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PUBLIC SUMMARY REPORT

RSPO

2nd ANNUAL SURVEILLANCE ASSESSMENT (ASA02)

Sime Darby Plantation Sdn Bhd SOU 4: Flemington Palm Oil Mill Perak, Malaysia

Report Author:

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SUMMARY

BSI has conducted the Second Annual Surveillance Assessment (ASA 2) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), Certification Unit Flemington Palm Oil Mill and supply base located in Teluk Intan, 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 RSPO P&C MYNI: 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011. The onsite assessment was conducted on 2 – 5 July 2013.

Based on the assessment result, BSI concludes that Flemington Palm Oil Mill and supply base comply with the RSPO requirements [RSPO P&C MYNI-2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

BSI recommends the continuation of the approval of Flemington Palm Oil Mill and supply base operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA 1	Annual Surveillance Assessment 1
ASA 2	Annual Surveillance Assessment 2
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
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPOM	Flemington Palm Oil Mill
HCV	High Conservation Value
IPM	Integrated Pest Management
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
PPE	Personal Protective Equipment
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Identity of Certification Unit

The Flemington Palm Oil mill and estates are located in Perak, Malaysia (Figure 1). The oil mill is central to the estates located near Teluk Intan, Perak, Malaysia. Additional map included (Figures 2 and 3) showing Sungai Samak and Sabak Bernam Estate layout. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Flemington Palm Oil Mill Processing Capacity: 60mt/hour	100° 51' 26"	3° 55' 41"

1.2 Production Volume

The estimated tonnages reported for the ASA 2 and the actual production for previous year (ASA1) are detailed in Table 2 below for comparison. The production details are for financial year July – June. It is noted that there is a slight increase in the projected palm products. The projected tonnages for the 2013/2014 period of the Certificate are based on the annual budget.

Table 2: Production tonnages certified for July – June Financial Year

FPOM	FFB	CPO	OER	PK	KER
2011-2012 Actual	217,159	45,603	21.00	12,748	5.87
2012-2013 Estimate	252,188	52,127	20.67	13,795	5.47
2012-2013 Actual	246,508	51,175	20.76	13,583	5.51
2013-2014 Estimate	249,754	52,448	21.00	13,736	5.50

1.3 Certification details

RSPO Membership No: 1-0008-04-000-00
BSI RSPO Certificate No: SPO 590802
Date of previous Assessment: 23-24 February 2009 (by previous Certification Body: Control Union Certification).
Date of Initial Certification: 5 October 2011
Date of ASA 1: 3 – 5 October 2012
Date of ASA 2: 2 – 5 July 2013

1.4 Description of Supply Base and Supply Chain

The supply base is the FFB from four own estates that supplied 92% of the FFB processed at the Mill. In addition, FFB received from outside suppliers from time to time accumulates to about 8% of the total processed. This tonnage is excluded from the Table 2 and from the certified tonnages. The actual FFB production and projected production is shown in Table 3 below. Other than that the projected tonnages were based on the potential yield could be achieved due to improvement in planting material and age profile of palms.

It is noted that Flemington Palm Oil Mill uses the Mass Balance system for the supply chain because the mill sometime purchase FFB from out growers. The out growers are not associated and have choices of selling their FFB to any mill that pays higher FFB price. Supply chain element was checked and described in Appendix E.

Table 3: Actual and Projected Estate FFB Tonnes

Estate	2011-2012 Actual	2012-2013 Estimate	2012-2013 Actual	2013-2014 Estimate
Flemington	38,048	45,715	49,251	45,500
Bagan Datoh	72,981	80,666	75,185	80,647
Sungai Samak	50,724	59,287	68,730	68,257
Sabak Bernam	55,406	66,520	53,342	55,350
TOTAL	217,159	252,188	246,508	249,754

* The production from the out growers is excluded from the above tonnage and Certificate of Flemington Palm Oil Mill

The projected figures show an increase compared with actual in 2012-2013 financial years. This increase expected by the operating units considering the age profile and favourable weather experienced.

Table 4a: Age Profile of Palms

AGE (years)	Estate and % of Planted Area			
	Flemington	Bagan Datoh	Sungai Samak	Sabak Bernam
25 – 30	-	-	-	-
21 – 25	17	21.55	19.81	0
11 – 20	63	64.45	39.59	91.13
4 – 10	18	5.91	37.40	2.85
0 – 3	2	8.09	3.20	6.02
TOTAL	100.00	100.00	100.00	100.00

Note: Overall 95% of the total 10,456.73 ha in Flemington Certification Unit's supply base are matured. About 85% areas from each supply base are at the prime age (except Sungai Samak Estate) contributing to the increased production.

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total (ha)
Flemington	1,724.72	34.31	1,759.03
Bagan Datoh	3,361.09	296.17	3,657.26
Sungai Samak	2,636.78	87.30	2,724.08
Sabak Bernam	2,176.69	139.67	2,316.36
TOTAL	9,899.28	557.40	10,456.73

1.5 Other Certifications Held

Flemington Palm Oil Mill has achieved Initial ISCC certificate since 23rd March 2011. Re-certification was conducted and valid until 23rd March 2014. Certificate number: DE-B-BLE-BM-10-107-70015512

1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
SOU 4 Management Units (KKS Flemington)
36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA
Contact Person: Mr Subramaniam Govindasamy
Flemington Palm Oil Mill Manager
Fax: +605-648 9153
Email: flemingtonmill@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 33 of the Management Units in Malaysia and 19 in Indonesia. There are two management units in Malaysia will undergo RSPO initial Certification due to newly commissioned mills in 2013. There are 6 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the remaining Management Units, Sime Darby will have achieved the Time Bound Plan.

Recently Sime Darby communicated that SOU 19 Nordanal Mill and SOU 25 Segaliud mill was decommissioned. However, a new palm oil mill was commissioned, Pagoh Palm Oil Mill and included in the Time Bound Plan. The Pagoh Certification Unit will be using SOU 19 as reference number. Sime Darby is planning to conduct the initial certification assessment in June 2013.

BSI has continued involvement with assessments of Sime Darby Management Units during the 2012/13 period. Sime Darby consistently has kept BSi informed of any emerging issues and claims made against it. At the time of preparation of this Report, BSi is not aware of any new issues involving:

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

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

Progress of Associated Smallholders/Out growers towards RSPO Compliance

Flemington certification unit does not have any associated smallholders. The existing out growers are selling the FFB on ad-hoc basis and not permanent as well. They have freedom to sell their FFB to any mill that offer higher price. There is no long term contract between the mill and out grower.

Figure 1: Location of Flemington Palm Oil Mill and Supply base in Teluk Intan, Perak, Malaysia.



Figure 2: Sungai Samak Estate field map and surrounding entity

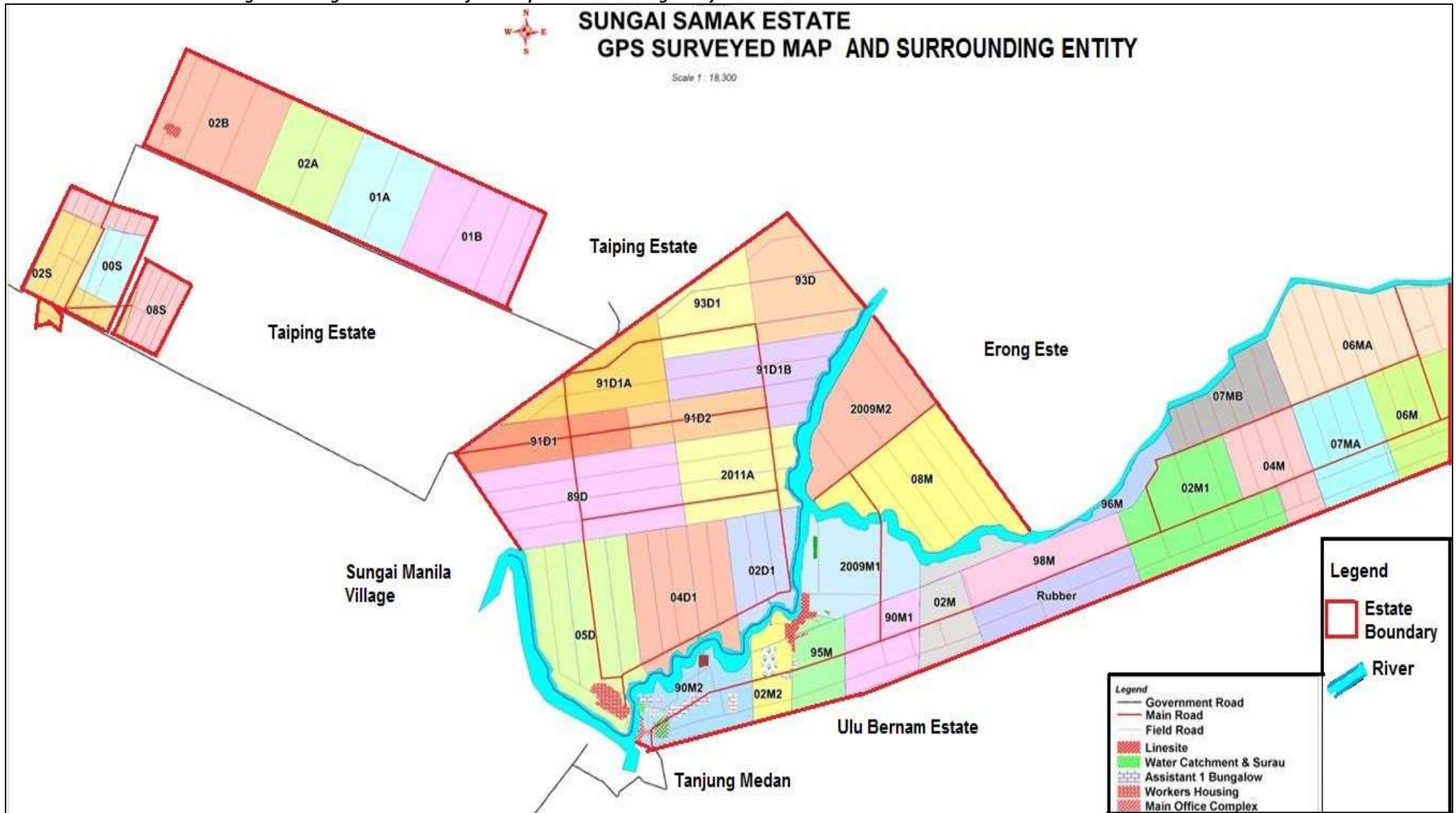
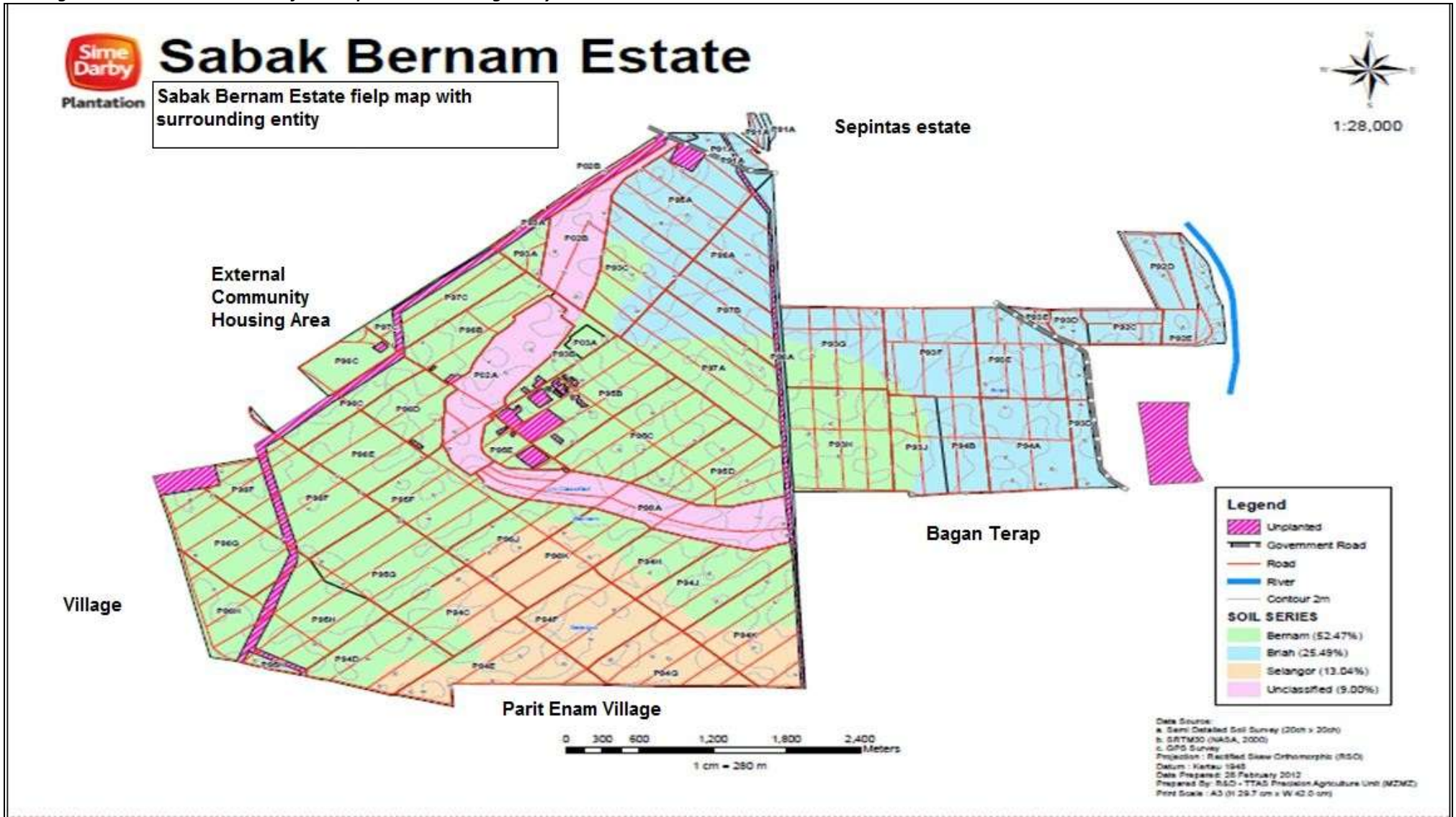


Figure 3: Sabak Bernam Estate field map and surrounding entity



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 Thailand.

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 and Sustainability Report Assurance (SRA) Assessor Training. 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.

Isman Bin Yusoff - Assessor

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSi for ISO 9001, ISO 14001 and OHSAS 18001. Isman Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills

as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

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 currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. 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 attended the RSPO Lead Auditor Training in April 2013 and passed the training course. 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 3 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

2.3 Assessment Methodology, Programme, Site Visits

The Annual Assessment was conducted on 2 - 5 July 2013. 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 (Sungai Samak Estate and Sabak Bernam Estate). 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 Nonconformities that were assigned and the observations that were identified during the ASA1 were followed up to check the effectiveness of corrective actions and implementation to close the nonconformities. The ASA2 findings are detailed in Section 3.2 below.

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

Mr. Aryo Gustomo, BSi RSPO Scheme Manager, has reviewed this report for conformance with BSi

Procedures and the RSPO Certification System requirement.

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss environmental and social performance.

Meetings were held with stakeholders by social auditor in the team 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, 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.

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 during the field visit in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate meetings were held with the local community leader and head of village. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix D.

2.5 Date of Next Surveillance Visit

The date of next surveillance visit will be approximately scheduled within 12 months from ASA2.

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 mill and the estates. The results for each selected 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 ASA2, there was a minor nonconformity and five Observations/Opportunities for improvement were identified. Flemington Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi audit team. Minor nonconformities and observations raised during the ASA1 were followed up and evidence of closing the nonconformities were checked and verified for closing out the nonconformities. Minor nonconformity raised during the ASA2 will be followed

up during the next surveillance. Details are in section 3.2 and 3.3.

BSI recommends the continuation of Certification for Flemington Certification Unit and maintain as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

Policies, procedures and management plans for provision of information to the public upon request are updated and documented. The company have effective system for receiving and responding to the request of information to the public and has kept the record of request and responses.

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.

Mill and estate maintained record of request and replies to the request from external and internal stakeholders such as respond to MPOB when requested for a weekly report of FFB received, CPO dispatched and stock of CPO. Information was given to the requester on monthly basis. Records since the last ASA1 are documented and verified during the ASA2.

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 mill and estates keep 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.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records showed that Flemington 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 is effectively conducted. All the operation units hold land title and no land dispute issues were sighted or highlighted by the stakeholders during the ASA2.

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

The Mill and Estates have kept a list of legal requirements. Company has owned mechanism to ensure all relevant legal requirements are comply. Document entitles "Mechanism on Tracking of Law and

Changes” which includes list of laws, regulation reference, permit and license to be managed by each operating unit. In addition, each operation has a List of Licenses showing the expiry dates. Inspection of a sample of licenses and permits confirmed all valid i.e. MPOB license at mill No.529874004000 valid until 31/5/2014 and DOE permit No. 000411 valid until 30/6/2014. Boilerman and chageman are holding required competency certificates. Weighbridge inspected and have valid permits (B751078 and B751079) as per local regulation for weighing equipment “Peraturan-Peraturan Timbang dan Sukat 1981 (Peraturan 16, 28A & 45), Energy commission licence no. (PIP) 12.4/2002/00016 valid until 29/10/2013 etc.

Observation 1: (2.1.1): Sungai Samak Estate: As an area for improvement the operating units should consider marking the PMT Number (PK PMT 3426) on the air compressor with permanent marking.

Review of internal audit reports showed that the Mill and the Estates visited had maintained legal compliance with applicable laws and regulations, in particular for Safety, Social, and Environmental regulations. The latest internal RSPO audit was done in 15 May 2013 by internal audit team from head office (Plantation Sustainability and Quality Management Department). However, it was noted that the evaluation of compliance to MPOB Act 582 and Minimum Wage Order was not available. See nonconformity below.

Minor nonconformity was raised under indicator 2.1.3: Mechanism for ensuring that legal requirements are implemented was carried out through evaluation using the “Legal and Other Requirement Register (LORR)”. However, the evaluation for the compliance for “Akta Lembaga Minyak Sawit Malaysia 1988 (Akta 582) peraturan-peraturan (Pelesenan) 2005 (peraturan 28), Minimum Wage Order 2013 and Minimum Retirement Age 2013 was not included in the evaluation list as per RSPO P&C MYNI guidance which require to “Lists down all applicable laws including international laws and conventions ratified by the Malaysian government. It is not clear whether this is assessed because it is not included in the evaluation list.

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

The Mill and Estates are on Freehold Land. The land is not encumbered by customary rights and the right to use the land is not disputed. Each estate holds land titles. Example, the Flemington Mill share the same land title with Flemington Estate which holds 33 land titles, issued by Perak State Government totalling an area of 1,759.03ha file number: PTG.PK.5/4-2335(A) and registration number “No. Hak Milik 141481”.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of sample of boundary stones during

field visit at Sabak Bernam and Sungai Samak Estates confirmed they were clearly marked and maintained.

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. There is no restriction for stakeholders to access through the estates, except in relation to outside FFB trucks need to get a written permission from the operating units to access the internal estate roads. Interview of local community representatives confirmed there is no land dispute or any claim of customary land within the estates.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Flemington Certification Unit has well developed 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 head office for monitoring purpose. In addition Plantation Sustainability and Quality Management (PSQM) department conduct inspection toward production related issue and provide technical assistant for the estate including RSPO certification and monitoring of compliance.

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

Mill and estate has annual operating cost and production projected for five years. Mill and estate has prepared 5 Year Business Plan for period covering 2012 - 2016 and reviewed annually. The last review was carried out on March 2013 prior to end of financial year 2012/2013. The plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement.

Bagan Datoh and Sungai Samak estates have replanting programme within 5 years. At Sabak Bernam estate early replanting was scheduled early in 2013/2014 financial year due to ganoderma infection at an area covering 300.36ha. Replanting is planned for palm older than 25 years old.

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

Flemington Palm Oil 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 Advisor. Visit reports are used as a monitoring tool and improvement made based on the findings and recommendations.

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 a separate SOP for the estates covering all the relevant operations. Inspection to the field and mill confirm that the SOPs are implemented. Assistant Managers and staff monitor the implementation.

Mill advisor and Planting Advisor make annual visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. Latest planting advisor visit was in January 2013. A summary report of the finding given to operating units and issues highlighted were rectified by the estate management. Mill adviser visit was on 19-21/3/2013 (Report number SOU4/FMM/02/12-13). All operating units maintain DOSH and DOE visit records. DOE last visited on 27 June 2013. Recent internal RSPO compliance audit was conducted on 15 May 2013. There were no major issues identified. All identified minor non compliance was addressed by the operating units.

Observation 2: (4.1): Sungai Samak Estate have DOSH log book. It was not available during any assessment. Acknowledgement should be obtain if any party taking away the log book. Similarly the line site inspection book should be kept at the office for reference.

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

Agronomist visits the estates prior to fertilizer recommendation. Result of the leaf, soil sampling and visual observation used as a guidance to prepare the fertilizer recommendation. Recommendation for the the year 2013 dated 9 November 2012. Sime Darby Research Centre carried monitoring of fertiliser application. Application records are documented in the daily costing book. Sample checked found that field number 95G, was applied with MOP as per recommendation with 1.25kg/palm. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.

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

Groundcover with soft grass and soft weeds are being maintained. Replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. There are no peat soils or soil categorised as problematic or fragile soil at all estates.

Estate has implemented annual road maintenance programme. During audit, ongoing road maintenance was carried out with road grading and patching. Road inspected are generally in a good condition and well maintained. As highlighted during ASA 1 as an area for

improvement, the road maintenance programme has included the progress work and detail of the work such as field number and total hectareage is clearly documented in the progress report.

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

Reinstatement of riparian strips at both side of the stream during replanting is implemented as per estate programme. Inspection in the field confirmed that buffer zone have been set aside for reinstated during replanting. No bunds/weirs/dams were constructed across the main waterways running through the estate.

Research Centre carried out water analysis in the river (upstream, midstream, and downstream) with the last sampling was on 10/4/2013, result number EP35/2013 shows all parameter are within the standard i.e. BOD is 71mg/L. The sampling point was clear indicated by signage at the point where sampling is carried out.

Flemington mill has maintained monitoring on water usage which recorded every day and summarised on monthly basis. Water consumption varies from 1.11 M3 – 1.24 M3 per tonne FFB processed.

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

The implementation on biological method of controlling pest in the plantation through IPM such introduction of barn owl 1/20 ha to control rat damage is monitored by the estates. Recent census in Bagan Datoh Estate was held on 13 April 2013 indicate about 52.39% of occupancy.

Beneficial plants such as *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest were planted in all the estates. Major pest is bagworm and estate conduct census prior to justify any chemical treatment and obtain approval from Agriculture Department for any purchase of pesticide.

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.

Latest agrochemical register dated 25 April 2013 shows that only pesticides registered by the Pesticide Board were used to ensure compliance. Purchasing of agrochemical controlled from head office. No paraquat use since March 2004.

During the ASA2, it was noted that Methamidophos was not used. It was highlighted that the leaf eating pest damage was below the threshold level. Census records are kept as evidence of pest damage monitoring.

Annual medical surveillance carried out for all operators as per CHRA. The last medical surveillance was done on 20 June 2013 and the result shows all confirmed fit for work. Next medical surveillance is due in June 2014.

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

Sime Darby's OHS Policy signed by the top management provides guidance for all OSH related matters. There was no any change in the policy. This policy communicated to all employees onsite during safety meeting and morning briefing.

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Last review was done on March 2013. CHRA dated July 2010 valid for five years conducted by DOSH approved assessor with license number JKPK 1H 127/171-2(124). Mill and estate have individual training program to address all the safety requirement and work procedures. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained.

Observation 3: (4.7.1): The Permit to Work (PTW) records for any work deem as dangerous activities should be available whenever it is carried out.

Visit to the mill visit and estates field reveal that good awareness of safety is practiced. All operating units supply appropriate PPE that suits individual work requirement. It is also noted that PPE use is implemented and monitored.

The Assistant Manager is the person responsible for any OSH issues and communicates and updates the managers accordingly. OSH meetings are conducted quarterly. Meeting minutes dated 19 June 2013 was checked and found that there are no any pending issues. Meeting was attended by representative from all categories of workers.

The mill has emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training was conducted to communicate the plan. The OSH training includes firefighting training by Fire Department, first aid training by St. John Ambulance, internal safe driving training etc. Recent internal safety and health audit was conducted by ESH Manger from PSQM on 25 May 2013.

Observation 4: (4.7.1): It was noted that the Flemington 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 on 1/7/2013 for the initial work to ensure requirement to fire certificate through an email dated

1/7/2013. Interview with the "BOMBA" officer at Hutan Melintang reveal that the certificate will be issued once the work at mill is completed. The progress will be followed up during the next surveillance. At Sungai Samak Estate, the Fire/Evacuation Drill was conducted on 25 Sept 2012. As an area for improvement, estate should consider preparing a report on the drill to identify any issues for future improvement.

Inspection reveals that first aid kits are available at work site and first aiders are train to handle any emergency situations. Accident reports are sent to DOSH as per requirement. Accident records are documented if there are any accidents. There is no fatal accident but minor common injuries are noted. Local employees are covered by SOCSO and foreign workers are covered by RHB accident insurance (number D08WFWC8606982KL/004, valid until 30/6/2014).

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

Flemington mill and estates have annual training program based on a training need analysis carried out at the operating unit level for each work-station and work area. 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 internally. For example, Safety training for contractors on 24 March 2013, ERT Training on 20 June 2013, First Aid training by St. John Ambulance Malaysia on 3-4 May 2013, Agrochemical management is training on 11/3/2013.

Contractors confirmed during interview that they were 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

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 and all estates carry out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans with latest reviewed on 3 June 2013 prior to the end of the present financial year 2012/2013. A list of Actions for Improvement of environmental performance has been revised for each of the significant impacts. The review includes reduction of waste by initiating awareness on recycling waste such EFB, Fiber and shell in the mill. Each action is assigned to designated person in-charge.

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 HCV assessment was conducted internally to identify possible presence of HCVs within and adjacent to the estates prior to the initial assessment.

The HCV is about 0.21ha, conservation area such as riparian area and social conservation area such as worshipping areas are maintained, monitored and managed as per requirement. There are about 69.52ha of conservation area within the supply base. Signboards are erected to create awareness prohibiting illegal hunting and fishing.

During the ASA1 it was noted that planting of jungle trees was commenced to increase the biodiversity of tree species and completed. Enhancement of the river buffer zones are also being carried out. 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.

Flemington mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan which was reviewed in 3 June 2013.

Domestic waste is collected twice a week and disposed through licensed contractor at the local municipal council's landfill is continuously implemented. There were no landfills within the estates fields. The control of household and other waste at all line sites is now under better control during the ASA2 and this was demonstrated by the each line site being in a tidy condition. This is a considerable improvement since the previous assessment.

Mill operational waste such as EFB, Fiber, Shell and effluent is recycled. POME and EFB applied in the field is monitored and well managed with furrow system for POME.

The company has continued managing scheduled waste stores at the mill and each of the estates. Schedule waste is disposed through licensed collectors (License number TWG/SBT/99-2) dated 16 April 2013. Medical wastes, such as sharps, are collected by the visiting medical officer from Sabak Dispensary on monthly basis and records are maintained. Subsequently it is disposed through Pantai Medivest by the visiting medical officer.

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

The Mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. Average of 0.90 (Renewable Energy (mt)/ CPO (mt)) has been used in 2012/13 Financial Year. The energy generated at the palm oil was 16.93 kWh.

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.

No any sign of burning activities in the field. Similar to last assessment replanting carried out through felling, chipping and mulching the felled palms on the field. Inspection to the newly replanted area confirmed that zero burning techniques are implemented during replanting.

Inspection at mill and estates confirm that zero burning policy is communicated and implemented. The previous nonconformity was addressed effectively at the line site. No any burning of domestic waste.

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 2012/2013. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon drains.

Smoke emission quality test at the mill was done as per regulatory requirement at every 6 month interval in accordance to the Environmental Quality Regulation. The test was conducted by the external consultant approved by Department of Environment. The latest test result shows that all parameters were complied with the standard requirements. The latest stack sampling was done on March 2013 for boiler 1 and 2.

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

Flemington Mill and estates continue to maintain good relationship with internal and external stakeholders such as employees, contractors, surrounding communities and regulatory bodies. Improvements on housing and facilities for the employees are carried out.

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.

Social Impact Assessment was prepared for the whole SOU 4 prior to the initial assessment was reviewed annually by taking into consideration the feedback from stakeholders. Latest review was conducted on 3 June 2013 and social action plan is developed based on feedback received from external and internal stakeholders.

The stakeholders include employees, contractors, suppliers, labour union representatives; staff union representative, neighbouring estates representatives, as well as local village. Record of meeting with attendance list and minute of meeting are available as attachment. Latest meeting was conducted on 17 May 2013 attended by 5 people found no major issues highlighted.

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.

All the operating units engage in communication with local communities and other interested parties. The communication procedure is as per Sime Darby's group communication policy which shows flow chart of the communication procedure. Interview with the local community representative and village head reveal that they have access to the communication procedures and they have unrestricted access to meet the management representatives.

Estate Manager or his assistant is the person responsible for communications with communities and other stakeholders. Stakeholders confirm that they know the social liaison officer. Stakeholder list is updated and maintained with information on contact details and name of the representative. Communication is recorded as part of the stakeholder communication document.

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.

Grievance procedure developed and communicated to all stakeholders during meetings. Complaint and grievances have been recorded in complaint book. Inspection of the records indicated that the systems to resolve all disputes are in a timely manner. Complaints on housing defects are attended by the same day or the complainant is informed on the status of the issue by next day. There are also 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.

There were no any pending disputes noted during the audit. This was confirmed by internal and external stakeholders interviewed.

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. However, stakeholders have access to any negotiations of 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.

Similar to ASA1, all the 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 make up the majority of the workforce who are engaged on 3 year contracts with a possibility to be extended if able to fulfill the local immigration requirements. Payments are made as per the applicable agreement. Workers are paid above minimum wage standard as laid out for Malaysia, and are therefore able to make savings. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available in local language and the language that the foreign workers speak.

Interview with the workers at the mill and estates confirmed that they understand the term of employment contract including pay rate, fringe benefits, annual leave, sick leave, public holiday etc.

Mill and estate provide adequate housing to their employees and meets the government standard. At Sabak Bernam estate, construction of new housing is in progress to replace the old housing.

Other facilities such as worshipping places, crèche, clinics, sports facilities and community hall were also provided by the company. All the houses are provided with water and electricity supply.

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.

Flemington Mill and Estates hold union meeting with NUPW when required. Last meeting was held on 10 April 2013, attended by 3 representatives from the union, a foreign workers' representative and three management staff. Issues related to work was discussed and it was confirmed by the union secretary that there is no any unresolved labour issue. Sometime NUPW representative at site meet with executives and manager to discuss verbally if there is any urgent issues to highlight to the management. This is also reveals that

the union representative does not have any difficulty to meet the management.

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 registration confirmed that those employed are as per company policy on minimum age. Verification of the contract and identification cards belong to the weighbridge clerk at mill and general workers at estates confirm no workers under 18 years old. 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.

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 opportunity policy is displayed at notice board at all the operating units. This was well communicated with all employees. Interview of male and female workers confirmed understanding and awareness of the policy. Examination of records of salary between local and foreign workers did not find any differential on the same jobs level.

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

A statement to prevent sexual harassment and violence is documented in the Sime Darby Plantation Social Policy. One of the female staff members has been appointed as gender committee member representing each operating units and work category that involve female workers.

The company has developed specific grievance mechanism on sexual harassment and violence. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit.

The last gender committee meeting was held on 6 June 2013 attended by 12 female workers. The meeting minutes shows that no any 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.

The mill process FFB from company owned estates and continue to purchase FFB from two independent suppliers with short term agreement. These suppliers are free to sell to any mills of their choice. No FFB supply

from smallholders. Interview with the FFB supplier concludes that they understand and agree with the pricing mechanism.

FFB pricing is based on MPOB pricing. Interview confirmed that contractors and suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Prompt payment is made as per contract agreement. 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 6.11: Growers and millers contribute to local sustainable development wherever appropriate.

The estate has continued to provide access to registered smallholders and surrounding community to pass through estate road. Company 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. Interview with the school headmaster confirmed that there has been lot of contribution from the operating units throughout the year.

Principle 7: Responsible Development of New Plantings

Flemington 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.

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.

Flemington Palm Oil Mill and supply base estates have 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 and dialogue besides further improving the workers housing. The Environment Action Plan continues to improve and minimize the pollution activities.

Pesticide use continues to be limited and the usage only when there is outbreak and justified with census prior to application. IPM is continuously implemented as part of efforts to reduce pesticide usage. Paraquat is continued to be eliminated. Recycling awareness is progressively implemented and evidence of recycling was noted during the assessment.

3.2 Detailed Identified Nonconformities, Evidence of closing out Major Nonconformities and Auditor Conclusions (ASA2)

There was no major nonconformity raised during this ASA2. However, a minor nonconformity was raised together with 5 observations for improvement identified (Observation 4 & 5 is combined in the report below) . The management submitted corrective action plans for the nonconformity. Closing out the minor nonconformity and observations for improvement will be followed up during the next Surveillance Assessment.

The detail of the minor nonconformity is as below:

944268N0: A minor nonconformity was raised under indicator 2.1.3: Mechanism for ensuring that legal requirements are implemented: Mechanism for ensuring that legal requirements are implemented was carried out through evaluation using the Legal and Other Requirement Register (LORR). However, the evaluation for the compliance for "Akta Lembaga Minyak Sawit Malaysia 1988 (Akta 582) peraturan-peraturan (Pelesenan) 2005 (peraturan 28), Minimum Wage Order 2013 and Minimum Retirement Age 2013 was not included in the evaluation list as per RSPO P&C MYNI guidance which require to "Lists down all applicable laws including international laws and conventions ratified by the Malaysian government. It is not clear whether this is assessed because it is not included in the evaluation list.

The management immediately reviewed the LORR on 10 July 2013 to include the latest regulations and submitted the updated list to BSI. BSI audit team reviewed and accepted the corrective action provided by the management. The implementation of the corrective action plan will be reviewed during the next surveillance assessment.

Observation/Opportunity for improvement

Observation 1 (2.1.1): - Sungai Samak Estate: As an area for improvement the operating units should consider marking the PMT Number (PK PMT 3426) on the air compressor with permanent marking.

Observation 2: (4.1): Sungai Samak Estate have DOSH log book. It was not available during any assessment. Acknowledgement should be obtain if any party taking away the log book. Similarly the line site inspection book should be kept at the office for reference.

Observation 3 (4.7.1): All operating Units, the Permit to Work (PTW) records for any work deem as dangerous activities should be available whenever it is carried out.

Observation 4 & 5 (4.7.1): It was noted that the Flemington 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 on 1/7/2013 for the initial work to ensure requirement to fire certificate through an email dated 1/7/2013. Interview with the "BOMBA" officer at Hutan

Melintang reveal that the certificate will be issued once the work at mill is completed. The progress will be followed up during the next surveillance. At Sungai Samak Estate, the Fire/Evacuation Drill was conducted on 25 Sept 2012. A report on the drill to identify any issues for future improvement was not sited.

3.3 Status of Nonconformities (Major and Minor) Previously Identified and observations (ASA1)

The three Major nonconformities was raised during the ASA1 was closed during ASA1 prior to the continuation of the existing certificate. During the ASA2 it was noted that the previous major nonconformities are remain closed. There was no major nonconformity during the ASA2. The minor nonconformities raised during the ASA1 were followed up during the ASA2 for the implementation of the corrective actions and close out evidence. It was noted that all the previous nonconformities were effectively implemented and the nonconformities are remain closed. The detail as follows:

Minor Nonconformities

Four nonconformities were assigned against Minor Compliance Indicators. The management at Flemington Certification Unit operations has prepared corrective action plan for addressing the non-conformities which BSI has reviewed and accepted during the ASA1. Progress towards closing out and the action taken was followed up at during this ASA2. The details of these nonconformities are as follows and all the minor nonconformities were close.

A790500/4: (5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones is developed, implemented and monitored). There is an oil trap at the vehicle washing bay at Flemington estate. It was blocked with pile of soil. However there is potential of overflow to the drain nearby. There is a plan and budget to build the oil trap. However it is not implemented yet. This was raised during RSPO internal audit on 14/8/2012 and internal chemical management audit on 26/6/2012.

ASA2 Findings: Estate management took action to request for additional budget immediately after last ASA1. The work carried out after getting approval. Due to raining season, the work been delayed. The work was completed on 12/10/2012 and it is well maintained and functioning during the site visit. With this evidence of implementation, the minor non conformity is addressed effectively and closed during ASA2 .

A790500/5: (5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution). At Flemington estate and mill, it was noted that domestic waste was disposed at various places within the housing site. The drainage system was clogged causing bad smell, stagnant water and domestic waste was disposed into the drain and empty chemical drum are found at the housing. Used filter was disposed at the scrap iron

collection area outside the schedule waste store. At the mill schedule waste store was without any bunding and oil trap.

ASA2 Findings: Mill engaged contractor Lee Soi Lah to collect domestic waste from dust bin and transfer to 8mt bin. This 8mt bin later sent to municipal waste collection centre by the management. Domestic wastes are collected twice a week. Visit to the line site found that the area is clean. The drainage system well maintained with regular cleaning. Schedule waste were properly stored in the schedule waste store and labeled. Mill redesigned SW store with bunding and oil trap. The store clerk appointed to monitor the SW disposal to be within the timeline. With this evidence of implementation, the minor non conformity is addressed effectively and closed during ASA2.

A790500/6: (5.5.3 No evidence of burning waste (including domestic waste) Minor nonconformity was raised against indicator 5.5.3. During the field visit to the Flemington estates' Teluk Buluh division's workers housing site, it was found that the domestic waste is burned at the rear site of the houses.

ASA2 Findings: Awareness and re-briefing was given to workers not to carry out any burning of domestic waste. As a control measure management re-issued letter to all workers regarding no open burning policy and briefing given during morning master. Visit to the line site during ASA2 found no evidence of open burning. "No open burning" signages have been erected. Interview with the house occupants and workers confirmed that they are aware on the policy. The line sweeper understands that the domestic waste should be placed in the designated collection bins. With this evidence of implementation, the minor non conformity is addressed effectively and closed during the ASA2.

A790500/7: (6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Operating units provided housing to staff and workers as per requirement. However, the housing area at the Flemington mill and estate is not adequately maintained. Sanitation issue was raised by stakeholders and workers during consultation. During the visit to the housing site confirm that the drainage system is not regularly cleaned causing domestic waste blocked water flow. This possibly can become a breeding ground for mosquito in the long term as highlighted by the stakeholders. Domestic waste is not managed adequately causing mini dumping ground at various places within the housing site.

ASA2 Findings: Refer to close out evidence for NC ref: A790500/5 (the same evidence is also applicable to close part of this NC). Visit to the line site found the areas clean. The drainage system also well maintained with regular cleaning. Domestic wastes are collected twice a

week and records are available. With this evidence of implementation, the minor non conformity is addressed effectively and closed during the ASA2.

Observation/Opportunity for improvement

There are Seven Observations/Opportunities for improvements were identified during ASA1. The progress with the Observations/Opportunities for Improvement was followed up during this ASA2. The Details are of below:

Observation 1 (2.1.1): An observation for improvement was raised. The palm oil mill has "BOMBA" certificate application details and it is waiting for the approval letter. It will be to the benefit of the palm oil mill to ensure the follow up with the "BOMBA".

ASA2 Findings: It was noted that the Flemington 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 on 1/7/2013 for the initial work to ensure requirement to fire certificate through an email dated 1/7/2013. Interview with the "BOMBA" officer at Hutan Melintang reveal that the certificate will be issued once the work at mill is completed.

Observation 2 (2.1.1): All estates- Process of transferring the ownership from the previous owner (Golden Hope) to the new owner (Sime Darby) and crop is in process due to the re-structuring of the company. The process is called ROME. The completion of the progress will be checked and followed up during next surveillance assessment.

ASA2 Findings: Process of transferring the ownership from the previous owner (Golden Hope) to the new owner (Sime Darby) and crop has been completed.

Observation 3 (4.3.3): Flemington Estate- Road maintenance programme available. Progress work and detail of the work should be clearly documented in the progress report.

ASA2 Findings: The road maintenance programme has included the progress work and detail of the work such as field number and total hectareage is clearly documented in the progress report.

Observation 4 (4.4.3): During mill visit, it was noted that there are two monsoon drain outlet. There is a sampling point but no clear indicator/signage at the point where sampling is carried out.

ASA2 Findings: The sampling points were clearly indicated by proper signage.

Observation 5 (4.4.7): Flemington Estate (Teluk Buluh Div.): During the visit to the division it was noted that the water storage tank is overflowing and causing water wastage. Monitoring of the tanks can benefit the operating unit to save and conserve water.

ASA2 Findings: The storage tank control valve has been replaced and no overflowing was found during the ASA1 visit. The hospital assistant was assign to monitor the condition because the water tank is located next to the estate clinic.

Observation 6 (4.7.1): At the mill, it was noted that there is an emergency exit door at the chemical store. No alternate second exit door during emergency.

ASA2 Findings: Alternate exit door has been built at the chemical store for emergency evacuation.

Observation 7 (6.9.1): All operating units: Gender Committee meeting was carried out by operating units. Meeting frequency and interval for Gender Committee should be communicated to the person in charge as per Sime Darby Gender Committee Manual.

ASA2 Findings: The Gender Committee meetings were conducted quarterly as per Sime Darby Gender Committee Manual. Interview with the Gender Committee chairperson confirmed that she was aware on the meeting intervals. Latest meeting was on 16 June 2013.

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

During this ASA2, the majority of stakeholders had positive comments about Flemington Certification Unit. 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.

- Contractors: Payment is made promptly and no any disputes.
- Foreign workers: No disputes or grievances highlighted.
- Head of the village and village representative: Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted.
- Union representative: No any unresolved disputes were highlighted.

3.5 Date of closing nonconformities

CAR Ref.	CLASS	ISSUED	STATUS
05/2009 5.6.2	Minor	15/9/2011	Closed 5/10/2012
06/2009 6.3.2	Minor	15/9/2011	Closed 5/10/2012
A790500/1: 2.1.1	Major	5/10/2012	Closed 3/12/2012
A790500/2: 4.7.1	Major	5/10/2012	Closed 3/12/2012
A790500/3: 4.7.3	Major	5/10/2012	Closed 3/12/2012
A790500/4: 5.1.2	Minor	5/10/2012	Closed on 5/7/2013
A790500/5: 5.3.2	Minor	5/10/2012	Closed on 5/7/2013
A790500/6: 5.5.3	Minor	5/10/2012	Closed on 5/7/2013
A790500/7: 6.5.3	Minor	5/10/2012	Closed on 5/7/2013
944268N0: 2.1.3	Minor	5/7/2013	open

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit (ASA 3)

The next surveillance visit will be scheduled within twelve months of this ASA2.

4.2 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 4 Flemington Certification Unit



.....
Mr. Pushparaju A/L Kertanayan
SOU 4 / Flemington Certification Unit

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Time bound for certification	Status during ASA02
Certified	33 operating units	19 operating units	52 operating units	Total Certified: 52
Decommissioned	1 (Segaliud)	-	-	-
New mill added to Time bound Plan	2	-	2	Certification in 2013
RSPO EB Review	0	6 operating units	6 operating units	On-going peer review.
Total	35 operating units	25 operating units	60 operating units	-

Note: Status verified as of April 2013. Details are explained under section 1.5 of this summary report.

Appendix B: Sime Darby Plantation Sdn Bhd – SOU 4 Flemington Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.
 SOU 4 Management Unit (KKS Flemington)
 36369 Sungai Sumun, Teluk Intan,
 Perak, MALAYSIA

BSI RSPO Certificate No: SPO 590802

Date of Initial Certificate Issued: 5 October 2011

Date of Expiry: 4 October 2016

Applicable Standards: RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; RSPO P&C MY-NIWG 2010; and relevant element of Supply Chain requirements for CPO Mills; SCCS Standard Nov 2011 Module – Mass Balance.

Flemington Palm Oil Mill and Supply Base	
Location	Teluk Intan, Perak, Malaysia.
Address	SOU 4 Management Unit (KKS Flemington), 36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA
GPS	Longitude: 100° 51' 26" E Latitude: 3° 55' 41" N
CPO Tonnage Total Production (Certified)	52,448
PK Tonnage Total Production (Certified)	13,736
Company Estate FFB Tonnage (Certified)	249,754
Estates FFB Tonnage (Certified)	Flemington Estate : 45,500
	Bagan Datoh Estate : 80,647
	Sungai Samak Estate : 68,257
	Sabak Bernam Estate : 55,350

Appendix C: 2nd Annual Surveillance Assessment Program

Date	Time	Subjects	Senniah	Isman	Muhd Haris
Monday 1/7/2013	PM	Audit Team travelling to the site	√	√	√
Tuesday 2/7/2013	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	Flemington Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	√
	10.00 – 11.30	Verify the close out evidence for the ASA 1 Findings	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Flemington Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Wednesday 3/7/2013	08.00 – 12.00	Sungai Samak Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√	-
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Sungai Samak Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 4/7/2013	8.00 – 12.00	Sabak Bernam Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Sabak Bernam Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Friday 5/7/2013	8.00 – 10.00	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	10.00 – 11.30	Closing Meeting	√	√	√
	12.00	Audit team travel back to KL	√	√	√

Appendix D: List of Stakeholders Contacted

<p><i>Internal Stakeholders</i></p> <p>Flemington Certification Unit Management team and Staff Representatives from Sustainability Department On site compliance executives Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Hospital Assistant Clinic Assistant Male and Female workers Workers Union Representatives Onsite NUPW secretary AMESU Representative</p>	<p><i>Local Communities</i></p> <p>Hutan Melintang Village Representative Simpang Ampat Village Representative Parit Sebelas Village Representative Shop owner Sungai Manila Village Representative Parit Enam Village Representative</p>
<p><i>Government Departments</i></p> <p>District Labour Office District Agriculture Office District MPOB Office BOMBA Department (Hutan Melintang) Government School</p>	<p><i>Contractors</i></p> <p>Housing contractor FFB Supplier FFB Transport contractor</p>

Appendix E: Flemington Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Flemington palm oil mill have written documented procedures for the chain of custody with MB model covering certified and non certified FFB. The mill manager has the responsibility to ensure implementation. The MB model used because there are FFB purchased from two outside suppliers.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Flemington 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. eg.:FFB Consignment note:105696 dated 2 July 2013 from Bagan Datoh Estate main division, field No. 95BA.
E.2. Purchasing and goods in	
E.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. E.g: Internal RSPO audit was done on the 15/5/2013.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
E.3. Record keeping	
E.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.
E.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.
E.3.3 (a) 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. No PKO and Palm kernel meal at these sites. PK is sold to Sime Darby's subsidiary kernel crushing plant.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents as RSPO CPO/MB. Mill is committed to implement the MB system for all purchases and deliveries notes the SCCS model on the Weighbridge Ticket.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There are no sales through UTZ. GreenPalm certificates are sold as a group. The mill is ready to carry out sales of certified palm products. Existing system is ready to cater for future sustainable palm product sales. Sample of existing sales documents were checked and found that:
(a) The name and address of the buyer	Name and address of buyer written on the invoice. E.g: Sime Darby Jomalina, Selangor. The palm products are sold as conventional pal product.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references.
E.5. Training	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Latest training was conducted on the 4 July 2012 attended by 8 staff.
E.6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Appendix E...continue

Actual Certified Palm Production - July 2012 - June 2013 (ASA1)

Mill	Processing Capacity	CPO	PK
Flemington Palm Oil Mill	60 mt/hr	51,175	13,583

Actual Sales of Certified Palm Products - July 2012 - June 2013 (ASA1)

Month	CPO (Certified)	Buyer	PK (Certified)	Buyer
July 2012 – June 2013	0	N/A	0	N/A

Remark: No certified palm product sales. Palm product sold as conventional palm product.

Actual Certified FFB Received Monthly - July 2012 - June 2013 (ASA1)

Month	Flemington Estate	Bagan Datoh Estate	Sungai Samak Estate	Sabak Bernam Estate	Total FFB/Month
July 2012	3,976	6,204	5,391	4,151	19,722
August 2012	3,905	6,135	5,631	3,964	19,635
September 2012	3,871	6,099	5,976	3,933	19,879
October 2012	4,152	6,307	6,657	4,402	21,518
November 2012	3,962	6,412	6,462	4,636	21,472
December 2012	4,218	5,797	6,527	4,143	20,685
January 2013	3,748	6,534	5,745	4,490	20,517
February 2013	4,155	6,628	5,892	4,641	21,316
March 2013	4,797	6,443	5,190	4,655	21,085
April 2013	4,684	5,922	5,135	4,789	20,530
May 2013	3,949	6,681	4,846	4,793	20,269
June 2013	3,834	6,023	5,278	4,745	19,880
Total	49,251	75,185	68,730	53,342	246,508