



PUBLIC SUMMARY REPORT

ANNUAL SURVEILLANCE ASSESSMENT (ASA1)

SIME DARBY PLANTATION Sdn Bhd

Management Unit SOU1

Kedah, Darulaman, Malaysia

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the first Annual Surveillance Assessment (ASA1) of Sime Darby Plantation Sdn Bhd Strategic Operating Unit SOU1 (SOU1) comprising Sungai Dingin Mill, supply base, support services and infrastructure. BSi concludes that SOU1 operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2010.

BSi recommends the continuation of the approval of SOU1 as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
CDA	Controlled Droplet Application
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
MAPA	Malayan Agricultural Producers Association
MPOA	Malaysian Plantation Owners Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
TQEM	Total Quality Environmental Management
TSS	Total Suspended Solids

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The SOU1 Mill and Estates are located in Kedah, Darulaman, Malaysia (Figure 1). Additional maps showing details of Anak Kulim, Bukit Selarong and Bukit Hijau Estates are included (Figures 2, 3 and 4). The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Sungai Dingin	100° 40'0 E	5° 24'0 N

1.2 Production Volume

The estimated tonnages reported for the Initial Certificate and the actual production since Certification are detailed in Table 2.

Table 2: Production Tonnages

Sungai Dingin Palm Oil Mill	Estimate at Initial Certification	Actual 12/08/10 – 11/08/11	Projected 12/08/11 – 11/08/12
CPO	67,492	72,556	76,181
PK	14,870	15,454	17,314

1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)
 BSi RSPO Certificate No: SPO 550179
 Initial Certification Assessment: 21 and 24 July 2009
 Date of Certification: 12/08/2010

1.4 Description of Supply Base

The supply base for SOU1 Mill is 7 SOU1 Estates, FFB that is diverted from adjacent Sime Darby Estates and an FFB Trader. The FFB production tonnages for the period of the Initial Certificate 12 August 2010 to 30 June 2011 and projected for the 2011/12 year are listed in Table 3.

For Bukit Selarong Estate, the increase of FFB tonnage from 38,938 to 84,865 is due to the inclusion of crop from all of the Estate. At Initial Certification the estimated tonnage included only the Main Division of the Estate and the remainder was processed at another Sime Darby Mill.

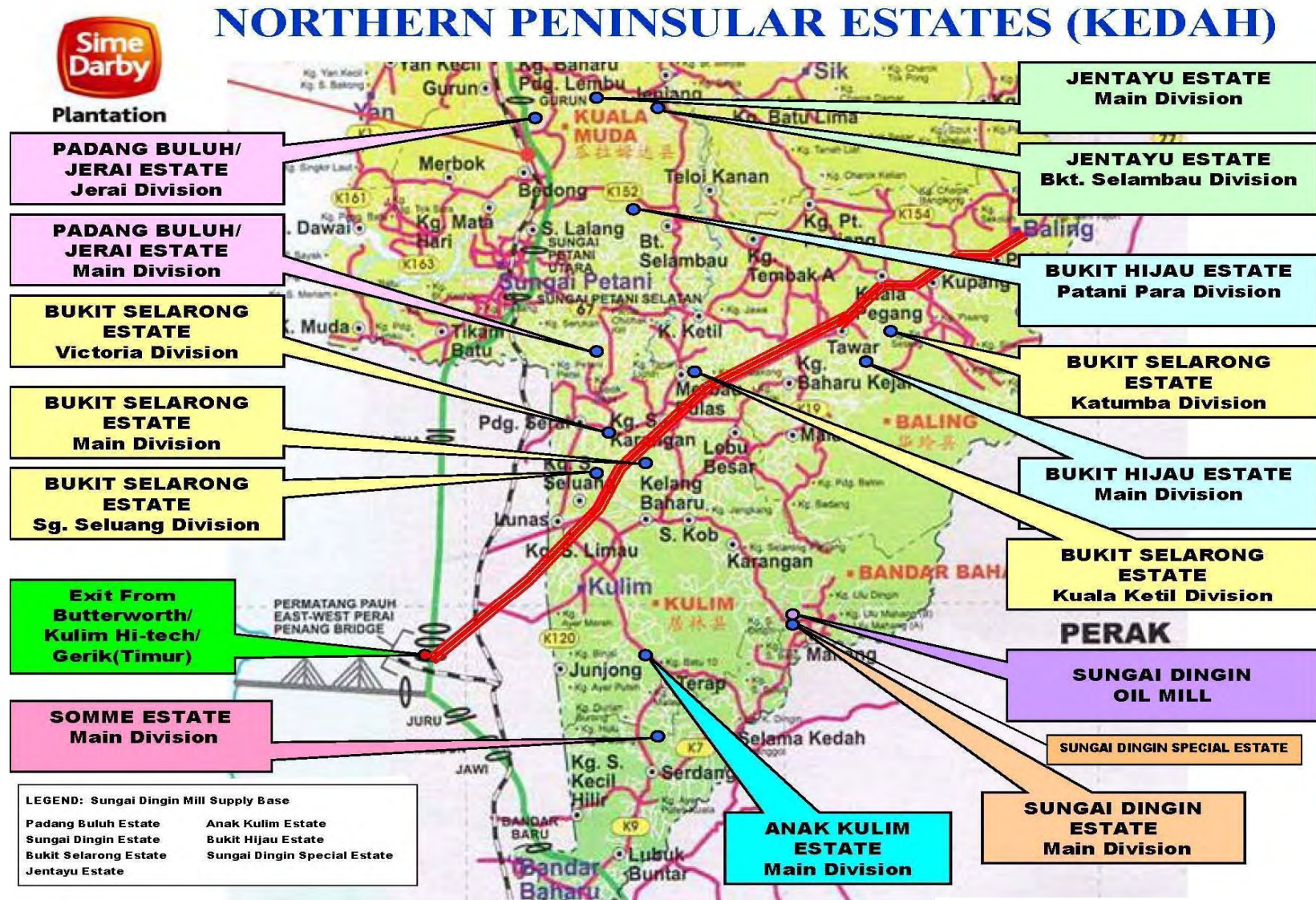


Figure 1: SOU1 Location Map

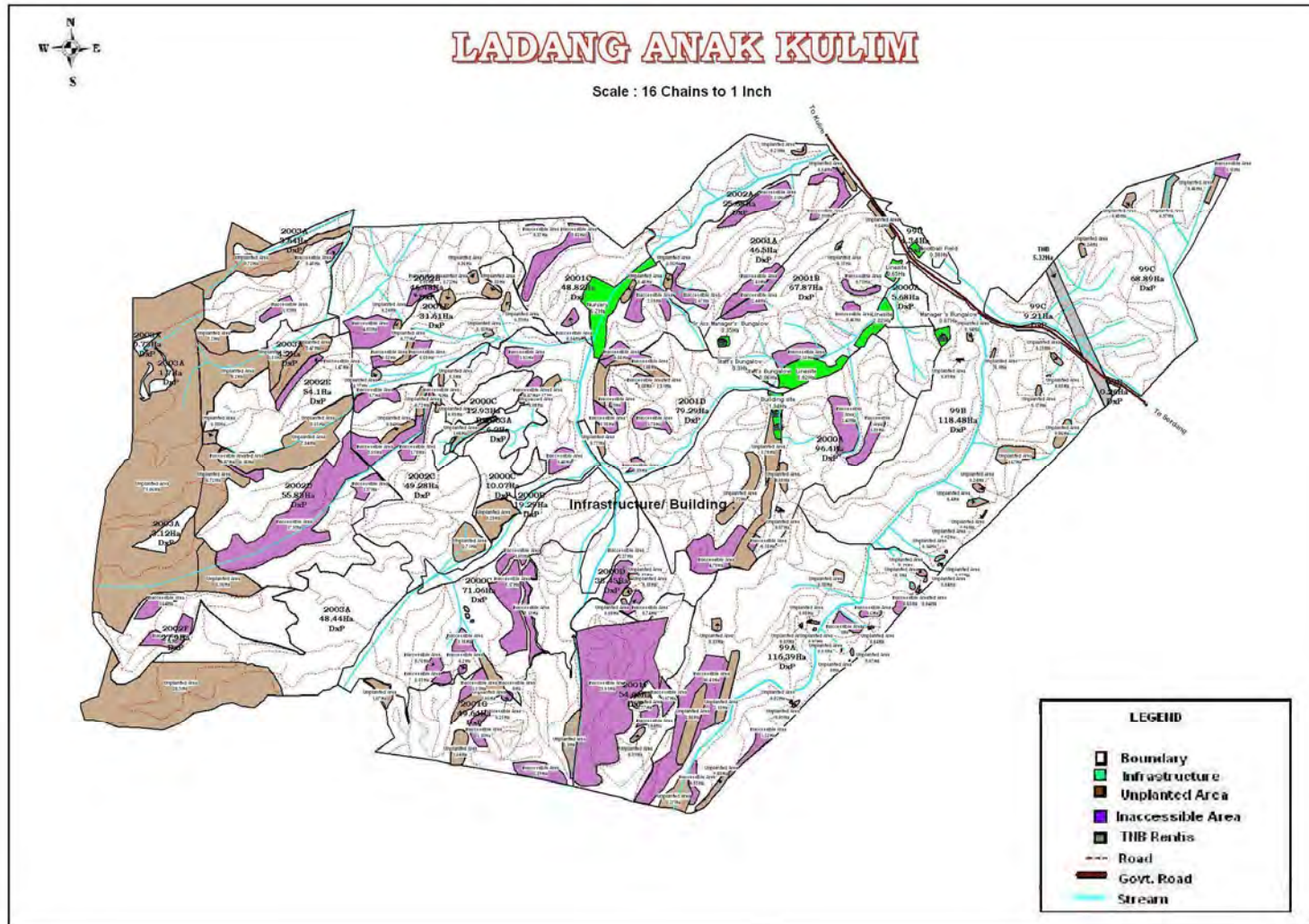


Figure 2: Anak Kulim Estate Layout

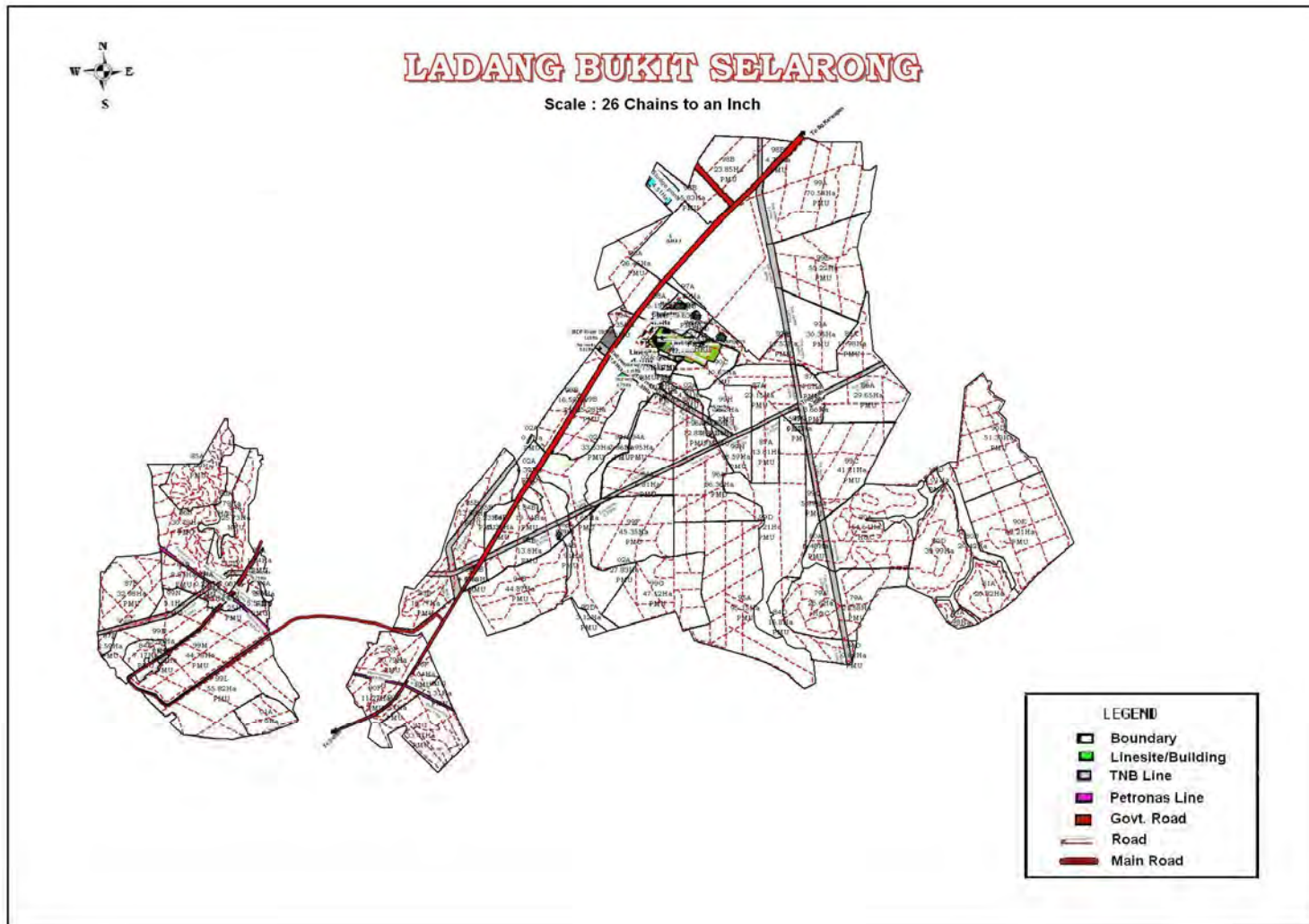


Figure 3: Bukit Selarong Estate Layout

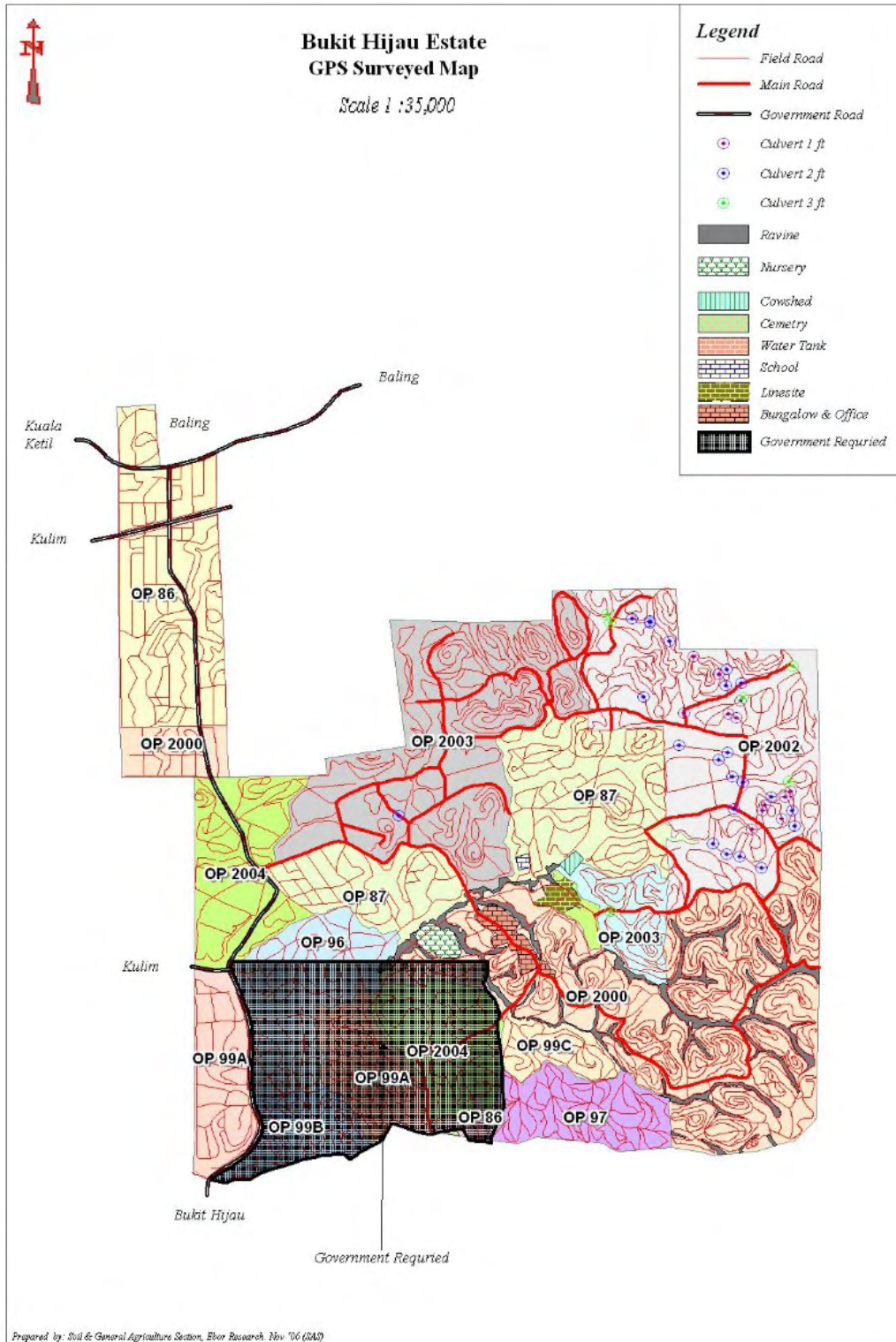


Figure 4: Bukit Hijau Estate Layout

Table 3: FFB Tonnages Processed

Source	Estimate at Initial Certification	Actual 12/08/10 – 11/08/11	Projected 12/08/11 – 11/08/12
SOU1 Estates			
Padang Buluh	72,461	70,558	75,890
Sungai Dingin	79,525	62,556	66,219
Bukit Selarong	38,938	84,865	84,248
Anak Kulim	20,191	19,755	20,563
Bukit Hijau	34,913	46,283	46,036
Jentayu	25,810	30,486	38,601
Somme	–	9,645	12,019
Sub-total	270,609	324,148	343,576
Adjacent Sime Darby Estates*			
SOU 2			
Holyrood	987	329	300
Sg Kerian	1,404	–	–
Somme	83	–	–
Tali Ayer	12	–	–
Kalumpang	246	–	–
SOU 3			
Kamuning	1,222	–	–
Sub-total	3,954	329	300
Outside Supplier*			
Tang Tatt Trading	0	7,445	2,400
OVERALL TOTAL	274,563	331,922	346,276

* Production from the Outside Supplier is not included in the Certificate

The company owned Estates were developed in the 1940s initially to rubber. Oil palms were first planted in the 1980s and are in the 2nd cycle. The age profile of the palms is shown in Table 4a.

Table 4a: Age Profile of SOU1 Palms

ESTATE	AGE (years)	% PLANTED AREA
Padang Buluh	21 +	10.2
	11 – 20	52.7
	4 – 10	31.2
	0 – 3	5.9
Sungai Dingin	21 +	43.0
	11 – 20	46.3
	4 – 10	0
	0 – 3	10.7
Bukit Selarong	21 +	4.5
	11 – 20	72.2
	4 – 10	7.9
	0 – 3	15.4
Anak Kulim	21 +	–
	11 – 20	42
	4 – 10	58
	0 – 3	–
Bukit Hijau	21 +	4.3
	11 – 20	65.7
	4 – 10	17.7
	0 – 3	12.3

Table 4a Cont'd: Age Profile of SOU1 Palms

ESTATE	AGE (years)	% PLANTED AREA
Jentayu	21 +	–
	11 – 20	45
	4 – 10	51
	0 – 3	4
Somme	21 +	10.6
	11 – 20	47
	4 – 10	–
	0 – 3	42.4

The areas planted are shown in Table 4b. The total plantable area at Padang Buluh Estate reported during the Initial Certification has reduced by 71 ha due to designation for "B" Roads. The total plantable area at Sungai Dingin Estate has reduced by 50 ha due to designation for "B" roads. The total plantable area at Bukit Selarong Estate has reduced by 504 ha due to designation for "A" and "B" Roads and transfer of Katumba Division to Bukit Hijau Estate. The total plantable area at Anak Kulim Estate has reduced by 26 ha due to designation for "A" and "B" Roads. The total plantable area at Bukit Hijau Estate has increased by 352 ha due to inclusion of Katumba Division (323 ha mature and 29 ha immature). The total plantable area at Jentayu Estate has reduced by 172 ha due to designation for "A" and "B" Roads. Somme Estate was not included in the SOU1 Supply Base at Initial Certification but now is included.

Table 4b: SOU1 Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)
Padang Buluh	3,256	207
Sungai Dingin	3,618	435
Bukit Selarong	3,530	384
Anak Kulim	1,209	–
Bukit Hijau	2,307	323
Jentayu	1,964	87
Somme	446	328
TOTAL	16,330	1,764

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated June 2011) is included as Appendix A. During 2010, Sime Darby initiated the realignment of three of the Management Units in Malaysia for strategic operating reasons. To date, the realignment of three Management Units (SOU9a, SOU30a and SOU30b) have been completed, reducing the total number of Management Units from 61 to 58.

Sime Darby has completed Initial Certification Assessments for all of the Management Units in Malaysia, and 11 of the 21 in Indonesia. Sime Darby has

scheduled the Initial Certification Assessments for the remaining 10 Management Units in Indonesia for mid-2011 and is on track to achieve the targets of the Time Bound Plan.

Sime Darby provided BSi with an update on progress with resolution of issues raised in 2008 at PT MAS in Indonesia. A follow-up meeting was held between top management of Sime Darby Plantation and representatives of Serikat Petani Kepala Sawit (Organisation for Representing Smallholders) during the RT8 Conference in Jakarta. Mr Paul Wolvekamp of Both ENDS mediated the meeting that was also attended by representatives of Sawit Watch and House of "Adat" from Sanggau. Inquiries by BSi indicated that significant progress has been made with regard to the issues raised earlier. No new issue was highlighted during the meeting.

BSi's continued involvement with 13 of the Sime Darby Management Units during the previous 12 months has not identified:

- (1) any unresolved significant land disputes;
- (2) any replacement of primary forest or loss of HCVs (Sime Darby did not carry out any new land development during 2010/11);
- (3) any labour disputes that are not being resolved through an agreed process;
- (4) any evidence of noncompliance with any law at any of the landholdings.

BSi considers that Sime Darby meets the RSPO requirements for Partial Certification.

1.6 Progress of Associated Smallholders/ Outgrowers towards RSPO Compliance

SOU1 does not purchase any crop from Smallholders, but it has purchased crop from an FFB Trader. SOU1 has not yet made any progress with the FFB Trader towards implementing the RSPO Principles and Criteria. The crop from the FFB Trader has not been included in the SOU1 Certificate.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU1
Ladang Bukit Selarong
09400 Padang Serai
Kedah Darulaman MALAYSIA
Contact Person: Mr Nazri AB Aziz
Manager Sg Dingin Estate
Deputy Chairman SOU1
Phone: + 6044035233
Fax: + 6044033135
Email: bsimgr@simedarby.com

2.0 ASSESSMENT PROCESS

2.1 Assessment Team Members

Charlie Ross – Lead Assessor RSPO
B.App.Sc. M.Sc (Env.Studies)
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability

Iman Nawireja – Assessor RSPO
B.Ag.Sc. M.Sc. (Comm)
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability

Robyn Ross – Social Assessor RSPO
Topics assessed: Legal, Social, Women and Families, Sustainability

Noryati Hambali – Facilitator (Women and Families)

A CV for Ms Hambali, a new team member, is included at Appendix B.

2.2 Assessment Programme

The ASA1 was carried out 30 June – 02 July 2011. The Assessment Programme is included as Appendix C.

The Programme included assessments of Sungai Dingin Palm Oil Mill, Anak Kulim, Bukit Selarong and Bukit Hijau Estates against the applicable RPSO indicators.

The Nonconformities that were assigned and the Observations that were identified during the Initial Certification Assessment were followed up to check the effectiveness of corrective actions. The ASA1 findings are detailed in Section 3.2 Page 15.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

This report is structured to provide a summary for each Principle, together with details for selected indicators. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

Mr Aryo Gustomo, BSi RSPO Scheme Manager, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

2.3 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on SOU1 environmental and social performance and any issues of concern that they may have. External stakeholders were interviewed at their premises where practical or they were invited to the Mill or the Estate. Internal stakeholders were interviewed in groups in the workplace or at their housing. Company

officers were not present at any of the meetings. A list of stakeholders contacted is included at Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During this ASA1, Nonconformities were assigned against Minor Compliance Indicators 4.3.2 and 5.5.3. Twelve (12) Observations/Opportunities for improvement were identified – Refer Section 3.2 Page 15 for details. SOU1 prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSI reviewed and accepted.

Review of the Nonconformities assigned during the Initial Certification Assessment to Minor Compliance Indicators 4.3.2 and 6.5.3 found that implementation of corrective actions has been maintained and the Nonconformities were closed. In addition, the eleven (11) observations that were identified during the Initial Certification Assessment had been actioned and the improvements were considered to be effective for addressing the issues – refer Section 3.3 Page 16 for details.

BSI recommends continuation of Certification for SOU1 as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU1 has kept up to date the policies, procedures and action plans for provision of information to the public when requested. In general, requests for information were limited to those made by the MPOB and Government Departments for surveys of company operations. The correspondence on file showed the Mill and Estates replied promptly to the requests that were made.

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

The Mill and Estates have maintained the system for receiving and responding to written communications, including requests for information. For example the Mill received a request from MPOB on 13 June 2011 to responded to a customer satisfaction survey. The Mill replied by the 17 June requested response date.

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

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Legal compliance was assessed by review of internal audit reports, DOSH visit reports, DOE visit report and

inspection of documents held at the Mill and Estates. The Mill was found in compliance with the licenses and requirements, such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. Inspection of a sample of boundary stones confirmed these were clearly marked. Interview of local community representatives did not identify any land tenure issues.

Criterion 2.1: There is compliance with all applicable local, national and ratified international laws and regulations.

The Mill displays the permits in the office and inspection showed the permits, such as the Mill Boiler (Licence #266896, expiry 12/03/2012) were current. The most recent DOSH visit to Sungai Dingin Mill was on 26 June 2011 and a list of minor items were identified for rectification. The DOSH Officer did not identify any legal noncompliance. The most recent DOE visit was 28 March 2011 for check of compliance and collection of effluent samples. DOE did not identify any corrective action items required to be carried out.

Mill effluent samples are tested monthly at Sime Darby Research Laboratory and review of the results (Figure 5) confirmed compliance with land application limit (5,000 mg/L BOD) for the previous twelve months.

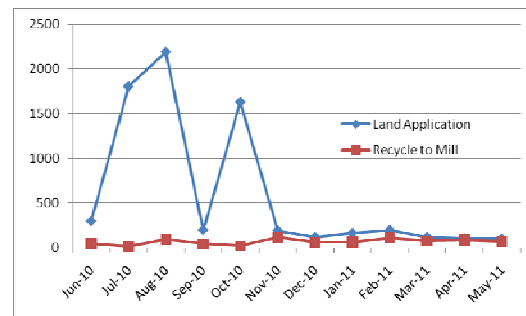


Figure 5: BOD of Treated Mill Effluent June 2010 – May 2011

Boiler emissions were tested by Environmental Science (M) Sdn Bhd on 07 January 2011 and were in compliance with regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. Smoke density meters were serviced and calibrated by LKS (M) Sdn Bhd on 08 June 2011 and one was found to be defective and was replaced with a new unit on 10 June 2011 (Order No 10187 refers). The Mill boiler smoke emission monitor is linked via the internet to the DOE for continuous monitoring.

The housing is supplied with treated water direct from the Government supply to individual houses. Water from the Government supply is tested twice annually – last tested 21 January 2009 and was within compliance with Drinking Water Standard described in the Twenty-fifth Schedule, Regulation 394(1), Food Regulations 1985. Bukit Selarong Main Division water supply for domestic use is drawn from a groundwater bore and testing on 04 April 2011 showed pH (6.35) slightly below and Total

Iron slightly in excess the Malaysian Drinking Water Quality Standard. The water has been re-sampled, but at the time of the site visit the laboratory test results were not available. The Estate has applied for connection to the Government Water Supply for housing and this is at the Tender Stage. **Observation 01** – At Bukit Hijau Estate the domestic water supply had been sampled in June but laboratory test results were not available at the time of the ASA1 site visit. The Estate is in the process of changing to Government water supply, which is expected to be implemented within the next two months – refer Section 3.2 Page 15.

Inspection of pay records confirmed compliance with the Employment Act in relation to pay rates and overtime. Sime Darby Head Office arranges the recruitment of foreign workers. Checks of a sample of records held at SOU1 confirmed work permits were held for foreign workers.

Bukit Selarong is implementing a programme that started in 2006 to replace the older housing and by the end of 2012 all of the houses will meet the government standard.

The Estates hold copies on file of FFB transport contractors' drivers licenses and truck registration and carry out periodic checks to ensure compliance.

The Mill holds copies of Engineers and Operators Certificates, such as for the Engineer – First Class Certificate No 036/2003 issued 16 June 2003. The Mill Advisor visited the mill 07-09 March 2011 and did not identify any legal noncompliance.

Sime Darby TQEM Standards and Compliance Unit provide legal updates on all applicable legislation throughout Sime Darby. In addition, MAPA, MPOA, AMESU, NUPW and Sime Darby Regional Office provide legal updates on changes to labour laws and worker pay and conditions. The most recent MAPA Circular was dated October 2010 relating to Harvesters pay & conditions.

Criterion 2.2: The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

All of SOU1 land is on freehold title and at the time of the ASA1 there were no known land disputes. **Observation 02** – At Anak Kulim and Bukit Hijau Estates two of the Land Titles are in the process of changing the land use from rubber to oil palm – refer Section 3.2 Page 15.

Inspection of a sample of boundary stones at Bukit Selarong Block 2011B where replanting is being carried out confirmed the markers consisting of a steel pipe painted red and white were clearly visible and consistent with the map. **Observation 03** – A number of missing boundary stones at Anak Kulim and Bukit Hijau Estates are in the process of being resurveyed for reinstatement – refer Section 3.2 Page 16.

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.

All of the Estates operations are on Freehold land. SOU1 does not restrict access through the Estates except for trucks transporting FFB, which are required to obtain permission. The estates are dissected by public roads that provide unrestricted access.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

The SOU1 has achieved increasing FFB yields at the Estates from 2006/07 through to 2009/10, although these declined during 2010/11 due to low rainfall. The Mill OER has declined over the past 5 years, but is slightly below 22% which is relatively good for Peninsular Malaysia. SOU1 is making progress with replacing the older housing, which demonstrates the company's 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.

The Mill and Estates report the production monthly against performance targets that are take into account the production volume and product quality. The Mill throughput was adversely affected in October 2010 due to failure of the steam turbine, which resulted in full shut down for 2 weeks. The annual average OER (Figure 6) had declined from 22.06% in 2007 to 21.0 in 2009, but has improved to 21.85% in the current year due to improved FFB quality delivered from the estates.

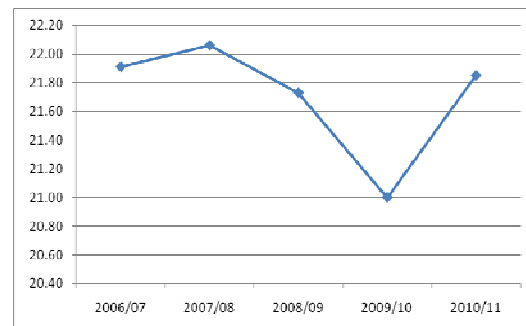


Figure 6: Average Annual OER 2006-2011

The Estates have a replanting programme that started in 2009 and is current for 5 years, which is reviewed annually. Bukit Selarong Estate is scheduled to replant 169 ha in 2011/12. FFB annual yields have been increasing over the past 5 years and peaked in 2009/10 at 29.43 for Bukit Selarong, but has declined sharply to 23.72 t/ha/yr in 2010/11 (Figure 7). The explanation for the fall in yield was due to adverse weather (very low rain in December 2010 and again in May 2011) and declining yields of the palms that are now 21 years old.

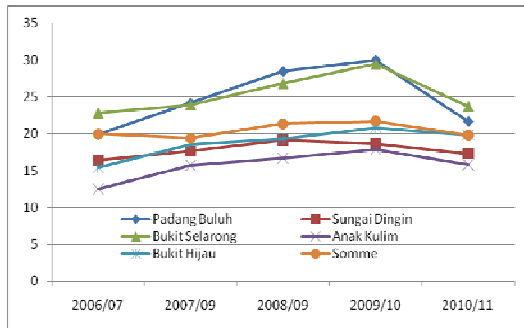


Figure 7: Average Annual FFB Yield 2006-2011

PRINCIPLE 4: Use of Appropriate Best Practices by Growers and Millers

SOU1 has implemented the business management system and best practices of the parent company Sime Darby, that are subject to regular audits by the Mill Advisor, Plantation Advisor and Agronomist. Inspection of reports confirmed the best practices are being implemented to achieve performance targets.

The Estates have implemented field practices for prevention of soil erosion and SOU1 is in the process of reinstating the riparian buffer zones for protection of water quality. The Mill has achieved reduction in water usage since the installation of a new boiler and has plans for further reductions of usage.

The Estates are continuing to establish beneficial plants and to use other techniques to reduce the reliance on chemicals for treatment. SOU1 gives high priority to safe work practices and inspection of pesticide stores and observation of spraying confirmed the operators were working safely and using the correct PPE. Inspection of pesticide stores showed the pesticides were stored correctly and the wastes disposed in accordance with regulations.

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

The Mill Advisor visits the Mill approximately six-monthly and monitors the implementation of the SOPs and work practices, and the most recent visit was 07-09 March 2011. The Mill Advisor raised issues in relation to the declining OER and the water usage exceedance of the target value.

The Plantation Advisor visited the Bukit Selarong Estate between 22 and 25 February 2011 and provided assessment of implementation of the SOPs and Sime Darby standards. An important focus of the most recent visit was the palm seedling nursery and the land preparation for replanting. The Estate Manager has responded to the issues raised by the Plantation Advisor and is implementing corrective actions.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.

The Sime Darby Agronomist carried out the annual visual inspection of the palms and leaf sampling to monitor palm nutrient status between 16 and 17 December 2010 prepared the annual fertiliser recommendation report.

The Estates apply EFB to the immature palms at a rate of 35 t/ha and records were held on file.

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

At Bukit Selarong, the dominant soil type is Munchong Series and the topography is mainly (69% of the area) flat, 18% is undulating and 13% is hilly. The Estates minimise the occurrence of bare soil by restricting the use of herbicides to the spraying of palm circles and for selective weeding. Inspection indicated relatively uniform groundcovers of vegetation consisting of leguminous cover crop in the immature and young palms and soft grasses in the older palms. However inspection of Bukit Selarong Estate found overspraying had occurred at some locations. **CR03: A Nonconformity was assigned to Minor Compliance Indicator 4.3.2 because field inspection found overspraying had occurred at Bukit Selarong and observation of workers using CDA spray equipment showed that the spray technique was incorrect – Refer Section 3.2 Page 15.**

Bukit Selarong has a readily available source of laterite for re-surfacing roads and inspection confirmed roads were well maintained with a durable laterite surface.

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater

During the original development for rubber, the land was cleared and planted to the edge of streams. At Bukit Selarong, the small streams such as Sg Selarong are <3 metres wide and the buffer zone is being reinstated during replanting. **Observation 04 – At Bukit Selarong and Anak Kulim Estates, the riparian buffer zones for reinstatement during replanting have not been demarcated clearly at small streams and drains – refer Section 3.2 Page 16.**

Water sampling of the streams draining the Estates showed outgoing water quality Class 1 water quality in relation to pH, BOD, TSS, Ammonia and Phosphorous.

The Estates measure daily rainfall and records have been maintained for more than thirty years. Rainfall information is used for crop forecasting and timing of fertiliser applications. For example the long term average annual rainfall at Bukit Selarong is 2,219 mm, but has varied between 1,430 mm and 3,586 mm over the past 10 years.

Since commissioning the new boiler in August 2009, the water usage (Figure 8) has reduced from 1.52 t/t FFB to 1.42 for the current year. However this usage is above the target of 1.35 t/t FFB, and is partly explained by operation of the steam turbine outside of processing hours in order to save diesel fuel. The Mill has continued to operate a water treatment plant to process approximately 20% of the POME to reduce the BOD to less than 200 mg/L. The treated effluent is recycled for

use in the kernel hydrocyclone wet kernel separation and for cleaning the mill floor.

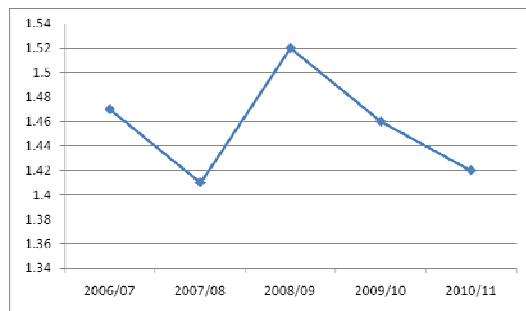


Figure 8: Annual Mill Water Usage 2006-2011

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

The main palm pests are Bagworm in the mature palms and Rhinoceros Beetle in immature palms. There was a minor outbreak of Bagworm at Victoria Division along roadsides and treatment by trunk injection of pesticide was effective. Chemical treatment has been necessary to control Rhinoceros Beetle in young palms.

The rat damage of FFB has remained low throughout 2010/11 and it has not been necessary to use chemical baits. Barn Owls have been introduced to the Estate but census shows the occupancy of nesting boxes remains low. Beneficial plants (*Turnera subulata*, *Cassia cobanensis* and *Antigonon leptopus*) are still being established along the Estate roadsides, but at Bukit Selarong, the target has not yet been achieved.

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.

The Estates use the Sime Darby Agricultural Reference Manual for guidance on the selection of the type and quantity of chemical to apply. **Observation 05** – There was no Work Instruction at Bukit Selarong Estate pesticide mixing area to show the quantity to be measured for preparing 20 Litres of pre-mix for each spray application – refer Section 3.2 Page 16.

Observation 06 – At Bukit Selarong Estate the accuracy of measuring liquid pesticide concentrate for preparation of pre-mix could be improved by replacing the plastic jugs with plastic laboratory grade measuring cylinders – refer Section 3.2 Page 16.

Inspection confirmed the Pesticides Stores meet regulatory requirements with respect to spill containment, security, ventilation, separation and

labeling of chemicals. **Observation 07** – At Bukit Hijau the Scheduled Waste Store for empty pesticide containers has been developed at the old rubber smoke house but the roof leaks badly, which may leach pesticides from the stored containers – refer Section 3.2 Page 16.

Inspection of the chemical store and chemical mixing area showed chemical labels are in Bahasa Malaysia. **Observation 08** – At Bukit Hijau Estate one of the MSDS was not available and another was available in English only, which is not likely to be understood by the workers – refer Section 3.2 Page 16.

CHRA medical surveillance has been carried out by a DOSH registered doctor, for example, 27-28 June 2011 for 66 Bukit Selarong Estate pesticide Operators and Mandores. The medical reports findings concluded all pesticide operators were fit for duty. Interview of female pesticide operators confirmed that if they wished to continue working when pregnant they were transferred to other duties and were not permitted to return to work as pesticide operators until they had ceased breastfeeding.

At Victoria Division, Methamidophos was used for treatment of Bagworm infestation but only on the basis of pest census information and a permit from Agriculture Department.

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

- (a) Inspections of workplaces at the Mill, Anak Kulim, Bukit Selarong and Bukit Hijau Estates, interviews of workers, observation of tasks and review of audit reports, indicated safety is a priority and the OSH Policy is being implemented.
- (b) The Mill and Estates have reviewed and updated the Risk assessments (HIRAC) for the field tasks at the Estates as well as the maintenance workshop and each mill work station from Reception through to Product Despatch. The HIRAC was reviewed at the Mill on 01 February 2011 and amended in relation to risks associated with steam lines.
- (c) The Mill and Estates have revised the annual OSH training programme for 2011/12. In relation to the use of pesticides, the Training Programme includes a schedule for PPE, spraying methods, spray equipment maintenance and triple rinsing and safe disposal of used containers.
 - i. Inspection of training records showed that pesticide operators have received training in the safe use of pesticides. Bukit Selarong Main Division carried out training for 11 sprayers on 06 January 2011 conducted My Crop, by a pesticide supplier.
 - ii. Inspection of spraying operations in the field showed that pesticide operators were aware of the precautions associated with each of the products being used and that they were working safely.
- (d) Appropriate PPE is supplied to field workers and staff. Pesticide operators are supplied with boots, apron, gloves, respirator, helmet and safety spectacles. The Mill supplies all workers with safety

- shoes, helmet, safety vest and hearing protection plus other relevant PPE specific to workstations.
- (e) The Senior Assistant Managers are responsible for safety coordination at the Mill and the Estates.
 - (f) The Mill holds Safety Committee Meetings two-monthly, while the Estates are held quarterly with the most recent for the Mill on 16 June 2011 attended by 21 persons. Safety committee Meeting minutes showed Bukit Selarong Estate held a meeting on 23 June 2011, attended by 17 persons, including Mandores and two contractors.
 - (g) The Mill updated and revised the ERP on 01 July 2010 with changes to the emergency contacts list. All Visitors to the Mill and Estates are required to undergo a safety briefing that includes emergency response procedure. Inspections of work places confirmed emergency exits and assembly areas were clearly marked. The Mill carried out a fire drill on 15 March 2011 to test the response time for full evacuation and the Safety Coordinator prepared a report that showed improvement that almost halved the evacuation time.
 - (h) First aid training was conducted at was carried out for the Mill and Estates in March 2011.
 - (i) Inspection of a sample of Mill first-aid equipment and kits showed these had recently been restocked.

The Mill recorded 2 lost time accidents in 2010-11 with a total of 90 lost days. The large number of lost days recorded at the Mill was due to a serious accident involving a broken ankle. The Mill has maintained Permit to Work system and a Lock-Out-Tag-Out system in order to reduce the frequency of accidents. The Permit to Work applies to all work associated with confined spaces, electrical, mechanical valves, conveyors, height > 2m and "hot" work. Permits are issued daily for all new work as well as for on-going work. The Lock-Out-Tag-Out system applies to all electrical, confined spaces and mechanical valve work.

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

SOU1 prepared a revised annual training plan for the Mill and Estates that included in-house training as well as courses run by external trainers. Records are maintained of the training carried out for each individual.

PRINCIPLE 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity

The Estates have continued to protect the HCVs such as those present in bordering Forest Reserves and awareness of the workforce is an important part of this. Progress continued to be made with the reinstatement of buffer zones during replanting.

Wastes generally were well controlled and palm by-products were consistently recycled to the field, however there was evidence of fire being used for waste disposal at some houses. The Mill and Estates

demonstrated effective control of scheduled waste in accordance with regulatory requirements.

Energy conservation is an important priority and energy use remained static during the past 5 years.

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.

The Mill reviewed the environmental aspects and impacts register (03 July 2010) and updated the Environmental Management Plan. The installation of an additional steriliser condensate oil recovery tank noted in the Initial Certification Assessment Report, was completed in September 2009. Improvements in 2009/10 focused on management of the land application system. The Mill has identified in the 2011/12 capex budget the construction of a roof over the decanter cake storage area and controls for dust from the boiler ash hopper. Inspection of facilities at Bukit Selarong confirmed that it had completed the Improvement Plan of upgrading spill containment for controlling point source pollutants and systems for collecting rainwater. The Estate's improvements over the coming year will focus on demarcation and reinstatement of riparian buffer zones along small streams; improvement of groundcover vegetation and expansion of beneficial plants and barn owl boxes.

Criterion 5.2: The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.

At Bukit Selarong, all of the arable land within the Estate was cleared for agriculture during the early years of development. HCV is limited to the areas of reinstatement of riparian buffer zones.

Anak Kulim Estate adjoins the Gunung Bongsu Forest Reserve along a length of approximately 1km. This forest consists of secondary re-growth and planted species of Pine *Pinus insularis*.

The Estates have maintained signs at the main entrance roads prohibiting hunting, fishing and gathering. In addition, awareness has been conducted for staff and workers on the protection of fauna and flora. Interviews of workers confirmed understanding of the rules prohibiting hunting and fishing.

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

The Mill and Estates have implemented the Waste Management Plan that lists each type of waste generated, the storage and disposal method and the person responsible for management. Palm by-products are the largest quantity of waste generated and these

are recycled to the field where practical. Fibre and nut shell are used as fuel in the mill boiler and EFB is recycled to the field as mulch.

Inspection of the mill confirmed that appropriate bunkers had been constructed for temporary storage of solid wastes such as EFB, fibre and boiler ash. The Mill had installed drain covers to prevent spilled solids such as boiler ash from entering the monsoon drain system.

Observation 09 – *The sediment removed from the Mill monsoon drain should be disposed with the decanter cake to the Estate as an interim measure and to the Compost Plant when it is operational – refer Section 3.2 Page 16.*

Observation 10 – *At Bukit Selarong Estate Main Division, a trench needs to be dug to divert rainfall runoff from entering the landfill trench – refer Section 3.2 Page 16.*

The Mill and Estates have maintained the scheduled waste stores in good condition, with labeling of all stored materials, such as spent lubricating oils and used chemical containers. Records were available of the monthly inventory for each scheduled waste store. The Mill and Estates held copies of manifests for collection and disposal of scheduled wastes, for example, Kualiti Alam Sdn Bhd Serial #020222-k02 for Spent Hexane dated 27 June 2011. Bukit Selarong Estate engaged G-Planter to collect and disposal of empty pesticide containers and the most recent consignment was on 30 June 2011.

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

The Mill and Estates monitor and report diesel fuel usage monthly to Top Management. Trend information showed diesel fuel usage decreased in 2009/10 following commissioning of the new boiler (Figure 9). Diesel usage increased in 2010/11 because of failure of the steam turbine. The Mill has installed a smaller turbine from another Sime Darby Mill until a new turbine is installed, but presently a diesel genset has to be coupled with the small turbine to meet the Mill processing demand. The electricity supply for housing at the Estates is obtained from the Government network.

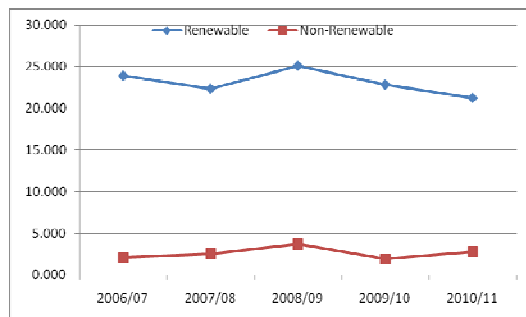


Figure 9: Renewable and Non-renewable Energy Usage (kWh/t FFB) 2006 - 2011

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in

specific situation, as identified in the ASEAN guidelines or other regional best practice.

Inspection of a replanted area at Bukit Selarong Estate (Block 2011B) confirmed the previous crop had been chipped and placed at the palm inter-row for mulch. However areas inspected at the Mill, Estates and housing found evidence of fire being used for domestic waste disposal at some locations. **CR04:** *A Nonconformity was assigned to Minor Compliance Indicator 5.5.3 because evidence of fire being used for domestic waste disposal was found at Anak Kulim and Bukit Hijau Estates housing – refer Section 3.2 Page 15.*

Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

Sime Darby has continued the evaluation of the performance of biogas collection from mill effluent treatment at West Oil Mill on Carey Island and cogeneration of electricity. Depending upon the results of the evaluation, Sime Darby will consider implementation of biogas recovery at Sungai Dingin Mill for emission reduction.

The Mill has budgeted for construction of a cover for the boiler ash bunker for dust control and a roof over the decanter cake hopper to exclude rainfall runoff.

The Estates pollution reduction plans are centered around improved water management and prevention of soil erosion. At the replanting areas, terraces are constructed with a back-slope and a stop bund every 20 metres for collection of rainfall runoff and improvement of water infiltration. Riparian buffer strips are being reinstated progressively along drains and the small streams that originate within the Estates. At mature palms, efforts will continue to focus on improving groundcover vegetation and stacking of palm fronds to prevent soil erosion.

PRINCIPLE 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers

The Mill and Estates updated the social action plans and on the basis of information obtained from employees and local communities. The company maintained dialogue with local community representatives, who did not identify any significant issue.

Progress was made on the construction of new housing to replace the original timber dwellings. Improvements also are being made to facilities and a budget has been approved for the construction of a new Surau and Shop at the Mill housing area.

Interviews of workers confirmed they are allowed to join a union and there was no discrimination in relation to ethnicity or other factor. The Gender committee continued to operate and female representatives are comfortable with the process for addressing issues.

Contractors and suppliers have a good relationship with the company and some of them have worked with SOU1

for well over 10 years. The company gives assistance to local communities on request and has maintained a good relationship with them.

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.

The Social action Plan had been reviewed on 20 December 2010 with input from internal and external stakeholders. The company continued to manage improvements to housing and situations such as the fencing of the housing compound to exclude cattle.

Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

The List of Stakeholders has been kept up to date and included contact details for all of the key stakeholders.

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.

The Mill and Estates follow the corporate communication procedure. Inspection confirmed that records of correspondence with stakeholders were maintained.

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.

Review of records and interview of stakeholders indicated there was no customary land and no disputes.

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.

Pay and conditions are consistent with the current MAPA/AMESU Agreement and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement. Copies of the Agreements were available on site.

Interview of female staff and workers confirmed their awareness of Policies and entitlements, such as annual leave, sick leave and maternity leave. Staff and workers had signed a "Letter of Appointment" and understood Terms and Conditions and pay slips. **Observation 11** – Some of the Bukit Hijau Estate workers interviewed did not understand their pay slips, which are in English. The Estate has explained the payslips previously to foreign workers and have documented this process, but still

there is lack of understanding (likely to be related to level of literacy of worker) – refer Section 3.2 Page 16.

Progress was made on the construction of new housing to replace the original timber dwellings. Improvements also are being made to facilities and a budget has been approved for the construction of a new Surau and Shop at the Mill housing area. **Observation 12** – The Mill has approved funding 2010/11 for construction of a Surau and Shop but these are still under tender. Funding also approved for road sealing at the housing but has not yet been carried out. Funding has been approved 2010/11 for construction of 4 housing units for Mill Assistant Engineers but to date only 3 have been constructed. The funding will be carried over into the new financial year and construction will be carried out – refer Section 3.2 Page 16.

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.

All workers are allowed to join a union. The NUPW Kedah Branch also confirmed that a meeting was held on site on 06 April 2011 and that workers were allowed to join the Workers Union.

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.

At the time of hire the Mill and Estates check the age of applicants from ID Card for local hires and Passports of foreign workers. During the site inspections, children and underage workers were not observed at any workplace.

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.

Inspection of pay records and interviews of Staff and Workers at the Mill and Estates did not identify any issues related to discrimination.

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.

A statement to prevent sexual harassment and violence is documented in the Sime Darby Social Policy approved by Top Management April 2008. Interview of female Staff and Workers confirmed their knowledge of the Policy and as advised there were no outstanding issues.

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

SOU1 has long-term relationships with contractors, some who have worked with the company for between 10 and 20 years. Interviews of contractors and suppliers confirmed there were no issues relating to contracts or payment of invoices.

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

SOU1 has continued to make contributions to local communities that are considered appropriate for the situation. These include donations to schools for sports days and to places of worship for maintenance of buildings.

PRINCIPLE 7: Responsible Development of New Plantings

SOU1 has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

PRINCIPLE 8: Commitment to Continuous Improvement in Key Areas of Activity

SOU1 has continued to make improvements to the growing and milling of palm oil and these include FFB Yield, integrated pest management, reduction of pesticides use, water use and energy. The separation and recycling of wastes is being carried out and the construction of new houses to replace the old is happening.

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.

SOU1 has continued to expand the use of IPM techniques to reduce chemicals usage. World Health Organisation Type 1A and Type 1B chemicals have been used at Bukit Selarong Victoria Division for treatment of Bagworm infestation, but was been made only on the basis of pest census information and a permit from Agriculture Department. Paraquat usage ceased at SOU1 in June 2007 and has not been used since.

The Mill and Estates are continuing to make gains in environmental improvements, with the Mill focus on reducing water usage, which in turn will minimise the quantity of effluent requiring treatment and disposal. The Estates also have a focus on water management at replanting areas and within mature palms to reduce rainfall runoff and soil erosion.

The Mill and Estates now have several years experience in the segregation and recycling of schedule wastes to licensed contractors and the systems are well controlled.

SOU1 has reviewed and updated the social action plan that is based on input from internal and external stakeholders. Important improvements for workers are the construction of new houses as well as the refurbishment of existing dwellings.

3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA1)

Nonconformities were assigned to Minor Compliance Indicators 4.3.2 and 5.5.3. Twelve (12) Observations/Opportunities for Improvement were identified.

SOU1 has prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi has reviewed and accepted.

SOU1 has made a commitment to implement corrective action for addressing the Minor Nonconformities immediately following the ASA1. The effectiveness of corrective action will be checked at the next Surveillance Assessment that will be scheduled within twelve months of RSPO approval of continuation of Certification.

CR03: 4.3.2 Avoid or minimise bare or exposed soils within estates

A Nonconformity was issued against this Minor Compliance Indicator because field inspection found overspraying had occurred at Bukit Selarong Estate and observation of workers using CDA sprayers showed that the spray technique was incorrect.

Corrective Action:

The Estate will conduct retraining and awareness of sprayers in the correct technique for CDA spraying.

Progress toward resolution of the issues will be followed up by BSi Assessors at the next Surveillance Assessment.

CR04: 5.5.3 No evidence of burning waste (including domestic waste)

A Nonconformity was issued against this Minor Compliance Indicator because evidence of fire being used for domestic waste disposal was found at Anak Kulim and Bukit Hijau Estates.

Corrective Action:

- Estates to conduct additional awareness on zero burning policy.

- Also to be included in Hospital Assistants "Check list"

Progress toward resolution of the issues will be followed up by BSi Assessors at the next Surveillance Assessment.

Observations/Opportunities for Improvement (ASA1)

OBS01 (2.1.1) At Bukit Hijau Estate the domestic water supply had been sampled in June but laboratory test results were not available at the time of the ASA1 site visit. The Estate is in the process of changing to Government water supply, which is expected to be implemented within the next two months.

OBS02 (2.2.2) At Anak Kulim and Bukit Hijau Estates two of the Land Titles land use had not yet been changed from rubber to oil palm but it was stated to be in process.

OBS03 (2.2.3) A number of missing boundary stones at Anak Kulim and Bukit Hijau Estates are in the process of being resurveyed for reinstatement.

OBS04 (4.4.1) At Bukit Selarong and Anak Kulim Estates, the riparian buffer zones for reinstatement during replanting have not been demarcated clearly at small streams and drains.

OBS05 (4.6.1) There was no Work Instruction at Bukit Selarong Estate pesticide mixing area to show the quantity to be measured for preparing 20 Litres of pre-mix for each spray application.

OBS06 (4.6.1) At Bukit Selarong Estate the accuracy of measuring liquid pesticide concentrate for preparation of pre-mix could be improved by replacing the plastic jugs with plastic laboratory grade measuring cylinders.

OBS07 (4.6.3) At Bukit Hijau the Scheduled Waste Store for empty pesticide containers has been developed at the old rubber smoke house but the roof leaks badly, which may leach pesticides from the stored containers.

OBS08 (4.6.4) At Bukit Hijau Estate one of the MSDSs was not available and another was available in English only, which is not likely to be understood by the workers.

OBS09 (5.3.2) The sediment removed from the Mill monsoon drain should be disposed with the decanter cake to the Estate as an interim measure and to the Compost Plant when it is operational.

OBS10 (5.3.2) At Bukit Selarong Estate Main Division, a trench needs to be dug to divert rainfall runoff from entering the landfill trench.

OBS11 (6.5.2) Some of the Bukit Hijau Estate workers interviewed did not understand their pay slips, which are in English. The Estate has explained the payslips previously to foreign workers and have documented this process, but still there is lack of understanding (likely to be related to level of literacy of worker).

OBS12 (6.5.3) The Mill has approved funding 2010/11 for construction of a Surau and Shop but these are still under tender. Funding also approved for road sealing at the housing but has not yet been carried out. Funding has been approved 2010/11 for construction of 4 housing units for Mill Assistant Engineers but to date only 3 have been constructed. *The funding for construction will be carried over into the new financial year.*

Noteworthy Positive Components

- Continuous improvement of RSPO implementation.
- FFB Yields are increasing.

- Mill OER has remained relatively high.
- Progress made on the construction of new housing to replace the original timber dwellings.

3.3 Status of Nonconformities (Major and Minor) Previously Identified (during Initial Certification Assessment)

CR01: 4.3.2 Avoid or minimise bare or exposed soils within estates

A Nonconformity was assigned as field inspection showed that there is some overspraying with CDA sprayers as the technique differed from the work instruction. This resulted in enlarged palm circles, and reduction of groundcover vegetation.

ASA1 Findings: Follow up at Sg Dingin Estate found regrowth of soft grasses and well defined palm circles at the “oversprayed” areas identified during the Certification Assessment.

The Nonconformity was closed 02/07/2011

CR02: 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).

A Nonconformity was assigned as inspection of a sample of houses at Sg Dingin Estate and interview of residents indicated that requests for repairs at the houses yet to be refurbished are not being carried out.

ASA1 Findings: Inspection of the housing and discussion with residents confirmed that requested repairs are being carried out in a timely manner.

The Nonconformity was closed 02/07/2011

Observations/Opportunities for Improvement (Identified during Initial Certification Assessment)

01 (2.1.1) DOE has requested ambient air quality and boundary noise levels be tested following completion of upgrading of the Mill capacity.

ASA1 Findings: *The Mill engaged Procoma Environmental (M) Sdn Bhd to conduct noise monitoring, which was reported 02 March 2010. The survey found the noise measured at the Mill Boundary exceeded the daytime limit of 65 dB (A) at 3 of the 18 sampling locations; and exceeded the night time limit of 55 dB (A), except at 3 locations. The report concluded the Mill is located within an oil palm Estate and the palms provide a buffer zone for noise attenuation between the mill and the nearest residential area of 500 m distance. Ambient air quality testing carried out by Environmental Science (M) Sdn Bhd on 7-8 January 2011 found the 24-hours average total suspended particulate was 22 ug/m³,*

which was well within the Malaysian Recommended Air Quality Guidelines limit of 260 ug/m³.

02 (4.3.1) The terraces that were constructed for the 2000 replanting at Sg Dingin Main Division did not have a back-slope for water storage and control of rainfall runoff. Small erosion gullies have formed at points of runoff concentration on the outer faces of several of the terraces inspected. Improvement of control measures, such as greater attention to selective placement of pruned fronds, is required to prevent erosion.

ASAI Findings: Field inspection showed that frond stacking had improved and that *Nephrolepis* spp had begun to grow on the inter-row.

03 (4.4.1) At selected locations along stream banks such as Sg Jerong, where presently only grasses and shrubs are growing, there is an opportunity to commence the reinstatement of the buffer zone by planting of native tree species.

ASAI Findings: The Estate has started planting bamboo, following earlier attempts to grow native species.

04 (4.6.5) Sungai Dingin has scheduled the remaining 15 pesticide operators to have CHRA health checks during August 2009.

ASAI Findings: The most recent CHRA medical examination was carried out November 2010 for all pesticide handlers.

05 (5.2.2) Protection of the Forest Reserves could be strengthened by a closer relationship with Forestry Department, removing former logging roads that provide access into the Forest Reserves and implementing regular patrols and reporting on any illegal activities.

ASAI Findings: An Executive of Sime Darby Sustainable Plantation Department met with the Forestry Department Ranger and discussed establishment of a closer working relationship and measures for protecting the Forest Reserve bordering the Estate.

06 (5.2.3) Specialist input should be sought from Department of Forestry on conducting awareness for staff, workers and local communities on protecting the forest reserves and avoiding human-wildlife conflict.

ASAI Findings: The Forestry Department does not conduct training and awareness. Sungai Dingin Estate has carried out awareness to staff and workers on protecting fauna and the Forest Reserve.

07 (5.3.2) The Mill has installed covers on the monsoon drains to prevent fibre and ash from entering the drains and plans to replace the existing grates with covers around the remainder of the Press Station building.

ASAI Findings: The Mill has installed controls on the source of the fibre – the “winnowing fan” by constructing

“expansion boxes” for trapping fibre. This is successful in preventing coarse fibre from entering the drains. As noted for Criterion 5.6 the Mill has a plan to address the boiler ash at the source of the problem – the ash hopper.

08 (5.3.2) Sg Dingin landfill location in an abandoned laterite quarry is appropriate but operational management could be improved by restricting the dumping of materials to a small section of the landfill to facilitate progressive covering of the discarded refuse.

ASAI Findings: Inspection of the landfill showed that only crop residue from the Mill (boiler ash and decanter sludge) were being disposed. A separate pit has been developed for disposal of domestic refuse.

09 (6.1.1) The information contained in the SIA could be improved by providing more detail on the social setting of the local communities adjacent to the Estates, such as the history of the Kampung. This information could be obtained when visiting and interviewing Kampung Leaders and residents.

ASAI Findings: The SIA has been updated and now includes additional information.

10 (6.2.1) Ulu Mahang representatives commented they are not included in company activities and would like to have a closer relationship.

ASAI Findings: Interview of representatives indicated the relationship has now improved.

11 (6.5.2) Interview of Foreign workers indicated that some did not understand full details of Terms and Conditions of their “Contracts”. For example, the recent Labour Department changes to the term of labour contracts. Periodic awareness sessions would be helpful to improve and reinforce understanding.

ASAI Findings: Interview of workers indicated awareness sessions have been carried out to explain Terms and Conditions of Contracts.

3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during the Certification Assessment (2009) were followed up during this Assessment and found to have been actioned appropriately by the company.

Issues Identified during ASA1

The majority of stakeholders had positive comments about SOU1. For the situations where stakeholders raised issues, the company’s response is stated below.

Foreign male residents at the Mill housing stated there is no sports field for them to access. *There is a playing field at the housing but it is not maintained – overgrown and uneven surface.*

Company Response: *There are issues with ground conditions and there is funding for a badminton & volley ball court. Residents can use the football field at Main division Sg Dingin.*

Mill workers stated there is no transport to and from housing / workplace.

Company Response: *Mill to carry out a risk assessment on using the “short-cut” between the mill and housing for walking track.*

Bukit Selarong residents stated that request for repairs to their houses were sometimes not being actioned. *Advised by management that the Hospital Assistant holds a register at the Clinic that records all requests for repairs and date that repairs were carried out. Auditors inspected some houses and found that repairs were necessary but when register was inspected no entries for these houses were found, which suggests that the residents are not using the formal process.*

Company Response: *Estate will conduct a survey of houses and awareness on using the “Request for Repairs Register”.*

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit will be scheduled within twelve months of ASA1.


4.2 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

CAR	CLASS	ISSUED	STATUS
CR01	Minor	24/07/2009	Closed 02/07/2011
CR02	Minor	24/07/2009	Closed 02/07/2011
CR03	Minor	02/07/2011	Open
CR04	Minor	02/07/2011	Open


4.3 Sign-off of ASA1 Findings

Signed for on behalf of
Sime Darby Plantation Sdn Bhd (SOU1)


.....
Sime Darby Plantation Sdn Bhd (SOU1)
Mr Nazri AB Aziz
Manager Sg Dingin Estate
Deputy Chairman SOU1

Date: 25 August 2011

Signed for on behalf of
BSi Group Singapore Pte Ltd


.....
Mr Charlie Ross
Lead Auditor

Date: 25 August 2011

Appendix “A”

Sime Darby Time Bound Plan

SIME DARBY TIME BOUND PLAN

Financial Year	SOU	Main Assessment	Status	Surveillance Assessment	Status
PLANTATIONS - MALAYSIA					
2010 / 2011	SOU 26	Jun-08	Certified in Oct-08	Sep-10	Re-certification approved
	SOU 28, 29, 30 & 30b*	May-08	Certified in Jan-09	Nov-10	*2 nd Surveillance Report submitted to RSPO by SIRIM
	SOU 14	Sep-08	Certified in May-10	Mar-11	1 st Surveillance Report to RSPO by BSi
	SOU 17	Sep-08	Certified in May-10	Mar 11	Assessed by SIRIM, 1 st Surveillance Report pending finalisation
	SOU 8, 9 & 9a**	Jan-08	Certified in May-10	Mar-11	**1 st Surveillance Report submitted by BSi to RSPO
	SOU 21	Feb-09	Certified in May-10	Feb-11	1 st Surveillance report submitted to RSPO by Moody Intl Cert
	SOU 25 & 30a***	Apr-09	Certified in May-10	Apr-11	***Assessed by BSi, 1 st Surveillance Report pending finalisation
	SOU 1	Jul-09	Certified in Aug-10	Jun-11	Planned
	SOU 19a	Jun-09	Certified in Oct-10	Jul-11	Planned
	SOU 20	Jun-09	Certified in Nov-10	Jul-11	Planned
	SOU 19	Jun-09	Certified in Jan-11	Jul-11	Planned
	SOU 27	May-10	Certified in Jan-11	Jan-12	Planned
	SOU 24	Dec-08	Certified in Mar-11	Nov-11	Planned
	SOU 5 & 6	Jan-09	Certified in Mar-11	Nov-11	Planned
	SOU 23	Jan-09	Certified in Apr-11	Nov-11	Planned
	SOU 7	Jul-09	Certified in Apr-11	Mar-12	Planned
	SOU 3	Mar-11	Certified in Jun-11	Mar-12	Planned
	SOU 2, 4, 5a, 18 & 22	Feb-09	Assessed, report pending finalisation with CUC		
	SOU 10, 11, 12 & 16	Jun-09	Public Summary Report submitted by CUC to RSPO		
	SOU 13, 15, 16, 31, 32, 33 & 34	Jun-09	Assessed, report pending finalisation with CUC		

Financial Year	SOU	Main Assessment	Status	Surveillance Assessment	Status
PLANTATIONS - INDONESIA					
2010 / 2011	SOU 13	Nov-08	Certified in Aug-10	May-11	Assessed by BSi, 1 st Surveillance Report pending finalisation
	SOU 1, 14	May-09	Certified in Nov-10	Sep-11	Planned
	SOU 2, 3, 4, & 5	Oct-10	Assessed, report pending finalisation with Mutu Agung		
	SOU 14, 15, 19 & 20	Nov-10	Assessed, report pending finalisation with Mutu Agung		
	SOU 18	Dec-10	Assessed, report pending finalisation with Mutu Agung		
	SOU 6, 7, 8, 9 & 10	Jun-11	Planned		
	SOU 11, 12, 20 & 21	Jun-11	Planned		

*Due to realignment of processing strategy, the SOU 30b mill has been designated as a third party mill with effect from September 2010 and currently is processing 100% crop procured from outside suppliers (non RSPO certified). Crop from SOU 30b estate is currently being processed by SOU 29 mill. Therefore, the Annual Surveillance Assessments were conducted only for SOU 28, 29 & 30. The RSPO certificate for SOU 30b has subsequently been withdrawn.

**Similarly, SOU 9a mill was designated as a third party mill with effect from July 2010 and crop from SOU 9a estate is currently being processed by SOU 8 mill. The RSPO certificate for SOU 9a has since been withdrawn.

***Annual Surveillance Assessment was conducted only for SOU 25 as SOU 30a mill has ceased operation with effect from August 2009. Subsequently SOU 30a was dissolved and the estate has been realigned under SOU 28. The RSPO certificate for SOU 30a has also been withdrawn.

Appendix “B”

CV for New Team Member

Noryati Hambali – Curriculum Vitae

Year of Birth:	1986
Nationality:	Malaysian (Permanent Resident)
Present Status:	Student
Location:	Puchong, Selangor, Malaysia
Home Address:	Lahad Datu, Sabah, Malaysia

Educational Qualifications

Noryati Hambali was born in Lahad Datu Sabah 1986 and attended the Government Primary School Sekolah Kebangsaan Pekan 3 Lahad Datu (1993-1998). She completed 'O' Level in Sekolah Menengah Kebangsaan Segama Lahad Datu, Sabah 2003 and is now doing her Diploma in Business Administration at Rima International College, Selangor to complete her 'A' Level.

Work Experience

She commenced working in Humana (Borneo Child Aid Society) as a Teacher in (2006) and relocated to teach at a school in the Lahad Datu area. Due to her good performance, within a year she was offered an Administration position with Humana where she assisted the Manager for a Period of 3 years (2007-2010). She then resigned in 2010 in order to continue her studies.

RSPO Experience

Noryati has assisted with the assessments of oil palm plantation companies in Sabah and Peninsula Malaysia. Her role has involved assisting and facilitating the interview of female workers and their families at oil palm Mills and Estates. She has first-hand knowledge of the issues facing families working and living in remote locations. She is fluent in Bahasa Malaysia, Sabahan and English, which is a key asset for effective communication with local as well as foreign workers.

Appendix “C”

ASA1 Programme

ASA1 PROGRAMME – 30 June –02 July 2011

TEAM: CR: Charlie Ross; RR: Robyn Ross; IN: Iman Nawireja; NH: Noryati Hambali

DATE	TIME	ACTIVITY	CR	IN	RR	NH	
Thursday June 30	AM	Opening Meeting	√	√	√	√	
		Document Review	√				
	TEAM 1 SUNGAI DINGIN MILL	PM	Review Pay Documentation			√	√
			Interview Female Staff/Workers			√	√
TEAM 2 ANAK KULIM ESTATE	AM	Inspect Mill, Effluent Ponds, Stores, Workshop, Land Application, Landfill	√				
		Visit Mill Clinic and Interview Staff			√	√	
	PM	Inspect Housing and Interview Residents			√	√	
		Closing Briefing	√		√	√	
Friday July 01	AM	Inspect Estate, including Buffer Zones		√			
		Interviews Staff and Workers		√			
	TEAM 1 BUKIT SELARONG ESTATE (MAIN DIV)	PM	Inspect Stores, Landfill		√		
			Commence Document Review		√		
TEAM 2 BUKIT HIJAU ESTATE (MAIN DIV)	AM	Visit Local Communities		√			
		Document Review		√			
	PM	Inspect Estate including Buffer Zones	√				
		Inspect Stores, Landfill	√				
Saturday July 02	AM	Interview Female Field Workers			√	√	
		Review Pay Documentation			√	√	
		Interview Female Staff and Workers			√	√	
		Commence Document Review	√				
Saturday July 02	AM	Document Review	√				
		Visit Clinic and Interview Staff				√	
		Inspect Housing and Interview Residents				√	
		Closing Briefing	√			√	
Saturday July 02	AM	Inspect Estate/Interview Male Fieldworkers		√			
		Inspect Stores, Landfill		√			
		Contact Government Offices DOSH, DOE, Labour Department, AMESU, NUPW		√			
		Visit Local Communities		√			
Saturday July 02	AM	Document Review		√			
		Closing Briefing		√			
		Follow up any outstanding data	√				
		Interview Mill Workers		√			
Saturday July 02	AM	Interviews (Contractors/External Stakeholders)		√			
		Prepare Visit Report and Closing		√			
		Closing Meeting			√		

Appendix “D”

List of Stakeholders Contacted

STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i> 5 Female Mill Staff/Workers 7 Foreign Worker Mill Housing Residents 5 Female Office Staff/Workers (Sg Sembrong Estate) 14 Female Palm Nursery Workers (Sg Sembrong Estate) Health Assistant (Sg Sembrong Estate) 25+ Residents Sg Sembrong Estate Housing</p>	<p><i>Internal Stakeholders</i> 3 Male Harvesters (Foreign) (Anak Kulim Estate) 6 Male Harvesters (Foreign) (Bukit Hijau Estate) 6 Local Male Mill Workers 6 Foreign Male Mill Workers</p>
<p><i>Contractors & Consultants</i> FFB Transport Contractor (Bukit Hijau Estate) 3 Mill Contractors</p>	<p><i>Local Communities</i> Representatives Mukim Terap Office (consisting of 10 Kampung)</p>
<p><i>NGOs and Others</i> AMESU NUPW Kulim Branch NUPW (SOU1 Worker Representatives)</p>	