer to 2.2.1)
- ii) Safety health and environment : there is available document at each of the estate. The Occupational Safety and Health Management Programme SOU 31 Lavang – file no. SM / 5.2 / EAI consist of risk assessment and mitigation (Impacts Evaluation and Environmental Aspects & Impact Identification year 2016/2017), emergency response plan year 2016/2017 and being published for the internal and external stakeholders request and response.
- iii) The company had provide the risk assessment and mitigation plan including training, accident and records of it made available at the estate and Mill (LAVANG mill, Lavang Special, Rasan, Belian estate)
- iv) There is Biodiversity Baseline Assessment Report for SOU 31 Lavang
- v) Impact assessment plan was made available at the estate and the manual procedure has been done to monitor all the activities. There was available the list of report monitoring the performance- which has list of record and activity.
- vi) Pollution prevention plan was which include the preparation of emergency including the procedure of : (Pollution Prevention Plan – FY 2016/2017 SOU 31 Lavang)
- vii) There was an official SOP for the the complain and grievances particularly and the sample of complain by the stakeholder was attend adequately
- viii) The human right policy was made available and publish at both the estate and mill

During the audit, the management including staff and workers are aware that the documents should be publicly available and being requested information by stakeholders internal and external.

**Status: Comply**

**1.3**

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

**Indicator 1.3.1**

There is written policy committing to code of ethical conduct and integrity : refer Code of Business Conduct Updated : December 2011 approved by : Tan Sri Mohd Bakke Salleh that includes the ethic of :

- Working with one another
- Avoiding conflict of interest
- Guarding against bribery and corruption
- Gifts entertainment and travel
- Donations
- Protecting the group and shareholders
- Dealing with counterparts and business partners
- Dealing with government authorities Political parties and international organizations

All the document was made into a booklet and being distributed to workers and all level operations sighted during the audit, evidence of signature in the contract that the document was being distributed into the contract businesses. According to interview with workers on the mill and estate, they were known about a code of conduct business and ethical

in all business policy.

**Status: Comply**

## **PRINCIPLE #2 COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

### **2.1**

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

#### **Indicator 2.1.1**

Legal and other requirement register available at POM and estates and well kept in the individual office. Relevant legal requirements registered:

- a) Occupational Safety and Health Act 1994
- b) Factories and Machinery Act 1967
- c) Uniform Building By Law 1986
- d) Pesticide Act 1974
- e) Electricity Supply Act 1990
- f) Petroleum (Safety Measures) Act 1984
- g) Fire Services Act 1984
- h) Code of Practice for Safety Working in a confined space, 2010
- i) Environmental Quality Act 1974
- j) Employment Act 1955
- k) Labour Ordinance of Sarawak 1972
- l) Immigration Act
- m) Sarawak Water Ordinance 1994
- n) Sarawak River Ordinance 1994
- o) Sime Darby Berhad, GPA October 2005

Relevant required licensing and document such as MPOB license, DOE license, competence driver license, etc was observed. Consideration to clarify appointment of competence personnel for scheduled waste management according to legal requirement.

#### **Indicator 2.1.2**

The identification of legal register performed by Group Legal Department and POM and estate assistant manager appointed as personnel in charge for legal set documents handling.

Legal and other requirement register available and well kept in the office and available for all level of management. Relevant legal requirements registered. A comprehensive list observed during the audit.

Relevant section in regulation identified and link to relevant activities. Detail requirement stated into the Legal and Other Requirement Register.

#### **Indicator 2.1.3**

Legal compliance evaluation conducted for POM and estates on yearly basis. Legal Personnel is responsible for the legal compliance evaluation. for Lavang POM conducted on 18/7/2016 for legal compliance. Evaluation of legal compliance performed on half yearly basis. Assistant Manager, Mr Engku Awis perform the legal compliance evaluation.

Legal compliance evaluation observed with relevant concern on legal compliance addressed. There was evidence of compliance to identified legal requirements and implementation was verified by conducting evaluation by relevant legal personnel.

Based on the site assessment, interviews and evidence checking at the mill and estates, there were evidences of compliance with the relevant laws, regulations, local and International laws:

- a. Relevant machinery and equipment such as Deaerator storage tank(PMT 142715), Softener vessel(PMT 142719), Boiler(PMD 11448), etc observed with valid certificate of fitness.

- b. Department of Environmental (DOE) license no. 3015 observed with requirements of approval letter observed.
- c. Audiometric test performed as per requirement and appropriate actions observed.
- d. CHRA conducted as per requirement and relevant suggestions implemented.
- e. Competence person for specific process such as boilerman, effluent management, scheduled waste management, etc available.
- f. Medical surveillance performed according to CHRA result.
- g. Valid license such as MPOB license no. 503285002000, Permit Barang Kawalan Berjadual for diesel ref no. Q007020, etc available.

There were no cases of any violation or actions imposed by relevant authorities. Communication to worker on legal requirements was held in regular basis. Good understanding and awareness level observed among the workers.

**Indicator 2.1.4**

Standard Operation Manual, Appendix 5.2.4 Procedure for legal and other requirements observed. Process flow chart for update on changes of legal and other requirements observed. TQEM-Plantation/Mill is taking fully responsibility in identifying, amending and communicating the legal change.

During the site assessment, relevant legal requirement was updated into Legal Register. Notification memo from TQEM observed for notification of legal changes.

<b>Status: Comply</b>	
-----------------------	--

**2.2**

**The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.**

**Indicator 2.2.1**

Lavang Mil and all estate have made leased land certificate available at each respective office. Record showed that the leased was between Golden Hope Plantation and Bintulu District Authority. No record of contested by local observed.

**Indicator 2.2.2**

Lavang Mill, Lavang Special Estate and Rasan Estate were surrounded by sister estate therefore boundary were marked by road and marker on the trees. Only Belian Estate has boundary with another plantation. Boundary stones were observed was installed and maintained.

**Indicator 2.2.3, 2.2.4, 2.2.5 & 2.2.6**

There is no land dispute in the sampled estates as their land titles are legally identified and documented

<b>Status: Comply</b>	
-----------------------	--

**2.3**

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

**Indicator 2.3.1.**

The mill is located within Lavang Estate. The mill have obtained all the relevant licenses from respective authority. There is no evidence the presence of identification of legal, customary or user right. The same status applied to Lavang Estate, Lavang Special Estate, Rasan Estate and Belian Estate.

**Indicator 2.3.2, 2.3.3 and 2.3.4**

There is no negotiated agreement in any of the sampled estates, therefore there was no community surround of Lavang. Based on auditor observed, the spot of community settlement was far from plantation area it was in surround of main road access to Bintulu.

<b>Status: Comply</b>	
-----------------------	--

**PRINCIPLE #3 Commitment to long-term economic and financial viability**
**3.1**

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



**Indicator 3.1.1**

The Lavang Mill has have document forecasted 5 years Business Management Plan. It is explain about budget in relation to production aspect, included Oil Extract Rate (OER) and Kernel Extract Rate (KER).

During the audit it was sighted that the Lavang Special, Rasan and Belian has documented a forecasted 3 years Business Management Plan. These document included of explanation of FFB production target and operational budget including :

- i) Prelining of terracing
- ii) Felling, chipping, shredding and stacking
- iii) Construction of new terrace
- iv) Construction of collection roads
- v) Desilting of collection drain
- vi) Mechanical holing
- vii) Planting of covers
- viii) EFB mulching

Financial budget for mill observed for year 2016 ~ 2019. Proper budget data observed and showed good projection towards next 3 years. Sufficient details observed:

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

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

**Indicator 3.1.2**

It was available documented replanting program for each estate : Lavang Special, Rasan and Belian. There is available and documented planning for the estate for year 2015/2016 – until 2025/2026. Rasan, Lavang Special and Belian: there is a 5 years of replanting program made available from year 2015 until 2020 which divided into :

- 1) Division estate
- 2) Field of estate
- 3) Hectarage to be planted
- 4) Felling date of the palm oil

The documentation was made available: Rasan and Lavang Special, and Belian: There is a replant and new planting progress report for FY 2016/2017 and up to current there on 51% of felling and ,27% of terrace construction and, 24% of cambering/ land forming and 51% planting palm.

<b>Status: Comply</b>
-----------------------

**PRINCIPLE #4 Use of appropriate best practices by growers and millers**
**4.1**

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

**Indicator 4.1.1**

Quality, Environmental and Occupational Health & Safety management system developed for mill observed. Total 16 management procedures developed for the whole Quality Management System. Process flow chart for production process observed. Sufficient SOPs developed and covered whole POM processes. Controlled set of QOHSE documents observed during the mill audit. Document Master List observed for all procedures and SOPs. Document revision well controlled with updated version keep track. During the site observation, updated documents observed at the point of use. Internal audit conducted on yearly basis for monitoring of SOPs implementation. Daily monitoring performed by mill

supervisor. Weekly briefing performed for communication of SOPs and reminder for all employees. Several progress report and checklist observed for daily operation processes such as daily production report, flowmeter report, oil room checklist, etc. Control of nonconformance procedure in place. Defect book used as nonconformance recording and subsequent actions recorded

Generally all estates within Sime Darby group has the same SOP; Plantation SOP was documented in Agricultural Reference Manual (ARM) latest updated July 2011. Standard Operating Manual (SOM), 2018 & Standard Operating Procedure (SOP), 2018.

**Indicator 4.1.2 and 4.1.3**

All SOPs mentioned above were cross-check via internal audit, fields checking by supervisors. Higher level checking mechanism was done via Agronomist visit, Plantation Advisor Visit, PSQM visit, Internal Audit. Monitoring was done via record of action plan where every estate will record their worked program such as herbicide spraying, fertilizer application and pesticide application.

**Indicator 4.1.4**

The Lavang POM only engaged with one outside plantation namely Subis Plantations, Sdn. Bhd. There was available document contract (Sime Darby Plantations : 179365-M and Subis Plantation: 146191-7, dated 31 March 2016).

<b>Status: Comply</b>
-----------------------

**4.2**

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

**Indicator 4.2.1**

Agronomist recommendation was determined by leafs and soil sampling analysis. Fertilizer input for estates were implemented through chemical fertilizer application( urea, phosphate and potash), organic fertilizer application through compost fertilizer and natural cover by legume cover crop planting which act as erosion protection as well as recycling the nutrient. Auditor observed the following example of documents in three estates (Lavang Special, Rasan and Belian), there was available document of:

- Plantation Adviser and Agronomist report
- Manure records was available
- Field application was observed
- Nutrient recycling was applied via composted material of EFB

**Indicator 4.2.2**

Agronomist recommendation was applied by monitoring program and application. Nutrient recycling was by compost application of EFB.

**Indicator 4.2.3**

Through SPMS (Sustainable Plantation Management System), soil sampling was done to improve soil fertility except for peat soil. Most of the sampling were conducted in 2014 to 2015.

<b>Status:</b>
----------------

**4.3**

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

**Indicator 4.3.1 & 4.3.2**

Soil maps available with scale 1:28,000, fragile soil were mainly peat and no records of acid sulphate soil. The estates are very vital in term of erosion control as well as top soil protection for soil fertility. Erosion control started during replanting activity where terracing, roadside drainage and cover planting were implemented. For peat soil, drainage system and water table management is the priority issue. As the mature trees the routine maintenance were carried according to schedule such as frond stacking, road side pit, LCC planting, Neprolephys planting.

**Indicator 4.3.3**

There are road maintenance program on each estate, the road maintenance record was available. . Currently the maintenance record was documented in Road and Drainage maintenance record.

There was sighted document for control erosion and degradation:

a. Planting on slope policy – slope & river protection policy.

b. Replanting SOP in ARM (Agrochemical Research Management) & EQMS (Environment Quality Management System).

**Indicator 4.3.4**

Peat were 100% in Lavang Special Estate, Rasan Estate contained about 30% while Belian about 15%. There were available water management by weirs on the drainage. Water tube was using to monitor water level on drainage and below of soils. However, peat soil subsidence monitoring was not implemented according to SOP provided by Sime Darby R & D Department (Estate involve: Lavang Special, Rasan and Belian). **NCR 2016.01 with Major category**

**Indicator 4.3.5**

The management unit of SOU 31 Lavang was carry out of replanting on peat soil area, as for Lavang Special Estate, However drain ability assessment was not carried out. **Non Conformity 2016.02 with Minor Category**

**4.3.4 Status: Non Conformity 2016.01 with Major Category**

**4.3.5 Non Conformity 2016.02 with Minor Category**

**Open**

**4.4**

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

**Indicator 4.4.1**

Water management Plan was available to supply clean water to staffs and workers. Water quality was maintained by river reserve protection where there is a clear policy and manual for water quality management plan. As for the estates, chemical and fertilizer application were control to prevent river water contamination. There is a clear manual for water quality improvement plan

**Indicator 4.4.2**

There is guidelines on river reserve management by Sime Darby, the guideline established is to standardize the management at the river reserve area and recommended best practices to conserve river. In this guideline, estate has identified the river, demarcation, activities at the river reserve area and technical guidance on water sampling. There is buffer zone marked and maintain, for example in Rasan and Belian Estate

**Indicator 4.4.3**

Lavang Mill have a close system for effluent treatment system. Department of Environment (DOE) license available for mill effluent treatment plant with POME application to composting plant. Monitoring outgoing surface water from the estates into the main rivers is a structured mechanism to monitor impact of estates activities towards the natural rivers. Estates namely, Lavang Special, Rasan and Belian (through Bloi river, Pugang river and Lavang river) have conducted their quarterly river quality monitoring and reports were available.

**Indicator 4.4.4**

Relevant procedure available for mill water consumption monitoring and measurement. Water consumption record available for year 2015 & 2016 observed. Average of water consumption mill was monitored achieved average 1.46 Liter/ton FFB at the moment. Water consumption record available for year 2015 & 2016 were available

**Status: Comply**

**4.5**

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

**Indicator 4.5.1**

SOP for IPM (Integrated Pest Management) is a chapter in ARM (Agrochemical Research Management). Pest identified were rat, *back worm* and *ganoderma*. Pest survey was conducted and action implemented was rat baiting and biological control via introduction of predators attraction plants (*Antigonon leptopus*, *Casia covenensi*, *Tunera subulata*, *Uphorbia heterophylla*) were planted and visible on field. Proper training was provided to management staff and workers who handle IPM.

**Indicator 4.5.2**

There are IPM training records in each estate, such as: IPM training. According to the Assistant Manager training were given whenever new product was introduce while routine training were conducted by supervisors and managers.

**Status: Comply**

**4.6****Pesticides are used in ways that do not endanger health or the environment****Indicator 4.6.1**

All estates within Sime Darby group were adopting a Manual namely ARM (Agrochemical Research Management) and EQMS (Environment Quality Management System). Record of agrochemical showed that only class II & III were used and all purchased was made by Head Quarter. The agrochemical *Paraquat* has been banned. Pesticide program and records of application were available.

**Indicator 4.6.2**

The company carries out weed control by using chemicals made in 3-4 rotations in a year. Weed controls such as circle spraying is performing selectively adapted to conditions on the field. Based on the data from the use of pesticides known the decrease of the pesticides used. Minimizing of pesticide are also made through biological control

**Indicator 4.6.3**

There are IPM procedure on ARM Section 15. Plant Protection, there are several pest and disease on plantation such as: rat, leaf eating caterpillar, beetle, grasshopper, and rat. The main method of treatment will be through rat baiting; active ingredients for such baits are categorized into chronic (*blood anticoagulant*) and acute poisons. Biological control are also adopted such as planting of predator attracted plants for caterpillar. However rat baiting was still being practiced.

**Indicator 4.6.4**

There are a complete list of pesticides that are designated by World Health Organization (WHO) Class 1A or 1B, or listed in the Stockholm or Rotterdam conventions. Based on interview with estate manager and field visit on chemical storage, Sime Darby Plantation Sdn, Bhd has been policy to zero *paraquat* using since 2010. While *warfarin* were used on the field. Biological control by barn owl was not popular in Borneo Island.

**Indicator 4.6.5**

There was showed of evidence of chemical sprayers were trained and equipped with proper PPEs. Sprayers medical checkup were available and sprayers were monitored for chemical exposure

**Indicators 4.6.6 & 4.6.7.**

There is a SOP Environment and Quality management system (November 2008) and Pictorial Safety Standard (PSS) Chapter 8 about Pesticide handling. Based on the field visit implementation of SOP and well organized. All Pesticides is stored according to the Color Coding (OSHA 1994). There is an evidence show that the empty containers are properly stored at the Chemical Storage Area. Chemical storage area assessed during site observation. Generally, good housekeeping practice observed at all estates and POM. Storage and arrangement of chemical was complied according to legal requirement. Chemical mixing and washing facilities well provided and was in proper condition.

**Indicator 4.6.8**

There has been no record of aerial spraying done so far. The company not applied of aerially spraying.

**Indicator 4.6.9**

Personnel handling chemical was trained by PSQM and HSE. Chemical storage was proper with MSDS available at all stores. Chemical sprayers were trained and equipped with proper PPEs. Sprayers medical checkup were available and sprayers were monitored for chemical exposure

**Indicator 4.6.10**

There is Sime Darby EQMS dated 1 November 2008 section VII Handling of Environmental Aspects-Section 1 Handling of Scheduled Wastes/ Training is provided to workers and managers on proper waste disposal at Lavang Community Hall regarding the Safe Operating Procedures on Chemical Mixing and Triple Rinsing Training regarding the empty containers disposal.

**Indicator 4.6.11**

List of pesticide sprayer available in all estates. Annual medical surveillance performed for all pesticide operators. All medical surveillance record available for all pesticide sprayers. Relevant report reviewed and found appropriate action performed according to doctor recommendation. According to interview with pesticide operators in estates, there is no skin disorders, breathing difficulties or nail problems. All pesticide operators that been listed have been to do the Annual Medical Surveillance Report on Medical Examination Report and Occupational Medical Surveillance Program.

**Indicator 4.6.12.**

SOP pesticide spraying observed with prohibition of pregnant and breast-feeding mother work as sprayer. During the site observation, female sprayer observed. No pregnant and breast-feeding female observed. Thru interviewed, female sprayers understand the prohibition of pregnant and breast feeding female to become spryer. There also memorandum from estate manager related to preventing pregnant and breast feeding women from pesticide handling (January 2015). According to interview with spraying workers and interview with medical assistant in clinic in each estate that known there are no pregnancy and breast – feeding women spraying workers during last year. The company have a system to identify pregnancy spraying workers through monthly general medical check up.

<b>Status: Comply</b>
-----------------------

**4.7**

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

**Indicator 4.7.1**

Safety & Health Policy available and written in English and Bahasa Malaysia. Approval from MD, Datuk Franki Anthony Dass dated January 2015 observed. Commitment for preventing injury and ill health observed in the policy. Policy Briefing performed to worker during daily briefing. Briefing record available for POM and estates. Displaying of policy at relevant information board observed at POM and estates. During site audit, sample interview performed and found all understand with the policy.

Environment, safety and health program for year 2016/17 observed at POM and estates. Relevant programs defined with responsibility and planning date. Safety and Health Targets set for year 2016/17 in POM:

- a) To achieve zero accident
- b) To achieve LTI target of 1000000 free accident hours

Specific targets also set in all estates:

- a) Reduce the accident risk for class 1 & 2
- b) Ensure reduce of other accident > 50%
- c) Ensure reduction of loss time > 50%
- d) Ensure achieve class A in Safety Audit.

Monitoring of program implementation observed with relevant information:

- ESHC meeting performed on quarter yearly basis – meeting minutes observed.
- Perform yearly inspection of LEV observed.

Effectiveness of the health and safety plan monitored. Safety & health plan was not available publicly at the moment. All targets achieved at the moment.

**Indicator 4.7.2**

HIRARC performed on yearly basis for POM and estates. HIRARC year 2016 observed with relevant operation covered for POM and estates. No high risk identified. Medium risk identified with proper counter measure. No accident report past 1 year for POM, Lavang Special Estate and Rasan Estate. There was any one incident reported at Belian estate on June



2016. Incident detail report observed on 21/6/2016. Relevant actions performed such as conduct safety awareness training for specific job function. HIRARC reviewed after occurrence of incident.

**Indicator 4.7.3**

Relevant OSH training program performed:

- Hearing Conservation training provided on 2/9/2016 in mill. The hearing conservation training performed by Mr Daniel Pau, Noise competence person.
- Manuring safety training conducted on 1/2/2016 in Lavang Special Estate.
- Spraying training conducted on Sept 2016 for Rasan & Belian Estate. Total 12 sprayers attended the training. Yearly OSH training program observed with qualified trainer appointed. Site assessment performed and found sufficient PPE (rubber boots, Apron, Plastic Goggles, Rubber Glove, Mask, ear plug, safety helmet) wore by the workers in mill and estates. PPE will be replaced to the workers when damaged; there is an evidence of PPE Issuance Records at POM and all estates.

However, It was observed that goggles were not wore by sprayer as per requirement of Spraying SOP during field observation at Rasan Estate. NCR issued. **NCR 2016.03 Major Category**

**Indicator 4.7.4**

Safety and Health Committee formed in mill and estates. Relevant personnel appointed as safety and health committee members. Generally, Manager appointed as chairman and assistant manager act as secretary. Safety & Health meeting conducted at least on quarter yearly basis and comply with legal requirement. Safety and health related issue discussed during the meeting and proper action plan observed for outstanding issue. Safety and health meeting minutes observed at mill and estates. Relevant issues discussed during the meeting:

- Accident report
- Unsafe condition report
- HIRARC review
- ESH Training
- Medical surveillance report
- Audit report

**Indicator 4.7.5**

There is an SOP for Emergencies Response Plan established at Lavang POM and all estates.

The SOP covers the relevant emergency situation:

- Workplace accident
- Flood
- Oil spillage
- Fire accident
- Animal attack
- Worker strike
- Night time emergency

No accident reported for last 12 months for mill and all estates. Emergency response plan defined and understood by all workers. Fire drill performed on annual basis. First aid box content observed during site observation and found sufficient according to legal requirement at POM and estates. First aid content inspected on monthly basis by Medical Assistant. sufficient first aider available at POM and estates. First aid training provided to all appointed first aider. Training certificate for Noor Akmal expiry on 22/12/2017. Fire extinguisher assessed during the site observation and found all available and within expiry date. Emergency eye wash facility available at chemical store.

**Indicator 4.7.6**

The SOCSO (insurance) contribution for local employees. Payment slip for Ms Judy Anak Engku observed for Sept 2016 with deduction on PERKESO. Foreign worker compensation scheme used for foreign worker medical insurance. Insurance policy ref no. CWF-5005941-WI observed.

**Indicator 4.7.7**

Occupational injuries recorded using Lost Time Accident (LTA) metrics. 0 LTA observed for Laving POM, Lavang Special Estate, Rasan Estate for past 1 year. 121041 free injury man hours achieved for Belian Estate at the moment.

**4.7.3 Status: Non Conformity with Major Category**
**4.8**

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

**Indicator 4.8.1.**

Relevant training program for year 2016 developed for all mill and estates.

Relevant training planned:

- a) RSPO training
- b) SCCS Training
- c) LOTO System Training
- d) Fire fighting training
- e) First aid training
- f) Safe Electrical Handling
- g) Personal Hygiene Training
- h) Chemical & Spraying Safe Operating Procedure Training
- i) Scheduled Waste Management Training
- j) Spraying Method Training
- k) Guidelines (highly toxic pesticide) Reg 1996 Training
- l) Spraying and PPE Usage
- m) Manuring Training
- n) Harvester Training
- o) Worker's Transport Training

Relevant training programs planned and cover

- i) health and environmental risks of pesticide exposure
- ii) recognition of acute and long-term exposure symptoms including the most vulnerable groups (e.g. young workers, pregnant women)?
- iii) ways to minimise exposure to workers and their families?
- iv) productivity and best management practice?

**Indicator 4.8.2**

Relevant training records such as training attendance list, training evaluation record, training certificate, etc available during the audit for mill and estates.

Relevant training programs record observed:

- a. Mill - HCP Training performed on 2/9/2016 by Global Green OSH Services Sdn Bhd. Attendance list observed with 105 staff attended.
- b. Lavang Special - Scheduled waste management training dated 16/4/2015 observed. Total 27 participants attended the training.

- c. Lavang Special -SW Training and Updated Policy Training conducted on 29/9/2016. Trainer is Mr Khairul Fendy Yaakop. Total 28 participants attended.
- d. Rasan - Harvesting training competency program for pruners for Mr Renah observed. Evaluation of training effectiveness observed with 2 evaluator. Evaluation record dated 26/9/2016 by Khairul Fendy observed.
- e. Rasan - Spraying and PPE Usage Training performed on 27/7/2016. Total 10 attendees observed for the training attendance list.
- f. Belian - Chemical Mixing & Field Spraying Training performed on 8/8/2016. Training performed by Mr Meor Badhli, Chief Scientist 1 Crop Protection Unit.
- g. Belian - Manuring Application Training & Briefing performed on 25/5/2016 by Mr Fahmi Nazmi. Relevant photo observed.

**Status: Comply**

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

##### **5.1**

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

##### **Indicator 5.1.1**

The estate had maintained the Environmental Aspect Impact (EAI) for Lavang Mill and estate [latest document year of 2016/2017]. There is a record of environmental impact evaluation form made available at the estate for year 2015 and 2016 which has a Serial No. of EIE/2015/10-01. The environmental aspect impact covering the major activity that can contribute to the environmental effect has been documented and classified according to :

- Ozone Layer Depletion
- Global warming
- Air Pollution
- Water Pollution
- Land contamination
- Unpleasant working Environment
- Depletion Of natural resources
- Community Impact
- Business impact

##### **Indicator 5.1.2**

The Company had documented an environmental management at mill and estate together with pollution and prevention plan. The plan was verified by mill manager and estate manager and the mitigation impact of aspect has been properly documented and assessment has been done [SM 5.2/EAI/ file no. EAI 2015/06-01]. The environmental management plan has been implemented dated : 1/8/2016 prepared by Mr Engku Awis Hafizi (assistant manager of Lavang Special estate)

##### **Indicator 5.1.3**

There is a proper monitoring protocol sighted at the estate and mill and the method was adapt to changes that occurred at the site. The monitoring protocol implemented to monitor the effectiveness of mitigation measures. Refer serial no: EAI/2015/15-01 (Environmental Impact Assessment Identification Form) and being updated annually.

**Status: Comply**

##### **5.2**

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

##### **Indicator 5.2.1**

The SOU 31 Lavang has document of Biodiversity Baseline Assessment Report 2009 and Management Plan year of 2016/2017. Based on assessment result, the area was identification as conservation area in SOU 31 is river buffer zone

area (HCV 4.1) with the total of 634.47 Ha. The HCV assessment used standard method refers RSPO endorsed HCV assessment toolkit year 2008. It covers identification of conservation value in individual biodiversity, population biodiversity, environmental service, and socio-cultural value. The HCV assessment was carry out by Plantation Sustainability Quality Management of Sime Darby.

**Indicator 5.2.2**

There was no natural area and also no threatened or endangered (RTE) has been identified. The several estates only was contained of HCV 4.1 as buffer for river zone, for instance in Lavang Special was any Lavang River and Pugang River in Belian Estate. The company was installed sign board as warning to prohibit illegal activities and agrochemical application surround of buffer of river zone area. There was showed of Biodiversity and Conservation Management Plan year of 2016/2017.


**Indicator 5.2.3**

The Sime Darby Plantation has SavingThe Orang Utan Policy & Environment Biodiversity Policy (Signed by Managing Director on January 2015). However there was not yet evidence of training and another activities in related to educate the workforce (employee). **NCR 2016.04 with Minor category**

**Indicator 5.2.4**

The company has management Plan for HCV monitoring in related estate. There was showed the management plan in each estates, however there was no details and consistent evidences of implementation according to Management Plan, for example regular patrol for ensuring no agrochemical activities, planting vertiver grasses and training for HCV management , **NCR 2016.05 with Minor category**

**Indicator 5.2.5**

Based on document Biodiversity Baseline Assessment Report 2009 and Management Plan year of 2016/2017 along with filed visit, there was no HCV set-asides in surround area of SOU 31 Lavang. The HCV area is only inform of river buffer zone.

<b>5.2.3</b>	<b>Status: Nonconformance 2016.04 Minor category</b>	<b>Open</b>
<b>5.2.4</b>	<b>Nonconformance 2016.05 Minor category</b>	

**5.3**

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

**Indicator 5.3.1**

Register for scheduled waste observed with several type scheduled waste identified:

- a) SW 102
- b) SW 305
- c) SW 306
- d) SW 409
- e) SW 410
- f) SW 429

**Indicator 5.3.2**

Proper scheduled waste area developed at mill and estates.

Inventory of scheduled waste, SW 409 empty chemical container observed and updated. All chemical container waste stored in the scheduled waste store.Scheduled waste stored in proper location with proper locking. Scheduled waste

disposed to licensed collector, E-Concern (M) Sdn Bhd and Environ Waste Management (M) Sdn Bhd. Proper labeling observed with date of first generation observed. Consignment note for all scheduled waste disposal observed. Consignment note for SW 409 dated 6/8/2015 observed.

**Indicator 5.3.3**

The management had provide the details and documented schedule waste made available at the estate and mill. For the mill local contractor has been assigned to collect the domestic waste. EFB at the mills are contracted to be recycled into compost. POME is also used in the composting process and zero discharge policy being implemented. There is a waste management plan for year 2015 and 2016 and the source of waste had been identified :

- i) Spent lubricants
- ii) Used batteries
- iii) Used oil filters
- iv) Contaminated rags
- v) Empty lubricant grease/hydraulic oil
- vi) Empty chemical containers
- vii) Rubbish
- viii) Sewage

The person in charge that handling scheduled waste for Belian estate was Mr Yusri Zukifli (storekeeper) and the domestic waste was by Mr. Petrus AK Limin (Upkeep staff). Based on the notification to doe and disposal of the scheduled waste to the contractor : E- Concern (M) Sdn Bhd. Dated : 25 May 2016

<b>Status: Comply</b>	
-----------------------	--

**5.4**
**Efficiency of fossil fuel use and the use of renewable energy is optimised.**
**Indicator 5.4.1**

Plan for collecting and using biogas observed for Lavang POM and scheduled on year 2017.

Plan on reducing of fossil fuel observed on yearly basis. Monthly monitoring performed with data collection.

- a) Mill - Average ratio 4.95 per ton CPO for renewable energy achieved for year 2015/16.
- b) Mill - Average 27.75 Liter diesel / ton CPO achieved for financial year 2015/16.
- c) Mill - Average 19.76 kWh / ton FFB electricity achieved for financial year 2015/16.
- d) Lavang Special – 1.32 liter diesel / ton FFB recorded for Sept 2016.
- e) Rasan – 3.02 liter diesel / ton FFB recorded for Sept 2016.
- f) Belian – 2.35 liter diesel / ton FFB recorded for Sept 2016.

Budget for renewable energy observed with inclusion of Lavang POM for collection of methane gas observed.

<b>Status: Comply</b>	
-----------------------	--

**5.5**
**Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.**
**Indicators 5.5.1**

There is a SOP in Standard Operating Procedure, Section B2, Felling/Clearing & Land Preparation year 2008. Environmental Management – Zero Burning Technique (The zero burning technique of land clearing basically involves felling the original stands, shredding them, and leaving the remnant in windrows or between terraces to decompose naturally. No open burning observed in the plantation and record for crop felling, chipping and rearranged in the field were available. No evidence of domestic waste being openly burned

**Indicator 5.5.2**

There was no indication of burning activities. There was sighted document of Sime Darby Plantation Estate Quality



Management System Level 3 SOP Section B2, Version 1 01/11/2008. Latest Replanting of 1. Lavang Special Estate fields was prepared (ex98C=58.39 ha) for 2016. and for Belian Estate replanting in 2016 involved ex 97B1A,97B1B,97B1C and Rasan Estate replanting was scheduled in 2017.

**Status: Comply**

## 5.6

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

### Indicator 5.6.1

During the audit, it was observed that the management had done the plan plan to reduce pollutions, emission, occurred due to activities by the management unit. An assessment has been conducted using PalmGHG software for data year 2015. Several factors assessed such as Land Conversion, Fertiliser application and usage, peat oxidization and fuel consumption.

### Indicator 5.6.2

Green House Gases (GHG) reduction plan for year 2016/17 observed. Relevant reduction plan observed for:

- Reduction of chemical
- Reduction of fertilizer
- Reduction of diesel

Relevant mitigation measure observed for each individual issue. Continue monitoring performed by estate workers. Other than that, pollution and emission reduction plan also available with relevant actions proposed.

### Indicator 5.6.3

The reporting of GHG has been done and sighted evidence the email being sent to Ms Devaladevi on 7/10/2016. Monthly data collection performed for GHG emission. Yearly report performed. RSPO Palm GHG used as monitoring tools.

**Status: Comply**

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

## 6.1

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

### Indicator 6.1.1

The company has document of Social Impact Assessment Report. The SIA was conducted on 17 June 2009 (Lavang, Rasan, Belian, Kelida, Lavang Special and Lavang POM). External Stakeholder Meeting "Majlis Perjumpaan Muhibbah" Sarawak Zone has been conducted on 31<sup>st</sup> July 2009. There was also on September 20 – 27, 2016, Plantation Sustainability and Sustainability Management (PSQM) of Sime Darby was carry out the early Social Impact Assessment. These Report was covered an issues that been covered in the Health and education facilities, Pollution issues, Workers Union, Boundary Issues, Foreign Workers and Social Safety Issues.

### Indicator 6.1.2

The results of the stakeholder meeting are documented in the Social Management plan and all of the issues are listed and resolution are documented with the Persons in Charge is stated. The workers and teacher of school in Lavang complex was express their views with consultative process. There was showed the sample of consultation process:

- VTIC Foundation committee (Volunteerism Teaching Indonesia Children Foundation) with management of SOU 31 Lavang
- Teacher committee from Sekolah Kebangsaan Lavang (Lavang Complex)

### Indicator 6.1.3

There is no community settlement or smallholder group in surround of Lavang complex. However estate management is pay attention to a positive and negative impact for the internal stakeholder have been identified. The company has improve of living standards and increase of health, education facilities and cultural and religious values for their workers. There was available Social management plan based on the SIA that been conducted. The related party consist of employee from each estate and school teacher in Lavang Complex. There was showed attendant list of participant on discussion process with employee from each estate and school teacher in Lavang Complex since 20 till 27 September 2016.

**Indicator 6.1.4**

The company has Management Plan On Social Impact Assessment. Discuss in each estate, 21 till 27 September 2016. These latest plan was evaluated based on input by related party. There was showed the record sample of meeting between the company and the related party on 21 till 27 September 2016.

**Indicator 6.1.5**

There was no smallholders schema surround of SOU 31 Lavang and until Re Certification there was not yet smallholder supplied FFB to Lavang POM.

<b>Status: Comply</b>
-----------------------

**6.2**

**There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.**

**Indicator 6.2.1**

The mill and estate has maintained the list of stakeholder from the internal and external parties lasts updated on September 2016. During the audit there is SOP available for communication at the estate dated issue : 01/11/2008 – sub section (5.5) (appendix) : 5.5.3.1 for internal communication and 5.5.3.2 external communication and being disseminated through all the mill and operation unit. Based on the interview, the SOP made was taking into account the company policy and the operational staff which has different gender as the women play an important role in operation of SOU Lavang.

**Indicator 6.2.2**

There is an appointed person for handling the communication and co procedure raised in the field. The role has clearly shown the appointed person responsibility and task description if there any issues raised in the management unit. The procedure has been communicated internally by method of muster morning briefing and training to the workers.

**Indicator 6.2.3**

The list of stakeholder has been maintained by the management unit FY 2016/2017 for each estate and mill. There is a stakeholder meeting together with social impact assessment evaluation being held at Desa Lavang Complex gathering all the internal and external feedback dated : 20<sup>th</sup> September 2016 . There is also available record of request from the workers regarding the issue of housing area, repairing and those request has been attended efficiently

<b>Status: Comply</b>
-----------------------

**6.3**

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

**Indicator 6.3.1**

The company has system for dealing the dispute and complaint receive. This system was refers to Procedure and flowchart for Handling Social Issues, and also has Procedure for External and Internal Communication. This procedure was explained that the company will protect the whistleblower and there is no sanction for them. When the cases did not handled enough in estate unit, the cases will continue to next level of management, including to jurisdiction level or another way, based on the agreement each parties. These procedures were completed with flow chart of Form of Complaint Handling Data. The Sime Darby Plantations also has Group Policies and Authorities (GPA. No. 85), this policy covers the oversight and responsibilities, reporting process, protection to whistleblowers and confidentiality. There was also available Sime Darby Agriculture Charter on Poin 4 Corporate Integrity Commitment sub point 4.1 Protect Ethical

Standards (III) explained that Providing an internal mechanism for reporting and investigating any claims of dishonesty, bribery or corruption, and outlining how whistleblowers are protected from negative repercussions. The complaint will process through to the RSPO if needed

**Indicator 6.3.2**

Based on document verification of Complaint log book, there was no significant complaint by related party. Each of the management unit of estates will follow up and process if any complaint. According to Flowchart and Procedure Handling Social Issues and Procedure for External and Internal Communication, the manager of estate will confirmation to related staff if any complaint from another party. Based on the interview with the several local workers in office (Gender Committee) and migrant workers from Indonesian, they are aware with the procedure and know how to make a complaints.

<b>Status: Comply</b>
-----------------------

**6.4**

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

**Indicator 6.4.1 & 6.4.2**

The company has a procedure and system for land dispute in Sime Darby Sustainable Plantation Management System-Flow Chart and procedure on handling social issues and handling land dispute appendix 3. The company also has Social Policy that explain on Point 3 : To ensure that any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their view through their own representative institution. All the estates as supply base of Lavang POM are a leased land by Sarawak State Relevant land title available. The original copies are maintained by the Corporate Head office. Memorandum of agreement with land owner observed. Legal ownership – summary of land title, lease agreement, temporary holdings document. Letter from Jabatan Tanah & Survey. Boundary identification was provided with GPS survey map. There was no community settlement surrounding plantation area of Sou 31. All plantation boundaries was separate with the same holding of Sime Darby (SoU 34) and another plantation company.

**Indicator 6.4.3**

The land of SoU 31 Lavang Complex was not earn from compensation process. However the company land are a leased land by Sarawak State Relevant land title available. The original copies are maintained by the Corporate Head office. Memorandum of agreement with land owner observed. Legal ownership, summary of land title, lease agreement, temporary holdings document. Letter from Jabatan Tanah & Survey.

<b>Status: Comply</b>
-----------------------

**6.5**

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

**Indicator 6.5.1**

Based on the audit, all workers have an agreement based on Contractual for 2 years 1 year option to extend the contract with management and been signed by the foreign workers Indonesia regarding the labor laws, union agreements including (working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal. All workers are given the pay slips and the minimum basics salary is RM 30.77 per day based on (Sekim Saraan semasa amalan Syarikat bagi Negeri Sarawak) and Sarawak Labor Ordinance (Sarawak Capter 76) amended as at 10<sup>th</sup> February 2005 by Act A 1237.

There is a clear contract in Bahasa Melayu between Sime Darby and workers regarding the labour laws, union agreements in Bahasa Malaysia for Lavang and Kelida Estate workers and made understanding to the workers. The contracts are signed by the workers and the copy are given to them. Based on the audit there is no issues raises regarding the salary and verified by the interviewed during the field observation also verified the Monthly Pay Slip (Penyata gaji Bulananan untuk Sep 2015) for local and foreign workers. Based on interview with several workers in each estate (Lavang Special,

Rasan & Belian Estate) and the three payslip sample available, the wages of the workers is more than minimum paid RM 920.00 (minimum wages effective 1 July 2016) for Sarawak and Sabah.

**Indicator 6.5.2**

There is an agreement made available by the management to the staff and contract workers (Indonesian Migrant Worker) that clearly indicated the contractual for 2 years 1 year option to extend the contract with management and been signed by the foreign workers Indonesia regarding the labour laws and union agreements. Belian Rasan and Lavang Special : The Pay and condition was made available in the contract : RM 35.38 per day for 3 years work contract : (2 years Compulsory and 1 year extension) and the place to stay for the employee placement also has been confirmed. There were also sample of several workers have been interviewed in the estate consisting of Rasan (3 Indonesian Migrant Worker) Lavang Mill (3 workers) and Lavang Special (4 employees).

The management have complied workers Minimum Standards of Housing and Amenities Act 1990 (Act 446). All workers are provided with adequate housing and were observed in very good conditions. Foreign workers housing are free provided with 24 hours electricity and clean water with subsidies 35 gallon of water for every each workers. Medical are provided based on (Akta Pekerjaan 1955/Ordinan Buruh Sarawak). For family workers, 3 rooms housing were provided. Based on the observation there is a groceries (*Kedai Runcit*), Community Hall (Dewan Lavang) and Mosque. Also indicated in the employment contract workers are provided with food subsidies 5 kg of rice and 5 kg of cooking oil once in two month. Based on the observation all facilities are in good and satisfactory.

**Indicator 6.5.3**

The housing complex for the workers is centralized in Desa Lavang. These housing complex purpose for all workers both migrant and non migrant. Based on the field visit in housing complex in Desa Lavang, there were available the basic necessities of worker housing. Electricity and water supply has been provided by the company to the workers (subsidize) and the company also provide the nest (kindergarten) for the workers children (for free). There was also available clinic at the housing complex providing medical for the workers and staff. The school was available at Lavang complex (primary school) providing education for the children until standard 6. There was available community school for Indonesian and been properly maintained by the management together with Indonesian ambassador office.

**Indicator 6.5.4**

During the audit it was sighted that the management has provide the basic amenities and needs to the staff and workers by providing café, shop and grocery stores. On the other hands, there is also transportation provided by the management to send the workers to the nearby town.

<b>Status: Comply</b>
-----------------------

**6.6**

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

**Indicator 6.6.1**

The company had provide a policy to the rights of employees for freedom of association by implementing the social policy. The company shall respect the right of all personnel to form and join trade unions of their choice and to bargain collectively made available at the estate and mill. According to the Sarawak Labor Ordinance (ACTA 1237) Chapter 76, contracts of service not restrict rights of employees to join, participate in or organize trade union.

**Indicator 6.6.2**

There is no formal union or workers representative established. Based on interview with the foreign workers from Indonesia at Lavang Special, Rasan and Belian Estate, they inform that there is any informal workers associate according to solidarity among them as migrant workers and has informal meeting depend on their need. The company was supporting if the migrant workers need the place for meeting or likewise any event of sport competition (football, etc) and another activities for the workers.

<b>Status: Comply</b>
-----------------------

**6.7**
**Children are not employed or exploited.**
**Indicator 6.7.1**

The company has Sime Darby Plantations Child Protection Policy (Signed by Managing Director on January 2015). The policy was explained in these policy in Point 4 that the company will Not tolerate any form of maltreatment and exploitation of children, including but not limited to Child sex tourism, Child Trafficking, Child labour and Child pornography. Based on field visit and interview with several workers in estate sampling (Lavang Special, Rasan and Belian) and observation as long interview with several workers in estate office area, there was no indication of workers hired under 18 years.

<b>Status: Comply</b>	
-----------------------	--

**6.8**
**Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.**
**Indicator 6.8.1**

The company has Sime Darby Plantations document of Social Policy. These document was explained in Point 1 that All employee should be treated fairly in terms of recruitment, progression, term and conditions of work and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and/or age. These document was signed by managing Director on January 2015. This document was publicity on Sime Darby website and socialization to employee. Based on field visit on harvesting, spraying and manuring activities, and interviewing with several foreign workers from Indonesia in Lavang, Rasan and Belian Estates, they informed that there is no discrimination among others and recruitment process for foreign workers is open access for all, however they must comply to Malaysian regulation. Likewise, the provision of facilities and access to fulfill their daily needs, health care and daily interaction among others, migrant workers claim that there is no discrimination between them.

**Indicator 6.8.2**

Based on stakeholder consultation with Gender Committee and migrant workers from Indonesia that knows there was no discrimination among others. They are informed that the company was give the woman right and provide supporting facility for the woman (woman leave on natal period and daily care for the child). There was interviewed Gender Committee and Teacher (4 person) and 9 woman in estate (3 woman for each estate from Lavang Special Estate, Rasan Estate & Belian Estate. Based on verification of complaint log book and Gender Committee informed, and according to interview with woman workers on field visit to manure and spraying activities, there was no information related significant complaint from woman.

**Indicator 6.8.3**

The company has Social Policy and was explained in point 1 that All employee should be treated fairly in terms of recruitment, progression, term and conditions of work and representation regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and/or age. These policy signed by managing Director on January 2015. The company was filled on each estate office the records of each individual with respect to competence requirements for various categories of jobs, identification of training needs, training provided, and assessment for effectiveness. Has been showed also the sample of personnel assessment and evaluation of the employee (categorized as confidential document) in estate office of Lavang Special, Rasan and Belian.

<b>Status: Comply</b>	
-----------------------	--

**6.9**
**There is no harassment or abuse in the work place, and reproductive rights are protected.**
**Indicator 6.9.1**

The company has provide and develop the policy related to all form of sexual harassment and refer : Social and Humanity Management Policy clause : In fulfilling our Social and Humanity commitments we shall : preventing sexual harassment and other forms of violence against women and protect their reproductive rights (management Policy) For the operational policy the Gender Policy has been developed on clause ; Endeavour to prevent sexual harassment and all other forms of violence against women workers and community. Policy has been documented based on the display and have been



communicated through all the workforce based on the interview and displayed on the workers quarters. Based on the interview, there is available documented the organizational chart for each estate and mill comprising the co workers and staff especially for gender committee. The woman workers are understand their rights including the time for breastfeeding policy and it was stated in the clause that protecting the 'safeguards our operation from employing forced labor and child labor.

**Indicator 6.9.2**

There is a policy has been developed by Sime Darby Bhd related to human right especially on women to protect their reproductive rights signed by Managing Director (Datuk Franki Anthony Dass) dated January 2016. The policy has been developed by the management and has been clearly distributed to all level of workforce. Based on the interview with one of the general workers of Lavang Special (Marisa – 26 years old) the female workers understood there was a policy available related to reproductive of human rights. The policy communicated to all level of workforce by method of speech during the muster ground training and displayed on the office.

**Indicator 6.9.3**

company has developed the SOP for the handle employment grievances through the external and internal procedure : refer Estate Quality Management System – Section 5.5- sub section 5.5.3.2 on responsibility , authority and communication. There is also a Grievance Procedure to recognizing the value and importance of discussion to the all level operation and workforce. Based on the interview, the foreman has the right and be responsible towards receiving the complaint and communicated it to the upper level including the assistant manager and manager of each estate and mill.

<b>Status: Comply</b>
-----------------------

**6.10**
**Growers and mills deal fairly and transparently with smallholders and other local businesses.**
**Indicator 6.10.1 & 6.10.2**

The FFB price based on standard from Malaysia Palm Oil Board (MPOB). There was showed FFB price list update till September 2016 (still valid for October 2016). Based on observation at weight bridge was showed that FFB price was put in the front window of the weight bridge room. The Lavang POM only received outside FFB from one plantation company. There was any contract with FFB Supplier and local contractor namely Subis Plantations, Sdn. Until Re Certification, there is not yet contract between millers and smallholders because there was no smallholder surround of SOU 31 area.

**Indicator 6.10.3**

There was showed Contract Form between Sime Darby Plantations, Sdn.Bhd (Serawak) with Bujang Harun (Local Contractor) related to grasp maintenance in mill area (Number: 4300340853) dated 09 August 2016. These document contract was explained several point, consist of: Health and safety (Personnel Protective Used/PPE) on Payment process in Point 1, Point g, etc. Based on document verification, interview with company representation and the local contractor at stakeholder consultation process, they was understand of contract before signed. Both of parties, the company and the local contractor was filled the agreement.

**Indicator 6.10.4**

The payment process to local contractor was transferred via Bank according to clause related to payment process in Point 1 of Document Contract. The local contractor was informed that the payment process was well implemented. There was showed the sample of Payment Voucher (M 189 KKS Lavang (V544), dated 23 September 2016, Transferred bill in City Bank Malaysia Kuala Lumpur, dated 23 Sept. 2016 from Sime Darby Head office to local contractor.

<b>Status: Comply</b>
-----------------------

**6.11**

**Growers and millers contribute to local sustainable development wherever appropriate.**
**Indicator 6.11.1**

There was no community settlement surround of plantation area, overall the area of Lavang complex was within bouds with another plantation of Sime Darby (Pekaka Complex) and another plantation company. The management unit of Lavang was carry out the program for school (foreign school Indonesian People namely Community Learning Center (CLC) and Sekolah Kebangsaan around of Lavang Complex. The contributions was implemented according to propose by the related party surround of Lavang complex (workers and teachers committee).

**Indicator 6.11.2**

There was no independent smallholders for FFB supplied to Lavang POM. Until now, there was no independent smallholders surround of Lavang Plantation area.

<b>Status: Comply</b>	
-----------------------	--

**6.12**
**No forms of forced or trafficked labour are used.**
**Indicator 6.12.1**

The company has Social Policy Sime Darby Plantations (approved by Managing Director, dated January 2015). These document was explained in point 6 that The company does not condone forced labor or child labor (included trafficked labor). Based on the sampling of workers contract that has been signed by both of migrant workers and the company representative if early period of the contract will valid for three years. There was explained in Point 23.3 that the employee terminate their contract before three years, the workers will handle their accommodation by her self, the company only will contribution to their accommodation for going back to their agency. Interview with the migrant workers, they said there was no employee terminate their employment before their contract expires. all of workers passport was put in Estate Office in consideration for safe and protect from disappear (Point 8.5). The copy of the passport is keep by the workers. All of workers passport was put in Estate Office in consideration for safe and protect from disappear (Point 8.5). The copy of the passport is keep by the workers. In case the workers need of passport as legal document for traveling, it can requested. Based on interview with the workers from Indonesia was knows that they are understood the consideration.

**Indicator 6.12.2 & 6.12.3**

Based on document verification and interview to the workers (foreign workers), there was no contract substitution. there was showed sampling of contract document of several migrants workers from Indonesia, consist of:

- Jakaria (Contract valid from 14 December 2015 till 13 December 2017), Passport Number AS 266989, Visit Pass (Temporary Employment) valid till 23 Dec 2016.
- Marisa Darmo Sodang (Contract valid from 1 November 2015 till 18 November 2018), Passport Number AL 900402, Visit Pass (Temporary Employment) valid till 28 November 2016.
- Sukeri (Contract valid from 1 Septmber 2014 till 1 September 2017), Passport Number AS 2666990, Visit Pass (Temporary Employment) valid till 9 September 2016.

Based on information by several migrants workers was interviewed that they are kept copy of document contract. The several migrants workers from Indonesia was inform that the company was provide housing and supporting facilities for their employee.

<b>Status: Comply</b>	
-----------------------	--

**6.13**
**Growers and millers respect human rights**
**Indicator 6.13.1.**

There was available policy of human rights available at the Lavang Mill, Lavang Special estate being distributed to the workers and staff . The document explaining the management rights to protect the human right policy to all level of workforce. The policy was stated and clearly published at various places including workshop, workers quarters, division office and muster ground morning. There is also available the respected person in charge (assistant manager ) to distribute and communicate the policy to all workers. Based on the interview, the workers understood the basic points of the policy being communicated to them by the management.

**Indicator 6.13.2**

Based on the site visit location, the children in Sabah and Sarawak have been provided school by initiative from Sime Darby in which the company had provided building for the children and the teachers are from government of Malaysia. There is elementary (*pre school*) and Primary school (from standard 1-6) for Lavang Complex and provide the education for the staff and worker's children. As for the international student, children of foreign workers are provided a learning centre (Community Learning Centre) to provide a basic education preschool before they continue the primary school. The basic necessities was provide by management of SOU 31 Sime Darby.

<b>Status: Comply</b>	
-----------------------	--

**PRINCIPLE #7 Responsible development of new plantings**
**7.1**

**A comprehensive and participatory independent social and environmental assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

**Indicator 7.1.1, 7.1.2 & 7.1.3**

There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Only any replanting program has been done since March 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.2**

**Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.**

**Indicator 7.2.1 & 7.2.2**

There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Only any replanting program has been done since March 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.3**

**New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.**

**Indicator 7.3.1**

Based on Disclosure Areas Cleared without Prior HCV Assessment since November 2005, there is no cleared area in this term. There was sighted Letter on date 30 September 2014 issued by Sabarinah Marzuky (Head of RSPO & Certification Unit PSQM Department, Sime darby Plantation) to RSPO Secretariat in related to Progressive Submission of Land Use Change Analysis Results for Areas Cleared without Prior HCV Assessment since November 2005. This document was explained that there was no area in SOU 31 Lavang was cleared after November 2005 to November 2007. Has been showed the document disclosure of SOU 31 Lavang that was sent to RSPO Secretariat on 30 July 2014. The document was showed there was no area cleared after November 2005 to November 2007 and also until 31 December 2009.

The NPP audit is not applicable as there is no planting after year 2010. There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Replanting program has been done since March 2015.

The Sime Darby has been submit on 24 June 2016 the LUCA updates for their Subsidiary PT Minamas Gemilang (Indonesia).

**Indicator 7.3.2**

The HCV assessment was conducted on 2009 conducted with the participation of stakeholders in accordance with the explanation on the criteria of the previous (Criteria 5.2). There was no land cleared after November 2005 to November 2007 and also 31 Decmber 2009. The management of Sime darby has been submit the LUCA updates for their Subsidiary PT Minamas Gemilang in Indonesia.

**Indicator 7.3.3**

There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Replanting program has been done since March 2015. Starting date of land clearing in year 1996 are well recorded in the records of "Land Clearing and Stacking."

**Indicator 7.3.4 & 7.3.5**

Related to area was identified as HCV, only HCV 4.1 was identified as river buffer zone, the company has drafted a management plan as described in indicator 5.2.2. such as: protection by installed sign board for prohibition for illegal activities (hunting, fishing, burning) and chemical used surround of riparian or river buffer zone and periodic monitoring.

<b>Status: Comply</b>	
-----------------------	--

**7.4**

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

**Indicator 7.4.1 & 7.4.2**

There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Only any replanting program has been done since March 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.5**

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

**Indicator 7.5.1**

There was no new planting in area of SOU 31 Lavang, this area was established on 1996 and did not extend new plantation area. Only any replanting program has been done since March 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.6**

**Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

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

Until Recertification process, the SOU 31 Lavang did not extend their area for new plantation. The company just was carried out replanting since 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.7**

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

**Indicator 7.7.1 & 7.7.2**

Until Recertification process, the SOU 31 Lavang did not extend their area for new plantation. The company just was carried out replanting since 2015.

<b>Status: Comply</b>	
-----------------------	--

**7.8**

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

**Indicators 7.8.1 & 7.8.2.**

Until Recertification process, the SOU 31 Lavang did not extend their area for new plantation. The company just was carried out replanting since 2015.

<b>Status:</b>	
----------------	--

**PRINCIPLE #8 Commitment to continuous improvement in key areas of activity**
**8.1**

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

**RSPO Internal Audit**

The SOU 31 has been done of RSPO Internal Audit on SOU 31 Lavang, April 12 – 14, 2016, carry out by Plantation Sustainability & Quality Management Department (PSQM).

Master plan for biogas initiative observed and Lavang POM was included into plan which starting year 2017.

Several continual improvement activities observed during audit:

**Reduction in use of pesticides**

Paraquat use was banned. Pest and disease were substituted with Bio-control Criterion 4.6 wherever possible.

**Environmental impacts**

One of the component was the MPC awards that Sime darby Rasan estate received from the government (Malaysian Productivity Corporation) that award given to the company that has a good human capital productivity towards their task/ work. Rasan estate from Lavang complex has been awarded showing that overall improvement of their works quality. Based on the observation the company has done 5S plan which include 5 strategic pillar in order sime darby plantation to become one of the largest producer of green palm oil product which are :

- maximize crop production
- optimize operational efficiency
- sustainable products and work quality
- low cost of production
- competence and competitive human capital

There is a plan and strategy from the management regarding to improve the environmental impact : refer Sime Darby Plantation Sustainability report 2015

**Waste reduction**

- Upgrading of Rasan estate workshop and store area.

**Pollution and greenhouse gas**

An assessment has been conducted using Palm GHG software for data year 2015. Several factors assessed such as Land Conversion, Fertilizer application and usage, peat oxidization and fuel consumption.

Green House Gases (GHG) reduction plan for year 2016/17 observed. Relevant reduction plan observed for:

- a) Reduction of chemical
- b) Reduction of fertilizer
- c) Reduction of diesel

**Social impacts**

Social Impact Assessment was conducted On 17 June 2009 and also on September 20 – 27, 2016 carry out by Plantation Sustainability and Sustainability Management (PSQM) of Sime Darby.

The document of SIA Report was covered An issues that been covered in the SIA report are Safety (Health and education facilities), Pollution issues, Workers Union, Boundary Issues, Foreign Workers and Social Safety Issues. There was available also Social management plan based on the SIA that been conducted. The results of the stakeholder meeting are documented in the Social Management plan and all of the issues are listed and resolution are documented with the Persons in Charge is stated.

**Mill Management Practices**

- Master plan for biogas initiative observed and Lavang POM was included into plan which starting year 2017.
- Obtainment of 5S award from Malaysia Productivity Corporation.
- Obtainment of MSOS award for safety and health practice.
- Implemented The LOTO system to enhance safety at work and to eliminate/reduce accidents at workplace.

<b>Status: Comply</b>	
-----------------------	--





## 3.2. Summary of Assessment Report of Supply Chain Requirement

Clause	(Module E) CPO Mills - Mass Balance Requirements																																							
E.1	Definition																																							
E.1.1																																								
Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.																																								
The Lavang Palm Oil Mill has a mechanism on FFB's acceptance in mill by separating FFB from own estate that being identified as certified FFB (RSPO certified) and from other sources that not being certified ( <i>RSPO non-certified</i> ). Certified FFB will be processed and claimed as certified CPO and PKO. The table below is certified and non-certified FFB was recorded in summary monthly FFB received.																																								
<table><tr><th rowspan="2">Month (Year of 2016)</th><th colspan="2">FFB Received</th></tr><tr><th>RSPO Certified</th><th>Non Certified</th></tr><tr><td>January</td><td>12,404</td><td>683</td></tr><tr><td>Februari</td><td>9,275</td><td>634</td></tr><tr><td>March</td><td>11,018</td><td>809</td></tr><tr><td>April</td><td>11,378</td><td>875</td></tr><tr><td>May</td><td>10,388</td><td>835</td></tr><tr><td>June</td><td>12,617</td><td>928</td></tr><tr><td>July</td><td>10,758</td><td>835</td></tr><tr><td>August</td><td>13,251</td><td>467</td></tr><tr><td>September</td><td>14,232</td><td>401</td></tr><tr><td>October 16,</td><td>7,529</td><td>512</td></tr><tr><td><b>Total</b></td><td><b>112,850</b></td><td><b>6,980</b></td></tr></table>			Month (Year of 2016)	FFB Received		RSPO Certified	Non Certified	January	12,404	683	Februari	9,275	634	March	11,018	809	April	11,378	875	May	10,388	835	June	12,617	928	July	10,758	835	August	13,251	467	September	14,232	401	October 16,	7,529	512	<b>Total</b>	<b>112,850</b>	<b>6,980</b>
Month (Year of 2016)	FFB Received																																							
	RSPO Certified	Non Certified																																						
January	12,404	683																																						
Februari	9,275	634																																						
March	11,018	809																																						
April	11,378	875																																						
May	10,388	835																																						
June	12,617	928																																						
July	10,758	835																																						
August	13,251	467																																						
September	14,232	401																																						
October 16,	7,529	512																																						
<b>Total</b>	<b>112,850</b>	<b>6,980</b>																																						
Until Re Certification 2016, the Lavang POM was received FFB from own estate (Lavang Estate, Lavang Special, Kelida Estate, Rasan Estate & Belian Estate) and occasionally little volume from SOU 34 Pekaka since February 2016, this FFBs identified as <b>certified</b> FFB (RSPO certified). The non-certified FFB is only supplied from Subis Sdn.Bhd that was identified as <b>non-certified</b> FFB.																																								
	Status: Comply																																							
E.2	Explanation																																							
E.2.1																																								
The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.																																								

The Lavang Palm Oil Mill has record of actual tonnage produced of CPO and PK (RSPO certified). Based on data of certified products of CPO and PK, the actual tonnage produced on January until 16 October 2016 (current audit Recertification) and estimation certified product are description on table below.

Products	Actual certified products Period of January until 16 October 2016 (tonnes/year)	Estimate Tonnage Products Certified Period 30 December 2016 to 29 December 2017 (Ton / Year)
Production CPO	24,338	71,871
Production PK	6,596	15,008

The FFB CPO and PK estimate being increased because the Sime Darby plan to decommission of Pekaka POM since November 2016 and all FFB from SOU 34 Pekaka will supply to Lavang POM-SOU 31.

**Status: Comply**

### 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).**

The Lavang POM – SOU 31 (Sime darby Plantations ) has registered the RSPO certified Product that is CSPO and CSPK trough RSPO IT Platform with the member registration form sub license with ID Number **RSPO\_PO 1000000304**, will Expire on 29 December 2016.

Based on the data by Lavang POM management and explaining from related staff it was shown that there is RSPO certified product sold in January 2016 until Re Certification ST 02 (1) (October 16, 2016). The products (CPO & PK) was sold described on table below :

#### CPO

Month (2016)	Buyer	Volume (Ton)
January	Austral Edible Oil Sdn Bhd	2,967.29
February	Austral Edible Oil Sdn Bhd	2,080.19
March	Austral Edible Oil Sdn Bhd	2,598.37
April	Austral Edible Oil Sdn Bhd	2,698.79
May	Austral Edible Oil Sdn Bhd	1,424.24
June	Austral Edible Oil Sdn Bhd	3,870.70
July	Austral Edible Oil Sdn Bhd	1,930.85
August	Austral Edible Oil Sdn Bhd	2,810.03
September	Austral Edible Oil Sdn Bhd	2,982.48
October 16,	Austral Edible Oil Sdn Bhd	1,323.66
<b>Total</b>		<b>24,686.60</b>

#### PK

Month (2016)	Buyer	Volume (Ton)
January	Austral Edible Oil Sdn Bhd	791.32
Februari	Austral Edible Oil Sdn Bhd	453.71
March	Austral Edible Oil Sdn Bhd	521.92
April	Austral Edible Oil Sdn Bhd	829.27
May	Austral Edible Oil Sdn Bhd	519.58
June	Austral Edible Oil Sdn Bhd	823.43
July	Austral Edible Oil Sdn Bhd	436.10
August	Austral Edible Oil Sdn Bhd	684.73
September	Austral Edible Oil Sdn Bhd	1,043.37
October 16,	Austral Edible Oil Sdn Bhd	406.87
<b>Total</b>		<b>6,510.30</b>

**Status: Comply**

**E.3 Documented procedures**

### E.3.1

**The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:**

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

The management unit of Lavang Oil Mill (SOU 31 Sime Darby) has have work procedure as guideline to ensure the implementation for the entire required elements. These procedure is Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System (SOP No.1, has revised on March 2013). It is aim for identifying product's traceability with supply chain Mass Balance Model. Person in charge have been pointed to ensure the operation of mill based on the applicable procedure is Assistant Engineer Lavang Oil Mill also as an RSPO/ISCC representative for Palm Oil Mill on terms and condition in accordance with Sime Darby Plantation of Mill Quality Management System (MQMS).

There has been showed of SCCS training for the personnel in charge and related staff for implemented the supply chain system. The evidence of training material by PSQM Head Office, Attendant List and pictures of training process, dated September 02, 2015.

Based on field visit observation and interview with staff in weighbridge and grading area and loading ramp that indicated the personal in charge was understood the mechanism to handle of supply chain system they can demonstrated of grading mechanism and through make daily report.

**Status: Comply**

### **E.3.2**

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

The Lavang Palm Oil Mill has had of mechanism for accepting fruit by driver to show FFB Consignment Note from each nucleus estate of SOU 31-Sime Darby (Certified FFB) and FFB Dispatch Chit (non Certified FFB) from the other source. Both of document are explain the origin of fruit and quantity, etc. In every document FFB Consignment Note from each nucleus estate there is a stamp for certified product for FFB from certified estate, meanwhile for non-certificate source of FFB there are no certificate stamp. Certified FFB that has been processed will be claimed as certified CPO and PKO. Sample of records such as:

#### **Certified FFB**

- FFB Consignment Note from Rasan Estate (No 226804) on 17<sup>th</sup> October 2016, vehicle number QM 3090, driver's name is Jum with number of bunches is 756 with weigh estimation is 12,27 Ton (estate weigh before recheck at mill weighbridge).
- FFB Receive Ticket (No 196747) on 17<sup>th</sup> October 2016, vehicle number QM 3090, driver's name is Jum with number of bunches is 756 with weigh estimation is 12,27 Ton (after recheck at mill weighbridge)

#### **Non Certified FFB**

- FFB Dispatch Chit (No. 14265) on 11<sup>th</sup> October 2016, vehicle number QTG 6811, driver's name is Mohd. Asri with number of bunches is 855 (before recheck at mill weighbridge).
- FFB Receive Ticket (No 196334) on 11<sup>th</sup> October 2016, vehicle number QTG 6811, driver's name is Mohd. Asri with number of bunches is 855 with weigh estimation is 14.78 Ton (after recheck at mill weighbridge)

**Status: Comply**

### **E.4**

**Purchasing and goods in**

#### **E.4.1**

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

The Lavang POM was received FFB from own estate (Lavang Estate, Lavang Special, Kelida Estate, Rasan Estate & Belian Estate) and occasionally little volume from SOU 34 Pekaka since February 2016, this FFBs identified as *certified* FFB (RSPO certified). The non-certified FFB is only supplied from Subis Sdn.Bhd that was identified as the *non-certified* FFB. There was any record mechanism on FFB's acceptance in Lavang Oil Mill, by separating FFB from certified estate that being identified as certified FFB (RSPO certificate) and from other sources that not being certified (non-certified RSPO). Certified FFB will be processed and claimed as certified CPO and PKO. The table below is certified and non-certified FFB was recorded in summary monthly FFB receive

Month (2016)	FFB		
	RSPO Certified	Non Certified	Total
January	12,404	683	13,087
Februari	9,275	634	9,909
March	11,018	809	11,827
April	11,378	875	12,253
May	10,388	835	11,223
June	12,617	928	13,545
July	10,758	835	11,593
August	13,251	467	13,718
September	14,232	401	14,633
October 16,	7,529	512	8,041
<b>Total</b>	<b>112,850</b>	<b>6,980</b>	<b>119,830</b>

**Status: Comply**

#### E.4.2

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

The Lavang POM SOU 31 was commit to inform to CB if there is a projected overproduction of certified tonnage. Based on Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System of Lavang Mill (SOU 31-Sime Darby) was stated that will management unit will inform to Certification Body if there is an over-production than the projected production.

Based on verification data of FFB's processed in January till 16 October 2016 (current audit Re Certification), it's known that the actual production (Period January till 16 October 2016) is **CPO 24,338 ton** and **PK 6,596 ton**. These total number of product was not over than the projected for PK, which is **CPO 49,347 ton** and **PK 11,654 ton** (Based on annex Certificate ASA 4).

#### E.4.2

**Status: Comply**

#### E.5

**Record keeping**

##### E.5.1

- 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.
- 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.
- The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short. (i.e. product can be sold before it is in stock.)



The Lavang Oil Mill has have a Monthly Summary of Sustainable FFB, CPO & Kernel and was recorded into three-monthly basis. Based on monthly summary of Sustainable FFB, CPO & Kernel Period of January – 16 October 2016.

Month (2016)	FFB Processed	CPO		PK	
		Production	Sold	Production	Sold
Jan - March	34,823	7,199	7,645.85	1,843	1,766.95
Apr - Jun	37,021	7,716	7,993.73	2,022	2,172.28
Jul - Sept	39,944	7,853	7,723.36	2,259	2,164.20
Oct.	8,042	1,571	1323.66	472	406.87
<b>Total</b>	<b>119,830</b>	<b>24,338</b>	<b>24,686.60</b>	<b>6,596</b>	<b>6,510.30</b>

**Status: Comply**

#### **E.5.2**

**In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.**

Until the Re Certification 2016, Lavang POM – SOU 31 (Sime Darby Plantations) not to cooperate with the independent outsource palm kernel crushers.

**Status: Comply**

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

<b>1.</b>	<b>Evidence of permission or approval certificate and logo from Certification Body which submitted by Client</b>	<b>X or√</b>
<b>ASA 4</b>	Lavang POM – SOU 31 has had approval / permit the use of the certificate with the number Certificate MUTU – RSPO/053	✓
	<b>Status: Comply</b>	
<b>2.</b>	<b>Implementation of certificate and logo used by Client comply with size and type (shape) against Guideline of Logo Use</b>	<b>X or√</b>
<b>ASA 4</b>	Lavang POM – SOU 31 does not use the logo both in the on-product and off-product.	✓
	<b>Status: Comply</b>	
<b>3.</b>	<b>Implementation of Certificate and Logo is not used on product</b>	<b>X or√</b>
<b>ASA 4</b>	Lavang POM – SOU 31 does not use the logo both in the on-product and off-product.	✓
	<b>Status: Comply</b>	
<b>4.</b>	<b>Controlling of Certificate and Logo, including withdrawing inappropriate logo.</b>	<b>X or√</b>
<b>ASA 4</b>	Lavang POM – SOU 31 does not use the logo both in the on-product and off-product.	✓
	<b>Status: Comply</b>	

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

At the beginning of 2015, Sime Darby Plantation Sdn Bhd (SDPSB), owns and manages 34 palm oil mills in Malaysia and through their subsidiary ownership of PT Minamas Gemilang, own 25 palm oil mills in Indonesia. The time bound plan under 1.9 highlights all certified units and uncertified units.

As of this assessment, SDPSB has successfully certified all their mills with the exception of one, which has been audited and pending certification. The progress of this last mill will be reviewed during the next surveillance assessment.

**Sime Darby Plantation Sdn Bhd** is a member of RSPO and has been involved in the certification since 7 September 2004. The membership number with RSPO is **1-0008-04-000-00**.

<b>2.1</b>	<b>There is compliance with all applicable local, national and ratified international laws and regulations.</b>	<b>X or√</b>
	<p>Sustainable Plantation Management System (SPMS) is a common set of policies and documents used by all SOU's. The Plantation Quality Management system (PQMS) are manuals also used by all operations. The sustainability polies will also address legal concerns that need to be adhered by the company.</p> <p>These manuals and polies abide by local and national land laws. ie. Compliance with legal documents such as the "Land Rules Applicable to the States in Malaysia" and relevant acts.</p> <p>The group has a common human resource policy which is also cascaded to all operating units. There are several handbooks and guides, shared with employees. Examples: "The Group Employee Handbook" latest revision May 2014, explains to employees their benefits and company rules. The manual and policies are used to educate and inform employees of their rights and responsibilities.</p> <p>Issues relating to employees is all operating units are monitored on a monthly basis and reported through the monthly Plantation Management Committee Meeting (PMC) attended by head of departments. Monitoring is also done via e-mail and official communications with the respective departments. For example: PSQM monitors HR and Social related matters with the help of the internal audit team and reviewed by the PSQM Head of Department.</p>	
	<b>Status: Comply</b>	
<b>2.2</b>	<b>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</b>	<b>X or√</b>
	Legal ownership of land and its land use is available for all operating units and demonstrated through the respective land titles.	
	<b>Status: Comply</b>	
<b>6.3</b>	<b>There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.</b>	<b>X or√</b>
	There is a standard complaints procedure that is communicated to all facilities and locations. The procedure, under the SPMS manual, "Complaints & Grievances, Appendix 5", is made available from the head office and cascaded to all operating units.	
	<b>Status: Comply</b>	
<b>6.4</b>	<b>Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	SDPSB has Social Welfare Officers are based regionally across the nation, where internal and external stakeholders can share their views and concerns. On a monthly basis, the reports are shared with Head of Social and Environmental Projects Units under PSQM, and reviewed during the monthly PMC meetings. The PSQM with the HR department will monitor any issues and reviewed with the Head of Department.	

	<b>Status: Comply</b>	
<b>7.3</b>	<b>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</b>	<b>X or√</b>
	No new planting has taken place since 2011, where the last NPP notification was carried out for operations in Liberia.	
	<b>Status: Comply</b>	
<b>7.5</b>	<b>No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</b>	<b>X or√</b>
	For any new land acquisitions, the RSPO NPP procedure is followed where the company will complete the required HCV and EIA assessments.	
	<b>Status: Comply</b>	
<b>7.6</b>	<b>Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.</b>	<b>X or√</b>
	Any new land acquisition will be done by mean of a participatory process with local villages and land owners. No complaints received during this audit process.	
	<b>Status: Comply</b>	

**3.5. a Identification of Findings, Corrective Action, Observations, Opportunity for Improvement and Noteworthy Positive Components.**
**3.5.1.a Identification of Findings, Corrective Actions and Observations at ASA 04**

NCR No.	:	2015.01	Issued by	:	Yap Chin Hung
Date Issued	:	October 30, 2015	Time Limit	:	Re-Certification
NC Grade	:	Minor	Closing Date	:	October 19, 2016
Standard Ref. & Requirement	:	5.6.3 Regular reporting on GHG Progress.			
Non-Conformance Description & Evidence observed :					
Regular reporting on GHG progress was not yet submitted to RSPO.					
Root Cause Analysis : there was lack of personnel in charge for doing the GHG calculation					
Corrective Action : To submit the carbon calculation methodology to RSPO by the intended timeline.					
Preventive Action : To ensure that the submission fulfills the given timeline with the necessary inputs required.					
Assessor Evaluation and Conclusion :					
Based on evidence of Palm GHG report was sent to RSPO (Ms Devaladevi) on 7/10/2016, the non-conformity was <b>Close out</b>					
Verified by	:	Yap Chin Hung			



3.5.2.a Opportunity for Improvement at ASA 04

No	Ref Std	Descriptions
1.	<b>Minor</b> 2.1.2	Consideration to improve the control of legal book to ensure latest version at the point of use.
2.	<b>Minor</b> 2.1.3	Consideration to review the legal compliance evaluation process to ensure the legal compliance effectively evaluated.
3.	<b>Major</b> 4.8.1	Consideration to review the training needs and monitor the training implementation to ensure all relevant personnel ( <i>boilerman</i> ) attended Hearing Conservation Training.
4.	<b>SCCS</b>	The POM shall adjust the procedure and all of form related to Supply Chain Module and refer to new Standard of RSPO Supply Chain Certification System.

3.5.3 a Noteworthy Positive Components at ASA 04

No	Ref Std	Descriptions
1		Company has commitment to implement the principle of sustainable palm oil management.
2		Has earned RSPO certificate in 2011.
3		Has earned ISCC certificate in 2013.
4		The use of Lean Six Sigma to improve productivity and reduce wastages.

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

#### 3.5.1.b Identification of Findings, Corrective Actions and Observations at Re Certification

NCR No.	:	2016.01	Issued by	:	Mohd. Nizam
Date Issued	:	October 21, 2016	Time Limit	:	20 December 2016
NC Grade	:	Major	Date of Closing	:	4 November 2016
Standard Ref. & Requirement	:	4.3.4 Subsidence of peat soils shall be minimized and monitored			
Non-Conformance Description & Evidence observed <i>(filled by auditor):</i>					
Peat soil subsidence monitoring was not implemented according to SOP provided by Sime Darby R & D Department (Estate involve: Lavang Special, Rasan and Belian)					
Root Cause Analysis <i>(filled by organization audited):</i>					
There are miscommunication between management team and Research and Development during PIC changes					
Corrective Action <i>(filled by organization audited):</i>					
Installing a vertical GI pipe of 8 cm diameter into the peat point location that proposed by R&D Department as deep as possible and securely fenced up with 2m by 2m area.					
Preventive Action <i>(filled by organization audited):</i>					
1) Securely fenced up to prevent disturbance that will lead to inaccurate readings. The peat surface level marked with unrodable material, ie. Weather proof plant.					
2) Readings of peat subsidence been taken at least once a month with periodic marking on the subsidence pole annually.					
Assessor Evaluation and Conclusion <i>(filled by auditor):</i>					
The management unit was showed the corrective evidence, consist of:					
<ul style="list-style-type: none"><li>Picture of peat subsidence pole marker was installed as a tool for peat subsidence monitor. The pole marker was installed in Lavang Special, Rasan and Belian Estate.</li><li>Tally sheet of peat subsidence record for peat subsidence monitoring period October to November 2016</li><li>The Personnel in Charge Assignment Letter of peat subsidence monitoring by Lavang Special, Rasan &amp; Belian Estate</li><li>SOP of Peat Subsidence Gauge Instalation (was explain that reading peat subsidence gauge should be taken at least once month with periodic marking on the subsidence annually)</li></ul>					
Based on the evidence was showed, the non conformity was <b>Closed with observation</b> and will check the effectiveness and consistency implementation in next audit visit.					
Verified by	:	Mohd. Nizam & Oktovianus Rusmin			

<b>NCR No.</b>	<b>: 2016.02</b>	<b>Issued by</b>	<b>: Mohd Nizam</b>
<b>Date Issued</b>	<b>: October 21, 2016</b>	<b>Time Limit</b>	<b>: ASA-1 (1)</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Closing Date</b>	<b>:</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 4.3.5</b> <b>Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm</b>		
<b>Non-Conformance Description &amp; Evidence observed :</b>  Drainability assessment was not conducted on replanting field, for example on Field 98C (replanting program 2016) which is 100% peat soil (Estate involve: Lavang Special)			
<b>Root Cause Analysis :</b>  There are one Justification email from Drainability assessment Committee (Dr Shahrakbah), as per now Drainability studies still in discussion stage in the RSPO working group level and not materialize yet into the RSPO P&C.			
<b>Corrective Action :</b>  Estate already email and inform R&D (GPS team) to survey and do the drain ability assessment for peat replanting area as soon as possible and come out with the report.			
<b>Preventive Action :</b>  Any replanting on the peat area, R&D will do the drain ability assessment and estate will inform and remind to ensure get better two-way communication to comply with RSPO requirement.			
<b>Assessor Evaluation and Conclusion :</b>  Have not shown evidence of corrective actions ( <b>Open</b> )			
<b>Verified by</b>	<b>: Mohd. Nizam &amp; Oktovianus Rusmin</b>		

<b>NCR No.</b>	<b>: 2016. 03</b>	<b>Issued by</b>	<b>: Yap Chin Hung</b>
<b>Date Issued</b>	<b>: October 20, 2016</b>	<b>Time Limit</b>	<b>: 20 December 2016</b>
<b>NC Grade</b>	<b>: Major</b>	<b>Closing Date</b>	<b>: 4 November 2016</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 4.7.3</b> 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.		
<b>Non-Conformance Description &amp; Evidence observed :</b>  During the field observation of spraying activity in <b>Field P97B1A Rasan Estate</b> , it was observed that goggles were not wore by sprayer as per requirement of Spraying SOP of Sime Darby Plantations.			
<b>Root Cause Analysis</b> <i>(completed by client)</i> :  Found that the level of awareness of the workers is low regarding to the safety and health			
<b>Corrective Action</b> <i>(completed by client)</i> :  1. Complete PPE inclusive goggles issuance evidence to all sprayers. 2. Re-training and documentation evidence done to ensure sprayers acknowledge the importance of using PPE inclusive goggles.			
<b>Preventive Action</b> <i>(completed by client)</i> :  1. Training and documentation evidence will be done once a year continuously to remind staff in-charge, foreman and sprayers the importance of using PPE inclusive goggles for sprayers. 2. PPE check by staff in-charge and foreman every morning is a must to replace damaged PPE with new one.			
<b>Assessor Evaluation and Conclusion</b> <i>(completed by auditor)</i> : The company has been showed the evidence of corrective action, consist of: <ul style="list-style-type: none"> <li>• Personal Protective Equipment (PPE) distribution to sprayers team (included goggles) in Rasan Estate on 24 October 2016</li> <li>• PPE record form</li> <li>• Attendant list training of PPE using for the sprayers team on 24 October 2016</li> <li>• Pictures of PPE using simulation on 24 October 2016</li> </ul> Based on the evidence was showed, the non conformity was <b>Closed with observation</b> and will check the effectiveness and consistency implementation in next audit visit.			
<b>Verified by</b>	<b>: Yap Chin Hung &amp; Oktovianus Rusmin</b>		

<b>NCR No.</b>	<b>: 2016.04</b>	<b>Issued by</b>	<b>: Oktovianus Rusmin</b>
<b>Date Issued</b>	<b>: October 20, 2016</b>	<b>Time Limit</b>	<b>: ASA-1 (1)</b>
<b>NC Grade</b>	<b>: Minor</b>	<b>Date of Closing</b>	<b>:</b>
<b>Standard Ref. &amp; Requirement</b>	<b>: 5.2.3</b> There shall be a programme to regularly educate the workforce about the status of these RTE species		
<b>Non-Conformance Description &amp; Evidence observed:</b>			
There was not yet evidence of training and another activities in related to educate the workforce (employee) after the HCV/Biodiversity was identified.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i>			
The assessment of Biodiversity have been done a week before the RSPO audit and we have the limited qualified trainer.			
<b>Corrective Action</b> <i>(filled by organization audited):</i>			
To conduct training or other activities for employee in purpose of educate workface to identifying and maintaining HCV/Biodiversity area.			
<b>Preventive Action</b> <i>(filled by organization audited):</i>			
To establish and implement HCV training in the Training Plan/Program, review and establish periodically basis.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>			
Have not shown evidence of corrective actions ( <b>Open</b> )			
<b>Verified by</b>	<b>: Oktovianus Rusmin</b>		



<b>NCR No.</b>	: 2016.05	<b>Issued by</b>	: Oktovianus Rusmin
<b>Date Issued</b>	: October 20, 2016	<b>Time Limit</b>	: ASA-1 (1)
<b>NC Grade</b>	: Minor	<b>Date of Closing</b>	:
<b>Standard Ref. &amp; Requirement</b>	5.2.4 Where an action plan has been created there shall be ongoing monitoring		
<b>Non-Conformance Description &amp; Evidence observed:</b>  There was showed document of Biodiversity and Conservation Management Plan in several estates, however there was no details and consistent evidences of implementation according to Management Plan.			
<b>Root Cause Analysis</b> <i>(filled by organization audited):</i>  The assessment of Biodiversity have been done a week before the RSPO audit and management team still in progress to finalize the report.			
<b>Corrective Action</b> <i>(filled by organization audited):</i>  To implement all the action plan according to Management Plan in line with the time frame.			
<b>Preventive Action</b> <i>(filled by organization audited):</i>  Establish and implement the standard management plan with details document and evidences, and consistently maintain the Biodiversity / Conservation area.			
<b>Assessor Evaluation and Conclusion</b> <i>(filled by auditor):</i>  Have not shown evidence of corrective actions <b>(Open)</b>			
<b>Verified by</b>	: Oktovianus Rusmin		

**3.5.2.b Opportunity for Improvement at Re Certification**

No	Ref. Std.	Description
1	<b>Major 2.1.1</b>	Consideration to clarify appointment of competence personnel for scheduled waste management according to legal requirement (All estates)
2	<b>Major 4.6.6</b>	Consideration to improve the chemical mixing area flooring (Belian Estate)
3	<b>Major 4.6.11</b>	Consideration to review the medical surveillance scope for pesticide sprayer (Lavang Special)
4	<b>Major 6.13.1</b>	Consideration to improve the documentation of training related to Human Rights Policy being communicated through all level workforce and operations.



**3.5.3 b Noteworthy Positive Components at Re Certification**

No	Description
1	The company has commitment to implement the principle of sustainable palm oil management
2	The SOU 31 Lavang has been RSPO certified in 2011
3	The Lavang POM & Rasan Estate has acquired 5 S Award from Malaysia Productivity Corporation (MPC)

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

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p><b>Headmaster of Sekolah Kebangsaan Lavang Complex</b></p> <p>The headmaster thanking Sime Darby Management for cooperating with school regarding their helps in terms of school fund.</p> <p>There is a suggestion from the school management regarding the new building block and additional teachers room, as far now teacher of Sekolah Kebangsaan at Lavang Complex. are using laboratory as their room. The letter had been send to Sime Darby for the related feedback on January 2016.</p>	<ul style="list-style-type: none"> <li>Estate management team already discuss this issue with our engineering department, the additional extension building already raise up in CAPEX FY16/17 carry forward from FY15/16, now only waiting from HQ to approve “unlock” the status of the CAPEX.</li> <li>Estate will inform school management if has any update about that.</li> <li>For info, Engineering department also already measure the size of new extension building for Sekolah Kebangsaan Desa Lavang.</li> </ul>	<p>The company has been develop several public facilities for their workers surround of plantation area (sport facilities, garden &amp; play ground, etc)</p> <p>Suggest for the company always develop the program based on their workers need</p>
<p><b>Teacher of Sekolah Kebangsaan Lavang Complex</b></p> <p>There is a preschool is being build at the Sekolah Kebangsaan at Lavang Complex. The building was build by Sime Darby management and the school teacher is from the government.</p> <p>There is a suggestion from school teacher regarding the kitchen that only use cement flooring and the teacher requested tile flooring for the kitchen and toilet to be more hygienic.</p> <p>There is a request from the school management to repair the toilet that was broken and the request has been made to sime darby management (September 2016)</p> <p>The teacher thanking Sime Darby for giving fund to the school during Sports day.</p>	<ul style="list-style-type: none"> <li>Estate management already taken note this issue, on October 2016 estate already repair the toilet and kitchen cabinet with new tiling for hygiene and safety purpose.</li> <li>For the kitchen flooring with new tiling, estate management will discuss with Zone General Manager and calculate the cost to get their approval about it.</li> <li>For info, any building/tiling work must be in CAPEX.</li> </ul>	<p>There was two kind of school facility was develop by the company (Sekolah Kebangsaan and school for students for Indonesian citizenship)</p>

Public Issues (Institution/ NGO/Community)	Management Responses	Auditor Responses
<p>There is a enquiry raised by the teacher regarding the different of treatment given towards the school of SK Desa Lavang compared to the CLC (International school for Indonesian children)</p> <p>Teacher of Sekolah Kebangsaan at Lavang Complex. requested the store for sports apparatus as for the moment they are using the textbook store to store the equipment.</p>	<p>For info, Our Community Learning Centre (CLC) the fund supported by Kementerian Luar Negeri Republik Indonesia (KJRI). All apparatus and sport item giving by them especially on learning equipment.</p>	
<p><b>Canteen contractor</b></p> <p>There is a question raised by the canteen contractor due to inconsistency payment by Sime Darby. As for the start the management agreed to paid on the 1<sup>st</sup> date of every month however the payment has been delayed until 21<sup>st</sup> / 30<sup>th</sup> of every month and this might feel uneasiness from the contractor.</p>	<ul style="list-style-type: none"> <li>• Started on this financial year, Sime Darby Sarawak Zone start using the Mills Estate Expenditure (MEX) system to all contractor/supplier for payment method. This system using by all Sime Darby Plantation.</li> <li>• MEX system paid by HQ. If has any problem with the invoices, HQ will hold the payment to the contractors/suppliers.</li> <li>• For Info, this MEX system, contractors/suppliers need to send their invoices direct to the HQ using email/scan.</li> </ul>	<p>Suggest for the company always develop the program based on their workers need</p>
<p><b>Lavang Community teacher</b></p> <p>There is a question raised by the community regarding the water quality that seems yellowish and it tends to repeat the occurrence. Hence it raised concerned to the community of Lavang complex due to the safeness of treated water</p>	<ul style="list-style-type: none"> <li>• Estate management already notice about that, we already inform the supplier/consultant to check and give the feedback and report about our water quality for Desa Lavang Complex.</li> <li>• In the report, all water quality in good level and their suggested estate to monitor if has any problem with water quality (yellowish), immediately inform them.</li> </ul>	<p>The company shall monitor the water quality was used in school complex</p>

4.0	CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY
4.1	<p><b>Formal Sign-off of Assessment Findings</b></p> <p>Hereunder sign by management representative from inspected company to acknowledge a field assessment and agree for all content explained in this assessment report, included of non-compliance findings.</p> <p>Signed on behalf of:</p> <div style="display: flex; justify-content: space-around; align-items: flex-end;"> <div style="text-align: center;"> <p><b>SOU 31 Lavang</b> Management Representative</p>  <p>SIME DARBY PLANTATION (SARAWAK) SDN BHD RAJAN ESTATE (011 77 179365-44)</p> <p>3 November 2016</p> <p>RAJAN A. RAJARATNAM MANAGER</p> </div> <div style="text-align: center;"> <p><b>Mutuagung Lestari</b> Lead Auditor</p>  <p><b>Oktovianus Rusmin</b> 3 November 2016</p> </div> </div>



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

No	Institution/NGO/Community	Address	Phone/Email	Form of Communication	Date of Contact	Response	
						Yes	No
1	Wetland International Malaysia	Malaysia	malaysian@wetland.org.my	email	10/10/2016		✓
2	Majlis Kebajikan dan Pembangunan Masyarakat Kebangsaan Malaysia	Malaysia	makpem@gmail.com	email	10/10/2016		✓
3	Pesticide Action Network Asia & Pacific	Malaysia	panap@panap.net	email	10/10/2016		✓
4	Environmental Protection Society	Malaysia	epsm@epsm.org.my	email	10/10/2016		✓
5	School Teacher from Middle School of Malaysian State School-Lavang (Sekolah Kebangsaan Malaysia)	Bintulu		Focus Group Discussion	10/10/2016	✓	
6	Local Contractor	Bintulu		Focus Group Discussion	17/10/2016	✓	
7	Workers Representation	Bintulu		Focus Group Discussion	17/10/2016	✓	
8	Gender Committee Representative (Lavang & Pekaka)	Bintulu		Focus Group Discussion	17/10/2016	✓	
9	Canteen Contractor	Bintulu		Focus Group Discussion	17/10/2016	✓	

**Appendix 2. Assessment Program**

DATE		16 – 21 October 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
<b>Sunday, 16 October 2016</b>			
12.00 – 17.00		Kuala Lumpur → Serawak, Bintulu Serawak → Pekaka & Lavang complex	• All Team
<b>Monday, 17 October 2016</b>			
08.00 - 08.30		Opening Meeting	• OR / YCH / NZ / EHS
08.30 – 12.30		Field observation to Lavang POM. WWTP, Mill Operational, Safety and Health, Supply Chain, Hazardous Waste Management	• OR / YCH/NZ
08.30 – 12.30		Stakeholder Consultation	• EHS
12.30 – 13.30		BREAK	
13.30 – 17.00		Document review and Review of Previous Visit Non-conformance (surveillance-4)	• OR / YCH / NZ / EHS
<b>Tuesday, 18 October 2016</b>			
08.00 - 12.30		Field Observation to LAVANG SPECIAL Estate <ul style="list-style-type: none"> <li>• Manuring, Spraying, Harvesting, Best Agricultural Practices</li> <li>• Worker Welfare (payments, complaint mechanism, etc.)</li> <li>• Legal operational boundary and Conservation Area</li> <li>• Worker facilities (housing, health clinic, clean water, etc)</li> <li>• Land Fire facilities, Storage, etc..</li> <li>• Hazardous Waste Material management</li> </ul>	<ul style="list-style-type: none"> <li>• NZ / EHS</li> <li>• OR / EHS</li> <li>• OR / NZM</li> <li>• YCH/ EHS</li> <li>• NZ /OR</li> <li>• YCH/EHS</li> </ul>
12.30 – 13.30		BREAK	
13.30 – 14.30		Continue Field Observation to LAVANG SPECIAL Estate	• OR / YCH / NZ / EHS
14.30 – 17.00		Document review and Clarification of Time Bound Plan	• OR / YCH / NZ / EHS
<b>Wednesday, 19 October 2016</b>			
08.00 – 12.30		Field Observation to RASAN Estate <ul style="list-style-type: none"> <li>• Manuring, Spraying, Harvesting, Best Agricultural Practices</li> <li>• Worker Welfare (payments, complaint mechanism, etc.)</li> <li>• Legal operational boundary and Conservation Area</li> <li>• Worker facilities (housing, health clinic, clean water, etc)</li> <li>• Land Fire facilities, Storage, etc..</li> <li>• Hazardous Waste Material management</li> </ul>	<ul style="list-style-type: none"> <li>• NZ / EHS</li> <li>• OR / EHS</li> <li>• OR / NZM</li> <li>• YCH/ EHS</li> <li>• NZ /OR</li> <li>• YCH/EHS</li> </ul>
12.30 – 13.30		BREAK	
13.30 – 14.30		Continue Field Observation to RASAN Estate	• OR / YCH / NZ / EHS
14.30 – 17.00		Document review and Clarification of Partial Certification	• OR / YCH / NZ / EHS
<b>Thursday, 20 October 2016</b>			
08.00 – 12.30		Field Observation to BELIAN Estate <ul style="list-style-type: none"> <li>• Manuring, Spraying, Harvesting, Best Agricultural Practices</li> <li>• Worker Welfare (payments, complaint mechanism, etc.)</li> <li>• Legal operational boundary and Conservation Area</li> </ul>	<ul style="list-style-type: none"> <li>• NZ / EHS</li> <li>• OR / EHS</li> <li>• OR / NZM</li> </ul>

DATE		16 – 21 October 2016	
PLANNED TIME	ACTUAL DURATION	PROCESSES / CLAUSES TO BE AUDITED	AUDITOR
		<ul style="list-style-type: none"> <li>Worker facilities (housing, health clinic, clean water, etc)</li> <li>Land Fire facilities, Storage, etc..</li> <li>Hazardous Waste Material management</li> </ul>	<ul style="list-style-type: none"> <li>YCH/ EHS</li> <li>NZ /OR</li> <li>YCH/EHS</li> </ul>
12.30 – 13.30		<b>BREAK</b>	
13.30 – 14.30		<b>Continue Field Observation to BELIAN Estate</b>	• OR / YCH / NZ / EHS
14.30 – 17.00		<b>Document review and Checklist Completion</b>	• OR / YCH / NZ / EHS
20.00 – 22.00		<b>Audit conclusion preparation</b>	• OR / YCH / NZ / EHS
<b>Friday, 21 October 2016</b>			
08.00 - 10.00		<b>Closing Meeting</b>	• OR / YCH / NZ / EHS
10.30 - 12.30		<b>Travel from Plantation Area to Bintulu Airport</b>	• OR / YCH / NZ / EHS
13.30 – 15.40		<b>Return to Kuala Lumpur</b>	• OR / YCH / NZ / EHS