

**RSPO – 2<sup>nd</sup> ANNUAL SURVEILLANCE ASSESSMENT****Sime Darby Plantation Sdn. Bhd.**

Head Office: Level 3A, Main Block,  
Plantation Tower,  
No 2 Jalan P.J.U 1A/7  
47301 Ara Damansara, Selangor,  
Malaysia.

Certification Unit: Sandakan Bay Palm Oil Mill  
Locked Bag 39, Suanlamba District, 90009 Sandakan,  
Sabah, Malaysia

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**Section 1 Scope of the Certification Assessment**

1. Company Details			
<b>RSPO Membership Number</b>	1-0008-04-000-00	<b>Date</b>	Member since: 6 September 2004
<b>Company Name</b>	Sime Darby Plantation Sdn Bhd		
<b>Address</b>	Certification Unit: Sandakan Bay Palm Oil Mill, Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia		
<b>Subsidiary of (if applicable)</b>	N/A		
<b>Contact Name</b>	Pn. Sabarinah Marzuky (Head Office) Mr. Hudal Firdaus Bin Lahuri (Mill Manager)		
<b>Website</b>	<a href="http://www.simedarby.com">www.simedarby.com</a>	<b>E-mail</b>	<a href="mailto:sabarinah.marzuky@simedarby.com">sabarinah.marzuky@simedarby.com</a> <a href="mailto:kks.sandakan.bay@simedarby.com">kks.sandakan.bay@simedarby.com</a>
<b>Telephone</b>	03 – 78484371 (Head Office) 089 – 622276 (Mill)	<b>Facsimile</b>	03 – 78484363 (Head Office) 089- 622276 (Mill)

2. RSPO Certification Information			
<b>Certificate Number</b>	SPO 537872	<b>Original Certificate Issued Date</b>	1/10/2008
		<b>Expiry Date</b>	30/09/2018
<b>Scope of Certification</b>	Palm Oil and Palm Kernel Production from Sandakan Bay Palm Oil Mill and Supply Base (Sentosa Estate, Tun Tan Estate, Tunku Estate and Tigowis Estate and Segaliud Estate).		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
NIL			

3. Location (s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
Sandakan Bay Mill	Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia	E118° 10' 20"	N5° 45' 20"
Segaliud Estate	WDT 250, 9009, Sandakan, Sabah, Malaysia.	E 117°45'20'	N 5°43'33"
Sentosa Estate	Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia.	E118° 10' 21"	N5° 43' 44"
Tigowis Estate	Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia.	E118° 07' 49"	N05° 57' 1"
Tun Tan Estate	Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia.	E118° 10' 20"	N5° 45' 20"
Tunku Estate	Locked Bag 39, Suanlamba District, 90009, Sandakan, Sabah, Malaysia.	E118° 10' 19"	N 5° 43' 49"

**4. Description of Supply Base**

Estate	Mature (ha)	Immature (ha)	Total Planted (ha)	Infrastructure & Other (ha)	Total Hectarage	% of Planted
Segaliud Estate	3,220.49	1,088.46	4,308.95	511.18	4,820.13	89%
Sentosa Estate	2,540.13	594.55	3,134.68	410.76	3,545.44	88%
Tigowis Estate	1,252.33	658.51	1,910.84	163.18	2,074.02	92%
Tun Tan Estate	1,628.61	1,184.69	2,813.30	329.93	3,143.23	90%
Tunku Estate	2,256.00	707.00	2,963.00	240.12	3,203.12	93%
Total	10,897.56	4,233.21	15,130.77	1,655.17	16,785.94	90%

**5. Plantings & Cycle**

Estate	Age (Years) & Ha.					Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (ASA1)	Actual (ASA1) July 14 - June 15	Forecast (ASA2) July 15 - June 16
Segaliud Estate	1,088.46	450.00	0	2,770.49	0	60,035	56,854	67,548
Sentosa Estate	594.55	0	0	2,540.13	0	46,498	47,972	44,559
Tigowis Estate	658.51	0	0	1,252.33	0	22,694	24,754	26,032
Tun Tan Estate	1,184.69	0	0	1,628.61	0	31,468	33,436	27,981
Tunku Estate	707.00	0	0	2,256.00	0	49,937	37,444	39,438
Total	4,233.21	450.00	0	10,447.56	0	210,632	200,460	205,558

**6. Certified Tonnage**

Mill	Estimated (ASA1)			Actual (ASA1) July 14 - June 15			Forecast (ASA2) July 15 - June 16		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Sandakan Bay Palm Oil Mill	210,632	46,169	11,585	200,460	40,473	10,925	205,558	44,709	11,306

**7. Non-Certified Tonnage**

FFB Supplier*	Estimated (ASA1)			Actual (ASA1) July 14 - June 15			Forecast (ASA2) July 15 - June 16		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Independent Smallholders	3,000	657	165	3,218	649	175	3,000	625	165
Independent Outgrowers	17,500	3,836	962	25,177	5,075	1,372	25,000	5,437	1,375
Total	20,500	4,493	1,127	28,395	5,724	1,547	28,000	6,062	1,540

Note: \*Production from Independent FFB suppliers excluded in the Certification.

**Section 2 Assessment Process****Certification Body:**

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
B-08-01 (East), Level 8, Block B, PJ8,  
No. 23, Jalan Barat, Seksyen 8,  
46050 Petaling Jaya, Selangor, Malaysia.  
Tel +603 7960 7801 Fax +603 7960 5801  
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[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia and an office at Singapore, Jakarta, Bangkok and Australia which involve in RSPO Certification Program.

**Assessment Methodology, Programme, Site Visits**

The on-site assessment was conducted from 4 - 6 August 2015. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply bases as a RSPO Certification Unit. Mill was audited together with the sample estates (Tigowis and Tunku). A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. RSPO P&C MYNI-2014 was used as checklists and questionnaires were used to guide the collection of information. CPO Mill's supply chain element was assessed using the RSPO SCCS November 2014. The comments made by external stakeholders were also taken into account in the assessment.

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

The nonconformity that was assigned during the previous annual surveillance assessment (ASA1) which was closed during the last assessment was followed up to ensure it is remaining closed. Previous nonconformities are remains closed. The assessment findings are detailed in Section 3.3.

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

This report was internally reviewed by Mohamed Hidhir prior to certification decision by BSI.

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**Revision 1 (Sept/2014)**

**Assessment Program: The following table would be used to identify the locations to be audited each year in the next 5 year cycle (from recertification onwards).**

<b>1.Assessment Program</b>					
<b>Name (Mill / Supply Base)</b>	<b>Re-certification (2013)</b>	<b>ASA 1 (2014)</b>	<b>ASA 2 (2015)</b>	<b>ASA 3 (2016)</b>	<b>ASA 4 (2017)</b>
Sandakan Bay Palm Oil Mill	√	√	√	√	√
Segaliud Estate	√			√	
Sentosa Estate		√		√	
Tigowis Estate			√		√
Tun Tan Estate		√			√
Tunku Estate	√		√		

**Tentative Date of Next Visit:** 12<sup>th</sup> July 2016

**Total No. of Mandays:** 10.5 Man-days

**BSI Assessment Team:**

**Muhammad Haris B. Abdullah – Lead Assessor**

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and completed his Master’s Degree in Business Administration from the University Utara Malaysia in January 2014. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He completed the RSPO Lead Auditor Training in April 2013 and passed the course. He is also passed the ISO 14001 Lead Auditor Training, OHSAS 18001 Lead Auditor Training Course and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. Recently he has attended the RSPO P&C Social and Labour Standards and the Mechanics of Social Auditing Workshop on 17 – 19 September in Bangkok, Thailand. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of environment, Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

**Ragu Erulappan – Team member**

Ragu Erulappan is a fulltime employee with BSI Services Malaysia. He graduated from University Technology Malaysia. He attended internal RSPO training in 22 December 2014. He has completed ISO 9001:2008 Quality Management System Lead Auditor training, ISO 14001 and ISO 18001 Lead Auditor Training. Currently he is an ISO 9001:2008, ISO 14001 and ISO 18001 Lead Auditor. He has more than 5 years of auditing experience since August 2010 covering Environment, Safety and Health, Legal aspects in various industries. He is involved as Environment, Safety and Health Auditor during the RSPO Assessment. For this assessment he assesses Mill and Estate OSH, Legal, and Environment aspects. He is able to speak and understand Bahasa Malaysia, English and Tamil.

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#### Senniah Appalasaamy – Team Member

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, Social Auditing Training by RSPO at Yogyakarta, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member. He has participated and presented paper regarding smallholder RSPO certification during RT 10 in Singapore and RT 11 in Medan, Indonesia in the experience sharing session. For this assessment he assess Mill and Estate best practices, supply chain, OSH, HCV, Legal, Environment, Social issues, stakeholder interview etc. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

**Accompanying Persons:** Not Applicable

## Section 3 Summary of Assessment Findings

### 3.1 Details of audit results are provided in the following Appendix:

- RSPO P&C MYNI 2014 Checklist – **Appendix A:** Summary report of the Assessment.
- Sime Darby Plantation Sdn Bhd – **Appendix B:** Time Bound Plan.
- RSPO Supply Chain Certification Checklist – **Appendix F:** CPO Mill Supply Chain Assessment Report.

### 3.2 Progress against Time Bound Plan

Sime Darby Time Bound Plan (TBP) is included as Appendix B. Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. Sime Darby has acquired NBPOL. NBPOL is managed as a separate management unit. NBPOL has its own RSPO membership (1-0016-04-000-00) and have achieved certification for all the certification units.

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

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Due to the present mediation process, PT Mitra Austral Sejahtera TBP was revised to 2015 by Sime Darby pending on the resolution and mediation process which is acknowledged by RSPO. The final decision of issuing the certificate is under the CB that audited the PT MAS. BSI has contacted the CB and consultation was held. The CB that audited PT MAS accepted the revision of the TBP. BSI accepted the feedback from the CB that audited PT MAS as per the RSPO Certification System requirement "Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness". BSI understands that there are community issue still under negotiation through agreed process. The improvement is in progress and acknowledge by RSPO and all parties as mutually agreed process. Latest meeting among the community, RSPO and the Sime Darby was held on 22 July 2014. BSI has consider that Sime Darby still comply with the RSPO requirement for partial certification and has justified the revision to TBP.

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

BSI has continued involvement with assessments of Sime Darby Management Units during the 2014 period and beginning 2015. BSI is also communicating with other Certification Bodies that auditing Sime Darby's other operating units to identify any noncompliance with rules of partial certification as per requirement in RSPO Certification System. During this assessment BSI has contacted the certification body that audited PT MAS to get the latest update of the progress. Sime Darby consistently has kept BSI informed of any emerging issues and claims made against it. Other than the PT MAS issue, at the time of preparation of this Report, BSI is not aware of any new issues involving:

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

BSI considers that Sime Darby complies with the RSPO requirements for Partial Certification rules.

### **3.3 Details of findings**

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

During the second annual surveillance assessment there were a Major nonconformity and a Minor nonconformity raised. Sandakan Bay Palm Oil Mill and Supply Base Estates have submitted Corrective Action Plan for the nonconformity. Corrective action plans with respect to the nonconformities were reviewed by the BSI audit team and accepted. The details as follows:



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Non-Conformity		
NCR No:	Description	Category (Major / Minor)
1213780M1	<b>Requirements:</b> 6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.	Major
	<b>Evidence of Nonconformity:</b> Tunku estate: Sample checked: Employee No.: 71491 and 71037 expired on 3/5/2013 and 17/8/2014 respectively. Tigowis estate: Sample checked: Employee No.: 58402 and 31860 expired on 20/10/2013.	
	<b>Statement of Nonconformity:</b> Extended contract of foreign workers who extended their employment was not available.	
	<b>Action:</b> Sime Darby Head Office Human Resources department had issued a standard supplementary contract for those foreign workers extended their service of contract after the expiry of initial 3 years contract. Extended service contract "Tawaran Perpanjangan Kontrak Pekerjaan" document No.: KP 2 for the sampled workers which signed by the workers were submitted to the audit team. The details are as below: Employee No.: 71491 contract extended until 6/9/2016 Employee No.: 71037 contract extended until 17/9/2016 Employee No.: 58402 contract extended until 1/12/2015 Employee No.: 31860 contract extended until 11/6/2016	
	<b>Status:</b> Major Nonconformity was closed on 2/10/2015	

Non-Conformity		
NCR No:	Description	Category (Major / Minor)
1213780N1	<b>Requirements:</b> 5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.	Minor
	<b>Evidence of Nonconformity:</b> 1) Tunku Estate:- a) No secondary oil containment has been provided & marks of oil spills were sighted on the earth from the rented portable generator at the Power Station. 2) Tigowis Estate:- a) Petrol drum storage cabinet at the Workers Housing Area was found without secondary containment bund. b) Sighted oil leak marks into the outlet discharge drain from the Generator room oil trap.	

	<p><b>Statement of Nonconformity:</b>          Pollution control methods on the below sampled processes were found to be inadequate.</p>	
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<b>Positive Findings</b>	
<b>PF #</b>	<b>Description</b>
1	The palm oil mill has maximized the use of renewable energy by consuming shell and fiber produced internally.
2	During field visit it was noted that beneficial plants are extensively planted and expansion of beneficial plant plantings are continuously practice.
3	The completion of the construction of concrete road connecting to each estate and mill has improved the palm product transportation as well as transportation of the people in and around the operating units.
4	All operating units continue to have maintained good relationship with the local community and other stakeholders. Positive feedback was given to the audit team during interview.
5	KAIZEN projects have been initiated in the mill and estates to improve on environment and safe working practices. Internally certified to 5s practices.

<b>Issues raised by Stakeholders</b>	
<p>Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Sandakan Bay Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.</p> <p>Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.</p> <p>Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.</p>	
<b>IS #</b>	<b>Description</b>
1	<p><b>Issues</b>            Foreign workers: No issue regarding pay and condition of work. The representative highlighted any issues in Union meeting if any grievances among workers. Based on interview, they are treated equally with the locals. All foreign workers have access to all facilities similar to local workers.</p> <p><b>Management Responses</b>            The management treat all employees equally and no discrimination.</p> <p><b>Audit Team Findings</b>            No disputes were highlighted by foreign workers interviewed.</p>
2	<p><b>Issues</b>            Local workers: It was highlighted that they are satisfied with the work condition and payment. The workers also highlighted that they are receiving free cooking oil and rice from the management once in two month. They are also member of SPIEU and meetings are held with management.</p> <p><b>Management Responses</b>            The management is continued to give attention to the welfare, pay and condition.</p>

	<p><b>Audit Team Findings</b>                  There were no any issues that require further verification was highlighted. Consultation with internal and external stakeholders and document review on SPIEU meeting minutes confirms that there were no pending issues.</p>
3	<p><b>Issues</b>                  Gender representative: No issues of sexual harassment at their workplace. Based on interview, female workers generally understand issues of sexual harassment in the workplace and the mechanism to report an alleged sexual harassment or violence.</p> <p><b>Management Responses</b>                  Management is always monitoring the situation in plantation through Gender committee.</p> <p><b>Audit Team Findings</b>                  There were no any issues that require further verification was highlighted.</p>
4	<p><b>Issues</b>                  Independent FFB Supplier: Confirmed understand the pricing mechanist and term of payment and other conditions on FFB quality. Payment is prompt as per agreed terms. All operating units ensures safety during work and FFB transportation.</p> <p><b>Management Responses</b>                  Payment is made as per the agreed terms. All operating units enforce safety to contractors and give them required training.</p> <p><b>Audit Team Findings</b>                  Contract, payment records and training records were reviewed and found to be consistent. No other issues.</p>
4	<p><b>Issues</b>                  Contractors: Contractors confirm payment is prompt as per agreed contract.</p> <p><b>Management Responses</b>                  Payment is made as per the agreed terms.</p> <p><b>Audit Team Findings</b>                  No other issues.</p>

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

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1149355N1	<p><b>Requirements:</b>                      Indicator 4.1.3: Records of monitoring and any actions taken shall be maintained and available, as appropriate.</p> <p><b>Evidence of Nonconformity:</b>                      Mill: Drinking water quality test result dated 21/11/14 by Dynakey Laboratories Sdn. Bhd (Ref. No.: 20141114/01L) found few parameters such as Turbidity, E-Coli and Coliform were exceeded the WHO limit. Furthermore, Health Department officer has recommended changing the current chlorine usage during his visit on 4/11/14. However, record of action taken was not available during the audit.                      Sentosa Estate :The upstream and downstream river water analysis of Mara Palut river which conducted on 24/11/14 and 17/9/14 had shown the COD value at downstream for more than 800mg/L where upstream COD value only shown around 20mg/L. Furthermore, there was no evidence or record shown action has been taken to investigate the causes of the significant increase of COD at downstream of Mara Palut river.</p>	Minor



	<p><b>Statement of Nonconformity:</b></p> <p>i) Records of actions taken were not available for the drinking water quality issue based on off limit test parameter.</p> <p>ii) There was no evidence that action has been taken to investigation of the significant increase of COD parameter at the downstream of Mara Palut river as compare from the upstream in the test report.</p> <p><b>Action:</b></p> <p>Corrective action plan submitted during ASA1:</p> <p>To do an investigation for parameters which were not within the required limits.</p> <p>2. To do re-sampling at points that had issues and additional point of sampling area can be allocated in order to get the exact result.</p> <p>3. To conduct training on the Guideline on River Reserve Management and appoint a specific person to coordinate the water analysis matters.</p> <p><b>Status:</b></p> <p>Mill: The management has done investigation to identify the cause and it was found that the parameters such as Turbidity, E-Coli and Coliform were exceeded the WHO limit due to continuous heavy rain in the month of October, November and December 2014. Re-sampling of water was done on 22/4/2015 (Cert. No: 20150421-24D-0) found all parameters are within the WHO limit. Latest drinking water quality test dated 21/7/2015 (Ref. No.: 20150712/14F) shows all parameter are within the allowable limit set by WHO. Mill Quality Assurance officer has been appointed and trained by the Mill Assistant manager as the person in-charge to monitor the water sampling processes and results in the future. Appointment letter dated 15/2/2015 was sighted during the audit. The management also has changed the chlorine to 90% as recommended by Health Department Officer.</p> <p>Sentosa Estate: The management has appointed Assistant Manager as the person in-charge to monitor the water sampling processes and results in the future. Appointment letter dated 11/2/2015 was sighted during the audit. The management has done investigation to identify the cause and it was found that COD level at downstream was higher due to chemical usage by neighboring villagers to catch river prawns. The villagers were briefed on the impact of chemical usage in the river through an awareness programme arranged by the estate. Re-sampling of water was done on 25/4/2015 (Test Report No: IE478/2015) found all COD level at downstream was 20 and upstream was 24 which are within the permitted limits.</p> <p>The minor NC was closed on 5/8/2015.</p>	
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<b>Observation</b>	
<b>OBS #</b>	<b>Description</b>
Nil	Nil

**3.3.2 Summary of the Nonconformities and Status**

<b>CAR Ref.</b>	<b>CLASS</b>	<b>ISSUED</b>	<b>STATUS</b>
CR01	Minor	02/06/2008	Closed 17/09/2009
CR02	Minor	02/06/2008	Closed 17/09/2009
CR03	Major	17/09/2009	Closed 16/11/2009
CR04	Minor	17/09/2009	Closed 24/09/2010
CR05	Minor	17/09/2009	Closed 24/09/2010
CR06	Minor	17/09/2009	Closed 24/09/2010
CR07	Minor	29/06/2011	Closed 24/05/2012
CR08	Minor	29/06/2011	Closed 24/05/2012
CR09	Minor	29/06/2011	Closed 24/05/2012
CR10	Minor	29/06/2011	Closed 24/05/2012
CR11	Minor	24/05/2012	Closed 02/08/2013
CR12	Minor	24/05/2012	Closed 02/08/2013
1007353M1	Major	02/08/2013	Closed 30/08/2013
1007353N7	Minor	02/08/2013	Closed 5/02/2015
1007353N10	Minor	02/08/2013	Closed 5/02/2015
1149355M1	Major	6/02/2015	Closed 4/4/2015
1149355N1	Minor	6/02/2015	Closed 5/8/2015
1213780M1	Major	6/08/2015	Closed 2/10/2015
1213780N1	Minor	6/08/2015	"Open"

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<p><b>Assessment Conclusion and Recommendation:</b></p> <p>Based on the findings during this assessment of Sandakan Bay Palm Oil Mill Certification Unit and supply base complies with the RSPO P&amp;C Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Sandakan Bay Palm Oil Mill Certification Unit is approved and continued.</p>	
<p><b>Acknowledgement of Assessment Findings</b></p>	<p><b>Report Prepared by</b></p>
<p><b>Name:</b> Mr. Hudal Firdaus Bin Lahuri</p>	<p><b>Name:</b> Muhammad Haris Bin Abdullah</p>
<p><b>Company name:</b> Sime Darby Plantation Sdn Bhd Sandakan Bay Palm Oil Mill</p>	<p><b>Company name:</b> BSI Services Malaysia Sdn. Bhd.</p>
<p><b>Title:</b> Mill Manager</p>	<p><b>Title:</b> Lead Auditor</p>
<p><b>Signature:</b>              SIME DARBY PLANTATION (SABAH) SDN. BHD.            (COMPANY NO. 229359-V)            Sandakan Bay Palm Oil Mill            .....            HUDAL FIRDAUS BIN LAHURI            Mill Manager</p> <p><b>Date :</b> 12/10/2015</p>	<p><b>Signature:</b>  </p> <p><b>Date :</b> 5/10/2015</p>

**Appendix A: Summary of Findings**

Criterion / Indicator		Assessment Findings	Compliance
<b>Principle 1: Commitment to Transparency</b>			
<b>Criterion 1.1:</b> Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Adequate information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Requests for information from the Regulatory Department such as DOSH during compliance visit were attended and no noncompliance or complaints were noted.	Complied
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	All operating units maintain records of information request and response. Request for information are attended promptly and confirmed by stakeholders interviewed.	Complied
<b>Criterion 1.2:</b> Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			

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<p>1.2.1</p> <p>Publicly available documents shall include, but are not necessary limited to:</p> <ul style="list-style-type: none"> <li>• Land titles/user rights (Criterion 2.2);</li> <li>• Occupational health and safety plans (Criterion 4.7);</li> <li>• Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8);</li> <li>• HCV documentation (Criteria 5.2 and 7.3);</li> <li>• Pollution prevention and reduction plans (Criterion 5.6);</li> <li>• Details of complaints and grievances (Criterion 6.3);</li> <li>• Negotiation procedures (Criterion 6.4);</li> <li>• Continual improvement plans (Criterion 8.1);</li> <li>• Public summary of certification assessment report;</li> <li>• Human Rights Policy (Criterion 6.13).</li> </ul> <p>- Major compliance –</p>	<p>There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>Sime Darby Plantations Sdn Bhd continued to use the internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans was made available at all operating units. Procedure for complaints and grievances were available through Sime Darby Plantations Sdn Bhd website at <a href="http://www.simedarbyplantation.com/Sustainability.aspx">http://www.simedarbyplantation.com/Sustainability.aspx</a></p> <p>Among the documents that were made available for viewing are:</p> <ul style="list-style-type: none"> <li>• Good Agricultural Practices</li> <li>• Social Enhancement</li> <li>• Sustainability Management Programmes</li> <li>• Complaint and Grievances procedure.</li> <li>• Environmental Conservation</li> </ul> <p>These documents highlight current Sime Darby Plantations Sdn Bhd practices and their continual improvement plans. Besides the above document Sime Darby Plantations Sdn Bhd policy on the followings are also available at the same website:</p> <ol style="list-style-type: none"> <li>1) Social</li> <li>2) Quality</li> <li>3) Food Safety</li> <li>4) Occupational Safety &amp; Health</li> <li>5) Environment &amp; Biodiversity</li> <li>6) Slope Protection and Buffer Zone</li> <li>7) Lean Six Sigma</li> <li>8) Gender</li> </ol> <p>In addition to the website, the policies were also displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view.</p>	<p>Complied</p>
<p><b>Criteria 1.3:</b>  Growers and millers commit to ethical conduct in all business operations and transactions.</p>		
<p>1.3.1</p> <p>There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations.</p> <p>-Minor compliance</p>	<p>Sime Darby plantation has established policy on code of ethical conduct and integrity which covers all operations in the plantation operation. Policy displayed on the notice board and communicated to employees. Interview with employees reveal that they are aware of the policy.</p>	<p>Complied</p>
<p><b>Principle 2: Compliance with applicable laws and regulations</b></p>		
<p><b>Criterion 2.1:</b>  There is compliance with all applicable local, national and ratified international laws and regulations.</p>		



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Criterion / Indicator	Assessment Findings	Compliance
2.1.1 Evidence of compliance with relevant legal requirements shall be available. - Major compliance -	SOU26 had continued to comply with legal requirements as per indicator. Compliance to each applicable law and regulation is monitored by the operating units and PSQM sustainability team. SOU26 had obtained and renewed license and permits as required by the law. Sample of licenses or permit viewed were : <u>Sandakan Bay Palm Oil Mill</u> <ul style="list-style-type: none"> <li>- DOE License/ <i>Jadual Pematuhan</i>: 001857 (validity 30/6/2016) for 60 MT/hr and method of POME discharge is land application.</li> <li>- MPOB: 508777804000, processing capacity 288,000 Mt, valid until 30/11/15</li> <li>- Jetty License from Sabah Port Authority No.: JPD.SKN 600 – 8/4/1/54(150) valid till 31/12/15.</li> <li>- License for electricity generation from Electrical Commission (No. 00127828 validity period 11/10/16)</li> <li>- Electrical Charge man license – A4 registration number (PJ-T-1-B-0557-2007 )</li> <li>- Confined space competence person license – AESP &amp; AGT (NW-NSDK-AGT-0043-L) valid until 31/12/2015.</li> </ul> <u>Tunku Estate</u> <ul style="list-style-type: none"> <li>- MPOB, 52830002000, valid until 31/3/16</li> <li>- Diesel permit: PPDNKK.SDK.11/2012 (SK) for 50,000 litres, valid until 24/8/2015.</li> <li>- License for electricity generation from Electrical Commission (No. 00123656 validity period 8/9/15)</li> <li>- Sabah Small Ship license: No.: SN-2015/P-78/997 valid till 7/5/2016</li> </ul> <u>Tigowis Estate</u> <ul style="list-style-type: none"> <li>- MPOB, 528342002000, valid until 31/3/16</li> <li>- Diesel permit: PPDNKK.SDK.07/2011 (SK) for 40,000 litres, valid until 29/3/2016</li> </ul>	Complied
2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	List of applicable legal and other requirements was made available during the assessment and compiled in the QSHE/04/5.2.4 folder. Documented procedure has been established and implemented; refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.	Complied
2.1.3 A mechanism for ensuring compliance shall be implemented. - Minor compliance -	A mechanism to ensure compliance to legal and other requirement has been documented in EQMS & MQMS (Estate & Mill Quality Management System) under Standard Operation Manual distributed to all operating units under SOU26. PSQM Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. Refer to Estate/Mill Quality Management System, Level 2: Standard Operating Manual, Appendix 5.2.4: Procedure for Legal and Other Requirements dated 10 December 2008.	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance -	Tracking system available to identify changes in the relevant regulations through head office, website information and the information are communicated from the Group Head Office. On the site verification, interviews with office personnel and records indicate that the system is appropriate to the operations. Tracking system on any changes in the law been well implemented. E.g. regular notification by Head Office and regular updates from the DOE/DOSH websites as well as from MAPA circulars.	Complied
<b>Criterion 2.2:</b> The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	Land title clearly showing the land history and legal ownership for all company own estates with Government Lease Title No: CL075109563, CL075327427, CL75109456 and CL075109572 (Tunku Estate) and Tigowis Estate land title No: CL075322833 and PL076220141. All the land title is or agricultural crops.	Complied
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	During the field visit it was noted that legal boundaries are clearly demarcated and visibly maintained throughout the estate.	Complied
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	Review on land ownership records and interview with relevant stakeholders confirmed there are no conflict or dispute over the land within legal boundary of SOU 26 (Sandakan Bay) Complex.	Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute in the SOU26 at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute in the SOU26 at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute in the SOU26 at the time of audit. The land belongs to Sime Darby and land ownership documents verified.	Complied
<b>Criterion 2.3:</b> Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.			

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2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).. - Major compliance -	Complied
2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. - Minor compliance -	Complied
2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance	Complied
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance	Complied

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

**Criterion 3.1:**

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

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Criterion / Indicator	Assessment Findings	Compliance
3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	Sime Darby has continued its commitment to long term sustainability and improvements through a capital expenditure programme. Sandakan Bay Palm Oil Mill and supply bases have made progress towards achieving their performance production targets for the current financial year. Complied
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	Tunku estate: Replanting programme until FY 2018/19. For FY 2015/16, 338.25ha will be replanted. The replanting was been commenced during the visit. Tigowis estate: 222.38ha is being replanted in the current 2015/16 FY. The long range replanting plan was prepared till 2019/20 FY. Complied
<p><b>Principle 4: Use of appropriate best practices by growers and millers</b></p>		
<p><b>Criterion 4.1:</b> Operating procedures are appropriately documented, consistently implemented and monitored.</p>		
4.1.1	Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	SOP available for the Palm Oil Mill and the Estates. Palm Mill holds two SOPs: Sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill. SOP for the Composting Plant dated 15/8/2011: Composting Management System version 1:2011 Estates have a separate SOP (Sime Darby SOP issued 2/1/2008 and Agricultural reference Manual) covers land preparation, planting material, upkeep, harvesting, transport etc. Complied
4.1.2	A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -	Mill Advisor and a Planting Advisor inspect and report on the operations on annual basis. The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. During mill visit it was noted that that operating parameters were consistently recorded by the operators. Complied

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Criterion / Indicator	Assessment Findings	Compliance
4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -	The records of monitoring and the actions taken maintained for more than 12 months. Records were verified during the document review found compliance. Mill advisor last visit: 9-11/9/14 (report No.: SOU 26/SBM/01/14-15).  DOE visited the on 8/12/2014  10/6/2015 visited by DOSH – for machinery inspection.  Internal RSPO audit was conducted on 30/6/2015 by the PSQM executives.  Latest drinking water quality test dated 21/7/2015 (Ref. No.: 20150712/14F) shows all parameter are within the allowable limit set by WHO.  Tunku estate:  Planting Advisor visited the on 9-13/12/14  Agronomist visit: 29-30/9/2014  Tigowis estate:  PA visited on 15-18/12/2014 (report No.: 01/14-15)  Agronomist visit: 27-28 May 2015  DOSH Visit: 9/1/2015	Complied
4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	The mill has records of all third party sourced FFB on daily basis. The mill is currently receives FFB from 8 independent outside supplier and traders. All suppliers signed Letter of Declaration on Compliance to Sustainable Sourcing of FFB and ensure legality of FFB.	Complied
<b>Criterion 4.2:</b> Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.		
4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -	Sandakan Bay Mill and estates operates in accordance with the Sime Darby management systems and standard operating procedures. The practices consistently monitored by mill and plantation advisors and recommendations for improvements are given to maintain the sustainable practices.	Complied
4.2.2 Records of fertiliser inputs shall be maintained. - Minor compliance -	Fertilizers are applied as per agronomist recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.	Complied
4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -	The Sime Darby R&D Centre located at Tawau, Sabah has maintained an active interest in the management of soil fertility and optimisation of FFB yields and it also monitors the changes in nutrient status through periodic soil and leaf sampling. Tunku estate: Leaf sampling: August 2014. Soil sampling is being done every five year with the last sampling was done on 13/10/2014.	Complied

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4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -	Complied
<b>Criterion 4.3:</b> Practices minimise and control erosion and degradation of soils.		
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	Complied
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	Complied
4.3.3	A road maintenance programme shall be in place. - Minor compliance -	Complied
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	Complied
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	Complied
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	Complied
<b>Criterion 4.4:</b> Practices maintain the quality and availability of surface and ground water.		
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Complied
4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	Complied

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4.4.3	<p>Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6).</p> <p>- Minor compliance -</p>	<p>Treated mill effluent discharge was regularly monitored as prescribed under "Jadual Pematuhan" JPKKS/12/001857. Limit of Biochemical Oxygen Demand (BOD) discharge is 20 mg/l for land application. Regular monitoring was done on monthly basis and every quarterly via "Borang Penyata Suku Tahun " to DOE for compliance.</p> <p>Sample of latest month analysis done by accredited laboratory dated 17/6/15 (Ref: AS/EF/111) was sighted. The latest "Borang Penyata Suku Tahun " 2nd quarter of 2015 was sighted during the audit. Result was found in compliance with the regulatory limit.</p>	Complied
4.4.4	<p>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.</p> <p>- Minor compliance -</p>	<p>Sandakan Bay mill has maintained monitoring of daily water usage for Mill processing and domestic consumption (M3/tonne FFB) and it recorded every month. Review of record on Mill Water consumption of Sandakan Bay Mill – January 2015 to June 2015, data show average monthly consumption during the periods was below the target of 1.5 M3/Mt FFB. Mill has initiated to continue water consumption below the budget through recycling the water from cooling turbine and vacuum dryer. This has improved the water consumption to maintain the level of less than 1.5 M3/Mt FFB.</p>	Complied
<p><b>Criterion 4.5:</b>  Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>			
4.5.1	<p>Implementation of Integrated Pest Management (IPM) plans shall be monitored.</p> <p>- Major compliance -</p>	<p>IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as <i>Turnera subulata</i> and <i>Casia</i> are grown in the estates. Records of planting of new areas and maintenance of existing areas of beneficial plants and location maps are available. Records of rat baiting and <i>Ganoderma</i> census are available. No reported infestation by other pests (bagworms and rhinoceros beetle).</p>	Complied
4.5.2	<p>Training of those involved in IPM implementation shall be demonstrated.</p> <p>- Minor compliance -</p>	<p>Training records for staff on IPM implementation were available and verified to be satisfactory during on-site assessment.</p>	Complied
<p><b>Criterion 4.6:</b>  Pesticides are used in ways that do not endanger health or the environment</p>			
4.6.1	<p>Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available.</p> <p>- Major compliance -</p>	<p>Justification of pesticides applied is available in the Sime Darby Agriculture Reference Manual Section 15 item 3.4. The use of pesticide is specific to the target pest, weed and disease. Justification takes consideration to minimize effect on non-target species.</p>	Complied

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Criterion / Indicator	Assessment Findings	Compliance
4.6.2 Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5. Records of pesticides and their active ingredients used, LD50, area treated, amount of a.i. applied per ha, and number of applications was maintained. For the month of July 2015, 0.112 a.i/ha was applied covering 2,808ha for the third application.	Complied
4.6.3 Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	Pesticides minimised as part of Integrated Pest Management (IPM) plans. There is no prophylactic use of pesticides. The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5.	Complied
4.6.4 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Paraquat was eliminated. At the time of assessment there was no class 1a or 1b pesticide. Alternatives such as Glyphosate were used with the elimination of Paraquat.	Complied
4.6.5 Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Pesticide operators given training on the safe handling and application of the pesticides. Suitable personal protective equipment's and application equipment provided to the operators. All precautions attached to the products explained to operators and understood by them. This was noted during the interview with workers.	Complied
4.6.6 Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	The operating units comply with Regulation 9 of the Pesticides Act 1974 requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation.	Complied
4.6.7 Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5.	Complied



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4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	No aerial spraying.  Complied
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	No associated smallholders at SOU26. Employees demonstrate knowledge and skills on pesticide handling. MSDS/SDS was displayed in local Bahasa Malaysia language at the agrochemical store for each chemical stored as well as the use of safety pictorial poster for the easy understanding of the agrochemical handlers.  Complied
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. Management of waste material disposal such as empty chemical container as in accordance with scheduled waste and domestic waste regulations and guidelines.  Complied
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	Medical surveillance carried out once a year for all pesticide handlers. Tunku and Tigowis estates, last medical surveillance was done on 4/11/2014 by OHD doctor (HQ/08/DOC/00/695) for 32 workers. All workers are found fit.  Complied
4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	No female pesticide operators. However, interview with female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.  Complied
<b>Criterion 4.7:</b> An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:		
4.7.1	A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -	SOU26 has maintained an approved Health and Safety Policy dated April 2008 that is displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site safety officers and monitored by OSH Manager from Head Office. Environment safety and health (ESH) management plan for each operating unit had been established. The ESH management plan sighted addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training programme, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. The latest ESH plan FY2015/2016 was made available during this assessment. Last medical check-up was conducted on 25/8/2014 by DOSH Registered doctor. No.: HQ/10/DOC/00(167) at Mill. All 12 workers were found fit based on the medical results.  Complied

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<p>4.7.2</p> <p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>- Major compliance -</p>	<p>Risk assessment had been carried out on all operations where health and safety is an issue. Significant hazards were determined and documented in the HIRARDC analysis which included noise exposure, chemical and pesticides exposure, accident and fire outbreak. Procedures and control measures were implemented to mitigate the risks. Mill management have taken steps to reduce the noise levels by more frequent lubrication of machinery, reducing the exposure time to high noise and mandatory use of ear plugs and ear muffers. Annual audiometric tests/ reports conducted for all mill staff and workers were available and maintained. The workers checked did not suffer from significant hearing disabilities. The employees exposed to high noise levels were interviewed. The workers are aware of the danger of hearing loss due to prolonged exposure to high noise levels. The workers are also aware of the complaints process and mechanism available. "Permit to work" system was applied at the POM. Staff and workers have been trained and certified by NIOSH for gas entry and stand-by involving work in confined space. It was verified that the mill and estates have provided the appropriate PPE (safety boots, safety helmets, rubber boots, cartridge masks, safety goggles, gloves, ear plugs, ear muffers) and the associated training to address safety and health issues. The audit for determining compliance with the minimum standards had been annually conducted on all types of PPE used by the Safety and Health Officer and team for the operating units.</p> <p>POM: Chemical Health Risk Assessment (CHRA) done on 25/5/15. Audiometric test done on 25/8/14. Positive Noise Monitoring done on 4/6/15.</p> <p>Tunku Estate: Chemical Health Risk Assessment (CHRA) done on 13/6/12.</p> <p>Tigowis Estate: Chemical Health Risk Assessment (CHRA) done on 14/6/12.</p>	<p>Complied</p>

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<p>4.7.3</p> <p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Minor compliance -</p>	<p>Training programme planned for year 2015 was consistently implemented. The programme includes training for all categories of workers. Evidence of adequate and appropriate training on safe working practices provided to:</p> <ul style="list-style-type: none"> <li>- workers exposed to machinery and high noise levels,</li> <li>- workers working in confined space,</li> <li>- harvesters</li> <li>- pesticides operators</li> <li>- manurers</li> </ul> <p>Training also provided on use of fire extinguishers and fire drill, awareness and understanding of MSDS/CSDS and first aid. Employees interviewed at POM confirmed to be provided with safety training relating to their work at least once a year by the qualified Safety &amp; Health Officer and training records are available. Evaluation carried out on each training programme to determine its effectiveness. The training content was revised periodically for improvement. The safety and health training on exposure to noise levels conducted by the qualified Safety &amp; Health Officer complied with the requirements of the Factories and Machinery (Noise Exposure) Regulations. All staff and mill employees attended the training as indicated in the records maintained. The content of the training include the said provisions of the regulations, purpose and explanation of audiometric test, proper usage of ear plugs and ear mufflers, and consequence of hearing loss. Appropriate PPE had been provided to all workers at the place of work to cover all potentially hazardous operations. There are warning signs to use PPE (this includes helmet, safety boots, ear plugs, ear mufflers, etc.) displayed at appropriate work areas for the protection of safety and health.</p>	<p>Complied</p>
<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>- Major compliance -</p>	<p>The responsible persons are the Assistant Managers of the respective operating units. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory.</p> <p>POM: OSH meeting for year 2015 done on 20/7/15, 21/4/15 &amp; 22/1/15. DOSH visit log book sighted visit report dated 10/6/15.</p> <p>Tunku Estate: OSH meeting for year 2015 done on 13/2/15 &amp; 13/2/15. DOSH visit log book sighted last visit report dated 15/5/14.</p> <p>Tigowis Estate: OSH meeting for year 2015 done on 17/6/15 &amp; 20/3/15. DOSH visit log book sighted last visit report dated 9/1/15.</p>	<p>Complied</p>

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4.7.5 Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -	Accident and emergency procedures had been written and briefed to staff, workers, contractors and visitors. Workers trained in First Aid were present in the mill and field operations. Records on all accidents had been verified to be maintained satisfactorily. Quarterly review on accident cases had been carried out during quarterly meeting of Safety & Health (OSH).  POM: Fire Drill done on 1/11/14. First Aid Training by HA Klinik TSSE done on 1/11/14 and participated by workers and staff.  Tunku Estate: Fire Drill done on 17/4/15.  Tigowis Estate: Fire Drill done on 16/1/15.	Complied
4.7.6 All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -	Medical care is provided to all the employees. Local workers are covered under SOCSO scheme while foreign workers are covered under foreign workers compensation scheme. Mill: RHB Insurance Berhad Policy No.: FW150707 valid till 30/6/2016 covering 67 workers.  Tunku estate: Policy No.: FW149649 valid till 30/6/2016 covering 299 workers.	Complied
4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -	Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory.  POM: JKKKP 8 submitted for year ending 2014 to DOSH on 5/1/15.  Tunku Estate: JKKKP 8 submitted for year ending 2014 to DOSH on 16/1/15.  Tigowis Estate: JKKKP 8 submitted for year ending 2014 to DOSH on 7/1/15.	Complied
<b>Criterion 4.8:</b> All staff, workers, smallholders and contract workers are appropriately trained.		
4.8.1 A formal training programme shall be in place that covers all aspects of the RSP0 Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance -	Formal training problem for the year 2015 available and implemented. Regular assessment of training conducted to ensure understanding among the employees. Trainings conducted include a formal training programme on all aspects of RSP0 Principles and Criteria and the Supply Chain Certification System. The various trainings conducted and the training records maintained to be acceptable.	Complied
4.8.2 Records of training for each employee shall be maintained. - Minor compliance -	Records of training for each employee are available in Mill and estates. Some of the samples checked;  1. POM: NISOH Authorised Gas Tester Training dated 8-10/4/2015.  2. Tunku Estate: First Aid & Personal Hygiene dated 25/5/15.  3. Tunku Estate: Chemical Training For Chemical Handler dated 14/1/15.  4. Tigowis Estate: Integrated Pest Management Training dated 10/7/15.	Complied

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<b>Principle 5: Environmental responsibility and conservation of natural resources and biodiversity</b>			
<b>Criterion 5.1:</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	Sandakan Bay POM and Estates carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. The last review was conducted in 15 July 2015 at POM & Tunku Estate, 3/8/15 at Tigowis Estate with no changes due to any further changes in the operation.	Complied
5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance -	The continuous implementation of the improvements activities were checked during the field and document audit. The environmental management plan has been established based on PMM report to monitor the identified HCV areas and significant activities that give impacts on environment. A specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented.	Complied
5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance -	An environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Continuous awareness training programme has been carried out by the company to its workers and other stakeholders.	Complied
<b>Criterion 5.2:</b> The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.			
5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -	Internal Sime Darby competent personnel conducted Biodiversity assessment & HCV identification within SOU 26 landholdings. Report was prepared by PSQM Dept of Sime Darby Plantation Sdn Bhd on May 2013. The objective of this assessment is having additional ground check on the existing identified HCV area done on 2007 in order to be detailed and accurate in database and mapping.	Complied
5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -	Regular patrols within the operating unit estates were carried out and findings recorded by the respective Estate executives to monitor the Conservation, buffer zone areas and HCV areas. No operation being carried out at the designated areas. Mechanism for reporting the sightings of various types of wildlife, were found to have been in place. Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented. Signage's that prohibit hunting, fishing and water polluting activities were verified on-site at the both visited estates found to have been satisfactorily maintained.	Complied

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5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -	Complied
5.2.4	Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -	Complied
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	Complied
<b>Criterion 5.3:</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		
5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Complied
5.3.2	All chemicals and their containers shall be disposed of responsibly. - Major compliance -	Complied

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5.3.3 A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -	Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the estates. Proper storage areas were identified for the storage of the recyclable wastes at the estates and mill. However the:-  Pollution control methods on the below sampled processes were found to be inadequate:-  1) Tunku Estate:-  a) No secondary oil containment has been provided & marks of oil spills were sighted on the earth from the rented portable generator at the Power Station.  2) Tigowis Estate:-  a) Petrol drum storage cabinet at the Workers Housing Area was found without secondary containment bund.  b) Sighted oil leak marks into the outlet discharge drain from the Generator room oil trap.  Minor nonconformity was raised.	Minor nonconformity
<b>Criterion 5.4:</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1 A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	The mill has used average of 10.3 kW-hr/Mt FFB for processing in 2015 as at July. This is above the target due to the low crop trend. Shell and fibre is being used as renewable energy for boiler to reduce the fossil fuel usage.	Complied
<b>Criterion 5.5:</b> Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.		
5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Tunku estate: Visit to the newly replanted area found previous palm were felled and chipped as per Sime Darby SOP. No signs of burning were noted at the area.	Complied
5.5.2 Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	Tunku estate: Visit to the newly replanted area found previous palm were felled and chipped as per Sime Darby SOP. No signs of burning were noted at the area.	Complied
<b>Criterion 5.6:</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.		

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5.6.1 An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	The operating units had reviewed the environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land. At Mill, monitoring of mill gas emissions is being done online using the Continuous Emissions Monitoring System (CEMS) and supported by the Ringelman Smoke Chart. POME treatment, monitoring and land application is monitored, maintained and adhered to DOE regulations i.e BOD below 20mg/l.  Tunku Estate: Seen Pesticide Analysis test report No. PL86/2015 dated 13/2/15. Result complied.  Tigowis Estate: Seen Pesticide Analysis test report No. PL205/2015 dated 30/4/15. Result complied.	Complied
5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance	Significant pollutants and greenhouse gas (GHG) emissions were identified includes methane from effluent, smoke and fertilizer usage have been documented. It was noted that the PSQM Department from HQ have established plans for implementation and monitoring of GHG emissions.	Complied
5.6.3 A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -	Default values of emissions factor Calculation of the GHG emissions were derived from publicly available sources including World Resource Institute and BioGrace. The GHG calculations were done separately between the mill and estates. Sime Darby has communicated to RSPO regarding the PalmGHG calculator and pending for the RSPO response.	Complied
<b>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.</b>		
<b>Criterion 6.1:</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	SOU 26 continued annually to update Social Impact Assessment with updated Social Action Plan with participation of local community, latest update July 2015. The social action plan was reviewed and updated based on input received during public consultation meeting with stakeholders carried out on 17/4/2015 respectively. The meeting was attended by internal stakeholders (staffs and workers) and external stakeholders (contractors, neighbouring estates, and local village representatives) Record of meeting with attendance list and minute of meeting are available. There was no negative issue raised during the stakeholders meeting.	Complied
6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	The meeting was attended by internal stakeholders (staffs and workers) and external stakeholders (contractors, neighboring estates, and local village representatives).	Complied



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6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Complied
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	Complied
<b>Criterion 6.2:</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.		
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	Complied
<b>Criterion 6.3:</b> There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.		

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6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	Complied
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance -	Complied
<b>Criterion 6.4:</b> Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		
6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance -	Complied
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance -	Complied
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -	Complied
<b>Criterion 6.5:</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.		

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6.5.1 Documentation of pay and conditions shall be available. - Major compliance -	Interview with employees and workers from local and foreign country reveal that they understand details and deductions outlined on their pay slips. Payroll checks confirm that correct remuneration was paid for standard hours as well as for any overtime hours worked. Employee's payslip (e.g. employee# 34362, 103520) which from mill and estate) for the month of July 2015 was checked and verified shows the basic pay, allowances and incentives were paid and deduction for EPF, SOCSO, Union and personal insurance are clearly stated. The minimum wages of RM 800 set by the government has been implemented as well.	Complied
6.5.2 Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. - Major compliance -	Pay and conditions are documented through Sabah Plantation Industry Employee Union (SPIEU) Agreement and SPIEU Field and Other General Employees and Fringe Benefits Agreement and complies with Minimum Wage Order. Extended contract of foreign workers who extended their services was not available. Tunku estate: Sample checked: Employee No.: 71491 and 71037 expired on 3/5/2013 and 17/8/2014 respectively. Tigowis estate: Employee No.: 58402 and 31860 expired on 20/10/2013. Major nonconformity was raised.	Major nonconformity
6.5.3 Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. - Minor compliance -	The standard of housing provided for workers and their families meets government regulations. SOU26 has continued implementing the plan for replacing housing. Electricity is subsidized and water is supplied at no charge. Water to housing was self-treated water where the treated water undergoes monitoring on at least half yearly basis. The last test conducted on 21/7/15 with Certificate# 20150712-14F-0 that shows the result was meeting the domestic drinking water standard of Malaysia. Free medical treatment and medication was provided for workers and their dependents by the clinic operated by Estate Health Attendance. Free transport is provided for children to attend a local school. A Child Care Centre is available for children of staff and workers. The children at the Care Centre are provided with malt drink and biscuits by the operating units at no cost. The new Humana School is now operating in Tun Tan Estate. SOU26 has provided infrastructure and furniture for the class rooms and also accommodation for the teachers.	Complied
6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance -	Access to food for the workers are considered adequately and sufficiently provided through sundry shops available in each estate and mill line site.	Complied
<b>Criterion 6.6:</b> The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.		
6.6.1 A published statement in local languages recognising freedom of association shall be available. - Major compliance -	Workers have freedom to join the workers union. Policy on Freedom of Association dated April 2008.	Complied

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6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance -	Local and foreign workers are member of SPIEU union. Latest meeting was done on 8/5/2015 at Mill together with estates attended by 112 workers.	Complied
<b>Criterion 6.7:</b> Children are not employed or exploited.			
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance -	The minimum working age is 16 under the National Labour Law. Company policy is to only hire persons over the age of 18. Malaysian workers have to provide ID card - foreign workers provide passports. Inspection of employment records confirmed checks are made of staff and worker age before hiring. During field visit children were not observed at any of the working place at both mill and estate. Interview with workers confirmed the understanding of company policy on children workers.	Complied
<b>Criterion 6.8:</b> Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	A policy on equal opportunity available and displayed at the offices along with the other policies.	Complied
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Migrant workers are recruited with 3 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. Job opportunities and amenities such as free housing, water and electricity supplies, medical care are given to all employees without discrimination. All employees are aware of the grievance procedures through the various Committees such as Gender Committee for women, foreign workers representation and union committee to highlight their concerns and grievances if any. No grievances were highlighted to the audit team by internal and external stakeholders.	Complied
6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. It was noted during the audit that there is no discrimination based on nationality, race, gender, age, etc.	Complied
<b>Criterion 6.9:</b> There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	Policy on protection against Sexual Harassment and other forms of harassment available and implemented. There is no any reported case of harassment in the operating units.	Complied
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Reproductive rights of the female workers are protected. Female employees are aware that they are entitled for two months paid maternity leave.	Complied

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6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance -	Complied
<b>Criterion 6.10:</b> Growers and mills deal fairly and transparently with smallholders and other local businesses.		
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Complied
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	Complied
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Complied
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Complied
<b>Criterion 6.11:</b> Growers and mills contribute to local sustainable development where appropriate.		
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance -	Complied
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance -	Complied
<b>Criterion 6.12:</b> No forms of forced or trafficked labour are used.		

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6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	Workers, staff and stakeholder interview confirm that there is no any form of forced labour or trafficked labour in the operating units. All employees have employment contract and paid the agreed national minimum wages.	Complied
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance –	No contract substitution was noted.	Complied
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance -	Equal opportunity and non-discriminatory policy is implemented. No temporary workers. Migrant workers are treated equally as per the locals.	Complied
<b>Criterion 6.13:</b> Growers and millers respect human rights.			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	The existing policy covers the necessary aspects of human rights. Employees are aware of their rights and workers and staff union monitor to ensure no violations.	Complied
6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.	Sandakan Bay certification unit has prepared HUMANA school within the estates compound for foreign workers children.	Complied
<p><b>Principle 7: Responsible development of new plantings</b>  <b>Sandakan Bay Palm Oil Mill</b> Certification unit and supply base did not carry out any new plantings since November 2005. Therefore, Principle 7 is not applicable during this recertification assessment. The immature areas are replanted area.</p>			
<b>Principle 8: Commitment to continual improvement in key areas of activity</b>			
<b>Criterion 8.1:</b> Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

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Criterion / Indicator	Assessment Findings	Compliance
<p>8.1.1</p> <p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides(Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);               <ul style="list-style-type: none"> <li>• Optimising the yield of the supply base.</li> </ul> </li> </ul> <p>- Major compliance -</p>	<p>All operating units are not using paraquat and class 1a or 1b agrochemicals. These efforts are continue to reflect the commitment to reduce the use of hazardous agrochemicals. Systemic herbicides such as glyphosate are used with increased efforts in IPM. Barn owl is being introduced as well. These are the continuous efforts from operating units to reduce pesticide use. All operating units have carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue besides further improving the workers housing. Initiative on KAIZEN project at Sandakan Bay Palm Oil Mill showed commitment towards continual improvement to improve plant safety and process performance.</p> <p>On the social improvement efforts, the new housing project of 6 units has been completed as per the budget in 2014/2015. The 12 units of housing budgeted in 2015/2016 budget is waiting for approval. Road condition has been improved with the construction of concrete road connecting all operating units. This has given a comfortable transportation for the communities in the operating units. According to the General Manager there has been increase of cars in the Sandakan Bay complex since the concrete roads were constructed. This indicates free movement of the communities in the operating units.</p> <p>Recycling efforts are continued to reduce waste. Sales of recyclable materials such as plastic and metal are noted. Process waste is fully utilized for boiler fuel (shell and fibre) and POME used as organic fertilization. The company is planning to build a biogas plant.</p>	<p>Complied</p>

**Appendix B: Sime Darby Plantation Sdn. Bhd. Time Bound Plan**

<b>TIME BOUND PLAN – Certification Units in Malaysia</b>			
<b>No.</b>	<b>MANAGEMENT UNIT</b>		<b>LOCATION</b>
	<b>P O M</b>	<b>Time Bound</b>	
1	Sg Dingin	Certified 2010 – Recertification Completed	Kedah
2	Chersonese	Certified 2011	Perak
3	Elphil	Certified 2011	Perak
4	Flemington	Certified 2011	Perak
5	Seri Intan	Certified 2011	Perak
6	Selaba	Certified 2011	Perak
7	Tenamaram	Certified 2011	Selangor
8	Bkt Kerayong	Certified 2011	Selangor
9	East	Certified 2010 – Recertification Completed in February 2015	Selangor
10	West	Certified 2010– Recertification Completed in March 2015	Selangor
11	Bukit Puteri	Certified 2011	Pahang
12	Kerdau	Certified 2011	Pahang
13	Jabor	Certified 2011	Pahang
14	Labu	Certified 2011	N. Sembilan
15	Tanah Merah	Certified 2010 – Recertification Completed in February 2015	N. Sembilan
16	Sua Betong	Certified 2014	N. Sembilan
17	Kok Foh	Certified 2011	N. Sembilan
18	Kempas	Certified 2010 – Recertification in 2015	Malacca
19	Diamond Jubilee	Certified 2011	Malacca
20	Pagoh	Certified 2014	Johor
21	Chaah	Certified 2010 – Recertification in August 2015	Johor
22	Gunung Mas	Certified 2010 – Recertification in 2015	Johor
23	Bukit Benut	Certified 2011	Johor
24	Ulu Remis	Certified 2011	Johor
25	Hadapan	Certified 2011	Johor
26	Sandakan Bay	Certified 2008. Recertification completed.	Sabah
27	Melalap	Certified 2011	Sabah
28	Binuang	Certified 2009. Recertification completed.	Sabah
29	Giram	Certified 2009. Recertification completed.	Sabah
30	Merotai	Certified 2009. Recertification completed.	Sabah
31	Lavang	Certified 2011	Sarawak
32	Rajawali	Certified 2011	Sarawak
33	Derawan	Certified 2011	Sarawak
34	Pekaka	Certified 2011	Sarawak

<b>TIME BOUND PLAN – Certification Units in Indonesia</b>			
<b>No.</b>	<b>MANAGEMENT UNIT</b>		<b>LOCATION</b>
	<b>P O M</b>	<b>Time Bound</b>	
1	Sekunyir (PT. Indotruba Tengah)	Certified 2010 (Recertification in 2015)	Seruyan and West Kotawaringin District – Central Kalimantan
2	Manggala (PT. Tunggal Mitra Plantations)	Certified 2010 (Recertification in 2015)	Rokan Hilir District – Riau
3	Bk. Ajong (PT. Sime Indo Agro)	Certified 2010 (Recertification in 2015)	Sanggau District –West Kalimantan
4	Teluk Siak (PT Aneka Inti Persada)	Certified 2011	Pekanbaru, Siak District – Riau
5	Sungai Pinang (PT. Bina Sains Cemerlang)	Certified 2012	Musi Rawas District – South Sumatera
6	Sukamandang (PT. Kridatama Lancar)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
7	Pemantang (PT. Teguh Sempurna)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
8	Alur Dumai (PT Lahan Tani Sakti)	Certified 2011	Rokan Hilir District – Riau
9	Teluk Bakau (PT. Bhumireksa Nusa Sejati)	Certified 2011	Indra Giri Hilir District – Riau
10	Mandah (PT. Bhumireksa Nusa Sejati)	Certified 2014	Indra Giri Hilir District – Riau
11	Angsana Mini (PT Sajang Heulang)	Certified 2011	Tanah Bumbu District – South Kalimantan



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12	AngsanaPT Ladangrumpun Suburabadi	Certified 2011	Tanah Bumbu District – South Kalimantan
13	Mustika (PT Sajang Heulang)	Certified 2013	Tanah Bumbu District – South Kalimantan
14	Gunung Aru (PT Bersama Sejahtera Sakti)	Certified 2011	Kotabaru District – South Kalimantan
15	Bebunga (PT. Langgeng)	Certified 2011	Kotabaru District – South Kalimantan
16	Blang Simpo (PT Padang Palma Permai)	Certified 2013	Aceh Tamiang, Nangroe Aceh Darussalam
17	Pondok Labu (PT Paripurna Swakarsa)	Certified 2012	Kotabaru District – South Kalimantan
18	Selabak (PT Swadaya Andhika)	Certified 2012	Kotabaru District – South Kalimantan
19	Rantau (PT Laguna Mandiri)	Certified 2012	Kotabaru District – South Kalimantan
20	Betung (PT Laguna Mandiri)	Certified 2014	Kotabaru District – South Kalimantan
21	Ungkaya (PT Tamaco Graha Krida)	Certified 2012	Morowali District – Sulawesi Tengah
22	Ladang Panjang (PT Bahari Gembira Ria)	Certified 2012	Muaro Jambi District - Jambi
23	Rantau Panjang (PT Guthrie Pecconina Indonesia)	Certified 2012	Musi Banyuasin District – South Sumatera
24	<p>MAS (PT Mitra Austral Sejahtera)  The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. Verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Regular discussions are ongoing between Sime Darby Plantation and the project affected communities.</p> <p><b>RSPO Certification Target Date for PT MAS</b></p> <ul style="list-style-type: none"> <li>The target date for certification is by end 2015. However, this is subject to the progress of the matter being resolved.</li> </ul> <p><b>Progress Update (Sept 2014 – March 2015)</b></p> <ul style="list-style-type: none"> <li>Regular discussions is ongoing between Sime Darby Plantation and the project affected communities (PAC). The most recent SDP-PAC meeting was held on 23 Feb 2015.</li> <li>SDP will maintain to liaise with the communities via 'Tim Kerja Perwakilan Petani (TKPP) and direct discussion with Kerunang/ Entapang communities.</li> <li>On the community request for DSF mediation (from 2 out of 9 villages), ref letter to RSPO 12 June 2014. SDP visited the communities on 27 August 2014 to listen and have a better understanding on the requests from these two communities and the subsequent meeting with the communities of Entapang and Kerunang was held on 12 Dec 2014 where the communities highlighted that they will not join the current SDP-PAC committee meetings and will continue to engage directly with SD.</li> <li>SDP is continuing to work on direct engagement with PAC – working towards a consensus with the PAC to withdraw</li> </ul>	2015	Sanggau District – West Kalimantan
25	Lembiru (PT Sandika Nata Palma)	Certified 2014	Ketapang District – West Kalimantan

**Appendix C: Sime Darby Plantation Sdn Bhd – SOU 26 Sandakan Bay Certification Unit RSPO Certificate Details**

Sime Darby Plantation Sdn. Bhd.  
 Strategic Operating Units (SOU 26) – Sandakan Bay Palm Oil Mill  
 Locked Bag 39, Suanlamba District,  
 Sandakan, Sabah, Malaysia.  
 RSPO Membership number: 1-0008-04-000-00

BSI RSPO Certificate N<sup>o</sup>: SPO 537872  
 Date of Initial Certificate Issued: 1 October 2008  
 Date of Expiry: 30 September 2018  
 Applicable Standards: RSPO P&C MY-NI 2014; RSPO Certification System June 2007 (revised March 2011); Annex 4: Procedures for Annual Surveillance; RSPO P&C 2013; RSPO Supply Chain Certification Standard and System 21 November 2014 Module E - CPO Mills: Mass Balance

<b>Sandakan Bay Palm Oil Mill and Supply Base</b>					
Location Address		Strategic Operating Unit (SOU) 26 - Sandakan Bay, Locked Bag 39, Suanlamba District, Sandakan Sabah 90009, Malaysia			
GPS Location		E 118° 10' 20" N 5° 45' 20"			
CPO Tonnage Total		44,709mt			
PK Tonnage Total		11,306mt			
CPO Claimed for Certification *		44,709mt			
PK Claimed for Certification *		11,306mt			
Own estates FFB Tonnage *		205,558mt			
Scheme Smallholder FFB Tonnage		-			
Company's adjacent Suppliers FFB Tonnage – Other adjacent estates (Certified)		-			
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Segaliud Estate	3,220.49	1,088.46	511.18	4,820.13	67,548
Sentosa Estate	2,540.13	594.55	410.76	3,545.44	44,559
Tigowis Estate	1,252.33	658.51	163.18	2,074.02	26,032
Tun Tan Estate	1,628.61	1,184.69	329.93	3,143.23	27,981
Tunku Estate	2,256.00	707.00	240.12	3,203.12	39,438
<b>Total</b>	<b>10,897.56</b>	<b>4,233.21</b>	<b>1,655.17</b>	<b>16,785.94</b>	<b>205,558</b>

Remarks: \*Production from Independent FFB suppliers excluded in the Certification.

**Appendix D: Assessment Plan**

<b>PRELIMINARY AGENDA</b>					
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Muhd Haris</b>	<b>Senniah</b>	<b>Ragu</b>
Monday 3/8/2015	AM	Audit Team travelling to the site.	√	√	√
Tuesday 4/8/2015	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> <li>• Opening Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation).</li> </ul>	√	√	√
	09.00 – 12.30	<b>Sandakan Bay Palm Oil Mill</b> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, etc.	√	√	√
	10.00 – 12.30	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Workers Leader, contractor etc.)	√	-	-
	12.30 – 13.30	Lunch	√	√	√
	13.30 – 16.30	<b>Sandakan Bay Palm Oil Mill:</b> Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, SCCS, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	16.30 - 17.00	Interim Closing briefing.	√	√	√
Wednesday 5/8/2015	08.30 – 12.30	<b>Tigowis Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	12.30 – 13.30	Lunch	√	√	√
	13.30 – 16.30	<b>Tigowis Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30 - 17.00	Interim Closing Briefing	√	√	√
Thursday 6/8/2015	8.30 – 12.30	<b>Tunku Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√
	12.30 – 13.30	Lunch	√	√	√

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PRELIMINARY AGENDA					
Date	Time	Subjects	Muhd Haris	Senniah	Ragu
	13.30 – 15.30	<b>Tunku Estate</b> Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	15.30 – 16.30	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	16.30 – 17.00	Closing Meeting	√	√	√
Friday 7/8/2015	AM	Audit Team travelling back to KL.	√	√	√

**Appendix E: Stakeholders Contacted**

<p><b>Internal Stakeholders</b></p> <p>Managers and Assistants Male Mill Staff/Workers Female Mill Staff/Workers Foreign Workers Male and Female Estate workers Hospital Assistant Female Assistant at Clinic Union Representatives Gender Committee Secretary Boiler operators Engine room operators Electrical Chargeman Store clerk Water Treatment Operator Nursery mandore</p>	<p><b>External Stakeholders</b></p> <p>Independent FFB Supplier Mosque Committee Grass cutting contractor Auxiliary Police Shop owner Speed board contractor</p>
<p><b>Non-Governmental Organisation &amp; Others</b></p> <p>Humana School Teacher Sabah Plantation Industry Employee Union (SPIEU)</p>	<p><b>Government Departments</b></p> <p>Labour Department</p>

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**Appendix F: CPO Mill Supply Chain Assessment Report (Module E-CPO Mills: Mass Balance**

Requirements	Compliance
<b>E.1. Definition</b>	
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p>The Sandakan Bay Palm Oil Mill receives and process certified and non-certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During the annual assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and sales volume of RSPO certified palm products through RSPO IT System.</p>
<b>E.2. Explanation</b>	
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report. Actual production recorded in Table 6 above.</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>
<b>E.3. Documented Procedure</b>	
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard</p>	<p>Latest written documented procedures (No. SD/SDP/PSQM/001 Rev.0 Dated 01/03/15) for the chain of custody is with Mass Balance (MB) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and noncertified FFB. This developed based on the RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified and non-certified FFB is received and processed at Sandakan Bay Palm Oil Mill.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBS</p>	<p>Sandakan Bay Palm Oil Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received</p>
<b>E.4. Purchasing and Goods In</b>	
<p>E.4.1 The site shall verify and document the volumes of certified and non-certified FFBS received</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.</p>
<p>E.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p>	<p>The facilities aware of this procedure.</p>
<b>E.5 Record Keeping</b>	

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<p>E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.          b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.          c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)          For further details refer to Module C.</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit.</p> <p>Computerized system in place with the delivery deducted accordingly.</p> <p>The Mill aware that only positive stock can be delivered. No short selling.</p>
<p>E.5.2 In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of</p>	<p>No outsourcing activities.</p>

**Actual Certified Palm Production – July 2014 – June 2015 (ASA 1)**

MILL	CAPACITY	CPO	PK
Sandakan Bay Palm Oil Mill	60 mt/hr	40,473	10,925

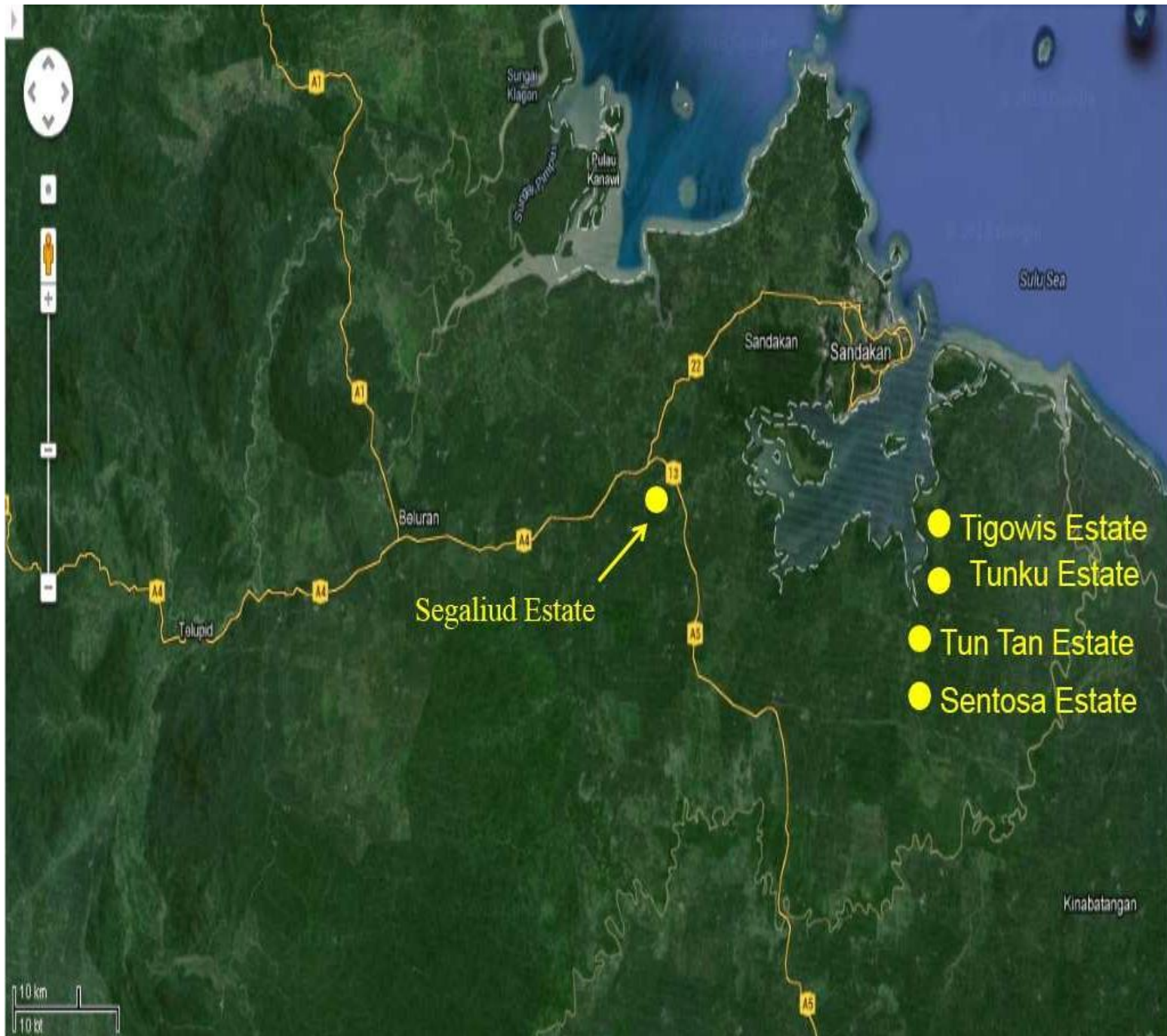
**Actual Sales of Certified Palm Products – July 2014 – June 2015 (ASA1)**

MILL	Certified CPO Sales	Certified Sales	PK	Remarks
Sandakan Bay Palm Oil Mill	0	0		Verified from e-trace system

**Actual Certified FFB Received Monthly – July 2014 – June 2015 (ASA1)**

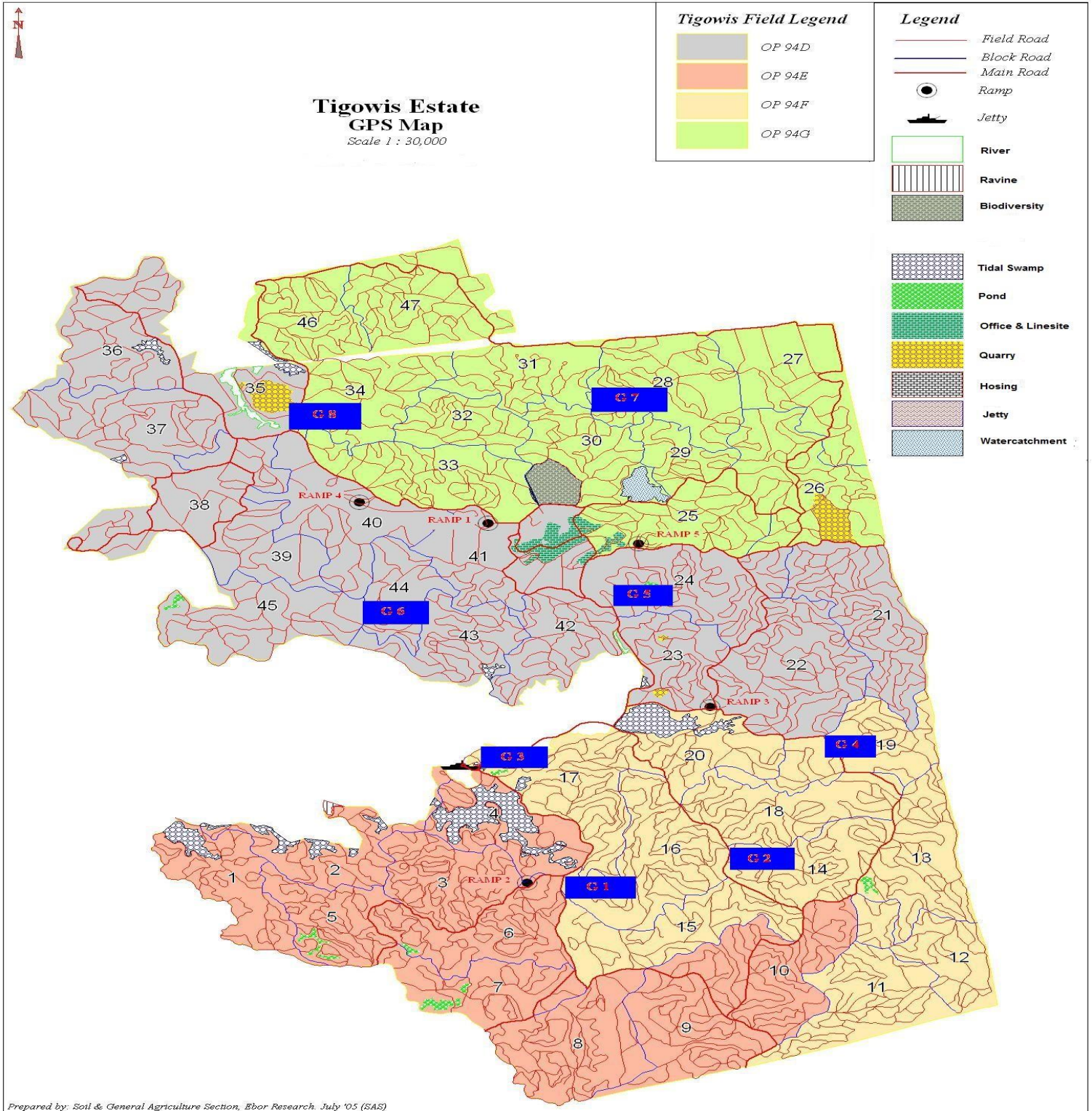
Month	Sentosa Estate	Tun Tan Estate	Tigowis Estate	Tunku Estate	Segaliud Estate	Total FFB/Month
July 2014	3,151	2,282	1,701	2,337	4,713	14,184
August 2014	4,266	2,667	2,217	2,693	5,448	17,291
September 2014	4,187	2,818	1,952	2,648	5,506	17,111
October 2014	4,783	2,917	2,234	3,249	5,841	19,024
November 2014	4,651	3,547	2,515	3,912	5,740	20,365
December 2014	4,353	3,609	2,380	3,970	4,857	19,169
January 2015	4,259	3,029	2,127	3,750	4,359	17,524
February 2015	2,998	2,535	1,606	2,609	2,809	12,557
March 2015	3,568	2,728	1,897	3,077	3,757	15,027
April 2015	3,774	2,269	2,107	2,870	4,582	15,602
May 2015	4,147	2,763	2,030	3,328	3,892	16,160
June 2015	3,835	2,272	1,988	3,001	5,350	16,446
Total	47,972	33,436	24,754	37,444	56,854	200,460

**Appendix G: Map shows location of the Sandakan Bay Palm Oil Mill and Supply Base in, Sandakan, Sabah, Malaysia**

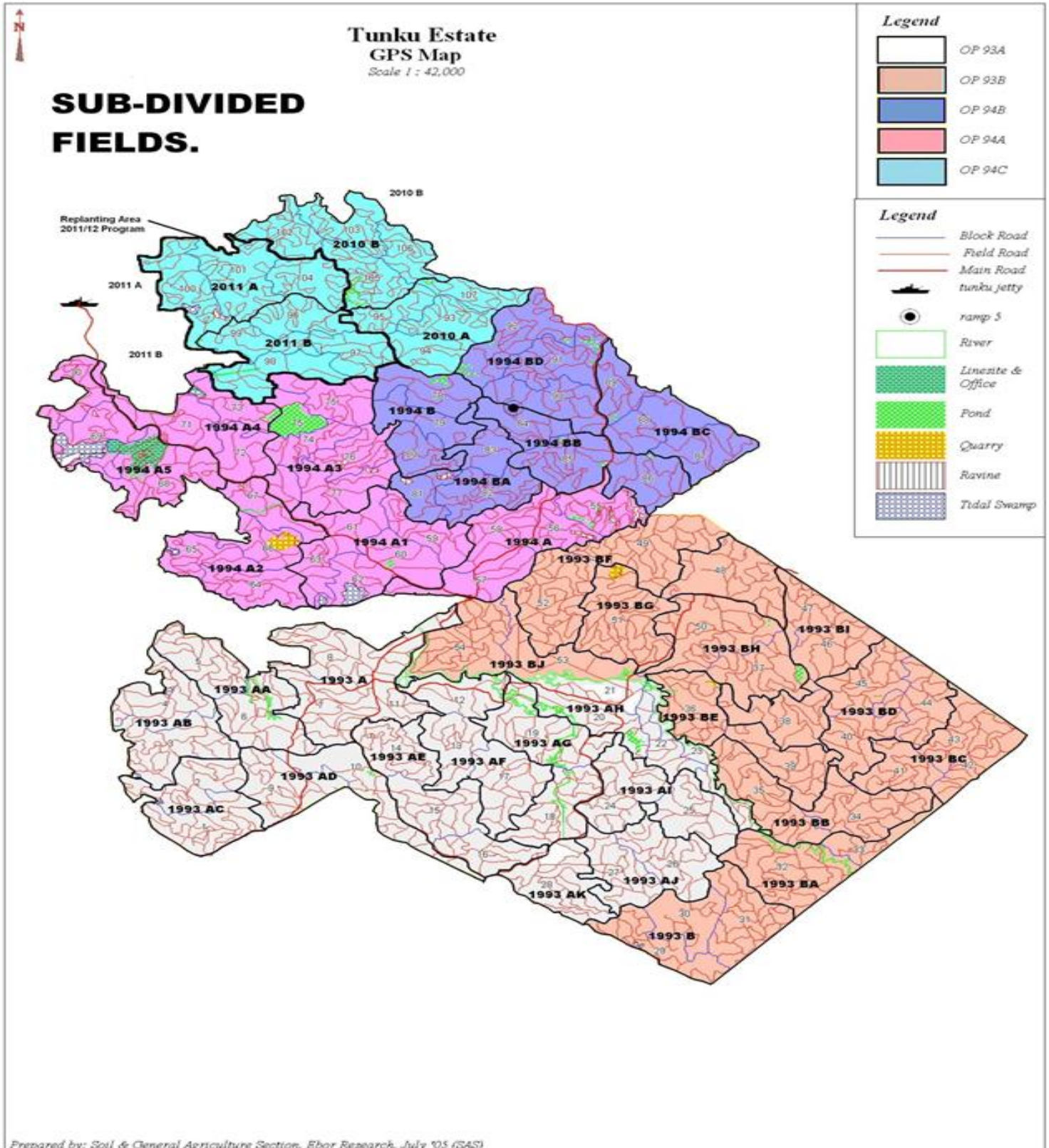




**Appendix H: Tigowis Estate Field Map**



**Appendix I: Tunku Estate Field Map**



**Appendix J: List of Abbreviations Used**

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