



PUBLIC SUMMARY REPORT
ANNUAL SURVEILLANCE ASSESSMENT (ASA1)

SIME DARBY PLANTATION Sdn Bhd
Management Unit SOU14
Negeri Sembilan, Malaysia

Report Author

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the first Annual Surveillance Assessment (ASA1) of Sime Darby Plantation Sdn Bhd Strategic Operating Unit SOU14 (SOU14) operations comprising One (1) Mill, supply base, support services and infrastructure. BSi concludes that SOU14 operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2010.

BSi recommends the continuation of the approval of SOU14 as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
CHRA	Chemical Hazard Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
HCVs	High Conservation Values
HIRAC	Hazard Identification and Risk Assessment
IPM	Integrated Pest Management
LTI	Lost Time Injury
MAPA	Malayan Agricultural Producers Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PCD	Pollution Control Device
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
SIA	Social Impact Assessment
SOP	Standard Operating Procedures
TQEM	Total Quality Environmental Management

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The SOU14 Mill and 3 Estates are located at Port Dickson, Negeri Sembilan, Malaysia (Figure 1). Additional maps are included (Figures 2 and 3) showing Sua Betong and Bukit Pelandok Estates layout. The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Tanah Merah	101° 47' 34.03" E	2° 39' 19.09" N

1.2 Production Volume

The estimated tonnages reported for the Initial Certificate and the actual production since Certification are detailed in Table 2. The 2010/11 year to date tonnages are slightly higher than those reported for the Initial Certificate due to all of the production from Bukit Pelandok Estate being processed at Tanah Merah Mill. The Tanah Merah Mill production is expected to be much lower in 2011/12 because the crop from Sua Betong Estate will no longer be processed there but will be delivered to the newly constructed Sua Betong Mill.

Table 2: Production Tonnages

Tanah Merah Palm Oil Mill	Estimate at Initial Certification	Actual 19/05/10 – 30/04/11	Projected 19/05/11 – 18/05/12
CPO	34,303	36,834	27,906
PK	8,911	8,521	7,197

1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)
 BSi RSPO Certificate No: SPO 541905
 Initial Certification Assessment: 9 – 11 September 2008
 Date of Certification: 19/05/2010

1.4 Description of Supply Base

The supply base is FFB from three Company owned Estates that supply 100% of the crop processed at the Mill. The FFB production from Company owned Estates for the 01 July 2007 – 30 June 2008 reporting period that was used for the Initial Certificate, and actual production are listed in Table 3. As noted above, Sua Betong crop will be processed at the new Sua Betong Mill in 2011/12.

Table 3: FFB Tonnages Processed

Source	Estimate at Initial Certification	Actual 20/05/10 – 30/04/11	Projected 20/05/11 – 19/05/12
SOU14 Estates			
Tanah Merah	93,600	86,002	87,671
Sua Betong	56,202	47,792	–
Bukit Pelandok	12,198	40,418	43,177
Sub-total	162,000	174,212	130,848
OVERALL TOTAL	162,000	174,212	130,848

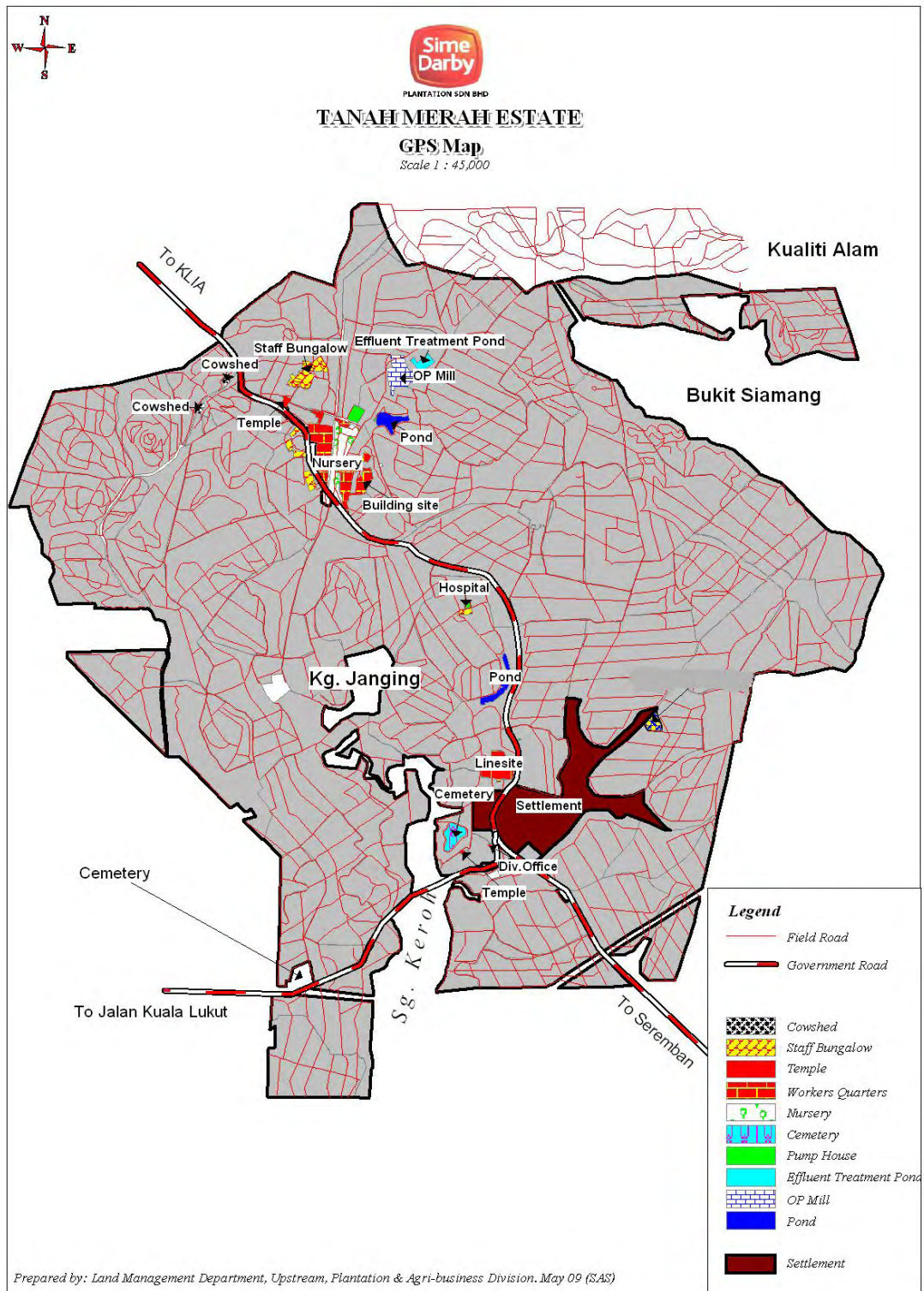


Figure 2: Tanah Merah Estate Layout

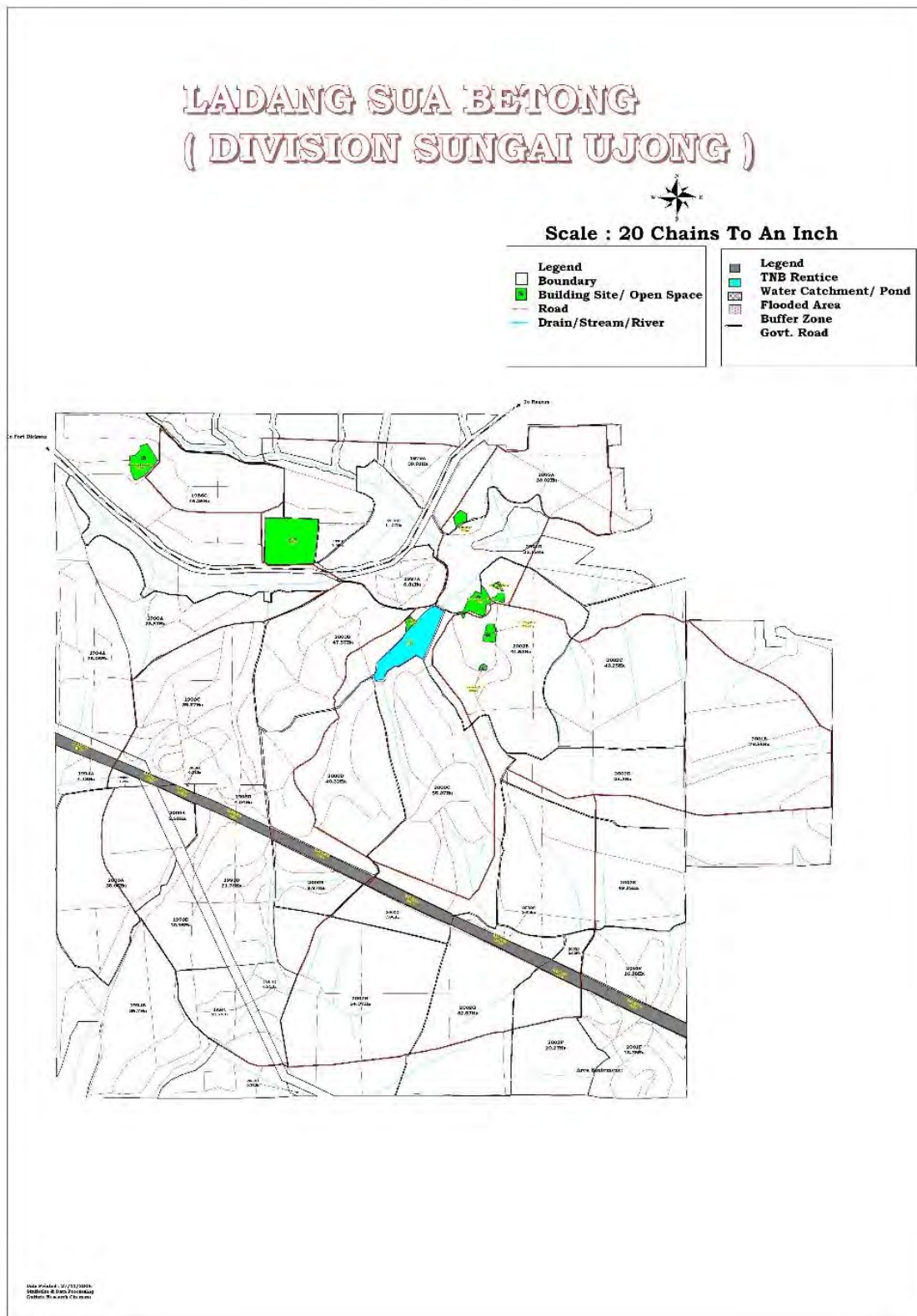


Figure 3: Sua Betong Estate (Sungai Ujong Division) Layout

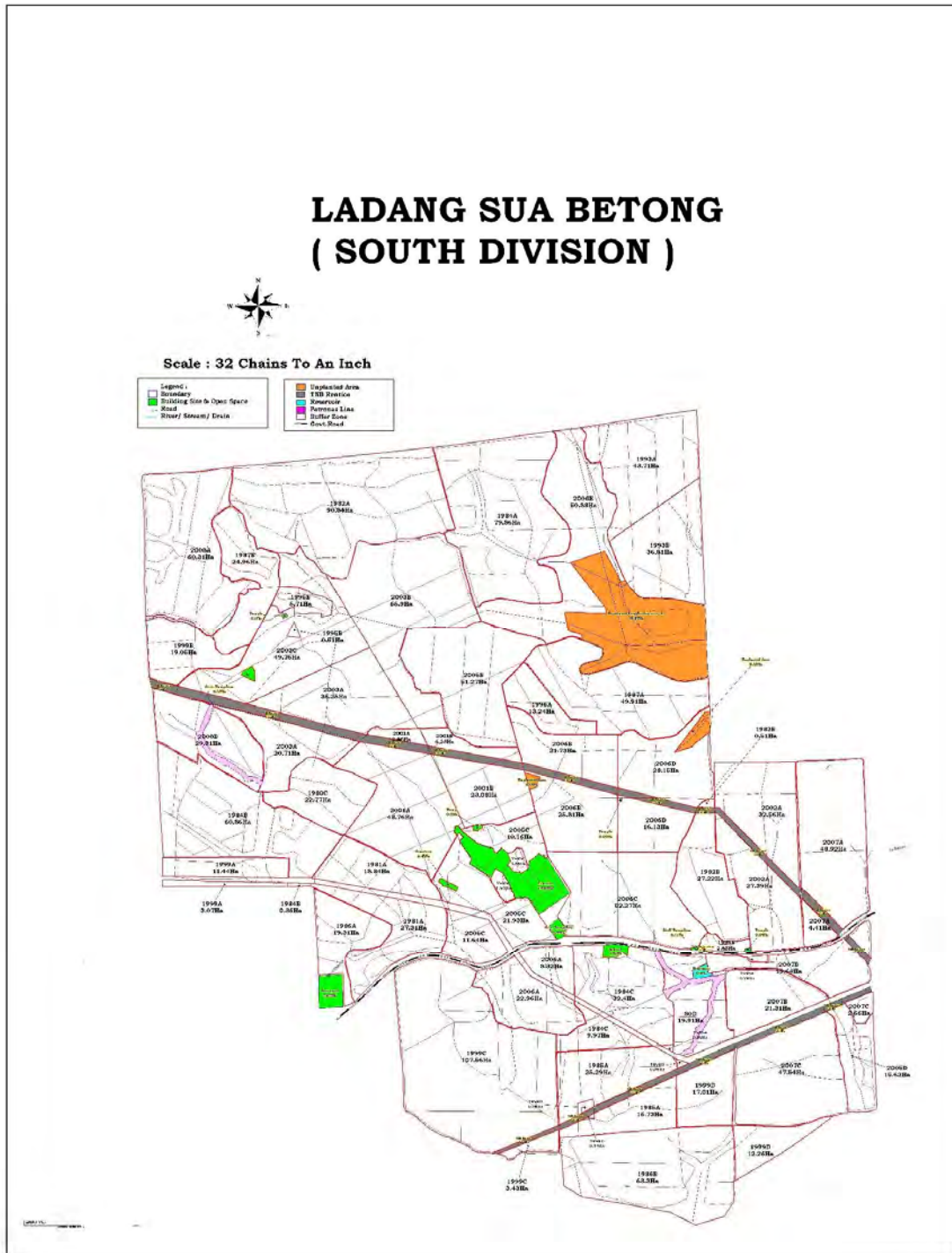


Figure 4: Sua Betong Estate (South Division) Layout

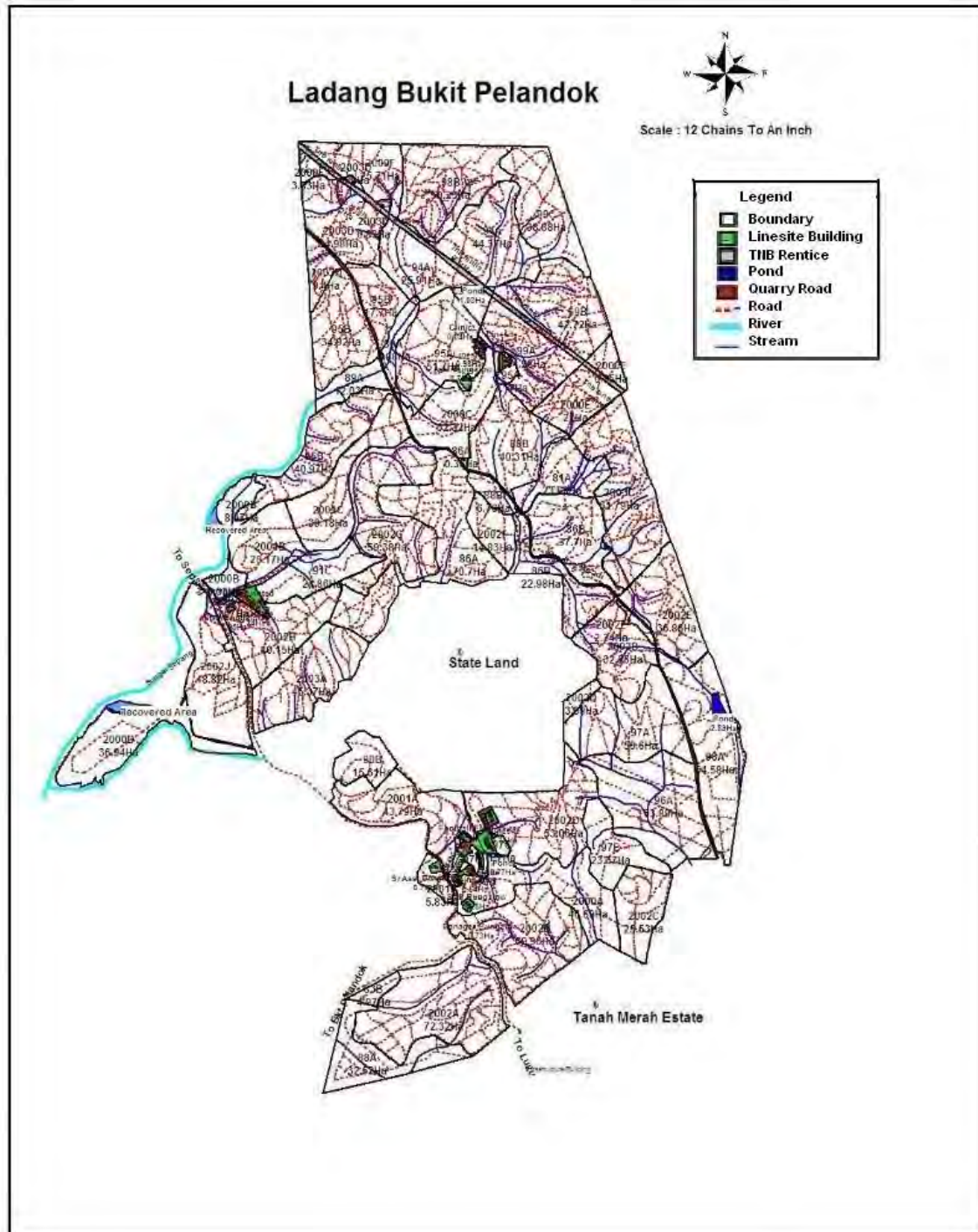


Figure 5: Bukit Pelandok Estate

The Company owned Estates were developed in 1924. Oil palms were first planted in 1963 and are in their second and third cycle. The age profile of the palms is shown in Table 4a.

Table 4a: Age Profile of SOU14 Palms

ESTATE	AGE (years)	% PLANTED AREA
Tanah Merah	31 – 35	0
	21 – 30	24.25
	11 – 20	33.92
	4 – 10	29.91
	0 – 3	11.92
Sua Betong	31 – 35	0
	21 – 30	9.55
	11 – 20	26.83
	4 – 10	45.63
	0 – 3	17.99
Bukit Pelandok	31 – 35	0.29
	21 – 30	11.45
	11 – 20	49
	4 – 10	33.81
	0 – 3	5.45

The areas planted are shown in Table 4b. The total plantable area at Tanah Merah reported during the Initial Certification has decreased by 225 ha due to 22 ha acquired by Government (June 2009); 177 ha designated for "B" Roads (March 2010), and 26 ha set-aside as too steep <25 Degree. The total plantable area at Bukit Pelandok was reduced by 28 ha due to designation for "B" roads. The total plantable area at Sua Betong was reduced by 54 ha due to the following: 13 ha designated as "Main Drain"; 11 ha designated as "Collection Drain", and 30 ha designated for "B" Roads

Table 4b: SOU14 Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)
Tanah Merah	3,243	439
Sua Betong	2,283	501
Bukit Pelandok	1,647	95
TOTAL	7,173	1,035

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated December 2010) is included as Appendix A. During 2010, Sime Darby initiated the realignment of three of the Management Units in Malaysia for strategic operating reasons. To date, the realignment of only one Management Unit (SOU24a) has been completed, reducing the total number of Management Units from 61 to 60.

Sime Darby has completed Initial Certification Assessments for all of the Management Units in Malaysia, and 11 of the 21 in Indonesia. Sime Darby has scheduled the Initial Certification Assessments for the remaining 10 Management Units in Indonesia for mid-2011 and is on track to achieve the targets of the Time Bound Plan.

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

BSi's continued involvement with 14 of the Sime Darby Management Units during the previous 12 months has not identified:

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

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

1.6 Progress of Associated Smallholders/ Outgrowers towards RSPO Compliance

SOU14 does not purchase any crop from Smallholders or Outgrowers.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU14
Ladang Tanah Merah
71009 Port Dickson
Negeri Sembilan Malaysia

Contact Person: Mr Abdul Ghafar Sulaiman
Manager Tanah Merah Palm Oil Mill
Phone: 06-6673317
Fax: 06-6672506
Email: kks.tanah.merah@simedarby.com

2.0 ASSESSMENT PROCESS

2.1 Assessment Team Members

Charlie Ross – Lead Assessor

Iman Nawireja – Social/Environment Assessor

Robyn Ross – Social Assessor (Women and Families)

Noryati Hambali – Facilitator (Women and Families)

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

2.2 Assessment Programme

The ASA1 was carried out 5–7 May 2011. The Assessment Programme is included as Appendix C.

The Programme included assessments of Tanah Merah Palm Oil Mill, Sua Betong and Bukit Pelandok Estates against all of the applicable RPSO indicators.

The Nonconformities that were assigned and the Observations that were identified during the Initial Certification Assessment were followed up to check the effectiveness of corrective actions. The ASA1 findings are detailed in Section 3.2 Page 16.

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

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

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

2.3 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on SOU14 environmental and social performance and any issues of concern that they may have. External stakeholders were interviewed at their premises where practical or they were invited to the Mill or the Estate. Internal stakeholders were interviewed in groups in the workplace or at their housing. Company officers were not present at any of the meetings. A list of stakeholders contacted is included at Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During this ASA1, Nonconformities were assigned against Minor Compliance Indicators 5.3.2 and 6.2.3. Twelve (12) Observations/Opportunities for improvement were identified – Refer Section 3.2 Page 16 for details. SOU14 prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi reviewed and accepted.

Review of the nonconformity assigned to Major Compliance Indicator 6.1.1 during the Initial Certification Assessment found the corrective actions were being effectively and consistently implemented and the nonconformity remains closed.

The Nonconformities that were assigned to Minor Compliance Indicators 6.1.2, 6.1.3, and 6.5.2 and the nine (9) observations that were identified during the Initial Certification Assessment were followed up to check the effectiveness of corrective actions – Refer Section 3.3 Page 17 for details.

BSi recommends continuation of Certification for SOU14 as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU14 has maintained up to date policies, procedures and action plans for provision of information to the public on request. The majority of requests for information are received at Head Office and are then forwarded to the Estates and Mills for provision of site-specific information. Records held on file showed that replies were sent with the requested information in a timely manner.

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.

SOU14 has maintained the filing system for responding to requests for information. For example MPOB recently requested information on the surplus palm by-product, (Biomass Survey) which the Mill completed 07 February, the same day it was received.

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.

SOU14 has copies available of all of the key documents required by RSPO, that have been updated to keep the information current. Details of documents are described under the relevant RSPO Criterion, such as 6.1.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

SOU14 has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records confirmed that the Mill and the Estates visited have maintained legal compliance with statutory requirements, such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. The boundaries of the Estates are well defined by trenches and boundary stones have been maintained so that they are clearly visible. Interview of local community representatives did not identify any land tenure issues.

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

Legal compliance was assessed by review of internal audit reports, such as the Mill Advisor’s Report (14-15 October 2010) and examination of key documents and operational data. A DOSH Officer made a site visit to the Mill on 07 March 2011 and noted the OSHA audit was satisfactory and there were no unresolved items. The most recent DOE site visit was 19 July 2010. In May 2010, the Mill commissioned a new replacement boiler and the original three small boilers were demolished. Boiler emission testing is carried out twice yearly. SEMC Sdn Bhd tested the new boiler on 14 October 2010 and confirmed emissions were well within the Malaysian Environmental Quality (Clean Air) Regulation 1978. The smoke density meters were calibrated by ST Tech Engineering Sdn Bhd.

Approximately 50% of raw Mill effluent is applied to EFB in a composting plant adjacent to the Mill and the balance is treated in anaerobic ponds and applied to the palms in furrows. Treated Mill effluent complied with the license limits for land application, for example the BOD maximum was 1,423 mg/L during the previous 12 months (Figure 6). The housing provided for staff and workers meets minimum standards. Water from the government reticulation system is supplied to housing and is suitable for domestic use.

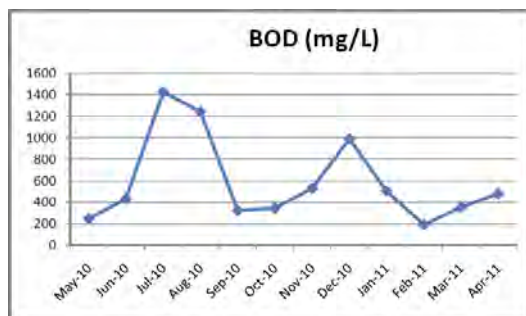


Figure 6: BOD of Treated Mill Effluent May 2010 – April 2011

TQEM Department has a subscription for legal updates and monitors and disseminates these updates to all

SOU. MAPA circulars advise of changes to the law in relation to Estates and Mills.

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

The Estates are on Freehold land and originals of land titles are held by Sime Darby Land Management Department, Head Office. A copy of land title documents are held on site. All of the Title Deeds have been converted for land use “perennial agriculture”. SOU14 complies with the land title terms and conditions.

Sime Darby has prepared maps showing locations of all boundary stones together with the Global Positioning System (GPS) position. Field inspection of a sample of boundary stones, for example at Block 00D near Sg Sepang, confirmed a programme has been implemented for annual maintenance.

At Sua Betong Labuan Bileh Division, 94 ha of land planted to oil palm, is subject to an agreement signed in 1992 with local people to make a “land swap”, but the land title has not been finalised through the Department of Lands process. The land ownership is not disputed and the status quo has been maintained.

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

All land is freehold title and is not encumbered by Customary Rights. SOU14 does not restrict access through the Estates, except in relation trucks in order to prevent theft of crop. For example, Sua Betong allows smallholders access to harvest their oil palm bordering the Estate.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

SOU14 has continued its commitment to sustainability by funding improvements at the Mill and Estates. The achievement of improved OER and FFB Yield over the past 5 years is a good indicator of more sustainable palm oil production. In addition to setting targets for production and product quality, the company has a focus on controlling costs to ensure the operations are economically viable. An example of a major investment at SOU14 was the installation and commissioning of a new boiler at the Mill in 2010.

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

Sime Darby has an Annual Budget with a four year projection through to 2014. The Budget includes crop forecasts and performance targets for the Mill and Estates and production is reported monthly to Head Office against performance targets.

The Estates FFB Yields have been increasing over the past 5 years due to the replanting program and the young palms coming into maturity (Figure 7). For

example Sua Betong FFB yield has increased from 18.9 t/ha in 2006/07 to 22.1 t/ha in 2010/11.

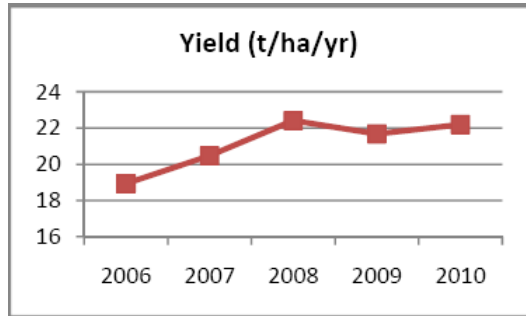


Figure 7: Average Annual FFB Yield 2006-2010

The Mill OER% has increased from 19.44% in 2006 to 21.17 in 2009 (Figure 8) due to improved FFB ripeness quality and collection of loose fruit. The Mill has improved control of processing temperature, sterilisation time and reduced oil losses. The target OER for 2010/11 is 21.6% and the mill has achieved 20.65% year to date.

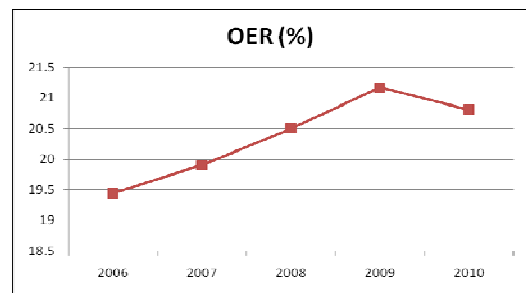


Figure 8: Average Annual OER 2006-2010

There is a replanting programme projected to 2017 that is reviewed annually.

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

SOU14 has well established management systems for monitoring and control of best practice implementation at its Mill and Estates. This includes a programme of regular internal audits by Mill Advisors and Plantation Inspectors and Agronomists for maintaining and improving production. The internal audits make assessments of the Mill and Estates performance against the required company standards. Implementation of best practices is important for improving palm yields and oil production. The Mill focus is on equipment maintenance and upkeep, while the Estates' focus is on maintaining palm and soil nutrients and FFB quality efficient crop evacuation.

The company also has maintained field practices for environmental protection and expansion of the IPM programme. Expansion of beneficial plants and the use of barn owls for control of rats have continued, although chemicals have had to be used for control of an outbreak of bagworm. The use of pesticides is carefully controlled

and decisions to apply chemicals are made using information from pest census. The company gives high priority to employee health and safety and progress has been made in reducing the LTI Rate, particularly at the Mill.

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

The Sime Darby Agriculture Reference Manual and the "Mill Quality Management System Manual" have been maintained as the standard reference documents for SOPs across the company.

Internal inspections of Estates are carried out by the General Manager monthly. In addition there are internal audits at least annually. The Plantation Advisor Report is followed up with action taken by the Estate Manager in relation to the expected results. (Most recent Plantation Advisor Report 21–24 December 2010). The Mill operates a Quality Management System with external checks by the General Manager and Mill Advisor and information is available on actions taken in response to Audit Reports. Mill Operators record operating parameters and any variances on a shift log sheet. At the end of each shift, the shift Supervisor compiles a report for Mill Management. Inspection of the Estate and Mill during the ASA1 visit and review of internal audit reports indicated SOPs are implemented consistently.

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 Extension Services Department carries out leaf sampling annually and soil sampling 5 yearly. For example at Sua Betong, leaf sampling was carried out in February 2011 and soil sampling in April 2010 and the information was used for preparation of the annual fertiliser programme.

All EFB is composted then applied to the field. Records are held on file of the areas and quantities applied. Sime Darby Extension Services Department monitors the nutrient status of these areas. Field inspection of recently replanted areas at Sua Betong Field 09A confirmed fire has not been used during replanting. Palms are felled and chipped before replanting.

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

Field inspection indicated consistent implementation of soil conservation practices, including maintenance of ground cover vegetation, U-shaped stacking of pruned fronds, silt pits that also serve for water conservation, and maintenance of a durable laterite surface on roads.

Observation of spray application confirmed appropriate techniques are applied to maintain ground cover vegetation and minimise bare soils. Sime Darby has implemented the practice of spraying only palm circles at areas where mechanical in-field collection is used, in order to minimise soil disturbance by tractors.

The Estate roads were well maintained and all areas were readily accessible, confirming the implementation of the annual road maintenance program that includes grading, maintenance of roadside drains, silt pit cleaning, and repairing road surfaces. Roads had a durable surface of laterite.

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

The Estates are carrying out reinstatement of riparian buffer strips during replanting and inspection confirmed these were consistent with company policy.

Observation 01 – refer Section 3.2 Page 17 – Inspection at Sua Betong Estate found that during replanting, a small number of palms have been planted within the Sime Darby guideline distance to the edge of drains at field 09A. There are no large rivers flowing through the Estates and waterways generally are small streams that originate within the Estates.

The Estates sample the inflow and outflow of water from streams flowing through the property. For example, Sua Betong sampled a small stream inflow at Field 86A of South division in November 2010.

The Mill has continued to sample the monsoon drain monthly and the water quality results show low concentrations of suspended solids, oil and grease and BOD. **Observation 02 – refer Section 3.2 Page 17 – The value of information from the monsoon drain sampling could be improved by graphical presentation of the monthly laboratory results progressively and review of the data for trend.**

The Estate has continued to monitor rainfall daily and the information is used for planning field operations such as the timing of the application of fertiliser.

The Mill monitors water consumption and reports monthly usage against an annual target of 1.2 t/t FFB. The consumption has decreased from 1.73 t/t FFB in 2007 to 1.2 t/t FFB in 2010, which is at the target value (Figure 9). **Observation 03 – refer Section 3.2 Page 17 – A water pipe near the oil room in the Mill was leaking badly, which is inconsistent with the aim to reduce water usage.**

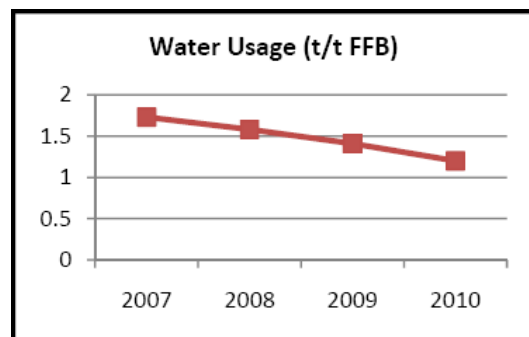


Figure 9: Annual Mill Water Usage 2007-2010

The Mill has implemented recycling of steriliser condensate to dilute centrifuge waste. Use of water for hosing floors has been ceased during processing hours and brooms are used.

Approximately 50% of the raw Mill effluent is being used for composting with EFB and the remainder is treated in effluent ponds and applied to the palms in furrows.

The Estate and Mill have various elements of a water management plan that have been documented and implemented. The Mill has revised the Water Management Plan (2010/11) to include conservation measures, such as recycling steriliser condensate and reducing use of water for Mill floor cleaning. Sua Betong Estate has a project to install a rainwater tank at the workshop to collect rainwater for washing vehicles and equipment.

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

The Estates have continued to implement the IPM programme for control of palm pests that includes census of pest numbers and use of appropriate biological controls, such as barn owls, beneficial plants and pheromone traps. The Estates have maps showing locations of beneficial plants, barn owl boxes and pheromone traps.

Each Estate carries out a census every fortnight for monitoring Bagworm populations. Records are available at the Estate on the quantity of chemical applied for each field. The information is aggregated as usage for each chemical on a monthly basis for the active ingredient applied.

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.

The Estates have continued to use the Sime Darby Agriculture Reference Manual for guidance on the types and quantities of chemicals to be used for various field conditions. The Mandor inspects field conditions prior to spraying to identify the spray treatment required.

The Estates maintain a register of all chemicals being used. Inspection of the main store and divisional stores and records confirmed that only chemicals approved by the Pesticides Board were being used. Sua Betong Estate holds a copy of the Permit for purchase and use of Methamidophos for control of bagworm (Permit No: NS/METHA(GL)11/010, approved 11 April 2011)

Inspection confirmed that the main Pesticide Store and the Divisional Stores meet best practice requirements, including security, spill containment, ventilation,

labelling, separation by type of chemical, PPE, spill kits and work instruction.

The Work Instruction providing information on safe use of chemicals was in the local language and displayed prominently. All product labels were in Bahasa Malaysia. **Observation 04 – refer Section 3.2 Page 17 – The accuracy of measuring herbicide concentrate could be improved by the use of an appropriate device, sized according to the measurement quantity.** A pictorial Work Instruction provides information on safe work practices. Interview of workers and observation of spraying indicated an appropriate understanding of product hazards and safety precautions. **Observation 05 – refer Section 3.2 Page 17 – At the Mill Water Treatment Plant, the MSDS was located on the far wall, which was inaccessible and poorly lit.**

Monthly physical health checks are carried out at the company clinic for all pesticide operators. Annual Medical Surveillance as per CHRA is carried out, for example for Sua Betong Estate 4 Pesticide operators who apply Methamidophos underwent medical check on 12/11/2010 by a DOSH registered Doctor. **Observation 06 – refer Section 3.2 Page 17 – Sprayers having exposure to pesticides other than methamidophos and the pesticide mixer were not included in the medical Surveillance.**

Only one restricted chemical, Methamidophos, a Class 1A chemical is used for control of bagworm by means of injection into the palm trunk. Chemical treatment is used only on the basis of pest census information, and approval from the Pesticides Board.

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

- (a) The Sime Darby Safety and Health Policy is displayed prominently in Bahasa Malaysia and English, for example, at Muster areas and on Notice Boards. The Policy is implemented through an OSH Management Plan. Inspection of field operations and work places during ASA1 indicated the Policy was implemented.
- (b) The Mill reviewed and revised the HIRAC for all work stations on 01 March 2011. The Estate reviewed and revised the HIRAC for all field tasks on 15 July 2010.
- (c) i Sime Darby OSH Unit has developed Safety Training Programs and distributed training materials. The Estates maintain records of training for individual staff and workers, for example Sua Betong training of 2 mandores and 19 sprayers conducted by Mycrop Sdn Bhd on 02 March 2011.
 - ii Field Inspection and observation of spraying tasks confirmed chemicals were being applied in accordance with product safety precautions.
- (d) i Field inspection and observation of tasks confirmed that correct PPE was issued to all workers and staff and was appropriate for the task being carried out.

Observation 07 – refer Section 3.2 Page 17 – A contractor was not wearing the correct PPE when using oxyacetylene equipment for cutting steel near the FFB

Ramp. The Mill Manager ordered work to cease immediately that he realised the issue and requested issue of correct PPE from the store.

- (e) The Estate Managers and the Mill Manager are the designated persons responsible for OSH.
- (f) Estate OHS meetings are held quarterly and include worker representatives. The most recent OSH Meeting was held at the Mill 25 March 2011, attended by 21 staff and worker representatives; the Sua Betong OSHA Meeting was held 25 April 2011 with 19 staff and worker representatives. Meeting Minutes were available on file and detailed the discussions of safety issues, accidents and near misses.
- (g) The Accident and Emergency Procedures are documented and include the steps required to be taken for a range of potential emergencies, Site Plan and Emergency Callout List of Contacts. The Emergency Response Plan is reviewed annually and updated (Mill April 2011) for any changes, such as contact phone numbers. **Observation 08 – refer Section 3.2 Page 17 – The Estate carries out safety briefings for all visitors and new hires, however an emergency drill to test the effectiveness of the procedures had not been carried out at Sua Betong since 2009.**
- (h) The Bukit Pelandok Hospital Assistant conducted First Aid training on 04 May 2011.
- (i) Inspection confirmed first aid kits are taken into the field by Mandores and also located in “spray trailers”. First Aid Kits were located at work stations throughout the Mill. Inspection of a sample of First Aid Kits found that these had recently been restocked.

Accidents are investigated and details reported to Head Office who review records of all accidents and near misses monthly and identify corrective and preventive actions. The Mill LTI Index has reduced from 144 in 2006/07 to 117 in 2009/10 and 40 in 2010/11 (Figure 10). The most recent LTI in the Mill was February 2011. The Mill has implemented a Permit to Work system and Lock-Out-Tag-Out system for all electrical work. The last LTI at Sua Betong Estate was 28 March 2011.

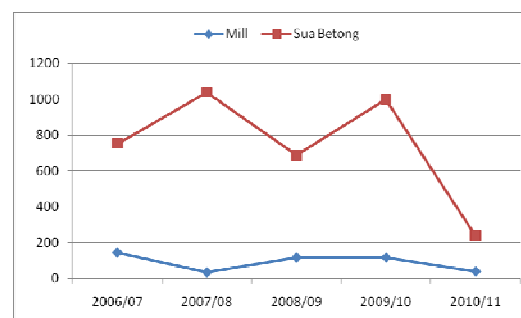


Figure 10: LTI Index for Mill and Estate 2006 – 2011

Malaysian workers are covered by Social Security Organisation (SOCSO) Insurance. Foreign workers are covered by RHB Insurance Berhad under Master Policy D08WFWC8606982KL/002, current to 30 June 2011.

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

The Mill and Estates have developed an annual training programme for the 2010/11 year that is based on information on training needs analysis assessed informally at the Estate. A documented training programme covers SOPs, OSH and sustainability. Records are maintained of training for individual staff and workers – file “Training”. Inspection of records showed that training had been completed to the schedule. Observation of tasks and interview of workers and contractors at the Mill and Estate indicated good understanding of their tasks and that they had been appropriately trained. Sime Darby has established a training centre at Sua Betong for newly recruited foreign workers where they undergo induction and basic training before being assigned to estates.

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

SOU14 reviewed the environmental aspects and impacts for the Mill and the Estates and revised the environmental improvement plans. Following the installation of the new boiler at the Mill, a key improvement target is to reduce water usage. The Estates are continuing with the expansion of beneficial plants for biological control of leaf-eating palm pests as well as ensuring an effective groundcover for preventing soil erosion.

Progress has been made with implementation of waste segregation at workshops, stores and at housing and this has reduced the quantity that requires disposal by landfill. There is good control of scheduled waste with workshop and pesticide wastes consistently disposed to a licensed recycler. The company’s zero burn policy has been consistently applied at replanting areas.

Criterion 5.1: Aspects of plantation and Mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

The Mill has withdrawn from the ISO14001 Certification of its Environmental Management System, but has maintained the elements, such as the Aspects and Impacts Register and Management Programmes for control of the significant impacts. The Register was last reviewed and updated in 2009/10. Sua Betong reviewed the Register on 10 July 2010 and revised the risk scores in relation to spillage of lubricants at the workshop.

The Sua Betong Estate Environmental Improvement Plan to mitigate the oil spillage at the workshop was to provide drip-trays and to enforce their use. Inspection

confirmed the drip trays were being used and there was no evidence of recent spillage.

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.

Following the preparation of the Biodiversity Plan by Wild Asia in 2008, the Estates reviewed their Biodiversity Management Plan, with guidance from Sime Darby TQEM. For example, at Sua Betong the main emphasis is on reinstatement of riparian buffer zones along small streams within the Estate. The Estate has completed a number of actions, such as mapping of all natural areas on the Estate, clear marking of conservation areas on site and conducting education and awareness campaigns. Sua Betong has planted 3,060 tree seedlings of rare species that are indigenous to Malaysia. Inspection confirmed the tree seedlings have been planted beside the access road to the wetland area and are at the sapling stage. **Observation 9 – refer Section 3.2 Page 17 – Inspection of the Bukit Pelandok Estate buffer zone at block 83 indicated that marking was not yet carried out to delineate the boundary for future replanting.**

SOU14 communicates information to staff and workers during morning musters on its policy to prohibit hunting and fishing within the Estates and to protect biodiversity. Signboards prohibiting hunting and fishing have been installed at all entrances to the Estate and adjacent to conservation areas.

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

The Mill wastes and sources of pollution are identified in the Environmental Aspects and Impacts Register, and the Estates have a “Waste Management Action Plan 2010/11”. The Plan describes the method of re-use or disposal for each type of waste generated.

“Point Source” pollutants generally were well controlled at the Mill and the Estates. The PCDs were well maintained at the vehicle wash-down bay, the vehicle workshop drain and at bulk fuel storage tanks and refuelling areas for preventing the discharge of oil and minor spillage of fuel. **CR05 – A nonconformity was issued against Minor Compliance Indicator 5.3.2 because follow-up of Observation 8, identified during the Initial Certification Assessment, found that the sediment trap at the Tanah Merah Estate Workshop wash-down bay had not been cleaned. This needs to be inspected daily and sediment removed as required – refer Section 3.2 Page 16.**

The Mill and Estates have implemented programmes for segregation of wastes at source and separate storage of recyclables such as glass, plastic and metal. Inspection showed that separation of wastes by type generally was consistently implemented at workshops and central stores.

The Estate and Mill have well-maintained purpose built Scheduled Waste Stores that have secondary spill containment. Scheduled waste is collected by a licensed contractor for disposal. The Mill and Estates have maintained up to date monthly scheduled waste inventories and held copies of manifests, for example, Malik Family Resources Sdn Bhd Consignment Note No. 27691 dated 20 December 2010.

Crop residues EFB and POME are composted and applied to the field as organic fertiliser. 100% of EFB is composted with Mill effluent and used as organic fertiliser in the Estates. Fibre and nut shell that are excess to Mill boiler requirements for processing, are sold. Sludge oil is recovered from cooling ponds and sold to a recycler.

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

The Mill records daily usage of energy generated by the steam turbine and the information is included in Monthly Reports to head office. The Mill ceased using the diesel genset for standby power in July 2009 and has since purchased electricity from the Government Supply. The Mill has optimised the use of the steam turbine for electricity generation in preference to purchasing electricity from the government supply. Sime Darby has a programme of investigating the feasibility of recovering methane from Mill effluent treatment ponds and anaerobic digestion tanks at its Mills. To date, an initial scoping investigation has been carried out at SOU14 Mill.

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.

Sime Darby has a policy of zero burning at its plantations. Inspection of mature and replanted areas did not find any evidence of open burning.

At replant, the old palms are chipped, windrowed and mulched. Inspection of replanted areas confirmed the felled palms had been chipped and mulched in accordance with the SOP.

Inspection of housing and workshops confirmed no evidence of use of fire used for disposal of wastes.

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

The Mill and Estates have reviewed the Pollution Prevention Plan for the 2010/11 year. Following the commissioning of the new boiler, substantial improvement has been achieved in relation to controlling emissions to air. The current Plan focuses on reducing water usage and the quantity of wastewater generated.

The Estates' focus is on the prevention of soil erosion, particularly at replanting areas to prevent discharge of sediment with rainfall runoff. Actions include the

planting of leguminous cover crop immediately following the chipping and stacking of felled palms and levelling of the palm inter-row.

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

SOU14 has reviewed and updated the SIA and Social Action Plans for the Estates and the Mill. Important improvements are building on the more open communication and relationship with local communities. Local communities have good infrastructure and government and commercial services are readily accessible and the company's contribution is support for community requests.

The Joint Consultative Committee (JCC) continued to operate with quarterly meetings at the Mill and each Estate. Interviews of workers and their families indicated they are treated fairly and there were no issues related to discrimination.

Female staff and workers appreciated the operation of the Gender Committee, which provided them the opportunity to raise any issues of common concern related to gender and families.

The company continued to maintain a good relationship with Contractors, some of whom had worked with SOU14 for more than 10 years. They stated that dealings with the company were fair and transparent.

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

The SIA that was initially prepared in October 2008 was updated on 10 December 2010 and information contained in the report indicated that local communities such as Kampong Sawah and Kampong Cina were consulted. Following the SIA process, the Mill and Estates prepared a Social Action Plan in response to the input received from stakeholders. ***Observation 10 – refer Section 3.2 Page 17 – The Bukit Pelandok Estate Social Action Plan with responsibilities based on the update of the SIA carried out in April 2011 had been prepared. However, it did not clearly specify the action to be taken.***

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.

Estate Managers and the Mill Manager are the nominated persons responsible for communications and they have met informally with representatives of local communities to improve the relationship. Interview of community representatives confirmed the relationship with the company was closer because of the informal meetings and exchange of information.

A formal list of stakeholders is available including contractors, vendors/suppliers, local community heads and other interested parties. **Observation 11 – refer Section 3.2 Page 17** – A Stakeholders list is available but needs to be updated with the current stakeholders' contact information and inclusion of government agencies and the NUPW.

CR06 – A Nonconformity was assigned to Minor Compliance Indicator 6.2.3 because interview of internal stakeholders indicated that verbal complaints have been made to the Mill but inspection of records showed that these verbal complaints, such as incidents at housing, have not been documented and therefore have not been subjected to the formal dispute resolution process – refer Section 3.2 Page 16.

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.

Records held at the Mill and the Estates showed that SOU14 did not receive any complaints or grievances that required handling through the formal grievance process.

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 Customary Land within the Estates. There has not been any claim for land compensation since the Initial Certification assessment.

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.

The Company has continued to observe the two Collective Labour Agreements NUPW (Workers) and AMESU (Staff). Pay and conditions are documented in the two Agreements. Interviews of staff and workers and inspection of a sample of pay records found that payments were consistent with the current agreements. The workers received a copy of their employment agreement and understood their payslips.

A good standard of housing is provided for staff and workers. SOU14 provides land for residents to cultivate food gardens as a supplement to their incomes. Water is supplied from the Government Reticulation System. Electricity is supplied from the Government. Free medical is provided to workers and dependants. Government Malay, Tamil, Chinese and Secondary Schools are available. Children travel by private transport with full cost of fares paid by the families. This was raised as an issue during the interview process (refer Section 3.4 Page 18). *The Company advised that a letter has been written to the Zone Head requesting approval to hire a bus to transport school children at no cost to students. The Estate will advise families of the outcome accordingly.* **Observation 12 – refer Section 3.2 Page 17**

– *The Mill Housing Repair Register does not show the date when repairs were completed to indicate that repairs are carried out promptly.*

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.

SOU14 maintains records of minutes of meetings with Union Worker Representatives and Union Officials.

A statement recognising Freedom of Association is included in the Corporate Social Policy approved 1 April 2008 and is available in Bahasa. Workers and staff interviewed stated they are free to join a union if they wish.

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 of records confirmed that age checks are made before hiring: Malaysian workers - National Identity Card; Foreign workers - Passport. Children were not observed at any workplace during Mill and field inspections.

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.

An Equal Opportunities Statement is included in the Corporate Social Policy approved by top management April 2008. The Policy is displayed prominently at offices and muster areas. Interview of staff and workers indicated understanding of Policy and they stated there was no discrimination. Examination of Personnel files and pay records did not identify any inconsistencies that may be attributed to discrimination.

Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

The Policy for the prevention of sexual harassment and violence is displayed prominently at offices and muster areas. A Gender Committee operates successfully and all female staff and workers interviewed were aware of their Committee Member representative.

Sime Darby has a specific Grievance Procedure for gender related issues. Female staff and workers interviewed were aware of the procedure to raise issues but stated that they had not had occasion to use it.

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

The SOU14 Mill processes only FFB from company owned Estates and the Indicators relating to smallholders are not applicable.

Sime Darby has standard terms and conditions, which from time to time are supplemented with additional performance requirements. Terms and Conditions are explained to the Contractor before signing. Interview of contractors confirmed that contract terms and conditions were explained to them prior to signing.

Interview of Contractors confirmed that payments are processed locally and made in a timely manner.

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

SOU14 is located in an area where public infrastructure and government services are readily accessible. The Mill and Estates respond to requests from communities such as donations, which are considered appropriate for the circumstances.

Principle 7: Responsible Development of New Plantings

SOU14 has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

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

Following the achievement of Initial Certification, SOU14 has made progress with improvements that contribute to overall sustainability of the operations. Importantly, gains have been made in the average FFB yield per hectare as well as the OER resulting in important improvement as an efficient palm oil producer.

Environmental and social issues also continue to be addressed appropriately. The expansion of beneficial plants and application of pest census are important factors in the IPM programme. SOU14 has achieved reductions in the SIFR which confirms the company's commitment to OSH. The company has continued to build on the more open relationship with internal and external stakeholders.

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.

IPM techniques have been implemented to aid control of palm pests and to reduce the use of chemical treatment which is used only when necessary and on the basis of pest census information. Only one Class 1A chemical, Methamidophos, is used.

Environmental Improvement Plans focus on reduction of water usage at the Mill and soil conservation at the Estates, especially at areas of replanting.

Pollution prevention plans for the Estates have focussed on the improved management and control of potentially hazardous wastes, such as petroleum hydrocarbons and scheduled wastes.

The SOU14 Social Action Plan has continued to aim at improving relations and communication with local communities.

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

Nonconformities were assigned to Minor Compliance Indicators 5.3.2 and 6.2.3. Twelve (12) Observations/Opportunities for Improvement were identified.

SOU14 has prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi has reviewed and accepted.

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

A Nonconformity was assigned to this Minor Compliance Indicator for the following issues:

- There was inconsistent separation of wastes at the Mill, with general refuse mixed with boiler ash at the rear of the Mill boiler.
- There is opportunity to reduce substantially the quantity of waste disposed at the Sua Betong landfill by separating "green" garden waste from other refuse.
- Some of the empty pesticide containers at Sua Betong Estate had been stored for longer than the 180 days permitted for scheduled waste.

SOU14 has prepared a Corrective Action Plan for addressing the identified nonconformity as follows:

- Mill to install signs to indicate place for general waste and to educate all workers on "3R" Reduce, Recycle, Reuse.
- To separate garden waste from domestic waste and to distribute at fronds stacking area.
- To dispose all empty pesticide container by certified contractor.
- Awareness training to workers about the management of domestic waste was carried out on 10 May 2011. Executive and staff will carry out inspection and monitoring on a weekly basis to ensure workers are correctly managing their domestic waste.
- The sediment trap was cleaned immediately and the mechanic is to inspect the sediment trap on a daily basis.

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

CR06: 6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.

A Nonconformity was assigned to this Minor Compliance Indicator because interview of internal stakeholders indicated that verbal complaints have been made to the Mill but inspection showed that these verbal complaints, such as incidents at housing, have not been documented and therefore have not been subjected to the formal dispute resolution process.

SOU14 has prepared a Corrective Action Plan for addressing the identified nonconformity as follows:

The Mill has implemented a Register for recording verbal complaints.

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

Observations/Opportunities for Improvement (ASA1)

Twelve (12) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Surveillance Assessment.

OBS01 (4.4.1) During replanting at Sua Betong Estate a small number of palms have been planted inconsistently within the Sime Darby guideline distance to the edge of a small stream at field 09A. *Inspection at Sua Betong Estate found that during replanting, a small number of palms have been planted within the Sime Darby guideline distance to the edge of drains at field 09A.*

OBS02 (4.4.3) The value of information from the monsoon drain sampling could be improved by graphical presentation of the monthly laboratory results progressively and review of the data for trend.

OBS03 (4.4.5) A water pipe near the oil room in the Mill was leaking badly, which is inconsistent with the aim to reduce water usage.

OBS04 (4.6.1) The accuracy of measuring herbicide concentrate could be improved by the use of an appropriate device, sized according to the measurement quantity.

OBS05 (4.6.4) At the Mill Water Treatment Plant, the MSDS was located on the far wall, which was inaccessible and poorly lit.

OBS06 (4.6.5) At Sua Betong Estate CHRA Medical Surveillance was carried out 12/11/2010 by a DOSH registered Doctor but only for those Pesticide Sprayers exposed to Organophosphates and Methamidophos. Sprayers having exposure to other pesticides and the pesticide mixer were not included in the Surveillance.

OBS07 (4.7.1) A contractor was not wearing the correct PPE when using oxy-acetylene equipment for cutting steel near the FFB Ramp. The Mill Manager ordered

work to cease immediately that he realised the issue and requested issue of correct PPE from the store.

OBS08 (4.7.1) The Estate carries out safety briefings for all visitors and new hires, however an emergency drill to test the effectiveness of the procedures had not been carried out at Sua Betong since 2009.

OBS09 (5.2.3) Inspection of the Bukit Pelandok Estate buffer zone at block 83 indicated that marking was not yet carried out to delineate boundary for future replanting.

OBS10 (6.1.3) The Bukit Pelandok Estate Social Action Plan with responsibilities based on the update of the SIA carried out in April 2011 had been prepared. However, it did not clearly specify the action to be taken.

OBS11 (6.2.3) A Stakeholders list is available but needs to be updated with the current stakeholders' contact information and inclusion of government agencies and the NUPW.

OBS12 (6.5.3) The Mill Housing Repair Register does not show the date when repairs were completed to indicate that repairs are carried out in a timely manner.

Noteworthy Positive Components

- Mill OER % has been increasing since 2007 due to improved crop quality supplied from the Estates and reduction of oil losses.
- FFB yields have been increasing since 2006 due to the replanting programme.
- Mill accident rate has been decreasing since 2006/07.
- Sua Betong Estate has planted native tree species that are growing well.

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

CR01: 6.1.1 A documented social impact assessment, including records of meetings.

Corrective Actions implemented for the Nonconformity identified during the Initial Certification Assessment against Major Compliance Indicator 6.1.1 remain in place and the nonconformity remains closed.

CR02: 6.1.2 Evidence that the assessment has been done with the participation of affected parties.

Corrective Actions implemented for the Nonconformity identified during the Initial Certification Assessment against Major Compliance Indicator 6.1.2 remain in place and the nonconformity remains closed.

CR03: 6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary

Corrective Actions implemented for the Nonconformity identified during the Initial Certification Assessment against Major Compliance Indicator 6.1.3 remain in place and the nonconformity remains closed.

CR04: 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 languages understood by the workers or explained carefully to them by a Plantation Management official in the operating unit.

A Nonconformity was assigned as inspection of records and interview of workers showed that Mill workers exceeded the Department of Labour overtime limit of 104 hours per month between January and April 2008 during peak crop processing. Sime Darby wrote to the Department of Labour advising of this situation on 24 July 2008 requesting an extension to the overtime limit. At the time of the audit, the Labour Department had not replied.

ASAI Findings: The Mill has a Letter from the Labour Department (Jabatan Tenaga Kerja Negeri Sembilan) dated 16 December 2010 approving extension of Overtime hours to 150 per month current to 15 December 2011. Inspection of a sample of pay records confirmed all overtime hours were in compliance.

The Nonconformity was closed 5 May 2011

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

01. (2.1.1) Smoke emissions from three small boilers that have been used intermittently for emergency standby to the main boiler did not meet smoke emission limits when tested in May 2008. The boilers had not been operated since mid-2008. Sime Darby has approved construction of a new boiler, which is scheduled for commissioning end of 2009.

ASAI Findings: The Mill commissioned the new boiler in May 2010 and has since decommissioned and demolished the three original boilers.

02. (4.4.1) During replanting, a number of palms have been planted close to the edge of Sungai Janging buffer zone. Over-spraying of the circles around immature palms has affected groundcover within the buffer zone.

ASAI Findings: Inspection showed that only palm circles were sprayed and the buffer zone vegetation was unaffected.

03. (4.4.3) The Mill samples the rainfall runoff in the monsoon drain at a location immediately upstream of the discharge into Sungai Janging. Collection of samples from the monsoon drain at the Mill

boundary fence would give a more accurate assessment of the effectiveness of PCD for the removal of oil and sediment from the discharge of rainfall runoff.

ASAI Findings: The Mill has changed the sampling location to the monsoon drain inside the Mill fence, which is representative of the discharged stormwater.

04. (4.4.6) At the time of inspection of the monsoon drain, the PCD had not been cleaned recently as indicated by the presence of excessive solids in the sediment trap downstream of the oil trap. The Mill Engineer took corrective action during the audit and advised the Operator who is responsible for checking and cleaning the PCD of the importance of regular maintenance of the PCD for protection of downstream water quality. The frequency of inspections was increased from weekly to daily and the Operator instructed to maintain the surface free of any oil or floating solids.

ASAI Findings: At the time of the inspection, the monsoon drain PCD was clear of floating solids indicating the cleaning had been carried out as scheduled.

05. (4.4.7) Elements of a Water Management Plan are documented but have not been integrated to an overall Plan.

ASAI Findings: The Mill has revised the Water Management Plan (2010/11) to include conservation measures, such as recycling steriliser condensate and reducing use of water for Mill floor cleaning.

06. (4.6.4) MSDSs are held for all chemicals but some MSDSs are in English and may not be understood by some workers.

ASAI Findings: MSDSs are now in Bahasa Malaysia.

07. (5.2.3) Interview of local community representatives indicated that SOU14 has not communicated its fauna protection policy to them.

ASAI Findings: Meeting held with local community representatives 23 March 2011 included communication of the Policy. Confirmed during discussions with Community Head.

08. (5.3.2) Oil skimmed from the surface of the oil trap at the Estate workshop was inappropriately disposed beside the drain. Corrective action was taken during the audit to excavate the contaminated soil and place it in the contaminated waste store. The workshop operator was instructed in the correct procedure for maintenance of the oil trap and disposal of waste oil.

ASAI Findings: Follow-up of Observation 8, identified during the Initial Certification Assessment, found that the sediment trap at the Tanah Merah Estate Workshop wash-down bay had not been cleaned. This needs to be inspected daily and sediment removed. The Observation was upgraded to a Nonconformity (CR05) – refer Section 3.2 Page 16.

09. (6.2.3) Interview of local community representatives indicated that verbal complaints have been made to SOU14 but inspection of Estate records showed that these verbal complaints have not been documented.

ASA1 Findings: Follow-up of Observation 09, identified during the Initial Certification Assessment, found that there is no Register for recording complaints other than housing repairs. The Observation was upgraded to a **Nonconformity (CR06) – refer Section 3.2 Page 17.**

3.4 Issues Raised by Stakeholders

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

Issues Identified during ASA1

The majority of stakeholders had positive comments about SOU14. For the situations where stakeholders raised issues, the company's response is stated below.

Residents at the Mill housing stated they have raised issues verbally with the Mill on more than one occasion regarding repeated alcohol related incidents late at night involving "outside" male guests of a single male resident partaking in loud and offensive behaviour in the street (playing on the children's makeshift badminton court). Security has been called on a number of occasions and completed incident reports for management but the problem remains unresolved. The issue is not the children playing on the badminton court but the disruption caused by male visitors. The children should not be penalised by removing the badminton court.

Company Response: The male resident has been interviewed and cautioned. A complaints register has been initiated for recording details of complaints raised verbally. (Assessor will follow up at next Surveillance Visit.)

Sua Betong Estate female Leguminous Cover Crop (LCC) planters stated that the "yellow" rubber boots provided by the company were too heavy for them to wear. They have raised this issue with office staff but to date are still purchasing their own "lightweight" rubber boots and asked if the company could provide them with the "lightweight" rubber boots.

Company Response: The Estate will consult with Workers and purchase and distribute lightweight rubber boots to those workers who request them.

There is no public transport available for Sua Betong Estate workers to travel to Port Dickson. If they do not have their own vehicle they have to travel by taxi at cost RM30 return. Residents also stated that if they call for a

taxi they have to walk to the main road as the taxi is not allowed to travel into the Estate.

Company Response: The Company hires a bus weekly to transport workers, local and foreign, to and from Port Dickson. The Company will advise local workers/families the bus is available for them to travel also. With commissioning of the new Mill there is a possibility that Public Transport may commence.

Sua Betong Estate school children travel by Private bus. Residents asked if the company could provide a school bus.

Company Response: A letter has been written to the Zone Head requesting approval to hire a bus to transport school children at no cost to families. The Estate will advise families accordingly.

Bukit Pelandok Estate Harvesters stated they do not understand how their pays are calculated now that a new system has been introduced.

Company Response: The system was introduced two months ago and has been explained to workers but further explanation will be provided.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

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

4.2 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

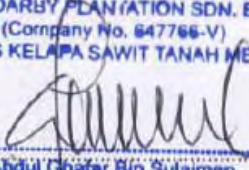
CAR	CLASS	ISSUED	STATUS
CR01	Major	11/09/2008	Closed 26/10/2008
CR02	Minor	11/09/2008	Closed 26/10/2008
CR03	Minor	11/09/2008	Closed 26/10/2008
CR04	Minor	11/09/2008	Closed 05/05/2011
CR05	Minor	05/05/2011	"Open"
CR06	Minor	05/05/2011	"Open"

4.3 Sign-off of Surveillance 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 (SOU14)

SIME DARBY PLANTATION SDN. BHD.
(Company No. 647766-V)
KILANG KELAPA SAWIT TANAH MERAH



Mr Abdul Ghafar Sulaiman
Manager Tanah Merah Palm Oil Mill

Date: 09 JUN 2011

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr Charlie Ross
Lead Auditor

Date: 10 June 2011

Appendix “A”

Sime Darby Time Bound Plan

SIME DARBY PLANTATION
RSPO CERTIFICATION TIME BOUND PLAN & STATUS

Financial Year	SOU	Main Assessment	Status	Surveillance Assessment	Status
PLANTATION MALAYSIA					
2010 / 2011	SOU 26	Jun-08	Certified in Oct-08	Sep-10	Re-certification approved
	SOU 28, 29, 30 & 30b	May-08	Certified in Jan-09	Nov-10	Assessed, report pending with CB
	SOU 14 & 17	Sep-08	Certified in May-10	Mar-11	Planned
	SOU 8, 9 & 9a	Jan-08	Certified in May-10	Mar-11	Planned
	SOU 21	Feb-09	Certified in May-10	Apr-11	Planned
	SOU 25 & 30a	Apr-09	Certified in May-10	Apr-11	Planned
	SOU 1	Jul-09	Certified in Aug-10	Jun-11	Planned
	SOU 19a	Jun-09	Certified in Oct-10	Aug-11	Planned
	SOU 20	Jun-09	Certified in Nov-10	Sep-11	Planned
	SOU 24	Dec-08	Assessed, report under review		
	SOU 23	Jan-09	Assessed, report under review		
	SOU 5, 5a & 6	Jan-09	Assessed, report under review		
	SOU 2, 4, 18 & 22	Feb-09	Assessed, report pending with CB		
	SOU 19	Jun-09	Assessed, report under review		
	SOU 10, 11 & 12	Jun-09	Assessed, report pending with CB		
	SOU 13, 15 & 16	Jun-09	Assessed, report pending with CB		
	SOU 3 & 7	Jul-09	Assessed, report pending with CB		
	SOU 31, 32, 33 & 34	Jul-09	Assessed, report pending with CB		
	SOU 27	May-10	Assessed, report pending with CB		
PLANTATION INDONESIA					
2010 / 2011	SOU 13	Nov-08	Certified in Aug-10	Jun-11	Planned
	SOU 1, 14	May-09	Certified in Nov-10	Sep-11	Planned
	SOU 2, 3, 4, & 5	Oct-10	Assessed, report pending with CB		
	SOU 14, 15, 19 & 20	Nov-10	Assessed, report pending with CB		
	SOU 18	Dec-10	Audit pending		
	SOU 6, 7, 8, 9 & 10	Jun-11	Planned		
	SOU 11, 12, 20 & 21	Jun-11	Planned		

Appendix “B”

CV for New Team Member

Noryati Hambali – Curriculum Vitae

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

Educational Qualifications

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

Work Experience

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

RSPO Experience

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

Appendix “C”

ASA1 Programme

ASA1 PROGRAMME 5 – 7 May 2011

DATE	TIME	ACTIVITY	CR	RR/ NH	IN
Thursday 5 May 2011	AM	Opening Meeting (Mill and Estate) Mill Documentation Interview Male Workers Interview Female Office Staff/Workers Review Pay Documentation Interview Contractors/External Stakeholders	√ √	√ √ √	√ √ √
	PM	Physical Inspection Mill, Effluent Ponds, Land Application, Workshop, Stores Contact Government Offices DOSH, DOE, Labour Department, NUPW Regional Office (Union Official), NGOs Visit any Local Communities Visit Clinic and Interview Staff Inspect Housing and Interview Residents Closing Briefing	√ √	 √ √ √	 √ √ √
Friday 6 May 2011	AM	Opening Briefing Physical Inspection Estate including Buffer Zones Interview Female Fieldworkers Physical Inspection Stores, Landfill Interview Female Office Staff/Workers Review Pay Documentation	√ √ √	√ √ √ √	
	PM	Estate Documentation Visit Clinic Interview Staff Inspect Housing Interview Residents Closing Briefing	√ √	√ √ √ √	
	AM	Opening Briefing Physical Inspection Estate including Buffer Zones Interview Workers Physical Inspection Stores, Landfill Interview Contractors/External Stakeholders			√ √ √ √ √
	PM	Visit any Local Communities Estate Documentation Inspect Housing Closing Briefing			√ √ √ √
Saturday 7 May 2011	1100	Follow up any outstanding data/clarification Prepare Visit Report and Closing Presentation Closing Meeting	√	√	√

Appendix “D”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i></p> <ul style="list-style-type: none"> 4 Local Male Mill Workers 5 Foreign Male Mill Workers 4 Foreign Harvesters (Bukit Pelandok Estate) 5 Foreign Male Sprayers (Bukit Pelandok Estate) 	<p><i>Internal Stakeholders</i></p> <ul style="list-style-type: none"> 6 Female Mill Staff/Workers 10 Residents Mill Housing 5 Female “Field” Workers (Sua Betong Estate) 6 Female Staff/Workers (Sua Betong Estate) Hospital Assistant and Female Assistant (Sua Betong Estate Clinic) 10 Residents Sua Betong Estate Housing
<p><i>Contractors</i></p> <ul style="list-style-type: none"> 4 Mill Contractors and FFB Suppliers Bukit Pelandok Estate Spraying Contractor Bukit Pelandok Estate Harvesting Contractor 	<p><i>Local Communities</i></p> <ul style="list-style-type: none"> Kampung Janging Religious Leader
<p><i>Government Departments</i></p> <ul style="list-style-type: none"> Department of Labour Department of Environment Lands Department 	<p><i>NGOs and others</i></p> <ul style="list-style-type: none"> Tenaganita AMESU (Subang Jaya) NUPW (Negeri Sembilan)