CLIENT: SIME DARBY PLANTATION SDN. BHD.

ADDRESS OF MAIN SITE AUDITED
(In the case of multisite certification, list additional sites in attachments):

MOSTYN ESTATE,
91207 KUNAK,
SABAH.

&

MOSTYN OIL MILL,
KM 78, JLN TAWAU,
P.O. BOX 33,
91207 KUNAK,
SABAH.

ASSESSMENT DATE: 12-23 MAY 2008
DURATION: 16 AUDITOR DAYS

STANDARD: RSPO MYNI: 2008

SCOPE OF CERTIFICATION ASSESSMENT:
MOSTYN OIL MILL & ITS SUPPLY BASE (MOSTYN ESTATE)

The following attachments form part of this report:

Non-conformity Report(s) [✓]
List of additional site(s) [ ]
Assessment Programme [✓]

Report by Audit Team Leader
Name: SABARNAH MARZUKY
Signature: [Signature]
Date: 6/8/08

Report Reviewed by:
Name: ABD. AZIZ LONG
Signature: [Signature]
Date: 6/8/08
STAGE 2 ASSESSMENT REPORT

A. INTRODUCTION :

1.0 Description of the organization :

1.1 Type (mill, estate and mill etc)

The assessment covers Mostyn Oil Mill and Mostyn Estate. This certification unit is known as Strategic Operating Unit 30b (SOU 30b) within Sime Darby Plantation Sdn. Bhd. (SDPSB) Details of the SOU 30b information is explained in the following sections.

1.2 Location (map and GPS), mill and or hectarage statement

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Latitude</th>
<th>Longitude</th>
<th>Total Hectarage</th>
<th>Planted Hectarage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostyn Estate</td>
<td>4º39’ N</td>
<td>118 º07’ E</td>
<td>4170.64</td>
<td>4013.17</td>
</tr>
<tr>
<td>Mostyn Oil Mill</td>
<td>4</td>
<td>4</td>
<td></td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

Mostyn Oil Mill was established in 1996 with a capacity of processing 35 metric tonne fresh fruit bunches (FFB) per hour.

The general location of SOU 30b is in Appendix I.

1.3 Description of supply base (fruit sources)

Mostyn Oil Mill gets its supply only from Mostyn Estate (60%) and third party (40%).

1.4 Date of plantings and cycle

<table>
<thead>
<tr>
<th>Estate</th>
<th>Year of establishment</th>
<th>Planting cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostyn Estate</td>
<td>1957</td>
<td>Second generation</td>
</tr>
</tbody>
</table>

1.5 Other certification held (ISO etc)

<table>
<thead>
<tr>
<th>Estate/mill</th>
<th>Other certification held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostyn Estate</td>
<td>Nil</td>
</tr>
<tr>
<td>Mostyn Oil Mill</td>
<td>ISO 9001:2000</td>
</tr>
</tbody>
</table>

Even though SOU 30b has no certification by external body, it is implementing their internal Integrated Management System which is based on ISO 9001, ISO 14001 & OHSAS 18001 requirements.
1.6 Organisational information / contact person

The contact person for SOU 30b is (its chairman):

Mr. Muhamad Saip’ul’lah Che Idris
Senior Manager,
Mostyn Estate.
Phone: 089-851244 / 204
Fax: 089-8510181

1.7 Tonnage certified

The average amount of crude palm oil (CPO) production per year for the past three years is 32916.7 tonne.

2.0 Assessment Process

2.1 Assessment methodology (program, site visits)

The assessment was conducted by visiting the field, HCV habitat, labour line, storage area & other workplaces. Interviews with management, employees, contractors & other relevant stakeholders were also conducted. Apart from the above, records as well as other related documentations were also evaluated.

The assessment for SOU 30b was conducted in parallel with three other certification units under SDPSB within the Kunak & Tawau Region.

The initial programme for the assessment is in Appendix II. Due to request made by the organization during the assessment and consideration that most of the documents used are the same for all four certification units, amendment was made as in Appendix III.

2.2 Date of next surveillance visit

The next surveillance audit should be conducted around twelve months from the date of the main assessment; i.e. 12-23 May 2009.

2.3 Lead assessor / assessment team

<table>
<thead>
<tr>
<th>Assessment Team</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sabarinah Marzuky</td>
<td>Assessment Team Leader</td>
</tr>
<tr>
<td>2. Ruzita Abd. Gani</td>
<td>Assessor</td>
</tr>
<tr>
<td>3. Mohd Azlisham Shaari</td>
<td>Trainee Assessor</td>
</tr>
<tr>
<td>4. Associate Professor Dr. Rusli Mohd</td>
<td>Assessor</td>
</tr>
<tr>
<td>5. Dr. S Chandran</td>
<td>Technical Specialist</td>
</tr>
<tr>
<td>6. Lee Kok Yuen</td>
<td>Technical Specialist</td>
</tr>
<tr>
<td>7. Raymond Yap Nyoke Yong</td>
<td>Technical Specialist</td>
</tr>
</tbody>
</table>
2.4 Outline of how stakeholder consultation was managed

Stakeholder consultation was initiated with the announcement in the RSPO web site and SIRIM QAS web site on 21st April 2008. Apart from that, letters were also sent to relevant stakeholders including government agencies and NGOs.

During stage 2 assessment, stakeholder consultations were also conducted involving employees and FFB suppliers.

A few enquiries were received through the telephone prior to Stage 2 assessment and these were responded to. One written feedback received from Jabatan Tenaga Kerja Sabah. The feedback was that the department did not have any issue with the organization.

3.0 Assessment Findings

The findings for the assessment are reported based on RSPO MYNI indicator.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1
Oil palm growers and millers provide adequate information to other stakeholder on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.

Indicator 1.1.1
Records of requests and responses must be maintained.
Major compliance

Guidance:
Growers and millers should respond constructively and promptly to requests for information from stakeholders.

Audit findings

Sime Darby Plantation Sdn. Bhd. (SDPSB) has a procedure for responding to request of information. Assessment on records for the estates and mill revealed that records of responses are maintained. Among the records sighted are correspondences with the authorities.

Criterion 1.2
Management documents are publicly available, except where this is prevented by commercial confidentially or where disclosure of information would result in negative environmental or social outcomes.

This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to:-

1.2.1 Land titles / user rights (C 2.2)
1.2.2 Safety and health plan (C4.7)
1.2.3 Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)
1.2.4 Pollution prevention plans (C 5.6)
1.2.5 Details of complaints and grievances (C 6.3)
1.2.6 Negotiation procedures (C 6.4)
1.2.7 Continuous improvement plan (C 8.1)

Guidance:
Examples of commercially confidential information include financial data such as costs and income, and details relating to customers and/or suppliers. Data that affects personal privacy should also be confidential.

Examples of information where disclosure could result in potential negative environmental or social outcomes include information on sites of rare species where disclosure could increase the risk of hunting or capture for trade, or sacred sites, which a community wishes to maintain as private.
Audit findings

Procedure on Sustainable Plantation Management System - document and communication clause 3.2 detailed that the above management documents are made publicly available through annual report and brochures. Other agreed mechanism is the organization’s website. However, during the assessment, there was no evidence provided to show that the management documents as required by the criterion are available to public (NCR SM 01-major).

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

<table>
<thead>
<tr>
<th>Criterion 2.1</th>
<th>There is compliance with all applicable local, national and ratified international laws and regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 2.1.1</td>
<td>Evidence of compliance with legal requirement</td>
</tr>
<tr>
<td></td>
<td>Major compliance</td>
</tr>
<tr>
<td>Indicator 2.1.2</td>
<td>A documented system, which includes written information on legal requirements.</td>
</tr>
<tr>
<td></td>
<td>Minor compliance</td>
</tr>
<tr>
<td>Indicator 2.1.3</td>
<td>A mechanism for ensuring that they are implemented.</td>
</tr>
<tr>
<td></td>
<td>Minor compliance</td>
</tr>
<tr>
<td>Indicator 2.1.4</td>
<td>A system for tracking any changes in the law.</td>
</tr>
<tr>
<td></td>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

Audit findings

SOU 30b is committed to ensure legal compliance. A documented system for identifying and updating of legal requirements & to monitor the status of legal compliance has been established. A register of applicable legal requirements is available.

SOU 30b has obtained license for the operation of prescribed premises (Crude Palm Oil). However the boiler & diesel generator set written approval and two units of water sand filters certificate of fitness were not available at the mill (NCR RA 01-major).

SOU 30b is also monitoring the related performance indicator of legal requirements. Among the monitored item are effluent discharge from effluent treatment plant, air emission from boilers, annual inspection of pressure vessel such as steam boilers, air compressors, employee health surveillance and etc.

<table>
<thead>
<tr>
<th>Criterion 2.2</th>
<th>The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indicator 2.2.1</td>
<td>Evidence of legal ownership of the land including history of land tenure.</td>
</tr>
<tr>
<td></td>
<td>Major compliance</td>
</tr>
<tr>
<td>Indicator 2.2.2</td>
<td>Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2]</td>
</tr>
<tr>
<td></td>
<td>Major compliance</td>
</tr>
</tbody>
</table>
**Indicator 2.2.3**
Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.
Minor compliance

Specific Guidance: Growers should attempt to comply with the above indicator within 15 months from date of announcement of first audit. Refer to State Land Office for examples of other reserves.

**Indicator 2.2.4**
Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. CF 2.3.3, 6.4.1 and 6.4.2.
Minor compliance

Guidance:
1. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way.
2. Where there is a conflict to the condition of land use as per land title, growers must show evidence that necessary action has been taken to resolve the conflict with the relevant authorities.
3. Ensure a mechanism to solve the dispute (Refer to C 6.3 and C6.4)
4. Evidence must be demonstrated that the dispute has been resolved.
5. All operations shall cease on land planted beyond the legal boundary.

**Audit findings**

Evidence of legal ownership is available as in copies of land titles for the estate. SOU 30b is also complying with terms of land title.

During site assessment, it was noted that SOU 30b has managed to locate some of the boundary stones adjacent to the forest reserves and small holders.

It was also noted from SOU 30b records assessment as well as interviews with stakeholders that there is no dispute on land rights in these area.

**Criterion 2.3**
Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

**Indicator 2.3.1**
Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.
Major compliance

**Indicator 2.3.2**
Map of appropriate scale showing extent of claims under dispute.
Major compliance

**Indicator 2.3.3**
Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6).
Minor compliance

Guidance:
Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with Criteria 6.4, 7.5 and 7.6.

Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.

This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements.

Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members.
Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

Audit findings

Not applicable

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. |
| Indicator 3.1.1 | Annual budget with a minimum 2 years of projection |
|                | Major compliance |
| Specific Guidance: | Annual budget may include FFB yield/ha, OER, CPO yield/ha and cost of production that is not required to be publicly available. |
| Indicator 3.1.2 | Annual replanting programme projected for a minimum of 5 years with yearly review. |
|                | Minor compliance |

Audit findings

The budget documents for their Financial Years 2007/2008 and 2008/2009 are available. The budget includes allocation for welfare and social services such as upgrading of workers quarters.

The replanting programme is available for ten years as sighted in the ‘Replanting programme 2006 to 2016’.

PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

| Criterion 4.1 | Operating procedures are appropriately documented and consistently implemented and monitored. |
| Indicator 4.1.1 | Documented Standard Operating Procedures (SOP) for estates and mills |
|                | Major compliance |
| Indicator 4.1.2 | Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months. |
|                | Minor compliance |

Audit findings


Interviews with workers revealed that they understand the requirements of the SOPs.

Records of monitoring for field related activities are done in the ‘Programme Sheets’ such as manuring and spraying programmes. Other records such as agrochemicals used, rat census/treatment can be seen in the cost books, store requisition and issue sheets and related files.
Documented SOP for the mill has also been established as in the Sime Darby Plantation Mill Quality Management System, Safe Operating Procedure and Environmental Work Instruction.

The SOP implementation was seen and necessary records of monitoring are available and maintained. Among the monitoring records maintained are product quality, consumption of chemicals, effluent discharge, boilers and stand-by diesel generator set air emission, application of personnel protective equipment (PPE), permit to work system and etc.

**Criterion 4.2**
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.
MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

**Indicator 4.2.1**
Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

**Indicator 4.2.2**
Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor compliance

**Indicator 4.2.3**
Monitor the area on which EFB, POME and zero-burn replanting is applied.
Minor compliance

**Audit findings**

SOU 30b is monitoring its fertiliser input as recommended by the agronomist. The recommendation is on annual basis as referred in the 'Agronomic & Fertilizers Recommendation Reports-Oil Palm 2007/2008'.

Leaf (tissue) sampling is carried out to obtain information on leaf nutrient status. The results is incorporated into the Agronomic and Fertilizer Recommendation Report – Oil Palm (2006/2007 and 2007/2008). However, soil sampling was not carried out and soil nutrient status was not available (NCR SM 02-minor)

Mostyn Estate had the sole duty to utilize all the empty fruit bunches (EFB) produced by Mostyn Oil Mill. It is recommended to distribute the EFB more efficiently throughout the estate with particular references to younger fields. Nevertheless, it is noted that Mostyn Estate is monitoring the EFB and palm oil mill effluent (POME) application as indicated in maps for the EFB & POME application programme. The monitoring of the application is also noted in the plantation advisors' report.

**Criterion 4.3**
Practices minimise and control erosion and degradation of soils.

**Indicator 4.3.1**
Documented evidence of practices minimizing soil erosion and degradation (including maps).
Minor compliance

**Specific Guidance:**
Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2)

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).

For Sabah, slopes 25 degree and steeper are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Protection (Prescribed Activities)(Environment Impact Assessment) Order 2005] and approved by the Environmental Protection Department (EPD).

Slope determination methodology (slope analysis) should be based on average slope using topographic maps or topographical surveys.
Audit findings

SOU 30b is implementing as much as practical the best practices of minimizing erosion. Among the evident practices are terracing, stacking of fronds to prevent/slow down surface run off, provision of water/moisture conservation pit and diverting roadside water into the field.

Cover crops are planted in the field to avoid bare soils and Vertivar and Guatemala grasses are planted near waterways as part of the erosion control measures. Apart from that, the estate practices only circle and paths spraying which leaves the interlines with soft grasses and Nephrolepis.

Apart from the above, road maintenance programmes such as resurfacing, grading and culvert maintenance are recorded and monitored in the costing books.

It was noted that there are areas of more than 30° gradients that have been planted with oil palm before SDPSB acquired it. However, the management gave assurance that they are considering the matter during replanting programme.
Indicator 4.4.6
Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.
Minor compliance

Indicator 4.4.7
Evidence of water management plans.
Minor compliance

Audit findings

SOU 30b is tapping water for both estate and mill consumption from *Tasik Impian*, weir constructed during the establishment of the plantation. The weir was built on 1st order stream from the Mt Mangkok catchment area. However, *Tasik Impian* is seriously infested with *Salvinia* and lotus. These are indicator plants for high phosphorous content in the water.

The floating *Salvinia* will block sunlight to water column and this will have some negative impacts to the hydrological regime and water chemistry of the lake. This will reduce the biodiversity of the aquatic life, especially the sensitive species. It was mentioned in the report for biodiversity assessment conducted by researchers of University Malaysia Sabah that the lake is predominated by *Tilapia* fish which can cause local extinction of other species.

Due to the infestation of the *Salvinia*, SOU 30b is removing it every three months. However, the removal method of *Salvinia* from the lake by releasing the water together with the floating weeds is inappropriate. This will aid the rapid spread of the weeds, and cause other areas to have the similar problems.

Apart from the above, the management of riparian zone still needs improvement. During site assessment, it was noted that SOU 30b has tried to demarcate the riparian zone along the main waterways. Guidance has been established to cease any field upkeep activities within these areas and allow natural vegetation growth. It is also planned that for all future replanting, the 20m buffer zone for all major rivers will be implemented as indicated in the replanting blueprint.

It was noted that, SOU 30b has not established water management plan in aiming at maintaining the quality and availability of water (NCR SM 03-minor). However, monthly rainfall data is maintained and the past ten years rainfall data is also available in the Agronomist report. SOU 30b is also monitoring water consumption data for the mill.

SOU 30b has also started conducting monitoring of water quality at identified waterways. The monitoring stations are well marked within the estate. However, results of the analysis are not yet obtained.

The indicator 4.4.6 is not applicable to SOU 30b.
Infestation of *Salvinia* at Tasik Impian, Mostyn Estate

Workers removing the Salvinia

**Criterion 4.5**
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

**Indicator 4.5.1**
Documented IPM system.
Minor compliance
Indicator 4.5.2
Monitoring extent of IPM implementation for major pests.
Minor compliance

Specific Guidance:
Major pests include leaf eating caterpillars, rhinoceros beetle and rats.

Indicator 4.5.3
Recording areas where pesticides have been used.
Minor compliance

Indicator 4.5.4
Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (ai) used / tonne of oil.
Minor compliance

Audit findings

Documented IPM is available in the Agricultural References Manual. Among the IPM implemented is aggressively planting of beneficial plants to control leaf eating caterpillar. Its implementation is monitored physically as well as mapped out. A nursery of close to 30,000 poly-bags of Turnera sp, Euphobiaceae sp, Cassia Cobanensis and Antigonon Leptopus is established.

In addition to the above, the estate has also controlled Dana trima attack by spraying Granulosis virus. However, SOP for this activity is yet to be established. Monitoring of Dana trima attack is done in the form of census on Mortality of infested larvae. Other census programme for pests and diseases are also conducted such as for rats and Ganoderma.

SOU 30b is also trying to reintroduce barn owl into the plantation as part of the IPM initiatives.

All of these efforts are part of the best practices to minimized usage of chemicals in the plantation. In line with this, the usage of pesticide are recorded and monitored as required by the MYNI indicators.

Criterion 4.6
Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.
**Indicator 4.6.1**  
Written justification in Standard Operating Procedures (SOP) of all Agrochemicals use.  
Major compliance

**Indicator 4.6.2**  
Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).  
Major compliance

**Specific Guidance:**  
Reference shall also be made to CHRA (Chemical Health Risk Assessment)

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

**Specific guidance:**  
Unless participating in established recycling programmes or with expressed permission from the authorities, triple rinsed containers shall be pierced to prevent misuse. Disposal or destruction of containers shall be in accordance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005.

**Indicator 4.6.4**  
All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level.  
Major compliance

**Indicator 4.6.5**  
Annual medical surveillance as per CHRA for plantation pesticide operators.  
Major compliance

**Indicator 4.6.6**  
No work with pesticides for confirmed pregnant and breast-feeding women.  
Major compliance

**Indicator 4.6.7**  
Documentary evidence that use of chemicals categorised as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.  
Minor compliance

**Indicator 4.6.8**  
Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities.  
Major compliance

**Indicator 4.6.9**  
Evidence of chemical residues in CPO testing, as requested and conducted by the buyers.  
Minor compliance

**Indicator 4.6.10**  
Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.  
Minor compliance

## Audit findings

SOU 30b is using chemicals that are registered under the Pesticide Act 1974. Chemicals listed in the World Health Organization Type 1A or 1B or Stockholm or Rotterdam Convention and Paraquat is not used in the estate.

Written justification of all agrochemicals use in the estate is available in the Agriculture Reference Manual (ARM), SOPs and Safety Pictorial procedure. These documentations include a chemical register list which indicates the purpose of chemical usage (intended target), hazards signage, trade and generic names.
The Safety Pictorial procedures are used as means of communication to the employees during training and briefing session.

Use and storage of agrochemicals including pesticides are in accordance with Pesticide Act 1974, Occupational Safety & Health Act 1994 as well as USECHH Regulations 2000. Empty chemical containers are triple rinsed and stored for disposal in accordance to legal requirements. Apart from the above, records of agrochemical purchased, storage and used are properly kept.

Based on Chemical Health Risk Assessment (CHRA) recommendation, medical surveillance has been conducted for employees whose works are exposed to chemicals such as estate sprayer and mill laboratory operators. Pregnant and breast-feeding women are not allowed to work with pesticides.

Assessment on SOU 30b records revealed that there was no request from buyer to test chemical residue in CPO. However the mill has taken proactive action and carried out the test. SOU 30b is also not using aerial application of agrochemicals.

### Criterion 4.7
An occupational health and safety plan is documented, effectively communicated and implemented

### Indicator 4.7.1
Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act139).

Major compliance

The safety and health (OSH) plan shall cover the following:

a. A safety and health policy, which is communicated and implemented.

b. All operations have been risk assessed and documented.

c. An awareness and training programme which includes the following specifics for pesticides:
   i. To ensure all workers involved have been adequately trained in a safe working practices (See also C4.8)
   ii. All precautions attached to products should be properly observed and applied to the workers.

   d. The appropriate personal protective equipment (PPE) are used for each risk assessed operation.
   i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.

   e. The responsible person(s) should be identified.

f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.

g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.

h. Workers trained in First Aid should be present in both field and mill operations.

   i. First Aid equipment should be available at worksites.

### Indicator 4.7.2
Records should be kept of all accidents and periodically reviewed at quarterly intervals.

Major compliance

**Specific Guidance:**
Record of safety performance is monitored through Lost Time Accident (LTA) rate.

### Indicator 4.7.3
Workers should be covered by accident insurance.

Major compliance

### Audit findings

SOU 30b has established Occupational Safety & Health (OSH) management system in accordance to their internal integrated management system. An OSH policy has also been formulated and communicated to the employees and interested parties. The hazard identification and risk assessment were carried out covering activities in the estate operation, mill operation and other facilities such as workshop, effluent and water treatment plant, chemical and waste storage and laboratories. Based on the risk assessment, SOU 30b has determined the appropriate risk control measure.
The implementation of OSH practices is evident in the estate and mill. This includes use of appropriate PPE, regular safety committee meeting and work place inspection, provision of first aid box at strategic areas, conducting training on first aid, emergency procedures, chemical handling and permit to work system. Responsible person for the implementation of the system has also been identified.

SOU 30b is recording any accidents and investigation will be carried out in accordance to Occupational Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004. Investigation reports were submitted to the Department of Occupational Safety & Health (DOSH) accordingly.

Safety performance is not only measured through lost time accident but through number of incident. Appropriate corrective actions are taken to avoid recurrence and reviewed during the quarterly safety and health committee meeting.

The workers for SOU 30b are all covered by the accident insurance.

Criteria 4.8
All staff, workers, smallholders and contractors are appropriately trained.

Indicator 4.8.1
A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.
Major compliance

Audit findings

There is no training programme available for training related to RSPO requirements except for safety programme (NCR SM 04-major). There are evidences that these training were conducted.

SOU 30b has established a generic training needs identification (TNI). However, the TNI needs to be reviewed to ensure the appropriate level of training given to the required personnel.

PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Criterion 5.1
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 continuous improvement.

Indicator 5.1.1
Documented aspects and impacts risk assessment that is periodically reviewed and updated.
Major compliance

Indicator 5.1.2
Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.
Minor compliance

Audit findings

SOU 30b has conducted the aspect and impact risk assessment through the implementation of their internal integrated management system. The environmental improvement plan has been established as an outcome from the risk assessment.
Criterion 5.2
The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Indicator 5.2.1
Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.
Major compliance

Indicator 5.2.2
Management plan for HCV habitats (including ERTs) and their conservation.
Major compliance

Indicator 5.2.3
Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.
Minor compliance

Audit findings

SOU 30b has a preliminary biodiversity assessment report conducted by researchers from Institute for Tropical Biology and Conservation, University Malaysia Sabah. The assessment reports on the presence of insects, birds, fish, small mammals, butterflies & herpetofauna (frogs, snakes & lizards) only. Hence a comprehensive assessment need to be conducted.

It was noted that hornbill are commonly sighted at certain parts of the plantations and not reported in this assessment. SOU 30b has also made their own initiatives by identifying and marking HCV habitat such as spring and ex-Japanese war tunnel. However, no comprehensive management plan for HCVs habitats (including ERTs) and their conservation is established (NCR SM 05-major).

Despite no management plan for HCVs habitat (including ERT), SOU 30b is committed to the conservation of this area. Signages to discourage/prohibit hunting of wildlife are clearly displayed at the entrance to the plantation.
Forest Reserve Boundary with Tasik Impian Mostyn Estate

**Criterion 5.3**
Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

**Indicator 5.3.1**
Documented identification of all waste products and sources of pollution.
Major compliance

**Indicator 5.3.2**
Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.
Minor compliance

**Specific Guidance:**
Schedule waste to be disposed as per EQA 1974 (Scheduled Wastes) Regulations, 2005. Reference to be made to the national programme on recycling of used HDPE pesticide containers.

Municipal waste disposal as per local authority or district council in accordance to the Ministry of Health guidelines (i.e. specifications on landfills, licensed contractors, etc) or Workers’ Minimum Standards of Housing and Amenities Act 1990 (Act 446).

**Indicator 5.3.3**
Evidence that crop residues / biomass are recycled (Cross ref. C4.2).
Minor compliance

**Audit findings**

SOU 30b has established waste management plan that includes solid, liquid, general and scheduled wastes. Standard operating procedure was also established for the disposal of these wastes. Scheduled wastes are managed in accordance to the Environmental Quality (Scheduled Wastes) Regulations 2005.
General wastes are collected from labour line and disposed by burying within the plantation. However, during site assessment, it was noted that the current waste disposal site is not managed appropriately. The site which is located at low lying area generates a lot of leachate due to water ponding (NCR SM 06-minor).

Nevertheless, there are evidences of crop residues/biomass been recycled. Among the practices are EFB mulching and POME application.

**Criterion 5.4**
Efficiency of energy use and use of renewable energy is maximized.

**Indicator 5.4.1**
Monitoring of renewable energy use per tonne of CPO or palm product in the mill.
Minor compliance

**Indicator 5.4.2**
Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill).
Minor compliance

**Audit findings**

SOU 30b is actively using renewable energy in the mill. Fibre and shell are used to power the boiler and generate steam for the process as well as electricity for the mill complex and labour line.

Records of monitoring for both renewable energy and fossil fuel are available as per the requirement of the indicator.

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

**Indicator 5.5.1**
No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.
Major compliance

**Indicator 5.5.2**
Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ploughed and mulched.
Minor compliance

**Specific Guidance:**
A special dispensation from the relevant authorities should be sought in areas where the previous crop or stand is highly diseased and there is a significant risk of disease spread or continuation into the next crop.

**Indicator 5.5.3**
No evidence of burning waste (including domestic waste).
Minor compliance

**Audit findings**

SOU 30b is implementing the Sime Darby Plantation zero burning policy. This practice has been adopted company wide since 1989. The palm are felled, chipped/shredded and windrowed within the plantation during planting/replanting.

As for burning of domestic waste, SOU 30b has taken initiatives to prohibit the practice by collecting the waste for centralize disposal and put up signages to create awareness to the workers.
Criterion 5.6
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Indicator 5.6.1
Documented plans to mitigate all polluting activities (Cross ref to C5.1).
Major compliance

Indicator 5.6.2
Plans are reviewed annually.
Minor compliance

Specific Guidance:
Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance.

Audit findings
SOU 30b has established plans to reduce pollution as in C5.1 requirement.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS

Criterion 6.1
Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

Indicator 6.1.1
A documented social impact assessment including records of meetings.
Major compliance

Specific Guidance:
Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

Indicator 6.1.2
Evidence that the assessment has been done with the participation of affected parties.
Minor compliance

Specific Guidance:
Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.

Indicator 6.1.3
A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.
Minor compliance

Guidance:
Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:
1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport/communication or arrival of substantial migrant labour force.
Audit findings

SOU 30b is yet to establish a comprehensive socials impact assessment (SIA) covering activities of their operation including replanting.

A consultant has been appointed to conduct the assessment. During this stage 2 assessment, the consultant team was also conducting survey as input to the SIA for the four SOUs in Kunak and Tawau Region. Hence, the outcome of the SIA as well as verification that the assessment was conducted with participation of the affected parties is not yet available for assessment. A major nonconformity and a minor nonconformity were raised on the matter (NCR RM 01-major, NCR RM 02-minor).

<table>
<thead>
<tr>
<th>Criterion 6.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator 6.2.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documented consultation and communication procedures.</td>
</tr>
<tr>
<td>Major compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator 6.2.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A nominated plantation management official at the operating unit responsible for these issues.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator 6.2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

Specific Guidance:
Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

Audit findings

SOU 30b has established the documented procedure for consultation and communication in their Sime Darby Plantation Estate Quality Management System and Mill Quality Management System. Specific procedures for dealing with social and land matters have also been established.

Records of communications and consultation were sighted. Among the communication records are correspondence to various government agencies and workers representative from Sabah Plantation Industry Employees Union (SPIEU).

List of stakeholder is also available for both the estate and the mill. However, the list needs to be expanded to include relevant government agencies and any other parties affected by the SOU 30b operation.

The manager of the operating unit within SOU 30b is responsible for handling any communication. However, depending on the nature of the communication, the decision is made by the manager or referred to the Regional office in Tawau.
Criterion 6.3
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Indicator 6.3.1
Documentation of the process by which a dispute was resolved and the outcome.
Major compliance

Specific Guidance:
Records are to be kept for 3 years.

Indicator 6.3.2
The system resolves disputes in an effective, timely and appropriate manner.
Minor compliance

Indicator 6.3.3
The system is open to any affected parties.
Minor compliance

Guidance:
Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

Audit findings

SOU 30b has a documented system for dealing with complaints and grievances for any affected parties.

Assessment on SOU 30b’s records revealed that complaints are resolved in an appropriate manner. Records of the process are appropriately identified and maintained. Among the record sighted are file for customers' complaint and corrective action report for non-conforming product quality for field assessment.

Criterion 6.4
Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Indicators 6.4.1
Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.
Major compliance

Indicator 6.4.2
A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.
Minor compliance

Indicator 6.4.3
The process and outcome of any compensation claims is documented and made publicly available.
Minor compliance

Specific Guidance:
This criterion should be considered in conjunction with Criterion 2.3.

Audit findings

Not applicable. SOU 30b was bought from BAL Plantation by Golden Hope Plantation (Sabah) Sdn. Bhd.
### Criterion 6.5
Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

#### Indicator 6.5.1
Documentation of pay and conditions.
Major compliance

#### Indicator 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) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.
Minor compliance

#### Indicator 6.5.3
Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).
Minor compliance

**Guidance:**
Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

### Audit findings

The pay and conditions of employment for SOU 30b are documented in the collective agreement (CA) (2005-2007). The agreement was between SPIEU and Golden Hope Plantation (Sabah) Sdn. Bhd. A new agreement is in the process of negotiation.

SOU 30b provides houses and water supply for free. However, the electricity supply is charged. During consultation with employee, some of them were complaining of low water pressure supplied to the houses as well as interruptions in electricity supply. SOU 30b has plan to improve this condition.

Currently, the estate and mill have more than 300 units of houses. New houses are being built to replace older ones and to address the complaints. Other facilities available are primary school, dispensary, crèche, KAFA and sundry shop.

### Criterion 6.6
The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

####Indicator 6.6.1
Documented minutes of meetings with main trade unions or workers representatives.
Major compliance

#### Indicator 6.6.2
A published statement in local languages recognizing freedom of association.
Minor compliance

**Guidance:**
The right of employees and contractors to form associations and bargain collectively with their employer should be respected. Documented company policy recognizing freedom of association.

Labour laws and union agreements or in their absence, direct contracts of employment detailing payments and other conditions are available in the languages understood by the workers or explained carefully to them by a plantation management official in the operating unit.
Audit findings

SOU 30b allows its employees to join SPIEU to bargain collectively. Meeting minutes are available whenever the meeting was held. The meeting is called only when there are issues raised by the member.

However, there is no published statement in local languages recognizing freedom of association. (NCR RM 04-minor)

Criterion 6.7

Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

Indicator 6.7.1
Documented evidence that minimum age requirement is met.
Major compliance

Guidance:
Growers and millers should clearly define the minimum working age, together with working hours. Only workers 16 years and older may be employed, with the stated exception of family farms. Smallholders should allow work by children only if permitted by national regulations.

The minimum age of workers should be not less than 16 years, or the minimum school leaving age, or the minimum age permitted under national regulations, where higher.

Audit findings

SOU 30b employee register shows that the minimum age of the worker complies to legal requirement. A clear policy on not employing children both in the estate and mill has also been established.

Criterion 6.8

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

Indicator 6.8.1
A publicly available equal opportunities policy.
Major compliance

Indicator 6.8.2
Evidence that employees and groups including migrant workers have not been discriminated against.
Minor compliance

Guidance:
The grievance procedures detailed in 6.3 apply. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements

Audit findings

SOU 30b is using the Sime Darby Plantation policy regarding the above requirement. The policy is displayed in the office.

Assessment on terms of employment showed similar terms of employment is given for the same category of work regardless of race, sex or origin. There is also no evidence that employees and workers are discriminated.
**Criterion 6.9**  
A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

**Indicator 6.9.1**  
A policy on sexual harassment and violence and records of implementation.  
Major compliance

**Indicator 6.9.2**  
A specific grievance mechanism is established.  
Major compliance

**Guidance:**  
There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.  

A committee specifically to address concerns of women may be required to comply with the criterion. This committee will consider matters such as; training on women’s rights, counselling for women affected by violence and child care facilities to be provided by the growers and millers. The activities of the committee should be documented.

**Audit findings**

A policy to prevent sexual harassment and violence has been established at Sime Darby Plantation Sdn. Bhd. level. As a subsidiary, SOU 30b is responsible for its execution.

However, during the assessment, the specific grievance mechanism for handling sexual harassment issues is yet to be established (NCR RM 05-major). Sime Darby Plantation Sdn. Bhd. with the consultation with Tenaganita are in the process of establishing the mechanism.

**Criterion 6.10**  
Growers and mills deal fairly and transparently with smallholders and other local businesses.

**Indicator 6.10.1**  
Pricing mechanisms for FFB and inputs/services shall be documented.  
Major compliance

**Indicator 6.10.2**  
Current and past prices paid for FFB shall be publicly available.  
Minor compliance

**Indicator 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

**Indicator 6.10.4**  
Agreed payments shall be made in a timely manner.  
Minor compliance

**Guidance:**  
Transactions with smallholders should consider issues such as the role of middlemen, transport and storage of FFB, quality and grading. The need to recycle the nutrients in FFB (under 4.2) should also be considered; where it is not practicable to recycle wastes to smallholders, compensation for the value of the nutrients exported might be made via the FFB price.

Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middlemen are involved.

The need for a fair and transparent pricing mechanism is particularly important for out growers, who are contractually obliged to sell all FFB to a particular mill.

If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.
Audit findings

SOU 30b has agreements with the smallholder FFB suppliers. The agreement has table on the rates of pay and both parties signed on it. Payment is made twice a month to the suppliers.

Interviews with the smallholders revealed that they have no complaint against SOU 30b.

Criterion 6.11
Growers and millers contribute to local sustainable development wherever appropriate.

Indicator 6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities.
Minor compliance

Guidance:
Contributions to local development should be based on the results of consultation with local communities. See also Criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation and should encourage communities to identify their own priorities and needs, including the different needs of men and women.

Where candidates for employment are of equal merit, preference should always be given to members of local communities in accordance to national policy. Positive discrimination should not be recognized as conflicting with Criterion 6.8.

Audit findings

SOU 30b has provided employment opportunities as part of their commitment towards contribution to local development. Apart from that, based on consultation with the local communities, local school needs and roads are maintained by SDPSB.

PRINCIPLE 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Criterion 8.1
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

Indicator 8.1.1 Minimize use of certain pesticides (C4.6)
Major compliance

Indicator 8.1.2 Environmental impacts (C5.1)
Major compliance

Indicator 8.1.3 Maximizing recycling and minimizing waste or by-products generation.
Major compliance

Specific Guidance
To work towards zero-waste (C5.3)

Indicator 8.1.4 Pollution prevention plans (5.6)
Major compliance
**Indicator 8.1.5**
Social impacts (C6.1)
Major compliance

**Indicator 8.1.6**
A mechanism to capture the performance and expenditure in social and environmental aspects.
Minor compliance

**Guidance**
Specific minimum performance thresholds for key indicators should be established. (See also Criterion 4.2, 4.3, 4.4, and 4.5).
Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information and throughout the workforce.

**Audit findings**

Generally, SOU 30b has established continuous improvement plans for all the indicators except for indicator 8.1.5 (refer to C6.1). Most of the plans are implemented through the internal integrated management system requirements. Among evidences seen were the commitments to minimize the use of certain pesticide by implementing IPM. Waste from by products for example empty fruit bunch (EFB) to palm oil mill effluent (POME) was converted into compost as part of the commitment to zero waste. Apart from that, allocations were seen provided to rectify or improve environmental and social condition.
B. DETAILS OF NON-COMFORMITY REPORT:

<table>
<thead>
<tr>
<th>Principle /Criterion/ Indicator</th>
<th>Non-conformances</th>
<th>NCR Major/Minor</th>
<th>Date of Non-Conformance Closure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Management documents are not publicly available.</td>
<td>Major</td>
<td>02/07/2008</td>
</tr>
<tr>
<td>2.1.1</td>
<td>Written approval for fuel burning equipment not available as described in Environmental Quality (Clean Air) Regulations 1978 and not complied with Factory and Machinery (Notification Certification Fitness Inspection) Regulations 1970 for Unfired Pressure Vessels at Mostyn Oil Mill water treatment plant.</td>
<td>Major</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Soil sampling was not carried out and soil nutrient status was not available.</td>
<td>Minor</td>
<td>16/06/2008</td>
</tr>
<tr>
<td>4.4.7</td>
<td>Water management plans which include identification of water sources (drainage, water catchment area (river and its tributaries) and monitoring of usage and potential of sources during emergency) are not available.</td>
<td>Minor</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>4.8.1</td>
<td>There is no training programme available for training related to RSPO requirements except for those related to safety programme. The established training needs identification need to be reviewed to ensure the appropriate level of training given to the required personnel.</td>
<td>Major</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>5.2.2</td>
<td>No management plan available for HCV habitats (including ERTs) and their conservation.</td>
<td>Major</td>
<td>16/06/2008</td>
</tr>
<tr>
<td>5.3.2</td>
<td>The operation for dump site need to be improved. Open dumping areas with uncontrolled leachate will pollute the surrounding land and waterways.</td>
<td>Minor</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>6.1.2 &amp; 6.1.3</td>
<td>As SDPSB has not produces the SIA report there is thus no evidence of the participation of affected parties. Neither is a time table for mitigating and monitoring negative impacts is established.</td>
<td>Minor</td>
<td>25/07/2008</td>
</tr>
<tr>
<td>6.5.2</td>
<td>Labour laws and CA are in the English language and not understood by workers.</td>
<td>Minor</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>6.6.2</td>
<td>There is no published statement in local languages recognizing freedom of association.</td>
<td>Minor</td>
<td>09/06/2008</td>
</tr>
<tr>
<td>6.9.2</td>
<td>No specific grievance mechanism for handling sexual harassment issues has been established.</td>
<td>Major</td>
<td>09/06/2008</td>
</tr>
</tbody>
</table>

C. RECOMMENDATION

Based on the evidence gathered it can be concluded that Sime Darby Plantation Sdn. Bhd. Mostyn Certification Unit (SOU 30b) has conformed to the requirements of the RSPO MYNI. All nonconformities including major nonconformities have been closed out through verification of corrective action records.

Therefore, the audit team has agreed to recommend Sime Darby Plantation Sdn. Bhd. (Mostyn certification Unit – SOU 30b) for certification against RSPO MYNI.