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PUBLIC SUMMARY REPORT

RSPO

3rd ANNUAL SURVEILLANCE ASSESMENT

Sime Darby Plantation Sdn. Bhd Melalap Palm Oil Mill, Tenom, Sabah, Malaysia

Report Author:

Senniah Appalasamy – February 2014

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SUMMARY

BSi has conducted the 3rd Annual Surveillance Assessment of Melalap Palm Oil mill and supply base operations located in Tenom, Sabah, Malaysia comprising one palm oil mill, two company own oil palm estates, support services and infrastructure. Melalap Palm Oil Mill is belongs to Sime Darby Plantation Sdn Bhd. (RSPO Membership number: 1-0008-04-000-00).

BSi conducted the 3rd Annual Certification Assessment on 25 – 27 November 2013. The assessment was conducted against the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); Annex 4: Procedure for Annual Surveillance Assessment and Supply Chain Certification Standard: November 2011, Module E-CPO Mills: Mass Balance]. There were two major nonconformities raised during the assessment. Corrective action plans for both major nonconformities were appropriately implemented and closed prior to finalising this assessment report.

BSi concludes that Melalap Palm Oil Mill and Supply Base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011); Annex 4: Procedure for Annual Surveillance Assessment and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance].

BSi recommends for the approval of Melalap Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
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
HCV	High Conservation Value
IPM	Integrated Pest Management
MPOM	Melalap Palm Oil Mill
MAPA	Malaysian Agriculture Producers Association
MPOA	Malaysian Palm Oil Association
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF ANNUAL ASSESSMENT

1.1 Identity of Certification Unit

Melalap Palm Oil Mill and estates are located in Tenom, Sabah, Malaysia Location map in Appendix E. The oil mill is central to the estates located near Melalap town. Melalap Palm Oil Mill process FFB from own company estates and from traders. Additional maps are included in the Appendix F and Appendix G showing Melalap Estate and Sapong Estate field map. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Melalap Palm Oil Mill (Capacity: 25mt/hr)	116° 00' E	5° 15' N

1.2 Production Volume

The estimated tonnages reported during the AS 3 are detailed in Table 2. The projected tonnages for the year 2014 period of the Certificate are based on the annual budget. The actual production for the ASA2 period is included as well.

Table 2: Certified Production tonnages

Melalap Palm Oil Mill	Projected during ASA2	Actual for period covering ASA2	Projected for 2014 (ASA3)
CPO	20,626	19,392	20,241
PK	4,940	3,611	4,416
OER	22.96	22.61	22.69
KER	5.50	4.21	4.95

1.3 Certification details

RSPO Membership No: 1-0008-04-000-00
 BSI RSPO Certificate No: SPO 547124
 Date of Initial Certification Assessment: 18-20/5/2010
 Date of certification: 21/01/2011
 ASA1: 27-28/01/2012
 ASA2: 7- 8/01/2013
 ASA3: 25 – 27/11/2013

1.4 Description of Supply Base and Supply Chain

The supply base is the FFB from two company owned estates and traders that supplied for processing at the Melalap Palm Oil Mill. The projected FFB for the year 2014 are listed in Table 3.

The projected FFB production tonnages shown in Table 3 were based on the potential yield could be achieved by the supply base estates in Melalap Certification Unit. Melalap Palm Oil Mill is using the Mass Balance mechanism for the incoming FFB and outgoing palm products. This is because Melalap Palm Oil Mill receives FFB from company owned estates and traders

Production from traders is excluded from the certification.

Table 3: Estate Certified FFB Production Tonnages

Estate	Projected for ASA2 Period	Actual for the ASA2 Period	Projected 2014 (ASA3)
Melalap	33,819	29,915	33,533
Sapong	56,005	55,854	55,674
Total	89,824	85,769	89,207

The age profiles of the palms are shown in Table 4a. All the areas are matured. There is no any new planting.

Table 4a: Age Profile of Palms

Planting Year	AGE (Years)	% of PLANTED AREA	
		Melalap Estate	Sapong Estate
1984-1988	26 – 30	0	0
1989-1993	21 – 25	0	0
1994-2003	11 – 20	100	100
2004-2010	4 – 10	0	0
2011-2013	0 – 3	0	0
	TOTAL	100.00	100.00

The areas of mature and immature palms are detailed in Table 4b for each of the estates. Total planted area is 3,686ha. Total land area is 5,696.89ha. 889.27ha is used for infrastructure and 1,121.62ha set aside as conservation area.

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total Planted Area
Melalap	1,353	0	1,353
Sapong	2,333	0	2,333
TOTAL	3,686 (100%)	0 (0%)	3,686 (100%)

1.5 Other Certifications Held

ISCC certification is held by the Melalap Palm Oil Mill and Supply Base. Certificate Number: EU-ISCC-Cert-DE-119-60132804 Valid until 30/06/2014. The mill received Total Preventive Maintenance (Non-Processing) Station Award for the workshop on 23/5/2013.

1.6 Organizational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Melalap Palm Oil Mill,
P.O. Box 205,
Tenom, 89908 Sabah,
Malaysia.
Contact Person: Mr. Zulaffandi bin Samad
Melalap Palm Oil Mill Manager
Tel: +6087 302146
Fax: +6087 302243

Email: kks.melalap@simedarby.com

1.7 Progress against Time Bound Plan

Sime Darby Time Bound Plan is included as Appendix H. Sime Darby has achieved RSPO Certification for 32 of the Management Units in Malaysia and 19 in Indonesia. There are two certification units in Malaysia are newly commissioned palm oil mills and undergoing RSPO initial Certification. There are 6 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the remaining Certification Units, Sime Darby will have achieved the Time Bound Plan.

Sime Darby kept BSI informed that SOU 19 Nordanal Mill and SOU 25 Segaliud mill was decommissioned. Sime Darby also kept BSI informed on new palm oil mills commissioned. The Pagoh Certification Unit is using SOU 19 as reference number. Pagoh palm oil mill was certified in January 2014.

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

Melalap Palm Oil Mill does not have any associated smallholders or out-growers. FFB is purchased from trader who does not have own plantation.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasmay - 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.

Nabila Seth Nivan – Auditor

Nabila Seth Bt Mohd Niven is a fulltime employee with BSI Services Malaysia. She graduated in Business Administration from University Technology Mara, Malaysia. She attended internal RSPO training in September 2012. Currently she is an ISO 9001:2008 auditor with BSI. She has audited more than 17 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Auditor during the RSPO Assessment to assess the social aspects and gender issues.

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 will be attending the RSPO Lead Auditor Training in April 2013. 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 ASA3 was conducted from 25 - 27 November 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 (Melalap Estate, and Sapong 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. RSPO MYNI was used as 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 Major Nonconformities that were assigned during the ASA3 were followed up to check the effectiveness of corrective actions and evidence of the implementation. The assessment findings (Major and Minor) are detailed in Section 3.2.

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

This report was reviewed by Mr. Aryo Gustomo, the Scheme Manager prior to certification decision.

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 Melalap Certification Unit's environmental and social performance.

Meetings were held with stakeholders during the assessment to seek stakeholders' 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 interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Internal stakeholder interview such as worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field during the field visit. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing site. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix C.

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 Criteria and selected indicators for the mill and the estates. The results for each indicator have been aggregated to provide an assessment of overall conformance of the company's operations with each indicator. A statement is provided to support the finding of the assessment team.

During the assessment there were two major nonconformities, a minor nonconformity and two Observations/Opportunities for improvement were identified. Melalap Palm Oil Mill and Supply Base operations have prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi. The corrective action for the Major nonconformities were addressed and implemented. The Major nonconformities were closed on 24 January 2014.

PRINCIPLE 1: Commitment to Transparency

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

All operating units have maintained up to date policies, procedures and management plans for provision of information to the public upon request. Financial data such as costs and income, and details relating to customers and suppliers, and data that possible can affect personal privacy are categorised as confidential

information. 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. Requests are directed to managers. He prepares response. It is noted that all correspondence are in local language. Recently all the operating units responded to the information request from DOE for renewal of permit for Melalap Palm Oil Mill and was responded on 30/6/2013 (1.1.1)

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.

The management documents include other key indicators of performance like waste management and disposal plan on plantations and mill.

Inspection of document confirmed that mill and estates visited held each 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 available to public on request. Copy of the Health and Safety Policy signed by the top management representative is displayed on the notice board at the mill and estates. Public have access to the information. OSH plan is developed at all the operating units for the year 2013/2014 includes training plan, risk assessment plan, OSH meeting, workplace inspection etc.

Copy of the Environmental Aspect and Impact Register and Social Impact Assessment (SIA) are available at all the operating units. Palm Oil Mill developed initial Environmental Aspect and Impact due to the new environment occupied by the newly commissioned mill. Similarly SIA was prepared with Social Action Improvement Plan. Pollution prevention plans for financial year 2013/2014 aiming at mitigating and minimising significant environmental impacts identified through risk assessment included in the environment improvement plan dated 15 July 2013.

All operating units implemented system to receive and record grievances and complaints in a log book. Action taken to resolve the issues are updated in the same book. Sime Darby's group negotiation procedure for handling disputes is as per the procedure in Sustainable Plantation Management System document prepared in 2008. Awareness was given to stakeholder during stakeholder meeting on 18/11/2013 attended by 16 stakeholders.

Continuous Improvement Plan documented by taking into consideration all the impacts identified in SEIA assessment as part of mitigation plan.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records showed that supply base estates complied with permit requirement and conditions and legal requirements which are applicable to their operation. At the palm oil mill compliance related to legal was observed. Internal audits and checks were conducted for monitoring compliance. No land disputes were sighted for Melalap Palm Oil Mill and supply base operation. Boundary stones were maintained at each of the Estates visited.

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

The palm oil mill and estates have kept an up to date list of legal requirements with review dated 15/1/2013. Sime Darby Plantation has own mechanism to ensure all relevant legal requirements are complied. In addition, each operation has a List of Licenses showing the expiry dates and displayed in the office. Inspection of a sample of licenses and permits confirmed all were current. At the mill and estate compliance found on OSH Act 1994, Pesticide Act 1974, Environmental Quality Act 1974 (Scheduled Waste), Environmental Quality Regulation on control of emission, Factory and Machinery Act 1967, Electric Supply Act 1990, MPOB Act 1998, “Akta Timbang dan Sukat 1972”, Worker’s Minimum Standards of Housing and Amenities Act 1990, CHRA requirements, Guideline for Implementation of Zero Burning, Road Transport Act 1987, Employment Act 1955, Minimum Wage Order 2012, Employee Provident Fund Rules 1991, Immigration Act 1959, Employee Social Security Act 1969, Workmen Compensation Regulations etc.

Example of permits inspected and valid are: MPOB license (5351460040000), DOE License (No. 001870), overtime permit (No. 08 (0001)etc. All the permits are valid and current.

However, it was noted that the schedule waste stored at Sapong and Melalap estate exceeded the 180 days storage limit. A Major nonconformity was raised as per below:

Major nonconformity against indicator 2.1.1: Evidence of compliance with legal requirements was raised.

Schedule waste was not disposed as per EQA 1974 (Schedule Wastes) Regulations, 2005. At Sapong Estate, Schedule waste (SW 410 & SW 102) was exceeded the storage limit of 180 days. The last disposal was done on the 4/1/2013. There is also an auto generated email reminder received from Sime Darby HQ on 6/3/2013 (Ref. No.: RG7- SDSOU27 - 821MC7) regarding the storage exceeding limit. Empty oil containers being improperly dumped at the back of worker’s housing. At Melalap Estate, the Schedule waste (SW 410 and SW 102) was exceeded the storage limit of 180 days. The last disposal was done on the 17/1/2013.

Foreign workers have valid work permits. Foreign workers passport and work permit was checked and verified during documents audit. Boiler and diesel engines are in possession of valid certificates and comply with local laws. Mill has boiler register which indicate the date of cleaning, repairing, inspection and tested date. The register is available and was checked during the document audit. All operating units comply with the employment Act. Local and foreign workers are treated equally.

The mill and estates have “Legal and Other Requirement Register” system with written information on legal requirements which includes list of all applicable laws. This document was revised in June 2013 to include latest regulations. The manager, compliance executive at the operating units and PSQM executives are responsible for ensuring that all applicable regulations are implemented.

Sime Darby Plantation have centralised system for tracking any changes in the law. Legal department and PSQM Standard and Compliance Unit responsible to track, monitor and update changes in the applicable law. Legal department and PSQM Standard and Compliance Unit notify operating units and the changes registered in legal register list. MPOA and MAPA provide additional update on changes to laws relevant to mill and plantation.

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 holds copies of land ownership in the form of land titles (country lease) and there are no changes since last audit. The land is not encumbered by customary rights and the right to use the land is not disputed by stakeholders who were interviewed during the stakeholder consultation. Copies of the land titles are available at the operating units. Land titles inspected are found to be valid. Sample land titles checked found to be in compliance (number 16628301, 16628305, 6530986, 165314429 etc).

All the estates are complying with the terms of the land title provided for agriculture. Since the merger of three plantation companies (Sime Darby, Guthrie and Golden Hope), the present name was changed to Sime Darby. The present merged Sime Darby has recognized the squatters staying within the estate to continue stay and occupy the land that they have been staying with the permission from the management and maintaining the “status quo”.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of the boundary stones at the estates during the field visit reveal that it is clearly marked with red and white paint and maintained. Boundary stone at field number 03A was visited and

inspected. There is no land dispute or boundary disputes.

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.

All operating units are not restricting access by stakeholders through the estates, except in relation to FFB trucks as a security control to avoid any FFB theft. Interview with local community representatives confirmed that there is no land dispute or any claim of customary land within the estates.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Melalap Palm Oil Mill and Supply Base estates have well developed internal management system for monitoring and improvement of their operating unit against operation target to achieved long term economic and financial viability. Operating budget and capital expenditure budget are projected for five years.

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

Mill and estate has annual budget which includes operating cost and production cost and reviewed annually. Two year projection includes FFB forecast, CPO, PK production forecast and replanting plans. The annual budget contain data on FFB yield/ha, OER, CPO yield/ha, PK and cost of production.

Replanting take place after the palm age reach 25years. Replanting is due in 2018 therefore there is no replanting in near future.

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

Melalap Palm Oil Mill and Supply Base estates have implemented management systems with standard operating procedure for monitoring and control of best practice implementation at its mill and estates. This includes a programme of regular checking by the Manager, visiting adviser (Mill and Estate), internal audit and on-site compliance audit.

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

Palm Mill holds two sets of procedures - Sustainability Plantation Management System (MQMS/SOM/08 v.1 dated 1/11/2008) includes mill SOP and Mill Quality Management Manual v.1 2008/MQMS/QMM/08 as a guidance document to operate the mill. Estates have a separate SOP (Sime Darby SOP issued 2/1/2008 and

Agricultural reference Manual) covers land preparation, planting material, upkeep, harvesting, transport etc. A Separate work instruction is available at the mill to cover all the work stations at the mill. Work Instructions in local language have been derived from SOPs and are posted at work stations at the mill and at certain locations at the estates. There is a separate SOP on safe working practices for estates. The safe operating procedure for the estates includes pesticide application. Palm Oil Mill has its own SOP for safe working practices covering all the work stations. The audit team checked the SOP related to the measuring and monitoring mill effluent. The mill has SOP for monitoring the mill effluent which includes a flow chart of the whole procedure. There is evidence that there was compliance with legislation. The staff responsible for the key environmental control were identified and trained. The person in-charge is the on-site Assistant Engineer.

All operating units have a system of regular inspections of the mill and estates to ensure consistent implementation of SOPs, together with monthly reporting to head office. Supervisors (mandor) and Assistant Managers carry out daily checks on work practices and the Manager undertakes random inspections. At the mill, operating parameters are monitored at each of the work stations and recorded on log book. Shift Supervisors review records and prepare daily reports on milling performance.

The management monitor the cost of operation on monthly basis through monthly report and compared with the budget. Justification is provided by the managers when the cost exceeds the budget. The quality is inspected through quality assurance team from head office to maintain the quality. Further monitoring is carried out by the planting advisor engaged by the company. There is a mechanism to identify, monitor and implement stricter controls to ensure costs do not overrun. This is implemented through planting advisers and external audits.

External Mill Advisor and a Planting Advisor inspect and report on the operations on annual basis. The on-site managers develop Action Plans from the Advisory Reports for improvement of the operations. Review of Advisory Reports, Action Plans and site inspections confirmed consistent records of implementation of SOPs. During mill visit it was noted that that operating parameters were consistently recorded by the operators. All the monitoring records are maintained for more than 12 months. Mill General Manager was visiting the Melalap Palm oil Mill on 25-28/11/2013 and took part in the closing meeting of the RSPO assessment as well. Planting adviser visit was on 29-31/5/2013 (Report number SOU27/SE/01/12-13). Government regularity bodies such as DOSH visited on 20/5/2013 and DOE visited on 21/11/2013 to monitor legal compliance. Their reports shows compliance found.

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 Agriculture Services Sdn Bhd prepare the annual fertilizer recommendation. Leaf analysis result which shows the nutrient level was used as guidance for the fertilizer recommendation. Agronomist visit was conducted on 18/5/2013 and fertilizer recommendation was finalised and given to the estates. Application records are maintained. Recommendation for the field OP00A section 1 (14.72ha) was applied with 2.00kg/palm Rock Phosphate. Application records match the recommendation. Fertilizer application records held on file "Fertiliser Application Records".

EFB compost application only applied to selected fields which are close to the palm oil mill. Average about 40mt/ha EFB applied. POME application is managed from Melalap Palm Oil Mill and effluent discharged into furrow system as part of land application.

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

All the estates hold copies of soil map. There are no significant erosion risks noted during the field visit. Recently replanted area was constructed with terraces. Inspection at the field found good ground cover with soft weed and leguminous cover crop in replanted areas. The soil map at the estates has confirmed there are no fragile soils such as peat, high sand content or acid sulphate soils. The soil analysis and periodic leaf sampling is carried out to monitor changes in nutrient status.

Both estates visited have implemented annual Road Maintenance Programme. Roads inspected during field audit are generally in a good condition due to the lateritic soil. Road maintenance carried out internally with grader and compactor. Road maintenance includes road grading, re-surfacing wherever necessary, road side drain upkeep, culvert upkeep, road side silt pits construction etc. Monthly progress records are prepared and sent to head office.

There are several steps implemented by the operating units to ensure that disturbed earth do not enter waterways during gravel extraction processes. These includes construction of road side silt pit, stop bund (with sand bag) along the road side drains to slow down the speed of surface run-off water, silt traps (at the junctions of the road side drains) and well maintained riparian buffer. There is no peat soil or soil categorised as problematic or fragile soil at all estates visited.

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

Rehabilitation of riparian strips as per Sime Darby plantation's policy at both side of the stream is implemented. This was observed during the field visit. Buffer zones are marked with red paint and signage

erected. Reference was made to Department of Irrigation and Drainage regulations and guidelines from the state authorities and complies to the requirement in Sabah. Visit to Melalap River confirm that the buffer zone is maintained and well managed. Use of agrochemical has been ceased and replaced with manual weeding along the buffer strip. No bunds/weirs/dams were constructed across the main waterways in the estate.

Sime Darby Seeds and Agriculture Services Sdn Bhd carry out water analysis of the Sungai Padas river (upstream and downstream) water sample to reflect the estates and mills current activities which may have negative impacts. The result of effluent analysis was BOD<1mg/L dated 28/8/2013 (Report Number 1E 146/2013).

The POME is discharged to furrow system. The mill is in discussion with the DOE and applied for a revision of the BOD limit of 20ppm. The mill has installed belt press and evaporator at the pond to reduce the BOD level. The permit allows the mill to use the POME for land application.

All operating units maintained monthly rainfall monitoring data. Rainfall monitored and records are sent to agronomist. Rainfall records show an average of 1584mm for the last 3 years. Total rainfall for the year 2013 was 1,495mm covering 127 days. The rainfall records show high rainfall during the month of December and January. Rainfall pattern is used for the development of water management plan.

Water supplies for estate and mill housing were from own water supply. Drinking water analysis report number ML 273/13 dated 22/11/2013 confirm the water supplied is safe for drinking. Melalap mill has maintained monitoring on water usage for processing which recorded on daily and summarised month end. Average water usage was range from 1.18 – 1.86mt/mt of FFB processed for 2012 and average 1.45mt/mt of FFB processed in 2013.

During the mill visit and estates field visit it was noted that there is no water drainage into protected areas such as housing site and river which comply to the RSPO indicator. Water management plan at the operating units covers all the water usage activities such as water usage at the mill for processing, cleaning and water conservation is given emphasis to save water. Houses are provided with water tanks. Regular inspections of leaks are carried out to ensure no water wastage.

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

IPM is documented in Agriculture Reference Manual. The estates continue to implement biological control for the oil palm pest in the plantation such as leaf eating pest and rat. The IPM techniques applied at the estates include monitoring of pest numbers and the use of

triggers for initiation of control measures. Barn owls *Tyto alba* have been introduced for biological control of rats but not very successful. Past census records show that there is no 24/5/2013 outbreak of leaf eating pest. Although there have been no outbreaks of leaf eating pests, beneficial plants are being established along roadsides to attract natural predators. The estates have planted beneficial plants such as *Cassia cobanensis* and *Turnera subulata* and *Antigonon leptopus*. IPM training was conducted on 24/5/2013 for executives and staff.

All the estates have commenced recording information on active ingredients since July 2008. Records of areas where pesticides have been used are recorded with details of block number, quantity, date of application, number of applicator and costing as per RSPO P&C requirement. Usage of chemicals is monitored by the estates. For example, at Melalap estate glyphosate was used as active ingredient and applied 0.10lit active ingredient was applied per hectare.

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.

Monitoring of pesticide usage units per hectare is carried out for rat bait. No other pesticide used. The operating units comply with Regulation on Pesticides Act 1974 which requiring balance of remaining solution to be kept under lock and key. During visit it was noted that all the remaining pesticides are kept in the store and securely locked and comply with regulation. Notice is displayed for all type of agrochemical treated area.

The quantity of agrochemicals required for various field conditions are documented and justified in Sime Darby Plantation Agriculture Reference Manual Section 16.5. The implementation in the field is consistent with the Agriculture Reference Manual Section 16.5.

A check of the stocks held at the pesticides store confirmed that the chemicals used are officially registered under the Pesticides Act (1974) and USECHH Regulations (2000). Written justification is also available in Agriculture Reference Manual Section 16.5 for the use of agrochemicals use. CHRA report (No. DOSH/CHRA/TNM/(Sept 139) for the Melalap and Sapong estate was dated 12/10/2010 includes all the agrochemicals used by the operating units conducted by DOSH approved assessors [number: JKPP HIE 127/171-2(100)].

All operating units have upgraded the existing agrochemical stores to comply with OSH and the Pesticides Act requirements. Inspection confirmed the adequacy of spill containment, ventilation, separation of

chemicals, labelling, provision of protective equipment and emergency preparedness.

MSDS was displayed in local Bahasa Malaysia language at the agrochemical store for each chemical stored as well as a Work Instruction on safe handling for the easy understanding of the agrochemical handlers.

Medical surveillance carried out once a year for all agrochemical handlers. Medical check-up for sprayer was conducted on 4/6/2013 by OSH doctor (No. HQ/08/DOC/00/399). Report shows that no serious medical problems were detected and recommendation was given to applicators to continue work. Interview with female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed. Records held at the Clinic showed that none of the female sprayers had worked with pesticides after pregnancy was confirmed. Medical surveillance includes checks on occupational diseases. During the field visit workers were interviewed to find out if they suffer from skin disorders or rashes, breathing difficulties or nail problems. No issues were highlighted by workers and workers union representatives..

Paraquat is eliminated since November 2005. At the time of this initial assessment there was no other class 1 agrochemical noted. Records and interview of staff confirmed there is no aerial application of agrochemicals. There is no requested from buyers to conduct chemical residues in CPO and buyer did not conduct the chemical residues test either. Records of the quantity of pesticides used, location of application, active ingredient and these are reconciled monthly against the stocks held at the store.

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

Melalap Palm Oil Mill and Supply Base estates has maintained an approved Health and Safety Policy dated April 2008 that is displayed prominently on notice boards in English and local language Bahasa Malaysia. The Policy is implemented through the OSH activities by the on-site safety officers.

The Mill and Estates have reviewed and updated the health and safety risk assessments associated with each task. Estate's CHRA dated 12/10/2010. Hazard Identification Risk Assessment and Control (HIRAC) review was carried out on January 2013 for all tasks at the mill and estate operations. The company has a safety awareness training programme for staff and workers at the mill and estates. Safety information is posted on notice boards at Muster areas and briefings are given regularly at morning muster.

Field inspections and interview with agrochemical applicators in the estate and mill workers and staff confirmed awareness of safety precautions associated with their tasks. Records confirmed workers also had

received training in emergency procedures and interview showed that they understood the instructions. There is a list of PPE supplied to workers and staff for the various work tasks. Workplace inspections and review of stores issues confirmed supply of PPE and first aid kits to workers and PPE was being worn correctly. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement. Audiometric was done at the mill on 11/6/2013. Employees exposed to high noise levels provided with training.

Training records confirmed that supervisor (mill and estate) and mandors are trained in first-aid. Checks showed that appropriately stocked first-aid kits were taken into the field and also were available at the mill and other Work Stations. At the mill first aid equipment includes fire extinguishers and fire hydrant. During mill visit it was noted that these equipments are in working order.

The mill's compliance officer and the estate's assistant manager at each of the estates are appointed as OSH Coordinators. OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken. Last OSH meeting minutes dated 27/9/2013 was checked and verified. No any unresolved safety and health issues noted. Safety training is conducted regularly during morning muster and at the start of mill shifts to reinforce safe work practices.

All operating units maintain records of accidents and LTIs. No class I accident for the year 2012 and 2013 (Until November 2013). Minor incidents and injuries are recorded in the clinic by hospital assistant. There is no any fatal accident. Minor common injuries are reported such as thorn prick incidents during the harvesting. Records are maintained in the form of accident register, dangerous occurrence, poisoning and disease (Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan". Reports are sent to DOSH annually in January.

Local employees and staff are covered by the Social Security Organisation (SOCSO) insurance scheme. Foreign workers are covered with the compensation insurance scheme by RHB Insurance Berhad valid until 30/6/2014

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

The Melalap Palm Oil Mill and Supply Base Estates have annual training program that is based on a training need assessment carried out at the individual operating unit level for each work-station/work type. The training program includes staff, workers, contractor's workers and contractors.

It was noted that most of the trainings/briefings are informal "on the job" instruction. Detailed records are maintained of formal training of individuals. The mill and estate maintains records of informal and formal training

for workers. Daily briefings are recorded in a note book of the executives, mainly "on the job" instructions.

Some of the trainings conducted are

- a) Safety Training and campaign dated 22/4/2013 was attended by all employees.
- b) Schedule Waste Management training on 4/1/2013 attended by the store clerk, medical assistant and administrative officer.
- c) Agrochemical handling training by external supplier dated 20/2/2013 attended by 15 workers.
- d) Harvesting training on 18/11/2013 attended by 13 harvesters.
- e) Contractor and workers safety training dated 21/2/2013 includes Code of Conduct training.
- f) RSPO and ISCC Supply Chain training conducted on 15/8/2013.
- e) Fire Fighting Training (21/10/2013)
- f) FFB Grading training dated 2/7/2013.

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.

Environmental Aspect and Impact Register is available at all the operating units. Palm Oil Mill reviewed Environmental Aspect and Impact in July 2013. Environmental Aspect Impact review for the Melalap Certification Unit was conducted on 15/7/2013 for the new financial year 2013/14. Based on the review result Management Action Plans are developed and implemented as part of continuous improvement.

The management of the impacts and the progress with implementation of the improvements activities were checked during the field and document audit. Examples of the improvement include maintaining of riparian buffer zones, construction of oil traps, management of schedule waste etc.

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.

Ecologist from the PSQM team conducted initial HCV assessment of the possible presence of HCVs within and adjacent to the estates in 2009. BSI audit team already assessed the HCV assessment in 2009 during the initial certification of the supply base. HCV Toolkit for Malaysia by WWF – Malaysia was used for the HCV assessment. There was an appropriate consultation process for identification, management and monitoring of HCVs. Conservation area is maintained mainly water-log and steep area. There is no any ERT identified within the

plantation. There is no ERT in the conservation area within the estates. Common species found in the conservation areas are long tail monkeys, wild boar (*Sus scrofa*), Black Cobra (*naja sp.*) and monitor lizard.

All operating units have developed Management Plan for the HCV and conservation area to protect from any encroachment. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. The Estates have installed signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities. Monitoring is carried out by the security and staff in charge for the respective area.

Observation 1 (5.2.3): Sapong and Melalap Estate: The signboard for the HCV 6 area (Graveyard) was faded.

Sime Darby implemented a program of tree planting to enhance the habitat at the conservation areas throughout the company's oil palm plantations. Common species planted was *Shorea sp.*

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

Melalap Palm Oil Mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Action Plan with the latest review on 17/06/2013. The source of waste categorized as operational waste, schedule waste, clinical waste, recyclable waste (shell, fiber, EFB, Boiler ash, decanter cake etc), domestic waste. Inspection to estates confirmed solid wastes were well controlled, with consistent separation at source into recyclables and non-recyclables. Solid wastes that cannot be recycled are disposed in a municipal land fill belongs to the local government.

Scheduled waste is managed well with designated storage area at the mill and each of the estates. However, the estates did not follow the 180 days in accordance with the requirements of the Environmental Quality Act 1974 (Scheduled Wastes), Regulations, 2005. A major nonconformity was raised under indicator 2.2.1 for noncompliance to the legal requirement. The mill's schedule waste disposal was through licensed collector approval letter from DOE license number 001890/000733 valid until 30/4/2014. Consignment note dated 19/6/2013 Number 773039).

EFB, decanter cake and mill boiler ash are presently recycled to the field as mulching material. Majority of the mill process waste materials are applied to the estate closest to the mill due to transport costs. Mill effluent is treated in ponds.

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

The Mill monitors and reports monthly energy usage to head office. The company has optimized the use of renewable energy as sighted in report books. The mill is also purchasing shell to increase the utilization of renewable energy source. The average renewable energy generated for the period January – October 2013 was 29KWh. Action plan was drawn to reduce the fossil fuel usage by maximising the use of renewable energy. Fossil fuel is used only when there is no processing.

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.

The company has a documented Zero Burn Policy. Inspection in the field confirmed no burning activities. SOP is in place to felled, chipped and mulched palms during future replanting. Visit to the landfill no evidence of burning waste. However, during the line-site visit burning of domestic waste was sighted. Since this was raised during the last assessment and it is sighted again, the previous minor nonconformity was upgraded and raised as a major nonconformity (see below).

Major nonconformity against indicator 5.5.3: No evidence of burning waste (including domestic waste)

At Sapong Estate, the burning activity was sighted and as in progress during inspection to worker's old housing area. An interview with the worker identified that there is no enough rubbish bin provided. Lack of awareness against company's commitment and no burning policy was noted during the interview with the worker. The burning activity was seen at house Number A10 occupied by employees during the visit to the housing. This nonconformity was raised against the same indicator during ASA 2. However, the corrective action plan to install 'No Open Burning' sign boards at strategic points and to re-educate the residents on prohibiting use of fire for domestic waste disposal was not been implemented effectively. No records of awareness carried out since ASA2. The Medical Assistant weekly visit report dated 11/11/2013 detected domestic waste burning at the housing site. However, there are no records of awareness given to workers. The nonconformity is upgraded to major nonconformity as per RSPO ASA procedure.

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

The mill and estates Pollution Prevention Plan are documented in the Environmental Impacts Identification and Improvement Plan reviewed on 1/6/2013. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater. Smoke emission quality test at the mill was done every 6 month in accordance to the Environmental Quality (Clean Air) Regulation 1978. Boiler is equipped with smoke density monitors and

securely locked. The recorder room have latches to doors and only authorised personnel allowed to enter the recorder room. Quarterly returns to the DOE sent in accordance with the Environmental Quality Regulations. Assessment team viewed and satisfied that production of CPO figures and effluent discharge analysis were correctly captured in the return. The return dated 10/4/2013 checked and verified.

Mill has boiler register which indicate the date of commission, cleaned, inspected and tested. The register is available and was checked during the document audit. There is compliance with the requirement of the Factories and Machinery (Noise Exposure) (Regulations) 1989. Monitoring of noise level at mill was done at the mill by DOSH certified competent person on 9 May 2013. There is compliance to Malaysia Standard (MS 1596:2003) which require air pollution monitored every six month.

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

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

SIA assessment was conducted by PSQM team members with social assessment background. Latest review conducted in June 2013. The assessment was through meeting with the effected parties and stakeholders. Assessment also covered social amenities, environment, road users, employee changes, safety and health issues, surrounding communities, government official, police, labour department, health department, contractors and suppliers.

Based on the SIA findings and recommendation from the stakeholders, a timetable with responsibilities for mitigation and monitoring of the social impacts were developed and reviewed as necessary. The assistant manager is responsible for the social issues and communication with the stakeholders.

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

Communication and consultation procedure documented for external and internal communications under section 5 of the Mill Quality Management System and Section 5.5.3 of the Estate Quality Management System. This procedure was communicated to the internal and external stakeholders during meeting i.e. Union Meeting on 17/1/2013 and Stakeholder meeting on 18/11/2013 whereby 16 stakeholders attended the meeting.

The mill and estate managers are responsible for communication with local communities and other stakeholders. Since implementation of the procedure, communications are being consistently recorded. Interview of local community representatives confirmed that they are able to take issues to the managers for discussion and action.

Management staff and has prepared a list of stakeholders who were identified following the Social Impact Assessment. A formal list of stakeholder has been prepared consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, consultants, banks, external auditors complete with address, contact number and persons in charge. Records are held on file List of Stakeholders.

Observation 2 (6.2.3): At Sapong Estate maintenance of a list of stakeholders is available. The Forest Departments name was missing.

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.

A grievance procedure has been developed. The "Grievance/Complaints" book is used to record all enquiries not only complaints and grievances. Inspection of the records indicated that the system resolved all disputes in a timely manner. The community representative attended the stakeholder meeting with the audit team on 25-26/11/2013 confirmed that they has access to the complaint procedure. Workers interview confirmed that the procedure was implemented. There were no disputes at the time of the audit but some grievances were highlighted to the audit team. This issue was discussed with the management and due to lack of records this issue was raised as a minor nonconformity (see below).

Minor nonconformity against indicator 6.3.2: The system resolves disputes in an effective, timely and appropriate manner.

At Sapong estate complaint form for workers to highlight issues related to housing, services etc is established. However, there is no sufficient information seen on actions taken to resolve the reported grievances. For example request repair dated 27th September 2013 and dated 09th October 2013 from Sapong Estate were not resolved. The status of the delay in providing the cooking oil was not explained and communicated to workers. No any memo was sited. Feedback on the status of the request for transport for school children was not given to the workers. No any letters sited.

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.

Procedure for identifying legal and customary rights and for identifying people entitled to compensation is available. Corporate Land Management and Legal Department will conduct assessment if there is any land compensation issues detected. There is no legal customary land issue found in the vicinity of the Melalap Palm Oil Mill and Supply Base estates. Interview with local community leaders, elderly community members and Forest Department Representative confirmed that no outstanding land dispute in this certification unit.

Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Pay and conditions are documented in the employment agreement between the company and workers and calculated in line with the current minimum wage order. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available. Management has communicated to all workers that they are paid as per Minimum Wage Order 2012. All workers are provided with annual leave and paid public holidays.

The payslip shows basic wages, allowances, overtime payment and incentive are clearly written in local language which understood by the foreign workers from Indonesia (Payment Slip file number KKSM 0064). Interview with workers in the field confirm that they understand the wage structure and details. Payslip for the month of September and October 2013 was checked and verified. Average gross pay is above RM850.

Contracts of employment contains detail of payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) available in the language understood by the workers. Those unable to read were explained to them by the executives accompanied by the workers representative.

Palm Oil Mill and estates provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). There is on-going upgrading of housing. Water is supplied to workers housing through piping. The water tanks are provided for storage purpose. No deduction from wages of workers for water. The company have transport standby 24hours to send employees and dependents to hospitals.

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.

Sabah Plantation Industry Employees Union was formed by the workers. Formal meeting with the management was conducted on 17/1/2013 attended by 10 union representatives including foreign workers representative. Latest meeting was conducted on 19/11/2013 attended by 16 representatives. Workers have freedom to join the workers union. Policy on Freedom of Association dated April 2008.

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 employees' work contract agreement confirmed that workers are above 18 years of age. Copy of Identification Card for locals or passport for foreign worker is held together with the work contract. During field visit children were not observed at any of the working place at both mill and estate.

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.

A statement on Equal Opportunity Policy dated April 2008 includes statement on equal opportunity and fair treatment and any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited. The policy is displayed at notice board at muster ground in the mill and estates. Interview of male and female workers confirmed understanding and awareness of the policy. Male, female, local and foreigners are paid equally based on Minimum Wage Order.

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.

Sexual Harassment Policy is available for the whole Sime Darby Plantation group dated April 2008. Sexual harassment complaint procedure communicated and displayed on the notice boards. No harassment cases were reported. There were lot of activities schedule by Gender committee members. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit. The last gender committee meeting for the Melalap Palm Oil Mill Complex was held on 14/6/2013 attended by 8 committee members. No issue were raised. Record of the meeting is documented.

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

There are traders dealing with the palm oil mill. Pricing mechanism for FFB is based on MPOB pricing mechanism.

Interview confirmed that contractors/suppliers and workers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement.

Interview of contractors and workers confirmed payment is made promptly. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment. For example, agreement with "Pemborong AJUTA" dated 1/5/2011 valid until 30/4/2014 was checked. His contract is still valid. Latest payment for the month of October 2013 was made on 8/11/2013.

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

Contributions are regularly made to school activities and community activities. This was confirmed by school teachers and local community during interview. Company also allow access to local community to access through the estate roads. Consultations with the local communities are held to encourage them to highlight and suggest any activities for local community development.

Principle 7: Responsible Development of New Plantings

All the Supply Base Estates in Melalap Palm Oil Mill Certification Unit did 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.

Both estates are not using any class 1 pesticides and paraquat. This is one of the major commitments by all the operating units to stop using paraquat.

The significant environmental impacts of the operations were identified. An Environmental Impact Management details the impact mitigation measures and actions required to improve environmental performance for the identified significant impacts.

The management has identified waste generation as one of its significant impacts. Program has been developed

and implemented to encourage segregation of all wastes at source and recycling of materials where practical.

Pollution Preventive Plans have been prepared for the mill and estates. Mill is newly commissioned and new technology and machinery is installed to improve and minimise emissions from mill process.

Social impacts associated with operations have been prepared and an Action Plan for mitigation of negative social impacts is available. This Action Plan is aimed at addressing the identified significant social impacts. An example is the building of new housing.

All the operating units have an informal system to capture the performance and expenditure in social and environmental aspects. This will be followed up during the annual surveillance.

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

During the assessment there were two major nonconformities and a minor nonconformity were raised. There were two observations raised as an area for improvement.

Melalap Palm Oil Mill and Supply Base Estates submitted Corrective Action Plans for all the nonconformities. Corrective actions plans with respect to the nonconformities raised during the ASA23 have been reviewed by the BSI audit team and found to be effectively addressing the nonconformities. The implementation of the corrective action plans to address the major nonconformity raised during the ASA3 was verified through desk top document assessment. Document verification and interview with the PSQM executives reveal that the corrective actions were implemented effectively and the major nonconformity was appropriately closed on 24 January 2014.

Major Nonconformity

Ref. 997687M0: Major nonconformity against indicator 2.1.1: Evidence of compliance with legal requirements.

Schedule waste was not disposed as per EQA 1974 (Schedule Wastes) Regulations, 2005. At Sapong Estate, Schedule waste (SW 408 & SW 102) was exceeded the storage limit of 180 days. The last disposal was done on the 4/1/2013. There is also an auto generated email reminder received from Sime Darby HQ on 6/3/2013 (Ref. No.: RG7- SDSOU27 - 821MC7) regarding the storage exceeding limit. Empty oil containers being improperly dumped at the back of worker's housing. At Melalap Estate, the Schedule waste (SW 410 and SW 102) was exceeded the storage limit of 180 days. The last disposal was done on the 17/1/2013.

Corrective Action Plan and Close out evidence:
The operating unit submitted corrective action plans which BSI Audit team conducted review and accepted the corrective action plan. The evidence of

implementation was received on 24/1/2014. BSI audit team conducted document assessment on the evidence submitted. The implementation evidence was accepted on 24/1/2014. The corrective action plan and evidence as follows:

- Estates engage DOE-licensed Schedule Waste (SW) collector to collect the Schedule waste.
- Management provide training for the Person In Charge of the schedule waste management.
- Management conduct training for all workers on handling of empty oil drums.
- Improved periodical checks at the linesite.

Ng Sian Hap Pottery Factory Sdn Bhd collected the schedule waste SW 410 on 5/12/2013 consignment note number 1692. While SW 102 was collected by Legenda Bumimas Sdn Bhd (905265-U) on 8/1/2014 with consignment note number A001182. Schedule Waste Management Training was conducted on 21/1/2014 attended by 17 representatives from the mill and estates. Awareness Training to all workers was conducted on 19/12/2013 on prohibition of taking away empty containers. Linesite inspection is being continuously conducted since 31/12/2013.

The corrective action plans were appropriately implemented. The major nonconformity was closed on 24/1/2014.

Ref. 997687M1: Major nonconformity against indicator 5.5.3: No evidence of burning waste (including domestic waste)

At Sapong Estate, the burning activity was sighted and as in progress during inspection to worker's old housing area. An interview with the worker identified that there is no enough rubbish bin provided. Lack of awareness against company's commitment and no burning policy was noted during the interview with the worker. The burning activity was seen at house Number A10 occupied by employees during the visit to the housing. This nonconformity was raised against the same indicator during ASA 2. However, the corrective action plan to install 'No Open Burning' sign boards at strategic points and to re-educate the residents on prohibiting use of fire for domestic waste disposal was not been implemented effectively. No records of awareness carried out since ASA2. The Medical Assistant weekly visit report dated 11/11/2013 detected domestic waste burning at the housing site. However, there are no records of awareness given to workers. The nonconformity is upgraded to major nonconformity as per RSPO ASA procedure.

Corrective Action Plan and Close out evidence:

The operating unit submitted corrective action plans which BSI Audit team conducted review and accepted the corrective action plan. The evidence of implementation was received on 24/1/2014. BSI audit team conducted document assessment on the evidence submitted. The implementation evidence was accepted

on 24/1/2014. The corrective action plan and evidence as follows:

Awareness Training to all workers on no open burning policy was conducted on 19/12/2013 on prohibition of burning waste. Line-site inspection is being continuously conducted by hospital assistant. Management will take disciplinary action on any employees if found to be burning domestic waste particularly during the weekly line-site inspection. Briefing to all employees on this initiative prior to implementation was done on 10/1/14. "No Open Burning" signboards erected at strategic locations at housing site and administrative building sites (Figure 1).

BSI audit team found that the corrective action plans were appropriately implemented. After further review of the relevant documents, the major nonconformity was appropriately closed on 24/1/2014.



Figure 1: Signboard to create awareness on prohibition of domestic waste burning.

Minor Nonconformities

There was a minor nonconformity assigned against Minor Compliance Indicators 6.3.2. Melalap Palm Oil Mill and Supply Base operations has prepared corrective action plan for addressing the non conformities which BSi audit team has reviewed and accepted. Progress towards resolution on the action taken will be followed up at the next assessment. The details of these minor nonconformities are provided below:

A997687N2: Minor nonconformity against indicator 6.3.2: The system resolves disputes in an effective, timely and appropriate manner.

At Sapong estate complaint form for workers to highlight issues related to housing, services etc is established. However, there is no sufficient information seen on actions taken to resolve the reported grievances. For example request repair dated 27th September 2013 and dated 09th October 2013 from Sapong Estate were not resolved. The status of the delay in providing the cooking oil was not explained and communicated to workers. No any memo was sited. Feedback on the

status of the request for transport for school children was not given to the workers. No any letters sited.

Corrective Action Plan:

The operating unit submitted corrective action plans which BSI Audit team conducted review and accepted the corrective action plan. The evidence of implementation will be followed up during the next assessment. The corrective action plan and evidence as follows:

The management revises grievances form on 31/12/13 to suit the local situation and communicate to workers. Briefing on cooking oil delay to workers and representatives was conducted. Briefing on Grievance mechanism was carried out on 31/12/13 to create awareness among employees. The implementation will be followed up during ASA4.

Observation/Opportunity for improvement

There were two Observations/Opportunities for improvements were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Annual Surveillance Assessment. The details of the observations are as per below:

Observation 1 (5.2.3): Sapong and Melalap Estate: The signboard for the HCV 6 area (Graveyard) was faded.

Observation 2 (6.2.3): At Sapong Estate mmaintenance of a list of stakeholders is available. The Forest Departments name was missing.

3.3 Status of Nonconformities Previously Identified

Previous nonconformity CR07 and CR08 remain closed. Previous minor nonconformities was followed up during the ASA3 and the corrective action plans were implemented. The minor nonconformities were closed except nonconformity Reference CR10 (indicator 5.5.3). This nonconformity was upgraded to Major nonconformity as per RSPO ASA procedure and subsequently was closed on 24/1/2014 (Details refer to section 3.2 **Ref. 997687M1** above).

CR09: Evidence that crop residues/biomass are recycled (Cross ref. C4.2).

Inspection of the composting site showed considerable improvement since ASA1, but there was still an unacceptably large stockpile of EFB. The Observation (OBS03) was raised to Nonconformity against this Minor Compliance Indicator. BOD and suspended solids of treated mill effluent exceeded the Sabah Department of Environment limits for land application, although SOU27 had met with the Department in March and outlined the short-, medium- and long-term action plans to improve effluent treatment.

Implementation of corrective action plans:

The EFB at the mill was taken by oth estates by applying to the field as organic fertilizer at rate of 40mt/ha. Mill continued to implement the existing action plan and during the ASA3 site visit to the EFB section, it was noted

that the EFB is cleared regularly and there were no pile up. The mill also implemented the short term actiona such as carry out bacteria count so that bacteria dosing into effluent is adequate to cater for anaerobic and aerobic activity. The mill continued the existing practice by continuously operate the ETP Plant for 24hrs/day. Recycling the effluent from Pond 2 to Pond 1 is carried out. De-sludging Pond No. 3 using the Geo Tube as to remove solids were carried out. The mill also continuously operates the sand filtering at Pond No. 3 to further remove suspended solid. As part of the medium term action plan, the mill is continue to seeking advice from R&D Department for further continuous improvement. The long term action plan to installation of Belt Press and Mist Evaporator which is budgeted this FY2012/2013 was carried out.

The corrective action plans were appropriately implemented. The minor nonconformity was closed on 27/11/2013

Noteworthy Positive and Negative Components

The Mill is ensures minimum downtime and to reduce maintenance cost. Safety sign are clearly marked with walkways. Average OER achieved for last year was 22.61%.

The Mill is maximizing renewable fuel use by fully utilizing shell and fiber.

As per Sime Darby's Group practice, riparian buffer zones are consistently maintained.

Training of the workers and staff remain as high priority in health and safety aspects beside on the job training.

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

During this assessment, the majority of stakeholders had positive comments about Melalap Palm oil Mill and Supply Base estates. The detail of stakeholders' feedback is provided in each criterion as part of this summary report.

a) Representative from Labour Department: Representative from Labour Department highlighted that all operating units comply to labour regulation and minimum wage.

Company Response: The management will continue to comply with the minimum wage.

Auditor comments: No further action required.

b) Makamiton Village Representative: Requested all operating units to monitor the speed limit of the FFB Lorries passing through the village. He informed that there is no land dispute or other grievances. Good relationship is maintained.

Company Response: The management highlighted that monitoring system is in place. There is a security officer

assign to conduct the monitoring. All executives and staff are instructed to monitor as well. Counselling and written warning system is in place if there is proven cases found.

Auditor comments: During field visit it was noted that no vehicles driven fast. Audit team will follow up during next assessment for any issues.

c) Contractors: Payment is prompt as per agreed contract. No other issues.

d) School teacher: Management always support school activities. The relationship is good. No other issues.

e) Workers union representative: No pending disputes. Company follow the minimum wage requirement. Union representative and workers have unrestricted access to meet the management. He also highlighted that the management is giving rice and cooking oil to workers. However, there is some delay in providing as per schedule. Housing repairs are sometime delayed.

Company response: The management always encourage union representative and workers to meet them to resolve any issue immediately and open for discussion.

Auditor comments: No disputes were raised by workers interview with them which indicate that the freedom to join union and procedure to voice out grievances is implanted. However, there are some grievances was not addressed promptly and no update was given to the union representative. This was raised as nonconformity. See NC ref. 997687N2.

f) Foreign workers representative: No issue regarding pay and condition of work. He highlighted that they are treated equally. All foreign workers have access to management similar to local workers.

Company response: The management treat all employees equally and no discrimination. The workforce is treated as an asset for long term success.

Auditor comments: No disputes were highlighted by foreign workers interviewed during field visit.

g) Representative from Police: Informed that there is no issue on security in all estates and mill.

Company Response: The management took note of the comment.

h) Forest Department Representative: No any encroachment or disputes. The company always ensure that no one from plantation enter the forest area. He suggested that the Forest Department is invited for meeting conducted at the company.

Company Response: The management take note of this and will ensure that they are invited.

Auditor comment: This was raised as an area for improvement/observation. This will be followed up during the next ASA.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Annual Surveillance Assessment

The Next Annual Surveillance Assessment will be scheduled within twelve months of the ASA3.

4.2 Date of Closing Nonconformities (Major and Minor)

CAR Ref.	CLASS	ISSUED	STATUS
CR01 2.1.1	Major	20/5/2010	Closed 19/7/2010
CR02 2.1.3	Minor	20/5/2010	Closed 28/1/2012
CR03 4.4.6	Minor Upgraded to Major	20/5/2010 28/1/2012	
CR04 5.3.2	Minor	20/5/2010	Closed 28/3/2013
CR05 6.5.3	Minor	20/5/2010	Closed 28/1/2012
CR06 2.1.1	Major	28/1/2012	Closed 28/3/2012
CR07 4.3.2	Minor Upgraded to Major	28/1/2012 8/1/2013	Closed 19/2/2013
CR08 6.1.2	Minor	28/1/2012	Closed 8/1/2013
CR09 5.3.3	Minor	8/1/2013	Closed 27/11/2013
CR10 5.5.3	Minor Upgraded to Major. See ref. 997687M1	8/1/2013	Minor Upgraded to Major. See ref. 997687M1
997687M0 2.1.1	Major	27/11/2013	Closed 24/1/2014
997687M1 5.5.3	Major	27/11/2013	Closed 24/1/2014
997687N2 6.3.2	Minor	27/11/2013	Open

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


Melalap Palm Oil Mill Certification Unit acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. Melalap Palm Oil Mill and Supply Base accept the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of
Melalap Certification Unit



Signed for on behalf of
BSi Group Singapore Pte Ltd

12/3/14



Mr. Senniah Appalasamy
BSi RSPO Lead Auditor
Date: 6/03/2014

Appendix A: Sime Darby Plantation Sdn Bhd – Melalap Palm Oil Mill Certification Unit's RSPO Certificate Details

Sime Darby Plantation Sdn Bhd
 Strategic Operating Unit (SOU) 27,
 Melalap Palm Oil Mill,
 P.O. Box 205,
 89908 Tenom, Sabah,
 Malaysia.
 Website: <http://plantation.simedarby.com>

BSI RSPO Certificate №: SPO 547124

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

Melalap Palm Oil Mill and Supply Base	
Location	District of Tenom, Sabah, Malaysia.
Address	Strategic Operating Unit (SOU) 27, Melalap Palm Oil Mill, P.O. Box 205, 89908 Tenom, Sabah, Malaysia.
GPS	116° 00' E ; 5° 15' N
CPO Tonnage Total Production (Certified)	20,241
PK Tonnage Total Production(Certified)	4,416
Company Estate FFB Tonnage (Certified)	89,207
Estates FFB Tonnage (Certified)	Melalap Estate : 33,533
	Sapong Estate : 55,674

Appendix B: Assessment Programme

Date	Time	Subjects	Senniah	Nabila	Muhd Haris
Sunday 24/11/2013	Noon	Audit Team travelling to the site.	√	√	√
Monday 25/11/2013	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	Melalap 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.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Melalap 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.	√	√	√
Tuesday 26/11/2013	08.00 – 12.00	Sapong 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. And Document Audit.	√	-	√
	08.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Sapong 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).	√	√	√
Wednesday 27/11/2013	8.00 – 12.00	Melalap 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. And Document Audit.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 16.30	Melalap 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).	√	√	√
	16.30 – 17.00	Prepare for closing meeting	√	√	√
	17.00 – 17.30	Closing meeting	√	√	√
Thursday 28/11/2013	AM	Audit team travel back to KL	√	√	√

Appendix C: List of Stakeholders Contacted

<p><i>Internal Stakeholders</i></p> <p>Managers and Assistants Male Mill Staff/Workers Foreman Female Mill Staff/Workers Weighbridge Clerk Foreign Worker Field workers Male and Female Estate workers Hospital Assistant Lab Assistant Union Representatives Gender Committee Representative Boiler operators Engine room operators Store clerk Staff and Workers at workshop</p>	<p><i>External Stakeholders</i></p> <p>Head of the Villages Makaniton Village Representative Sapong Village Representative Mosque Committee Contractors General Supplier</p>
<p><i>Government Departments</i></p> <p>Labour Department, Tenom Sabah Water Department, Tenom Forest Department Representative Police Representative, Tenom Sapong Government Clinic Representative School Teacher – SK Ladang Sapong</p>	<p><i>Workers Union and Representative</i></p> <p>Sabah Plantation Industry Employees Union Representative, Tenom Sapong Estate, Melalap Estate and Melalap Mill Union Representative Foreign Workers Representative</p>

Appendix D: Melalap 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.	Melalap palm oil mill have written documented procedures (RSPO SCCS v.1 Year 2012 dated 1/8/2012) which is similar to other operating units within Sime Darby for the chain of custody with Mass Balance (MB) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and non certified FFB under Appendix 15. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified FFB and noncertified FFB are processed at Melalap Palm Oil Mill.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Melalap Palm Oil mill has documented procedures (RSPO SCCS v.1 Year 2012 dated 1/8/2012) 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 once certified products are available.
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. During the time of assessment certified and non-certified FFB are received. Melalap mill have system to verify at the weighbridge.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure and stated in the SOP (RSPO SCCS v.1 Year 2012 dated 1/8/2012).
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 FFB received. Records of certified and non certified FFB received further verified during the surveillance assessment. 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 in SOP (RSPO SCCS v.1 Year 2012 dated 1/8/2012) 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. Computerized system in place. No PKO and Palm kernel meal at Melalap Palm Oil mill. PK is sold to Sime Darby Futures Trading which is within Sime Darby Group of Companies.
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. System in place to indicate CPO/MB and PK/MB on the documents related to the supply chain. Sample documents are available as reference.
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.	There is no outsourcing activity directly handled by the mill. The kernel is sold to own kernel crushing plant through Sime Future Trading. The kernel crushing plant have own supply chain certificate and it is independent from the mill.
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	No sales of certified palm product during the assessment. GreenPalm certificates are sold as a group. The mill has system to carry out sales of certified palm products and makes traceability records as per RSPO requirement. The documents relevant to sales of conventional palm product available. Sample documents for the present conventional palm product sales checked have the following information:
(a) The name and address of the buyer	Name and address of buyer written on the invoice. E.g: Sime Darby Future Trading. The palm products are sold as conventional palm 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 15 August 2013 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.

Actual Certified Palm Production - 2013 (ASA2)

Mill	Processing Capacity	CPO	PK
Melalap Palm Oil Mill	25 mt/hr	19,392	3,611

Actual Sales of Certified Palm Products - 2013 (ASA2)

Month	CPO (Certified)	Buyer	PK (Certified)	Buyer
Jan. – December 2013	0	N/A	0	N/A

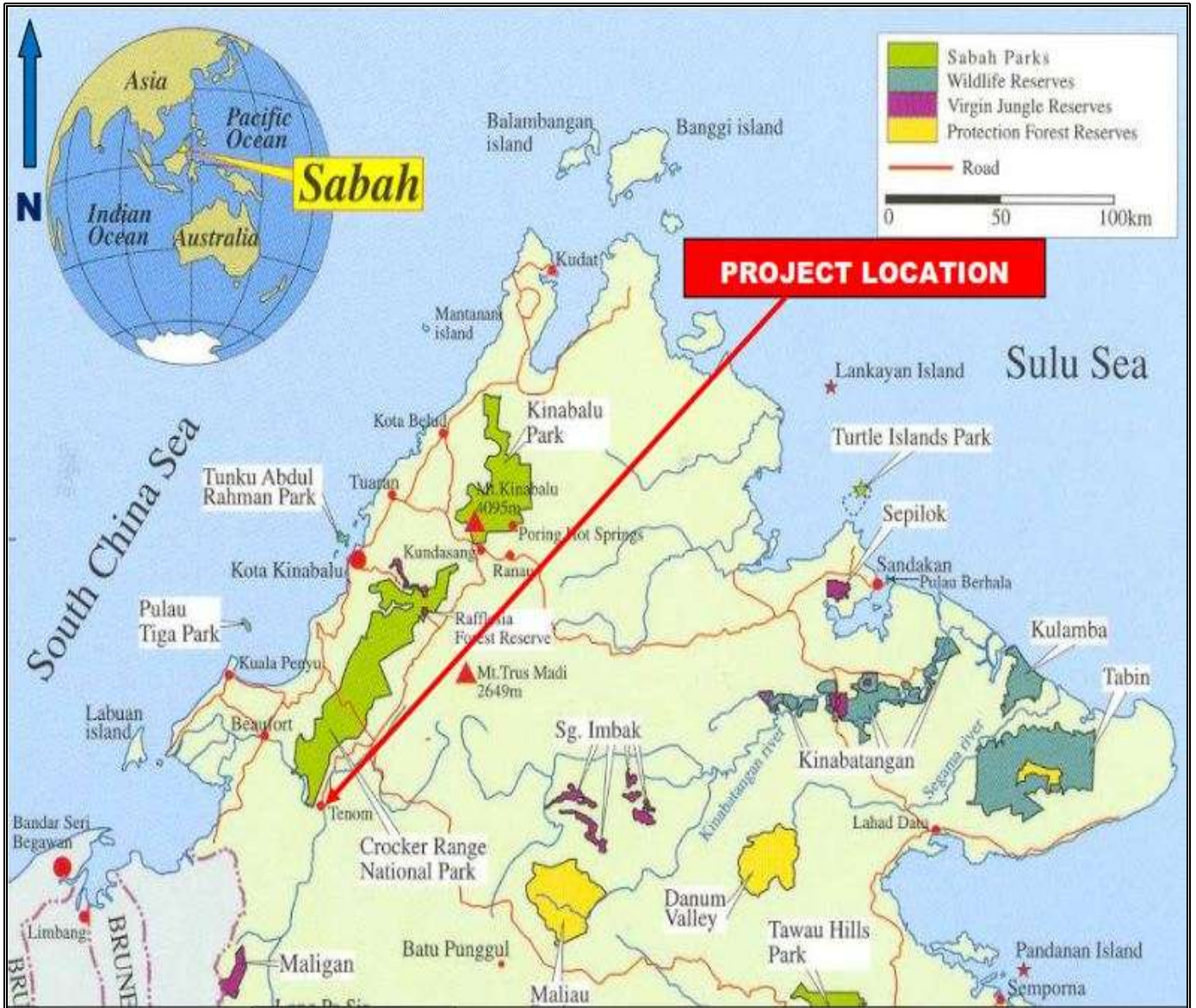
Remark: No certified palm product sales. Palm product sold as conventional palm product.

Actual Certified FFB Received Monthly - 2013 (ASA2)

Month	Melalap Estate	Sapong Estate	Total FFB/Month
January 2013	2,129	6,037	8,166
February 2013	2,576	4,093	6,669
March 2013	2,455	4,526	6,981
April 2013	2,409	4,474	6,883
May 2013	1,504	4,684	6,188
June 2013	2,775	4,829	7,604
July 2013	2,446	3,454	5,900
August 2013	2,227	4,402	6,629
September 2013	2,602	5,585	8,187
October 2013	3,459	4,498	7,957
November 2013	2,616	4,790	7,406
December 2013	2,717	4,482	7,199
Total	29,915	55,854	85,769

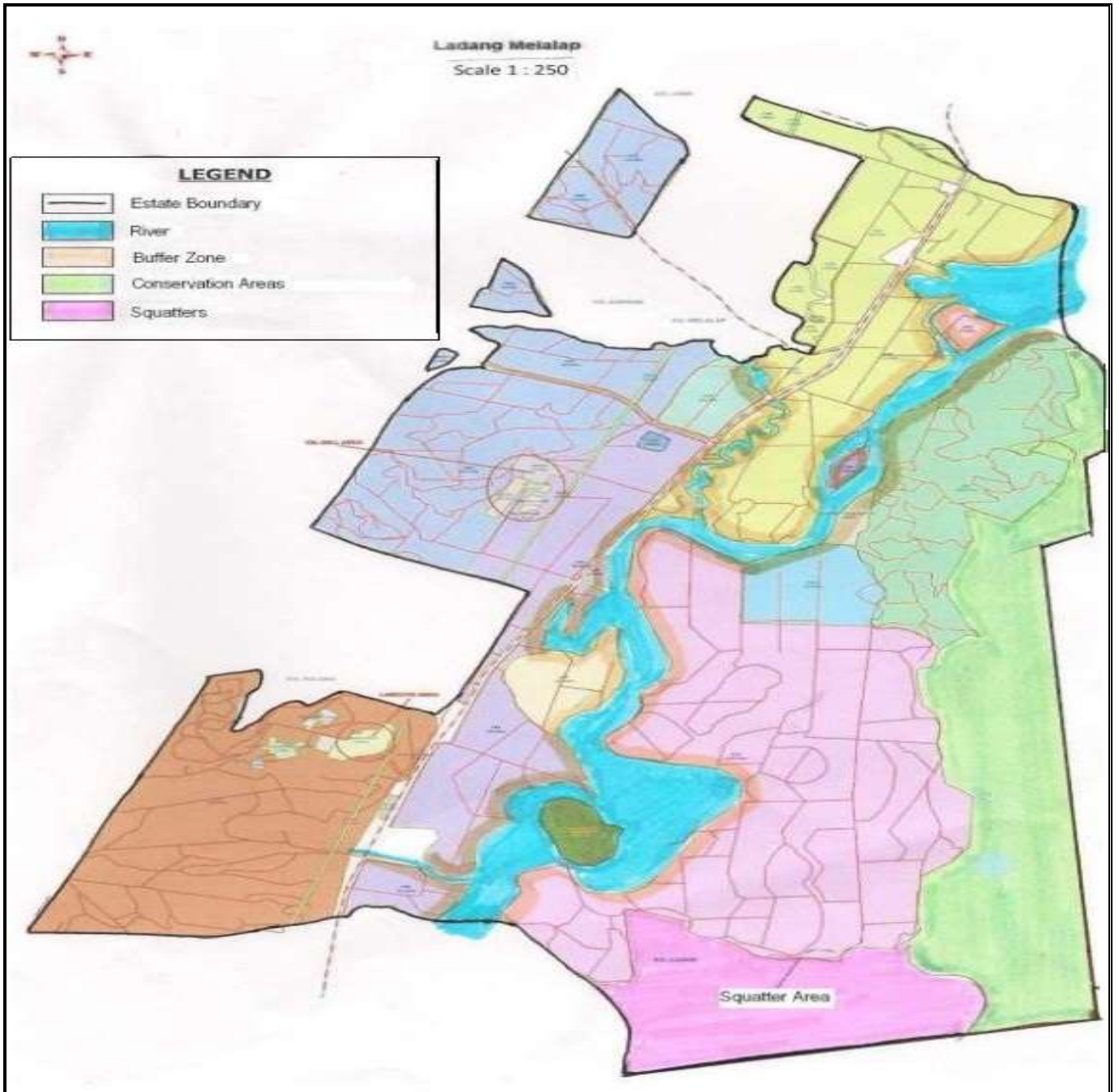
Appendix E

Map shows location of the Project (Melalap Palm Oil Mill and Supply Base) in Sabah, Malaysia



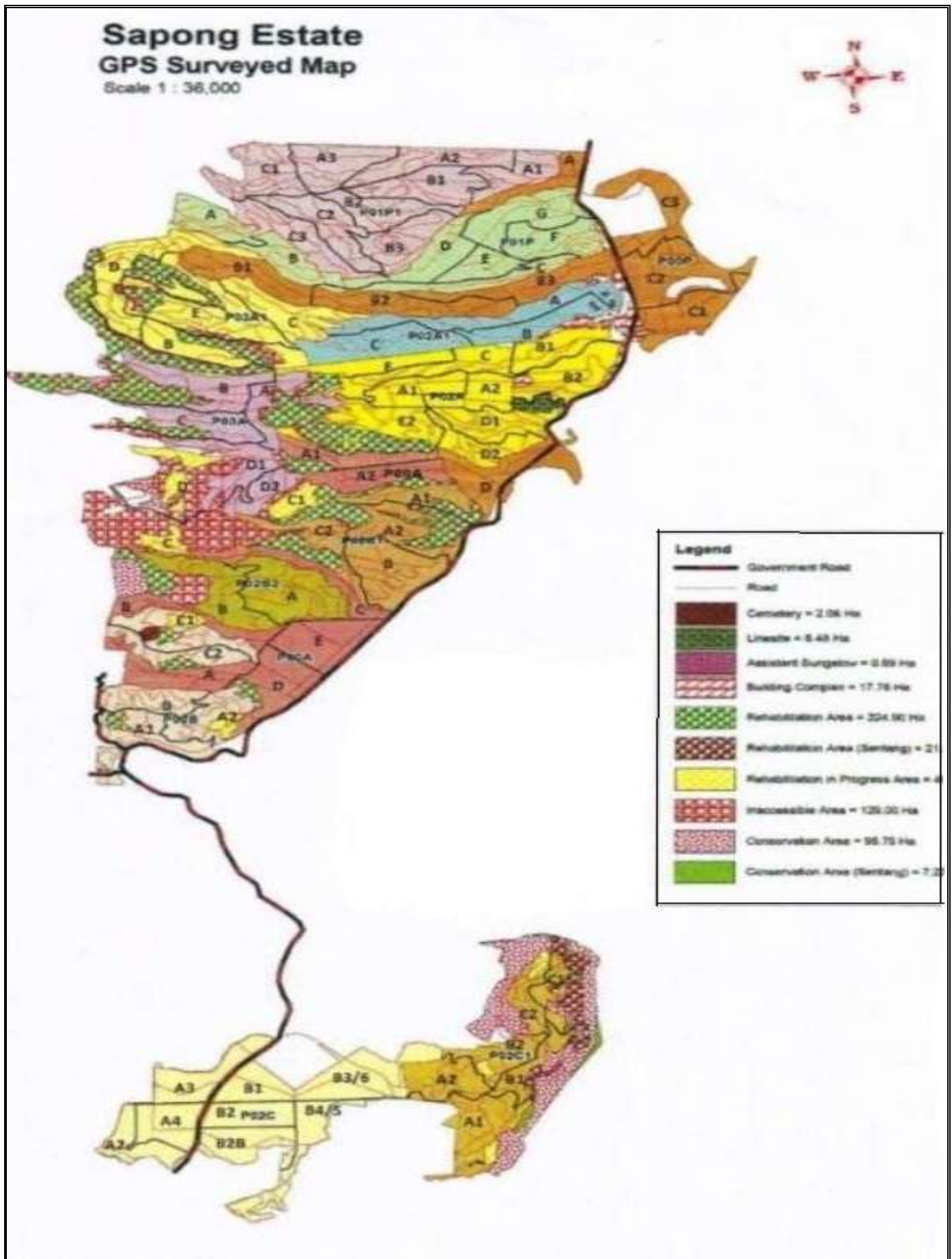
Appendix F

Melalap Estate field map



Appendix G

Sapong Estate Field Map



Appendix H: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Time bound for certification	Status during Melalap Certification Unit's Initial Assessment
Certified	35 operating units	19 operating units	54 operating units	Total Certified: 54
RSPO EB Review	0	6 operating units	6 operating units	Ongoing peer review.
Total	35 operating units	25 operating units	60 operating units	-