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PUBLIC SUMMARY REPORT

RSPO

3rd ANNUAL SURVEILLANCE ASSESSMENT (ASA03)

Sime Darby Plantation Sdn Bhd SOU 2: Chersonese Palm Oil Mill Perak, Malaysia

Report Author:

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SUMMARY

BSI has conducted the Third Annual Surveillance Assessment (ASA 03) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), Chersonese Palm Oil Mill and supply base located in Kuala Kurau, Perak, Malaysia comprising one mill, four estates, support services and infrastructure.

The assessment was conducted onsite to assess the continuous compliance of the certification unit against the P&C MYNI: 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; RSPO Supply Chain Certification Standard: November 2011 Module D-CPO Mills: Segregation and client's policies and procedures. The onsite assessment was conducted on 12 – 15 August 2014. This assessment was witnessed by ASI assessors for the purpose of RSPO Certification Body's accreditation.

Chersonese Certification Unit has closed all the major nonconformities on 6 October 2014. BSI's audit team recommend the continuation of the approval of Chersonese Palm Oil Mill and supply base operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA	Annual Surveillance Assessment
BSI	British Standard Institute
BOD	Biological Oxygen Demand
CAP	Corrective Action Plan (for nonconformity)
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
KER	Kernel Extraction Rate
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NC	Nonconformity
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
PK	Palm Kernel
PPE	Personal Protective Equipment
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SG	Segregation
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit and Certificate Scope

The RSPO certificate scope includes Chersonese palm oil mill, Chersonese estate, Tali Ayer estate, Holyrood estate and Kalumpang estate. The Chersonese Palm Oil mill and estates are located in Kuala Kurau, Perak, Malaysia. The oil mill is central to the estates located near Kuala Kurau, Perak, Malaysia. Maps are included as

APPENDIX F shows Figure 1: Main Division field map, Kalumpang Estate, Figure 2: Gedong Division field map, Kalumpang Estate, Figure 3: Main Division field map, Holyrood Estate and Figure 4: Bukit Rhona Division field map, Holyrood Estate. The GPS location of the mill and estates are shown in Table 1.

Table 1: Mill and Estates GPS Locations

Mill	Easting	Northing
Chersonese Palm Oil Mill Processing Capacity: 45mt/hour	100° 33' 3"	4° 57' 17"
Chersonese Estate	100° 26' 53"	4° 57' 52"
Holyrood Estate	100° 41' 35"	5° 10' 37"
Tali Ayer Estate	100° 41' 35"	5° 4' 53"
Kalumpang Estate	100° 34' 8"	4° 57' 26"

1.2 Production Volume

The estimated tonnages reported for the ASA 3 and the actual production recorded for previous year are detailed in Table 2. The production details are for financial year July – June. It is noted that there is a slight decrease in the projected palm products (CPO) due to anticipating the on-going replanting activities. The projected tonnages are based on the financial year 2014/2015 budget.

Table 2: Actual Production tonnages in 2013/2014 and projected for July – June 2014/2015

Chersonese Palm Oil Mill	2013-2014 Projected	2013/2014 Actual	2014/2015 Projected
CPO	39,255	38,077	37,880
PK	10,480	9,871	10,115
OER Trend	20.60	20.44	20.60
KER Trend	5.50	5.30	5.50

1.3 Certification details

RSPO Membership No: 1-0008-04-000-00
 BSI RSPO Certificate No: SPO 590800
 Date of Initial Certification: 05/10/2011
 Date of ASA01: 11-13/09/2012
 Date of ASA02: 17-20/07/2013
 Date of ASA03: 12-15/07/2014

1.4 Description of Supply Base and Supply Chain

The FFB supply base is from four Sime Darby's own estates that included in the RSPO certificate scope (Chersonese, Tali Ayer, Holyrood and Kalumpang) and on ad-hoc basis FFB received from adjacent Sime Darby's Elphil RSPO certificate scope SPO 550180 (Elphil and Kamuning Estate) which was certified by BSI. During ASA3 there is no FFB received from outside noncertified suppliers. Table 2 above shows the CPO, PK tonnage produced by the mill, Oil and kernel extraction (OER and KER) trend. The actual FFB production and projected production is shown in Table 3 below. The projected tonnages were based on the potential yield could be achieved due to improvement in planting material and age profile of palms.

Chersonese mill use the segregated supply chain system for the traceability and supply chain mechanism because there is no non-certified FFB purchased from out growers or smallholder. Supply chain element was checked and described in Appendix E. It was noted during the ASA3, the FFB from Holyrood Estate was

delivered to another Sime Darby's RSPO Certified mill (Sg. Dingin Mill). The mill management informed that there is a plan to permanently send to Sg. Dingin mill but this is not finalized by the top management yet. Until that moment, Chersonese mill will receive FFB from Holyrood Estate as well.

Chersonese palm oil mill makes daily estimate based on the estate's divisional names. The final records in the weighbridge system are based on estate names (Chersonese, Holyrood, Tali Ayer and Kalumpang). The certified FFB received from adjacent Sime Darby's RSPO Certified estate are monitored through the Estate Codes registered in the mill's weighbridge system. Only certified suppliers are registered in the weighbridge system. During this assessment it was confirmed through documents verification and weighbridge records that only certified source of FFB from own RSPO Certificate scope and FFB from adjacent certified Sime Darby estates with RSPO Certificate scope number SPO 550180; Expiry date 17 June 2016 is processed. This ensures that there is no possibility of mixing during processing. It was confirmed that all the FFB supplies are certified source. Table 3 shows projected FFB and Actual for 2013/2014. There were 4,236mt certified FFB received from Elphil* certificate scope.

Table 3: Actual and Projected Estate FFB Tonnes

Estate	2013-2014 Estimate	2013/2014 Actual	2014/2015 Projected
Chersonese	47,000	44,560	52,588
Holyrood	20,290	16,800	20,878
Tali Ayer	62,162	67,995	56,838
Kalumpang	60,793	52,656	53,576
Sub-Total of Own Certificate	190,245	182,011	183,880
Certified FFB Received from Other RSPO Certificate Scope			
Elphil Estate*	0	1,676	0
Kamuning Estate*	0	2,560	0
Sub-Total Other RSPO Certificate Scope	0	4,236	0
TOTAL	190,245	186,247	183,880

Note: * RSPO certificate scope Number: SPO 550180; Expiry Date: 17 June 2016. The summary report in RSPO website: http://www.rspo.org/sites/default/files/8_Sime_Darby_SOU3_Elphil_Public_Summary_Report_ASA_3_v2_Signed-39.pdf

The projected figures for the financial year 2014/2015 shows slight decrease (3%) compared with the previous projection due to the replanting activities in the supply base. Furthermore there is no projection for the certified FFB from Sime Darby's adjacent RSPO certificate scope because the decision will be made on ad-hoc basis during regional general manager's meeting with the operating units. Age profile of the palms is shown in Table 4a. There is immature area in all the estates.

Table 4a: Age Profile of Palms

AGE (years)	Estate and % of Planted Area			
	Chersonese	Holyrood	Tali Ayer	Kalumpang
26 – 30	0	4.59	0	0
21 – 25	9.32	0	11.81	0
11 – 20	36.58	22.86	46.62	68.83
4 – 10	33.79	36.00	13.90	25.87
0 – 3	20.31	36.55	27.67	5.30
TOTAL	100.00	100.00	100.00	100.00

Note: Age profile of the palms from other RSPO certificate scope can be referred from the summary report in RSPO website: http://www.rspo.org/sites/default/files/8_Sime_Darby_SOU3_Elphil_Public_Summary_Report_ASA_3_v2_Signed-39.pdf

Table 4b shows the mature and immature planted area, total land area, area occupied for infrastructure, surrounding bund, riparian areas etc. Overall about 78% of the total 10,104.11ha in Chersonese Certification Unit's supply base are mature covering about 7,948.60ha. All the immature area is replanted area.

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total Planted (ha)	Infra-structure & Other area (ha)	Total Area
Chersonese	2,457.00	626.37	3,083.37	205.63	3,289.00
Holyrood	793.96	457.31	1,251.27	81.85	1333.12
Tali Ayer	2,476.15	947.49	3,423.64	559.24	3982.88
Kalumpang	2,221.49	124.34	2,345.83	295.17	2,641.00
TOTAL	7,948.60	2155.51	10,104.11	1,141.89	11,246.00

Note: Area planted for estates supplying FFB from other RSPO certificate scope can be referred from the summary report in RSPO website: http://www.rspo.org/sites/default/files/8_Sime_Darby_SOU3_Elphil_Public_Summary_Report_ASA_3_v2_Signed-39.pdf

1.5 Other Certifications Held

Chersonese palm oil mill and supply base were holding 5S Environmental Quality Management Certificate: Certificate Number: AC3469 Expiry Date: 6 June 2015

1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
SOU 2 Management Unit,
Chersonese Palm Oil Mill,
34350 Kuala Kurau, Bagan Serai,
Perak, MALAYSIA
Contact Person: Mr. Mohamed bin Maidin
Manager,
Chersonese Estate
Phone: +605-7277024
Email: ldg.chersonese@simedarby.com

1.7 Progress against Time Bound Plan

Sime Darby Time Bound Plan is included as Appendix A. Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. RSPO has granted eTrace extension to 3 sites to complete the recertification process.

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

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

BSI has continued involvement with assessments of Sime Darby Management Units during the 2013/14 period. BSI is also communicating with other CBs that auditing Sime Darby's other operating units to identify any noncompliance with rules of partial certification as per requirement in RSPO Certification System. During this assessment BSI has contacted the certification body that audited PT MAS to get the latest update of the progress. Sime Darby consistently has kept BSI informed of any emerging issues and claims made against it. Other than the PT MAS issue, at the time of preparation of this Report, BSI is not aware of any new issues involving:

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

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

Progress of Associated smallholder/out-growers towards RSPO Compliance

Chersonese Certification Unit does not have any associated smallholders or out-growers.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI has a Regional Office in Singapore, and an Office in Kuala Lumpur, Jakarta and Bangkok.

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy - Lead Assessor

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

Haeruddin Tahir – Team member

He graduated from the Faculty of Forestry, Hasanuddin University, Indonesia and has experiences in timber concession, wood industry, sales of medical equipment, and oil palm plantation since 1995. He is a experience forest management officer. He is experienced in international training and auditing in Organic standard, Common Code Coffee of Community (4C), UTZ certified, FSC, PEFC, RSPO, and ISO 9001. He has completed RSPO Lead Auditor Training Course for P&C and SCCS. He is also completed International Sustainable Carbon Certification Lead Auditor Training. During this assessment he assessed Social issues, amenities provided, workers consultation, Stakeholder Consultation, OSH, HCV etc. He is able to speak and understand Bahasa Malaysia, English, and Bahasa Indonesia.

Muhammad Haris B. Abdullah – Team member

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

2.3 Assessment Methodology, Programme, Site Visits

The 3rd Annual Assessment was conducted on 12 – 15 August 2014. The audit programme is included as Appendix C. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment. The external stakeholders were contacted prior to the on-site assessment and include NGO and regulatory bodies.

The Nonconformities that were assigned and the observations that were identified during the ASA2 were followed up to check the effectiveness of corrective actions and implementation. The ASA3 findings are detailed in Section 3.1 and 3.2 below.

There were four major nonconformities and two minor nonconformities were raised during the ASA3. The management submitted corrective action plans for all the nonconformities. The corrective action plans were reviewed and accepted by the BSI audit team. The evidence of implementation to closing out the Major nonconformities was reviewed through document

review by the BSI audit team and all the major nonconformities were closed prior to finalizing this report.

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 summary report for conformance with BSI Procedures and the RSPO Certification System requirement.

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by emails and telephone to arrange meetings at a location convenient to them to discuss environmental and social performance. No any negative written comments were received prior to the assessment.

Meetings were held with immediate internal and external stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting with external stakeholder, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings. The details are in section 3.4.

Employee interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the housewives and staff were interviewed in informal group meetings at their housing and some at the workplaces. Separate meetings were held with the local community leader, workers union representatives and regulatory bodies. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each Principle, together with details for selected Criteria for the Chersonese mill and the sampled estates (Holyrood estate and Kalumpung estate). The results for the indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each selected Criterion. A statement is provided for the Indicators to support the finding of the assessment team.

During the ASA3, there were four major nonconformity, two minor nonconformities and one

Observation/Opportunity for improvement were identified. Chersonese Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSI audit team. The major nonconformities were closed prior to finalising this summary report.

Minor nonconformities raised during the ASA2 were followed up and evidence of closing the nonconformities were checked and verified for closing out during the ASA3. Minor nonconformities raised during the ASA3 will be followed up during the next surveillance. Details are in section 3.2 and 3.3.

PRINCIPLE 1: Commitment to Transparency

All operating units maintained up to date policies, procedures and management plans for provision of information to the stakeholders upon request which comply with requirement principle 1. The company have a system for receiving and responding to the request of information to the internal and external stakeholders. All operating units kept the record of request and responses. Overall compliance was found.

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.

All operating units audited maintained record of request and replies to the request from internal and external stakeholders such as respond to regulatory bodies, Malaysian Palm Oil Association, labour department, RSPO Annual Communication of Progress reporting, school and other immediate stakeholders located near the operating units whenever they request for information.

Recently the Perak State Agriculture Development Agency (Perbadanan Pembangunan Pertanian Negeri Perak) had requested to use the Holyrood estate weighbridge on 9/7/14. The request had been approved and replied on the same day by the manager and recorded in the 'request and response' file.

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.

Inspection of document confirmed that all operating units audited maintain copy of management documents (land titles/user right, health and safety plan, plan and impact assessment relating to environmental and social impacts, pollution prevention plan, details of complaints and grievances, negotiation procedures and continues improvement plan) and this are publicly available as per Sime Darby Plantation's group policy.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records during document audit showed the mill and its supply base complied with all of their

respective permit conditions and legal requirements. This confirmed that the internal audits and checks were effective for monitoring compliance. All the operation units hold a land title and no land dispute issues were sighted. However, a noncompliance was found regarding the extended storage of schedule waste (used battery) which exceeded the 180days storage limit. Please see under criteria 2.1.1 below.

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

Up to date list of legal requirements or Legal and Other Requirement register is maintained at all the operating units. Sime Darby has own mechanism to ensure all relevant legal requirements are complied i.e. Mechanism on Tracking of Law Changes which includes list of laws, regulation reference, permit and license to manage are through "Legal and Other Requirement Register (LORR)". In addition, each operating unit has a list of licenses showing the expiry dates and permits are displayed on the wall. The on-site administration officer renews the permits and licenses. Inspection of a sample of licenses and permits confirmed all valid. The most recent visit by DOSH on the 21 April 2014 and DOE visit on 17/7/13 did not found any issues.

Internal evaluation of compliance was carried out on 11/8/14. Report shows compliance found. Legal and Other Requirement Register was updated on 14/7/14. Similar to last assessment, list of all applicable laws are kept in file OSHE/04/5.2.4 as an onsite reference.

Mill and estates has complied with the necessary legal requirement such as: Mill MPOB license (number 533667104000 valid till 31 October 2014), DOE license No.: 004229 valid till 30/6/2015, Poison license Reg. No.: AC034/2014 for sodium hydroxide, Energy commission license No.: (PIP) 12-4/2002/00017 valid till 29 November 2014, Diesel permit at Holyrood estate Ref. No.: PPDNKK.PBR.003/SK(P10)001/11 valid till 17 October 2014, CF for new housing at Kalumpong estate (number: PCF 108022130009 dated 29 July 2013) as per Regulation 38 (1) (a) Minimum housing standard for workers Act 1990. DOE quarterly report for the period of April – June 2014 has been send to DOE on 14/7/2014. Noise monitoring was done by Ear wright Services Sdn. Bhd (Competent person: JKKP HIE/127/5/3-1(No.74)) dated 5/7/2014 and mill effluent analysis (Report No.: EP272/2014) dated 30/5/2014 found all parameters are within the approved limit e.g.: BOD below 50ppm and etc.

Sime Darby Standards and Compliance Unit provide legal updates on all applicable legislation throughout Sime Darby. Sime Darby Regional Office provides legal updates on changes to labour laws and worker pay and conditions.

However, during the facility audit at Kalumpong Estate it was found that the schedule waste (used battery)

storage exceeded the storage limit of 180 days. A major nonconformity was raised.

Indicator 2.1.1: Storage of schedule waste has exceeded 180 days storage limit [EQA 1974 (Schedule wastes) Regulations 2005].

At Kalumpong Estate schedule waste (SW 305 – Spent lubricating oil and SW 306 - Spent hydraulic oil) were disposed on 15/5/14 through licensed contractor (Aliran Segar Sdn. Bhd – Consignment Note: AS 77393). However, visit to the schedule waste store on 14/8/2014 found that schedule waste (SW 102 - used battery and SW 410 – used oil filter) have been stored for more than 180 days. Record review shows that the last disposal was done on 27/6/2013. This does not comply with the EQA 1974 (Schedule wastes) Regulations 2005.

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

All operating units are located on Freehold Land and 999 years lease hold land. The land is not encumbered by customary rights and the right to use the land is not disputed. Each estate holds individual land titles. Oil palm operations are consistent with the land title for agricultural purposes. Kalumpong Estate holds 14 titles (some sample are: GRN 00135780 Lot No.: 5961 and GRN 00135781 Lot No.: 5962), Holyrood Estate (i.e. 85423, 48656, 9394, 48660) . Inspection of the boundary stones in the field at Kalumpong Estate and Holyrood Estate confirmed that boundaries are maintained visibly. At Holyrood Estate boundary stone along field P2011A – P2009M was inspected while at Kalumpong Estate boundary along field 02A was inspected.

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

The mill and estates are on freehold land and lease land. There is no restriction for stakeholders to access through the estates. Written permission from the operating units is given to access the internal estate roads if there is any request. Interview of local community representatives confirmed there is no land dispute or any claim of customary land within the estates. However, during the stakeholder consultation there was a feedback from nearby village head that their access was blocked by Holyrood management. After on-site visit and verification, it was noted that village community have alternative road access which is open for access at all time. No further issue was noted. See section 3.4 for further details.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Chersonese mill and supply base estates has internal management system for monitoring and improvement of their operations against operation target to achieved long term economic and financial viability. Monthly reports are produced and send to zone general manager

and head office for monitoring purpose. In addition Plantation Sustainability Quality Management (PSQM) and OSH Department conduct inspection toward safety, environment and sustainability indicators and production related issue and provide technical assistant for the estate including RSPO certification and monitoring of compliance. Overall compliance was found.

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

Chersonese mill and all the four estates within the certificate scope have annual operating budget which consist of cost and production with projection for five years. Mill and estates has prepared 5 Year Business Plan for period covering 2013 - 2017 which still applicable for their operations. This is reviewed annually by operating unit and zone General Manager. The business plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement. All the estates have replanting program within 5 years. Replanting is planned for palm older than 25 years old. During the field visit to Holyrood estate replanting was in progress at field 2014A covering an area of 10.04ha. Replanting was planned from July – October 2014. At Kalumpong Estate replanting will commence in September 2014.

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

Chersonese Mill and all the supply base estates have implemented management systems for monitoring and control of best practice implementation. This includes a program of regular internal audits, visit by the zone General Manager, Agronomist and Planting Adviser. Visit reports are used as a monitoring tool and improvement made based on the findings and recommendations. Compliance with requirement of Principle 4 was found except for indicator 4.4.7, 4.6.3 and 4.7.1. The details are listed below.

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

Sime Darby has prepared Group Standard Operating Procedures (SOPs) for mills and estate covering all the relevant operations. Inspection to the field and mill confirm that generally SOPs are implemented. Assistant Managers and staff monitor the implementation.

The Plantation Advisor visits the Estates once a year to monitor the operating unit's progress. The previous monitoring visit to Holyrood Estate was on 5-6 June 2013 (report No.: SOU02/HE/02/12-13). Next visit is planned in September 2014. Kalumpong Estate was last visited on 9 - 10 May 2013 (Report No.: SOU02/KE/02/12-13). During the ASA3, the planting adviser was visiting the kalumpong estate. The Estates hold copies of previous internal audit reports that include the Manager's

response to issues raised and corrective action to be taken. All operating units maintain DOSH and DOE Visit Log Records. DOSH last visited on 21 April 2014. DOE visited on 17 July 2014. There were no any issues highlighted by both regulatory bodies. Noncompliance found during the internal assessment was corrected and implemented by the operating units. All identified noncompliance was addressed by the operating units.

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

Sime Darby Agronomist visits the estates prior to fertilizer recommendation. Leaf sampling conducted on November 2013. While The result of the leaf analysis and visual observation is used as a guidance to prepare the fertilizer recommendation. Annual recommendation for the year 2014 was send to the operating units. Research Centre carried monitoring of fertiliser application. Fertilizer application records are documented in the daily costing book. Sample of fertilizer application record at Holyrood estate shows that Muriate of Potash was applied at the rate of 2kg/palm at field 06M during the ASA3 field visit as per fertilizer recommendation. Record shows the application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. During field visit noted that replanting is carried with zero burn technique.

Approximately 90% of EFB is converted to compost and the balance is applied as mulch to immature palms at replanted areas. The Estates maintain records of the quantity of EFB received from the Mill and the oil palm blocks of immature palms to which EFB is applied. Application records are maintained through costing book. At Holyrood) Estate, field No.: 2012B was applied in February 2014 while and at Kalumpong estate, field No.: 2013A was applied with EFB in February 2014 at the rate of 35mt/ha.

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

There are no peat soils or soil categorised as problematic or fragile soil at all estates. Field inspection showed groundcover with soft grass and soft weeds. Recently replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. Cover crop consisting of a mixture of *muccuna*, *Pueraria javanica* and *Centrosema muconoides* are planted to prevent soil erosion following replanting. Field inspections confirmed soil conservation practices generally were consistently implemented. The estates are having nursery for establishing cover crop. Estate has implemented annual road maintenance programme. Road maintenance was carried out with road grader. Road inspected are generally in a good condition and well maintained. Implementation programme checked at Kalumpong Estate shows the map indicating road repairs and maintenance for the whole estate roads. E.g: Grading

work at field No.: 94A was done on June 2014. Similarly Holyrood Estate maintained road maintenance program and records.

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

Programme to reinstatement of riparian strips at both side of the stream during replanting and is implemented and in progress at some area such as at block 2014A near Sungai Segar River. An observation was raised as a follow up action for next ASA.

Observation 1: (4.4.1): Work of restoring appropriate riparian buffer zones at replanting along the Sungai Segar River at Field 2014A was in progress. This will be followed up after the completion of the replanting work during next surveillance.

Daily rainfall is measured at all the estates. The rainfall probability reference manual used as a management tool for water management and the information is used for the scheduling of fertiliser application as well. Holyrood estate recorded 63 days of rain with total 1,369mm until July 2014. At Kalumpong estate, the rainfall summary record shows 2,382mm rainfall for 2012, 2,652mm rainfall for 2013 and 1,130mm for 2014 (as at July). Water management plan was reviewed on 3 May 2014 at Holyrood and on 11 July 2014 at Kalumpong estate. However, water management review at Kalumpong estate did not include nursery operations which consume high quantity of water. A minor nonconformity was raised.

Minor nonconformity against indicator 4.4.7: Evidence of water management plans.

At Kalumpong Estate, water Management Plan was reviewed on 11 July 2014. However, the water management plan did not include water usage activities of the oil palm nursery. During the site visit to the nursery site on 14 August 2014 noted water leakages from the piping system. Water contamination noted at the drains nearby the water pump.

Inspection in the field confirmed that buffer zone have been set aside for reinstatement during replanting. Only selective weeding for vigorous weeds is carried out such as for *Imperata cylindrica*. During the field visit no bunds/weirs/dams were constructed across the main waterways in the estate. Water gates are constructed to control water level in the man-made field drains to maintain moisture.

Research Centre carried out river water sample analysis (upstream, midstream, and downstream) with the last sampling result for the 2nd half of the year was conducted on 7 July 2014 shows the BOD is <1ppm. The check point was located at field 89M, 06M and 86M at Holyrood estate. Analysis was conducted at Sime Darby Laboratory in Carey Island.

Chersonese palm oil mill has maintained monitoring records of water usage which recorded every day and

summarised on monthly basis. The Mill has achieved average water usage of 1.03mt/mt FFB processed to match the industry standard.

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

Estates have implemented biological method of controlling pest in the plantation through IPM such introduction of barn owl by erecting barn owl boxes at rate of 1 box for 20 ha to control rat damage. The programme of establishing beneficial plants and the establishment of barn owls as a biological pest control has continued, with the aim of reducing the use of pesticides. The evidence was there were no use of WHO Type 1A or Type 1B pesticides or paraquat has been used by the states. Beneficial plants planted include *Tunera subulat*, *Cassia cobansis* and *Antigonon leptopus*. Recent barn owl census on 2 April 2014 in Holyrood estate indicates about 51.28% owl occupancy and 49% occupancy at Kalumpang estate.

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.

As per Sime Darby Plantation's group policy all purchasing of agrochemical controlled from the head office. Inspection at site reveals that only pesticides registered under the Pesticide Board were used. Estate management ensure only registered agrochemicals are used.

All agrochemicals are stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations at the main agrochemical stores. Inspection of the main store revealed that it is locked, with proper ventilation, labelled and with SOP for receiving and issuing. However, the storage at the Kalumpang estate nursery was not in compliance. A major nonconformity was raised.

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

Oil Palm Nursery site at Kalumpang estate did not comply with the pesticide storage and Sime Darby's Pictorial Safety Standard requirement. During site visit to the nursery store, it was noted that pesticide OTIN 975 (Class III) was kept inside the store without labelling. The pesticide and agrochemical store was not locked. No

safety signage at the store. The storage area is not kept clean, poor housekeeping, no ventilation and labelling.

During this assessment there is no any class 1a or 1b agrochemicals noted in the store as well as no records of any usage noted. No paraquat use since March 2004. This was also confirmed by stakeholders and workers during field interview and field visit.

Medical surveillance conducted to all pesticide operators as per CHRA requirement. CHRA conducted by DOSH approved assessors [Approval number JKKP IH 127/171-2(124) and JKKP IH 127/171-2(257)] dated July 2010. Approval to use generic CHRA dated 7 September 2010 with approval number JKKP K/M 127/454/5-16(10) as per USECHH, 2000 is available. Document review shows that medical surveillance on 8/5/14 at "Klinik Dr. Abdul Aziz & Rakan-Rakan" (OHD Dr.: HQ/08/DOC/00/197) shows all applicators are fit for work.

All information regarding the chemicals and its usage, hazards, trade and generic names of the agrochemical are available in local language and some in English. Interview with the store keeper reveal that he understands the information. MSDS was available for fertilizer and agrochemicals.

No female pesticide operators. However the company policy to transfer female pesticide operator to other non-chemical related job during pregnancy and breast feeding. Records of pesticide application and other agrochemicals are kept in daily activity book. This record includes active ingredients used, area treated, amount applied per ha, application round, and number of applicators and hours worked. These records are available for the past 5 years.

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

Sime Darby's Occupational Safety and Health (OSH) Policy provide guidance for all OSH related matters. This policy communicated to all employees onsite during quarterly safety meeting and morning briefing. However, during the ASA3 it was noted that the effectiveness of implementation is lacking in certain area. A major nonconformity was raised.

Major nonconformity against indicator 4.7.1 (e) (Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act139).

At Chersonese Mill inspection of drainage between the ramp underneath conveyor and the sterilizer station is cracked and broken and pose a safety hazard to workers. Further inspection of the area found that the cement drain side wall was broken and collapsed. The Schedule waste store is not securely locked. LOTO System is available at the mill. However, the effectiveness of the LOTO system is need enhancement. During inspection it was found relays and fuse kept inside the LOTO boxes were without any locking. Some LOTO boxes were

without key and not locked. At Holyrood Estate no first aid kit at the replanting area at field 2014A. "Permit To Work" (PTW) issued with no acceptance or acknowledgement from the contractor or their workers working at the site. The contractor was unable to produce any PTW at the time of visit to the site. The PTW indicate that the contractors workers need to wear ear plug but it was not available to workers at site. No safety hazard signage was available at the replanting area. Safe working instruction for the excavator operator at the replanting worksite was not available. Interview with the operator and document verification revealed that the contractor attended the training but did not share the information with the operator. At Kalumpang Estate Nursery no first aid box, no fire extinguisher and no washing area/emergency shower to clean the body during emergency situation or spillage of pesticide on the body.

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Mill and estate have individual training program to address the entire safety requirement and work procedures for each category of work and work station. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained. CHRA was done covering all the operation by assessor approved by DOSH (JKKP HIE 127/171-2 (124). All operating units supply appropriate PPE that suits individual work requirement. It is also noted that PPE use is implemented and monitored by "Mandor" and supervisor. The Assistant Manager is the person responsible for any OSH issues and he communicates and updates the managers accordingly.

The Mill and Estates conduct quarterly Safety Committee Meetings with the most recent held on 30 April 2014 attended by 18 members. The OSH Committees discuss accident reports, workplace inspections and issues raised by representatives. The topics discussed are communicated to workers at muster briefing by the OSH Committee representatives. Meeting was attended by representative from all categories of workers and contractors. Emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training continuously conducted to communicate and test the plan. The OSH training includes competency and safety training.

Accident reports are sent to DOSH as per requirement. Accident records are documented if there are any accidents. There is no fatal accident for the last 12 months. At mill one minor injury reported through the JKKP 8 form. Local workers are covered by SOCSO and foreign workers are covered by workmen compensation insurance scheme. Policy number FW 054573 (Chersonese Mill), FW070404 (Holyrood Estate), FW070502 (Kalumpang Estate) are valid until 30/06/2015.

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

The Chersonese Mill and Estates have prepared an annual training plan for 2014/15 that details the training to be carried out for each work station and includes contractors. The program includes the frequency of training/retraining on an annual basis. Training includes formal courses conducted using external resources and "on-the job" instruction and briefing. In addition, the Mill carries out informal on-the-job instruction to improve skill levels. The Mill and Estates maintain records of training for workers and staff. Some example of training conducted are First Aid training on 26/4/2014 by HA for 10 workers, chemical handling training for sprayers on the 18 April 2014 by Mycrop and fire fighting training by BOMBA on 16/5/2014.

Interview with staff and contractor reveal that they are included in the training activities and have undergone safety training before they start work on site and are required to attend safety briefings as well.

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

Chersonese operating unit environmental improvements continue to be directed towards the reduction of waste and the efficient use of waste generated during mill processing such as shell, fibre, EFB and effluent. HCV is limited to graveyards and worshipping places. Biodiversity area includes the riparian buffer strips that are being reinstated during replanting. The company continued to make employees aware of the need to protect HCV and biodiversity area. Inspection at Kalumpang Estate and Holyrood Estate shows the riparian area and social HCV has been demarcated and maintained which comply with requirement Principle 5 except indicator 5.1.1 and 5.3.2.

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.

Chersonese Mill and supply base estates had carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. This information is also taken into consideration for the Continuous Improvement Plans. This was verified again during this assessment. The last review at Mill was conducted in 30 June 2014 with no revision or addition due to no changes in the operation. As for Holyrood estate, the recent review was done on 4 July 2014.

However, it was noted that mill and Holyrood estate did not include compost plant (mill) and loose fruit segregation work (Holyrood estate). A major Non conformity was raised as follows:

Major nonconformity against indicator 5.1.1: Documented aspects and impacts risk assessment that is periodically reviewed and updated.

There were no reviewed documented aspects and impacts risk assessment for the following operations: Compost plan operation (adjacent to Chersonese Mill) and loose fruit segregating operation (Holyrood Estate). At Chersonese Mill during the document audit, it was found that the aspects and impacts risk assessment was last reviewed and updated on 30/6/14 with no changes. It was noted that the compost plant operation is included in the DOE permit of the mill (DOE approval Ref. No.: JB/P03/09/CKK/C/LP/02 Sept.2010). However, there is no environmental risk assessment was cited to assess the environmental regulatory impact to the mill. Sime Darby Plantation Mill Quality Management System (Sub-section 5.4 – Environmental Aspects and Impacts evaluation procedure No. 3 (h)) require including potential regulatory and legal exposure, concerns of interested parties, effect on public image and conservation issues (energy, water, paper and wildlife). It was highlighted in the OSH meeting dated 19/5/14 that EFB from compost plant always clog the mill drainage which located close to the compost plant. There was no aspect impact for the effluent treatment plant.

At Holyrood Estate during the document audit on 13/8/14, it was found that the aspects and impacts risk assessment was last reviewed and updated on 4/7/14 with no changes. However, the loose fruit segregating operation which is managed by contractor is not included in the risk assessment.

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 initial HCV assessment was conducted internally to identify possible presence of HCVs within and adjacent to the estates. The assessment also include identification of any protected area within and adjacent to the operating units. There are 2 kinds of HCV were identified: HCV 4: River buffer zone along Kuala river (5 km). HCV 4: Mangrove at outside the Kalumpang estate bordering to Matang Mangrove Forest that belongs to Perak State Government HCV 6: Workshop area (Surau and Hindu temple) in Kalumpang Division HCV 6: Graveyard Area in Kalumpang Division. A total of 28.31ha HCV continue to be managed and monitored. Biodiversity area covers about 116.70ha such as riparian. Signboards are erected to create awareness prohibiting illegal hunting and fishing. Planting of jungle trees has been maintained at Holyrood estate. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. Inspection of housing areas and interview of residents confirmed workers are aware of the company policy that prohibits illegal hunting.

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

All operating units have identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan. Operational pollutants at the mill are monitored as per requirement of regulation and reports are current and send to the relevant authorities on time.

Operational waste such as EFB, Fiber, Shell and effluent are recycled. EFB applied in the field is monitored and well managed. Mill effluent is used for EFB compost. Domestic waste is collected twice a week and disposed in the estate's landfill. The landfill area is well managed with the location far from any water course and community area.

Authorised and licensed schedule waste collector engaged to dispose the schedule waste. For example, mill has send schedule waste through E-consignment Note: 997394 dated 30 June 2014 for Spent Hydraulic and Lubricant oil, Rags and Electrical waste by Kualiti Alam. As for Holyrood estate, the schedule wastes are disposed through licensed contractor Aliran Segar with recent disposal on 15 May 2014. Clinical waste (SW404) was disposed through Faber Medi-Serve Sdn. Bhd recently on 14 July 2014. Empty chemical containers are being recycled as pre-mix containers.

However, there was some lapses in implementing operational plan to avoid pollutions were identified. Therefore, minor nonconformity was raised as below:

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

Company Pictorial Safety Standard (PSS) section 5.6 page 44 requires all SW stored at separate store and labelled "SW". The PSS also require the SW store shall be locked securely. At Chersonese Mill schedule waste (SW) was identified as pollutant. During the site visit, it was noted that SW was not kept at the designated store, contaminated cotton rags were disposed at the scrap iron area, a pale of used oil kept near the drain at the cages repairing store, the schedule waste store is not securely locked, cotton gloves Contaminated with oil were disposed nearby the diesel storage tank, the diesel containment wall was cracked. This will not mitigate any emergency situation such as leakages which can cause pollution; monsoon drain is contaminated with oil stains and boiler ash at the boiler station. The nearby drain is clogged with boiler ash, there is a storage area for Calcium Carbonate powder nearby the cages repairing store. Spillage of the powder was seen inside and outside the storage area. There is no bund to prevent any spillage from exiting the storage area. The spillage could go into the monsoon drain adjacent to the exit of the storage area.

At Holyrood Estate workshop, it was found that there were drains and oil traps had been constructed to mitigate any oil spillage. However, the front portion of the workshop where the vehicles enters does not have any mitigation to prevent oil spillages from entering into

the monsoon drain. At Kalumpong Estate there is engine oil leaking cited at the two water pumps at the nursery and at field 2013A/93A (Water Pump Number 11) which going into the nearby drains. The company has prepared domestic waste bin at each workers house at Gedong Divison. However, it was found that domestic waste is disposed by workers around the housing area and scattered surrounding worker housing. Diesel containment wall was cracked which will not mitigate any emergency situation such as leakages. Visit to the workshop found that there were drains and oil traps had been constructed to mitigate any oil spillage. However, the front portion of the workshop where the vehicles enters does not have any mitigation to prevent oil spillages from entering into the monsoon drain. There was no oil trap at the tractor parking bay to prevent oil spillages from entering into the monsoon drain.

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

Chersonese palm oil mill continue to monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy consist of shell and fibre. The energy usage varies d depending on the FFB supplied by the estates. The energy usage varies from 18 – 24 kWh per Mt FFB processed depending on the FFB supplied by the estates. Average of 14.85 renewable Energy Usage (Mt)/CPO (Mt) has been used in 2013/14 Financial Year. The use of renewable energy has been maximized.

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.

Replanted area and replanting area inspected during the field visit. It was confirmed that zero burning techniques are implemented during replanting. No any sign of burning activities in the field. As per SOP, during replanting palms are felled, chipped and mulched on the field where replanting is being carried out. Inspection at mill and estates confirm that zero burning policy is communicated and implemented. No evidence of fire used for domestic waste found during the visit to the line site at all the operating units.

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

The mill and all estates Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan, reviewed for the financial year 2014/15. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater. Ambient air quality monitoring report (No.: L-PG-AC1402CGH-0094) by Environmental Science (M) Sdn. Bhd dated 12 February 2014 shows all parameter were within the limit required by Malaysian Air Quality guideline 260 issued by DOE. Smoke emission quality test at the mill was done every 6

month in accordance to the Environmental Quality Regulation. The test was conducted by the external consultant approved by Department of Environment. No peat land within the supply base.

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

Aspects of plantation and mill management related to social issues identified through Social Impact Assessment. Annual review is conducted through stakeholder meetings and communication with stakeholders. The initial assessment was conducted prior to the initial assessment as documented in “Baseline Social Impact Assessment Perak Zone (SOU 2) in January 2009. It is noted that all the operating units maintain good relationship with internal and external stakeholders such as employees, contractors, surrounding communities and regulatory bodies. Improvement on social obligation includes improvement of the housing and facilities for the employees and contribution to the surrounding community development. There were overall compliance found with requirement of Principle 6

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.

SIA is reviewed annually based on feedback from internal and external stakeholders, the last review for 2014/2015 in March 2014. At Mill SIA reviewed in March 2014, at Holyrood estate SIA was reviewed on 10 July 2014 and Kalumpong estate conducted review on 16 July 2014. Social action plan is developed based on feedback received from external and internal stakeholders. The social action plan contains a time table with person responsible to manage and monitor each issue. It is noted that there were no pending unresolved issues during the ASA3. Issues related to access through the estates and permission to conduct cultural and religious activities is managed and monitored. There was a feedback from village head that the access road was blocked by Holyrood estate. However, after on-site verification it was noted that the villagers have alternative road for 24 hour access.

A stakeholder meeting is conducted once a year. The last stakeholders meeting was conducted in Holyrood estate attended by 10 stakeholders and Kalumpong estate on 25 February 2014, attended 9 people from local communities. Minutes meeting and attendances list are available. No any pending unresolved issues.

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.

Communication recorded as part of the stakeholder communication document. Mill and supply base conduct stakeholder meetings as part of communication and records are documented. There was an issue related to permission to enter and use estate road was discussed. During the assessment the concern area was visited and found no any issue related to access because there is already a alternative road available for access. There were no any pending issues found during the audit team's stakeholder consultation during the ASA3. Details of stakeholder consultation feedback listed under section 3.4. Similar to last assessment, all the operating units engage in communication with local communities and interested parties. No changes noted on the communication procedure of Sime Darby's group communication policy which shows flow chart of the communication procedure.

At each operating units the Social Liaison Officer or Estate Manager is the person responsible for communications with communities and other stakeholders. The stakeholders list updated regularly and include employees, contractors, suppliers, labour union representatives; staff union representative, neighbouring estates representatives, as well as local village. List stakeholders consist of name, address, and telephone number.

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.

Sime Darby Group Grievance procedure is available and documented under "Complaint & Request Internal/External QSHE/08/5.5.3". This procedure was communicated to stakeholders during meetings as a part of process to resolve any disputes. Complaint and grievances was recorded in complaint book. Inspection of the records indicated that the systems to resolve all disputes are in a timely manner. There are cases where complaints were raised verbally to the staff and executives although workers are encouraged to record in the book. Even verbal grievances are attended promptly. This was confirmed by the workers and staff interviewed. During this audit there is no any pending disputes noted.

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.

There is no issue related to compensation for loss of legal or customary rights noted during this assessment. All the land was initially from the state government. Stakeholders continue to have access to any negotiations if there in any 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.

Workers are covered by the MAPA/NUPW agreement and the staff covered with MAPA/AMESU agreement. This is documented at all the operating units. Migrant workers continue to make up the majority of the workforce who are engaged on 2 or 3 year contracts. Payments are made as per the agreement and follow Minimum Wage Order 2012. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available in and understood by workers. This was confirmed during interview with workers.

Interview with the workers at the Chersonese palm oil mill, Holyrood Estate and Kalumpang Estate confirm the employees understand the term of employment contract including pay rate, fringe benefits, annual leave, sick leave, public holiday, maternity leave, dismissal procedures and conditions etc.

Mill and estate continue to provide adequate housing to their employees and meets the government standard. All the houses are provided with sufficient water and electricity supply. No any issues were highlighted by workers during the interview. Previous nonconformity raised under indicator 6.5.2 remains closed. Workers have agreed and gave concern for deduction from salary such as for NUPW.

Beside the housing, the company is also provide other facilities such as worshipping places, crèche, clinics, sports facilities and community hall.

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.

Interview with the Perak State NUPW Secretary and employees confirmed that all employees have right to form and join trade unions of their choice and to bargain collectively. This is carried out by the workers through joining the NUPW and staff joining the AMESU.

Workers union meeting was held with NUPW on 3 June 2014 at Chersonese Mill attended by 9 committee members. Holyrood estate conducted union meeting on 26 June 2014 and Kalumpang estate on 18 April 2014. Issues related to work was discussed and it was confirmed by the union secretary that there is no any unresolved labour issue. Interview with the on-site workers union secretary reveals that most of the work related issues are resolved through verbal discussion.

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.

Inspection to employee contract agreement and list of employees' mater list and registration confirmed that those employed are as per company policy on minimum age. The minimum working age is 18 and above. During field visit and consultation with stakeholders confirm that there is no child labour at any of the operations. The youngest worker registered is 19 years old.

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 last assessment, an equal opportunity policy is displayed at notice board at the mill and estates. This was communicated with all employees. Interview of male and female workers as well as staff confirmed understanding and awareness of the policy. Pay record and interview with employees confirm that there is no any kind of discrimination. All workers have access to the grievance and resolution mechanism.

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.

Policy statement to prevent sexual harassment and violence is documented in the Sime Darby Plantation Social Policy. Gender committee formed by members representing each operating units and work category that involve female workers. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit. The last gender committee meeting was held on 4 May 2014. The meeting minutes shows that no any kind of harassment issue was raised in the meeting. The meeting follows the guidelines as per the Gender Committee Manual.

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

Chersonese palm oil mill process FFB from company owned estates only. No FFB purchased from out-growers or smallholders. Pricing mechanism for FFB supplier is not applicable during ASA3. Other contractual agreement is mutually agreed by contractors/suppliers prior to signing any contracts.

The Company has standard terms and conditions of contracts for the contract agreement. In addition, during induction, details of the contract are explained to potential contractors. Interviews with contractors confirmed they understand contract terms and conditions. Contract is transparent and fair. The contractors interviewed confirmed that the payments are made promptly. Sample contract (No.: 4300246365) for machinery works dated 1 June 2014 and payment records were checked and verified during the assessment. No issues were highlighted by the contractors interviewed. Inspection to the "Grievance

Book" indicated no complaint was raised in relation to processing of the payment.

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

The Company has standard terms and conditions of contracts bound into the contractor contract agreement. In addition, during induction, details of the contract were explained. Interviews with contractors confirmed they understand contract terms and conditions. They also confirmed that the payments are made on time and they were maintaining a good relationship for long time. Sample contract (No.: 4300246365) for machinery works dated 1 June 2014 and payment records were checked and verified during the assessment.

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

The palm oil mill and estates provided access right to stakeholders to pass through estate road. Company continue to contribute donation to local schools, village and for sports activities at surrounding community area whenever there is a request and approved by the head office.

Principle 7: Responsible Development of New Plantings
Chersonese Certification Unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Therefore, principle 7 is not applicable to this assessment. The immature area is replanted area.

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

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

The programme of establishing beneficial plants and the establishment of barn owls as a biological pest control has continued, with the aim of reducing the use of pesticides. The evidence was there were no use of WHO Type 1A or Type 1B pesticides or paraquat has been used by the states.

The company is continuing with the replanting program to maintain the age profile of the palms evenly distributed and to ensure optimum productivity.

Use of steam turbines for generating electricity is optimised which has reduced the dependence on the non-renewable energy. The Mill has achieved average water usage of 1.03mt/mt FFB to match the industry standard. Recycling of waste materials produced by the mill such as empty bunches and mill effluent are continued to be used for composting as an initiative to maximising recycling waste and generate organic fertiliser.

All operating units carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement. Significant progress on improvements of housing involving the construction of new houses as well as upgrading of existing houses are continued to be given attention. The company continued to support local schools and places of worship with donations which are considered appropriate for the socio-economic settings.

3.2 Detailed Identified Nonconformities, Evidence of closing out Major Nonconformities and Auditor Conclusions

There were four Major nonconformities and two minor nonconformities were identified during ASA3 along with one observation. The evidence of implementation to closing out the Major nonconformities was received, reviewed and accepted by the BSI audit team. The major nonconformity was closed on 6 October 2014.

The management submitted corrective action plans for all the minor nonconformities. The Audit Team has reviewed and accepted the Corrective Action Plan. Implementation of corrective actions and closing out the minor nonconformities will be followed up during the next Surveillance Assessment.

The details of the nonconformities are listed below.

Major Nonconformity

1085571M1: Major nonconformity against indicator

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

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

- a. A safety and health policy, which is communicated and implemented.
- b. All operations have been risk assessed and documented.
- c. An awareness and training program which includes the following specifics for pesticides:
 - i. to ensure all workers involved have been adequately trained in a safe working practices (See also C 4.8)
 - ii. all precautions attached to products should be properly observed and applied to the workers.
- d. The appropriate personal protective equipment (PPE) are used for each risk assessed operation.
- i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.
- e. The responsible person (s) should be identified.
- f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.
- g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.

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

i. First Aid equipment should be available at worksites.

At Chersonese Mill inspection of drainage between the ramp underneath conveyor and the sterilizer station is cracked and broken and pose a safety hazard to workers. Further inspection of the area found that the cement drain side wall was broken and collapsed. The Schedule waste store is not securely locked. LOTO System is available at the mill. However, the effectiveness of the LOTO system is need enhancement. During inspection it was found relays and fuse kept inside the LOTO boxes were without any locking. Some LOTO boxes were without key and not locked.

At Holyrood Estate no first aid kit at the replanting area at field 2014A. "Permit To Work" (PTW) issued with no acceptance or acknowledgement from the contractor or their workers working at the site. The contractor was unable to produce any PTW at the time of visit to the site. The PTW indicate that the contactors workers need to wear ear plug but it was not available to workers at site. No safety hazard signage was available at the replanting area. Safe working instruction for the excavator operator at the replanting worksite was not available. Interview with the operator and document verification revealed that the contractor attended the training but did not share the information with the operator.

At Kalumpong Estate Nursery no first aid box, no fire extinguisher and no washing area/emergency shower to clean the body during emergency situation or spillage of pesticide on the body.

The mill and estate management analyzed the root cause, carried out short term correction and developed long term preventive action. The operating units submitted corrective action plans on 22/8/2014. BSI Audit team conducted review and accepted the corrective action plan.

The Chersonese mill has repaired the drain near ramp as short term correction and engaged contractor to repair other drains as well. The schedule waste store was fixed with new latch and appointed the QA as person-in-charge to monitor the schedule waste store. All the LOTO cabinets were re-inspected on 14th August 2014 and faulty fuses were removed. The QA conduct monthly inspection. The latest inspection was on 1 October 2014. Holyrood estate re-issued complete PTW to the replanting contractor which was signed acceptance by the contractor on 16 August 2014 and supplied first aid kit to the replanting contractor on 16 August 2014. Safe Operating Procedure training was provided on 15 September 2014 attended by the contractor, supervisor and operators. At Kalumpong estate, the nursery mandor was provided with first aid kit. Water pump was provided for the fire fighting purpose. Portable eye wash and emergency shower was provided. Re-training on safe agrochemical handling was conducted on 18 August 2014. Document review was conducted on all the evidence and the major nonconformity was closed on 6 October 2014.

1085571M2: Major nonconformity against indicator

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

Oil Palm Nursery site at Kalumpang estate did not comply with the pesticide storage and Sime Darby's Pictorial Safety Standard requirement. During site visit to the nursery store, it was noted that pesticide OTIN 975 (Class III) was kept inside the store without labelling. The pesticide and agrochemical store was not locked. No safety signage at the store. The storage area is not kept clean, poor housekeeping, no ventilation and labelling.

The mill management analyzed the root cause, carried out short term correction and developed long term preventive action. The operating units submitted corrective action plans on 22/8/2014. BSI Audit team conducted review and accepted the corrective action plan. The Kalumpang management found that the OTIN 975 is old stock misplaced at the nursery store. All the agrochemicals were shifted to the main store which comply to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. The store at the nursery is designated for tools and the assistant manager as person-in-charge conduct weekly inspection. Housekeeping was carried out on 18 September 2014. Review of the documented evidence confirmed that the implementation of the corrective actions. The major nonconformity was closed on 6 October 2014.

1085571M3: Major nonconformity against indicator

5.1.1: Documented aspects and impacts risk assessment that is periodically reviewed and updated.

There were no reviewed documented aspects and impacts risk assessment for the following operations: Compost plan operation (adjacent to Chersonese Mill) and loose fruit segregating operation (Holyrood Estate). At Chersonese Mill during the document audit, it was found that the aspects and impacts risk assessment was last reviewed and updated on 30/6/14 with no changes. It was noted that the compost plant operation is included in the DOE permit of the mill (DOE approval Ref. No.: JB/P03/09/CKK/C/LP/02 Sept.2010). However, there is no environmental risk assessment was cited to assess the environmental regulatory impact to the mill. Sime Darby Plantation Mill Quality Management System (Sub-section 5.4 – Environmental Aspects and Impacts evaluation procedure No. 3 (h)) require including potential regulatory and legal exposure, concerns of interested parties, effect on public image and conservation issues (energy, water, paper and wildlife). It was highlighted in the OSH meeting dated 19/5/14 that EFB from compost plant always clog the mill drainage which located close to the compost plant. There was no aspect impact for the effluent treatment plant.

At Holyrood Estate during the document audit, it was found that the aspects and impacts risk assessment was last reviewed and updated on 4/7/14 with no changes.

However, the loose fruit segregating operation which is managed by contractor is not included in the risk assessment.

The mill management analyzed the root cause, carried out short term correction and developed long term preventive action. The operating units submitted corrective action plans on 22/8/2014. BSI Audit team conducted review and accepted the corrective action plan. The mill management found that the previous environmental aspect impact was carried out by the compost plant operator. Effective now the mill has decided to include the environmental aspect impact of the compost plant during the mill review process. The mill QA is appointed to monitor the environmental aspect impact of the compost plant. The review of the environmental aspect impact was completed on 14 August 2015. The documents were handed over to BSI audit team on 15 August 2014. The environmental aspect impact for the loose fruit segregation was completed by Holyrood estate on 25 August 2014. Document review confirmed that the loose fruit segregation was assessed and covered all the impacts. The major nonconformity was closed on 6 October 2014.

1085571M4: Major nonconformity against indicator 2.1.1: Evidence of compliance with legal requirements.

Storage of schedule waste has exceeded 180 days storage limit [EQA 1974 (Schedule wastes) Regulations 2005]. At Kalumpang Estate schedule waste (SW 305 – Spent lubricating oil and SW 306 - Spent hydraulic oil) were disposed on 15/5/14 through licensed contractor (Aliran Segar Sdn. Bhd – Consignment Note: AS 77393). However, visit to the schedule waste store found that schedule waste (SW 102 - used battery and SW 410 – used oil filter) have been stored for more than 180 days. Record review shows that the last disposal was done on 27/6/2013. This does not comply with the EQA 1974 (Schedule wastes) Regulations 2005.

The mill management analyzed the root cause, carried out short term correction and developed long term preventive action. The operating units submitted corrective action plans on 22/8/2014. BSI Audit team conducted review and accepted the corrective action plan. The management found that it was difficult to get authorised collector for the used battery. Whereas the used filters were in insufficient quantity during the last disposal date. The used oil filter was disposed through license collector "Alam Aliran Kualiti (M) Sdn Bhd on 25 August 2014 and the used battery sent to Sime Darby Industries on 18 September 2014. The relevant documents were shared with BSI audit team on 1 October 2014. The BSI audit team conducted review of the documents and accepted the evidence. The major nonconformity was closed on 6 October 2014.

Minor Nonconformities

There were two nonconformities assigned against Minor Compliance Indicators. The management at Chersonese Certification Unit operations has prepared corrective action plan for addressing the non conformities which BSI has reviewed and accepted. Progress towards closing

out and the action taken will be followed up at the subsequent surveillance assessment as per RSPO Certification System requirement.

The details of these nonconformities are as follows:

1085571N1: Minor nonconformity against indicator 4.4.7: Evidence of water management plans.

At Kalumpang Estate, water management plan did not include nursery operations which consume high quantity of water. Water Management Plan was reviewed on 11 July 2014. However, the water management plan did not include water usage activities of the oil palm nursery. During the site visit to the nursery site on 14 August 2014 noted water leakages from the piping system. Water contamination noted at the drains nearby the water pump.

1085571N2: Minor nonconformity against indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

Company Pictorial Safety Standard (PSS) section 5.6 page 44 requires all SW stored at separate store and labelled "SW". The PSS also require the SW store shall be locked securely.

At Chersonese Mill schedule waste (SW) was identified as pollutant. During the site visit, it was noted that SW was not kept at the designated store, contaminated cotton rags were disposed at the scrap iron area, a pale of used oil kept near the drain at the cages repairing store, the schedule waste store is not securely locked, cotton gloves Contaminated with oil were disposed nearby the diesel storage tank, the diesel containment wall was cracked. This will not mitigate any emergency situation such as leakages which can cause pollution; monsoon drain is contaminated with oil stains and boiler ash at the boiler station. The nearby drain is clogged with boiler ash, there is a storage area for Calcium Carbonate powder nearby the cages repairing store. Spillage of the powder was seen inside and outside the storage area. There is no bund to prevent any spillage from exiting the storage area. The spillage could go into the monsoon drain adjacent to the exit of the storage area.

At Holyrood Estate workshop, it was found that there were drains and oil traps had been constructed to mitigate any oil spillage. However, the front portion of the workshop where the vehicles enters does not have any mitigation to prevent oil spillages from entering into the monsoon drain.

At Kalumpang Estate there is engine oil leaking cited at the two water pumps at the nursery and at field 2013A/93A (Water Pump Number 11) and all the leaked oil is going into the nearby drains at the nursery site. The company has prepared domestic waste bin at each workers house at Gedong Divison. However, it was found that domestic waste is disposed by workers around the housing area and scattered surrounding worker housing in Kalumpang Estate. Diesel containment wall was cracked. This will not mitigate any emergency situation such as leakages which can cause pollution. Visit to the workshop found that there were

drains and oil traps had been constructed to mitigate any oil spillage. However, the front portion of the workshop where the vehicles enters does not have any mitigation to prevent oil spillages from entering into the monsoon drain. There was no oil trap at the tractor parking bay to prevent oil spillages from entering into the monsoon drain.

Observation/Opportunity for improvement

The following observation/Opportunity for improvement was identified. The progress with the Observation/Opportunity for Improvement will be checked at the next Annual Surveillance Assessment. The Details are of below:

Observation 1: (4.4.1): Work of restoring appropriate riparian buffer zones at replanting along the Sungai Segar River at Field 2014A was in progress. This will be followed up after the completion of the replanting work during next surveillance.

3.3. Status of Nonconformities (Major and Minor) Previously Identified and observations

It was noted that all the major nonconformities raised during the ASA2 are remain closed.

There was a minor nonconformity identified during the ASA2 for the Chersonese Certification Unit was followed up during the ASA3 although the operating units have already addressed the minor nonconformity during the last assessment together with the major nonconformities. Corrective Actions and implementation for the minor nonconformity identified during the ASA2 was effectively and consistently implemented and the nonconformity remains closed. The details of the nonconformity and evidence of closing out the nonconformity is listed below.

944707N2: Minor nonconformity against indicator 6.5.2

Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

It was noted that there is no any consent letter from the workers giving permission for the deduction as per "Permit Pematangan dari Gaji Pekerja" except for the NUPW membership.

ASA3 Findings: During the ASA3 the corrective actions were implemented and the issue was addressed effective by all the operating units visited. The latest concern letter dated 27 April 2014 and July 2014. The concern letter includes name, signature and type of deduction made such as workers union membership. There were no any pending issues found during this audit. The nonconformity was appropriately addressed and remains closed and re-verified on 12/8/2014.

Status of Previous Observation

Observation 1 (2.1.1): All operating Units: As an area for improvement all the operating units should consider marking the PMT Number on the air compressor with permanent marking.

ASA3 findings: During the ASA3 it was noted that PMT numbers are marked permanently.

Observation 2 (4.7.1): Chersonese Palm Oil Mill: It was noted that the Chersonese Palm Oil Mill have carried out all the necessary arrangement to prepare for the fire certificate application requirement and final approval of budget was obtained during the FY 2012/2013. The final progress of completion will be followed up during the next surveillance. Chersonese Estate (Jin Seng Division) is considering repainting warning sign at diesel storage which was faded to create safety awareness and consider installing a cover for the oil sum.

ASA3 findings: During the ASA3 it was noted that budget was approved. Jin Seng Division has made improvement on the signages.

Observation 3 (4.6.4): At Tali Ayer estate's Sg Kerian Division, agrochemical drums are re-used for pre-mixing agrochemical with water. As a best practice, marking the plastic drum with permanent marker as an indication for easy identification of pre-mixed drums is in progress.

The present marking was faded. MSDS was available for fertilizer at the Chersonese Estate's Jin Seng division. The management should consider having a copy at the fertilizer store.

ASA3 findings: During the ASA3 it was noted that improvement has been made in marking the empty containers. MSDS are available at the fertilizer store.

Observation 4 (4.7.1i): All Operating Units: It was noted that appropriate PPE at the place of work to cover all potentially hazardous operations are provided. PPE replacement by operating units when it is due for replacement (such as rubber boot for sprayers) record incomplete.

ASA3 findings: All operating units visited have readily available stock of PPE. Records are maintained whenever replacements are made.

Observation 5 (2.2.2): Tali Ayer Estate: Process of transferring the crop term is in process due to the restructuring of the company completed at Chersonese Estate. The completion of the progress at Tali Ayer Estate will be checked during next surveillance assessment.

ASA3 findings: Process of transferring has been completed.

Observation 6 (5.3.2): During visit to the Chersonese housing site, it was noted that the housekeeping surrounding the housing can be improved by regularly collecting the scattered rubbish thrown around the housing.

ASA3 findings: During the ASA3 the same issue was seen at Kalumpang estate with poor domestic waste

management. This observation is now upgraded to minor nonconformity.

Observation 7 (5.3.2): During visit to the Chersonese Estate storage area about 20 drums of pre-mixed diluted chemicals was not kept at the pre-mix area.

ASA3 findings: These drums was removed and stored at the mixing area immediately by the operating unit during the last audit. During this audit there were no issues.

3.4 Issues raised By Stakeholders and Findings with Respect To Each Issue

During this ASA3, stakeholders were contacted prior to the assessment to gather feedback and information about the Chersonese Certification Unit and Simae Darby Plantation Sdn Bhd. On-Site interview with stakeholders were conducted. Majority of the stakeholders had positive comments about Chersonese Certification Unit comprising Chersonese mill and four estates included in the certificate scope. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report. The summary detail of feedback received as follows:

a) Perak State NUPW Secretary: He highlighted that very few job opportunity are available for local residence. He confirmed that all operating units within the Chersonese certification units maintain good relationship with union and workers. No any pending issues.

Management response: Priority is always for the local workers. However, the local workers are choosy in the job preferred had made the company to hire foreign workers. However, the management will always open any vacancies for the locals prior to employ foreign workers.

Audit team findings: Employee records shows that 80% of workers at Chersonese mill are locals. There are about 40-45% of workers at estates are locals. Interview with the local village head's confirmed that many local workers are currently employed at the estate and mill. Further verification with staff and worker also reveal that local workers given priority. Therefore, the highlighted issue is an isolated issue and the management had also agreed to advertise in more clear notices in the future for any job vacancies.

b) Wildlife Department Officer: He suggests that the management should continuously give awareness to the workers regarding the ERT and try to reduce the usage of agrochemical.

Management response: The management has given awareness training and briefing to the workers about ERT and will continuously give such training and briefing in the future. As for the agrochemical usage, there is a formal justification for agrochemical use which attempts to ensure that the most effective and least harmful chemicals are always first choice. The management is not using paraquat.

Audit team findings: The management agreed to the suggestion from the wildlife department officer and wants to ensure continuous implementation.

c) Head of the village and village representative (Kampung Sungai Segar): He has highlighted that the Holyrood estate management has suddenly blocked the estate road which was used by the villagers as short-cut road to the nearest town. He also gave a positive feedback- He mentioned that many local villagers' family members are currently employed in the company. Locals are given priority whenever there's a vacancy in the company.

Management response: The management highlighted that there is a change in the village head. The Holyrood estate management has already discussed with the former village head regarding the road closure which was due to the security reason and was agreed by the former village head. However, the new head of village is not aware on the agreement. There is a government road just beside the estate road which can be used by the villagers. The management also agreed to meet the new head of village to explain.

Audit team findings: Visit to the area concern found there was a government road just beside the estate road which can be used by the villagers. Also, there were some markings of FFB have been taken to the nearby government road (such as loose fruits were found all the way out to the road). It was noted that the villagers still have access road (government road) and no further issue.

d) Head of the village and village representative (Kampung Sungai Segar): Phone call was made to contact him because he was unable to attend meeting. He said there are no any issues.

Audit team finding: Positive feedback.

e) School Head Master: He thanked the management for the contributions, continuous assistance and support from the company.

Audit team finding: Positive feedback.

f) Compost plant and loose fruit contractor & Supplier: Informed that the management had maintained a good relationship. There were no issue on payment were highlighted.

Audit team finding: Inspection on contracts and payment are in compliance.

g) Temple Committee Member: The committee member claims that the management had given full support for all the temple activities.

Audit team finding: Positive feedback.

h) Local and Foreign workers: No complaint or dispute was raised by local and foreign workers.

Management response: Management highlighted that workers have access to compliant procedures and any complaint received will be attended immediately.

Audit team finding: No pending issues.

i) On-site workers Union: The representative informed that there is no any dispute or pending issues between management and workers.

Audit team findings: Inspection of union meeting record confirmed that there is no pending issue.

j) Gender Committee representative: No any issues highlighted.

Audit team findings: Gender Committee Meeting records confirm no issues.

WWF Indonesia Representative: He replied and confirmed through email that there is no any issue at the moment.

Audit team finding: No further issues.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit (ASA 4)

The next surveillance visit will be scheduled within nine - twelve months of the certificate anniversary.

4.2 Date of Closing Nonconformities (Major and Minor)

CAR Ref.	Class	Issued	Status
05/2009	Minor	IAV-15/9/11	Closed-11/9/12
06/2009	Minor	IAV-15/9/11	Closed-11/9/12
A775875/1	Major	ASA1-13/9/12	Closed-9/11/12
A775875/2	Minor	ASA1-13/9/12	Closed-17/7/13
A775875/3	Minor	ASA1-13/9/12	Upgraded to Major during ASA2 (ref: 944707M0)-Closed-10/9/13
A775875/4	Minor	ASA1-13/9/12	Closed-17/7/13
944707M0	Major	ASA2-20/7/13	Closed-10/9/13
944707M1	Major	ASA2-20/7/13	Closed-10/9/13
944707N2	Minor	ASA2-20/7/13	Closed-12/08/14
1085571M1	Major	ASA3-15/8/13	Closed-6/10/14
1085571M2	Major	ASA3-15/8/13	Closed-6/10/14
1085571M3	Major	ASA3-15/8/13	Closed-6/10/14
1085571M4	Major	ASA3-15/8/13	Closed-6/10/14
1085571N1	Minor	ASA3-15/8/13	"Open"
1085571N2	Minor	ASA3-15/8/13	"Open"

4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of
Sime Darby Plantation Sdn Bhd – SOU 2 Chersonese
Certification Unit

SIME DARBY PLANTATION SDN. BHD.
LADANG CHERSONESE

.....
Mr. Mohamed Bin Maidin MAIDIN
SOU 2 – Chersonese certification Units
Manager

Signed for on behalf of
BSI Group Singapore Pte Ltd

.....
Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: Sime Darby Plantation Time bound Plan

TIME BOUND PLAN – Certification Units in Malaysia			
No.	MANAGEMENT UNIT		LOCATION
	P O M	Time Bound	
1	Sg Dingin	Certified 2010	Kedah
2	Chersonese	Certified 2011	Perak
3	Elphil	Certified 2011	Perak
4	Flemington	Certified 2011	Perak
5	Seri Intan	Certified 2011	Perak
6	Selaba	Certified 2011	Perak
7	Tenamaram	Certified 2011	Selangor
8	Bkt Kerayong	Certified 2011	Selangor
9	East	Certified 2010	Selangor
10	West	Certified 2010	Selangor
11	Bukit Puteri	Certified 2011	Pahang
12	Kerdau	Certified 2011	Pahang
13	Jabor	Certified 2011	Pahang
14	Labu	Certified 2011	N. Sembilan
15	Tanah Merah	Certified 2010	N. Sembilan
16	Sua Betong	Certified 2014	N. Sembilan
17	Kok Foh	Certified 2011	N. Sembilan
18	Kempas	Certified 2010	Malacca
19	Diamond Jubilee	Certified 2011	Malacca
20	Pagoh	Certified 2014	Johor
21	Chaah	Certified 2010	Johor
22	Gunung Mas	Certified 2010	Johor
23	Bukit Benut	Certified 2011	Johor
24	Ulu Remis	Certified 2011	Johor
25	Hadapan	Certified 2011	Johor
26	Sandakan Bay	Certified 2008. Recertification 2013 completed	Sabah
27	Melalap	Certified 2011	Sabah
28	Binuang	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
29	Giram	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
30	Merotai	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
31	Lavang	Certified 2011	Sarawak
32	Rajawali	Certified 2011	Sarawak
33	Derawan	Certified 2011	Sarawak
34	Pekaka	Certified 2011	Sarawak

Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. RSPO has granted eTrace extension to 3 sites to complete the recertification process.

There was change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT MAS. This was the result from the mediation meeting held on 22 July 2014. PT MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB yet to issue the certificate.

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

Appendix A: Sime Darby Plantation Time bound Plan...continue

TIME BOUND PLAN – Certification Units in Indonesia			
No.	MANAGEMENT UNIT		LOCATION
	P O M	Time Bound	
1	Sekunyir (PT. Indotruba Tengah)	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan
2	Manggala (PT. Tunggal Mitra Plantations)	Certified 2010	Rokan Hilir District – Riau
3	Bk. Ajong (PT. Sime Indo Agro)	Certified 2010	Sanggau District – West Kalimantan
4	Teluk Siak (PT Aneka Inti Persada)	Certified 2011	Pekanbaru, Siak District – Riau
5	Sungai Pinang (PT. Bina Sains Cemerlang)	Certified 2012	Musi Rawas District – South Sumatera
6	Sukamandang (PT. Kridatama Lancar)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
7	Pematang (PT. Teguh Sempurna)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
8	Alur Dumai (PT Lahan Tani Sakti)	Certified 2011	Rokan Hilir District – Riau
9	Teluk Bakau (PT. Bhumireksa Nusa Sejati)	Certified 2011	Indra Giri Hilir District – Riau
10	Mandah (PT. Bhumireksa Nusa Sejati)	Certified 2014	Indra Giri Hilir District – Riau
11	Angsana Mini (PT Sajang Heulang)	Certified 2011	Tanah Bumbu District – South Kalimantan
12	AngsanaPT Ladangrumpun Suburabadi	Certified 2011	Tanah Bumbu District – South Kalimantan
13	Mustika (PT Sajang Heulang)	Certified 2013	Tanah Bumbu District – South Kalimantan
14	Gunung Aru (PT Bersama Sejahtera Sakti)	Certified 2011	Kotabaru District – South Kalimantan
15	Bebunga (PT. Langgeng)	Certified 2011	Kotabaru District – South Kalimantan
16	Blang Simpo (PT Padang Palma Permai)	Certified 2013	Aceh Tamiang, Nangroe Aceh Darussalam
17	Pondok Labu (PT Paripurna Swakarsa)	Certified 2012	Kotabaru District – South Kalimantan
18	Selabak (PT Swadaya Andhika)	Certified 2012	Kotabaru District – South Kalimantan
19	Rantau (PT Laguna Mandiri)	Certified 2012	Kotabaru District – South Kalimantan
20	Betung (PT Laguna Mandiri)	Certified 2014	Kotabaru District – South Kalimantan
21	Ungkaya (PT Tamaco Graha Krida)	Certified 2012	Morowali District – Sulawesi Tengah
22	Ladang Panjang (PT Bahari Gembira Ria)	Certified 2012	Muaro Jambi District - Jambi
23	Rantau Panjang (PT Guthrie Pecconina Indonesia)	Certified 2012	Musi Banyuasin District – South Sumatera
24	MAS (PT Mitra Austral Sejahtera) The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. A verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Regular discussions is ongoing between Sime Darby Plantation and the project affected communities.	2015**	Sanggau District – West Kalimantan
25	Lembiru (PT Sandika Nata Palma)	Certified 2014	Ketapang District – West Kalimantan
<p>Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. RSPO has granted eTrace extension to 3 sites to complete the recertification process.</p> <p>There was change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT MAS. This was the result from the mediation meeting held on 22 July 2014. PT MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB yet to issue the certificate.</p> <p>Due to the present mediation process, PT Mitra Austral Sejahtera TBP was revised to 2015 by Sime Darby pending on the resolution and mediation process which is acknowledged by RSPO. The final decision of issuing the certificate is under the CB audited the PT MAS. BSI has contacted the CB and consultation was held. The CB that audited PT MAS accepted the revision of the TBP. BSI accepted the feedback from the CB that audited PT MAS as per the RSPO Certification System requirement "Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness". BSI understands that there are community issue still unresolved however the improvement is in progress and acknowledge by RSPO. Sime Darby has informed the Time Bound Plan progress. BSI has consider that Sime Darby still comply with the RSPO requirement for partial certification and has justified the revision to TBP made in end of July after the meeting with RSPO DSF on 22 July 2014.</p>			

Appendix B: Sime Darby Plantation Sdn Bhd – SOU 2 Chersonese Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.
 SOU 2 Management Unit
 Chersonese Palm Oil Mill
 34350 Kuala Kurau,
 Bagan Serai,
 Perak, MALAYSIA

BSI RSPO Certificate №: SPO 590800

Date of Initial Certificate Issued: 5 October 2011

Date of Expiry: 4 October 2016

Applicable Standards: RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; Annex 4: Procedures for Annual Surveillance; Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation.

Chersonese Palm Oil Mill and Supply Base		
Location	Kuala Kurau, Perak, Malaysia.	
Address	SOU 2 Management Unit, Chersonese Palm Oil Mill, 34350 Kuala Kurau, Bagan Serai, Perak, MALAYSIA	
GPS	Longitude: 100° 27' 12" E Latitude: 4° 59' 24" N	
CPO Tonnage Total Production (Certified)	37,880	
PK Tonnage Total Production (Certified)	10,115	
Company Estate FFB Tonnage (Certified)	183,880	
Estates FFB Tonnage (Certified)	Chersonese Estate	52,588
	Holyrood Estate	20,878
	Tali Ayer Estate	56,838
	Kalumpong Estate	53,576

Appendix C: 3rd Annual Surveillance Assessment Program

THE OBJECTIVE AND SCOPE OF THE AUDIT

- The main objective of this audit is to evaluate Chersonese Palm Oil Mill and its supply bases continuous implementation of the RSPO requirements [RSPO P&C NI MY-NIWG 2010; RSPO Certification System June 2007 (revised March 2011); Procedure for Annual Surveillance Assessments: October 2009; RSPO Supply Chain Certification Standard: November 2011 relevant module for CPO Mills; Revised Generic P&C April 2013; Client's policies and procedures]
- Based on findings, a recommendation will be made to RSPO for continuation of Certification. Recommendation is not possible if any Major Non Conformity is not addressed and not closed. The management will need to carry out appropriate corrective action with evidence of implementation and close any Major NC prior to the recommendation.
- Determination of the conformity of the client's management system, or parts of it, with audit criteria.

evaluation of the ability of the management system to ensure the client organization meets applicable statutory, regulatory and contractual requirements

PRELIMINARY AGENDA (Revision 2)					
Date	Time	Subjects	Senniah	Haeruddin	Muhd Haris
Monday 11/8/2014	2.30 PM	BSI Team – ASI Team Meeting Opening Meeting @ SSL Traders Hotel.	√	√	√
Tuesday 12/8/2014 Chersonese Palm Oil Mill	08.30 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Opening Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	Chersonese Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, meeting stakeholders etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Chersonese Palm Oil Mill: Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities.	√	√	√
	16.30-17.00	Interim Closing briefing.	√	√	√
Wednesday 13/8/2014	08.30 – 12.00	Holyrood Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	-
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Holyrood Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30-17.00	Interim Closing Briefing	√	√	√
Thursday 14/8/2014	8.30 – 12.00	Kalumpang Estate Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	√	√	√

PRELIMINARY AGENDA (Revision 2)					
Date	Time	Subjects	Senniah	Haeruddin	Muhd Haris
	12.00 – 14.00	Lunch	√	√	√
	13.00 – 16.30	Kalumpang Estate Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	√	√	√
	16.30-17.00	Interim Closing Meeting	√	√	√
Friday 15/8/2014 Chersonese Palm Oil Mill	8.30 – 9.30	Verify any outstanding issues. Verify time bound plan & issue relevant to partial certification. Prepare for closing meeting.	√	√	√
	9.30 – 10.30	Closing Meeting	√	√	√
	10.30-11.30	Exit meeting: ASI – BSI	√	√	√

The BSI auditor team will comprise of the following members:

	Name	Role	Assessment aspects
1	Mr. Senniah Appalasamy	Team Leader	Example: Mill and Estate best practices, supply chain, OSH, HCV, Legal, Environment, Social issues, stakeholder interview etc. Able to speak and understand Bahasa Malaysia, English, Tamil, Telugu and Bahasa Indonesia.
2	Mr. Haeruddin Tahir	Team member	Example: Mill and Estate best practice, Social issues, workers consultation, Stakeholder Consultation, OSH, HCV etc. Able to speak and understand Bahasa Malaysia, English, and Bahasa Indonesia.
3	Mr. Muhammad Haris Abdullah	Team member	Example: Mill and Estate best practice, Environment, OSH, Legal issues, SEIA, Waste management, social issues, stakeholder consultation, workers welfare etc. Able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

ASI Assessors conducting “Witness Audit” on BSI’s RSPO audit process:

1. Norashikin Rasikon (ASI Lead Assessor)
2. Garry MacInnes (ASI Co-Assessor)

Observers from BSI Asia Pacific:

1. Alfred Au (Compliance & Risk Director)
2. Todd Redwood (General Manager –Food and Supply Chain)

Appendix D: List of Stakeholders Contacted

<p>Internal Stakeholders</p> <ol style="list-style-type: none"> 1. Chersonese Certification Unit Management team and Staff 2. Representatives from Plantation Sustainability & Quality Management Department 3. On site compliance executives 4. Mill Manager and Assistants 5. Estate Managers and Assistants 6. Facility Administrators 7. Gender Committee Representatives 8. Hospital Assistant 9. Male and Female workers (Local and Foreign) 10. Workers Union Representatives 11. Onsite NUPW secretary 12. AMESU Representative 	<p>Local Communities</p> <ol style="list-style-type: none"> 1. Kuala Gula Fisherman Village Representative 2. Sungai Segar Village Representative 3. Hindu Temple Representative
<p>Government Departments</p> <p>Labour Department, Perak District Drainage and Irrigation Office SJK (T) Ladang Chersonese School Headmaster Wildlife Department Department of Environment DOSH, Perak</p>	<p>Contractors</p> <p>Compost Plant Contractor FFB Transport Contractor Loosed fruit Segregator Contractor Electric Contractor General Supplier Replanting Contractor's Workers</p>
<p>Others</p> <p>Perak State NUPW Secretary All Malaysian Estate Staff Union GreenPalm Solidaridad UTZ WWF Shabat Alam Malaysia MPOB</p>	

Appendix E: Chersonese Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

Requirements	Compliance
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Chersonese palm oil mill have written documented procedures for the chain of custody covering certified and non certified FFB. The mill manager has the responsibility to ensure implementation. The SG model used because only certified FFB is processed at the moment. However, the palm oil mill also have the system in place to use Mass Balance model through either down grading the SG to MB or through purchasing non certified FFB in the future.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Chersonese mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. The weighbridge system is registered with only certified supply base and each certified supply base is given a designated code: Chersonese Estate: E148 Holyrood Estate: E140 Tali Ayer Estate: E010 Kalumpang Estate: E162 There is also two estates from Certificate Scope SPO 550180; Expiry date 17 June 2016 registered in the weighbridge system because there was certified FFB received in the month of March 2014. Elphil Estate: E121 Kamuning Estate: E256
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
D.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.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory with details of incoming FFB, balance FFB, CPO produced, PK produced, CPO & PK delivered. No PKO and Palm kernel meal at Chersonese mill. CPO and PK is sold to Sime Darby's subsidiary downstream companies.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	The mill has a system to indicate CPO/SG on the documents related to the supply chain when ever certified palm products are sold. There is a rubber stamp available for stamping.
D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There was a contract for certified sales of CPO given by the mill dated on 18/8/2014 which was after the on-site assessment. Contract number S/AGC/0814/CPO26965P CPO/SG. GreenPalm certificate sold as a group.
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. Sime Futures – Sime Darby Futures Trading Sdn Bhd
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents. i.e. 11/8/2014
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written. The mill is aware that the certified palm product sales to be written as "CPO SG" for certified palm products sold.
(d) The quantity of the products delivered	Quantity in tonne. i.e. Weighbridge ticket number 006016, weight was 39.70mt.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Weighbridge ticket number 006016, lorry number KCP7761.
D.5. Processing	
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm	During this assessment it was confirmed through documents verification and weighbridge records that only certified source of FFB from own RSPO Certificate

oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	scope and FFB from adjacent certified Sime Darby estates with RSPO Certificate scope number SPO 550180; Expiry date 17 June 2016 is processed. This ensures that there is no possibility of mixing during processing. It was confirmed that all the FFB supplies are certified source.
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated raw material (FFB) and finish product (CPO and PK). This is possible because the mill only receive certified FFB from own RSPO Certificate scope and adjacent certified Sime Darby estates with RSPO Certificate scope number SPO 550180; Expiry date 17 June 2016.
D.5.3 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: <ul style="list-style-type: none"> The crush operator conforms to these requirements for segregation The crush is covered through a signed and enforceable agreement 	There is no outsourcing activity directly handled by the mill. The kernel is sold to a subsidiary kernel crushing plant belong to Sime Darby Group. The kernel crushing plant have own supply chain certificate and it is independent from the mill. The kernel crushing plant is not included in the RSPO P&C scope.
D.6 Training	
D.6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Previous training was conducted on 24 April 2013. There is no change in the staffs at the weighbridge, inventory control, processing and storage. Interview with the staff confirm their understanding about the supply chain module used and how verification is carried out especially for the FFB received from Elphil Certificate scope. Verification is carried our based on the estate code generated from the weighbridge system.
D.7. Claims	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries for final product manufacturing.

Actual Certified Palm Production - July 2013 - June 2014 (ASA2)

MILL	CAPACITY	CPO	PK
Chersonese Palm Oil Mill	45 mt/hr	38,077	9,871

Actual Sales of Certified Palm Products - July 2013 - June 2014 (ASA2)

MILL	Certified CPO Sales	Certified PK Sales	Remarks
Chersonese Palm Oil Mill	3,500mt (Confirmed sales noted at the time of Finalising this DRAFT report)	NIL	Sales of certified palm products in eTrace were noted. Some transactions still pending for the buyer's confirmation

Actual Certified FFB Received Monthly - July 2013 – June 2014 (ASA2)

Month	Chersonese Estate	Holyrood Estate	Tali Ayer Estate	Kalumpong Estate	Elphil Estate*	Kamuning *Estate	Total FFB/Month
July 2013	4,167	1,688	6,732	5,388	0	0	17,975
August 2013	3,465	1,389	6,316	5,179	0	0	16,349
Sept. 2013	3,166	1,427	5,600	4,431	0	0	14,624
Oct. 2013	3,599	1,598	5,759	4,362	0	0	15,318
Nov. 2013	2,956	1,461	4,960	3,502	0	0	12,879
Dec. 2013	3,289	1,563	4,825	3,661	0	0	13,338
January 2014	3,672	1,575	5,280	4,061	0	0	14,588
February 2014	3,262	1,279	4,823	3,564	0	0	12,928
March 2014	4,054	1,279	5,172	4,172	1,676	2,560	18,913
April 2014	4,429	1,455	5,998	4,525	0	0	16,407
May 2014	4,619	1,538	6,460	4,917	0	0	17,534
June 2014	3,882	548	6,070	4,894	0	0	15,394
Total	44,560	16,800	67,995	52,656	1,676	2,560	186,247

Note:

* The certified FFB in March 2014 was from Sime Darby's adjacent Elphil RSPO Certificate Scope which was certified by BSI. The certified FFB is sent to Chersonese mill due to the Elphil mill shut down to facilitate annual maintenance and regulatory body's mill inspection.

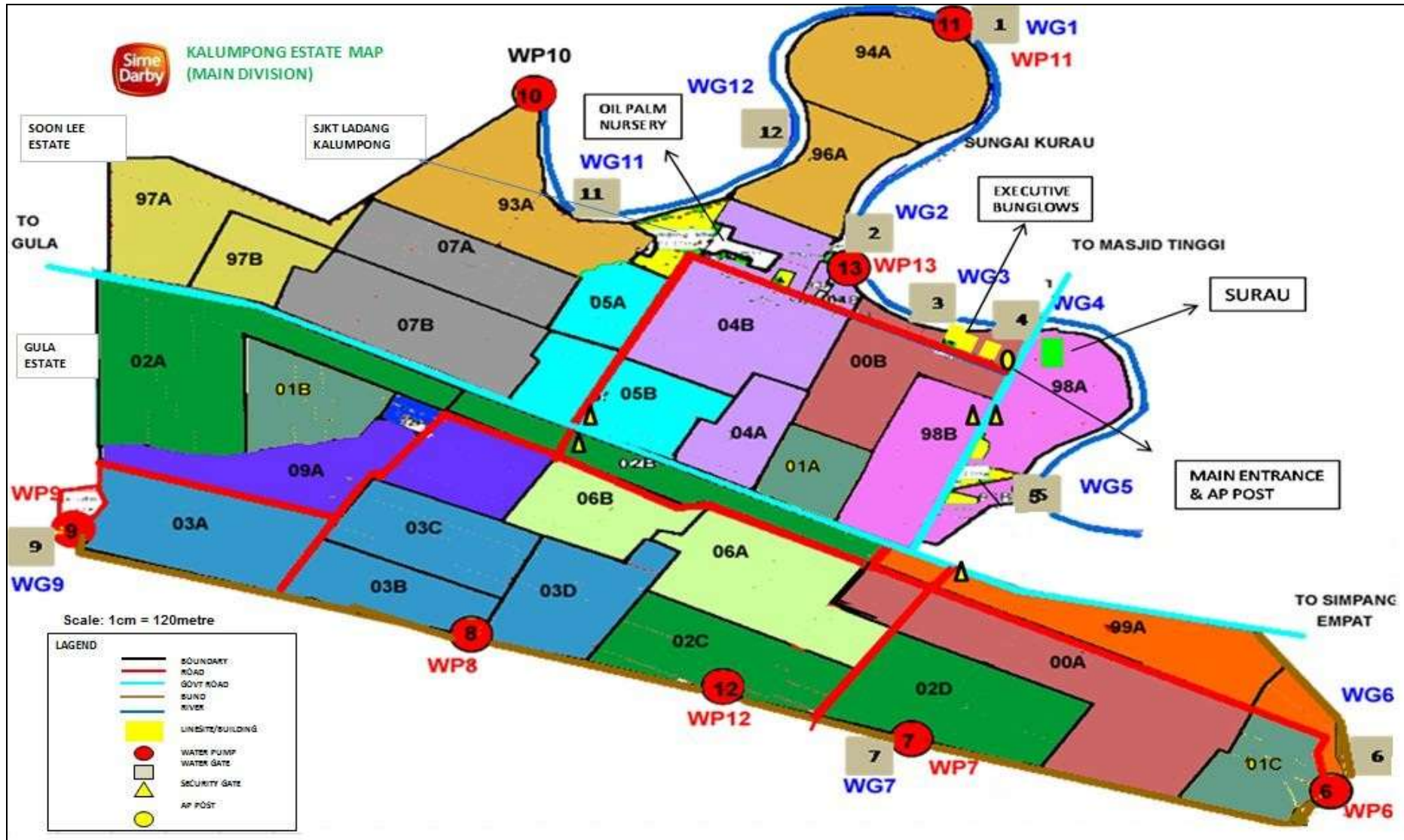
Certificate number: SPO 550180; Expiry date 17 June 2016

Detail of the estate is in the RSPO Summary Report which can be obtained from:

http://www.rspo.org/sites/default/files/8_Sime_Darby_SOU3_Elphil_Public_Summary_Report_ASA_3_v2_Signed-39.pdf

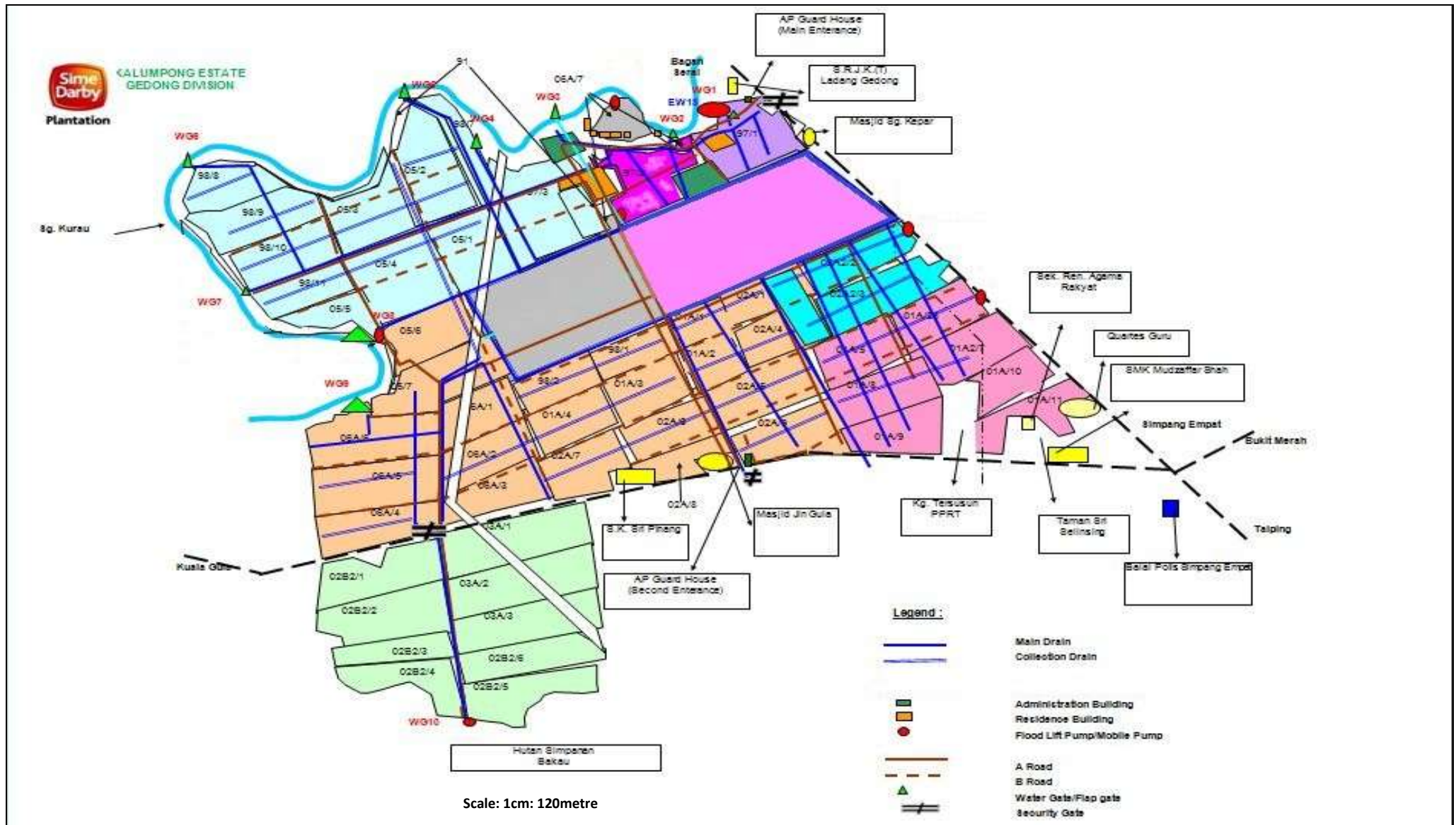
APPENDIX F: Estate Maps

Figure 1: Main Division Field Map, Kalumpang Estate



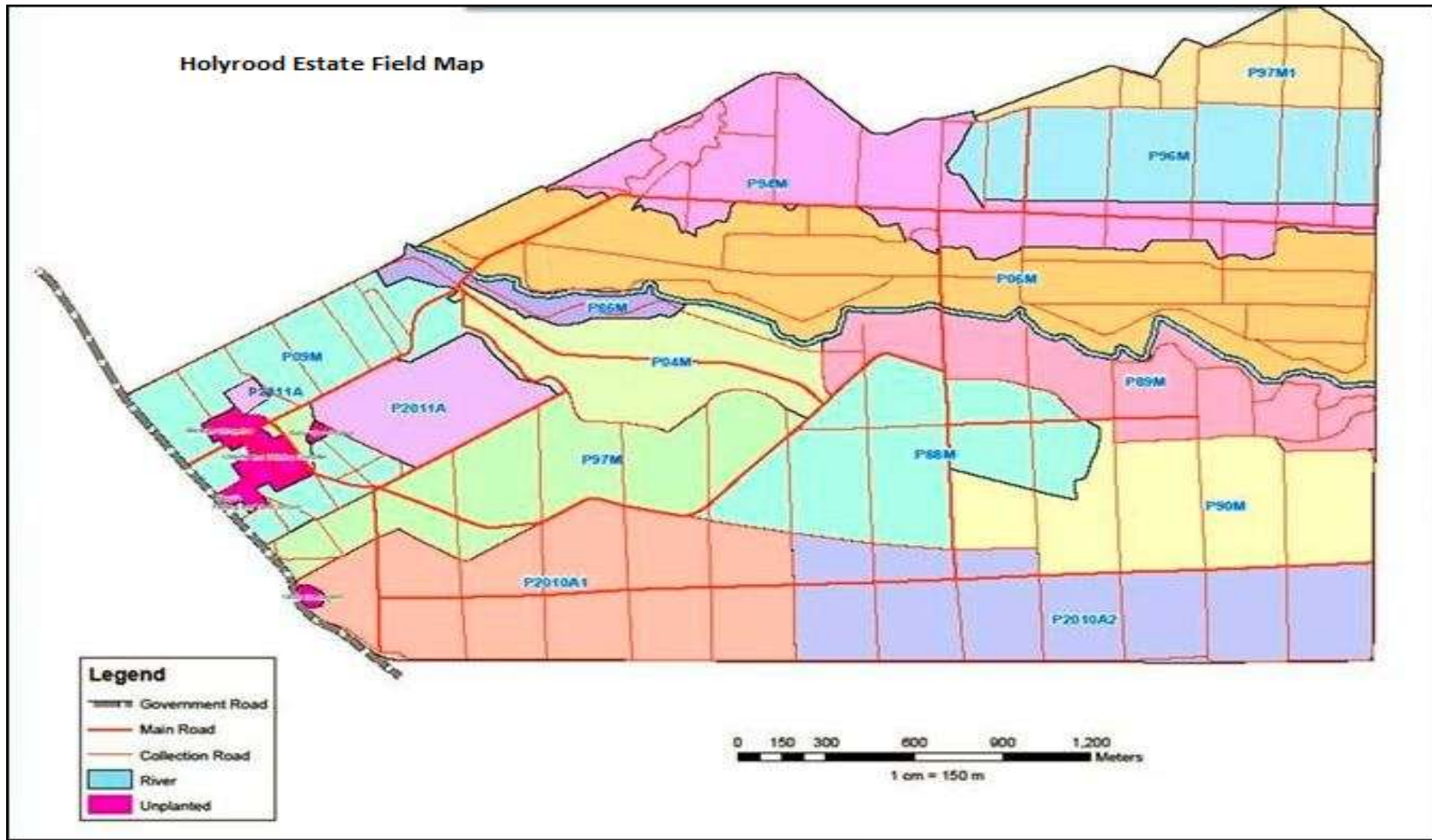
APPENDIX F...continue

Figure 2: Gedong Division Field Map, Kalumpung Estate



APPENDIX F...continue

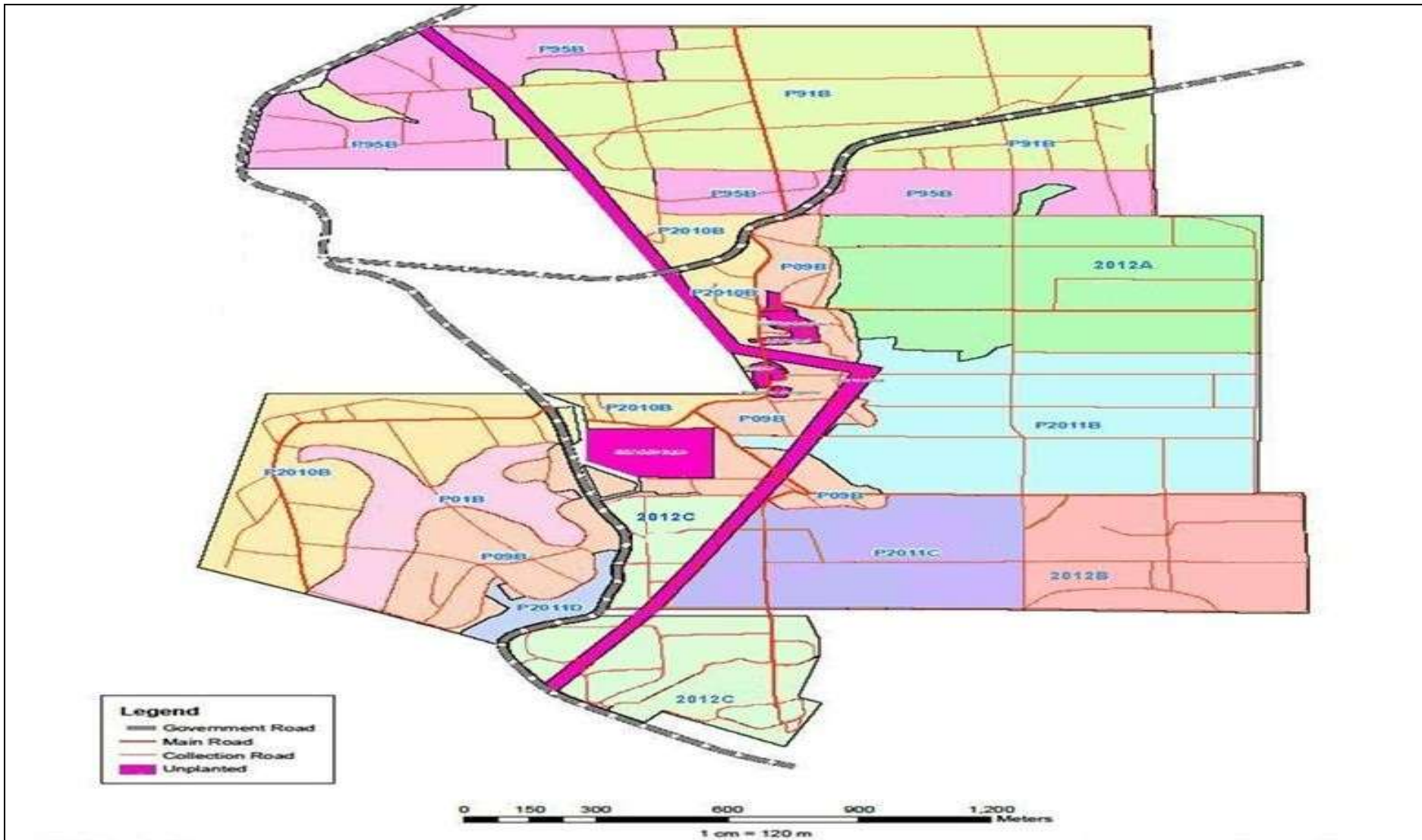
Figure 3: Main Division Field Map, Holyrood Estate



Note: Unplanted area is used for the infrastructure (i.e. housing, office, amenities etc)

APPENDIX F...continue

Figure 4: Bukit Rhona Division Field Map, Holyrood Estate



Note: Unplanted area is used for the infrastructure (i.e. housing, office, amenities etc)