



PUBLIC SUMMARY REPORT
ANNUAL SURVEILLANCE ASSESSMENT (ASA2)

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 have maintained compliance with the requirements of RSPO Principles & Criteria: 2007; MY-NI Indicators and Guidance : 2010; and RSPO Supply Chain Certification Standard : November 2011 (Mass Balance Mechanism).

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
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
SOP	Standard Operating Procedure
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 Sungai Dingin, Jentayu and Somme 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 (80t/hr capacity)	100° 40'0 E	5° 24'0 N

1.2 Production Volume

The production tonnages for CPO and PK for the period from the start of the Certificate (12/08/2010) through to the 31 March 2012 and projected for the next twelve months are listed in Table 2.

Table 2: Production Tonnages

East Palm Oil Mill	CPO	PK
Estimate at Certification	67,492**	14,870**
Actual 12/08/10 – 11/08/11	72,556**	15,454**
Actual 01/04/11 – 31/03/12	82,599 * 77,321**	19,439 * 18,170**
Projected 01/04/12 – 31/03/13	79,720 * 79,220**	20,772 * 20,652**

* Includes FFB Trader tonnage

** = Certified Production

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 seven (7) SOU1 Estates, FFB that is diverted from adjacent Sime Darby Estates and purchases from an FFB Trader. The FFB production tonnages for the previous twelve months and projected for the 2012/13 year are listed in Table 3.

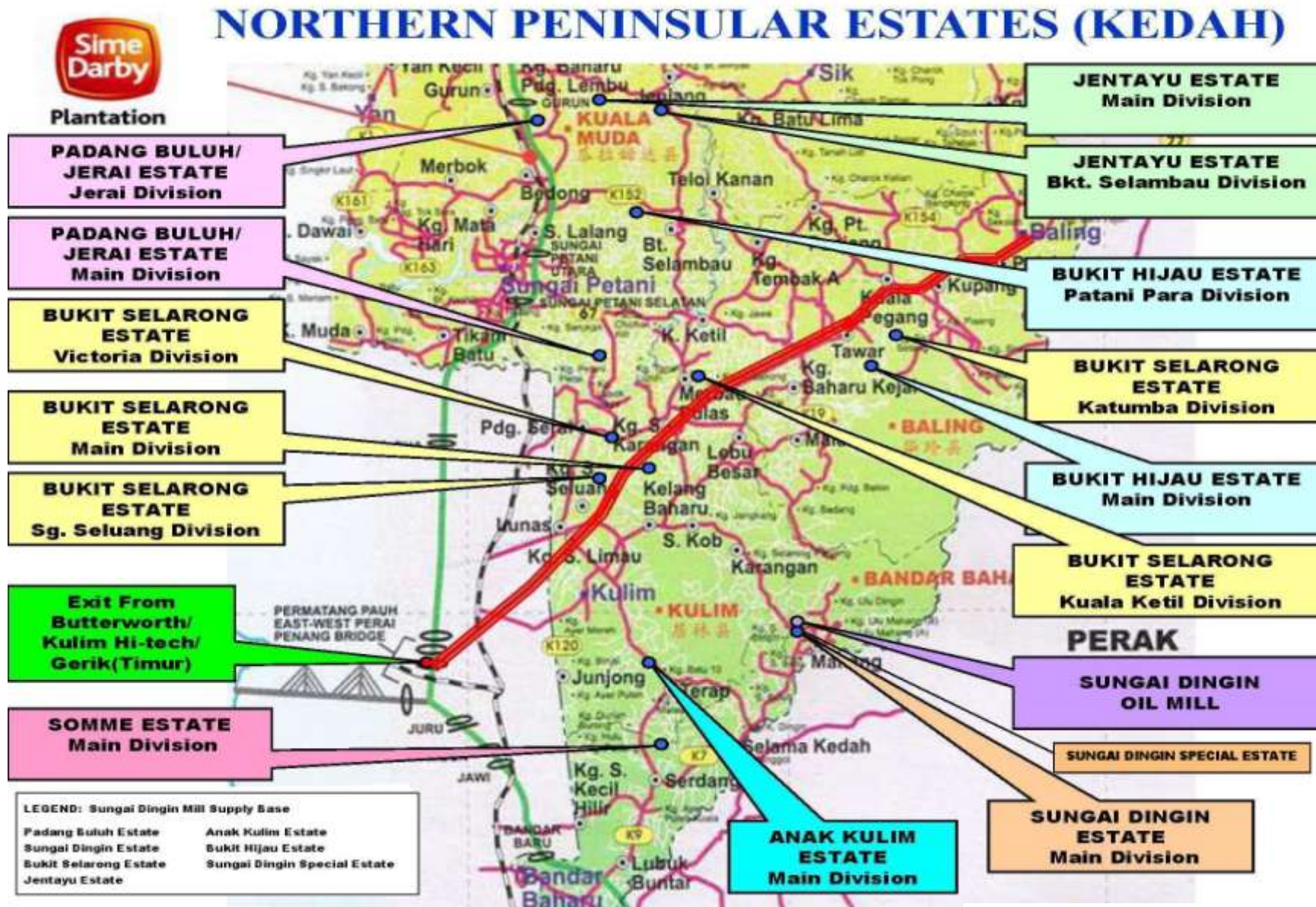


Figure 1: SOU1 Location Map

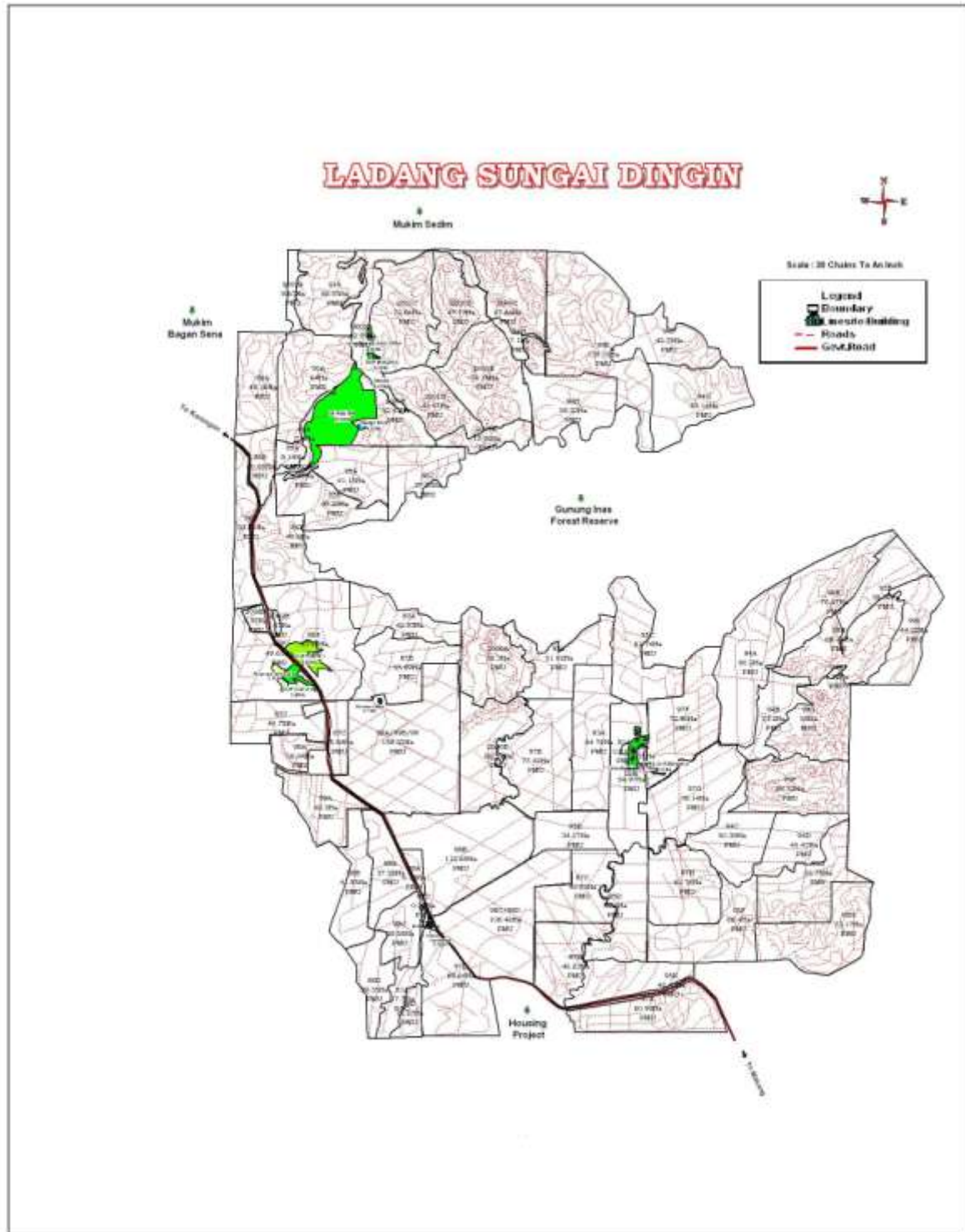


Figure 2: Sungai Dingin Estate Layout

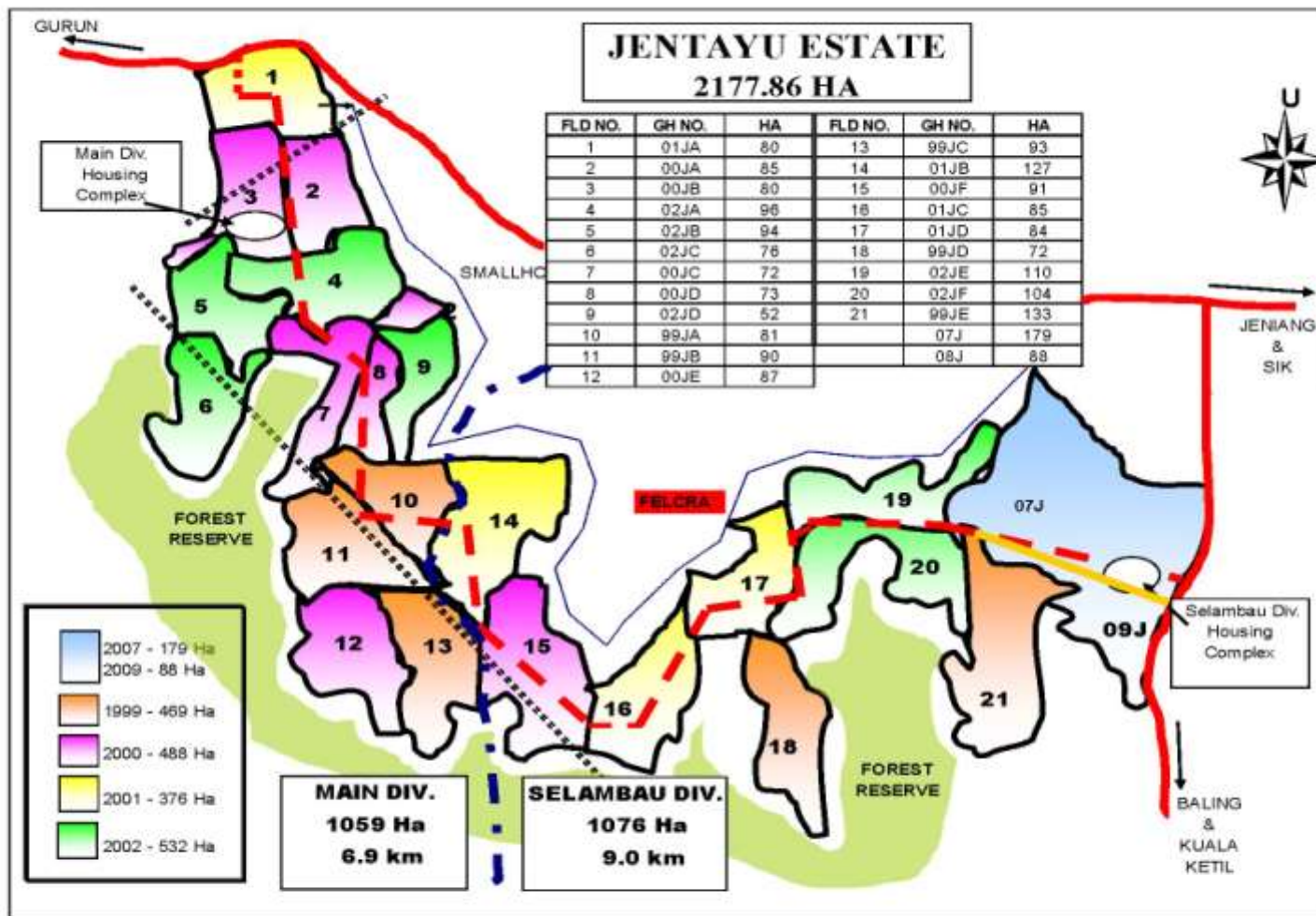


Figure 3: Jentayu Estate Layout

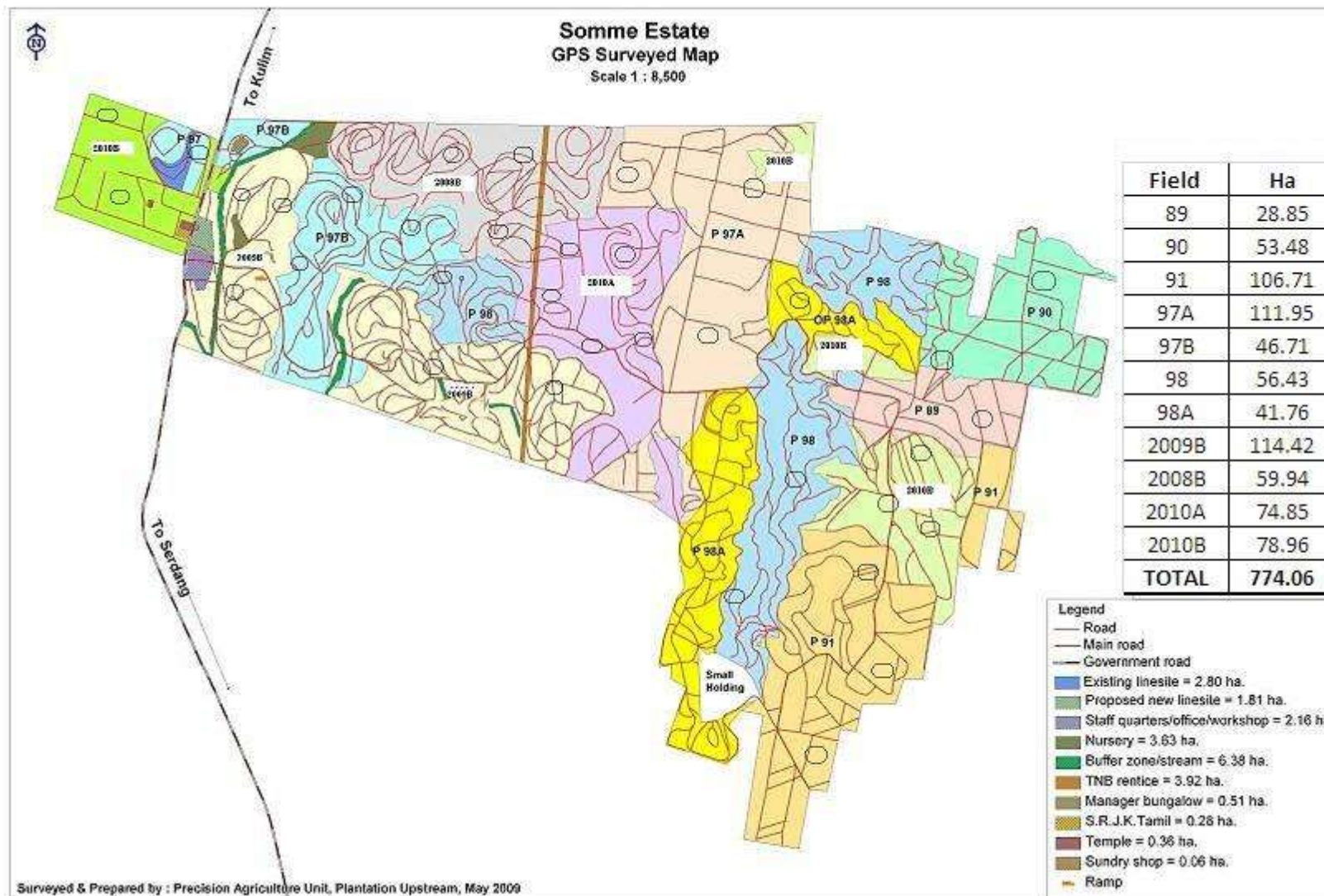


Table 3: FFB Tonnes Processed

Source	Estimate at Initial Certification	Actual 01/04/11 – 31/03/12	Projected 01/04/12 – 31/03/13
SOU1 Estates			
Padang Buluh	72,461	85,349	80,990
Sungai Dingin	79,525	63,230	63,843
Bukit Selarong	38,938	87,548	83,961
Anak Kulim	20,191	22,186	21,783
Bukit Hijau	34,913	49,028	50,762
Jentayu	25,810	10,773	11,289
Somme	–	35,485	39,855
Sub-total	270,609	353,599	352,483
Adjacent Sime Darby Estates*			
Holyrood	987	307	–
Sg Kerian	1,404	–	–
Somme	83	–	–
Tali Ayer	12	–	–
Kalumpang	246	–	–
Kamuning	1,222	–	–
Sub-total	3,954	307	–
FFB Trader*			
Tang Tatt Trading	0	24,771	2,400
OVERALL TOTAL	274,563	378,677	354,883

* Production from the FFB Trader is excluded from 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 +	57.1
	11 – 20	30.3
	4 – 10	6.6
	0 – 3	6.0
Sungai Dingin	21 +	7.96
	11 – 20	79.65
	4 – 10	1.67
	0 – 3	10.72
Bukit Selarong	21 +	10.07
	11 – 20	72.26
	4 – 10	7.86
	0 – 3	9.81
Anak Kulim	21 +	0
	11 – 20	71.8
	4 – 10	28.2
	0 – 3	0
Bukit Hijau	21 +	0
	11 – 20	56.04
	4 – 10	31.70
	0 – 3	12.26

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

ESTATE	AGE (years)	% PLANTED AREA
Jentayu	21 +	0
	11 – 20	62.43
	4 – 10	33.34
	0 – 3	4.23
Somme	21 +	24.42
	11 – 20	33.18
	4 – 10	0
	0 – 3	42.4

The areas planted are shown in Table 4b. The total plantable area at Bukit Selarong Estate has reduced by 70 ha due to acquisition of land by Kulim HiTech. The Bukit Hijau decrease of 12 ha was due to reclaim for a road. The decrease at Jentayu of 241 ha was due to a housing compound and estate roads mistakenly included in the ASA1 totals. Somme Estate advised that the total area planted provided at ASA1 (533 ha) was incorrect – 774 ha is the total planted area.

Table 4b: SOU1 Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total
Padang Buluh	3,256	207	3,463
Sungai Dingin	3,582	471	4,053
Bukit Selarong	3,460	384	3,844
Anak Kulim	1,209	–	1,209
Bukit Hijau	2,307	311	2,618
Jentayu	1,964	87	2,051
Somme	560	214	774
TOTAL	16,338	1,674	18,012

Supply Chain

SOU1 uses the mass balance mechanism for the supply chain. All deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the supplier, truck registration number, driver's name and the tonnage. The weighbridge system is computerised and the FFB delivery and product despatch records are used as the basis for payment for deliveries and invoicing for shipments, respectively. Inspection of documents confirmed that SOU1 maintains all of the documentation required for verification of implementation of the RSPO Supply Chain Certification Standard : November 2011, for Palm Oil Mill, Mass Balance Mechanism – Refer to Appendix A for details.

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated March 2012) is included as Appendix B. Sime Darby has achieved RSPO Certification of all 39 of the Management Units in

Malaysia, and 12 of the 23 in Indonesia. Sime Darby has completed the Initial Certification Assessments for the remaining 11 Management Units in Indonesia and the assessment reports are pending review by the RSPO. Upon certification of the remaining 11 Management Units, Sime Darby will have achieved the Time Bound Plan.

BSi has continued involvement with assessments of 14 of the Sime Darby Management Units during the 2011/12 period. During this time, Sime Darby has kept BSi informed of issues and claims made against it, as indicated in Appendix B. At the time of preparation of this Report, BSi is not aware of:

- (1) any unresolved significant land disputes;
- (2) any replacement of primary forest or loss of HCVs;
- (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 Jivaratnam Ramasundaram
Senior Manager
Sungai Dingin Mill
Phone: + 6044035233
Fax: + 6044033135
Email: kkks.sungai.dingin@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)

2.2 Assessment Programme

The ASA2 was carried out 9 – 10 April 2012. The Assessment Programme is included as Appendix C.

The Programme included assessments of Sungai Dingin Palm Oil Mill, Jentayu, Sungai Dingin and Somme Estates against all of the RSPO P&C and applicable indicators, and Supply Chain Standard : 2011 for Mass Balance Mechanism. The Estates were selected for assessment on alternate years.

The Nonconformities that were assigned and the Observations that were identified during previous assessments were followed up to check the effectiveness of corrective actions – refer Section 3.3 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 – refer Section 3.2 Page 14.

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 ASA2, a Nonconformity was assigned against Minor Compliance Indicator 5.3.2 and Ten (10) Observations/Opportunities for improvement were identified – Refer Section 3.2 Pages 14/15 for details.

SOU1 prepared a Corrective Action Plan for addressing the identified Nonconformity, which BSi audit team reviewed and accepted.

Review of the Nonconformities assigned during the Initial Certification Assessment found the corrective actions were being effectively and consistently implemented and the nonconformities remain closed. In addition, the Nonconformities that were assigned to Minor Compliance Indicators 4.3.2 and 5.5.3 and the twelve (12) Observations/Opportunities for Improvement identified during ASA1 were followed up to check the effectiveness of corrective actions. Refer Section 3.3 Page 15 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 maintained the system to responding to requests for information, although these were limited to those made by the MPOB and Government Departments. The correspondence on file showed the Mill and Estates replied promptly to requests.

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 05 January 2012 to provide information on a survey on POME & Biogas for Renewable Energy Application in Palm Oil Mills and the Mill replied on the 25 January.

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.

SOU1 has maintained up to date copies of the key documents required to be publicly available and these were available at the Mill and Estate Offices.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Assessment of internal audit reports, DOSH visit reports, DOE visit report and inspection of documents held at the Mill and Estates confirmed legal compliance. 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. No land boundary issue was identified and boundary stones were clearly marked.

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 MPOB (Licence #530978004000, expiry 30/06/2012) were current. The most recent DOSH visit to Sungai Dingin Mill was on 21 February 2012 and identified only 1 minor item for rectification. The DOSH Officer did not identify any legal noncompliance. The most recent DOE visit was 11 July 2011 for check of compliance and collection of effluent samples. DOE did not identify any corrective action items required to be carried out. The DOSH Officer visited Sungai Dingin Estate on 28 March 2012, but did not identify any significant issues requiring addressing.

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.

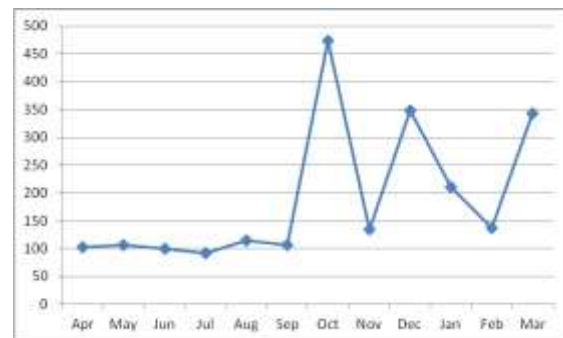


Figure 5: BOD (mg/L) of Treated Mill Effluent April 2011 – March 2012

Boiler emissions were tested by Environmental Science (M) Sdn Bhd on 20 February 2012 and were in compliance with regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. Ambient air quality was tested on 20 and 21 February 2012 and the particulate concentrations were reported well within the Malaysian Recommended Air Quality Guidelines. Smoke density meters were serviced and calibrated by VNA Engineering Sdn Bhd on 25 July 2011. The Mill boiler smoke emission monitor is linked via the internet to the DOE for continuous monitoring.

The worker housing is supplied with treated water direct from the Government supply to individual houses. Water from the Government supply is treated and suitable for domestic use.

Inspection of pay records confirmed compliance with the Employment Act in relation to pay rates and overtime. The Mill has an extension to overtime hours approved by a letter from Labour Department current to 30 November 2013. 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.

SOU1 continued with the programme for replacement of the older housing at Bukit Selarong.

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 23-25 February 2012 and did not identify any legal noncompliance.

Sime Darby 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.

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 ASA2 there were no known land disputes. Sime Darby Survey Department has completed a survey of all of the SOU1 Estates and confirmed the palms are within the legal boundaries.

Inspection of a sample of boundary stones at the Estates confirmed the markers consisting of a steel pipe painted red and white were clearly visible and consistent with the map.

Observation 01 – At Jentayu Estate Boundary stones are still in the process of being surveyed – refer Section 3.2 Page 15.

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

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.

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 annual average OER (Figure 6) had declined from 22.06% in 2007 to 21.0 in 2009, but has improved to 22.01% in 2010/11 and for 2011/12 Year to Date was 21.86%.

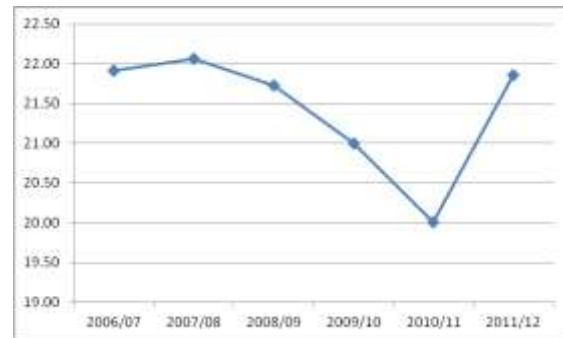


Figure 6: Average Annual OER (%) 2006 – 2012

The Estates have a replanting programme that started in 2009 and is current for 5 years, which is reviewed annually. Sg Dingin Estate has felled 194 ha of palms in readiness for replanting in 2011/12. FFB annual yields have increased between 2006/07 and 2009/10 then declined sharply 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.

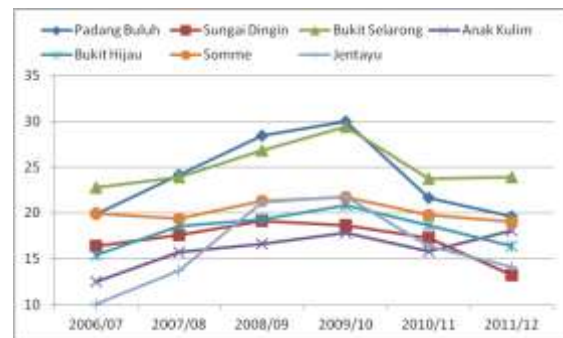


Figure 7: Average Annual FFB (t/ha/yr) Yield 2006-2012

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

SOU1 business management system and performance against targets are subject to regular audits by the Mill Advisor, Plantation Advisor and Agronomist.

The Estates have implemented field practices for prevention of soil erosion and progressive reinstatement of the riparian buffer zones for protection of water quality. The Mill has achieved reduction in water usage since the installation of a new boiler in 2008/09.

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 23-25 February 2012. The Mill Advisor raised issues in relation to the Vyncke Boiler and the need to maintain adequate freeboard for anaerobic effluent ponds No 7 and 8.

The Plantation Advisor visited the Bukit Selarong Estate between 11 and 14 October 2011 and provided assessment of implementation of the SOPs and Sime Darby standards. The main issue raised was delays in pruning of palms and the need to improve crop recovery. 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 19 and 20 October 2011 for 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 Sg Dingin, the topography is mainly undulating and 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.

Observation 02 – At Jentayu Estate bare ground was observed along some paths, specifically at the young palms, for example, Blocks P07-22, due to overspraying – refer Section 3.2 Page 15.

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 Sg Dingin, the small streams in the replanting areas are <1 metre wide and the buffer strip is being reinstated during replanting.

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. The Estates are located in a high rainfall area and rain falls on over 240 days each year.

Since commissioning the new boiler in August 2009, the water usage (Figure 8) has reduced from 1.52 t/t FFB to 1.34 for the current year, which is within the target of 1.35 t/t FFB. The Mill purchases standby power from the government supply. 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.

Observation 03 – At Taman Sg Dingin housing, sediment build-up in the roadside drains prevented drainage and stagnant water had accumulated, indicating lack of attention paid to water management – refer Section 3.2 Page 15.

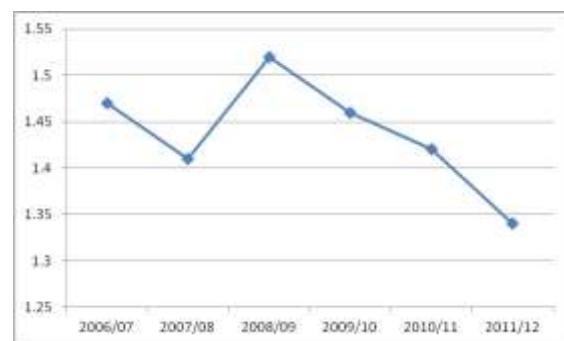


Figure 8: Annual Mill Water Usage (t/t FFB) 2006 – 2012

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. Pheromone traps at a density of 1 per 7.5 ha are used to control Rhinoceros Beetle in young palms.

The rat damage of FFB has remained low throughout 2011/12 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 established along the Estate roadsides.

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.

Inspection confirmed the Pesticides Stores meet regulatory requirements with respect to spill

containment, security, ventilation, separation and labeling of chemicals.

Observation 04 – Empty pesticide containers at Jentayu were incorrectly stored. These were transferred immediately to the Scheduled Waste Store. At Sungai Dingin Estate empty pesticide containers used for pre-mixing spray were inadequately marked to show the contents – refer Section 3.2 Page 15.

Inspection of the pesticide stores showed all chemicals are labelled in Bahasa Malaysia.

CHRA medical surveillance has been carried out by a DOSH registered doctor for Pesticide Operators. For example, 13 December 2011 for 21 Sungai Dingin Estate Pesticide Operators with 6 found unfit to carry out duties involving pesticides. Assessors were advised by the Assistant Manager that all 6 workers had been transferred to other duties and had been referred to the Hospital Assistant for further medical follow-up. 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.

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

Inspections of workplaces at the Mill and Estates, interviews of workers, observation of tasks and review of audit reports, indicated safety is a priority and the OSH Policy is being implemented.

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 19 January 2012 and amended in relation to risks confined space access at the Steriliser Station.

The Pesticides Training Programme includes a schedule for PPE, spraying methods, spray equipment maintenance and triple rinsing and safe disposal of used containers.

Inspection of training records showed that pesticide operators have received training in the safe use of pesticides. Sungai Dingin Estate arranged training for sprayers on 22 December 2011 conducted by Bayer Crop Science.

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.

Appropriate PPE is supplied to field workers and staff. Inspections at the Estates confirmed workers were all wearing correct PPE for tasks being carried out. The Mill supplies all workers with safety shoes, helmet, safety vest and hearing protection plus other relevant PPE specific to workstations.

Observation 05 – Interview of workers at Somme Estate Maintenance Workshop found they had a low level of

understanding of the correct use of PPE for eye protection for welding – refer Section 3.2 Page 15.

The Mill holds Safety Committee Meetings two-monthly, while the Estates are held quarterly with the most recent for the Mill on 17 February 2012 attended by 19 persons. Safety committee Meeting minutes showed Sg Dingin Estate held a meeting on 28 February 2012, attended by 17 persons, including Mandores.

The Mill updated and revised the ERP on April 2012 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 19 December 2011 to test the response time for full evacuation. The response time for the evacuation was considered to need improving.

First aid training was carried out for the Mill and Estates in March 2011.

Inspection of a sample of Mill first-aid equipment and kits showed these were appropriately stocked.

During 2011-12 the Mill has worked 320 workdays without a lost time accident. The improvement has been achieved by greater safety awareness and emphasis on safe work training. 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 training plan for 2011/12 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 Mill and Estates have reviewed the environmental improvement plans. The Estates have continued to protect the HCVs such as those present in bordering Forest Reserves and also made progress with the reinstatement of buffer zones during replanting.

Wastes generally were well controlled, except at the Sungai Dingin Estate landfill. 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.

The Mill made progress in Energy conservation, which is an important priority and energy use continued to decline over 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 (15 February 2012) and updated the Environmental Management Plan. The Mill has identified in the 2011/12 capex budget the construction of a roof over the decanter cake storage area, a tender has been awarded and construction is expected to be completed end of April 2012. The Estate's improvements have continued to include 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.

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.

Observation 06 – At Somme Estate, *Mucuna bracteata* is becoming established in the newly re-instated buffer zone at the replanting area. This will cause difficulty in future re-establishment of the buffer zone when trees are planted, due to competition from *Mucuna* – refer Section 3.2 Page 15.

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

The Mill has continued to recycle treated mill effluent and EFB to the field. Fibre and nut shell are used as fuel in the mill boiler and EFB is recycled to the field as mulch.

Observation 07 – At Somme Estate there is an opportunity to re-use the "rinsate" from triple rinsing of empty pesticide containers and incorporate it into the pre-mix to be used for spraying – refer Section 3.2 Page 15.

The mill has maintained good control of solid wastes such as EFB, fibre and boiler ash by temporary storage in bunkers. The Mill had installed drain covers to prevent spilled solids such as boiler ash from entering the monsoon drain system.

Observation 08 – At Sungai Dingin Estate one of the land application stop bunds had been eroded, indicating inadequate attention given to maintenance – refer Section 3.2 Page 15.

CRO5: 5.3.2 – A Nonconformity was issued against this Minor Compliance Indicator because there was uncontrolled dumping of boiler ash and other solid wastes disposed at the landfill, and materials appeared dumped at locations convenient for the truck driver – refer Section 3.2 Page 14.

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 Kitar Alam Sdn Bhd Serial #216212-k02 for Spent Hexane dated 11 January 2012. Bukit Selarong Estate engaged G-Planter to collect and disposal of empty pesticide containers and the most recent consignment was on 31 March 2012, Lorry Number KW5166.

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

The Mill energy usage continued to decrease following commissioning of the new boiler in 2009/10 (Figure 9). The electricity supply for housing at the Estates is obtained from the Government network.

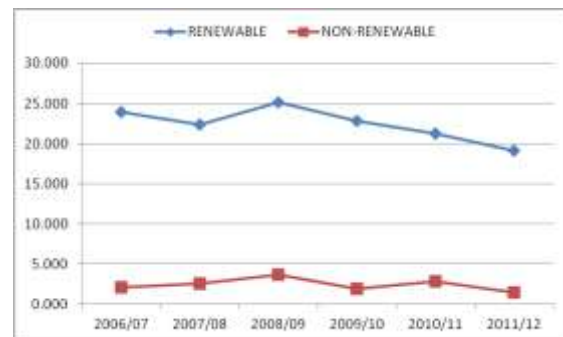


Figure 9: Mill Energy Usage (kWh/t FFB) 2006 – 2012

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 recently replanted areas at the Estates 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.

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 installed canvas screens at the boiler ash hopper in August 2011 for improved control of dust. The Estates pollution reduction plans are centered around improved water management and prevention of soil erosion. 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 using information from consultation with employees. The company maintained dialogue with local community representatives, who did not identify any significant issue.

SOU1 made improvements to facilities such as the construction of a new Surau and Shop at the Mill housing area, and upgrading of houses.

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 did not identify any issues of concern.

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 makes contributions to local communities when requested 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 updated on 10 January 2012. The company continued to manage improvements to housing with the construction of a new Surau and Shop at the Mill housing.

Observation 09 – The Sg Dingin and Jentayu Estates Social Action Plans had been updated but most items had been carried over from the 2009 Plan, which have already been actioned and closed. The Plans could be improved by including an update of current actions and any newly identified issues – refer Section 3.2 Page 15.

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 Mill and Estates List of Stakeholders have 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 have implemented the corporate communication procedure and have maintained records.

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.

Similar to ASA1, 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.

Similar to ASA1, 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.

Some of the new houses have been completed and occupied. Interview of residents indicated they were very satisfied with their new dwellings and had only positive comments about the company.

Construction of the Surau and Shop at the Mill housing area are almost completed and Management advised these should be operational by the end of May 2012.

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 and stated they are not restricted from participation in meetings.

Observation 10 – At Jentayu Estate it was stated that Worker Union Representative Meetings have been held, however there was no record of these – refer Section 3.2 Page 15.

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. Similar to ASA1, 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.

Similar to ASA1, 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. Similar to the Initial Certification Assessment, interview of staff and workers and inspection of records indicated issues raised through the Gender Committee meetings are addressed in an appropriate and timely manner.

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

SOU1 has maintained its 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. An example is the Children's Fund to provide assistance to pay for school fees.

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

After making improvements to achieve Certification, SOU1 has had a period of consolidation with replanting well underway. The average annual FFB yields increased following the replanting programme. The company has

continued to look for the reduction of pesticides use, water use and energy. The separation and recycling of wastes is being carried out and progress was made on the construction of new houses to replace the old.

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 planted beneficial plants along roadsides at replanting areas for IPM and reduction of chemicals usage. SOU1 did not use any World Health Organisation Type 1A and Type 1B chemicals. Paraquat usage ceased at SOU1 in June 2007 and has not been used since.

The Mill and Estates have continued to make gains in environmental improvements, with the Mill focus on reducing water and energy usage. The Estates have a focus on IPM and reinstatement of riparian buffer zones at replanting areas.

The Mill and Estates have implemented consistent segregation and recycling of schedule wastes to licensed contractors and the systems are well controlled.

SOU1 has revised the Social Action Plan that was based on input from mainly internal stakeholders. Important improvements for employees are the construction of new houses and a Surau and Shop.

3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA2)

A Nonconformity was assigned to Minor Compliance Indicator 5.3.2. Eleven (11) Observations/Opportunities for Improvement were identified.

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

SOU1 has made a commitment to implement corrective action for addressing the Nonconformity immediately following the ASA2 and the effectiveness of corrective actions will be checked at the next Surveillance Assessment that will be scheduled within twelve months of RSPO approval of continuation of Certification.

CR05: 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution

A Nonconformity was issued against this Minor Compliance Indicator because there was uncontrolled dumping of boiler ash and other solid wastes disposed at the landfill, and materials appeared dumped at locations convenient for the truck driver.

SOU1 has prepared a Corrective Action Plan for addressing the identified nonconformity that involves:

1. Dumping of decanter cake at new temporary location in order to avoid the current dumping yard overflow.
2. Construction of new dumping area.

3. Utilisation of 100% decanter solid for compost.
4. Daily monitoring of the old dumping yard and bund structure to avoid leakages to nearby stream.
5. Di-silting and cleaning of old dumping yard.
6. Installation of signboard to aware people on the danger posed by the current location.

The BSi Assessors considered that the corrective action was satisfactory and appropriate. Progress toward resolution of the issue will be followed up at the next Annual Surveillance Assessment (ASA3).

Observations/Opportunities for Improvement (ASA2)

Ten (10) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Annual Surveillance Assessment (ASA3).

OBS01 (2.2.3) At Jentayu Estate Boundary stones still in process of being surveyed.

OBS02 (4.3.2) At Jentayu Estate bare ground was observed along some paths, specifically at the young palms, for example, Blocks P07-22, due to overspraying.

OBS03 (4.4.7) At Taman Sg Dingin housing, sediment build-up in the roadside drains prevented drainage and stagnant water had accumulated, indicating lack of attention paid to water management.

OBS04 (4.6.3) Empty pesticide containers at Jentayu were incorrectly stored. These were transferred immediately to the Scheduled Waste Store. At Sg Dingin Estate empty pesticide containers used for pre-mixing spray were inadequately marked to show the contents.

OBS05 (4.7.1) Interview of workers at Somme Estate Maintenance Workshop found they had a low level of understanding of the correct use of PPE for eye protection for welding.

OBS06 (5.2.2) At Somme Estate, *Mucuna bracteata* is becoming established in the newly re-instated buffer zone at the replanting area. This will cause difficulty in future re-establishment of the buffer zone when trees are planted due to competition from *Mucuna*.

OBS07 (5.3.2) At Somme Estate there is an opportunity to re-use the rinsate from triple rinsing of empty pesticide containers and incorporate it into the pre-mix to be used for spraying.

OBS08 (5.3.2) At Sg Dingin Estate one of the land application stop bunds had been eroded, indicating inadequate attention given to maintenance.

OBS09 (6.1.3) The Sg Dingin and Jentayu Estates Social Action Plans had been updated but most

items had been carried over from the 2009 Plan, which have already been actioned and closed. The Plans could be improved by including an update of current actions and any newly identified issues.

OBS10 (6.6.1) At Jentayu Estate it was stated that Worker Union Representative Meetings have been held, however there was no record of these.

Noteworthy Positive Components

- Continuous improvement of RSPO implementation.
- Mill improvement of safety performance with 320 days worked without a lost time injury.
- FFB Yields are increasing.
- Mill OER has remained relatively high.
- Continuing progress on the construction of new housing to replace the original timber dwellings.

3.3 Status of Nonconformities (Major and Minor) Previously Identified

Corrective actions for the Nonconformities (**CR01** and **CR02**) assigned during the Initial Certification Assessment were found to be consistently implemented and the Nonconformities remain closed.

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

A Nonconformity was issued against this Minor Compliance Indicator during ASA1 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.

ASA2 Findings: *The Estate carried out re-training of sprayers in the use of CDA equipment and provided a record of training.*

The Nonconformity was closed 10/04/2012

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

A Nonconformity was issued against this Minor Compliance Indicator during ASA1 because evidence of fire being used for domestic waste disposal was found at Anak Kulim and Bukit Hijau Estates.

ASA2 Findings: *Inspection found signs had been posted prominently at houses and no evidence of use of fire for domestic waste disposal was found.*

The Nonconformity was closed 10/04/2012

Review of Progress with Observations/Opportunities for Improvement Previously Identified (ASA1)

01 (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.

ASAI Findings: *All pipe-work has been installed and is now awaiting approval from Syarikat Air Darul Aman (SADA).*

02 (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.

ASAI Findings: *Still in progress with Sime Darby Land Management Department for Bukit Hijau Estate.*

03 (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.

ASAI Findings: *Sime Darby Survey Department has completed the Survey at Bukit Hijau Estate to re-confirm the boundary stone locations and produce a Survey Map – no overplanting or underplanting was identified.*

04 (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.

ASAI Findings: *Photographic evidence was provided showing demarcated buffer zones.*

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.

ASAI Findings: *Work Instruction has been posted at the chemical mixing area, including quantity of chemical to be measured for each spray application.*

06 (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..

ASAI Findings: *The Estate had purchased new measuring equipment but needs to purchase laboratory grade plastic measuring cylinders.*

07 (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.

ASAI Findings: *The Scheduled Waste Store has been relocated to another section of the building that does not leak.*

08 (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.

ASAI Findings: *MSDS are now provided by Sime Darby Procurement Department and the Chemical Suppliers – all in Bahasa Malaysia.*

09 (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.

ASAI Findings: *Inspection confirmed the sediment was mixed with decanter cake and transferred to the composting area.*

10 (5.3.2) At Bukit Selarong Estate Main Division, a trench needs to be dug to divert rainfall runoff from entering the landfill trench.

ASAI Findings: *The Estate excavated a trench to intercept and divert runoff.*

11 (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).

ASAI Findings: *An example pay slip has been translated in Bahasa Malaysia and placed on the Notice Board at the Muster area.*

12 (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.*

ASAI Findings: *Construction of the Surau and Shop at the Mill housing are almost completed.*

3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during ASA1 were followed up during this Assessment and found to have been actioned appropriately by the company.

Stakeholders interviewed, both internal and external, had mainly positive comments. Issues raised during the ASA2 interview process and the Company's response is detailed below.

A Sungai Dingin Estate worker/long term resident (born at the Estate) asked why the company no longer gave them the option to purchase their house, as was the case before the merger. He is fearful of the future and

what will happen when he retires as he and his family will no longer be eligible for a company house.

Company Response: *The housing purchase scheme was in place prior to the company merger. This has been raised with top management but a policy decision has not yet been made.*

The BSi Audit Team considered the SOU1 response to the issue to be acceptable. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

Harvesters at Somme and Jentayu Estates complained of the low income during the past several months due to lower crop.

Company Response: *The Estates have offered the harvesters additional work pruning palms for earning additional income.*

The BSi Audit Team considered the SOU1 response to the issue to be acceptable. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

At Somme Estate, the NUPW Representative did not understand the new NUPW/MAPA Agreement on the paid leave, which is now limited to one day paid leave per month.

Company Response: *The NUPW Union Executive explanation to the workers was not understood. Management will hold another meeting with the Union Executive and workers to clarify.*

The BSi Audit Team considered the SOU1 response to the issue to be acceptable. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next Surveillance Assessment (ASA3) will be scheduled within twelve months of RSPO approval of continuation of Certification.

4.2 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

NC	CLASS	ISSUED	STATUS
CR01 4.3.2	Minor	24/07/2009	Closed 02/07/2011
CR02 6.5.3	Minor	24/07/2009	Closed 02/07/2011
CR03 4.3.2	Minor	02/07/2011	Closed 10/04/2012
CR04 5.5.3	Minor	02/07/2011	Closed 10/04/2012
CR05 5.3.2	Minor	10/04/2012	"Open"

4.3 Sign-off of ASA2 Findings

SOU1 acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. SOU1 accepts the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

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



Mr Jivaratnam Ramasundaram
Senior Manager
Sungai Dingin Mill

Date: 15 May 2012

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr Charlie Ross
Lead Auditor

Date: 17 May 2012

Appendix “A”

Supply Chain Assessment

APPENDIX A – SUPPLY CHAIN ASSESSMENT REPORT – SOU1 – MASS BALANCE**SUNGAI DINGIN OIL MILL****Certified Mill Production – 01 April 2011 – 31 March 2012**

MILL	CAPACITY	CPO	PK
Sungai Dingin	80 t/hr	77,321	18,170

Sales of Certified Mill Products – 01 April 2011 – 31 March 2012

MILL	CPO	PK
Sungai Dingin	70,122	17,936

Sales of Certified CPO 01/04/2011 to 31/03/2012

Company	Tonnes
Sime Darby Futures Trading Sdn Bhd	70,122
TOTAL	70,122

Sales of Certified PK 01/04/2011 to 31/03/2012

Company	Tonnes
Pangkor Oil Mill Sdn Bhd	10,918
Kilang Isi Sawit Sin Huat Hin Sdn Bhd	5,456
Fleet Palm Sdn Bhd	1,562
TOTAL	17,936

Certified FFB Received Monthly - 01 April 2011 – 31 March 2012

Month	Sungai Dingin	Padang Buluh	Bukit Selarong	Anak Kulim	Bukit Hijau	Jentayu	Somme	Holyrood	Total FFB/Month
April	4,942.48	6,521.40	8,577.32	1,530.07	3,589.34	741.01	3,038.52	–	28,940.14
May	5,394.93	7,187.58	8,303.99	1,718.08	3,535.61	859.00	2,778.29	–	29,777.48
June	5,691.67	7,670.05	7,067.24	2,077.72	4,081.00	761.84	2,714.43	–	30,063.95
July	6,479.68	8,083.42	7,660.92	2,345.62	4,455.84	919.45	3,657.35	–	33,602.28
August	6,002.01	8,446.45	7,468.36	2,344.73	4,807.54	1,042.50	3,258.85	–	33,370.44
Sept	7,350.83	9,599.50	8,637.57	2,314.10	5,456.48	1,108.21	4,193.96	–	38,660.65
Oct	5,916.70	8,555.36	8,839.84	2,014.96	5,216.57	1,053.38	3,942.79	–	35,539.60
Nov	5,199.22	8,688.06	7,737.29	1,850.71	4,500.43	994.47	3,231.73	–	32,201.91
Dec	4,367.03	6,598.86	7,528.82	1,910.09	3,783.23	915.94	2,247.87	–	27,351.84
Jan	4,334.21	5,174.13	5,676.26	1,458.30	3,743.41	821.01	2,546.25	–	23,753.57
Feb	3,913.65	4,375.36	5,187.37	1,474.51	2,800.00	790.05	1,916.62	–	20,457.56
March	3,637.65	4,448.84	4,863.65	1,147.27	3,058.43	766.03	1,958.11	307	20,186.98
TOTAL	63,230.06	85,349.01	87,548.63	22,186.16	49,027.88	10,772.89	35,484.77	307	353,906.40

Certified Company Details

Sime Darby Plantation Sdn Bhd
Management Unit SOU1
Ladang Bukit Selarong
09400 Padang Serai
KEDAH DARULAMAN MALAYSIA

RSPO Membership No: 035-04(O)

Contact Person: Mr Nazri AB Aziz
Deputy Chairman SOU1
Manager Sg Dingin Estate
Phone: + 6044035233
Fax: + 6044033135
Email: bslmgr@simedarby.com

RSPO Supply Chain Certification System for Sime Darby Plantation (SDP)

No	Business Unit	RSPO SCCS Certification Y/N	Trading Option	Certification Body	Date of Certification
1	Unimills B.V., Netherlands	Yes	SG, MB	Control Union (CUC)	Interim self assessment in Mac 2009. Certified by CUC on 28 June 2011
3	SD Biodiesel, Malaysia	Yes	SG, MB	SIRIM	Interim self assessment in Mac 2010. Certified by SIRIM on 25 March 2011
4	SD Jomalina, Malaysia	Yes	SG, MB	SIRIM	Certified on 10 March 2011
5	SD Kempas, Malaysia	Yes	MB	SIRIM	Certified on 19 Aug 2011
6	SD Austral, Malaysia	In Progress	MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Feb 2012.
7	NURI Edible Oil Refinery, Malaysia	In Progress	MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Jan 2012.
8	NURI Edible Oil Kernel Crushing Plant, Malaysia	In Progress	SG, MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Jan 2012.

Certification Body Details

BSi Group Singapore Pte Ltd
 (Co. Reg. 1995 02096-N)
 3 Lim Teck Kim Road #10-02
 Genting Centre
 SINGAPORE 088934

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Summary

Supply Chain assessment was made at Sungai Dingin Mill that is owned and operated by Sime Darby. The assessment included site visits to Sungai Dingin Oil Mill and Sungai Dingin, Jentayu and Somme Estates, review of records and interviews of staff. SOU1 consigned 100% of the CPO to Sime Darby Futures Trading Sdn Bhd. SOU1 consigned the PK to three Kernel Crushing Mills. The assessor concluded SOU1 has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and sales of certified CPO and PK. SOU1 maintains adequate records for confirming compliance with the RSPO supply Chain requirements and staff were able to demonstrate an appropriate knowledge of the requirements.

Conclusion

The SOU1 management system and records meet the requirements of the RSPO supply chain requirements, November 2011 for the Mass Balance mechanism.

Certificate Details

Background to the Report

(a) **Report authors**

Assessor

Mr Charlie Ross, BSi RSPO Lead Auditor

CB Management Representative

Mr Aryo Gustomo, BSi RSPO Scheme Manager

(b) **Previous assessments** *Not Applicable*

(c) **On-Site Visits**

Visit Itinerary

Monday 9 April 2012 – Sungai Dingin Mill – Opening Meeting held at Mill Meeting Room; Weighbridge Station; examined weighbridge records; daily records of FFB deliveries, CPO and PK production; CPO Bulk Tank and PK Silo records; shipments of CPO and PK.

People consulted: Jivaratnam Ramasundaram (Mill Snr Manager); Senthilkumaran Gopal (Assistant Manager); Muhammad Saufi Baharudin (Assistant Manager); Weighbridge Clerk

Scope

The scope of the assessment covered the Sungai Dingin Oil Mill and the supply base of Sime Darby owned Sungai Dingin, Jentayu and Somme Estates. The Supply Chain mechanism used is Mass Balance. The SOU1 operations were assessed against the requirements of the RSPO Supply Chain Standard : November 2011.

Description of Operation's Management System

SOU1 uses the mass balance mechanism for the supply chain. All consignments of FFB despatched from the Estates to the Mill are accompanied by a Consignment Note with a unique consecutive number and includes details of: Field Number Harvested; block Number; No of Bunches; Date Harvested; Estimated Tonnage; Vehicle Registration Number; Driver's Name and Bin Number.

All deliveries of FFB received at the Mill are issued with a Weighbridge Docket that records the Name of the supplier, Truck Registration No, Driver's Name and the Tonnage. The weighbridge system is computerised and delivery records are used as the basis for payment for FFB deliveries. A sample of weighbridge dockets was checked at the Mill against the summaries of FFB deliveries from each Sime Darby Estate supply source. This confirmed the details of the source and quantity of FFB were recorded accurately and could be verified by tracking. The source of the FFB can be traced back to the Estate and the oil palm block from which it was harvested.

The Mill summarises and reports daily to Sime Darby Head Office: the quantity of FFB received from the Estates; the tonnage of FFB processed; the tonnages of CPO and PK produced; shipment tonnages; and the quantities of materials held in storage. The Mill and Estates also report the above quantities monthly to Sime Darby Head Office.

Checks of records confirmed 100% of the RSPO Certified CPO produced by Sungai Dingin Mill during the preceding 12 months (01 April 2011 – 31 March 2012) was sold to the Sime Darby Futures Trading Sdn Bhd. During the same period, the RSPO Certified PK produced by the Sungai Dingin Oil Mill was sold to three Kernel Crushing Plants. Inspection of documents confirmed that SOU1 maintains all of the documentation required for supply chain verification (RSPO Supply Chain Standard November 2011).

Certified Volume Purchased and Claimed

The following certified FFB material was received from SOU1 and adjacent Sime Darby Estates during the 01 April 2011 – 31 March 2012 year and processed at Sungai Dingin Mill: 353,906.40 t/FFB

Main Report Details

1. Documented procedures

- 1.1 The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:
- Complete and up to date procedures covering the implementation of all the elements in these requirements. *Complies – Procedures are current and include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products. For example, SPMS: 2012 Draft/ Appendix 15 - Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System.*
 - The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. *Complies – The Mill Manager has responsibility for the Supply Chain aspects of FFB receipts, processing and shipping of palm products. Interview confirmed their knowledge of the RSPO Supply Chain requirements for the respective areas of the operations.*
- 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. *Complies – the Mill Weighbridge SOP covers the receiving of FFB and recording details of the Supplier and Transporter. All deliveries of FFB are subject to verification of documentation and quality checks. For example, MQMS/V1:2008/Level 3/Standard Operating Procedure/Station No. 1/Reception Station/1.3.1:Weighbridge MQMS/V1:2008/Level 3/Standard Operating Procedure/Section V:Introduction/Crop Quality Standards.*

2. Purchasing and goods in

- 2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received. *Complies – the Mill records tonnages received at the weighbridge and these are reported daily to Head Office.*
- 2.2 The facility shall inform the CB immediately if there is a projected overproduction. *Complies – the company has a mechanism for advising the CB of production variations, which are monitored internally.*

3 Record keeping

- 3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. *Complies – Inspection of records at the Mill and at Head Office confirmed these were updated daily.*
- 3.2 Retention times for all records and reports shall be at least five (5) years. *Complies – Records are archived and stored for > 5 years.*
- 3.3
- The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. *Complies – these are updated monthly.*
 - All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. *Complies*
 - The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. *Complies – The company sales did not exceed the production of Certified CPO or PK during the 2011 year.*
- 3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated. *Complies – The company uses the prefix MB on the Product Code.*
- 3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement. *Complies – The company has signed contracts with PK Mills.*

4. Sales and good out

- 4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:
- The name and address of the buyer;
 - The date on which the invoice was issued;
 - A description of the product, including the applicable supply chain model (Segregated or Mass Balance)
 - The quantity of the products delivered;
 - Reference to related transport documentation.
- Complies – all of these items (a-e) are included in the company's invoices to buyers*

5 Training

- 5.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. *Complies – The company maintains records of training. Interviews of Mill Staff and Sales Staff confirm knowledge of the Supply Chain requirements.*

6 Claims

- 6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims. *Complies – To the best of the Assessor's knowledge, the company has not made claims outside of the RSPO rules for Communications and Claims.*

Appendix “B”

Sime Darby Time Bound Plan

RSPO Certification Timebound Plan for Sime Darby Plantation (SDP)

Financial year (July – June)	Targeted	Achieved
June 2008	5 SOUs	Sime Darby Plantation has had all its SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment.
2008/2009	20 SOUs (from Malaysia and Indonesia)	
2009/2010	20 SOUs (from Malaysia and Indonesia)	
2010/2011	17 SOUs (from Malaysia and Indonesia)	

As of March 2012, RSPO Certification status in Sime Darby Plantation are as follow:

- I. CSPO: To date (as of 1st March 2012) 51 SOUs have been certified with RSPO (39 Malaysian SOUs and 12 Indonesian SOUs).
- II. RSPO Certified volume as of 1st March 2012: 1,830,674 mt of CPO production claimed & 434,063 mt of kernel production claimed.

Status	Malaysia	Indonesia	Total	Remarks
Certified	39	12	51	• All SOUs in Malaysia have been certified.
RSPO EB Review	0	11	11	• Pending review by RSPO EB.
Assessed/Audited	0	0	0	
Total SOUs	39	23	62	

There were several claims made by NGOs against Sime Darby Plantation operations, and SDP has responded to their claims respectively as the media releases and updates as follow:

i) Sime Darby's Response to New York Times Article (Jan 2012)

http://www.simedarbyplantation.com/Sime_Darby's_Response_to_New_York_Times_Article_.aspx

ii) False and Inaccurate Reports on Liberian Operations (Feb 2012)

http://www.simedarbyplantation.com/False_and_Inaccurate_Reports_on_Liberian_Operations.aspx

iii) Sime Darby Plantation's Response To Oxfam's Press Release (Oct 2011)

http://www.simedarbyplantation.com/Sime_Darby_Plantation's_Response_To_Oxfam's_Press_Release.aspx

iv) Complaints by Forest Peoples Programme on New Planting Procedure, Liberia (Oct 2011 – Feb 2012)

Further to a bilateral discussion with the complainants held at site on 17th Dec 2011, the local communities have written a withdrawal letter to RSPO, for SDPL to proceed with any work in Stage III Gbarpulo areas, an official notification from RSPO is sent to complete the said NPP. Sime Darby is progressing with the Stage III new plantings including land development covering 20,000 ha in Gbarpolu County, Rep of Liberia.

Appendix “C”

ASA2 Programme

ASA2 PROGRAMME – 9 – 10 April 2012

DATE	TIME	ACTIVITY	CR	RR	NH	IN	
Monday 9 April 2012	AM	Opening Meeting	√	√	√	√	
		Mill Documentation including Supply Chain and Weighbridge	√				
		Interview Female Office Staff/Workers		√	√		
		Review Pay Documentation		√	√		
TEAM 1 SUNGAI DINGIN MILL	PM	Inspect Mill, Effluent Ponds, Stores, Workshop, Land Application, Landfill	√				
		Visit Mill Clinic and Interview Staff Inspect Housing and Interview Residents Closing Briefing		√ √	√ √		
TEAM 2 JENTAYU ESTATE	AM	Opening Briefing				√	
		Inspect Estate including any Buffer Zones Interview Male Fieldworkers Inspect Workshop, Stores, Landfill Interview Contractors/External Stakeholders				√ √ √ √	
	PM	Visit any Local Communities Estate Documentation Closing Briefing				√ √	
Tuesday 10 April 2012	AM	Opening Briefing	√	√	√		
		Inspect Estate including Buffer Zones	√				
		Interview Female Fieldworkers		√	√		
		Inspect Stores, Landfill					
		Interview Female Staff/Workers		√	√		
		Review Pay Documentation		√	√		
	PM	Visit Clinic Interview Staff		√	√		
		Inspect Housing Interview Residents		√	√		
	TEAM 2 SOMME ESTATE	AM	Document Review	√			
			Prepare Visit Report and Closing		√	√	
AM	Opening Briefing				√		
	Inspect Estate including Buffer Zones				√		
	Interview Male Fieldworkers				√		
	Inspect Stores, Landfill				√		
	Interview Contractors/External Stakeholders				√		
	Inspect Housing				√		
PM	Contact Government Departments, NGOs, etc				√		
	Visit any Local Communities Document Review Closing Meeting	√	√	√	√ √ √		

Appendix “D”

List of Stakeholders Contacted

STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i> 4 Female Mill Staff/Workers 6 Male Mill Staff/Workers 5 Female Office Staff/Workers (Sg Dingin Estate) 2 Female Field Workers (Sg Dingin Estate) 2 Male Indonesian Field Workers (Sg Dingin Estate) Hospital Assistant (Mill/Sg Dingin Estate)</p>	<p><i>Internal Stakeholders</i> 9 Harvesters (Foreign) (Jentayu Estate) 6 Harvesters (Local) (Somme Estate) 3 Harvesters (Foreign) (Somme Estate) Group of Residents Mill/Sg Dingin Estate Housing (including foreign workers)</p>
<p><i>Contractors & Consultants</i> 2 Suppliers (Jentayu Estate) General Contractor (Jentayu Estate) Mechanical Maintenance Contractor (Mill) Contractor for removal of boiler ash (Mill)</p>	<p><i>Local Communities</i> Kampung Berjaya Representatives Kampung Badlisah Representatives</p>
<p><i>Government Departments</i> Labour Department Lands and Survey Department Department of Environment Department of Safety and Health</p>	<p><i>Others</i> AMESU NUPW Perak Branch</p>