Roundtable on Sustainable Palm Oil

4th Annual Surveillance Audit Report

Report no.: ASA4_824 502 14019

Surveillance assessment against the RSPO Principles & Criteria NI Malaysia year 2014

SOU 11 Kerdau Palm Oil Mill

Level 3A, Main Block, Plantation Tower,
No 2, Jalan PJU 1A/7, Ara Damansara,
47301 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.

Date of Assessment: 21 - 25 April 2015
Report prepared by:
Carol Ng Siew Theng
(RSPO Lead Auditor)

Certification Decision by:
Muhammad Bascharul Asana
(CEO TUV Rheinland Indonesia)

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1.0 SCOPE OF ANNUAL SURVEILLANCE AUDIT

1.1 National Interpretation Used

The operations of the palm oil mill(s) and its supply base of FFB were assessed against the Malaysia National Interpretation (MY-NI) year 2014 of the RSPO Principles & Criteria and the RSPO Supply Chain Certification Standard 2014.

As per the RSPO’s announcement on the MY-NI 2014 dated 12 March 2015, the new NI is compulsory to be implemented only from 1st May 2015 onwards. In consideration with this and with written approval from the RSPO, any non-compliances raised against new Major Indicators under the MY-NI 2014 were raised as minor non-compliances.

1.2 Type of Assessment

This 4th annual surveillance certification assessment was carried out on 1 mill and 5 estates under Kerdau Palm Oil Mill owned by Sime Darby Plantation Sdn. Bhd. The date of certification of this unit was May 11 to 18, 2009.

1.3 Certification Details

The details of RSPO certification of Sime Darby Plantation Sdn Bhd, SOU 11 Kerdau Palm Oil Mill are as per the table below.

Table 1: RSPO Certification details of Kerdau Palm Oil Mill

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Membership no.:</td>
<td>1-0008-04-000-00</td>
</tr>
<tr>
<td>RSPO Certificate no.:</td>
<td>824 502 14019 (Previously 18502207 001 - Revised due to transfer of RPSO CB approval from TUV Rheinland Malaysia Sdn. Bhd. to PT TUV Rheinland Indonesia - accredited 6 June 2014)</td>
</tr>
<tr>
<td>Date of first RSPO certificate &amp; validity:</td>
<td>07/07/2011 valid until 06/07/2016</td>
</tr>
<tr>
<td>Date of certification audit:</td>
<td>May 11 to 18, 2009</td>
</tr>
<tr>
<td>Date of previous surveillance audit:</td>
<td>April 8 to 12, 2014</td>
</tr>
<tr>
<td>Date of revised RSPO certificate &amp; validity:</td>
<td>16 June 2014 (reissued by PT TUV Rheinland Indonesia); validity unchanged</td>
</tr>
<tr>
<td>Previous CPO tonnages claimed:</td>
<td>48,075 MT</td>
</tr>
<tr>
<td>Previous PK tonnages claimed:</td>
<td>11,368 MT</td>
</tr>
<tr>
<td>Revised CPO tonnages claimed</td>
<td>48,520 MT</td>
</tr>
<tr>
<td>Revised PK tonnages claimed</td>
<td>12,612 MT</td>
</tr>
</tbody>
</table>
1.4 Location and Maps

Figure 1: Location of SOU Kerdau estates and mill in Pahang, Malaysia
Figure 2a: Kerdau Estate – East & West Division GPS Surveyed Map
Figure 2b: Kerdau Estate – Tekal Division GPS Surveyed Map

Legend
- Main Road
- B Road
- Field Road
- Railway
- Field Boundary
- Unplanted Area

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>FIELD NO.</th>
<th>HECTARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sg Tekal</td>
<td>P00A</td>
<td>80.53</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00A1</td>
<td>76.07</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00B</td>
<td>125.69</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00C</td>
<td>43.87</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00A</td>
<td>79.44</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P007</td>
<td>84.58</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00C</td>
<td>27.59</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00A</td>
<td>50.79</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00B</td>
<td>22.46</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00A</td>
<td>72.73</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00B</td>
<td>34.38</td>
</tr>
<tr>
<td>Sg Tekal</td>
<td>P00C</td>
<td>118.10</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>816.23</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>UNPLANTED</th>
<th>HECTARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sg Tekal Asst. Bungalow</td>
<td>0.53</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Div Office</td>
<td>1.40</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Ex-Workshop</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Football Field</td>
<td>1.08</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Line Site</td>
<td>6.31</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Pond</td>
<td>1.05</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Security Trenches</td>
<td>5.35</td>
<td></td>
</tr>
<tr>
<td>Sg Tekal Staff Bungalow</td>
<td>1.76</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>17.59</td>
</tr>
</tbody>
</table>

Data Source: GPS Surveyed
Projection: Universal Transverse Mercator 48 N
Datum: WGS 1984
Differential Correction Accuracy: 0.09
Profil Scale: A3 (0.7 cm = 1M2.0 cm)

Prepared by: RMD-ITAS Precision Agriculture Unit (RMAH)
July 2012
Figure 3: Jentar Estate estate map

Figure 4: Chenor Estate GPS Surveyed Map
Figure 5a: Sg. Mai Estate – Main Division GPS Surveyed Map

Legend
- Government Road
- A Road
- B Road
- Field Road
- Stream
- Field Boundary
- Unplanted Area
- 25° Area
- Buffer zone
- Orang Asli Settlement
Figure 5b: Sg. Mai Estate – Jerantut Division GPS Surveyed Map
Figure 6a: Mentakab Estate – Lanchang Division GPS Surveyed Map
Figure 6b: Mentakab Estate – Mentakab Division GPS Surveyed Map

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>FIELD NO</th>
<th>HECTARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentakab</td>
<td>P12B</td>
<td>50.65</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P13A</td>
<td>26.27</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P13C</td>
<td>130.68</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P8M</td>
<td>44.28</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P90</td>
<td>45.23</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P95</td>
<td>116.44</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P96</td>
<td>57.67</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P97</td>
<td>96.25</td>
</tr>
<tr>
<td>Mentakab</td>
<td>P98</td>
<td>108.74</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>676.21</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DIVISION</th>
<th>UNPLANTED FIELD</th>
<th>HECTARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mentakab</td>
<td>School</td>
<td>0.51</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Temple</td>
<td>0.14</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Shop</td>
<td>0.04</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Surau</td>
<td>0.04</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Dispensary</td>
<td>0.02</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Temple</td>
<td>0.20</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Linesite</td>
<td>1.50</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Temple</td>
<td>0.06</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Stor</td>
<td>0.02</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Ap Post</td>
<td>0.01</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Temple</td>
<td>0.02</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Asst Bungalow</td>
<td>1.08</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Div office/staff quatter</td>
<td>0.80</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Staff Quatters</td>
<td>0.09</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Workers Quatters</td>
<td>0.05</td>
</tr>
<tr>
<td>Mentakab</td>
<td>Football Field</td>
<td>0.52</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>5.08</td>
</tr>
</tbody>
</table>
Figure 6c: Mentakab Estate – Edensor Division GPS Surveyed Map
1.5 Organisational Information / Contact Person

SOU 11 Kerdau estates are owned and operated by Sime Darby Plantation Sdn. Bhd, among the largest player in oil palm industry in Malaysia. The company previously had previously 65 “Strategic Operating Units” units (SOU’s) in Malaysia and Indonesia comprising individual mills and estates, from which 6 SOU’s in Malaysia were closed down or operations ceased. Hence the company currently has 59 individual SOU’s, i.e. 34 SOUs in Malaysia and 25 in Indonesia.

Sime Darby Plantation Sdn. Bhd is merger of Sime Darby Berhad, Golden Hope Plantations berhad and Kum-pulan Guthrie Berhad which was done on November 2007. The company represents one of the five core Divi-sions of Sime Darby group and is involved in the following: Oil Palm cultivation, Agribusiness & Food, Research and Development. The Plantation division has location in several Malaysia locations such as peninsular Malay-sia, Sabah and Serawak and Indonesia location such as Kalimatan, Sumatera and Sulawesi. Company has to-tal 524,624 hectares of planted oil palm. All products from Sime Darby Plantation Sdn. Bhd is supplied to their division’s downstream operations which has locations in 15 countries around the world. Its business activites include the following; Edible oil refining, production of oils and fats products, Oleochemical and Biodiesel. Along-side oil palm, the division is also involved in agri business activities and cultivation of rubber.

In keeping with the aspiration of making sustainable future real for everyone, Sime Darby Plantation Sdn.Bhd claims to make a conscious and concerted effort towards conservation and protection of the environment, the rehabilitation of forests, protection of wildlife and promotion of the well being of the communities in which it op-erates.

Contacts details of the company are as follows:

<table>
<thead>
<tr>
<th>Mill / estate</th>
<th>Location</th>
<th>GPS locations</th>
</tr>
</thead>
</table>
| Kerdau Palm Oil Mill | Kilang Kelapa Sawit Kerdau, Wakil Pos Kerdau, 28010 Temerloh Pahang | 3º34'07" 102º18'28"
| Kerdau Estate | Ladang Kerdau, Wakil Pos Kerdau 28010 Temerloh, Pahang | 3º34'07" 102º18'28"
| Jentar Estate | Ladang Jentar, Wakil Pos Kerdau, 28010 Temerloh , Pahang | 3º34'07" 102º18'28"
| Mentakab Estate | Ladang Mentakab/ Lanchang/ Edensor, c/o Lanchang Division, 28500 Lanchang, Pahang Darul Makmur. | 3º28'67" 102º10'95"
| Sg Mai Estate | Ladang Sungai Mai, 27000 Jerantut, Pahang | 3º48'50" 102º21'40"
| Chenor Estate | Ladang Chenor (KT), Sungai Jerik, 26400 Bandar Pusat Jengka, Pahang | 3º34'07" 102º18'28"


Kerdau Palm Oil Mill

Address: Head Office : PSQM, Level 3A, Main Block, Plantation Tower, No. 2, Jalan PJU 1A/7, Ara Damansara, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Mill Location: Kilang Kelapa Sawit Kerdau, Wakil Pos Kerdau, 28010 Temerloh Pahang

Contact Person: Pn. Sabarinah Marzuky

Telephone: 03-7848 4388

Email: sabarinah.marzuky@simedarby.com
1.6 Description of Supply Base

The Kerdau palm oil mill sourced FFB from below mentioned group estate and smallholders under Sri Kerdau Sdn. Bhd., a FFB collector from smallholder.

Table 3: FFB Supply Information for Kerdau Palm Oil Mill for July 2012 to June 2013 and July 2013 to March 2014

<table>
<thead>
<tr>
<th>FFB Contributors</th>
<th>FFB received July 2013 to June 2014</th>
<th></th>
<th>FFB received July 2014 – March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>%</td>
<td>Tonnes</td>
</tr>
<tr>
<td>Company owned estates:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerdau estate</td>
<td>51,478.65</td>
<td>20.81</td>
<td>27,592.01</td>
</tr>
<tr>
<td>Jentar estate</td>
<td>25,878.16</td>
<td>10.46</td>
<td>14,697.92</td>
</tr>
<tr>
<td>Sungai Mai estate</td>
<td>67,548.87</td>
<td>27.31</td>
<td>45,472.90</td>
</tr>
<tr>
<td>Mentakab estate</td>
<td>54,628.25</td>
<td>22.09</td>
<td>32,117.08</td>
</tr>
<tr>
<td>Chenor estate</td>
<td>38,427.92</td>
<td>15.54</td>
<td>23,388.68</td>
</tr>
<tr>
<td>Sub-total</td>
<td>237,961.85</td>
<td>96.21</td>
<td>143,268.59</td>
</tr>
<tr>
<td>Outgrower:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sri Kerdau Commodities</td>
<td>9,374.48</td>
<td>3.79</td>
<td>3939.17</td>
</tr>
<tr>
<td>TOTAL</td>
<td>247,336.33</td>
<td>100.00</td>
<td>147,207.76</td>
</tr>
</tbody>
</table>

1.7 Actual production volumes, tonnages and projected outputs.

Table 4: Certified tonnages claimed, certified tonnages purchased or sold, total and projected CPO and PK production from Kerdau Palm Oil Mill

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CPO</td>
</tr>
<tr>
<td>Previous certified tonnages claimed</td>
<td>48,075.00</td>
</tr>
<tr>
<td>Certified tonnages sold*</td>
<td>2500</td>
</tr>
<tr>
<td>Certified tonnages purchased</td>
<td>-</td>
</tr>
<tr>
<td>Actual Production for certified product*</td>
<td>48,520.42</td>
</tr>
<tr>
<td>Actual Total production*</td>
<td>50,685.85</td>
</tr>
<tr>
<td>Projected certified output for Year 2015</td>
<td>50,747.80</td>
</tr>
<tr>
<td>Projected total output for Year 2015</td>
<td>52,498.30</td>
</tr>
<tr>
<td>Actual Conversion factor (%)*</td>
<td>OER : 20.39</td>
</tr>
<tr>
<td>Projected Conversion factor (%)**</td>
<td>OER : 20.51</td>
</tr>
</tbody>
</table>

* Data from period of July 2013 to June 2014. Sale of certified tonnages only commenced from October 2014
1.8 Dates of Plantings and Replanting Cycles

Information on the dates of plantings is as per the table below.

Table 5: Age and year of plantings of company estate supplying to Kerdau Mill

<table>
<thead>
<tr>
<th>Age &amp; Year of Plantings</th>
<th>Kerdau</th>
<th>Jentar*</th>
<th>Mentakab</th>
<th>Sungai Mai*</th>
<th>Chenor**</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 3 yrs (2012-2015)</td>
<td>840.06</td>
<td>628.79</td>
<td>766.72</td>
<td>-</td>
<td>284</td>
</tr>
<tr>
<td>4 - 8 yrs (2007-2011)</td>
<td>919.54</td>
<td>518.37</td>
<td>200.61</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>15-18 yrs (2001 – 1998)</td>
<td>175.04</td>
<td>-</td>
<td>600.54</td>
<td>955.57</td>
<td>610</td>
</tr>
<tr>
<td>&gt; 25 years (before 1991)</td>
<td>840.06</td>
<td>776.18</td>
<td>45.85</td>
<td>-</td>
<td>308</td>
</tr>
<tr>
<td>TOTAL (current)</td>
<td>3192.05</td>
<td>1923.34</td>
<td>2934.92</td>
<td>2605.67</td>
<td>1880</td>
</tr>
<tr>
<td>TOTAL (previous)*</td>
<td>3229.80</td>
<td>1983.01</td>
<td>2942.69</td>
<td>2647.76</td>
<td>1880</td>
</tr>
</tbody>
</table>

* Area statement of some estate were revised for the following reason:
Kerdau Estate, Jentar Estate and Sg. Mai planted land hectarage was revised due to new GPS survey results from Sime Darby’s GPS team as seen in emails dated 13 May 2013 (to Jentar Estate), 18 April 2013 (to Sg. Mai estate), and from the R&D – Precision Agriculture Unit, Plantation Research and Advisory, Sime Darby Research Sdn. Bhd.

** Mentakab Estate land hectarage was revised due to field transfer of 7.77 ha

*** Chenor estate also received updated land hectarage from the R&D – Precision Agriculture Unit, Plantation Research and Advisory on 8 September 2014 based on new GPS Survey results, stating new planted land area to be updated to 1862.70 ha in FY2015/16. Chenor estate is still using old land hectarage of 1880ha planted area in FY2014/15.

Table 6: Planned and actual oil palm replanting activities for SOU 11 Sime Darby Plantation Sdn. Bhd.

<table>
<thead>
<tr>
<th>Year</th>
<th>Kerdau</th>
<th>Jentar</th>
<th>Mentakab</th>
<th>Sungai Mai</th>
<th>Chenor</th>
<th>Total (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014/2015</td>
<td>417.45</td>
<td>154.69</td>
<td>147.44</td>
<td>-</td>
<td>88.00</td>
<td>1,014.62</td>
</tr>
<tr>
<td>2015/2016</td>
<td>-</td>
<td>192.35</td>
<td>94.98</td>
<td>-</td>
<td>151.00</td>
<td>521.98</td>
</tr>
<tr>
<td>2016/2017</td>
<td>-</td>
<td>301.94</td>
<td>72.62</td>
<td>93.05</td>
<td>129.00</td>
<td>165.67</td>
</tr>
<tr>
<td>2017/2018</td>
<td>-</td>
<td>281.89</td>
<td>-</td>
<td>73.61</td>
<td>-</td>
<td>73.61</td>
</tr>
<tr>
<td>2018/2019</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>417.45</td>
<td>930.87</td>
<td>315.04</td>
<td>166.66</td>
<td>368</td>
<td>4,142.87</td>
</tr>
</tbody>
</table>

1.9 Area of Plantation (Total, Planted and Mature)

Table 7: Oil Palm Planted Area Summary, FFB Production and Average yield/ha for Sime Darby Plantation Sdn. Bhd. SOU 11 Kerdau Palm Oil Mill

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted area (ha)</th>
<th>Mature (Production) area (ha)</th>
<th>Immature (Non-production) area (ha)</th>
<th>FFB Production (tonnes)*</th>
<th>Average yield/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerdau</td>
<td>3446.93</td>
<td>3192.05</td>
<td>2428.50</td>
<td>763.55</td>
<td>51,478.65</td>
<td>21.20</td>
</tr>
<tr>
<td>Jentar</td>
<td>2234.00</td>
<td>1923.34</td>
<td>1294.55</td>
<td>628.79</td>
<td>25,878.16</td>
<td>19.99</td>
</tr>
<tr>
<td>Mentakab</td>
<td>3273.09</td>
<td>2934.92</td>
<td>2312.10</td>
<td>622.82</td>
<td>54,628.25</td>
<td>23.63</td>
</tr>
<tr>
<td>Sungai Mai</td>
<td>2835.04</td>
<td>2605.67</td>
<td>2605.67</td>
<td>0</td>
<td>67,548.87</td>
<td>25.92</td>
</tr>
<tr>
<td>Chenor</td>
<td>2001.27</td>
<td>1880</td>
<td>1596.00</td>
<td>284</td>
<td>38,427.92</td>
<td>24.08</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,790.33</td>
<td>12,535.98</td>
<td>10,236.82</td>
<td>2299.16</td>
<td>237,961.85</td>
<td>22.24</td>
</tr>
</tbody>
</table>

* Note: FFB production is total for financial year 2013/2014
Table 8: Land use data for SOU 11 Sime Darby Plantation

<table>
<thead>
<tr>
<th>Estate Name</th>
<th>Total area (ha)</th>
<th>Oil Palm Planted Area (ha)</th>
<th>HCV/Potential HCV areas* (ha)</th>
<th>Land used for other purposes (ha)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Nursery</td>
<td>Mill, effluent ponds &amp; reservoir</td>
</tr>
<tr>
<td>Kerda</td>
<td>3,446.93</td>
<td>3192.05</td>
<td>7.45</td>
<td>17.24</td>
<td>67.48</td>
</tr>
<tr>
<td>Jentar</td>
<td>2234.00</td>
<td>1923.34</td>
<td>73.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mentakab</td>
<td>3,273.09</td>
<td>2934.92</td>
<td>116</td>
<td>8.09</td>
<td>-</td>
</tr>
<tr>
<td>Sungai Mai</td>
<td>2,835.04</td>
<td>2605.67</td>
<td>3.78</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chenor</td>
<td>2,001.27</td>
<td>1880</td>
<td>11.22</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>TOTAL</td>
<td>13,790.33</td>
<td>12,535.98</td>
<td>211.75</td>
<td>29.33</td>
<td>67.48</td>
</tr>
</tbody>
</table>

Note: * Unplantable reserve land area for each estate is as follows:
- Jentar: Abandoned area, and areas above 25 degrees slope
- Sg. Mai: Riparian Buffer Zones

1.10 Progress Against Time Bound Plan

Table 9: RSPO Latest Certification Timebound Plan for Sime Darby Plantation (SDP) (as of September 2014)

<table>
<thead>
<tr>
<th>Financial year (July – June)</th>
<th>Targeted</th>
<th>Achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2008</td>
<td>5 SOUs</td>
<td>Achievemen of Timebound PlanSime Darby Plantation has had all its SOUs (Malaysian &amp; Indonesian) completing the RSPO Main Assessment by end Dec 2011 in accordance to the initial timebound plan. As at Dec 2011, all Malaysian SOUs have been RSPO certified (with the exception of 2 new oil mills commissioned to replace the current oil mills after the initial timebound plan targets). 98% of Sime Darby Plantation’s upstream operations is RSPO certified as at Sept 2014, one SOU - PT MAS pending certification in Indonesia due to some social disputes. Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter.</td>
</tr>
<tr>
<td>2008/2009</td>
<td>20 SOUs (from Malaysia and Indonesia)</td>
<td></td>
</tr>
<tr>
<td>2009/2010</td>
<td>20 SOUs (from Malaysia and Indonesia)</td>
<td></td>
</tr>
<tr>
<td>2010/2011</td>
<td>17 SOUs (from Malaysia and Indonesia)</td>
<td></td>
</tr>
</tbody>
</table>

Table 10: Status RSPO certification for all Palm Oil Mills under Sime Darby Plantation Sdn Bhd

<table>
<thead>
<tr>
<th>Status</th>
<th>Malaysia</th>
<th>Indonesia</th>
<th>Total</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>RSPO Certified</td>
<td>34</td>
<td>24</td>
<td>58</td>
<td>Malaysia previously had 39 mills, now reduced to 34 mills: Sg Samak and Jeleta Bumi, Yong Peng, Mostyn and Segaliud POM has been closed down. Due to strategic alignment, there are mills (Sepang POM) converted to third party oil mill and not included in the RSPO Certification timebound plan.</td>
</tr>
</tbody>
</table>
Indonesia: Currently 25 Mills

Undergoing Stage 1 or Stage 2 Assessment/RSPO EB Review 0 1 1

Total SOUs 34 25 59 Revised number of SOUs for SDP is 59 beginning August 2013.

Table 11. Other RSPO Supply Chain Certified Facilities under Sime Darby Plantation (SDP)

<table>
<thead>
<tr>
<th>No</th>
<th>Business Unit</th>
<th>RSPO SCCS Certification Trading Option</th>
<th>Date of SCCS Certification Process</th>
<th>Certification Body</th>
<th>Certification Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unimills B.V.</td>
<td>SG &amp; MB</td>
<td>Jan – March 2009</td>
<td>Control Union</td>
<td>Certified on 28 June 2011</td>
</tr>
<tr>
<td>2</td>
<td>SD Biodiesel</td>
<td>SG &amp; MB</td>
<td>Jan – March 2010</td>
<td>SIRIM</td>
<td>Certified on 25 March 2011</td>
</tr>
<tr>
<td>3</td>
<td>SD Jomalina</td>
<td>SG &amp; MB</td>
<td>Oct – Dec 2010</td>
<td>SIRIM</td>
<td>Certified on 10 March 2011</td>
</tr>
<tr>
<td>4</td>
<td>SD Kempas</td>
<td>MB</td>
<td>Jul- Sept 2011</td>
<td>SIRIM</td>
<td>Certified on 19 Aug 2011</td>
</tr>
<tr>
<td>5</td>
<td>SD Austral</td>
<td>MB</td>
<td>Jan – March 2012</td>
<td>SIRIM</td>
<td>Certified on 13 April 2012</td>
</tr>
<tr>
<td>6</td>
<td>NURI – SD Jomalina</td>
<td>MB</td>
<td>Jan – March 2012</td>
<td>SIRIM</td>
<td>Certified on 13 April 2012</td>
</tr>
<tr>
<td>7</td>
<td>Kernel Crushing Plant – Carey Island (KCP)</td>
<td>SG &amp; MB</td>
<td>Jan – March 2012</td>
<td>SIRIM</td>
<td>Certified on 13 April 2012</td>
</tr>
<tr>
<td>8</td>
<td>Morakot</td>
<td>MB</td>
<td>July - August 2012</td>
<td>SGS</td>
<td>Certified 10 Sept 2012</td>
</tr>
<tr>
<td>9</td>
<td>Hudson &amp; Knights</td>
<td>MB</td>
<td>March – June 2012</td>
<td>SIRIM</td>
<td>Certified 14 Dec 2012</td>
</tr>
</tbody>
</table>

1.11 Compliance to Rules for Partial Certification

Compliance of the uncertified management units of Sime Darby Sdn. Bhd against the rules for partial certification according to RSPO Certification System clause 4.2.4 was assessed by Documentation review. There is currently only one SOU located in Indonesia (PT Mitral Austral Sejahtera (MAS)) that is not yet RSPO certified. A summary of findings is as stated below.

<table>
<thead>
<tr>
<th>Partial Certification Requirements</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) The parent organization or one of its majority owned and / or managed subsidiaries is a member of RSPO.</td>
<td>Sime Darby Plantation Sdn. Bhd is RSPO member with membership number is 1-0008-04-000-00.</td>
</tr>
<tr>
<td>(b-d) A challenging time-bound plan for certifying all its relevant entities is</td>
<td>The company has a timebound plan both for Malaysia site and Indonesia sites as determined on the table 9 above. Al-</td>
</tr>
</tbody>
</table>
### Partial Certification Requirements

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Audit Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>submitted to the Certification Body (CB) during the first certification audit. The time-bound plan should contain a list of subsidiaries, estates and mills. Any revision to the time-bound plan or to the circumstances of the company shall cause the plan to be reviewed for whether it is still appropriate, such that changes to the time-bound plan are permitted only where the organisation can demonstrate that they are justified.</td>
<td>most all of the company’s SOUs have been certified with only one uncertified company remaining in Indonesia, PT MAS, which has already undergone the RSPO Certification Audit by PT Mutuagung Lestari, but certification is delayed due to some social disputes, as explained further below.</td>
</tr>
<tr>
<td>(e) No replacement of primary forest or any area identified as containing High Conservation Values (HCVs) or required to maintain or enhance HCVs in accordance with RSPO criterion 7.3. Any new plantings since January 1st 2010 must comply with the RSPO New Plantings Procedure</td>
<td>PT MAS, as the only remaining SOU of Sime Darby Plantations which has not been certified, has undergone certification audit by PT Mutuagung Lestari. Compliance to this requirement was therefore evaluated by the certification body.</td>
</tr>
<tr>
<td>(f) Land conflicts, if any, are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.</td>
<td>PT MAS has a number of ongoing social disputes involving the local communities in the hamlets of Kerunang &amp; Entapang, Sanggau District, West Kalimantan, Indonesia, who were supported by TuK (facilitator) &amp; Oxfam (represented by Oxfam Novib (observer). A complaint regarding the dispute was made by the Project Affected Communities (PAC) to the RSPO on 5th November 2012, in which the PAC listed 14 demands, mainly related to the indigenous and land rights of the local community, disagreement over the plasma partnership arrangement between the local community and PT MAS, and requested contributions to the community. The demands are in progress of being resolved by the company, with process being monitored by the certification body which conducted the certification audit for PT MAS and the RSPO. Progress of the case is updated periodically on the RSPO’s Disputer Settlement Facility page. As of January 2014, 10 of the 14 demands have been resolved. As per latest update on February 2015, TuK, on behalf of the Kerunang/Entapang community would propose solutions to Sime Darby by March 2015 on the settlement of the land issues especially those pertaining to HGU.</td>
</tr>
<tr>
<td>(g) Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.</td>
<td>PT MAS, as the only remaining SOU of Sime Darby Plantations which has not been certified, has undergone certification audit by PT Mutuagung Lestari. Compliance to this requirement was therefore evaluated by the certification body.</td>
</tr>
<tr>
<td>(h) Legal non-compliance, if any, are being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.</td>
<td>PT MAS, as the only remaining SOU of Sime Darby Plantations which has not been certified, has undergone certification audit by PT Mutuagung Lestari. Compliance to this requirement was therefore evaluated by the certification body.</td>
</tr>
</tbody>
</table>

### 1.12 Progress of associated smallholders or outgrowers towards RSPO compliance

There are no associated smallholders supplying to Kerdau POM, only independent outgrower supply to Kerdau POM through one FFB agent i.e. Sri Kerdau Commodities Sdn.Bhd, there are no specific planning by Kerdau POM for independent outgrowers towards to RSPO compliance.

### 1.13 Approximate Tonnages Certified

The approximate tonnages certified have been revised to reflect the latest actual certified tonnages as per Table

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QMF: RSPO-007b-11
4. which is as follows

- Crude Palm Oil (CPO): 48,520 mt
- Palm Kernel (PK): 12,612 mt
2.0 ASSESSMENT PROCESS

2.1 Certification Body

PT TUV Rheinland Indonesia is member of Group TÜV Rheinland Group, a global leader in independent testing and assessment services. The TÜV Rheinland Group was established in 1872 with offices located in over 500 locations in 65 countries on all five continents. PT TUV Rheinland Indonesia offers certification for a wide range of management systems according to established international standards including ISO 9001, ISO 14001, OHSAS 18001, and SA 8000. PT TUV Rheinland Indonesia’s office is located in Jakarta, Indonesia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team members of this surveillance audit are:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Qualifications / Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Muhammad Fundy C. Kurniawan</td>
<td>Auditor (Supply Chain, Best practices, Environment)</td>
<td><strong>Education:</strong> Master Degree in Natural Reource and Environmental Management, Bogor Agriculture University <strong>Trainings attended:</strong> Environmental Impact Assessment (EIA), Ecological Risk Assessment (ERA), Internal Quality Audit Training for Quality Management System, IRQA-QMS ISO 9001:2000, High Conservation Value (HCV), Timber Legality Verification (SVLK), RSPO Lead Auditor Course, ISPO Auditor Course, RSPO SCCS training by BM Trada <strong>Working experience:</strong> Experienced in Environmental Impact Assessment, Environmental Health Safety Senior Officer (EHS-Officer) in Wilmar International Plantation, Internal Auditor for Wilmar International Plantation, Auditor for Roundtable on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO); Certification for Timber Legality Verification (SVLK) in PT TUV Rheinland Indonesia since June 2012 – present.</td>
</tr>
<tr>
<td>Yusof Nizar</td>
<td>Auditor</td>
<td><strong>Education:</strong> Diploma in Public Administration- MARA Institute of Technology, Malaysia (1991). Certificate of Safety and Health Officer-Malaysian Insurance</td>
</tr>
</tbody>
</table>
2.3 Assessment Methodology & Agenda

The surveillance assessment was conducted from 21 - 25 April, 2015 as per the assessment program below. The assessment was carried out in accordance with PT TUV Rheinland Indonesia’s RSPO audit procedure as well as the RSPO Certification Systems document. During assessment, the qualified TUV Rheinland assessors used the RSPO standard as endorsed for the country in which the assessment took place and recorded their findings.

Due to the location and proximity of the estates, combined with common management systems, it was possible to carry out both field and document assessments of all estates and the mill within the time frame without compromising the integrity of the assessment in anyway. All 5 estates and 1 mill were visited and the assessment team carried out field and document assessments of compliance to all the RSPO principles and criteria. Common systems were identified and specific evidence was recorded for individual estates. Interviews were conducted at all estates and the mill.

The company proposed the correction and corrective action for all identified non-conformities raised to the certification body 30 days after the closing meeting. Verification of closure of major non-conformances was conducted through document checked 1 month after the closing meeting of the surveillance audit and implementation of corrective actions for minor non-conformities will be verified during the next surveillance audit. The surveillance audit agenda is as explained below.

Surveillance Audit Agenda.

<table>
<thead>
<tr>
<th>Date</th>
<th>Location/ Main sites</th>
<th>Main activities</th>
</tr>
</thead>
</table>
| 21 April 2015 | Kerdau Clubhouse, Kerdau Mill | Opening meeting and Introduction  
On-site visit: Mill, receiving bay, weight bridge area, general mill compound, boilers, scheduled waste store, wastewater treatment chemical store, effluent treatment pond final discharge, workshop,  
Document review: Legal compliance register, mill licenses, evidence of legal compliance, schedule waste consignment notes, HIRARC, accident records, workers pay slips, attendance records, SOPs, effluent analysis records, mill production records, mill procedure for received FFB until Product delivery, SCCS |
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Document Review</th>
<th>Interviews</th>
</tr>
</thead>
</table>
| 22 April 2015 | Kerdau Estate      | **Document review**: Estate procedure, record of fertilizer application, leaf analysis record, water management plan, HCV document, HCV monitoring plan and realization, zero burning activity, emission, pollution and GHG identification program and mitigation, GHG calculation, record of maintenance boundary stone, OSH Manual, OSH Policy, legal compliance records, chemical stock card, MSDS, medical surveillance report, HIRARC formats, CHRA report, training records and SOP.  
**On-site visit**: Riparian bufferzone in field number 87JK, signboard HCV protection, boundary stone, spraying activity in field number 13A – 13B, integrated pest management, replanting area, terracing, harvesting, chemical store/temporary store, chemical mixing area, diesel tank area, scheduled waste store, clinic, plantation, fertilizer store, Workshop. | Assistant Mill Managers, Wireman, Boiler Chargeman, Effluent Treatment Pond operator, office clerks, Engine Driver, workers at mill and receiving bay and Pahang Zone representatives |
| 23 April 2015 | Sg. Mai Estate      | **Document Review**: Area statement, replanting program, FFB production, estate maps, worker’s namelist, sample worker’s contracts and payslips, accident records, schedule waste inventories and consignment notes, DOE licenses of schedule waste collectors, HIRARC, Legal Requirements Register, Standard Operating Procedures (SOPs), Biodiversity Baseline Study Report, human resources management, pay and conditions, social impact assessment and management plan, stakeholder consultation records and documentation, communication, social policies implementation records.  
**Interview with management**  
**On-site visit**: Chemical store/temporary store, chemical mixing area, scheduled waste store, worker’s housing area, sloped (terraced) areas, replanted areas, Kiab Hill (at Jentar Estate), Tree Planting Program area, barn owl boxes, compost application areas, beneficial plantings, compost application, working area for Harvesting and chemist, housing and facilities  
**Interviews**: Estate Manager and assistants, harvesters (Indonesian and Indian), Chief Clerk, Estate Mandores, sprayers (Nepalese), general worker (Bangladeshi), workshop supervisor, Pahang Zone representatives, contracted workers. | Estate Manager and assistants, harvesters (Indonesian and Indian), Chief Clerk, Estate Mandores, sprayers (Nepalese), general worker (Bangladeshi), workshop supervisor, Pahang Zone representatives |
<p>| Mentakab Estate | <strong>Document review</strong>: Estate procedure, record of fertilizer application, leaf analysis record, water management plan, HCV document, HCV monitoring plan and realization, zero burning activity, emission, pollution and GHG identification program and mitigation, GHG calculation, record of maintenance boundary stone, integrated pest management, OSH Manual, OSH Policy, HIRARC formats, legal compliance records, chemical stock card, MSDS, medical surveillance report, |</p>
<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Task Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 April</td>
<td>Chenor Estate</td>
<td>Document Review: IPM census records, barn own box occupancy census records, chemical application and usage records, Sime Darby land titles, sample land preparation agreement with contractor, diesel usage records, sample pay slips of Bangladeshi workers and contracted worker, Biodiversity Baseline Study Report, estate procedure, record of fertilizer application, leaf analysis record, water management plan, HCV document, HCV monitoring plan and realization, zero burning activity, emission, pollution and GHG identification program and mitigation, GHG calculation, record of maintenance boundary stone, integrated pest management, human resources management, pay and conditions, social impact assessment and management plan, stakeholder consultation records and documentation, communication, social policies implementation records, OSH Manual, Chemical Stock Card, HIRARC formats, MSDS, Medical Surveillance report, CHRA report, accident report and statistics, training records. On-site visit: Worker’s housing, harvesting activity in field number 99, planted block of Jerantut, and housing, chemical store, chemical mixing area, Diesel Tank Area, scheduled waste store, clinic, fertilizer store, workshop, plantation and workers cleaning room. Interviews: Estate Manager, cutters, harvesters, Store Clerk, Hospital Assistant, Mandores and Pahang Zone representatives.</td>
</tr>
<tr>
<td>25 April</td>
<td>Kerdau Palm Oil Mill</td>
<td>Closing Meeting and Presentation of Audit Findings</td>
</tr>
</tbody>
</table>
3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The following is a summary of findings during this surveillance audit for the criteria listed in the RSPO Principles & Criteria Malaysia National Interpretation year 2014 and RSPO SCCS year 2014.

- RSPO P&C

**Principle 1: Commitment to transparency**

Criteria assessed: CR1.1, CR1.2, CR 1.3
Criteria not assessed: -

Findings:

**CR1.1**
Kerdau Mill
During this 4th surveillance, there is no revision made to the company procedure related to information request from stakeholder. This procedure available for all stakeholders. Kerdau Mill has recorded all of information request received in Log Book record for incoming letter and outgoing letter. Record of the last letter received to the mill in November 28, 2014 from the National Union of Plantation Workers, Branch Negeri Pahang No. NUPW/PHG/ST.COM/11/2014 about monthly meeting will be held on December 16, 2014 in Temerloh. During the audit, it was found there has been no incoming letter or information request from stakeholder received by the mill in 2015.

Kerdau Estate and Mentakab Estate
This estate has record of Log Book for incoming letter information request from their stakeholders. All of incoming letters has been replied by the estate with evidence in the form of related letters and was record in to Log Book. But, in 2015 there is no incoming letter or information request from stakeholders received by the Estate. Mentakab Estate has records of incoming letters noted in a Log Book, for example, there was a letter from Batu Kapor National School dated on March 30, 2015 about request for donation about RM 1,000, and the Estate has reply the letter via telephone mentioned that the estate have no budget yet for donation.

**CR1.2**
Sime Darby HQ has made general company procedures and policies available on their company website, however there is lack of evidence that management at SOU level have been informed or aware of the type of estate or mill related specific documents required to be made publicly available as listed in Indicator 1.2. This was noted as an observation.

**CR1.3**
Kerdau Palm Oil Mill has established a Code of Ethical Conduct. This document covers all activity in the company to avoid of corruption, bribery, and others. This is also has brief to all workers evidenced by the brief documents dated on October 12, 2012 attendant by 111 workers. Mentakab and Chenor Estate also has conducted the Code of Ethical Conduct briefing to all workers, and was include in the contract document to all outsource contract/third party, as seen in sample contract document number DOC.No.4300279299 dated on 01/04/2015.

Compliance status: Compliance with observations

**Principle 2: Compliance with applicable laws and regulations**

Criteria assessed: CR2.1, CR2.2, CR2.3
Criteria not assessed: -

Findings:
licenses of the mill and estates were checked and found to be valid as follows:

- Department of Environment of Pahang license no. 004379 dated 1 July 2014 to 30 June 2015 for Sime Darby Plantation Sdn. Bhd., Kerdau Palm Oil Mill for production of crude palm oil and permission for discharge to water. As per the license, maximum processing capacity is 60 metric tonnes per hour
- Permission letter for installation of one (1) boiler, one (1) chimney and one (1) multicyclone dust collector at Kerdau Palm Oil Mill issued by the Department of Environment of Pahang dated 19 August 2009, attached with written permission certificate no. APB/018/2009 specifying the terms of the installation.
- Latest license no. 540761004000 from the Malaysian Palm Oil Board valid from 1 July 2014 until 30 June 2015, for maximum processing of 270,000 metric tonnes of FFB per year
- Written approval for, boiler, chimney and multicyclone dust collector dated 19/08/09 by Pengarah JAS Pahang was checked and found to be valid.
- As sampled from Department of Occupation Safety and Health (DOSH) Visit Log Book from date of 12/06/14 mentioning that Certificates of Fitness (CFs) for equipment with number PH PMT3455 and PH PMT 4162 are both valid until 11/09/15.

Sime Darby has shown their compliance to applicable law regarding Manpower and Human resources Management, such as:

a. Migrant Worker recruitment.
   
   All of estate (and Mill) employ migrant workers, mostly working in harvesting and maintenance. Migrant worker recruitment events is conducted by a partner, however some of Sime Darby officers are involved in the process, such as in interviews and contract agreement assignment process. It was informed by migrant workers from Indonesia that they were interviewed by and signed the contract agreement in front of Sime Darby’s officer in Mataram Indonesia, before they went to Malaysia. The contract has been developed in Bahasa and fully understood by the workers.

   Company held worker's passport as collateral (so that workers would not abscond during contract period), and will give back to the workers after they fulfilled their contract period and/or when the worker take their vacation leave (after 2 years). This condition has known by the workers before they joined the company, and they accepted this as requirements. As substitution, Company give provisional ID Card (photo slip) for each worker while they live and work in Sime Darby’s operation area. This card containing information such as passport number and the company name they work for.

b. Minimum Wage Payment

   Evidences regarding worker payment for all estates and mills have collected during audit, such as worker piece rate calculation norm and payslips. The piece rate calculation norm per April 2014 giving guidance for the worker regarding their rights related to wages calculation, such as:
   - Rate per Tonnes,
   - Minimum Productivity target per day,
   - Basic Wage Without Price Bonus
   - Price Bonus
   - Basic Wages + Price Bonus + Incentive Allowances
   - Rate per Unit for Price bonus and Incentive allowances

   This piece rate norm complies with national minimum wage and achievable for normal harvesting worker. Payslips for November 2014 has collected samples of 12 workers from Jentar, Sg. Mai and Chenor estate during audit. Based on these evidences company shows their compliances according to national minimum wage requirement (RM 900).

c. General Leave, Sick leave and Annual Leave

   There are some evidences shows regarding work leave such as Worker Offering Letter for Local Worker and Working Contract Agreement for Migrant worker. Worker offering letter mentions
worker right to Paid Leave for:

- General Leave 13 days per year;
- Sick Leave 14 days (less than 2 years), 18 days (between 2 to 5 years), 22 days (over 5
  years), and maximum 60 days for hospital treatment/inpatient.
- Annual leave 14 days (below 5 years) and 16 days (over 5 years).

**d. Overtime in general and in specific conditions**

Checking to mill worker attendant record found that some worker has overtime more than 3 hours
a day, which is within the legal requirements. The evidence sighted was a letter from Manpower
Office of Peninsular Malaysia regarding Regulation of overtime under section 60A (4) (a) Employ-
ment Act. 1955.

There are over 20 days of holidays in Malaysia, and in accordance with the Employment Act 1955,
the company allocates 13 days public holidays to workers, and allows them to choose certain hol-
days based on their wish to celebrate those holidays. If workers a public holiday, than the compa-
ny will pay the overtime as regulated by the government. There is a letter from Mill Manager to all
staff, January 1st 2015, regarding Public Holidays for 2015. This letter explains the holidays for
Malaysian and Indian workers. Checking to worker attendant record and wage calculation shows
that company has comply with national regulations regarding holiday overtime payment. Based on
payslips and worker attendance records showed during audit, company has shown their compli-
ance regarding overtime payment.

**e. Minimum Worker Age Requirement**

Worker list for estates and mill has collected and checked during audit. There was no worker
found aged below 18 years old. The youngest worker for each estates and mill were around 18 to
19 years old. All migrant workers has follow requirem ent regarding age limitation in according to
prevent any child worker issues. From field check observations at housing, plantation areas and
mill conducted during this surveillance, there is no child worker found in all of the company’s opera-
tions areas.

However, there is evidence of legal non-compliances (NCR 2015 – 01 of 05):

- Stated in the mill’s DOE license dated 1 July 2014 to 30 June 2015 that the mill is required to install a
  CCTV facing the mill’s chimney for visual record of the black smoke which is to be active for 24 hours
  and records maintained for 6 months. However, no such CCTV has been installed by the mill
- The mill is required to carry out chimney emissions monitoring using the Continuous Emissions Monitor-
ing System (CEMS), however it was informed the CEMS system has been non-functional for almost a
  year. The mill has a letter dated 29 October 2014 to the DOE of Pahang informing that the Smoke Den-
sity Meter (SDM) for boiler no. 2 was non-functional and was being repaired by their supplier, but there
  is no evidence of follow-up.
- Found a compressor brand Hitachi Bebicon at the mill not having any valid registration (PMT).
- The mill does not have a Fire Certificate yet as required by Fire Services Act 1988.
- At Sg. Mai estate paint cans are also not managed as scheduled wastes. At Also at Mentakab estate,
  flourescent tubes and contaminated waste such as gloves from workshop are not identified and man-
  aged as scheduled wastes
- The last copy of consignment note of collection of clinical waste by Medivest was not received by the
  Mentakab Estate and this was not reported to Department of Environment as required by Environmen-
tal Quality (Scheduled Waste) Regulations 2005
- No update of inventory for all types of SW 305, 410, 409 at Mentakab Estate.

It was also found that storage of scheduled wastes before last collection at Jentar Estate exceeded 180
days, i.e. last collection of used batteries and filters by Kualiti Alam was 23 January 2015 and before
that was on 23 January 2015. This was raised as an observation under CR 5.3.

Certificate of Attendance for appointed competent person for Course for Certified Environmental Pro-
fessional in Schedule Waste Management (CePSWaM) was sighted, dated 19-23 Jan 2015.

During the previous annual surveillance audit, it was found that the Legal & Other Requirements Regis-
ter (LORR) of the estates and mill had not been updated to included some latest legal requirements.
During this audit, it was found that Sime Darby HQ representative had already prepared the revised
version of the LORR which includes all updated regulations. However, the approved LORR of Jentar
Estate last reviewed on 2 February 2015 is still not the latest updated version, i.e.:

- CPL 1987 still evaluated in the LORR at page 3 of 5, where it was supposed to be replaced by Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013.
- Sect. 49A of EQA 1974 revised 2012 was still not included in LORR and no competent person available for management of scheduled waste as required.
- Clean Air Regulations 1978 has not been replaced with latest version, i.e. Clean Air Regulations 2014

The estate took immediate action to print out a copy of this LORR for compliance evaluation. All estates and mills have a mechanism for checking legal compliance, however it is not correctly done as it was found that the status of legal compliance for all legal requirements is stated as 100% compliant, but in actual, there are some legal non-compliances, examples as stated under NC no. 1, CR2.1.1. This was raised as a non-compliance (NCR 2015 – 02 of 04).

At Kerdau Estate evaluation of compliance was done on 23/12/14 approved by the Estate Manager. Result is 100% compliance. While in Mentakab Estate, evaluation of compliance dated 23/12/14 and result is 100% compliance too. At Kerdau Mill, annual review for legal compliance evaluation is overdue as the latest review was done in 5/2/14 as approved by Mill Manager. However, the company’s HQ had the updated LORR for the mill in draft pending approval. Since LORRs for all other estates had been updated, this was noted as an observation.

CR 2.2
Kerdau Estate and Mill

Found during this audit that there is no revised or new information about land title of the company. Kerdau Estate and Mill has legal land title/legal ownership accordance to the “Surat Hak Milik Keluaran Kanun Tanah Negara, Borang 11A”, or Letter of Land Ownership number document number 11A, Registered in Temerloh, No. H.S. (D) 5401 State of Pahang, with land purposes is for agriculture, in Mukim Kerdau, No. P.T.575 valid for 99 years until September 9, 2086, about 4856.232 Ha, for palm oil land purposes, issued on September 9, 1987.

Kerdau Estate paid the land taxes for 2015 evidenced by the land taxes paid slip No. K/P 647766-V dated on 22/01/2015 for land about 4856.232 Ha located in Mukim, Kerdau, with ownership number 00005401, No. LOT/PLOT/PT 0000575.

Mentakab Estate

In the Mentakab Estate during the 4th surveillance, it was found there were no revisions and changes to the legal land document also. The following legal land is:

1. Letter of Legal land ownership “Geran Kanun Tanah Negara” document number 9238, No. Lot 1807, covering area 2140 Ha with unlimited time, registered on September 5, 1998
4. Letter of Legal land ownership “Geran Kanun Tanah Negara” document number 12, No. Lot 3097, covering area 135 Ha, with unlimited time, registered on July 2, 1966
5. Letter of Legal land ownership “Geran Kanun Tanah Negara” document number 13, No. Lot 3080, covering area 2 Ha, with unlimited time, registered on July 2, 1966

10. Letter of Legal land ownership “Geran Mukim” document number 1823, No. Lot 918, covering area 45 Ha, with unlimited time, registered on September 1, 1998.

All of legal land documents mentioned that the land purposes is for rubber plantation, and Estate has
submit for revision report of land purposes to the Agriculture Department. Estate also has land taxes payment evidenced by the land taxes paid slip number Lot 0003080 dated on 11/04/2014. Mentakab Estate has several land titles stating conditions for planting only for rubber, however the estates are now fully planted with oil palm with no evidence of updated land titles with revised conditions of land use from the Land Department. This was raised as a non-compliance (NCR 2015 – 03 of 04).

Chenor Estate
There is no revision and new update of legal land ownership during the surveillance 4th audit in Chenor Estate. The legal land ownership is:

1. Letter of Legal land ownership “Geran Kanun Tanah Negara” document number 5690, No. Lot 3274, covering area 1394.1398 Ha, registered on April 19, 2000, land purposes for cocoa/coffee, areca nut. But the planting realization is palm oil, so this is no compliance with legal land ownership purposes. (NCR 2015 – 03 of 05).

2. Letter of Legal land ownership “Geran Kanun Tanah Negara” document number 719, No. PT 469, covering area 489.5646 Ha, with land purposes is for palm oil. Registered on August 1, 1998.

3. Letter of Legal land ownership temporary “Hak Milik Sementara” No. H.S.(D) number 720, No. PT 470, covering area 116.0496, with land purposes is for palm oil. Registered on August 1, 1998

Estate has paid land taxes evidenced by land taxes slip dated on 12/02/2014, with No. Lot 000470.

Kerdau Estate has record map of boundary stone map. Based on record of boundary stone, indicated the boundary stone in good condition, and accessible. But also indicated boundary stone lost, and estate changed with big trench to keep land boundary. For Mentakab Estate, record of boundary stone maintenance is available also. On the record, showed the boundary stone in good condition, accessible, clean and clear, there is also trench for outside border. In Chenor Estate, document of boundary stone also available with record of boundary maintenance activities conducted. Based on field visit in field number 94A, boundary stone available and visible, only in soil surface covered by shrub and in several locations the boundary stone are not visible and accessible. This was raised as an observation.

CR 2.3
The company continues to maintain procedure document issued in November 1st 2008 regarding “Flowchart and Procedures on handling land Disputes”. There are two kinds of potentials matters, On-Land and Ex0-Workers (staying in estate quarter). During this 4th surveillance audit, there is no change found with regards to change to information about the right to use land. There is no evidence found that the company diminishes the legal, customary, or user rights of other user without their free, prior and informed consent.

During the previous 3rd surveillance audit, it was found that was a land dispute between company and national school of Bakti Village about overlapping areas about 1 Ha. During this 4th surveillance audit, it was verified that the company had submit letter to the Head of School Bakti Village number SDPSS/LMD/Est_Mntkb_27052014 dated on June 30, 2014, related to the land dispute between national school with company (Endensor Estate), Batu 5, Jalan Karak, Mentakab, and claim for land school. The company has made a timeline of events pertaining to this dispute from initial until latest condition. The source of the problem was that previously the company agreed with the previous head of the school to swap land lot no. 6421 belonging to the company with a land lot belonging to the school in order to build a housing for teachers. However, that agreement between the company and the old school head was not documented in an MoU, and the current school head did not agree to the land swap. In the letter submitted above, the company offered to re-swap the land in Lot Number 6421, and it was seen from the documented agreement between estate and national school that the issue has been resolved.

Compliance status: Non Compliance
NCR 2015 – 01 of 05
There is evidence of legal non-compliances found, i.e.:
- Stated in the mill’s DOE license dated 1 July 2014 to 30 June 2015 that the mill is required to install a CCTV facing the mill’s chimney for visual record of the black smoke which is to be active for 24 hours and records maintained for 6 months. However, no such CCTV has been installed by the mill
- The mill is required to carry out chimney emissions monitoring using the Continuous Emissions Monitoring System (CEMS), however it was informed the CEMS system has been non-functional for almost a year. The mill has a letter dated 29 October 2014 to the DOE of Pahang informing that the Smoke Density Meter (SDM) for boiler no. 2 was non-functional and was being repaired by their supplier, but there
is no evidence of follow-up.
- Found a compressor brand Hitachi Bebicon at the mill not having any valid registration (PMT).
- The mill does not have a Fire Certificate yet as required by Fire Services Act 1988.
- At Sg. Mai estate paint cans are also not managed as scheduled wastes. At Also at Mentakab estate, floourescent tubes and contaminated waste such as gloves from workshop are not identified and managed as scheduled wastes.
- The last copy of consignment note of collection of clinical waste by Medivest was not received by the Mentakab Estate and this was not reported to Department of Environment as required by Environmental Quality (Scheduled Waste) Regulations 2005.
- No update of inventory for all types of SW 305, 410, 409 at Mentakab Estate.

NCR 2015 – 02 of 05
There is no evidence of compliance check done by Jentar estate so far to the latest revised LORR, which includes the new or updated regulations as follows, Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013, section 49A of EQA 1974 (revised 2012) and Clean Air Regulations 2014.

NCR 2015 – 03 of 05
1) Found at Chenor Estate, National Land Code, Land Title no. 5690, lot no. 3274 with area of 1394.1398 Ha registered on 19 April 2000 stated permission for planting of permanent plants (cocoa/coffee/kekabu/pinang) but the estate has been planted with oil palm 1989 with no evidence of updated land title with revised conditions of use from the Land Department.
2) Mentakab Estate has several land titles stating conditions for planting only for rubber, however the estates are now fully planted with oil palm with no evidence of updated land titles with revised conditions of land use from the Land Department.

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

Criteria assessed: CR3.1
Criteria not assessed: -

Findings:
Kerdau Mill
A documented management plan for 3 years long term economic commitment is available. The management plan includes a plan, projection of incoming FFB received, production plan, and expected output for CPO and PK, OER and KER. The 3 years management plan long term economic presented below:

1. Projection of FFB received:
   - 2015/2016 FFB received amount plan 235,461.47 tonnes
   - 2016/2017 FFB received amount plan 242,238.15 tonnes
   - 2017/2018 FFB received amount plan 261,734.32 tonnes

2. Projection of CPO production:
   - 2015/2016 CPO production plan 50,271.02 tonnes with OER 21.35% and KER 5.10%
   - 2016/2017 CPO production plan 51,717.84 tonnes with OER 21.35% and KER 5.20%
   - 2017/2018 CPO production plan 56,142.01 tonnes with OER 21.45% and KER 5.20%

3. Projection of PK production:
   - 2015/2016 PK production plan 12,008.53 tonnes
   - 2016/2017 PK production plan 12,596.38 tonnes
   - 2017/2018 PK production plan 13,610.18 tonnes

Long term economic commitment for, also available in the Estate, example for Chenor estate, Mentakab Estate and Kerdau Estate. In the management plan for long term economic commitment showed the FFB production plan. Example for Chenor estate FFB production plan in:

1. 2016/2017 is about 43,786.75 tonnes
2. 2017/2018 is about 46,063.50 tonnes
3. 2018/2019 is about 46,547.00 tonnes

Budget estate also showed the replanting program and implementation, as presented below, i.e.:
1. Kerdau Estate:
- 2014/2015: Field number 2014A about 80.25 Ha; field number 2014B about 75.75 Ha; field number 2014C about 75.35 Ha
- 2015/2016: Field number 2015A about 92.91 Ha; field number 2015B about 82.3 Ha, field number 2015C about 83.14 Ha

2. Mentakab Estate:
- Endensor division there is no replanting program until 2019/2020
- Lanchang division in 2015/2016 there are plans for replanting in field number E169P94A about 99.44 Ha; field number E169P91A about 21.93 Ha, total replanting plan is about 121.37 Ha
- Mentakab division in 2018/2019 there are plans for replanting in field number E169P94 is about 50.69 Ha and field number E16990 is about 45.85 Ha

3. Chenor Estate:
- Field number P87 about 88 Ha, will replanting in 2014/2015
- Field number P88 about 151 Ha, will replanting in 2015/2016
- Field number P89 and P92 about 129 Ha, will replanting in 2016/2017

Compliance status: Full Compliance

Principle 4: Use of appropriate best practices by growers and millers

Criteria not assessed: -

Findings:

CR4.1
All estates have documented SOPs for operational activities as per Sime Darby Plantations Estate Quality Management System (EQMS): SOP for Oil Palm Estates, issuance date 01/11/2008. The documents includes SOPs pertaining to oil palm nursery, estate upkeep and cultivation activities (including replanting, land preparation, weeding/spraying for mature and immature areas, census, pruning, manuring, and water management, and harvesting and collection.

Sime Darby’s RSPO & Certification Unit carries out an annual internal audit for the estates, as seen from a sample Internal Consultative Assessment Report (RSPO/ISCC), dated November 24th, 2014 for Sg. Mai Estate. The internal audit report included 22 findings, including major and minor findings as well as opportunities for improvement (OFI). The estate also have annual Plantation Advisor visits. The last Plantation Advisor (PA) report for Sg. Mai estate for visit conducted on 21 – 24 April 2014 was sighted and included detailed summary of findings and recommendations pertaining to implementation of company’s operational SOPs, FFB yield, crop quality, etc. Aspects covered in the PA report include pruning and raking, harvesting, road maintenance, manuring, EFB/compost, pests and diseases, roads and bridges, etc.

Kerdau Palm Oil Mill maintains records of amount of FFB collected from all third party suppliers, which currently is only Sri Kerdau Commodities, as seen in Table 3.

CR4.2
Sighted at Kerdau, Mentakab and Chenor Estates that the company continues to maintain their procedure for fertilizer application in section 8, version 4, issue date on 26/08/2013 about manuring activity with chemical fertilizer and EFB application in immature planted. When the EFB application different into two type based on:
- Coastal soil, with dosage 25 ton EFB/ha/year application
- Inland soil, with dosage 30 ton EFB/ha/year application

Application shall one layer with 0.3 – 0.45 meter range from palm base.

For fertilizing application with chemical fertilizer and EFB in mature planted area, different into two type based on:
- Coastal soil, with dosage 180 kg EFB/ha/year application
- Inland soil, with dosage 200 kg EFB/ha/year application

Application shall one layer with 0.3 – 0.45 meter range from palm base.
Kerdau Estate: Record of fertilizer application available in the estate from January – March 2015 based on fertilizer recommendation. Actual application recorded on fertilizing logbook/costing book, and fertilization implementation followed the schedule and recommendation. Example for Rock Phosphate fertilizer application in filed number 2011A with area 73.48 Ha, standing per hectare 148 trees, application dosage is 2 kg/tree, and the application compliance with recommendation.

Mentakab Estate: Record of fertilizer application in the Mentakab Estate established well in logbook/costing book. During this 4th surveillance audit, fertilizer process application has followed the recommendation. Example in Lanchang division in field number 94A with standing per hectare 132 tree, palm tree planted 13,126.08, for AC fertilizer application, total application is 26,252.00, and have been implementation accordance to fertilizer recommendation with dosage 2kg/tree.

Chenor Estate: Record of fertilizer application example in April 2015 has been conduct based on fertilizer recommendation, example in field number 1994A application dated on April 8, 9, 10, 11 and 12, 2015 has compliance with fertilizer recommendation with 2kg/tree dosage for AC fertilizer.

Record of Agronomic and Fertilizer Recommendation Report-Oil Palm issued by the R&D Centre – Upstream Technology and Transfer and Advisory Services for leaf analysis conduct available for each estate, example in Kerdau Estate conducted on July 8, 2014, Mentakab Estate conducted on December 24, 2014 and Chenor estate conducted on April 4, 2014. While for soil analysis conduct in every 5 years. The last of soil analysis was conducted in year 2012.

To increase the soil nutrients, the company (estate) has strategy through the EFB mulching and was recorded in record of EFB mulching. In Kerdau Estate EFB mulching example was conduct in field number F2014A on January 2015, and complied with the procedure EFB application i.e.: one layer with 200 kg/palm oil tree. Mentakab Estate also conducted the EFB mulching in September 2014 example in field number 2014A about 546.16 mt in Lanchang division. That activities also conducted in Chenor Estate in December 2014 example in field number 98B has with total EFB mulching is 328.36 mt and others. It was also seen at the mill that there is a composting plant and sighted in the fields of estates, i.e. Kerdau Estate and Jentar Estate that composting is carried out at many areas which are recommended for compost application by the company’s agronomist. The estates also carry out frond stacking in U shape as part of their nutrient recycling strategy and also to reduce erosion. Sample composting program was sighted in the PA report for Sg. Mai estate. The composting program for FY2013/2014 states total of 4950.73 tonnes recommended to be applied at fields no. 95S, 98SB, 98SC, and 00SD., while actual applied as of March 2014 was 2651.53 tonnes.

CR4.3

All estates have semi-detailed soil maps surveyed and prepared by the Precision Agriculture Unit, Plantation Upstream, dated 14 May, 2010. Example soil map sighted for Jentar estate includes predominant soil type in the estate is of the series Kuala Brang (1,137.28ha) and other soil series available include Bungor (597.88ha), Gong Cenak (247.62ha), Kampung Pusu (20.10ha), Nami (22.23ha), Tebok (126.30ha), Terap (12.44ha). Jentar Estate consist of flat to sloped areas above 25 degrees slope. Sg. Mai estate area include 15 different soil series types, the predominant type being Jeram soils series, covering 10.2% of the estates area, and other soil series are Jempol, Bungor, Serdang, Kemahang, Kuala Brang, Nami, Kuah, Batu Lapan, Gajah Mati, Terap, Tebok, Kerayong, Rasau and Gong Chenak. Based on description of the different soil types, it was found that most soil types are moderately deep to deep yellowish brown, brown or reddish sandy clay soils, with no significant marginal soils identified.

Fragile soil in all estate has been identified further as follows, i.e:
1. Kerdau estate based on map of marginal soil with scale 1:23,000 has identified i.e.: slope soil, which consist of:
   - 0 – 2° is about 702.65 Ha
   - 2 – 6° is about 1624.57 Ha
   - 6 – 12° is about 241.29 Ha
   - 12 – 20° is about 20.31 Ha
   - 20 – 25° is about 0.01 Ha
2. Mentakab Estate. In this estate, marginal soil has identified in 3 division, such as:
   a. Lanchang division, based on slope map with scale 1:24,000, consist of:
      - 0 – 2° is about 414.37 Ha
b. Edensor division, based on slope map scale 1:15,000, consist of:
- 0 – 2° is about 253.34 Ha
- 2 – 6° is about 619.31 Ha
- 6 – 12° is about 119.03 Ha
- 12 – 20° is about 2.16 Ha
c. Mentakab division, based on slope map scale 1:14,000, consist of:
- 0 – 2° is about 141.09 Ha
- 2 – 6° is about 340.11 Ha
- 6 – 12° is about 186.16 Ha
- 12 – 20° is about 8.88 Ha

Each estate has identified the marginal soil location through the map of marginal soil. To maintain the marginal soil, the company has set the procedure i.e.: through the terracing to minimize the soil erosion.

The company implements an SOP for construction of terraces in accordance with Section 4: Land Preparation of the Sime Darby Agriculture Reference Manual: Oil Palm Planting issue no. 1 year 2011, version 2, issued 01/07/2011. The SOP defines terraces for different levels of slope, that terraces should be back sloped and also stated that areas with slope greater than 25° slope should not planted and best left for biodiversity purposes. This was observed in practice in the field, i.e. at recently replanted area at Jentar estate in year 2014, and areas being prepared for replanting in year 2015, where terracing practices and ground cover planting was carried out in accordance with the SOP. A sample memorandum of agreement dated 1st November 2014 between Chenor Estate and contractor named Jasa Awah Enterprise for land preparation for replanting of 88ha at 1987A and 1987B in Division A was sighted. The agreement specifies that preparation works shall include terracing according to specific width parameters for certain slope levels, and that areas above 25° shall be preserved for biodiversity purposes, which is in accordance with the company’s SOP.

Practices minimizing soil erosion is evident at all estates, such as terraces, planting mucuna bracteata (cover crop), maintaining good non-competitive ground covers in mature areas, advocating proper frond heap stacking such as countur shaped stacking. This was observed in the field at the main division of Sg Mai estate and Jentar Estate. Jentar’s area above 25 degrees which covers an area of 194.15ha is not planted but is maintained as a natural secondary forest area and also used for establishment of a variety of tree species as part of Sime Darby’s Tree planting program.

Estate also conducted the road maintenance through the road maintenance program and own a rear grader, roller, compactor and back bucket for road maintenance. In Kerdau Estate has conduct road grading from January 2015 in field number 2012A, 2012B, 2012C, 2013A, 2013B and 2013D. In Mentakab Estate record of road maintenance program also available, and conducted from July 2014 – June 2015. Example implementation of road maintenance in field number P01 Endensor division, and field number P95, with road grading and compacting activity. It was noted in the PA report for FY2013/2014 for Sg. Mai estate that frequent flash flood occurrence is P94SB, P95S and P97SB have been reduced with replacement of culverts and de-silting of drains.

There are no peat soils at the estates.

CR4.4

The estates implement an SOP for Water Management as per their Estate Quality Management System dated 1/11/2008. The SOP defines measures to improve soil productivity and minimize loss of soil and nutrients by controlling field water levels at acid sulphate and non-acid sulphate soil areas, maintaining water management infrastructure including drains, watergates, drain blocks and water table tubes, and monitoring water and soil pH and water salinity at appropriate intervals. In addition, there is also a guidance to protect watercourses stated on Sustainable Plantation Management System (SPMS) Appendix 14, version 1, 1 January 2010 as the best practice to include protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zone or before replanting along the natural
waterways within the estate. It was observed at the field in Sg. Mai estate that palms at riparian buffers zones at small streams within the main division of the estate as well as at the estate’s water catchment area are demarcated with red paint about two palm trees width from the edge of the water body, as indication that no chemical application is permitted at these palms. It was confirmed through interviews with sprayers from Sg. Mai estate that no spraying is carried out at these palms. Estate has also installed signboard in the field such as in main road, collection road, riparian buffer zone, housing, office and others, with information mentioned in the signboard is about river protection from hazardous, chemical activity, and other types of activities to be avoided which will reduce the water quality.

Sighted license from the Department of Environment of Pahang license no. 004379 dated 1 July 2014 to 30 June 2015 for Sime Darby Plantation Sdn. Bhd., Kerdau Palm Oil Mill for production of crude palm oil and permission for discharge to water. The mill maintains a log book for records of daily effluent discharge to waterways, including information as required in their DOE license. Quality parameters for discharged effluent are limited as follows:

- BOD (3 days, 30 degrees Celcius) cannot exceed 100mg/l
- Suspended solids cannot exceed 400mg/l
- Oil & Grease cannot exceed 50 mg/l
- Ammoniacal Nitrogen cannot exceed 150 mg/l
- Total Nitrogen cannot exceed 200 mg/l
- pH must not exceed 9.0 or be less than 5.0
- Temperature cannot exceed 45C

The mill has total of 14 ponds (2 cooling ponds, 6 anaerobic ponds and 6 aerobic ponds). Minimum one sample of effluent analysis of final discharge, anaerobic pond no. 1 effluent and raw effluent is sent once a month for analysis at Sime Darby Research Sdn. Bhd. - Lab Services Laboratories. However, it was seen from records of effluent analysis for some months that effluent quality had exceeded the legal parameters, i.e.:

- Test report no. EP466/2014 issued 30/09/2014 - Final discharge BOD for one sample was 262 mg/l
- Test report no. EP546/2014 issued 17/11/2014 - Final discharge BOD for 3 samples was 133 mg/l, 134 mg/l and 62 mg/l. In addition, suspended solids for sample 2 was 707 mg/l.
- Test report no. EP584/2014 issued 09/12/2014 - Final discharge BOD for 3 samples was 272 mg/l, 122 mg/l and 74 mg/l. In addition, suspended solids for samples 1 and 2 was 508 mg/l and 549 mg/l.
- Test report no. EP1/2015 issued 05/01/2015 - Final discharge BOD for 2 samples was 77 mg/l and 100 mg/l (met legal limit). However, suspended solids for samples 1 and 2 was 528 mg/l and 509 mg/l.
- Test report no. EP32/2015 issued 20/01/2015 - Final discharge BOD for 2 samples was 8 mg/l and 63 mg/l (met legal limit). However, suspended solids for samples 1 was 508 mg/l
- Test report no. EP68/2015 issued 05/02/2015 - Final discharge BOD for 2 samples was 62 mg/l and 139 mg/l and SS for sample 2 was 439 mg/l
- Test report no. EP110/2015 issued 05/03/2015 - Final discharge BOD for 2 samples was 73 mg/l and 116 mg/l. SS for both sample met the legal limit

It was seen from the effluent management logbook that the mill had taken action to reduce the effluent BOD and TSS, but further actions be may required due to consistent exceedance of the BOD. Noted as observation.

Mill water use per tonne of Fresh Fruit Bunches (FFB) is monitored on a daily basis and recorded in logbook named ‘Water Treatment Plant Meter Reading and Meter Analysis Record Book’. Based on the daily readings, average water usage ranges from 1.00 - 2.00 MT water per tonne FFB.

CR 4.5

The estates have an SOP for Pests and Diseases issued 11/1/2008 which covers integrated pest management techniques for common pests such as rats, bagworms and nettle caterpillars and rhinoceros beetles.
There is evidence that all estates implement biological methods in control of pests, i.e. Jentar estate has installed one barn owl box for every 10 hectares while Sg. Mai estate has one barn owl box established for every 8 hectares and conducts occupancy census of the barn owl boxes. Planting of the beneficial plants *Antigonon leptopus* and *Turnera subulata* to attract natural predators of leaf eating pests were observed throughout the estates. Jentar Estate carries out prophylactic spraying of their immature areas only once a fortnight using Cypermethrin to control attacks of bagworms and *Oryctes rhinoceros*. Sg. Mai estate does not carry out prophylactic spraying as all their areas are mature areas and attack rates of bagworms and rats are low. It was confirmed from chemical usage records of Sg. Mai estate for FY 2013/2014 and FY2014/2015 up to March 2015 that there was no usage of cypermethrin, rat bait or other chemicals used for pest treatment as pest attacks are low or non-existent.

Chenor estate experiences unusually high rat attack rate of about 20%, and carries out rat baiting twice a year with census carried out before and after the rat baiting for monitoring purposes. Based on rat census records, palms sampled consistently have a rate of fruit nibbling above 5 fruitlets. Due to the high attack rate, in year 2013 and 2014, the Sime Darby Research Centre carried out a rat population survey and capture at the estate after each rat baiting campaign to determine the rat population and conduct studies on the rat chemical resistance. As seen from documented report dated 3 October 2013, a team of 4 people were involved in trapping of rats at field 02A, with total 108 rats collected after 3 days. A map of the palms covered in the rat population study as well as the area where fresh damage census was conducted was sighted. The estate also has established 1 barn owl box every 5 hectares as seen in the estate's barn owl box establishment map. Total number of barn owl boxes as of September 2014 barn owl box occupancy census records was 346 boxes with 246 boxes occupied (71.1%). In addition, Chenor estate also carries out Ganoderma census records annually for all block. Based on census records sighted, there have been no cases of ganoderma attacks throughout the estate.

**CR 4.6**

The company still refers to Sime Darby Agriculture Reference Manual Ver. 03 Issued Date: 01/07/11 as justification for application of pesticides and herbicides. Section 16 of the manual describes selection of pesticides to be apply to the target pest, weed or disease clearly shown in the table.

All estates maintain a documented summary of annual chemical usage in document named ‘Monitoring Pesticide Usage per Hectare and Per Ton FFB Production. Summary of chemical usage for Sg. Mai estate in FY 2013/2014 and FY2014/2015 up to March 2015 show chemicals used were only for herbicide management, i.e. Ally, Kenlon, Amine, Sodium Chloride, Wet & Stick, Thiram, Antracoal, Touch Up, Hextar Cyper, Basta and Glyphosate. There was no usage of cypermethrin, rat bait or other chemicals used for pest treatment. Similar chemical usage summary was also sighted for Chenor estate, which has records of usage of Ally, Glyphosate, Hextar Cyper, Basta, Kenlon, Sodium Chloride, Bayfolan, and Rat Bait. The document shows calculation of active ingredient used per ha and per tonne FB, however it is in total calculation of active ingredients of all chemicals applied, instead of for individual chemicals. This was noted as an observation. There was no evidence of usage of paraquat.

A new Mandore was found not having a copy of MSDS/CSDS for chemical named Kenlon at Mentakab Division and also not having a warning sign for area of chemical applied. This was noted as an observation. At Kerdau Estate, the chemical store was improved after the corrective action taken from the NCR raised last year. Railing at staircase, correct exhaust fan installation, proper signages and good arrangement. All pesticides containers were properly labelled and stored.

During interviews with sprayers in the field at Jentar Estate, it was found that the company provides proper PPE for sprayers, including aprons, googles, rubber gloves, rubber boots, and masks. The estate has a PPE washing area at their chemical store and it was confirmed with sprayers that they shower and clean their PPE at the store. Areas that have been sprayed are marked with a warning sign.

At Sg. Mai estate, the following positive observations were noted:

1) Good PPE washing area and shower for sprayer at Sg. Mai estate, including washing machine and designated female staff to assist in the cleaning
2) Chemical store is also well ventilated and good secondary containment (plasti trays) to contain spillages.
3) Good safety signages on chemical store and scheduled waste store of Sg. Mai estate.
4) Transport is provide for workers to the field
At Kerdau Estate, four contracted workers attended circle spraying on 13/4/15, and another 17 contracted workers attended spraying training on 14/04/14. 6 workers attended Pest & Disease Spraying training on 15/04/15 at Nursery.

Empty chemical containers at Jentar Estate are triple rinsed, punched and kept at a secure store to be collected by a contractor, i.e. G- Planter Sdn. Bhd.

At Kerdau Estate, sighted a contract dated 01/01/15 for contractor supplying labourers to carry out chemical spraying. Paragraph 16.1 of the contract requires a contractor to comply with legal such as OSHA 1994 and EQA 1967. Medical Surveillance for contractor workers will be done on 27/14/15 as letter dated 22/04/15 the Estate Manager of Kerdau. This medical surveillance will include 17 workers including a worker interviewed at Block 13A. Based from Pictorial Safety Standard for Spraying (2008). Item 8.5 (6) mentioning that all workers including contractor should be sent for medical surveillance on chemical exposure every year. Medical surveillance for workers handling organophosphate was conducted on 11/06/14. 8 workers underwent the medical surveillance and 7 were found to be normal except one worker who was found to have high glucose and cholesterol (advice was to diet). Spraying mandore interviewed at Block 13A will be sent to medical surveillance programme in accordance with letter approved by the Estate Manager dated 10/04/15 with 10 other workers. 32 contracted workers under another contractor (Triang Leong) were also confirmed to have undergone medical surveillance.

In Mentakab Estate, found two workers at Mentakab Division Block 2013C (mandore and Indian sprayer) not yet attended medical surveillance since carry out their job in January 2015. While in Chenor Estate, medical surveillance was conducted on 16/05/14 for 26 workers. The medical surveillance for these workers has already been planned as seen from quotation from Ocumed Consultancy & Services Sdn Bhd was received for conducting a medical surveillance dated 24/04/15.

The company does not engage any female workers to carry out spraying or chemical application work, so there is no risk of pregnant or breastfeeding women involved in such activities. This was confirmed at several estates, where found no pregnant female workers involved with spraying or chemical handling activities. The only potential female staff handling chemicals is the store clerk. One female store clerk at Mentakab Estate was found to be pregnant but her direct handling of chemicals is limited to avoid exposure and potential contamination. When interviewed, she was also aware of the potential risk and understood what protective measures to take accordingly.

CR 4.7
At Kerdau Mill, OSH Policy for Sime Darby Plantation found displayed in Conference Room. Dated 2012 and signed by Sime Darby Plantation’s Executive Vice President. At Kerdau Estate, the Occupational Safety and Health Manual for Sime Darby Plantation Sdn Bhd August 2008, Version 01 dated 20/08/08 was sighted. The document includes topics related to Introduction to OSH, OSH Policy, OSH Objectives, OSH Organization, Safety Culture, HIRARC, Workplace Inspection, PPE, and Chemical safety (17 Chapters).

At Kerdau Mill, a Hazard Identification, Risk Assessment & Risk Control (HIRARC) was found to have been conducted on 28/11/14. Sampled Sime Darby Plantation, Plantation Quality Management System Ver. 01, Year 2008 dated 20/08/08 containing Chapter 6 (HIRARC). Annexure C mentioned that if the risk is medium or score more than 4, then current risk control measure shall need to be improved and action is required to control hazard. 1-3 is low, 4-10 is medium and 11-16 is high. In the HIRARC format found score medium particularly 4 and above not having additional recommendation of risk control example page 1, 2, 3, 4, 5. This was noted as an observation. At Kerdau Estate the HIRARC was revised on 17/02/15 and approved by the Estate Manager. In Chenor Estate, the HIRARC was reviewed for pruning using sickle (no date, approval and recommended risk control even score is 4). Another review was done on 23/09/14 for harvesting. On 30/10/14 for harvesting and 2/09/14 on collection, 03/07/14 for harvesting and another one on 15/02/14 on harvesting. The rest of activities were conducted earlier in 2012 and before. The review was not properly conducted as required by the SOP to be conducted once a year. This was not in accordance with OSH Manual Chapter 6 dated 20/08/08 para 8 mentioning HIRARC should be review and updated at least once a year. This was noted as an observation.

At Kerdau Mill, records sighted showed that Safety & Health Committee (SHC) meetings were con-
Conducted on 22/12/14, 23/09/14, 23/09/14, 10/06/14 to discuss issues related to Safety and Health. While for 2015, no SHC meeting held was conducted yet.

At Kerdau Estate, Organization Chart for the SHC was sighted and found to consist of the Chairman, who is the Estate Manager, secretary as well as employers representatives and employees representatives. Records showed that SHC meetings were conducted on 24/03/15 attended by 13 workers, on 24/12/14 attended by 14 members, on 13/06/14 attended by 13 members, on 06/05/14 attended by 13 members, on 17/03/14 attended by 6 members, and on 15/02/14 attended by 6 workers.

At Chenor Estate, the SHC Organization chart is available upon request, and also consists of a chairman, secretary, 7 employers representatives and 9 employee representatives. Minutes of meetings showed SHC meetings were conducted on 18/12/14, 19/09/14, 21/06/14, and 28/03/14. OSH issues were recorded accordingly as sampled.

Evidence was sighted that the estates maintain accident records in accordance with legal requirements. The company conducts accident investigation and reporting in accordance with Chapter 14 of OSH Manual dated 20/08/08 Accident Investigating and Reporting. In Chenor Estate, OSH Manual Chapter 14 mentioning Procedure for Accident Reporting and Investigation. Issue No. 01, dated 20/08/08. The company also has another Procedure for Crisis Management and Emergency Preparedness and Response Plan. For several accidents that occurred, accident reports form JKKP6 was completed as required by the the Department of Occupational Safety and Health (DOSH) of Malaysia. Example accident reports were seen as below:

1) At Kerdau Mill, it was found there was accident involving a mill worker on 11/06/14 where he fell from a motorcycle on the way to do cleaning work at Assistant Manager house and his wrist bone broken. Since this was a commuting accident, it was not required to be reported to DOSH. Social security (SOCSO) claim was made accordingly.

2) A fatal accident involving a sterilizer operator which occured on 20/06/14 and the worker died on 03/07/14. It was reported to DOSH and investigation was conducted accordingly. The JKKP 8 accident reporting form was sent to DOSH on 19/01/15 as required by law.

3) Report on accident which occured on 4 April 2015. A Bangladeshi worker was assigned to transfer compost and while closing the tractor door, got his hand caught on the door of the tractor. The worker was sent to Hospital Sultan Haji Ahmad Shah and the worker got 14 days MC starting from 4 April 2015. The estate sent a copy of the completed JKKP6 form to DOSH Pahang on 9 April 2015 with response received from DOSH.

4) Report on accident which occured on 21 October 2014 where an Indonesian harvester put his harvesting pole on the ground, but the pole broke in two, bounced and slashed the victim’s fingers. He was taken to Hospital Sultan Haji Ahmad Shaha and given 28 days MC.

There are records of analysis of accidents that occur as seen from sample minutes of Jentar Estate's 3rd quarter OSH committee meeting date for year 2014/2015, which included discussion on the accident that occurred to the Indonesian harvester on 21 October 2014. In addition, Jentar Estate’s HIRARC was updated on 29 October 2014 to include the risk of breaking harvesting pole with recommended risk control including changing of the poles to a better quality type. It was confirmed with the estate office clerk that this action has been taken and the poles have been replaced.

It was informed during interview with the Bangladeshi worker who was in the accident on 4 April 2015 that he paid for his medical treatment at the hospital (about RM100) but is allowed to claim back the payment from the company. For any medical treatment provided at the company’s own clinic, no payment is required.

First aid kits were found to be located at strategic locations within Kerdau Mill. During site visit to Jentar estate, it was confirmed that mandors of the spraying and harvesting gangs bring a first aid kit with them which is well equipped.

At Kerdau Estate, the monthly contribution to SOCSO was made accordingly as seen from evidence form 8A with the amount of RM 2,804.50 for 93 workers for March 2015, RM 2,555.20 for 93 workers for February 2015, RM2,730.40 for 91 workers for January 2015. In Mentakab Estate, sighted com-
completed Form 8A for contribution for the SOCSO month of March 2015 amounted to RM 3,032.80 to SOCSO covering 93 workers. Foreign Workers Compensation Scheme certificate of Insurance was also sighted with warranty cover from 01/07/14-30/09/14 for coverage of 176 workers. At Kerdau Mill, sampled the Baseline and Audiometric Test Report dated 18/08/14 by Specialist Mobile Safety Supplies Sdn Bhd. There are 17 workers categorized as having Hearing Impairment. Action taken was to conduct training on 25/03/11 for Hearing Conservation Training (Meeting Room Kerdau Palm Oil Mill). Attended by 33 workers. Found at least 5 workers did not attended any training according from the list.

Lost Time Accident (LTA) metrics reporting is not consistent At Kerdau Mill, as it was found that form JKKP8 accident report of fatal accident involving the sterilizer worker was not recorded in LTA and fatality rate was reporting 0. The mistake was corrected immediately but this noted as an observation. In Chenor Estate, Form JKKP8 was sent to DOSH on 28/01/15. From July 2014-April 2015, total Lost Time Injury (LTI) recorded was is 624 hours, record for longest cumulative man hours without LTI is 759,559 hours and cumulative Man Hours without LTI to date is 8640 hours.

CR 4.8
At Kerdau Mill, a training for the sterilizer station was conducted on 16/12/14 at Meeting Room Kerdau Mill attended by 10 workers. On 15/12/14 attended by 11 workers. Briefing and procedure training for safety at sterilizer done on 28/06/14 was attended by 14 workers. Briefing to new workers was done on 16/10/14 attended by 6 workers. First aid training was conducted on 08/03/14 at meeting room attended by 10 workers. This was in accordance with training requirement for operating units (Estates) Sime Darby Palm Oil Mill 2014. At Mentakab Estate, the audit team sighted training records for spraying on 24/03/15 for Mentakab Division, where 21 workers attended and on 21/03/15 on PPE and spraying training attended by 7 workers. While in Chenor Estate, there was evidence of training regularly conducted as records found for 2014 and 2015 in the Training File. In Kerdau Estate, found training records maintained for harvesting, spraying, manuring, chemicals.

Compliance Status: Compliance with observations

**Principle 5: Environmental responsibility and conservation of natural resources and biodiversity**

Criteria assessed : CR5.1, CR 5.2, CR 5.3, CR 5.4, CR 5.5, CR 5.6
Criteria not assessed:

Findings:

**CR5.1**
At Kerdau Estate the Estate Quality Management System (Standard Operating Manual-SOM) Version 1 dated 01/11/08 was sighted. The aspects and impacts identification done for Kerdau estate was sampled for the area of Petrol/Diesel and activity receiving, storage and issuing fuel. Environmental Aspect and Impact Identification Form (Serial No. EAI/2008/13-01) was used for the assessment, which was last conducted on 15/01/11, and the front cover page was stamped as verified by the Estate Manager on 06/07/14. No proper review was done accordingly, and this was raised as a non-compliance (**NCR 2015-04 of 05**). The estate also uses a related document, i.e. the Environmental Impact Evaluation Form (Serial No. EIE/2008/09/10-01(1)), where the environmental aspect identified for petrol/diesel management is spillage. However, there was evidence found that Environmental Impact Evaluation Form was not used properly, as the Evaluation Matrix table shows that spillage is considered a normal condition with total score of 130, even though spillage is actually an emergency condition and not normal condition. This was also raised as a non-compliance (**NCR 2015-04 of 05**).

The completed Environmental Aspect and Impact (EAI) Identification Form for dispensary activities such as disposal of clinical items was also sampled. The identified environmental aspect for this activity is discharge to land, environmental impact is land contamination and community impact. In the Environmental Impact Evaluation Form for dispensary activities, it was found another example of the evaluation being incorrectly done as the Evaluation Matrix showed total score 200 points and that land discharge is identified as a Normal Operating Condition, although it is supposed to be abnormal. This was also raised as a non-compliance (**NCR 2015-04 of 05**).
In both examples above, there was also a question in the aspect impact identification table on whether these activities have high potential non-compliance to environmental regulation. The answers were stated as no, even though it was supposed yes, since diesel spillages and clinical wastes are covered under the Environmental Quality (Scheduled Waste) Regulations 2005. This was also raised as a non-compliance (NCR 2015-04 of 05).

Further sampled at Chenor Estate, the Environmental Aspect and Impact Identification Form (Serial No. EAI/2011/01-01-N) was last reviewed and prepared on 25/01/13. The EAI document still referring to EQ (Clean Air) Regulations 1987 (actually 1978) even though this regulation was revised to EQ (Clean Air) Regulations 2014. This was also raised as a non-compliance.

At Kerdau Estate, the Environmental Management Programme year 2014/2015 was sighted. 2 objectives were set, as follows: 1. To maintain water quality of drain surrounding the estate. 2. To ensure scheduled waste disposed before 180 days or 20 metric tons or which ever come first as per Environmental Quality (Scheduled Waste) Regulations 2005. Is it not clear how this was derived from the EAI assessment and the programme lacks details on appointed person-in-charge and monitoring plan. This was noted as an observation.

At Chenor Estate, the Environmental Management Programme (EMP) 2014/2015 was approved on 15/07/14. Only 2 objectives were identified from the aspect impact evaluation where a programme developed, as follows: 1) Scheduled waste to be disposed before 180 days or 20 metric tons or which ever comes first (As per Scheduled Waste Regulations 2015). 2. To maintain water quality of drain surrounding the estate as per SPMS Appendix 7 as mentioned in the Environmental Quality Management System (EQMS) Standard Operating Manual (SOM for Environmental Aspect/Impact Evaluation Procedure para 3.4 Ranking of Environmental Impact. (c) If the environmental aspect has high potential of non-compliance to regulatory requirements, then automatically has to be addressed under the EMP. The procedure also did not define clearly the purpose of total score. This was noted as an observation.

CR 5.2:
The company is still applying their previously developed Biodiversity Baseline Assessment Report for SOU 11 area dated April 2009. The baseline study was conducted by Sime Darby’s internal HCV assessment team. According to the company’s revised Biodiversity baseline assessment, the HCV areas in each estate is described as follows:

- In Kerdau and Jentar estate (2 estates located adjacent to each other), there are 6 potential HCV areas which are the Water Catchment location at blocks OP 86KA, OP 89KG and OP 86KH of Kerdau estate, worship area at linesite compound of Kerdau Estate, Bukit Klab at block OP 88JN of Jentar Estate, abandoned wasteland area, and boundary to forest reserves located at blocks OP 88JA, 87JB, & JC, 87JD,7JE &JF,87JG,87JH,87JI,87JK,88JK,88JL,88JM of Jentar estate located beside Kuala Krau Forest Reserve separated road Jentar estate has set aside 13 ha of Bukit Kitab as Biodiversity area for its demographic pattern and area with slope more than 25° and also set aside 175 ha as biodiversity area for its demographic pattern.

- In Sg Mai estate, there are 5 protected areas are boundary area with Forest reserves i.e. block 03S; 00SA; 00SB; 00SC;00SD; Riparian along Sg. Mai river with total area 7.3. Worship area i.e. Mosque and Hindu’s temple water catchment area; and used effluent pond. Biodiversity action plan year 2014/2015 consist of activities to educate sprayers to not spray at buffer zone, to program grass cutting program along the river (buffer zone), frequent check of the buffer zone including signages of buffer zone, no hunting, no fishing, no swimming and no spraying and marking of the buffer zone, to put signages of no entry and no hunting, no fishing, no swimming and no spraying, to arrange the grass cut program for water catchment area instead of using herbicide spraying, frequent check the water catchment area to ensure no workers or outsiders enter the area, to monitor the cleanliness of worship area by follow the rubbish collection schedule and grass cutschedule, and to ensure and maintain all the records of tree forest planting.

- In Mentakab estate, there are 5 potential HCV areas area buffer zone along Sg Semantan (115 ha), boundary to reserve forest (Kemasul reserve forest), worship area (mosque in field OP87B, graveyard area of 0.5ha and temple in field OP98A & OP87B where total areas are 0.5 ha), tree forest planting (0.5 ha) and interface with animal (wild elephant) in field 11A, 11B & 11C (200 ha). Biodiversity action plan year 2014/2015 same as year 2013/2014 consist of to educate sprayers to not spray at buffer zone, to program grass cutting program along the river (buffer zone), frequent check of the buffer zone, no hunting, no fishing, no swimming and no spraying and marking of the buffer zone, to put signages of no entry and no hunting, no fishing, no swimming and no spraying, to arrange the grass cut program for water catchment area instead of using herbicide spraying, frequent check the water catchment area to ensure no workers or outsiders enter the area, to monitor the cleanliness of worship area by follow the rubbish collection schedule and grass cutschedule, and to ensure and maintain all the records of tree forest planting.
zone, frequent check of the buffer zone including signages of buffer zone, no hunting, no fishing, no swimming and spraying and marking of the buffer zone, to ensure there is no encroachments (trenching), availability of warning sign, to monitor the cleanliness of worship area by follow the rubbish collection schedule and grass cut schedule, to ensure and maintain all the records of tree forest planting and electrical fencing at boundary.

- In Chenor estate, a HCV document assessment also available, conducted on April 2009, where HCV types identified include HCV 4 and HCV 6, and consist of water catchment area of 4.22 Ha, buffer zone area of 6.5 Ha, worship area of 0.5 Ha and graveyard 25 m².

The HCV document included identification of various species identified within SOU11, (Kerdau, Jentar, Mentakab and Sungai Mai Estate), i.e.:

- Birds: White-throated king fisher, White-breasted waterhen, Chinese egret, Barn swallow, Pacific swallow, Common myna, Spotted dove
- Mammals: Monkey, Red junglefowls, Wild boar, Squirrel
- Reptiles: Snake, Monitor lizard

However, the baseline study is inadequate as it does not include information on the conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, or endangered (RTE) species that could be significantly affected by the company’s activities. This was raised as a non-compliance (NCR 2015 – 05 of 05).

There is evidence of HCV monitoring being conducted according to the company’s HCV monitoring plan. Kerdau estate has record of species monitoring based on HCV management plan. From HCV monitoring conducted in 2014, found the *Phyton reticulatus*, Horn bill and *Sus scrofa* was available in the estate area. Specially for Mentakab Estate because this area bordered with National Park with the wild Elephants there, estate was build and install fencing electrical with low voltage to protect the wild elephants enter the estate area, and the estate conducts monitoring activities to maintain the fencing from damage. But, for others species excluding Elephants, estate may not conduct the monitoring, so this is observation for estate. Kerdau, Mentakab and Chenor Estate has briefed all of workers about the HCV protection such as illegal catching, hunting, raise, fishing, all kind of species in the company area, and the estate also installed signboard for species protection in the HCV area.

In addition, the estates carried out a Tree Planting Program for planting of endangered, rare and threatened tree species. Progress at each estate is described below:

- **Jentar Estate**’s area above 25 degrees which covers an area of 194.15ha is not planted but is maintained as a natural secondary forest area and also used for establishment of a variety of tree species as part of Sime Darby’s Tree planting program. The program started in January 2014 and planned to continue for 5 years to complete plantings of a total 160,000 various tree species. To date, about 60,000 trees have been planted. It was confirmed through field visit to the site that some areas were already planted with various tree species such as ‘Cengal’, ‘Meranti tembaga’, ‘Merawan siput jantan’, and ‘Meranti sarang punai’.
- **Sg. Mai estate** implemented their Tree Planting Program since year 2010. To date, 2,648 trees have been planted and based on annual progress report dated 18 March 2014, total tress survived was 743 (26.87%).
- **Mentakab Estate and Chenor estate** has record of treeplanting for reforestation, example in Mentakab division treeplanting covered area about 569.31 Ha, in Endensor division is about 673.04 Ha and Lanchang division 777.81 Ha, with species planted is *Shorea* sp.

Jentar Estate has an updated Biodiversity Action Plan for FY 2014/2015 with evidence of actions taken, i.e. rehabilitation through the Tree Planting Program, protection of forest reserve borders, education and awareness for workers, and interface with animals (to educate workers not to hunt animals). There is a documented record of Briefing on Biodiversity for workers at Jentar Estate done on 23 January 2015, including attendance list signed by 196 workers and photos including summary of the briefing

**CR5.3**

There is evidence that estates have identified all wastes and sources of pollution, e.g. Sg. Mai estate has a documented Waste Management Action Plan 2014/2015 for scheduled wastes, domestic waste, recy-
Cleared wastes, and clinical wastes. It was observed at main division of Sg. Mai estate that a designated landfill was prepared for domestic waste disposal, just recently opened in April 2015 (previous one opened in March 2015 and has been closed once full). It was also informed by the management that collection and sale of recyclable wastes used to be done by the estate, but due to complaints by workers who wish to make money from collection of their recycled wastes, the company now allows the workers to collect and sell their own recyclable wastes.

The mill maintains records of scheduled waste in a handwritten logbook, for all types of scheduled wastes produced. Consignment notes of collection by Kualiti Alam sighted as below:

- Consignment note no. 100244-R03 dated 21/11/2013 for 2 pallets of wastes
- Consignment note no. 100244-R07 dated 18/12/2013 for 2 drums (13 pails) and 1 pallet
- Consignment note no. 0000643 dated 8/5/2014 for 1 drum of hydraulic oil
- Consignment note no. 0060232 dated 16/12/2014 for 2 drums (1 pallet)

E-consignment notes for scheduled wastes produced for whole of year 2014 was sighted. However, it was noted that the mill does not maintain inventories of schedule wastes produced as required in the 5th Schedule of the EQA (Scheduled Waste) Regulations 2005. It was checked in the DOE officer visit logbook that this was noted by the officer but stated that the handwritten logbook is accepted as it contains similar information as required in the inventory form. Hence, this was noted as an observation.

Jentar Estate stores all scheduled wastes in a designated secure scheduled waste store. Waste oil, contaminated rags and filters and collected by Kualiti Alam. Amount of different types of schedule wastes collected are updated in a form as per the 5th schedule of the Environmental Quality (Scheduled Waste) Regulations 2005, including date or waste generation, waste code, name of waste quantity generated and accumulated quantity to date. Jentar Estate engages different contractors to collect scheduled wastes, as follows:

- Waste engines oil are collected by Alivirgo Sdn. Bhd. – as seen more consignment notes for collection on 30 October 2014 for 650 m3, 23 April 2014 for collection of 400 m3 and 13 December 2013 for 600 m3 of waste oil. Alivirgo Sdn. Bhd. has DOE license for waste collection dated 15 July 2008 and last updated on 1 May 2014 valid until 30 April 2015
- Chemical containers(SW409) are collected by G-Planter Sdn. Bhd. with last collection on 23 January 2015 for 752 plastic containers and 61 metal containers. The company provided copy of letter dated 14 June 2010 from the Department of Agriculture of Johor stating that G-Planter Sdn. Bhd. is approved to collect empty and recycle chemical containers which have been triple rinsed.
- Used batteries and old filters are collected by Kualiti Alam, which has a DOE license for schedule waste collection and incineration dated 28 April 2014. It was found that storage of scheduled wastes before last collection at Jentar Estate exceeded 180 days, i.e. last collection of used batteries and filters by Kualiti Alam was 23 January 2015 and before that was on 23 January 2015, which is above the legal limit for schedule waste storage time as per the Environmental Quality (Scheduled Wastes) Regulations 2005. This was raised as an observation since the time for next collection within 180 days is not yet due.

At Sg. Mai estate, schedule wastes are collected and stored in a secure store which has good safety signage (positive observation). The schedule wastes collected include spent lubricant and hydraulic oil, contaminated rags, used batteries, contaminated soil, diesel containers, and empty chemical containers. All scheduled wastes are collected by Kualiti Alam as seen from sample consignment notes and e-consignment notes submitted online to the DOE. Most recent collection consignment notes were sighted as follows:

- Collection on 17 February 2015 for 4 pallets of tar oil drums, 5 pallets of pesticide containers, 1 pallet of black oil drums, 1 pallet of batteries, and 1 pallet of filters.
- Previous collection on 12 September 2014 for 1 pallet of hydraulic oil, 10 pallets of empty containers, 1 pallet of batteries and 8 pallets of contaminated material.
- Clinical wastes was last collected on 6 August 2014 by Medivest Sdn. Bhd.

In accordance with new legal requirements. The company has appointed a to attend a Course for Certified Environmental Professional in Schedule Waste Management (CePSWaM) as seen from training certificate of the personnel dated 19-23 January 2015

However, labelling of scheduled wastes at Sg. Mai estate is not carried out in accordance with Regulation
10 of the EQ (Schedule Wastes) Regulation 2005. As the estate took immediate action to put on the labels, this was noted as an observation.

It was also found that paint cans were also not managed as scheduled wastes. Records of scheduled wastes from the clinic were also checked and found that clinical wastes were last disposed on 11/12/13 (SW 404) to Medivest. The last copy of consignment note of collection of clinical waste by Medivest was not received by the Mentakab Estate and this was not reported to Department of Environment as required by Environmental Quality (Scheduled Waste) Regulations 2005. And there was no update of inventory for all types of SW 305, 410, 409 at Mentakab Estate. These were raised as a non-compliance under CR2.1.

CR5.4
Kerdau mill has record of energy used from fossil fuel and renewable energy, and also for water used per ton FFB. Renewable energy used came from shell and fiber. Records are available from period of July 2014 – March 2015, i.e.:
1. July 2014: FFB processed was 18,032 MT, CPO produced is 3,847.45 MT, fiber usage is 12,622.40 MT, shell usage was 5,409.60 MT, and total renewable energy usage was 4.69 MT/CPO.
2. March 2015: FFB processed was 18,473.97 MT, CPO produced is 3,856.65 MT, fiber usage is 12,931.78 MT, shell usage 5,542.19 MT, and total renewable energy usage is 4.79 MT/CPO.
3. Water usage for July 2014 until March 2015 period is 1.89 MT/FFB, still under standard quality set by the mill.

CR5.5
As seen during site visit to newly cleared and replanted areas at Jentar Estate, there is no evidence of burning. Palms are felled, chipped and stacked, in accordance with the company’s SOP for land preparation. A sample memorandum of agreement dated 1st November 2014 between Chenor Estate and contractor named Jasa Awah Enterprise for land preparation for replanting of 88ha at 1987A and 1987B in Division A was sighted. The agreement specifies work to be carried out and includes requirements that standing palms are to be felled mechanically with excavators, chipped to specified sizes and stacked. There is no specific requirement prohibiting use of fire in land preparation, which should be included in the agreement to ensure land preparation contractors are aware of the company’s zero burning policy.

CR5.6
Kerdau Mill has identified all polluting activities including greenhouse gas (GHG) emissions from all activity, mill also has calculated GHG emission with the latest version of the RSPO endorsed Palm GHG tool. The result is:
1. POME treatment with emission value is about 24,421,617.54 kg CO\textsuperscript{2}eq/year, with total POME produced is 135,675,653.00 kg
2. Fuels consumption with emission value is about 87,684.50 kg CO\textsuperscript{2}eq/year, with total consumption is 27,925.00 litter/year
3. Electricity consumption with emission value is about 883,102.42 kg CO\textsuperscript{2}eq/year, with total diesel consumption for genset is about 113,370.00 liters/year.

Mill and estate has record of management plan to reduce and minimize the emission and pollution including GHG emission for 2014/2015. The management plan mentioned about activity to reduce and minimize, such as daily monitoring smoke, reforestation in HCV area, efficiency energy, and others.

A sample Pollution Prevention Plan 2014/2015 for Sg. Mai estate including types and sources of pollution was sighted, including actions to be taken, person-in-charge and status. Sources of air pollution identified included vehicle and machinery exhaust, road conditions, and pesticide spraying, noise pollution sources included machinery and vehicles, water pollution sources included pesticide disposal and water retaining rubbish and odor pollution source was garbage disposal. Actions to be taken generally involve maintenance of vehicles, proper waste management and protection of water bodies by avoiding indiscriminate waste dumping and spraying near water. However, the plan did not include identification of greenhouse gas emission sources from the estate. This was raised as an observation.

Sime Darby HQ has a documented renewable energy implementation plan for all mills in Malaysia and Indonesia with planned mill to reduce the main source of greenhouse gases identified from the mill, i.e.
methane production from POME treatment ponds through methane capture and flaring. The plan states
11 phases with each phase covering one financial year and planned number of mills to undergo the
programme during each phase ranges from 4 to 7 mills each financial year. The plan also lists estimated
CAPEX, potential carbon reduction per year, reduction from baseline (%) and cumulative reductions (%)
for each phase. Kerdau Palm Oil Mill is included in Phase 3 which is planned to be implemented
from FY 2015/16 with estimated potential carbon reduction per year of 239,703 tCO₂ for 7 mills listed in
that phase.

Compliance Status : Non-Compliance
NCR 2015 – 04 of 05
1) At Kerdau and Chenor Estate, found the aspect and impact assessment was not reviewed and up-
dated accordingly since 05/01/11 and not properly carried out in accordance to Standard Operating
Manual (SOM) Version 1 dated 01/11/08.
2) The legal requirements used as reference was outdated such as Environmental Quality (Clean Air)
Regulations 1987 (suppose 1978) that was replaced by new regulations in 2014.
3) Environmental Impact Evaluation Form was not used properly for example spillage of diesel was
considered as normal condition (suppose emergency condition)
4) For all aspects identified, there is a column asking if there is a high potential of non compliance to
environmental regulation. All were ticked as "No‘ but in actual, many of the aspects have risk of legal
non-compliance if not managed according to the law.

NCR 2015 – 05 of 05
The company’s existing Biodiversity Baseline Study dated April 2009 is inadequate as it does not in-
clude information on the conservation status (e.g. IUCN status), legal protection, population status and
habitat requirements of rare, threatened, or endangered (RTE) species that could be significantly af-
fected by the company’s activities

**Principle 6: Responsible consideration of employees and of individuals and communities af-
fected by growers and mills**

Criteria not assessed: 6.4, CR6.11

Findings:

CR 6.1

A Social Impact Assessment has been conducted covering estates and Mill. Documents and records
regarding Social impact assessment are as follows:

a. SOU 11: Mentakab, Sungai Mai, Jentar, Kerdau Estate and Kerdau Palm Oil Mill

  Stakeholder Consultation regarding Social Impact Assessment has been conducted in January 27th
  2015, in Kerdau Club House based on invitation letters sent to relevant stakeholders. The meeting
  agenda included:
  - To understand the relationship between mill/estate with contractor/supplier
  - To identify positive/negative impacts of Mill/estate’s practices/operations to contractor/supplier

  External stakeholders who attended the meeting were head of SMK Kerdau, Manager Assistant of
  Felcra, social Welfare Executive Manager of PSQM, and Supplier’s representatives (Tree planting
  and Teck Guan Estate). Issues that arose during the stakeholder consultation were:
  - The need of referral letter during checking and treatment at government clinic.
  - The need of translator for foreign worker
  - The need of transportation for injury worker to Hospital
  - The need to equalize migrant worker registration fee with local worker and estates paying their
    registration fees.

  Estate also conducted stakeholder meeting with “Orang Asli” or local community tribes surround
the estate areas. The meeting was held in September 27th, 2013, and attended by Tok Batin (chief). There are 3 points of agreement between estate with “orang Asli”, such as:
1. Estates asked the cooperation of all “orang Asli” to not destroy any signboards in the plantation areas.
2. Estates asked cooperation to all “orang Asli” especially kids/children to not destroy small planted palm trees.
3. Estate will contribute aid to “Orang Asli” such as rice and palm oil to Tok Bathin for the acceptance of the meeting events.

Social impact assessments, have not been involving the migrant worker as the strategic stakeholder in Social Impact Assessment development process and there is no issue regarding migrant workers. This finding is rise as an observation.

b. Sou 12: Chenor Estate
Stakeholder Consultation regarding Social Impact Assessment has been conducted in March 25th, 2015, in Chenor Office. The meeting based on invitation letter from the Sime Darby’s officer responsible for handling social issues, was done on January 1st, 2015. External stakeholders attended to the meeting were representatives of some institutions such as Felda, FFB Suppliers, Contractors, BOMBA, and JKKK Sungai Jerik. Issues rise during the stakeholder consultation were:
- Company respect to customary rights of indigenous people bounded by RSPO P&C.
- The increasing of Rat Population among plantations.
- The good relationship between stakeholders and company need to be maintained
- The need of follow up conventions among plantation companies responding the Increase of Rat Population.

Jentar Estate and Chenor Estate, both have Social Impact Management Plan. The Management Plan developed with participations of relevant stakeholders and has been reviewed at January 27th, 2015.

Kerdau Estate and Mill Social Impact Management Plan consist of:

<table>
<thead>
<tr>
<th>Area of Concerns</th>
<th>Action Plan</th>
<th>Expected Completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender Committee</td>
<td>Conduct Gender Committee as per Schedule</td>
<td>January and July 2015</td>
</tr>
<tr>
<td>Occupational Safety and</td>
<td>- Maintain and achieve higher Awareness level</td>
<td>June 2015</td>
</tr>
<tr>
<td>Health</td>
<td>- Review OSH Management plan</td>
<td>On-going and Continuously</td>
</tr>
<tr>
<td></td>
<td>- Enforcement of PPE usage in every section of Work</td>
<td></td>
</tr>
<tr>
<td>Night Patrol:</td>
<td>To do patrol at line site twice a weeks</td>
<td>On Going and Continuously</td>
</tr>
<tr>
<td>To Tackle Social Ill at</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line Site</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder Meeting:</td>
<td>Conducting the meeting by yearly Basis</td>
<td>June 2015</td>
</tr>
<tr>
<td>To Call all Stakeholder</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for Meeting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Chennor Estate SIA Management Plan developed at July 2014 and has been reviewed in January 1st, 2015. The Management Plan consist of:

a. Dusty Road Handling
b. Water Required to be supplied from the local Water Supply Department (‘Jabatan Bekalan Air’ or JBA)
c. Pollution preventive MP
   - Home/Housing: Solid waste, Waste water, Septic Tank, sewage leakage, open burning
   - Transport – Air Pollution: Major Traffic area away from residential

All of “Area of Concerns” have been broken down into programs, persons-in-charge and expected time of completion.

CR 6.2
The estates still maintains a procedure for external communication. All communication accepted and recorded by a clerk and distribute to communication manager/office. The officer review the records
then decide how to respond the communication. There is an appointed person for social issues as seen from a letter dated January 15th 2015 regarding “Appointment as Official management responsible for social issues in Estates and Kerdau Mill”. Based on this letter, his job description includes:

- Management of Grievances and Complaints regarding social issues and formulate action plan as responses.
- Keeping and maintaining records of grievances, complaints and all of accomplishment records.
- Technical advisories and counselling to workers who need assistance and support regarding social issues.
- Assisting estates management inputs in Social Program/Training Development.

There is document list of stakeholder available during this surveillance name as “List of Stakeholders 2014/2015”. The list has cover government agencies, schools, hospital, and other companies surrounding the plantation. The estates and mill showed evidences that they maintain all of records regarding minute of meeting with stakeholders. They also accepted, response and recorded their communication with stakeholder, such as:

- A Letter from JKKK Gong Balt Mukim Jenderak, April 22nd 2015, regarding asking permit from estates for cow herding inside the planted area.
- A letter from Kuil Sri Maha Mariaman, April 20th 2015, regarding asking contribution for Holiday celebration.
- A letter from National Union of Plantation Worker, February 20th 2014 regarding invitation to Biennial meeting.

All of letters from stakeholders were recorded on “List of Communication External and Internal” FY 2013/2015. The list record information such as issue, date of reply, response and remarks.

### CR 6.3

The company still maintains a procedure for communication. All communications accepted are recorded by a clerk and distributed to the communication manager/officer. The officer review the records then decide how to respond the communication. Examples of records found during surveillance are:

a. There are complaint records regarding housing facilities such as lamp and cable plug replacement.

b. Electrical Repair Book for Jentar Estate. The book describes who was the person who made the report, details of the complaint, the contractor handling the case, unit name, price and signature to indicate completion of repair.

Social issues come from Internal (and migrant) workers also handled by officer responsible for handling social issues. This responsibility has mentioned on appointment letter as part of Officer responsibilities. Other communication channel that could use by workers is labour Union institutions, but this channel can only use by local worker.

Chennor Estate management conducts routine meeting with migrant worker, so all workers could directly deliver their complaint and grievances to management. There are some native speaker from workers (who work longer for estate) dedicated to translating if any migrant worker need to communicate their aspirations/needs. Every meeting has recorded completed with attendance list and photo documents.

### CR 6.4

Estates and Mill still maintain procedure document issued in November 1st 2008 regarding “Flowchart and Procedures on handling land Disputes”. The procedure document consist of:

a. There are two kinds of potentials matters, On-Land and Ex Workers (staying in estate quarter).

b. With regards to issues arising with ex-workers, it is to be dealt with the Employee Relations (ER)

c. For On Land issues, upon any arising conflict, the Land Management Department is the responsible body to gather information to support the respective cases.

d. Upon gathering sufficient information and proof for the arising issue, it is to be tabled and presented to the management of Sime Darby Plantation to seek for further direction.

e. The subsequent steps will be followed by negotiation or legal proceedings, whichever applicable/suitable or both can be carried out simultaneously.

f. Proposed resolutions in the negotiations process among others.

g. Legal proceeding is the subsequent action upon any failure of the negotiation process.

There is no land dispute issue and no negotiations concerning compensations process since last sur-
CR6.5
Minimum Wage for Peninsular for 6 days work in a week as regulated by the government is RM 900. There are records and document shows that the company has communicate and implemented this regulations to all estates and mill’s Human Resources divisions, such as:

- Presentation material “Briefing to Address Minimum Wage order 2012 (Effective date January 1st 2013)”, Human Resources Department, Plantation Division. This presentation materials consist of:
  - Minimum wage for Peninsular is RM 900 and for Sabah and Sarawak is RM800.
  - Calculation for daily Wages rates for peninsular area (RM34.62)
  - Minimum Wages for Employees Who are paid by Piece rated, Tonnage, Trip or Commissions

- Pieces rated (Wages calculation) for Jentar Estate, April 2015.
- Workers Monthly Payslips for March 2015 (Samples from estates and mills).

The documents and record shows that company (estates and mills) has comply with minimum payment as regulated by the government.

All workers are provided with payslips, including details on basic pay, additional incentives and allowances, deductions (for levy or electricity), holidays and leave taken. However, worker’s payslips do not clearly show how calculation of their basic pay (based on daily rate, piece rate, etc) is made. As such, most workers do not understand how their pay is calculated and cannot verify if it is correct based on the work they carry out. As there is no evidence of unfair payment by the company, this was noted as an opportunity for improvement. Based on sample calculation of pay for one harvester at Jentar estate who was only paid a basic pay of about RM606 plus other incentives totally to RM754.95 for month of November 2013, it was demonstrated by the estate that this was because the worker had taken 5 days of unpaid leave and performed less work than usual, as seen from daily job sheets. For other months, the harvesters usually receive pay of over RM1000 to RM2000 at normal productivity.

There is a letter from Manpower Office of Semenanjung Malaysia to Sime Darby Director, December 2nd 2013, regarding “Implementation of Overtime according to Section 60A (4) (a) Working Act 1955”. There are conditions regarding overtime such as overtime duration, administrative requirement (agreement from the worker), overtime requirements as mentioned in section 60A, no 5 hours overtime in a day without rest time, develop overtime plan in every early months, ensure the worker has enough rest before start next job and provide information to Manpower office if asked to. In order to comply this regulation, company has published some follow up letter for management and workers, such as:

- Memorandum from Kerdau Mill Management for Process Division, April 12th 2014 regarding working at annual leave.

Evidences collected and checked to see the consistencies, such as:

- Punch Card of 7 mill workers, consist information regarding worker attendances in detail.
- Payslips of Mill worker for Mar 2015, consist information regarding overtime payments. Items posts as overtime payment for holidays is given the code FWDOR. In the bottom of the payslip there are information regarding how many hours/days the worker has worked on regular day and overtime work in general and special leave days.

Those three evidences show that mill has consistently implemented the regulations regarding overtime.

There are two main categories of workers, local workers and foreign/migrant workers. For local workers there is an offer letter for each that applied as contract agreement. The offer letter consist of:

- The start date of joining with the company
- Working area, wage and amenities based on agreement with the Malayan Agricultural Producers Association (MAPA)/ National Union of Plantation Workers (NUPW)
- Job Description
- Working area exchanges regarding managerial purposes
- Probation periods of 6 months
- Worker signatures as agreements for each point.
For foreign/migrant worker there are working contract agreements documented as “Employment Contract For Foreign Workers Peninsular Malaysia”. Every single foreign worker has their own contract agreement. For Indonesian worker, the agreement written in Bahasa, for other foreign worker written in English. Both agreement consists worker term and conditions such as:

- **a.** Duration of Services: 3 years
- **b.** Probationary Period: 3 months
- **c.** Working location: Name of the Estate or Mill
- **d.** Working Area Exchange: The rights of Employer
- **e.** Wage: The wage value based on Mutual Agreement with Labor Union (MAPA and NUPW).
- **f.** Working Hour: Based on tasks
- **g.** Medical: Company pays as regulated by the government (Work Act 1955).
- **h.** Housing: Company provide housing facilities joining among worker.
- **i.** Compliance to regulations: working permit and worker legal administrations requirements
- **j.** Amenities and insurance schemes
- **k.** Levy and FOMETMA Cost payment.
- **l.** Transportation
- **m.** Tools and working equipment
- **n.** End of agreements
- **o.** OHSAA
- **p.** Other terms and conditions

Interview result with foreign worker found that the worker has signed the contract before they went to Malaysia. Some of worker holds the copy, some of them have not. Every worker knows their rights and obligations regarding the contracts. Signed working contracts of 2 Indian workers and 2 Indonesian workers who joined in year 2014 were reviewed during audit. The estates engage foreign workers from Nepal, Myanmar, Bangladesh, India and Indonesia. In most cases, the company has no official translator for these workers except workers who have worked longer for the estates and know some Malay. In addition, contracts provided to workers are only in English or Malay, but not in a language understood by the workers from Nepal, Myanmar, Bangladesh, or India. This was noted as an observation. Based on interviews with workers of different nationalities, they have a general understanding of the contracts which is explained to them by the company.

There are some general facilities provide by the company for local and foreign workers such as housing (with some tools), sport field and water supplies. For local workers, the company provide housing for workers and their families. For foreign workers, a unit house with three rooms and kitchen is providing, with one house allocated for every 6 workers. Interview result with the Jentar Village Plan (foreign worker) found that they think facilities provided by the estates/mills are good enough for them. Some of housing broken parts will repaired by the company if they report the conditions to the estate/mill office.

In increasing worker access to affordable food, the estates have some agreements with local partner to open shops near the housing areas. The local partner could be the tenant of company’s property as long as they provide daily consumptions needs with competitive affordable price. From interview results with workers, it was found that it is easy for worker to access stores and shops near their residents. The price of daily consumables needed such as rice is affordable to them.

**CR 6.6**

The company still keeps and maintain their policy regarding their respect the rights of all personnel to form and join trade unions of their choice and to bargain collectively. The existing Worker Union in Sime Darby operations area is National Union of Plantation Workers (NUPW) for Negeri Pahang. The union still conduct their organizational activities such as meetings with internal board and members and also with relevant stakeholders. There are some evidence shows the union activities, such as:

- d. Invitation for General meeting for Jentar Estate Manager, May 14th 2014, Tamerloh NUPW Office.
CR 6.7

The estates and mills still maintain their commitment to the company’s child labour policy. The policy known as “Sime Darby Corporate Child Protection Policy”. A child is defined as a person under the age of 18 years in accordance with the United Nations Convention on the Rights of The Child. This policy has socialized to all workers in all estates and mills. Management placed some printed policy to strategic places such as office and housing. Other implementation regarding this policy is on recruitment procedure as minimum age requirements.

Worker master list per March 2015 for all estates and mill has collected and checked during audit. There was no worker below 18 years old. The youngest worker for each estates and mill were around 18 to 19 years old, such as one mill worker born in July 19th 1995 (Mill), and a worker based at Jentart Estate born in May 18th 1996 and joined in October 27th 2014. All migrant workers’ age follow the requirement regarding age limitation in according to prevent any child labor issues. During field checks and observations at housing, plantation areas and mill conducted during this surveillance, no child worker was found in all of the company’s operations areas.

CR 6.8

Worker master list per March 2015 also shows the worker heterogeneity regarding countries, ethnicities and races. There are worker from Nepal, India, Indonesia and Bangladesh registered as workers. Interview result with some foreign workers confirmed that there is no discrimination issue among workers. There are some working groups (harvesters) that consist of worker with mixed nationality, ethnicities, races, and religion background. The group formed independently and voluntarily among workers.

Anti-discrimination and equal opportunity policy also implemented in worker recruitment process. There is no indication found that company conduct violation against policy regarding equal opportunities. All of recruitment process has complied with procedures. There some evidence (record and documents) showed and checked during audit regarding recruitment process, such as:

a. Job Vacancy Information for Tractor Operator, Plant Foreman and General Maintenance Worker (October 2014). The printed job opportunity information attached to some strategic places.

b. List of applicants and worker interview attendance list

c. Offering letter September 02nd 2014 for general maintenance worker (2 samples).

d. Medical Check Up Printed result, issued by Estate Hospital Assistant, April 2015.

e. Workers administrative requirements (Copy of ID and certificate of competencies).

f. Worker resume (recruited worker).

CR 6.9

The same as last surveillance result, Sime Darby’s Social Policy details the organization commitment against prevention of sexual harassment and other forms of violence as follows “To develop and apply policy to prevent sexual harassment and other forms of violence against women and to protect their reproductive rights”. The organization has developed manual on implementation of the Gender Policy which includes the following:-

a. Statement Policy – Statement on the prevention of sexual harassment and all other forms of gender-based violence

b. Sexual Harassment Grievance Procedure

c. Guidance for Policy and Grievance Procedure

There is no case regarding sexual harassment and all other forms of gender-based violence in the company’s operations areas. There’s no report recorded regarding gender sensitive cases. Interview with female mandor in field confirmed that there is no cases reported to her regarding sexual harassment in her working areas. Based on her explanation, there are not many women working at field, all harvesters are men and come from foreign country; it is very small possibilities gender based violence could happened in company’s operations area. All harvesters respect the female mandore as their supervisor.

In addition as the follow up of Gender Policy, there is a Gender Committee that actively conducted activities preventing gender based violence. This gender Committee already has a planned meeting schedule for Year 2014/2015, such as:
a. September 26th 2014, Kerdau Clubhouse.
b. October 18th 2014, Kerdau Palm Oil Mill
c. December 10th 2014, Kerdau Palm Oil Mill
d. March 02nd 2015, Kerdau Palm Oil Mill
e. June 12th 2015, Kerdau Palm Oil Mill.

The gender committee activities conducted during last surveillance are:

a. Training in December 18th 2014, at Kerdau Palm Oil Mill. The activity subject was "Gender Committee Refresher Training". This training initiate by Sime Darby Executive, Social and Environment project Unit based on recorded email “Gender Committee Refresher Training in Pahang Region” December 04th 2014. There were 2 trainers from the company’s Social and Environment Project unit who conducted this training.
b. Gender Committee Meeting, based on meeting records, March 02nd 2015, Kerdau Palm Oil Mill Meeting Room. Issue arising during meeting was Gender Committee Plan to conduct social events.

CR 6.10

The company engages with local business in maintain their operations sustainability, such as local business partner for CPO Land Transportation. Main evidences showed during audit agreement on The land Transportation of Crude palm Oil (“CPO”) Peninsular Malaysia No. 647766-V between Sime Darby Plantation Sdn Bhd with Pangangkutan Jasa Sdn Bhd. The agreement includes some critical points such as:

a. Article 3: Transporter’s Obligations and Undertakings (towards workmen, employees, servants and/or agents).
   - Allocation of Awarded Oil Mills. This documents giving standard rate for region, Form oil Mill (Origin), to Destination.
   - Route Management for SD Mills (Peninsular). This documents giving guidance for partner regarding loading place, destination, distance, route description, standard duration taken, stop allowed and total time taken.

b. Article 4: Compliance with Law (employment/worker, OHSA, Road Transport regulation)
c. Article 5: Insurance and Guarantee (SOCSO and workmen compensation insurance and all risk insurance).

In order to monitor that the deal fairly implemented by both parties, some forms and documents has developed as guidance, such as:

a. Annexure 1: Identities of both parties with contract duration.
b. Annexure 2: Schedule of CPO Transportation Rates and Route Management.
   - Route Management for SD Mills (Peninsular). This documents giving guidance for partner regarding loading place, destination, distance, route description, standard duration taken, stop allowed and total time taken.
   - Annexure 3: CPO Transport rates Adjustment Mechanism. This documents guide in the event of changes in the price of diesel by The Malaysian Government.

Another main local business partners engaged by the company are FFB suppliers. There are some evidences showed that Mills has fairly deal with their local business FFB Supplier partners, such as:

a. FFB pricing is done in MPOB meeting each month. This statement is a monthly guidance for Mill in FFB Price determination. There is a record of Malaysia Palm Oil Board (MPOB) monthly statement, March 2015 for Kerdau Mill.
b. Email record, April 6th 2015, from Sime Darby Head Office to Mill Kerdau regarding the rate changes of buying price for FFB from supplier.
c. Corp quality report Form (filled), shows the FFB quality that has unload in Mill Ramp.
d. Current FFB Price publication attached to the place near weighbridge in mill area.
e. Document of FFB Prices Calculation
   Pricing of the Ffb supplied during a month shall be calculated using the following price formulation: 
   \[(A-B)(xC) + (D-E)(x F) - G = FFB PRICE.\]
   A= MPOB monthly average traded price of CPO for peninsular Malaysia.
   B= MPOB cesses of RM13.00 actual transport cost RM31.00pmt of CPO as stated in the CPO transport agreement, and any other charges or additional cesses/levies/taxes imposed by the relevant authorities.
   C= oil extraction rate: mill actual - 0.25% (mill margin)-penalty
   D= MPOB monthly average traded price of PK for peninsular Malaysia
   E= MPOB or government cesses/taxes/levy if any
F= Kernel extraction rate (KER): 5.25% max or mill actual performance, whichever is lower
G= Mill's processing cost of RM 39.00 [er metric ton of FFB
f. Procedure doc. No. SUB-Section 7.4, Appendix 7.4.1.2a, issued in November 1st 2008, regarding Supplier Evaluation Rom.

CR 6.11

The company’s contribution to local development is based on annual stakeholder meeting result and based on direct proposal from stakeholders. This contribution is part of the implementation of social impact management Plan. There are some examples of evidences regarding company’s contribution to local development, such as:

a. Proposal letter regarding community’s proposal to access company’s asset:
   - A letter from community member, April 21st 2015, asking permit to use estate’s main road.
   - A letter from JKKK Gong Halt, Mukim Jenderak, April 22nd 2015, asking permit to use some estates planted area as cow herding area.

b. Proposal of contribution to local religion celebrations, from Kuil Sri Maha Mariamman, April 20th 2015.

c. Records of Contribution, such as:
   - Donation approval form, November 21st 2014, Plantation Upstream Business Unit, Sungai mai Estate, RM 500.00.
   - Email record from Pahang Office Zone, November 26th 2014, regarding approval for request for donation to Sekolah kebangsaan Kuala Mai Bahru.
   - Payment voucher, January 15th 2015, for Finance officer of Sekolah Kebangsaan Kuala Mai Baru, RM 500.

CR 6.12

There is an employee master list per March 11th 2015 consisting of information regarding foreign worker of Jentar estate, detail as follow:

<table>
<thead>
<tr>
<th>No</th>
<th>Foreign Worker Origin</th>
<th>Active</th>
<th>Absconded</th>
<th>Death</th>
<th>Transfer</th>
<th>Repatriation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Indonesia</td>
<td>123</td>
<td>14</td>
<td>1</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>India</td>
<td>47</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Bangladesh</td>
<td>19</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>Nepal</td>
<td>25</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>214</td>
<td>20</td>
<td>1</td>
<td>4</td>
<td>53</td>
</tr>
</tbody>
</table>

‘Active’ means foreign workers that still bonded by agreement and not yet fulfil their contract’s time period. ‘Absconded’ means foreign workers that violate the contract agreement regarding working durations. ‘Death’ means death while still working in Sime Darby’s operations area. ‘Transfer’ means worker has been transferred outside Jentar Estate but still Sime Darby’s operations area. ‘Repatriation’ means renew working agreement after the first contract has accomplished. From above detail information especially the high number of active and repatriation worker shows that foreign worker demand to work in Sime Darby’s operations area still high. It means that it is very low possibility that company conducted human trafficking. Interview result with workers confirmed they has been informed in detail about their job description in Sime Darby during recruitment process, means that no substitution contract practiced by the company.

According to interview result with foreign worker, there are two main reasons why foreign worker absconded their contracts:

a. The worker taking their 3 months unpaid leave after 2 years working time, and go back to their home country but not go back to work at Sime Darby after 3 months, because of personal reasons (married, family problem etc) and economic reasons (such as have no money to pay the flight back cost).

b. The worker absconds from the company but still lives and works in Malaysia. The number of this case is very low. Interview result with some worker found that most of them are trying to find another job with higher income but they know that this would violate the contract that has been made with the company.

Following the regulations, the company reported all absconded worker to the local Police office. Evidence of police reports made was seen during this audit. Based on the interviews with workers, there is no evidence that workers absconded due to forced labour or mistreatment by the company. This situations shows that absconded worker is not a reflection of forced labour practicing in Sime Darby opera-
Workers passports are held by company until the worker accomplished their contracts. This practice is not an efforts to force the workers to work but rather than to prevent the worker take illegal actions such as running away from the company's operations area. As a temporary passport substitution, company provide ID for each worker and provide cover letter if the worker need to go outside Sime Darby's operations area. It was confirmed during interviews with Indonesian harvesters at Jentar Estate and Bangladeshi sprayers at Chenor estate that their passports are retained by the company, although this is agreed by the workers and they are allowed to return to their countries after completion of their 3 year contract with flight purchased on the company’s expense and return on renewed contract. However, it was informed that several Indian workers at Jentar estate had completed their 3 year contract but faced a long 4 month delay in having their passports returned, when usually their work permit renewal was usually completed in about a month. It was found through document checks at Jentar Estate that the company had submitted these worker’s passports since 2 October 2014 (about 6 months prior to the audit time) to their headquarters for renewal of their work permits which were expiring in January 2015, and HQ had in turn submitted these for permit renewal. However, due to delay by the Malaysian Immigration Department (for unknown reasons), there has been a delay in the permit renewal. The estate management has displayed concern in the delay, as seen in several email correspondences in early 2015 between the estate manager and the Human Resources department of HQ requesting to expedite the process, however since the delay is due to the Immigration Department, it is out of control of the company. Similar problem with delays in worker permit renewals was found at Sg. Mai and Chenor estates, where permits and passports were submitted for renewal several months before expiry of their permit, but delayed several months by the Immigration Department. This was noted as an observation for the company to continue follow up.

The company also demonstrated their responsibility to foreign workers regarding the extension of foreign worker passport and working permit. Evidences sighted showed the company’s effort to sustain worker passport and working permit, e.g:

a. Cover letter from Jentar Estate Manager to Admin and Foreign Worker Department, March 3rd 2014 regarding 4 original worker passports for follow up actions regarding expiry date. The email consist detail information regarding 6 worker permits, such as: Name, Country of Origin, Passport Number, Passport expiry date and Permit expiry Date.

b. Email from Jentar Estate Manager to Admin and Foreign Worker Department, November 27th 2014 regarding Renewal of Work Permits (6 workers). The email consist detail information regarding 6 worker permits, such as: Name, Country of Origin, Passport Number, Passport expiry date and Permit expiry Date.

During interviews with an Indian foreign worker from Jentar estate, it was informed that prior to coming to work in Malaysia, the agent who engaged the worker informed that the work he would be doing would be at the mill, but in actuality, the worker was assigned to work at the company’s estate but he did not complain because the pay is equal to what was informed to him. As informed during interview with one of the Chenor Estate assistants, there have been similar complaints by workers especially from Bangladesh, India and Nepal that the information given by the labour agents in their home country regarding the work they would be doing in Malaysia was different. These complaints were informed verbally to the company's HR unit, however, it is not clear what is the action taken by the HR unit against such agents. This was noted as an observation.

CR 6.13
The company has a documented Plantation Charter dated April 2013 which covers 6 principles, including Human Rights and Labour Practices. In this charter, it is stated that Sime Darby Plantation is committed to respect human rights throughout their business operations and that the company supports the ten principles of the United Nations Global Compact and makes annual Communications On Progress demonstrating Sime Darby Plantation’s continuing efforts and improvements in implementing those principles in its business operations. To support this commitment, there is a letter from the company’s President and Group Chief Executive to the United Nations (UN) Secretary General dated 25 November 2010 stating their commitment to support the UN Global Compact principles. It is also stated that Sime Darby Group is also a member of the Global Business Initiative on Human Rights created in 2009 with the aim of advancing respect for human rights in the business sphere. Under the ‘Labour Practices’ principle, it is stated that Sime Darby Group observes International Labour Organisation standards and employment
practices. The company’s report on UN Global Compact Communication of Progress for year 2011 – 2012 was sighted, however, a progress for the past few years was not available.

In addition, Sime Darby’s implementation of human rights practices is further defined in the Company’s Social Policy. This policy consists of points regarding respect to human rights such as:

a. All employees should be treated fairly in terms of recruitment, progression, terms and condition of work and representation regardless of race, caste, nationality, gender, physical, sexual orientation, union membership, political view, religion and/or age.

b. To identify, through consultation, the potential social benefits and determine how they might be enhanced for the mutual benefits of the company and the local community.

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

d. To develop and apply a policy prevents sexual harassment and other forms of violence against women and to protect their reproductive rights.

e. The company shall respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively.

f. The company does not condone forced labor or child labor.

This social policy has been broken down into specific policies such as Gender Policy and child protection policy. This policy has been communicated to all level worker by direct communication such as meetings and morning Raw call and indirect communications such as attached the printed documents to some board and placed in strategic areas.

Compliance status: Compliance with observations

**Principle 7: Responsible development of new plantings**

Criteria not assessed: -

Findings:

No findings related to new development area because the company has no development area program. According to company’s plantation statement document, and plantation history document such land almost all plantation is mature plantation, immature plantation only from replanting activities during 2008-2011.

Compliance status: Not Applicable

**Principle 8: Commitment to continuous improvement in key areas of activity**

Criteria assessed: CR8.1
Criteria not assessed: -

Findings:

Evidence of continuous improvement plans were sighted, e.g. for Sg. Mai estate, waste management plan and pollution prevents plans are documented and sighted as described under CR5.3 and CR5.6 above. As seem from chemical usage records, the estate reduce usage of chemicals by not carry out prophylactic treatment of pests with chemicals, as there were no usage of chemicals for pest treatment in past two financial years. Sg. Mai estate also has an Environmental Management Programmes for FY 2014/2015 for quarterly water sampling.

Management plan of the estate describes budgets and plan to encourage and optimise the yield of supply base.

Sime Darby HQ has a documented renewable energy implementation plan for all mills in Malaysia and Indonesia with planned mill to reduce the main source of greenhouse gases identified from the mill, i.e.
methane production from POME treatment ponds through methane capture and flaring. The plan states
11 phases with each phase covering one financial year and planned number of mills to undergo the
programme during each phase ranges from 4 to 7 mills each financial year. The plan also lists estimat-
ed CAPEX, potential carbon reduction per year, reduction from baseline (%) and cumulative reductions
(%) for each phase. Kerdau Palm Oil Mill is included in Phase 3 which is planned to be implemented
from FY 2015/16 with estimated potential carbon reduction per year of 239,703 tCO$_2$ for 7 mills listed in
that phase.

Compliance status: Full Compliance

• RSPO SCCS

Kerdau Mill is one of the palm oil mills owned by Sime Darby Plantation in Pahang State Malaysia. The mill
was commissioned in September 1992 with a production capacity of 30 tons/hours. In November 1995 com-
pany increased their capacity from 40MT/hour the increase to 60MT/hour in February 2006 to cater for crops
from the estates previously under Golden Hope, a plantation company which is now merged with Sime Darby
Plantation Sdn. Bhd. The mill was initially under Austral Enterprise Bhd (AEB) before taken over by Sime
Darby Plantation under Strategic Operation Unit 11 (SOU 11).

SOU 11 Sime Darby Plantation consists of one palm oil mill (Kerdau mill) and 5 plantation estates called  op-
erating unit as FFB supplier, i.e. Kerdau estate, Jenor estate, Mentakab estate, Sungai Mai estate and
Chenor estate. Beside crops from internal estate, the mill also receives crops from outgrowers under agent
Sri Kerdau Commodities Sdn. Bhd.

All production process conducted internally; there is no outsourced process to third party or subcontractor.
Sime Darby plantation Sdn. Bhd has prepared a complete standard operation manual and standard operation
procedure for all strategic operation unit for daily operation activities as seen on MQMS (Mill Quality Man-
agement System) documents.

SOU 11 Kerdau Palm Oil Mill is producing CPO and PK, the company is registered on eTrace, the RSPO IT
System for RSPO certified products sales transactions and has been conducting sales through the system.
The control of IT system is under the mill manager's responsibility.

The following is a description of the company’s supply chain management system according to the RSPO
SCCS requirements, including status of compliance of the company and their outsourced third parties to
RSPO SCCS requirements:

**E.1. Definition**

Findings:
The organization (Kerdau Mill) continues to implement the RSPO-SCCS Mass Balance Model. This
model allowed the mixing of certified and uncertified FFB and product through the control by the Mass
Balance record to ensure the quantity of certified product, and only certified product could be claim by
the organization as a certified palm oil product. The organization has identified the volume of certified
and uncertified FFB received. Based on Mass Balance record, showed the amount of FFB certified
came from own estate i.e. Kerdau Jentar, Mentakab, Sungai Mai and Chenor estate, than the uncerti-
fied FFB came from smallholders.

During the surveillance audit, in July 2013 – June 2014 period, Kerdau mill has received the certified
FFB from they own estate is about 237,961.85 mt and uncertified FFB form smallholders is about
9,374.47 mt. Next in July 2014 until March 2015 periode, Kerdau mill received the certified FFB from
own estate is about 144,139.28 mt and uncertified FFB from smallholders is about 3,939.17 mt.

Compliance status: Full Compliance

**E.2. Explanation**

Findings:
Estimated tonnages of CPO dan PK certified and uncertified product production is stated in Table 4 of
this report. Kerdau Mill registered in RSPO IT Platform (e-Trace) with the member ID number
RSPO PO1000000295. The latest information on certified CPO and PK sales is as follows:

Certified tonnages claimed: CPO 48,075 mt; PK 11,368 mt
Certified tonnages sold: CPO 2,500 mt, PK – (based on e-Trace record)
Certified tonnages purchased: CPO –; PK –

**Compliance status: Full compliance**

### E.3. Documented procedures

**Findings:**

During the 4th surveillance audit, there is no revised or change the organization procedures. The company procedures covered from the incoming FFB until product dispatch in Mill Quality Management System (MQMS) document. The several procedures are:

- SOP of Reception Station (Station 1.0),
- SOP for fruit Handling Station (Station 2.0),
- SOP for Sterilization Station (Station 3.0),
- SOP for Threshing Station (Station 4.0),
- SOP for Pressing Station (Station 5.0),
- SOP for Clarification Station (Station 6.0),
- SOP for Depericarping Stations (Station 7.0),
- SOP for Kernel recovery Stations (Station 8.0),
- SOP for Boiler Stations (Station 9.0),
- SOP for Power Generation stations (Station 10.0),
- SOP for Product Storage and Dispatch (11.0),
- SOP for Oil recovery Stations (Station 13.0)

All of procedures were issued since November 01, 2008.

Personnel who are responsible for implementing RSPO SCCS in Bukit Puteri Mill have been trained on RSPO SCCS conduct in a training conducted on 12/5/2014 which was attended by 10 persons from the weighbridge, supervisor, chief clerk, with evidence in the form of attendance list and material awareness training. In 2015, Kerdau Mill has not yet conducted refresher training on RSPO SCCS yet because based on training program, the refreshment/training will conducted at the end of this year.

Kerdau Mill has records of incoming receiving certified and uncertified FFB through the weighbridge slip. The difference of incoming received of certified and uncertified FFB in weighbridge slip is based on origin of FFB, when the FFB came from own estate is automatically listed as a certified FFB and the FFB coming from smallholders is stated as non-certified.

**Compliance status: Full compliance**

### E.4. Purchasing and good in

**Findings:**

Kerdau Mill has record of certified and uncertified FFB received through the mass balance record. On the mass balance record showed per three monthly evaluation is carried out, i.e.:

1. FFB uncertified received, i.e.:
   - July – September 2013 is about 4,363.56 MT
   - October – December 2013 is about 2,182.18 MT
   - January – March 2014 is about 1,280.24 MT
   - April – June 2014 is about 1,548.50 MT
   - July – September 2014 is about 1,904.07 MT
   - October – December 2014 is about 1,122.24 MT
   - January – March 2015 is about 478.02 MT

2. FFB certified received from owned estate, i.e.:
   - July – September 2013 is about 67,528.07 MT
   - October – December 2013 is about 71,319.44 MT
   - January – March 2014 is about 50,085.74 MT
   - April – June 2014 is about 50,316.61 MT
   - July – September 2014 is about 57,415.13 MT
   - October – December 2014 is about 45,714.43 MT
- January – March 2015 is about 22,991.86 MT

The organization will inform to the CB if there is a overproduction of certified tonnage. During the 4th surveillance, there is no evidence of overproduction by Kerdau Mill.

Compliance status: Full compliance

**E.5. Record keeping**

**Findings:**

During the 4th surveillance audit, there is no revised of record keeping procedure. The record keeping has set established on the document If mechanism for control and maintenance of the data and document used in production process as stated on the Mill Quality Management System issued on November 01, 2008. Mill QMS document mentioned the retention time for all records and report has been defined for at least 5 years.

Kerdau Mill has record and balances of all receipts of certified and uncertified incoming FFB, FFB process, CPO and PK, extraction rate, delivery palm oil products and others. In mass balance record in January 2014 until March 2015 time period showed the information of incoming FFB received, FFB process, CPO and PK produced, palm oil product, quantity stock(stock information for certified and uncertified FFB and palm oil product. The organization has maintenance all of records well.

During the period of January 2014 – March 2015, Kerdau Mill sold the certified product and was record in e-Trace RSPO IT platform. Records of certified product sold, are as presented below:

<table>
<thead>
<tr>
<th>Transaction ID</th>
<th>Seller</th>
<th>Buyer</th>
<th>Product</th>
<th>Volume</th>
<th>SCCS Model</th>
<th>Shipping/BL date</th>
</tr>
</thead>
<tbody>
<tr>
<td>TR-813585ad-5035</td>
<td>Kerdau mill</td>
<td>NURI</td>
<td>CPO</td>
<td>500</td>
<td>MB</td>
<td>07/10/2014</td>
</tr>
<tr>
<td>TR-faed008a-fb5c</td>
<td>Kerdau mill</td>
<td>NURI</td>
<td>CPO</td>
<td>500</td>
<td>MB</td>
<td>07/10/2014</td>
</tr>
<tr>
<td>TR-439d072c-ef67</td>
<td>Kerdau mill</td>
<td>NURI</td>
<td>CPO</td>
<td>500</td>
<td>MB</td>
<td>07/10/2014</td>
</tr>
<tr>
<td>TR-5ed0cd25-959d</td>
<td>Kerdau mill</td>
<td>NURI</td>
<td>CPO</td>
<td>500</td>
<td>MB</td>
<td>07/10/2014</td>
</tr>
<tr>
<td>TR-0ed3dc66-94a0</td>
<td>Kerdau mill</td>
<td>NURI</td>
<td>CPO</td>
<td>500</td>
<td>MB</td>
<td>07/10/2014</td>
</tr>
</tbody>
</table>

Record of sales certified product from the contract reference, DO, delivery note, B/L and other sales document for certified product showed the name of seller, name of buyer, contract number, DO number, loading date, port of charge, quantity, quality product, SCCS model, shipment period and others accordance to RSPO SCCS requirement related document sales information. During that period above, CPO certified sold by Kerdau mill still under quota maximum certified. Kerdau mill also conducted the three monthly evaluation to ensure the certified product in positive stock condition, and up until this surveillance audit, the CPO and PK certified stock was found to be in positive stock condition.

Compliance status: Full compliance
3.2 Status of Previously Identified Non-conformities

During the previous annual surveillance assessment, a total of 8 non-conformances were identified. These consisted of 4 major non-conformities and 4 minor non-conformities. For the major non-conformances, the company had taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through a document checked submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

- **RSPO P&C**

  **Criterion 1.1.1: (Major indicator): Records of requests and responses must be maintained.**

  **Non-conformance 2014-01 of 08 (Major non-conformity):**

  There was no evidence of response from Kerdau mill regarding to letter no. CBA,7020.600-3/1/10 ( ), on 17 July 2013 from Sekolah Kebangsaan Kerdau 28010 Temerloh pertaining to request for donation for Ihya’ Ramadhan. Program

  **Correction:**

  The PIC of handling social issues (Mill Assistant Manager) responded to Sekolah Kebangsaan Kerdau and the evidence was prepared.

  A logbook for external communication to record all requests and corresponding responses has been established.

  **Corrective Action:**

  The PIC of handling social issues has requested the Chief Clerk (CC) to record all matters related to External communication/request and social issues must be forwarded to him for action as per Procedure, SPMS.

  The PIC of handling social issues will verify all the complaints/request in the External Communication Logbook on a monthly basis to ensure that all complaints/requests are responded to or acted upon.

  **Verification result during 4th Surveillance:**

  It was confirmed that the company has responded to the letter from Sekolah Kebangsaan about request for donation. All estates and the mill were confirmed to be maintaining records of incoming letter information request from their stakeholders in Log Books. All of incoming letters has been replied by the estate with evidence in the form of related letters and was record in to Log Book. But, in 2015 there is no incoming letter or information request from stakeholders received by the Estate. Mentakab Estate has records of incoming letters noted in a Log Book, for example, there was a letter from Batu Kapor National School dated on March 30, 2015 about request for donation about RM 1,000, and the Estate has reply the letter via telephone mentioned that the estate have no budget yet for donation.

  **Auditor Conclusion: Closed**

  **Criterion 2.1.1. (Major indicator): Evidence of compliance with relevant legal requirements.**

  **Non-conformance 2014-02 of 08 (Major non-conformity)**

  Reviewed Evaluation of Compliance Score-Card approved by respective Mill and Estate Managers indicate 100% compliance in all legal and other requirement was found not reflecting actual compliance status as noted in the sampled evidences as follows:-

  **Kerdau Mill**:-

  1. 5 selected employees time attendance i.e. punch cards and time slip records for the month of June, Aug and Oct 2013 including Jan 2014 details they were working 1 to 5 rest days in a month (consecutively ranging from 7 to 30 days). For e.g.

  2. Employee A, B & D was working on 2, 9, 16, 23 & 30th June 2013
3. Employee C was working on 5, 12, 19 and 26th Jan 2014
4. Employee E was working on 4, 11, 18 and 25th August 2013
5. 2 selected employees time attendance i.e. punch cards and pay slip records for the month of Jan 2014 details they were working more than 12 hours per day (normal 8 hours + 4 hours overtime). For e.g.
6. Employee A was working 14 hours per day on 7, 8, 20, 22, 23 & 24th Jan 2014 and was working 13 hours per day on Jan 9th Jan 2014
7. Employee B was working 13 ½ hours per day on 26th Jan, 2014

Sg Mai Estate:-
8. Review of the time attendance and pay slip records for the month of Feb 2014 indicates the harvesters and sprayers were working 1 to 3 rest days (consecutively ranging from 7 to 21 days) in a month. For e.g.
9. Employee A was working on 9 and 16th Feb, 2014
10. Employee B was working on 2, 9 and 16th Feb, 2014
Further probe indicates other employees in the same categories were working 1 to 4 rest days (consecutively 7 to 30 days) in a month as detailed in the Estate Daily Attendance Record and Checkroll Report.

Jentar, Kerdau and Mentakab:-
11. CPL 1987 still evaluated in the LORR at page 3 of 5, where it was supposed to be replaced by Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013.
12. For Fire Services (Fire Certificate) Regulations 2001 required to have fire certificate, while actually no fire certificate being awarded by BOMBA yet.
13. Sect. 49A of EQA 1974 revised 2012 was still not included in LORR and no competent person available for management of scheduled waste as required. A discussion was made at HQ level with DOE Putrajaya on this matter but action plan to comply was not yet established.
14. Environmental Quality (Scheduled Waste) Regulations) 2005 requirement for disposal of SW410 category of scheduled waste not fully complied as evidence found rags, cotton glove or paper contaminated with scheduled waste except filters were not collected, included and disposed accordingly to prescribed premise.

Correction:
Management had communicated with Pejabat Tenaga Kerja Termeloh, EN Nik Azri Bin Nik Busu, Pegawai Tenaga Kerja for clarification via phone call (+609 296 1207) regarding the working on restday. PTK has no issue if the overtime has been paid accordingly as per Section 60.

Corrective Action:
Kerdau POM Manager sent memo to Kerdau POM process department on guideline of working on rest day.
Kerdau POM manager sent memo to Process department and decided to change the working hours of shift dated 12 April 2014 to ensure Kerdau POM comply with the overtime requirements.
Evidence:
1. Memorandum dated 12 April 2014 regarding work on rest days
2. Memorandum dated 12 April regarding change of shift hours for process-related workers only
3. All issues regarding to the above, management will refer to Industrial Relationship Department for clarification.

Verification result during 4th Surveillance:
1 – 7) There is a letter from Manpower Office of Semenanjungr Malaysia to Sime Darby Director, December 2nd 2013, regarding “Implementation of Overtime according to Section 60A (4) (a) Working Act 1955”. There are conditions regarding overtime such as overtime duration, administrative requirement (agreement from the worker), overtime requirements as mentioned in section 60A, no 5 hours overtime in a day without rest time, develop overtime plan in every early months, ensure the worker has enough rest before start next job and provide information to Manpower office if asked to. In order to comply this regulation, company has published some follow up letter for management and workers, such as:
   b. Memorandum from Kerdau Mill Management for Process Division, April 12th 2014 regarding working at annual leave.
Evidences collected and checked to see the consistencies, such as:

d. Punch Card of 7 mill workers, consist information regarding worker attendances in detail.
e. Payslips of Mill worker for Mar 2015, consist information regarding overtime payments. Items posts as overtime payment for holidays is coded as FWDOR. In the bottom of the payslip there are information regarding how many hours/days the worker has worked in regular day and overtime work in general and special leave days.

From those three evidence, it was seen that the mill had consistently implemented the regulations regarding overtime.

8 – 10) Sample pay slips for workers based at Sg. Mai estate showed some workers working on rest days, however, after further interviews with the workers, it was informed that the workers were not forced to work on rest days but free to choose not to work. Most of the workers states that they chose to work on rest days in order to earn more income for overtime. This justification was accepted as the local regulations stipulate that the company shall not compel workers to work on rest days, however they are allowed to do so if the workers wish, as long as total overtime hours do not exceed the legal limit.

11 – 13) During this audit, it was found that Sime Darby HQ representative had already prepared the revised version of the LORR which includes all updated regulations. However, the approved LORR as seen at Jentar Estate last reviewed on 2 February 2015 is still not the latest updated version, i.e.:

- CPL 1987 still evaluated in the LORR at page 3 of 5, where it was supposed to be replaced by Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013.
- Sect. 49A of EQA 1974 revised 2012 was still not included in LORR and no competent person available for management of scheduled waste as required.
- Clean Air Regulations 1978 has not been replaced with latest version, i.e. Clean Air Regulations 2014

The estate took immediate action to print out a copy of this LORR for compliance evaluation. All estates and mills have a mechanism for checking legal compliance, however it is not correctly done as it was found that the status of legal compliance for all legal requirements is stated as 100% compliant, but in actual, there are some legal non-compliances, examples as stated under NC no. 1, CR2.1.1. This was raised as a new non-compliance (NCR 2015 – 02 of 05).

In addition, a competent person for management wastes has been appointed from Mentakab estate to be responsible for scheduled waste management for SOU Kerdau and other SOUs in Pahang region. Evidence of proposal to send appointed person for training was seen in letter dated 25 July 2014 from PSQm to the Executive Vice President, Plantation, which included proposal for no. of person to be sent for competent person training from all Sime Darby Malaysian regions. The appointed person has attended the sanctioned training for competent person but certificate not received. The company has a plan to send one representative from each estate to attend the training but due to limited capacity of the trainer, has been unable to do so.

14) It was checked at scheduled waste store of Jentar Estate and Sg. Mai estate and confirmed that contaminated rags and cloth as stored and managed as scheduled wastes. However, at Sg. Mai Estate, it was found that used paint cans are sold as scrap metal and not managed as scheduled waste. This was raised as a new non-compliance (NCR 2015 – 01 of 5).

Auditor Conclusion: Closed with observations

**Criterion 2.1.3. (Minor indicator): A mechanism for ensuring that relevant legal requirement are implemented.**

**Non-conformance 2014-03 of 08 (Minor non-conformity)**
Kerdau Mill and Sg Mai Estate:-
Mechanism for ensuring compliance is enforced was detailed as follows in “Level 2; Standard Operation Manual (SOM); Appendix 5.2.4a Procedure For Legal and Other Requirements; Issue No: 1; Issue Date: 1st Nov, 2008; 6.4 All requirements shall be evaluated at least once a year. Should there be any non-compliance or potential non-compliance to the regulation or other requirements, necessary corrective and
preventive action shall be taken”.
However as per finding reported in point 1 (C2.1.1) above there were no evidence sighted that necessary corrective and preventive action were taken.

**Correction:**
Sg. Mai Estate and Kerdau POM to review LORR.

**Evidence:**
LORR review by Sg. Mai Estate and Kerdau POM dated 16th April 2014.

**Corrective Action:**
The mechanism or updating, training and monitoring of the LORR has now been parked under Group Compliance instead of PSQM. The progress and expected completion date of the new initiative is shown in Attachment (Gant Chart on the progress of EGRC). The project/initiative has already kicked off where the pilot project has already been completed at South Johor (Lambak Estate and Bukit Benut POM dated 24-25 March 2014).

**Verification result during 4th Surveillance:**
During this audit, it was found that Sime Darby HQ representative had already prepared the revised version of the LORR which includes all updated regulations. However, the approved LORR of Jentar Estate last reviewed on 2 February 2015 is still not the latest updated version, i.e.:
- CPL 1987 still evaluated in the LORR at page 3 of 5, where it was supposed to be replaced by Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013.
- Sect. 49A of EQA 1974 revised 2012 was still not included in LORR and no competent person available for management of scheduled waste as required.
- Clean Air Regulations 1978 has not been replaced with latest version, i.e. Clean Air Regulations 2014

The estate took immediate action to print out a copy of this LORR for compliance evaluation. All estates and mills have a mechanism for checking legal compliance, however it is not correctly done as it was found that the status of legal compliance for all legal requirements is stated as 100% compliant, but in actual, there are some legal non-compliances, examples as stated under NC no. 1, CR2.1.1. This was raised as a non-compliance (NCR 2015 – 02 of 04).

At Kerdau Estate evaluation of compliance was done on 23/12/14 approved by the Estate Manager. Result is 100% compliance. While in Mentakab Estate, evaluation of compliance dated 23/12/14 and result is 100% compliance too. At Kerdau Mill, annual review for legal compliance evaluation is overdue as the latest review was done in 5/2/14 as approved by Mill Manager. However, the company’s HQ had the updated LORR for the mill in draft pending approval. Since LORRs for all other estates had been updated, this was noted as an observation.

Auditor Conclusion: Closed with observations

**Criterion 2.1.4 (Minor indicator): A system for tracking any changes in the law.**

**Non-conformance 20144-04 of 08 (Minor non-conformity)**
Mill and All Estates: Mechanism for tracking changes any changes in the law was detailed in Level 2; Standard Operation Manual (SOM); Appendix 5.2.4a Procedure For Legal and Other Requirements; Issue No: 1; Issue Date: 1st Nov, 2008. The changes later were to be documented in the Legal and Other Requirement Register (LOR).

However this was insufficiently tracked and updated as the reviewed LORR does not detail for e.g. and not limited to Employment Act (Amendment) Act 2012, Holiday Act 1951 (Act 369), Immigration Act 1959/63 and Passport Act 1966 was reviewed.

New legal requirements such as Occupational Safety (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) 2013 was not updated in the Legal and Requirement Register (LOR) reviewed in 2014 at Jentar, Kerdau, Mentakab Estates. The Environmental Quality Act 1974 revised 2012 particularly on Section 49A still not yet included in the LORR.
**Corrections:**
PSQM will assist to update LORR in the interim. To include Holiday Act 1951, Immigration Act 1959, passport Act 1966 and CLASS 2013. This will be sent to all Operating Units.

Evidence: Updated LORR and records that it has been distributed to the OUs.

**Corrective Action**
The mechanism or updating, training and monitoring of the LORR has now been parked under Group Compliance instead of PSQM. The progress and expected completion date of the new initiative is shown in Attachment (Gantt Chart on the progress of EGRC). The project/initiative has already kicked off where the pilot project has already been completed at South Johor (Lambak Estate and Bukit Benut POM dated 24-25 March 2014).

Evidence: Gantt Chart of Group Compliance initiative on LORR matters.

**Verification result during 4th Surveillance:**
Progress from the Gantt Chart was shown and this is the ongoing process. Updates made to the LORR were as described under findings for NCR no. 2014-02 of 08 and NCR no. 2014-03 of 08.

Auditor Conclusion: Closed with observations

**Criterion 4.6.3. (Major indicator): Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.**

**Non-conformance 2013-05 of 08 (Major non-conformity)**
At Kerdau Estate, found new chemical store not safe and hazardous in term of design and arrangement as the store was built higher than the ground that will create problem for loading and unloading activity and potential fall of chemicals to ground. The staircase was built without handrail and can potentially lead fall if unbalance as auditor himself was falled down when he use it during audit. The 2 exhaust fans were wrongly fixed with poor circulation of air as both blowing in the air from outside. Suppose it should blow out the air from inside the chemical store. No railing of guarding fixed to the exhaust fan too that can cause potential injury to hand. The fire extinguisher was not available in the chemical store. Another door that lead to the fertilizer store not having any staircase built and if you open the door and walk forward, you will fall down 1.5 meter down.

**Correction:**
Handrails is built at the staircases of chemical store.
The exhaust fans have been properly re-installed to ensure that air is blown from the inside out. Guard railings have also been installed at the exhaust fans to prevent hand injury.
A fire extinguisher has been placed at the chemical store.
The side door that leads to the fertilizer store has been locked and safety/warning signage has been placed.
Evidence: Photographs of all the above.

**Corrective Action:**
To establish and conduct chemical safety training yearly basis.
All workplace inspection result will be clearly briefed and discussed during Safety Committee Meeting for information and further action.
To include/ establish guidelines for design before, during and after construction works.

**Verification result during 4th Surveillance:**
From checking done at the Chemical Store, it was observed that improvements had been made and much safer than the last audit condition. Actions taken were implemented as evidence.

Auditor Conclusion: Closed

**Criterion 4.7.1 .b (Minor indicator 2): All operations have been risk assessed and documented.**
Non-conformance 2014-06 of 08 (Minor non-conformity, Major escalated)

Kerdau Estate Office:

1) A chemical and fertilizer store at Kerdau Estate Office was completed in early March 2014. However, the activities which observed may possibly create new hazards specifically related to chemical store were not assessed since the last HIRARC assessment was last conducted on 15th July, 2010.

2) Documented evidence to indicate the HIRARC was revisited since an accident has occurred on 17th March, 2014 was not sighted.

Correction:
Kerdau Estate to review the HIRARC for chemical store and the accident involving motorcyclist on 17th March, 2014, as per SOP

Evidence:
1. Reviewed HIRARC for chemical store (Kerdau Estate)
2. Reviewed HIRARC for motorcycle accident (Kerdau Estate).

Corrective Action:
To improve the mechanism to trigger HIRARC reviews, OUs to evaluate competency of person incharge for HIRARC review and training to be conduct periodically.

Evidence:
1. Training evaluation for PIC HIRARC review and participant training.
2. Management Program include training periodically basis.

PSQM is in progress of establishing New Manual; Plantation Sustainability Management System (PSMS) for easy reference. Target completion PSMS is expected on 31 December 2014.

Verification result during 4th Surveillance:
Kerdau Estate Hirarc was revised on 17/02/15 and approved by Estate Manager

At Kerdau Estate the HIRARC was revised on 17/02/15 and approved by the Estate Manager while at Jentar Estate revised HIRARC 10/03/14 approved by Estate Manager was sighted.

There is evidence of review of HIRARC based on results of accidents, e.g. as follow:
In Chenor Estate, the HIRARC was reviewed for pruning using sickle (no date, approval and recommended risk control even score is 4). Another review was done on 23/09/14 for harvesting. On 30/10/14 for harvesting and 2/09/14 on collection, 03/07/14 for harvesting and another one on 15/02/14 on harvesting.

The review was not conducted as regularly as required by the SOP, i.e. once a year. This was not in accordance with OSH Manual Chapter 6 dated 20/08/08 para 8 mentioning HIRARC should be review and updated at least once a year. This was noted as an observation.

Auditor Conclusion: Closed with observations

Criterion 5.3.2. (Minor indicator): Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution

Non-conformance 2014-07 of 08 (Minor non-conformity)

There was no evidence of waste management implementation since:

1. There were found rubbish scattered at backyard of the worker housing
2. Found rubbish in the tray mixed between plastic, leaf and domestic waste (mill, Jentar, Kerdau, Mentakab, Chenor)
3. Found hazardous waste (minyak hitam / black oil) in open container scattered at backyard of worker housing at Mentakab division.

Correction:
Cleared all rubbish at the backyard of workers housing area, separate waste before disposal and handling of spent oil as per scheduled waste requirements.
Workers are also briefed regarding the waste management and handling procedure. 
Evidence: 
Waste management training records i.e. attendance list, training material, photographs

Corrective Action Plan: 
Medical Assistant as the PIC (management personnel) shall include segregation of domestic waste and scheduled waste as one of the items to be monitored during the linesite inspection.

Evidence:
1. Improved linesite inspection logbook.
2. A procedure for handling domestic waste, which includes recycling (SPMS Appendix 9 Procedure for Handling Domestic Waste) and also the Waste Management Plan FY13/14 were available.

Verification result during 4th Surveillance: 
During sites visits to Jentar Estate housing and Sg. Mai housing area made during this surveillance audit, it was confirmed that waste management had improved with no more scattered rubbish or hazardous wastes being stored at worker’s housing observed.

Auditor Conclusion: Close

Criterion 5.5.3. (Minor indicator): No evidence of burning waste (including domestic waste).

Non-conformance 2014-08 of 08 (Minor non-conformity) 
There was evidence of burning waste at worker quarters, for example:
1. House no.8 at mill (Kerdau POM)
2. House no. 4B 2004 at Jentar estate
3. House no. 27, 28, 29 at Mentakab division

Correction: 
Cleared all traces of open burning and educate workers on no open burning/ waste handling. 
Evidence: Records of training on No Open Burning i.e. attendance, training materials.

Corrective Action:
PIC of linesite inspection shall include open burning as one of the items to be monitored during the linesite inspection.
To place No Open Burning signboards at strategic locations.
Evidence:
1. Improved linesite inspection logbook.
2. Photos of No Open Burning signboards

Verification result during 4th Surveillance: 
No evidence of burning wastes observed at Jentar estate and Sg. Mai estate housing during site visits. 
Signboards stating no burning of wastes were sighted

Auditor Conclusion: Closed
• RSPO SCCS

SCCS Non-conformance No. 2014-01 of 02
There is no information stated in SOP for RSPO SCCS and traceability (issue : March 2013) point 5.1 on outgoing documents accompanying the dispatch of FFB certified from estate requiring weighbridge operators to identify FFBs received as certified or non-certified (stated on SOP point 5.2.2.2)  

Correction:
RSPO and Certification Unit has conducted Internal Training on SCCS requirement. Revision is planned to be done to the draft SOP on 15th May 2014 by Supply Chain Working Group in PSQM.  

Corrective Action Plan:
RSPO & Certifications Unit (Supply Chain Working Group) to revise and improve SOP on SCCS and distribute to all Sime Darby Plantation Mills  

Verification result during 4th Surveillance:
During this audit, it was found that organization had revised the procedure number SD/SDP/PSQM/001 Rev 01 dated on 01/03/2015 about Sustainability Supply Chain and Traceability procedure still available. This procedure still in draft, but was implemented in the mill, evidenced by weighing slip incoming certified FFB, i.e.: “in the procedure on Point 6.0 “for RSPO/ISCC certified estates, estate shall ensure sufficient information is stated on the weighbridge ticket or consignment note for all delivery FFB including certificate number, GHG emission value, distance, country of origin”.  

Based on record of dispatch number 009464 dated on 18/04/2015 CPO delivery as much 41,160 kg net, DO number 09017 and PO number 55094, remarks MB, contract number S/C-PSD/1504/CPO0446. Based on record above, organization has identified the incoming certified FFB and uncertified FFB on the weighing slip/ticket.  

Auditor Conclusion: Closed

SCCS Non-conformance No. 2014-02 of 02
The personal in charge (PIC) to implement the requirement of SCCS is a new person such as mill manager, weighbridge operator and assistant manager II but the facility has not conduct SCCS training.  

Correction:
RSPO and certification unit has planned to conduct Training SCCS at Kerdau POM on 12th May 2014 as per email attached.  

Corrective Action Plan:
The mill will conduct periodically awareness training to person in charge to implement the requirements of SCCS. All training record will keep as evidence.  

Verification result during 4th Surveillance:
Organization (Kerdau Mill) has conducted the SCCS training on May 12, 2014 attended by 10 persons from Kerdau Mill and Bukit Putri Mill from QMO, AE, Weighbridge division, evidenced by training materials handed out. The organization also has had a training program for 2015, and has included training for RSPO which will be implement in July.  

Auditor Conclusion: Closed
### 3.3 Identified Non-conformances, Corrective Actions Taken and Auditors Conclusions

During this surveillance assessment, related to the Principles and Criteria, a total of 5 nonconformances were identified. These consisted of 4 major non-conformities and 1 minor non-conformity. As stated under Section 1.1 of this report, due to the RSPO’s announcement on the MY-NI 2014 dated 12 March 2015, the new NI is compulsory to be implemented only from 1st May 2015 onwards, hence any non-compliances raised against new Major Indicators under the MY-NI 2014 were raised as minor non-compliances. For the major non-conformances, the company has taken the necessary corrective action to close these non-conformances within 60 days of completion of the assessment, and this was verified by the audit team through a document checked submitted by the company. For the minor non-conformances, the company has taken corrective action against these as well, and for those which could not be verified as closed through document checks, the closure of these minor non-conformities will be assessed during the next surveillance audit. A summary of all identified non-conformances, corrective actions taken and auditor conclusions is as below:

#### • RSPO P&C

<table>
<thead>
<tr>
<th>Criterion 2.1.1 (Major indicator): Evidence of compliance with relevant legal requirements shall be available.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-conformance 2015-01 of 05 (Major non-conformity)</strong></td>
</tr>
<tr>
<td>There is evidence of legal non-compliances found, i.e.:</td>
</tr>
<tr>
<td>1) Stated in the mill’s DOE license dated 1 July 2014 to 30 June 2015 that the mill is required to install a CCTV facing the mill’s chimney for visual record of the black smoke which is to be active for 24 hours and records maintained for 6 months. However, no such CCTV has been installed by the mill.</td>
</tr>
<tr>
<td>2) The mill is required to carry out chimney emissions monitoring using the Continuous Emissions Monitoring System (CEMS), however it was informed the CEMS system has been non-functional for almost a year. The mill has a letter dated 29 October 2014 to the DOE of Pahang informing that the Smoke Density Meter (SDM) for boiler no. 2 was non-functional and was being repaired by their supplier, but there is no evidence of follow-up.</td>
</tr>
<tr>
<td>3) Found a compressor brand Hitachi Bebicon at the mill not having any valid registration (PMT).</td>
</tr>
<tr>
<td>4) The mill does not have a Fire Certificate yet as required by Fire Services Act 1988.</td>
</tr>
<tr>
<td>5) At Sg. Mai estate paint cans are also not managed as scheduled wastes. At Also at Mentakab estate, florescent tubes and contaminated waste such as gloves from workshop are not identified and managed as scheduled wastes</td>
</tr>
<tr>
<td>6) The last copy of consignment note of collection of clinical waste by Medivest was not received by the Mentakab Estate and this was not reported to Department of Environment as required by Environmental Quality (Scheduled Waste) Regulations 2005.</td>
</tr>
<tr>
<td>7) No update of inventory for all types of SW 305, 410, 409 at Mentakab Estate.</td>
</tr>
</tbody>
</table>

**Correction:**

1) Mill Management will apply for unbudgetted CAPEX from head office to install a CCTV.  
2) Non-functional CEMS issue was informed to DOE of Pahang and it was further communicate with regards this issue during recent visit of DOE officer. Purchase order has been issued to rectify non-functional CEMS received. Mill will carry out the rectification works.  
3) Hitachi Bebicon already has valid registration complete with certificate of fitness. The compressor was not having registration number marking due to painting work. Mill will do registration number marking as per requirement.  
4) Communication with Engineering Dept and the contractor has been done to expedite the works to achieve Fire Certificate.  
5) Scheduled waste Manager is to ensure all scheduled waste handled as per requirement. To conduct scheduled waste management training dated 21.05.2015.  
6) PIC (Aiman Hashim) follow up via email mentioned that we did not received any consignment note from them. Email on 21.05.2015  
7) Inventory was updated to include SW 305, 410, 409 as seen in updated inventory for month of June 2015.

**Corrective Action:**
1) ESHMR (SR Assistant Mill manager will ensure all the requirements are complied with at all times). The mill will monitor everyday with support by Mill Operation every end of the month.
2) Assistant Mill Manager will be in charge to monitor CEMS.
3) Mill to established list of permit and isence to monitor and to avoid any issues. Person in charge Chief Clerk.
4) Installation of fire fighting system were in progress prior application of Fire Certificate. 85% work completion has been executed. ESHMR of Kerdau POM will follow up progress.
5) PIC to managed (inventory, stored and disposed) all the stated items as per EQA Scheduled Waste regulation 2005.
6) Will use the e-consignment system to implement the clinical waste disposal for every disposal of scheduled waste.
7) PIC (En Shaiful) will informed the mandore at muster briefing to place the SW at the SW store and informed him accordingly. PIC (En Shaiful) and update the SW 305, 410, 409 on monthly basis as per EQ (Scheduled waste) regulation 2005.

Verification Result:
1) Photographic evidence of CCTV installed at the mill was provided
2) The company issued a contract for contractor named Betronic Sdn. Bhd. to carry out site checking for the CEMS system as seen from contract form dated 25 May 2015
3) The certificate of fitness for the compressor was sighted and is valid until 19 January 2016. Photographic evidence of the compressor was also sighted.
4) Evidence was provided that work was in progress for supply, install, refurbish, commissioning and guarantee of fire fighting system done for Kerdau Palm Oil Mill, as seen from a documented summary of Works Done To-Date issued by Mecomb Malaysia Sdn. Bhd on 28 January 15. The summary shows the different stages of work to be done, including preliminaries & general, pressured hydrant system, hydraulic hosereel system, fire detection and alarm system, portable extinguishers, pump house and other. Progress of work for each stage was stated and overall progress was 85% as of January
5) Evidence of schedule waste management training done on 21 May 2015 was sighted, i.e. attendance list and photos of training. Sample completed inventories for empty containers (SW418) collected in month of March at Sg. Mai estate were sighted, and inventory of used rags collected Mentakab Estate monthly was also sighted. E-consignment note for Mentakab estate was sighted and showed that 0.1 kg of flurescent tubes (SW103) and 10 kg of contaminated wastes (SW410) were collected on 16 June 2015
6) The company is now using e-consignment system online to update their records of scheduled wastes produced and therefore are not required to retain the manifest of collection from the collector anymore. Sample of completed e-consignment note from Mentakab estate was sighted.
7) E-consignment note from Mentakab estate for June 2015 was sighted and updated to include SW 305, 410, 409.

Auditor Conclusion: Closed

Closure date: 16 June 2015

**Criterion 2.1.3 (Major indicator): A mechanism for ensuring compliance shall be implemented**

**Non-conformance 2015-02 of 05 (Major non-conformity)**
All estates and mills have a mechanism for checking legal compliance, however it is not correctly done as it was found that the status of legal compliance for all legal requirements is stated as 100% compliant, but in actual, there are some legal non-compliances, examples as stated under NC no. 1, CR2.1.1

**Correction:**
To review LORR to ensure all compliance status as per physical.

**Corrective Action:**
To appoint new ESH management representative (MR) and train them on their job description or requirement so that any review of LORR reflects actual situation on the ground. Review of compliance to be done collectively with ESH region.

Verification Result:
Root cause identified was no ESH management representative or person in-charge to monitor and lack of understanding of mechanism stated in SOP and JD. The mill has since appointed a new ESH coordinator as seen from appointment letter dated 18 May 2015, while Chenor Estate and Kerdau Estate both appointed ESH representatives also as seen from appointment letters dated 27 May 2015. Among the roles of the ESH coordinator is to ensure the legal compliance of the mill to the environmental legal requirements. The ESH coordinator is currently in progress of the existing LORR with other regional ESH coordinators and updating the status of compliance accordingly.

Auditor Conclusion: Closed with observations
Closure date: 25 June 2015

Criterion 2.2.1 (Major indicator): Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available.

Non-conformance 2015-03 of 05 (Major non-conformity)
1) Found at Chenor Estate, National Land Code, Land Title no. 5690, lot no. 3274 with area of 1394,1398 Ha registered on 19 April 2000 stated permission for planting of permanent plants (cocoa/coffee/kekabu/pinang) but the estate has been planted with oil palm 1989 with no evidence of updated land title with revised conditions of use from the Land Department.
2) Mentakab Estate has several land titles stating conditions for planting only for rubber, however the estates are now fully planted with oil palm with no evidence of updated land titles with revised conditions of land use from the Land Department

Correction:
Communication between Land Management Department, RSPO Unit and Legal Department SDP to change our crop cultivation as stated in out email dated 27/4/2015 was done via proposal to Legal Dept for review.
Management of Mentakab Estate already notify our Land Management Department (LMD) to change our crop from rubber to oil palm as stated in our email dated 22/10/2014 and replied by Land Management Dept on 23/102014.

Corrective Action:
Sime legal department found that no breach or nonconformance of the Express condition in Chenor Estate.
PSQM will conduct assessment on land title update on annual basis to ensure progress of land title issue.
LMD has sent letter to Land Department Pahang for status and application.

Verification Result:
There was an email from Sime Darby’s LMD which clarified that the planting of oil palm is still in accordance with the term of Chenor Estate’s Land Title no. 5690, lot no. 3274 with area of 1394,1398 Ha registered on 19 April 2000 stated permission for planting of permanent plants. According to reference sources from the Food and Agriculture Organization (FAO), World Programme for the Censuses of Agriculture 2010 and the Center for International Forestry Research (CIFOR), oil palm falls under the definition of permanent crops, and therefore for Chenor Estate, there is not non-compliance to the terms of the land title. This explanation was accepted by the audit team and no change of the land title is required.

For Mentakab Estate, email records between Mentakab Estate and Sime Darby’s Land Management Department showed that for within August to October 2014 showed the company has been in progress of transferring the name of land owner of Mentakab Estate from the previous owner (Mentakab Rubber Company (Malaya) Limited) to Sime Darby Plantation. As informed by the company’s Land Manage-
Department in email dated 23 October 2014, the land title transfer has been unsuccessful due to technical issues in the legal documentation which they are rectifying. However, in the email threads there is no specific mention of request to also change the land title terms from rubber to oil palm. The company’s LMD is working on transferring the land title name under the company and simultaneously requesting for change in the land title terms to permit planting of oil palm instead of rubber. As the legal process is long and actions were observed to have been taken by the company, the progress of this NC will be checked again during the next surveillance audit.

Auditor Conclusion: Closed with observations

Closure date: 25 June 2015

Criterion 5.1.1 (Major indicator): An environmental impact assessment (EIA) shall be documented.

Non-conformance 2015-04 of 05 (Major non-conformity)
1) At Kerdau and Chenor Estate, found the aspect and impact assessment was not reviewed and updated accordingly since 05/01/11 and not properly carried out in accordance to Standard Operating Manual (SOM) Version 1 dated 01/11/08.
2) The legal requirements used as reference was outdated such as Environmental Quality (Clean Air) Regulations 1987 (suppose 1978) that was replaced by new regulations in 2014.
3) Environmental Impact Evaluation Form was not used properly for example spillage of diesel was considered as normal condition (suppose emergency condition)
4) For all aspects identified, there is a column asking if there is a high potential of non compliance to environmental regulation. All were ticked as "No" but in actual, many of the aspects have risk of legal non-compliance if not managed according to the law.

Correction:
Review all EAI and EIE regulations and impact evaluation sample for :
1. Petrol Diesel
2. FFB Transportation.

Corrective Action:
A new ESH management representative was appointed. Training on EAI and EIE is planned to be conducted on 27th May 2015.

Verification Result:
The root cause of the problem was identified as being no ESH management representative or person in-charge to review EAI and EIE. Last review was done by personnel who have been transferred to other estates. The company had taken action to resolve the root cause by appointing a new ESH management representative for each estate as seen in appointment letter dated 27 May 2015. Part of the responsibilities of the ESH MR is to ensure compliance to ESH legal and other requirements. The company also conducted an internal training on EAI and EIE which was attended by 8 participants included the appointed ESH MRs for each estate. The skills learned by the newly appointe ESH MRs will be applied during the next round of review due for the Environmental Aspect and Impact Assessment. Effectiveness of the training will be evaluated during the next audit.

Auditor Conclusion: Closed with observations

Closure date: 27 May 2015

Criterion 5.2 (Major indicator): Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations

Non-conformance 2015-05 of 05 (Raised as Minor non-conformity since guidance for this criterion was revised from the previous MY-NI)
The company’s existing Biodiversity Baseline Study dated April 2009 is inadequate as it does not in-
clude information on the conservation status (e.g. IUCN status), legal protection, population status and habitat requirements of rare, threatened, or endangered (RTE) species that could be significantly affected by the company’s activities.

Correction:
Communication with Social, Environment and Project Unit (SEPU), PSQM regarding Biodiversity Study at SOU 11 (Kerdau).

Corrective Action:
HCV re-assessment will be conducted in August 2015.

Verification Result:
It was confirmed from discussion with the company’s management and SEPU team that a new biodiversity study is planned to be conducted for all SOU’s not only SOU11. The results of the new biodiversity study will be evaluated during the next audit.

Auditor Conclusion: Corrective action plan accepted. Effectiveness of implementation to be verified during next audit.

- RSPO SCCS
There were no non-compliances raised against RSPO Supply Chain requirements during this audit.

3.4 Noteworthy Positive Components

<table>
<thead>
<tr>
<th>No.</th>
<th>Criteria</th>
<th>Positive observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>4.2</td>
<td>From estates samples (Kerdau, Mentakab and Chenor), it was confirmed that fertilizer application was carried out according to program</td>
</tr>
<tr>
<td>2.</td>
<td>4.3</td>
<td>Good terracing and methods for soil conservation, e.g frond stacking observed being applied consistently at all replanted areas</td>
</tr>
<tr>
<td>3.</td>
<td>4.3</td>
<td>Kerdau Palm Oil Mill has a composting plant and observed in the estates that composting is carried out in widespread manner with compost application program sighted</td>
</tr>
</tbody>
</table>
| 4.  | 4.6      | 1) Good PPE washing area and shower for sprayer at Sg. Mai estate, including washing machine and designated female staff to assist in the cleaning  
2) Chemical store is also well ventilated and good secondary containment (plastic trays) to contain spillages.  
3) Good safety signages on chemical store and scheduled waste store of Sg. Mai estate. |
| 5.  | 5.2      | Tree Planting Program of various tree species has been established in Jentar Estate since year 2014 as part of company’s efforts to enhance biodiversity. |
| 6.  | 6.1 & 6.2.3. | It was found in the Social Impact Assessment of Chenor Estate that all strategic stakeholders including foreign workers, has been identified and invited for regular meetings. Management can show evidences (meeting record) that they have properly responded to issue regarding misunderstanding among harvesters about their harvesting payment by inviting foreign workers (harvesters) for a meeting and clarifying the issues. |

3.5 Issues Raised by Stakeholders and Findings Pertaining to Issues

Below is a summary of issues raised by stakeholders interviewed on-site

<table>
<thead>
<tr>
<th>No.</th>
<th>Issues Raised</th>
<th>Audit Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Foreign Worker Bank Card has not been issued yet.</td>
<td>Related worker data has sent to bank but the Bank Card not yet issued by the bank.</td>
</tr>
<tr>
<td></td>
<td>Contract duration is not understood</td>
<td>The full contract duration is 3 years, but when the worker has worked for a complete 2 years, they are allowed to take a long holiday of 3 months back to their country at their own expense.</td>
</tr>
<tr>
<td>---</td>
<td>---------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2</td>
<td>A worker did not understand the reason for deduction item made on his pay slip of about RM 200.</td>
<td>Check from the payroll, the deduction is to paying the worker’s loan taken during Lebaran Holiday.</td>
</tr>
</tbody>
</table>
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The 5 year certification cycle for SOU 11 Kerdau is complete. Recertification Audit is planned for April 2016.

4.2 Acknowledgements of Internal Responsibility and Formal Sign-Off by Client

It is acknowledged that the assessment visit was carried out as described in this report and we accept the assessment findings and report content.

Signed on behalf of TUV Rheinland Malaysia

.................................................................

Name: Carol Ng Siew Theng
Position: Lead Auditor
Date: 5 October 2015
APPENDICES

Appendix 1: Audit plan

<table>
<thead>
<tr>
<th>Date / Time (1)</th>
<th>Organizational Unit and Processes</th>
<th>Auditor / Abrev.</th>
<th>Interviewee</th>
<th>Procedure - EM/QM Element - Standard Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monday, 20 April 2015</strong></td>
<td>Indonesian Audit team members travel from Jakarta to KL (morning) - Audit team travels to hotel in Temerloh, Pahang (afternoon): U Design Hotel Mentakab, Jalan Bukit Bendera, Taman Bendera, 28400 Mentakab, Pahang</td>
<td>Carol Ng (CN), Yusof Nizar (YN), Muhammad Fundi Kur- niawan (MK), Harso Yuli Antena (HYA)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tuesday, 21 April 2015 – Kerdau Clubhouse &amp; Kerdau Mill (P&amp;C &amp; Supply Chain audit)</strong></td>
<td>Opening meeting at Clubhouse - Introduction by audit team leader - Presentation of estates and mill by respective managers - Explanation on actions taken to close previous NCs and review of evidence - Finalization of audit plan</td>
<td>All</td>
<td>Top Management and Related Managers</td>
<td></td>
</tr>
<tr>
<td>08.00am – 09.00am</td>
<td>General requirements - Time bound plan - Partial certification requirements</td>
<td>CN</td>
<td>Sime Darby Sustainability Management representatives</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mill supply base &amp; production records - FFB reception records - CPO &amp; PK production records - OER &amp; KER</td>
<td></td>
<td>Mill manager / assistants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Environment &amp; Legal Requirements - Mill inspection - POME and water quality analysis records - Water management plan - Waste management - EIA/ Aspects Impacts analysis - GHG analysis and management - Continuous improvement plan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09.00am – 12.30pm</td>
<td>Supply Chain Certification Audit - Supply Chain Management Manual, SOPs, &amp; related records - eTrace Transaction records, if any - SCC training records - Weighbridge slips</td>
<td>MK</td>
<td>Supply Chain Certification Standard 2014 Module E – CPO Mills: Mass Balance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparency &amp; ethical conduct, financial viability, land le-</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

RSPO
<table>
<thead>
<tr>
<th>Date / Time</th>
<th>Organizational Unit and Processes</th>
<th>Auditor / Ab-brev.</th>
<th>Interviewee</th>
<th>Procedure - EM/QM Element - Standard Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.00am – 12.30pm</td>
<td>Legal Requirements, OSH, Training, SOPs</td>
<td>YN</td>
<td>Mill manager / assistants/ workers</td>
<td>RSPO Principle 2 : CR2.1, Principle 4 : CR4.1, CR4.7, CR4.8</td>
</tr>
<tr>
<td>09.00am – 12.30pm</td>
<td>Social aspects – Workers, local communities, communication, CSR</td>
<td>HYA</td>
<td>Mill manager / assistants /Local communities / workers</td>
<td>RSPO Principle 2: IN 2.1.1 (Social), CR2.2 (2.2.4 – 2.2.6), CR2.3 Principle 6: all Principle 8 (social)</td>
</tr>
<tr>
<td>12.30pm – 1.30pm</td>
<td>Lunch</td>
<td>All auditors</td>
<td>RSPO &amp; SCCS</td>
<td></td>
</tr>
<tr>
<td>1.30pm- 5.00pm</td>
<td>Continue document review</td>
<td>All auditors</td>
<td>RSPO &amp; SCCS</td>
<td></td>
</tr>
<tr>
<td>5.00pm</td>
<td>End of Day 1</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Wednesday, 22 April 2015 – Kerdau Estate**

<table>
<thead>
<tr>
<th>Date / Time</th>
<th>Estate production data</th>
<th>Auditor / Ab-brev.</th>
<th>Interviewee</th>
<th>Procedure - EM/QM Element - Standard Chapter</th>
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## Organizational Unit and Processes

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<td>• Trade union representatives &amp;</td>
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QMF: RSPO-007b-11
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Standard Chapter |
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<td>12.30pm – 1.30pm</td>
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| 1.30pm – 5.00pm | Continue document review | All auditors | Estate manager  
/ assistants  
/Local communities / workers | |
| 5.00pm | End of Day 3 | | | |

**Friday, 24 April 2015 – Mentakab Estate & Sg. Mai Estate (2 teams split)**

| Time | Estate production data | Auditor / Ab-  
brev. | Interviewee | Procedure - EM/QM Element -  
Standard Chapter |
|------|------------------------|----------------|
| 8.00am – 12.30pm | Environment, GHG, Legal Re-  
quirements  
- Waste management  
- Water management plan  
- Integrated pest management  
- EIA/ Aspects Impacts analysis  
- GHG analysis and management  
- SEIA & GHG monitoring for new plantings (if applicable)  
- Continuous improvement plan | CN | Estate manager  
/ assistants | RSPO  
Principle 2 : IN 2.1.1 (Envi-  
ronment)  
Principle 4 : CR 4.4 (except  
4.4.2), 4.5  
Principle 5 : CR 5.1, 5.3, 5.6  
Principle 7 (if applicable): CR  
7.1, 7.8  
Principle 8 : all |
| 8.00am – 12.30pm | Transparency, best practices, financial viability, land legality,  
- List of publicly available docu-  
ments  
- Ethical conduct policy  
- Land titles  
- Soil fertility & management  
(sloped areas, marginal soils, peat areas, EFB application, etc)  
- Energy efficiency monitoring and records  
- Use of fire (if applicable)  
- New plantings best practices (if applicable) | MK | Estate manager  
/ assistants | RSPO  
Principle 1 (all)  
Principle 2: CR2.2 (2.2.1 –  
2.2.3)  
Principle 3 (all)  
Principle 4: CR4.2, CR 4.3, IN  
4.4.2  
Principle 5: CR 5.2, 5.4, 5.5  
Principle 7 (if applicable): CR  
7.2, 7.3, 7.4, 7.7 |
| 8.00am – 12.30pm | Legal Requirements, OSH, Training, SOPs | YN | Estate manager / assis- |

QMF: RSPO-007b-11
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<td>Principle 7 (if applicable): CR7.1 (social), 7.5 &amp; 7.6</td>
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<td>• Working hour &amp; overtime records, pay slips</td>
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<td>• SEIA (if applicable)</td>
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<td>All auditors</td>
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**Saturday, 25 April 2015 – Kerdau Clubhouse**

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<td>10.00am– 12.00pm</td>
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Audit team travels to Raub, Pahang for Bukit Puteri ASA3 audit
### Appendix 2: List of Abbreviations

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<th>Abbreviation</th>
<th>Description</th>
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<td>BOD</td>
<td>Biological Oxygen Demand</td>
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<td>CEMS</td>
<td>Continuous Emissions Monitoring System</td>
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<td>CHRA</td>
<td>Chemical Health Risk Assessment</td>
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<tr>
<td>CLASS</td>
<td>Classification, Labelling and Safety Data Sheet of Hazardous Chemicals</td>
</tr>
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<td>CPO</td>
<td>Crude Palm Oil</td>
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<td>DOE</td>
<td>Department of Environment</td>
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<td>DOSH/JKKP</td>
<td>Department of Occupational Safety &amp; Health / Jabatan Keselamatan &amp; Kesihatan Pekerja</td>
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<td>Factory and Machineries Act</td>
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<td>Hazard Identification, Risk Assessment and Risk Control</td>
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<td>Headquarters</td>
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<td>Integrated Pest Management</td>
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<td>Jawatankuasa Kemajuan dan Keselamatan Kampung (Village Development and Security Committee)</td>
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<td>Jabatan Pertahanan Awam Malaysia (Malaysia Civil Defense Department)</td>
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<td>KER</td>
<td>Kernel Extraction Rate</td>
</tr>
<tr>
<td>LCC</td>
<td>Leguminous Cover Crops</td>
</tr>
<tr>
<td>LMD</td>
<td>Land Management Department</td>
</tr>
<tr>
<td>LTA</td>
<td>Lost Time Accident</td>
</tr>
<tr>
<td>LORR</td>
<td>Legal and Other Requirement Register</td>
</tr>
<tr>
<td>MAPA</td>
<td>Malaysian Agricultural Producers Association</td>
</tr>
<tr>
<td>MOP</td>
<td>Muriate of Potash</td>
</tr>
<tr>
<td>MSDS</td>
<td>Material Safety Data Sheets</td>
</tr>
<tr>
<td>MQMS</td>
<td>Mill Quality Management System</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Government Organization</td>
</tr>
<tr>
<td>NUPW</td>
<td>National Union Plantation Workers</td>
</tr>
<tr>
<td>OER</td>
<td>Oil Extraction Rate</td>
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<tr>
<td>OSH</td>
<td>Occupational Safety &amp; Health</td>
</tr>
<tr>
<td>PERKESO</td>
<td>Pertubuhan Kebajikan Sosial (Social Welfare Organization)</td>
</tr>
<tr>
<td>PIC</td>
<td>Person-in-charge</td>
</tr>
<tr>
<td>PKO</td>
<td>Palm Kernel Oil</td>
</tr>
<tr>
<td>PMT</td>
<td>Permit/Pendaftaran Mesin Tekanan (Permit / Registration of Pressure Machine)</td>
</tr>
<tr>
<td>POM</td>
<td>Palm Oil Mill</td>
</tr>
<tr>
<td>POME</td>
<td>Palm Oil Mill Effluent</td>
</tr>
<tr>
<td>PPE</td>
<td>Personal Protective Equipment</td>
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<tr>
<td>PSQM</td>
<td>Plantation Sustainability and Quality Management</td>
</tr>
<tr>
<td>QMO</td>
<td>Quality Management Officer</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>SDP</td>
<td>Sime Darby Plantation</td>
</tr>
<tr>
<td>SDPA</td>
<td>Sime Darby Plantation Academy</td>
</tr>
<tr>
<td>SEPU</td>
<td>Social, Environment and Project Unit</td>
</tr>
<tr>
<td>SHC</td>
<td>Safety &amp; Health Committee</td>
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<tr>
<td>SIA</td>
<td>Social Impact Assessment</td>
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<tr>
<td>SPMS</td>
<td>Sustainable Plantation Management System</td>
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<td>SOCSO</td>
<td>Social Security Organization</td>
</tr>
<tr>
<td>SOP</td>
<td>Standard Operating Procedure</td>
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</table>
### Appendix 3: List of Stakeholders Interviewed and Contacted

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of Stakeholder</th>
<th>Institution - Address</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Razab Ali Sprayer</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Ropadillah Chief sprayer</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Zubairi Harvester</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Suherman Harvester</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Mukhlis Harvester</td>
<td>Mentakab estate</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Atin</td>
<td>Harvesting</td>
<td>Mentakab estate</td>
</tr>
<tr>
<td>7.</td>
<td>Rooziman Mill manager</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Zulkarnain Ishak Certification Departement</td>
<td>Head Quarter</td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Muhamad Naquddin Certification Departement</td>
<td>Head Quarter</td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Tengku Amri Tuan Ismail Estate Manager-Kerdau</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Nasharuddin Mohd Sharif Sr. Assistant-Kerdau</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Salahuddin Safety Officer-Kerdau Estate</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Kamarul Sg. Mai Estate Manager</td>
<td>Sg. Mai</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Muhamad Shokkeri Jab Kerdau Mill Manager</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Azizulfaizei Mohd Ariff Sr. Assistant-Kerdau Mill</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Roziman b. Ismail Assistant -Kerdau Mill</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Zul Hilmi Assistant-Kerdau Mill</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>18.</td>
<td>Umbar Mohamad Suffian Assistant Engineer-Kerdau Mill</td>
<td>Kerdau Mill</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Zaiton Mandore-Kerdau Estate</td>
<td>Kerdau Estate</td>
<td></td>
</tr>
<tr>
<td>21.</td>
<td>Ahmad Zairil Zainal Manager-Mentakab Estate</td>
<td>Mentakab Estate</td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Jayakumar Mandore- Mentakab Estate</td>
<td>Mentakab Estate</td>
<td></td>
</tr>
<tr>
<td>23.</td>
<td>Mohd Zazreen Assiatant Manager-Mentakab</td>
<td>Mentakab Estate</td>
<td></td>
</tr>
<tr>
<td>24.</td>
<td>Aiman Hashim Medical Assistant</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>25.</td>
<td>Mohammad b. Ishak Estate Manager-Chenor</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>27.</td>
<td>Mohd Adzhari b. Roslan Assistant Manager-Chenor</td>
<td>Chenor Estate</td>
<td></td>
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<tr>
<td>28.</td>
<td>Jaafar b. Sain Assistant Manager-Chenor</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>29.</td>
<td>Mohd Anwar b. Abd Aziz Medical Assistant</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>30.</td>
<td>Md Faris Kasyfullah b. Abu Bakar Foreman-Chenor</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>31.</td>
<td>Izi Izriani bt Saiful Bahri Store Clerk-Chenor</td>
<td>Chenor Estate</td>
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<tr>
<td>32.</td>
<td>Muklesur Rahman Sprayer/ manurer - Bangladeshi</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>33.</td>
<td>Abu Bakar Sprayer/ manurer - Bangladeshi</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>34.</td>
<td>Nurul Islam Sprayer/ manurer - Bangladeshi</td>
<td>Chenor Estate</td>
<td></td>
</tr>
<tr>
<td>35.</td>
<td>Murtajab Harvester - Indonesian</td>
<td>Jentar Estate</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Name</td>
<td>Role</td>
<td>Estate</td>
</tr>
<tr>
<td>---</td>
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<td>-------------------------------</td>
<td>----------</td>
</tr>
<tr>
<td>36.</td>
<td>Rajai</td>
<td>Harvester - Indonesian</td>
<td>Jentari</td>
</tr>
<tr>
<td>37.</td>
<td>Actor Hussein</td>
<td>Harvester - Indonesian</td>
<td>Jentari</td>
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<tr>
<td>38.</td>
<td>Ranjit Rai</td>
<td>Harvester - Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>39.</td>
<td>Samir Biswas</td>
<td>Harvester &amp; sprayer – Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>40.</td>
<td>Apuber Kumar</td>
<td>Harvester – Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>41.</td>
<td>Ransanahi</td>
<td>Harvester – Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>42.</td>
<td>Nebulal</td>
<td>Harvester – Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>43.</td>
<td>Nur Islam</td>
<td>Harvester – Indian</td>
<td>Jentari</td>
</tr>
<tr>
<td>44.</td>
<td>Medan Nepali</td>
<td>Sprayer - Nepal</td>
<td>Jentari</td>
</tr>
<tr>
<td>45.</td>
<td>Jasim</td>
<td>House cleaner &amp; translator - Bangladeshi</td>
<td>Jentari</td>
</tr>
<tr>
<td>46.</td>
<td>Yam</td>
<td>Sprayer - Nepal</td>
<td>Jentari</td>
</tr>
<tr>
<td>47.</td>
<td>Mazlam Mansor</td>
<td>Field supervisor</td>
<td>Jentari</td>
</tr>
</tbody>
</table>
### Appendix 4: Observations and Opportunities for Improvement

<table>
<thead>
<tr>
<th>No.</th>
<th>Observations / Opportunities for Improvement</th>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Sime Darby HQ has made general company procedures and policies available on their company website, however there is lack of evidence that management at SOU level have been informed or aware of the type of estate or mill related specific documents required to be made publicly available as listed in Indicator 1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>2.</td>
<td>At Kerdau Mill, annual review for legal compliance evaluation is overdue as the latest review was done in 5/2/14 as approved by Mill Manager.</td>
<td>2.1.3</td>
</tr>
<tr>
<td>3.</td>
<td>Chenor estate also received updated land hectarage from the R&amp;D – Precision Agriculture Unit, Plantation Research and Advisory on 8 September 2014 based on new GPS Survey results, stating new planted land area to be updated to 1862.70 ha in FY2015/16. Chenor estate is still using old land hectarage of 1880ha planted area in FY 2014/15 and should revise their data accordingly in FY 2015/16.</td>
<td>2.2</td>
</tr>
<tr>
<td>4.</td>
<td>Chenor dan Mentakab estate carry out regular monitoring of their estate boundary stones, however, the monitoring results should include updates on the conditions of the boundary stones, as found on-site some of the boundary stone were not in good condition or covered with weeds.</td>
<td>2.2</td>
</tr>
<tr>
<td>5.</td>
<td>Sighted BOD analysis test results of mill final discharge of effluent between September 2014 to March 2015 had exceeded DOE required legal limits for BOD or TSS. It was seen from the effluent management logbook that the mill had taken action to reduce the effluent BOD and TSS, but further actions be may required due to consistent exceedance of the BOD.</td>
<td>4.4</td>
</tr>
<tr>
<td>6.</td>
<td>All estates maintain a document summary of annual chemical usage in document named ‘Monitoring Pesticide Usage per Hectare and Per Ton FFB Production. The document shows calculation of active ingredient used per ha and per tonne FFB, however it is total calculation of active ingredients of all chemicals applied, instead of for individual chemicals.</td>
<td>4.6.2</td>
</tr>
<tr>
<td>7.</td>
<td>A new Mandore was found not having a copy of MSDS/CSDS for chemical named Kenlon at Mentakab Division and also not having a warning sign for area of chemical applied.</td>
<td>4.6.5</td>
</tr>
</tbody>
</table>
| 8.  | 1) New contractor appointed to carry out spraying activity not yet send their workers to medical surveillance as evidence found in Kerdau Estate.  
2) The company’s last Chemical Heath Risk Assessment (CHRA) was last conducted on July 2010. The Zone Minutes of Meeting dated 17/11/14 mentions the commitment of Pahang zone to conduct CHRA as it is the local legal requirement to redo the CHRA every 5 years. This will be assessed the next audit. | 4.6.11   |
| 9.  | 1) HIRARC for mill and all estates need to be fully reviewed as required by the Sime Darby Plantation, Plantation Quality Management System Version 01, Year 2008 dated 20/08/08  
2) In the HIRARC format found score medium particularly 4 and above not having additional recommendation of risk control example page 1, 2, 3, 4, 5, even though according to the company’s SOP, this is considered medium risk where additional risk control measures are required  
3) No signage posted for area that was applied pesticides in Mentakab Division. | 4.7.2    |
| 10. | During interview with harvesters from Sg. Mai estate, it was informed by one worker that they only receive boots and gloves for free the first time they enter the company, but once their boots and gloves are worn out, they are not provided with replacements, so they have to buy their own. It was informed by the estate management that some workers ask for new PPE but try to sell it instead of use for their own use. | 4.7.3    |
| 11. | The appointed members for the Safety and Health Committee should be balanced between employer representative and employee representative.                                                                                                           | 4.7.4    |
| 12. | At Kerdau Mill, it was found that form JKKP8 accident report of fatal accident in-                                                                                                                                                          | 4.7.7    |
| 13. | 1) Is it not clear how Kerdau Estate’s Environmental Management Programme year 2014/2015 was derived from the EAI assessment and the programme lacks details on appointed person-in-charge and monitoring plan.  
2) The company’s procedure for Environmental Aspect and Impact Identification needs improvement as it does not clearly define the purpose of the total score | 5.1.2 |
| 14. | Currently monitoring of status of wildlife not carried out, especially for wildlife categorized as endangered, rare or threatened under IUCN or CITES and also for other wildlife in all estate. | 5.2.2 |
| 15. | 1) It was noted that the mill does not maintain inventories of schedule wastes produced as required in the 5th Schedule of the EQA (Scheduled Waste) Regulations 2005. It was checked in the DOE officer visit logbook that this was noted by the officer but stated that the handwritten logbook is accepted as it contains similar information as required in the inventory form.  
2) Storage of scheduled wastes at Jentar Estate exceeded 180 days, i.e. last collection of used batteries and filters by Kualiti Alam was 23 January 2015 and before that was on 23 January 2014.  
3) At time of audit, labelling of scheduled wastes at Sg. Mai estate is not carried out in accordance with Regulation 10 of the EQ (Schedule Wastes) Regulation 2005. The estate took immediate action to include the labels, hence this was noted as an observation | 5.3 |
| 16. | It was observed in Jentar Estate that a lot of empty fertilizer bags were left in the field area | 5.3 |
| 17. | As seen in Chenor Estate’s agreement for land preparation with a contractor, includes detailed specification for land preparation works including felling, de-bolting, chipping and stacking, but there is no specific statement prohibiting use of fire in land preparation stated in. Such a statement should be included in the agreement to ensure prohibition of burning is in black and white and contractors are bound to this. | 5.5 |
| 18. | The list of identified sources of pollution of emission from estates, e.g. as seen in the Pollution Prevention Plan for Sg. Mai estate did not include identification of greenhouse gas emission sources from the estate. | 5.6 |
| 19. | Jentar and Sg. Mai estate has already developed Social impact Assessment documents and also Social Impact Management Plan. Checking to these two documents found that foreign workers and vulnerable groups have not been included in the Social Impact Assessment and management plan. | 6.1.1 |
| 20. | There are some workers that absconded from Jentar (and other) estates. Management has follow the procedure by reported the absconded workers to the police. Management also keeps all the records regarding their communication with the police. On the other hand, investigation to find out how and why foreign workers run away and abscond has not been conducted by the company. The investigation result would be part of social impacts mitigation process. | 6.1.3 |
| 21. | Field check in worker housing facilities of Sungai Mai (Jerantut) and interview with some workers found that they still not clearly understand why they not yet accept their bank card. Verification result with management found that there are problems with their passport and working permits in immigration office. Re-communicating the problem to the affected worker is needed to clarify the problem. | 6.2.3 |
| 22. | The estates engage foreign workers from Nepal, Myanmar, Bangladesh, India and Indonesia. In most cases, the company has no official translator for these workers except workers who have worked longer for the estates and know some Malay. In addition, contracts provided to workers are only in English or Malay, but not in a language understood by the workers from Nepal, Myanmar, Bangladesh, or India | 6.5 |
| 23. | It was found at Jentar Estate that several Indian workers had completed their 3 | 6.12 |
| 24. | During interviews with an Indian foreign worker from Jentar estate, it was informed that prior to coming to work in Malaysia, the agent who engaged the worker informed that the work he would be doing would be at the mill, but in actuality, the worker was assigned to work at the company's estate but he did not complain because the pay is equal to what was informed to him. As informed during interview with one of the Chenor Estate assistant, there have been similar complaints by workers especially from Bangladesh, India and Nepal that the information given by the labour agents in their home country regarding the work they would be doing in Malaysia was different. These complaints were informed verbally to the company's HR units, however, it is not clear what is the action taken by the HR unit against such labour agents | 6.12 |