



...making excellence a habit.™

## PUBLIC SUMMARY REPORT

### RSPO

## 3<sup>rd</sup> ANNUAL SURVEILLANCE ASSESSMENT (ASA3)

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

*Report Author:*

**Senniah Appalasamy – Revised October 2014**

## TABLE of CONTENTS

Page N<sup>o</sup>

<b>SUMMARY</b> .....	1
<b>ABBREVIATIONS USED</b> .....	1
<b>1.0 SCOPE OF SURVEILLANCE ASSESSMENT</b> .....	1
1.1 Identity of Certification Unit .....	1
1.2 Production Volume.....	1
1.3 Certification Details.....	1
1.4 Description of Fruit Supply Base and Supply Chain .....	1
1.5 Other Certifications held .....	2
1.6 Progress against Time Bound Plan for other Management units.....	2
1.7 Organisational Information/Contact Person .....	2
<b>2.0 ASSESSMENT PROCESS</b> .....	5
2.1 Certification Body .....	5
2.2 Qualifications of the Lead Assessor and Assessment Team.....	5
2.3 Assessment Methodology, Programme, Site Visits.....	5
2.4 Stakeholder Consultation.....	6
<b>3.0 ASSESSMENT FINDINGS</b> .....	6
3.1 Summary of Findings.....	6
3.2 Detailed Identified Nonconformity and Observations.....	12
3.3 Status of Nonconformities (Major and Minor) Previously Identified and observations.....	12
3.4 Issues Raised by Stakeholders and Findings with respect to each Issue.....	13
3.5 Date of Closing Nonconformities.....	13
<b>4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY</b> .....	13
4.1 Date of next Surveillance Visit (ASA 4).....	13
4.2 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings .....	14

### LIST of TABLES

1	Mills GPS Locations.....	1
2	Production Tonnages certified for July – June Financial Year.....	1
3	Actual and Projected Estate FFB Tonnages.....	1
4a	Age Profile of palms .....	2
4b	Estates and Areas Planted .....	2

### LIST of FIGURES

1	Flemington Estate field map.....	3
2	Bagan Datoh Estate field map.....	4

### List of Appendices

A	Sime Darby Plantation Time Bound Plan
B	Sime Darby Plantation Sdn Bhd, SOU 4 Flemington Certification Unit RSPO Certificate Details
C	3 <sup>rd</sup> Annual Surveillance Assessment Program
D	List of stakeholders contacted
E	Flemington Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

## SUMMARY

BSI has conducted the Third Annual Surveillance Assessment (ASA 3) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), Flemington Palm Oil Mill and supply base located in Teluk Intan, Perak, Malaysia comprising one mill, four estates, support services and infrastructure.

The assessment was conducted onsite to assess the continuous compliance of the certification unit against the RSPO P&C MYNI: 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation and client's policies and procedures. The onsite assessment was conducted on 19 – 22 August 2014.

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

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

## ABBREVIATIONS USED

ASA 1	Annual Surveillance Assessment 1
ASA 2	Annual Surveillance Assessment 2
ASA 3	Annual Surveillance Assessment 3
BOD	Biological Oxygen Demand
CAP	Corrective Action Plan (for nonconformity)
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPOM	Flemington Palm Oil Mill
HCV	High Conservation Value
IPM	Integrated Pest Management
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
PPE	Personal Protective Equipment
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

## 1.0 SCOPE OF SURVEILLANCE ASSESSMENT

### 1.1 Identity of Certification Unit

The Flemington Palm Oil mill and estates and adjacent estates are located in Perak, Malaysia. The oil mill is central to the estates located near Teluk Intan, Perak, Malaysia. Estate map included (Figures 1 and 2) showing

Flemington and Bagan Datoh Estate layout. The GPS location of the mill is shown in Table 1.

**Table 1: Mills GPS Locations**

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

### 1.2 Production Volume

The estimated tonnages reported for the ASA 3 and the actual production for previous year (ASA 2) are detailed in Table 2 below for comparison. The production details are for financial year July – June. It is noted that there is a slight decrease in the projected palm products due to replanting. The projected tonnages for the 2014/2015 period of the Certificate are based on the annual budget.

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

FPOM	FFB	CPO	OER	PK	KER
<b>2013-2014 Estimate</b>	249,754	52,448	21.00	13,736	5.50
<b>2013-2014 Actual</b>	224,226	47,200	21.05	12,400	5.53
<b>2014-2015 Estimate</b>	246,098	51,680	21.00	13,535	5.50

### 1.3 Certification details

RSPO Membership No: 1-0008-04-000-00  
 BSI RSPO Certificate No: SPO 590802  
 Date of Initial Assessment: 23-24 February 2009 (by previous Certification Body: Control Union Certification).  
 Date of Certificate Issued: 5 October 2011  
 Date of ASA 1: 3 – 5 October 2012  
 Date of ASA 2: 2 – 5 July 2013  
 Date of ASA 3: 19 – 22 August 2014

### 1.4 Description of Supply Base and Supply Chain

The FFB supply is from four own estates that supplied 100% of the FFB processed at the Mill and company's adjacent estate. The actual FFB production and projected production is shown in Table 3 below. The projected tonnages were based on the potential yield could be achieved due to improvement in planting material and age profile of palms. It is noted that Flemington Palm Oil Mill uses the Segregation supply chain system for the supply chain because the mill receives certified FFB only.

**Table 3: Actual and Projected Estate FFB Tonnages**

Estate	2013-2014 Estimate	2013-2014 Actual	2014-2015 Estimate
Flemington	45,500	34,319	38,673
Bagan Datoh	80,647	55,111	55,884
Sungai Samak	68,257	56,094	64,939
Sabak Bernam	55,350	41,189	51,602
<b>Total</b>	<b>249,754</b>	<b>186,713</b>	<b>211,098</b>
<b>* FFB from adjacent certified estate</b>	-	<b>37,513</b>	<b>35,000</b>
<b>Grand Total</b>	<b>249,754</b>	<b>224,226</b>	<b>246,098</b>

**\* RSPO Certificate Number: RSPO 0015 (Expiry date: 02/03/2016) by SIRIM.**

The adjacent estates are from Seri Intan certificate scope: RSPO 0015 (expiry date 02/03/2016) issued by SIRIM. The estates are Sogomana, Seri Intan, Sabrang and Sungai Wangi). The projection includes FFB from the adjacent estate because Flemington mill stop buying FFB from traders and only process certified FFB. The projected figures show some decrease compared with previous financial years. This decrease is due to replanting activities.

**Table 4a: Age Profile of Palms**

AGE (years)	Estate and % of Planted Area			
	Flemington	Bagan Datoh	Sungai Samak	Sabak Bernam
25 – 30	-	-	-	-
21 – 25	8.00	24.14	13.71	6.00
11 – 20	63.00	64.45	39.59	72.57
4 – 10	18.00	5.91	37.40	2.43
0 – 3	11.00	5.50	9.30	19.00
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**Table 4b: Estates and Areas Planted**

Estate	Mature (ha)	Immature (ha)	Total Planted (ha)	Other Area (ha)
Flemington	1,655.18	205.98	1,861.16	274.35
Bagan Datoh	2,940.91	775.81	3,716.72	204.16
Sungai Samak	2,470.61	253.47	2,724.08	293.85
Sabak Bernam	1,876.33	440.03	2,316.36	186.62
<b>TOTAL</b>	<b>8,943.03</b>	<b>1,675.29</b>	<b>10,618.32</b>	<b>958.98</b>

### 1.5 Other Certifications Held

Flemington Palm Oil Mill has achieved ISCC certificate since 23<sup>rd</sup> March 2011. Certificate is valid until 23<sup>rd</sup> March 2015. Certificate number: DE-B-BLE-BM-10-107-70015512

### 1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd  
 SOU 4 Management Units (KKS Flemington)  
 36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA  
 Contact Person: Mr Subramaniam Govindasamy  
 Flemington Palm Oil Mill Manager  
 Fax: +605-648 9153  
 Email: [flemingtonmill@simedarby.com](mailto:flemingtonmill@simedarby.com)

### 1.7 Progress against Time Bound Plan

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

There was a change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at

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

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

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

- 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 complies with the RSPO requirements for Partial Certification rules.

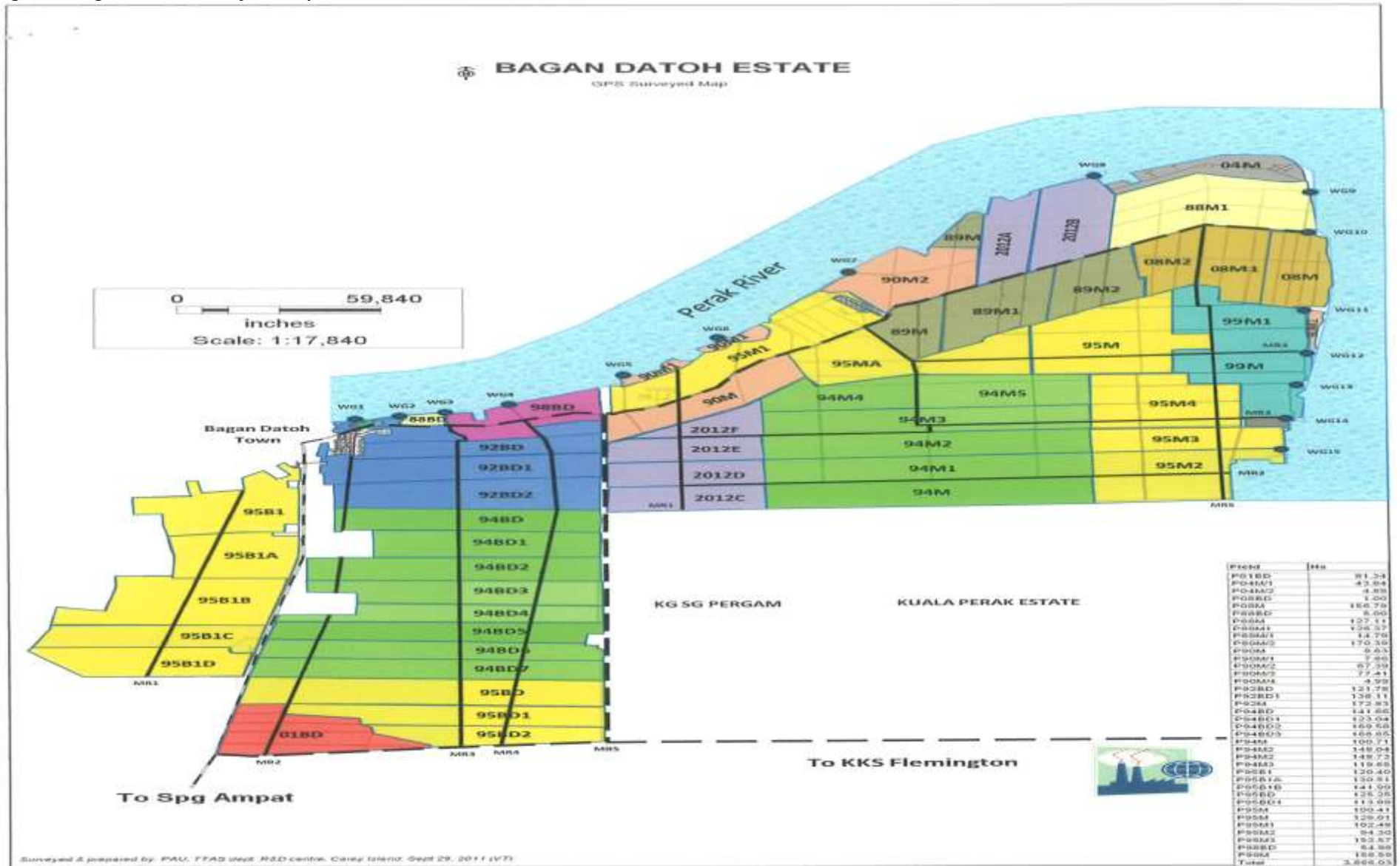
### Progress of Associated Smallholders/Out growers towards RSPO Compliance

Flemington certification unit does not have any associated smallholders.

Figure 1: Flemington Estate field map



Figure 2: Bagan Datoh Estate field map



## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

BSI Group Singapore Pte Ltd  
1 Robinson Road  
#15 – 01 AIA Tower  
Singapore 048542

RSPO Scheme Manager: Mr Aryo Gustomo  
Phone: +65 6270 0777  
Fax: +65 6270 2777  
Email: [aryo.gustomo@bsigroup.com](mailto:aryo.gustomo@bsigroup.com)

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

### 2.2 Qualifications of the Lead Assessor and Assessment Team

#### Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

#### Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and completed his Master's Degree in Business Administration from the University Utara Malaysia in January 2014. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He completed the RSPO Lead Auditor Training in April 2013 and passed the course. He is also passed the ISO 14001 Lead Auditor

Training, OHSAS 18001 Lead Auditor Training Course and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of environment, Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

#### Kelvin Lim Kok Wei – Team member

Kelvin Lim Kok Wei is a fulltime employee with BSI Services Malaysia. He graduated from University Tunku Abdul Rahman, Malaysia. He attended internal RSPO training in May 2014. He has completed ISO 9001:2008 Quality Management System Lead Auditor training in February 2014 and MSPO training on 14 March 2014. Currently he is an ISO 9001:2008 and Medical Devise auditor with BSI. He has involved in MSPO audits since May 2014 covering legal and social aspects. Recently he is involved as Social Auditor during the RSPO Assessment to assess the social aspects and legal issues.

### 2.3 Assessment Methodology, Programme, Site Visits

The 3<sup>rd</sup> Annual Assessment was conducted on 19 - 22 August 2014. The audit programme is included as Appendix C.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates (Flemington Estate and Bagan Datoh Estate). A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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

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

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

Mr. Aryo Gustomo, BSi RSPO Scheme Manager, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirement.

#### **2.4 Stakeholder Consultation**

As per the previous assessments, stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss environmental and social performance.

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

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

### **3.0 ASSESSMENT FINDINGS**

#### **3.1 Summary of Findings**

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

During the ASA3, there was a major nonconformity and a minor were identified. Flemington Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi audit team. The major nonconformity was closed prior to finalising this report. Nonconformities and observations raised during the ASA2 were followed up and evidence of closing the nonconformities were checked and verified for closing out the nonconformities. Minor nonconformity raised during the ASA3 will be followed up during the next surveillance. Details of the nonconformities are in section 3.2 and 3.3.

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

#### **PRINCIPLE 1: Commitment to Transparency**

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

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

Flemington Mill and estates maintained record of request and replies to the request from external and internal stakeholders such as respond to MPOB regarding the e-license application request. Most of the internal requests are recorded in file Communication such as housing repair and workers social activity request.

***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.***

Document review shows the Mill and Estate hold copies of each of the management documents listed under Criterion 1.2 and these are publicly available upon request by stakeholders and interested parties.

#### **PRINCIPLE 2: Compliance with Applicable Laws and Regulations**

Flemington Mill and its supply base complied with all of their respective permit conditions and legal requirements. This confirmed that the internal audits and checks were effective for monitoring compliance is effectively conducted. All the operation units hold land title and no land dispute issues were sighted or highlighted by the stakeholders during the interview.

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

SOU 4 operating units have kept a list of legal requirements. Company has owned mechanism to ensure all relevant legal requirements are comply. Recent evaluation of compliance on 2/7/2014 found compliance. In addition, each operation has a List of Licenses showing the expiry dates. Inspection of a sample of licenses and permits confirmed all valid i.e. MPOB license at mill No.529874004000 valid until 31/5/2015, permit for overtime extension from Labour department for 130 hours dated 2/12/13, Weighbridge permits (B751078 and B751079) as per local regulation



for weighing equipment “Peraturan-Peraturan Timbang dan Sukat 1981 (Peraturan 16, 28A & 45), DOE permit No. 004234 valid until 30/6/2015, new water softener permit from DOSH (No.: PK PMT 6679) valid till 11/6/2015. Boilerman and chageman are holding required competency certificates. Energy commission license no.: ST (PIP) 647766V/TKIT/0004 valid until 27/10/2014 etc.

However, at Flemington Mill Chemical Hazard Risk Assessment for Isooctane which is in use at the laboratory as required by Regulation 9, USECHH 2000 is not available. Therefore, Major non-conformity has been raised as below:

**1091069M1:** Major nonconformity against indicator 2.1.1 was raised. At Flemington Mill, during discussion with the mill executive, it was highlighted that the laboratory has switched to Isooctane. However, the present CHRA dated July 2010 did not include Isooctane. The DOSH approval for the current Generic CHRA (Ref. No.: JKPP KIM 7/9/10127/454/5-16(10)) Section 3(b) stated that the Generic CHRA will be invalid if there is any changes in the chemical use.

Review of recent internal audit reports showed that the Mill and the Estates visited had maintained legal compliance with applicable laws and regulations, in particular for Safety, Social, and Environmental regulations. The latest internal RSPO audit was done in 9 July 2014 by internal audit team from head office (Plantation Sustainability and Quality Management Department).

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

SOU4 operating units are on Freehold Land. The land is not encumbered by customary rights and the right to use the land is not disputed. Each estate holds land titles. Example, the Bagan Dato estate holds 60 land titles, issued by Perak State Government totaling an area of 3915.96ha consist of two divisions with registration number “No. Hak Milik 27617.

Both estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of sample of boundary stones during field visit at Flemington and Bagan Dato estates confirmed they were clearly marked and maintained.

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

Flemington mill and estates are on freehold land. There is no restriction for stakeholders to access through the estates, except in relation to outside FFB trucks need to get a written permission from the operating units to access the internal estate roads. Interview of local community representatives confirmed there is no land

dispute or any claim of customary land within the estates.

**PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability**

The Palm Oil Mill and estates have made progress towards achieving their performance production targets for the current financial year. It also had continued its commitment to long term sustainability and improvements through a capital expenditure programme. Replanting of palms is being carried out progressively. Construction of new housing and refurbishment of current housing for the workers is also budgeted for the 2014/15 Financial Year.

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

SOU4 operating units have an Annual Operational Budget for 2014/15 financial year and capital expenditure budget that are projected for the next five years until 2019. The budgets include performance objectives and targets related to production, efficiency and quality covering cost of FFB and CPO production per hectare, OER, KER etc.

The Estates have a Replanting Programme that is projected until 2019 and was revised in Jun 2014 for the current financial year. There will be a replanting of 119.63ha in 2014/15 financial year at Flemington estate for the palm above 25 years old. As for Bagan Datoh estate, replanting of 324.24ha was on going during the assessment.

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

Management systems for monitoring and control of best practice are implemented. This includes a program of regular internal audits, visit by the zone General Manager, Agronomist and Planting Advisor. Visit reports are used as a monitoring tool and improvement made based on the findings and recommendations.

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

Group Standard Operating Procedures (SOPs) for mills and a separate SOP for the estates covering all the relevant operations. Inspection to the field and mill confirm that the SOPs are implemented. Assistant Managers and staff monitor the implementation.

Mill advisor and Planting Advisor make annual visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. A summary report of the finding given to operating units and issues highlighted were rectified by the estate management. Recent internal RSPO compliance audit was conducted on 21 July 2014. There were no major

issues identified. All identified minor non compliance was addressed by the operating units.

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

Agronomist visits the estates prior to fertilizer recommendation. Result of the leaf, soil sampling and visual observation used as a guidance to prepare the fertilizer recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. Bagan Datoh estate maintain records of the quantity of EFB received from the Mill and the oil palm blocks of immature palms to which it is applied. Example, 40Mt/ha of FFB have been applied in field 2013F in July 2014.

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

Groundcover with soft grass and soft weeds are being maintained. Replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. There are no peat soils or soil categorised as problematic or fragile soil at all estates. Estate has implemented annual road maintenance programme. During audit, ongoing road maintenance was carried out with road grading and patching. Road inspected are generally in a good condition and well maintained.

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

Both estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection at Flemington and Bagan Dato Estates confirmed that the buffer zone beside the stream has been demarcated clearly and maintained.

Flemington operating unit monitors water quality of outgoing waters to identify any adverse effect from the mill and estate activities. The laboratory analysis results indicate (Test Report No.: IE627/2014) dated 15/08/2014 all the specifications are within the permitted limit such as BOD below 100mg/l.

There is an Integrated Water Management Plan which has been implemented. The plan takes into account the efficient use of resources, ensure amongst other that the use of water did not impact on other users, avoid contamination of ground and surface water, and appropriate treatment of mill effluent.

The mill has maintained monitoring records of water usage which recorded every day and summarised on monthly basis. Average annual water consumption varies from 0.67 M3 – 1.00 M3 per tonne FFB processed which is within the targeted water usage of 1.1 M3 per tonne FFB processed.

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

Biological method of controlling pest in the plantation through IPM such introduction of barn owl 1/20 ha to control rat damage is monitored by the estates. Recent census in Bagan Datoh Estate was held on 15 April 2014 indicate about 52.39% of occupancy. Beneficial plants such as *Cassia coganensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest were planted in all the estates. Major pest is bagworm and estate conduct census prior to justify any chemical treatment and obtain approval from Agriculture Department for any purchase of pesticide.

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

Latest agrochemical register dated 10 July 2014 shows that only pesticides registered by the Pesticide Board were used to ensure compliance. Purchasing of agrochemical controlled from head office. No paraquat use since March 2004.

Leaf eating pest damage was below the threshold level. Census records are kept as evidence of pest damage monitoring. Annual medical surveillance carried out for all operators as per CHRA. The last medical surveillance was done on 12 May 2014 and the result shows all confirmed fit for work. Next medical surveillance is due in June 2014.

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

There was no any change in the OSH policy. This policy communicated to all employees onsite during safety meeting and morning briefing. The Mill HIRAC was reviewed for each of the workstations and was last updated June 2014. CHRA dated July 2010 valid for five years conducted by DOSH approved assessor with license number JKKP 1H 127/171-2(124).

Revised training plan for the safe working and work instruction for the 2014 includes all the work station at mill and estates. The estates have prepared a Training Matrix that lists the OSH core competency training for Staff and Workers. The Mill and Estates hold training records, including details of the topic, trainer, list of attendees and signatures. Details are in indicator 4.8 below. Revised training plan for the safe working and work instruction for the 2014 includes all the work station at mill and estates. The estates have prepared a

Training Matrix that lists the OSH core competency training for Staff and Workers. The Mill and Estates hold training records, including details of the topic, trainer, list of attendees and signatures. Details are in indicator 4.8 below.

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

All operating units conduct quarterly Safety Committee Meetings with the most recent held on 30 June 2014 attended by 19 persons and 4 people absent with approval. The OSH Committees discussed accident reports, workplace inspections and issues raised by representatives. The topics discussed are communicated to workers at muster briefing and by the OSH Committee representatives. No any pending issues.

Emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training was conducted to communicate the plan are available. The OSH training includes firefighting training by Fire Department, first aid re-training by St. John Ambulance etc. Inspection reveals that first aid kits are available at work site and first aiders are train to handle any emergency situations.

The mill and estates maintained up to date accident records in term of Accident Register (Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan) using JKKP 6 and 8 forms. Latest accident in the mill was on the 30 May 2014 involving general worker reported to DOSH using form JKKP 6. Accident summary record for 2013 shows only one accident in JKKP 8 form dated 30/1/2014.

Local employees are covered by SOCSO and foreign workers are covered by RHB accident insurance (Policy No.:FW070512, valid until 30/6/2015).

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

The Mill and estates have prepared an annual training plan for 2014 that details the training to be carried out for each work station and work area. In addition, the Mill carries out informal on-the-job instruction to improve skill levels. The operating units also maintain records of training for workers and staff. For example, Flemington Estate has conducted safe driving training for 17 tractor drivers on 11/8/14, harvesting training on 8/5/14 for 25 workers, chemical spraying training for sprayers on the 15/2/14, First Aid training for 13 first aiders on 29/1/14 that was done by the estate HA.

**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.**

Flemington Mill and all the estates carry out the annual review of environmental impacts in term of Environmental Impact Assessment. Once reviewed a Management Action Plans is developed. This information is also taken into consideration for the Continuous Improvement Plans with latest reviewed on 20 June 2014. A list of Actions for improvement of environmental performance has been revised for each of the significant impacts. The review includes reduction of waste by initiating awareness on recycling waste such EFB, Fiber and shell in the mill.

**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.**

As reported during last assessment, the initial HCV assessment was conducted internally to identify possible presence of HCVs within and adjacent to the estates prior to the initial assessment in 2009.

There were HCV4 and HCV6 (Temple, Surau and cemetery) has been identified within the SOU4 operating units which is about 0.21ha. Conservation area such as riparian area along Sungai Perak and social conservation areas are maintained, monitored and managed as per requirement. There are about 69.52ha of conservation area within the supply base. Signboards are erected to create awareness prohibiting illegal hunting and fishing.

Planting of jungle trees has been completed and monitoring of the area is ongoing. Enhancement of the river buffer zones are also being carried out. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. Inspection of housing areas and interview of residents confirmed workers are aware of the company policy that prohibits illegal hunting.

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

The mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan which was reviewed updated for the 2014/2015 Financial Year on 20 June 2014. Operational pollution at the mill is monitored as per requirement of regulation and reports are current and send to the relevant authorities on time. Latest effluent analysis dated 1/7/2014 (Report No.: EP331/2014) by Sime Darby Research Centre laboratory shows all parameters are within the approved limit.

Domestic waste is collected twice a week and disposed in the estate's landfill. The landfill area is well managed with the location far from any water course and community area.

The company has continued managing scheduled waste stores at the mill and each of the estates. Agrochemical containers are triple rinsed and punctured to avoid any misuse. At mill, schedule waste is disposed through licensed collector Kualiti Alam (Consignment note No.: 0046416) dated 5/4/2014 for SW322, SW409, SW110, SW410 and medical wastes such as sharps are collected and disposed through visiting medical officer and records are maintained. As for estate, schedule waste is recently disposed through licensed collector Tex Cycle (DOE license No.: 003110) consignment note no.: TC14-06808-409 dated 12 August 2014.

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

The Mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. The energy usage varies depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing. Monitoring of fuel used is based on per Mt of CPO. Average 12% of fiber used per month combining with 5% of shell as renewable energy source.

***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.***

Flemington operating units avoid using fire for waste disposal as per company policy on zero burning. Recently replanted areas confirmed palms were felled, chipped and windrowed. No evidence of fire used for domestic waste found during the visit to the line site at all the operating units.

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

Flemington palm oil mill and both estates Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan, reviewed for the financial year 2014/2015. Pollutants and emissions are identified and plans to reduce were developed as per the national regulations and guidance. Inspection confirmed the mill and estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon drains.

Smoke emission quality test at the mill was done every 6 month in accordance to the Environmental Quality Regulation. The test was conducted by the external consultant approved by Department of Environment.

The latest test result shows that all parameters were complied with the standard requirements. No peat land within the supply base.

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

Flemington operating unit has continued to maintain good communication with internal and external stakeholders. There were no complaints or disputes that required resolution through a formal process. The company has maintained support for implementation of the anti-discrimination policy and equitable treatment of female employees. Workers are free to join a union of their choice and the company has maintained a good relationship with contractors.

***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.***

All operating units' social impact assessment was reviewed annually by taking into consideration the feedback from stakeholders. Latest review was conducted on July 2014 and social action plan is developed based on feedback received from external and internal stakeholders.

Record of meeting with attendance list and minute of meeting are available as attachment. Latest meeting was conducted on 15 August 2014 attended by 9 people found no major issues highlighted.

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

The Mill and Estates continued to maintain dialogue with internal and external stakeholders and the list of stakeholders was updated and includes suppliers, contractors, community leaders, government departments and emergency contacts. Interview with stakeholders confirm that there are regular meetings were conducted. For example, Mill has conducted the stakeholder meeting on the 23 May 2013 attended by 9 persons does not identified any negative issues.

***Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.***

Records of written communications have been maintained although there was no complaint received that needed to be handled through the formal complaints system as regular formal and informal meetings were carried out.

**Criterion 6.4:** *Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.*

Similar to previous assessment, there were no issue related to compensation for loss of legal or customary rights noted during this assessment. All the land was initially from the state government. However, stakeholders have access to any negotiations of there in any disputes.

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

As reported in ASA2, all the workers are covered by the MAPA/NUPW agreement and the staff covered with MAPA/AMESU agreement. This is documented at all the operating units. Migrant workers make up the majority of the workforce who are engaged on 3 year contracts with a possibility to be extended if able to fulfill the local immigration requirements. Payments are made as per the applicable agreement. Workers are paid above minimum wage standard as laid out for Malaysia, and are therefore able to make savings. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available in local language and the language that the foreign workers speak.

The company provides a good standard of housing for its staff and workers and their families. Other facilities such as worship place, playground and community hall have been provided. Schools are located at nearby the operating units. Electricity and Water are supplied to Mill and Estates housing from the Government supply and piped directly to each house.

**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.*

SOU4 operating hold union meeting with NUPW when required. Last meeting was held on 26 June 2014, attended by 5 representatives from the union, a foreign workers' representative and two management executives. Issues related to work was discussed and it was confirmed by the union secretary that there is no any unresolved labour issue. Sometime NUPW representative at site meet with executives and manager to discuss verbally if there is any urgent issues to highlight to the management. This is also reveals that the union representative does not have any difficulty to meet the management.

**Criterion 6.7:** *Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.*

The minimum working age is 18 under the Malaysian Labour Ordinance 1969. At time of hire age is checked by examination of ID card for local persons. Check of Passports of foreign workers is carried out prior to hire. Children and under-age workers were not observed at any of the Mill or Estate operational areas during the field visit.

**Criterion 6.8:** *Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.*

Similar to ASA2, an equal opportunity policy is displayed at notice board at all the operating units. This was well communicated with all employees. Interview of male and female workers confirmed understanding and awareness of the policy. Examination of records of salary between local and foreign workers did not find any differential on the same jobs level.

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

Statement to prevent sexual harassment and violence is documented in the Sime Darby Plantation Social Policy. Female staff members have been appointed as gender committee member representing each operating units and work category that involve female workers. There is also a specific grievance mechanism on sexual harassment and violence. Female workers interview confirmed understanding of the mechanism and no issue was raised during the audit.

The last gender committee meeting was held on 23 July 2014 attended by 18 female workers from Mill and Flemington estate. As for Bagan Datoh estate, latest meeting was done on 16 July 2014 attended by 31 members from both divisions. The meeting minutes shows that no any harassment issue was raised in the meeting. The meeting follows the guidelines as per the Gender Committee Manual.

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

The mill process FFB from company owned estates and does not purchase FFB from outside suppliers. Interview confirmed that contractors and suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Prompt payment is made as per contract agreement. No issues were highlighted by the

contractors interviewed. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment.

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

SOU4 contributes donation to local schools, village and for sports activities at surrounding community area whenever there is a request and approved by the head office. The estate has continued to provide access to registered smallholders and surrounding community to pass through estate road. Interview with the school headmaster confirmed that there has been lot of contribution from the operating units throughout the year.

**Principle 7: Responsible Development of New Plantings**

Flemington Certification Unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Therefore, principle 7 is not applicable to this assessment.

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

All operating units committed to continuously improve the efficiency of its performance as a grower and producer of palm oil. Pollution prevention plan has been reviewed to mitigate all the negative impacts for environment. Recycling is a continuous efforts in the mill to utilise all the waste generated during the processing.

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

The Mill has continued to look for ways to increase processing efficiency and reduce water usage. Similar to previous assessment, recycling efforts are carried out wherever possible. Hazardous wastes, such as petroleum hydrocarbons and scheduled wastes are well controlled and the wastes removed by DOE licensed recyclers.

**3.2 Detailed Identified Nonconformities, Evidence of closing out Major Nonconformities and Auditor Conclusions (ASA3)**

There was a major nonconformity and a minor nonconformity identified during this assessment. Corrective action plans with respect to the major nonconformity raised during the ASA3 have been reviewed and found to be effectively implemented and the NC was closed on 22 September 2014. Closing out the minor nonconformity will be followed up during the next Surveillance Assessment. There were no observations / opportunities for improvement were raised.

The detail of the nonconformity is as follows.

**Major Nonconformity**

**1091069M1:** Major nonconformity against indicator 2.1.1 was raised. At Flemington Mill, during discussion

with the mill executive, it was highlighted that the laboratory has switched to Isooctane. However, the present CHRA dated July 2010 did not include Isooctane. The DOSH approval for the current Generic CHRA (Ref. No.: JKKP KIM 7/9/10127/454/5-16(10)) Section 3(b) stated that the Generic CHRA will be invalid if there is any changes in the chemical use.

**Close-out evidence:**

The management has immediately requested the PSQM – ESH Department from head office to conduct the CHRA for the Isooctane. The CHRA was done on the 29<sup>th</sup> August 2014 by DOSH approved assessor (Registration No.: JKKP IH 127/171 -2 (124)). It was identified that miscommunication was the root cause for not conducting the CHRA because the operating unit has just started using the isooctane since April 2014. Long term preventive action was to assign the mill assistant engineer to monitor and update relevant documents if there are any changes in the future. Therefore, the major nonconformity was closed on 22 September 2014 after reviewing the evidence and accepting.

**Minor Non-conformity**

**1091069N1:** Minor nonconformity against indicator 5.3.2 was raised. At Flemington estate, during the site visit on 20/8/14, it was found that diesel skid tank containment wall and floor was cracked. This will not mitigate any emergency situation such as leakages which can cause pollution.

The close out evidence and implementation will be followed up during the next surveillance.

There was no observation raised.

**3.3. Status of Nonconformities (Major and Minor) Previously Identified and observations (ASA2)**

There was no major nonconformity raised during the ASA2. However, a minor nonconformity was raised together with 5 observations for improvement identified (Observation 4 & 5 is combined in the report below). The management at Flemington Certification Unit operations has prepared corrective action plan for addressing the non-conformities which BSI has reviewed and accepted during the ASA2. Progress towards closing out and the action taken was followed up at during this ASA3. The details of this nonconformity are as follows and the minor nonconformity was closed on 19/8/2014.

The detail of the minor nonconformity is as below:

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

including international laws and conventions ratified by the Malaysian government. It is not clear whether this is assessed because it is not included in the evaluation list.

**ASA3 Findings:** The management immediately reviewed the LORR on 10 July 2013 to include the latest regulations and submitted the updated list to BSI. BSI audit team reviewed and accepted the corrective action provided by the management. During this ASA3, it was noted that the LORR has been updated again on July 2014. Recent evaluation of compliance on 2/7/2014 also found full compliance. Therefore, the minor nonconformity was closed on 19/8/2014.

#### **Observation/Opportunity for improvement**

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

**ASA3 Findings:** Inspection at the mill and estate workshop found all the air compressors were permanently marked with the PMT numbers.

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

**ASA3 Findings:** The DOSH log book was available during the assessment and the management had highlighted that the log book was misplaced during the previous assessment.

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

**ASA3 Findings:** The management has emphasized on the PTW usage for any work deem as dangerous activities. Sample records checked found PTW has been issued during the work such as confine space entry.

**Observation 4 & 5 (4.7.1):** It was noted that the Flemington Palm Oil Mill have carried out all the necessary arrangement to prepare for the fire certificate application requirement and final approval of budget was obtained on 1/7/2013 for the initial work to ensure requirement to fire certificate through an email dated 1/7/2013. Interview with the "BOMBA" officer at Hutan Melintang reveal that the certificate will be issued once the work at mill is completed. The progress will be followed up during the next surveillance. At Sungai Samak Estate, the Fire/Evacuation Drill was conducted on 25 Sept 2012. A report on the drill to identify any issues for future improvement was not cited.

**ASA3 Findings:** The fire certificate is still in progress with the fire and rescue department. This was acknowledged by the officer from the government department.

#### **Noteworthy Positive Components**

There are company facilities and infrastructure that can be used by the local communities. The facilities such as

community hall and sports facilities are open the for local community around the plantation. Company also continues to give donation to schools and welfare organizations. The company has set up women's groups to better represent their needs. There are regular meetings held where the women are encouraged to state their views. The relationship with surrounding stakeholders continues to be good and was seen during the interview with the stakeholders.

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

During this ASA3, stakeholders were contacted through phone calls as well as private meeting conducted without the present of management team. The majority of stakeholders had positive comments about SOU4 Certification Unit comprising Flemington mill and estates. The detail of stakeholders comment is provided in each criterion as part of this summary report.

**Village representative:** Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted.

**Auditor finding:** Positive comments.

**Union representative:** No any unresolved disputes were highlighted.

**Auditor finding:** Interview with workers reveal no further issues.

**Contractor and Suppliers:** No issues on contract and payment. They also highlighted that the management is serious about safety at the work place.

**Auditor finding:** Positive comments.

Foreign workers: No disputes or grievances highlighted.

**Auditor finding:** No further issues were noted during interview and documents check..

#### **3.5 Date of closing nonconformities**

CAR Ref.	CLASS	ISSUED	STATUS
05/2009 5.6.2	Minor	15/9/2011	Closed 5/10/2012
06/2009 6.3.2	Minor	15/9/2011	Closed 5/10/2012
A790500/1: 2.1.1	Major	5/10/2012	Closed 3/12/2012
A790500/2: 4.7.1	Major	5/10/2012	Closed 3/12/2012
A790500/3: 4.7.3	Major	5/10/2012	Closed 3/12/2012
A790500/4: 5.1.2	Minor	5/10/2012	Closed on 5/7/2013
A790500/5: 5.3.2	Minor	5/10/2012	Closed on 2/7/2013
A790500/6: 5.5.3	Minor	5/10/2012	Closed on 2/7/2013
A790500/7: 6.5.3	Minor	5/10/2012	Closed on 2/7/2013
944268N0: 2.1.3	Minor	5/7/2013	Closed on 19/8/2014
1091069M1:2.1.1	Major	22/8/2014	Closed on 22/9/2014
1091069N1:5.3.2	Minor	22/8/2014	open

#### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

##### **4.1 Date of Next Surveillance Visit (ASA 4)**

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

**4.2 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings**

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

Signed for on behalf of  
**SIME DARBY PLANTATION SDN BHD**  
Certification ID: **FLEMINGTON MILL**

.....  
**Flemington Mill Manager**  
**(Subramaniam A/L Govindasamy)**  
**Mill Manager**

Signed for on behalf of  
BSI Group Singapore Pte Ltd

.....  
**Senniah Appalasamy**  
**BSI RSPO Lead Auditor**



## Appendix A: Sime Darby Plantation Time bound Plan

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

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

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

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

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

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

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

BSI RSPO Certificate No: SPO 590802

Date of Initial Certificate Issued: 5 October 2011

Date of Expiry: 4 October 2016

RSPO membership number: 1-0008-04-000-00

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

Flemington Palm Oil Mill and Supply Base					
Location Address	SOU 4 Management Unit (KKS Flemington), 36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA				
GPS Location	Longitude: 100° 51' 26" E Latitude: 3° 55' 41" N				
CPO Tonnage Total	51,680				
PK Tonnage Total	13,535				
CPO Claimed for Certification	51,680				
PK Claimed for Certification	13,535				
Own estates FFB Tonnage	211,098				
Scheme Smallholder FFB Tonnage	-				
Company's adjacent Suppliers FFB Tonnage – Other adjacent estates (Certified)	35,000				
Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Flemington Estate	1,655.18	205.98	274.35	2,135.51	38,673
Bagan Datoh Estate	2,940.91	775.81	204.16	3,920.88	55,884
Sungai Samak Estate	2,470.61	253.47	293.85	3,017.93	64,939
Sabak Bernam Estate	1,876.33	440.03	186.62	2,502.98	51,602
<b>TOTAL</b>	<b>8,943.03</b>	<b>1,675.29</b>	<b>958.98</b>	<b>11,577.30</b>	<b>211,098</b>

## Appendix C: 3<sup>rd</sup> Annual Surveillance Assessment Program

PRELIMINARY AGENDA (Revision 1)					
Date	Time	Subjects	Senniah	Kelvin	Muhd Haris
Monday 18/08/2014	PM	Audit Team Travelling to site	√	√	√
Tuesday 19/08/2014	08.30 – 09.00	Opening Meeting: 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 – 12.30	Flemington Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	√
	12.30 – 13.30	Lunch			
	13.00 – 16.30	Flemington Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
	16.30 – 17.00	Interim Closing Briefing	√	√	√
Wednesday 20/08/2014	08.30 – 12.30	Flemington Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√	-
	09.00 – 12.30	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.30 – 13.30	Lunch			
	13.30 – 16.30	Flemington 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	Interim Closing Briefing	√	√	√
Thursday 21/08/2014	08.30 – 12.30	Bagan Dato Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	√
	12.30 – 13.30	Lunch	√	-	√
	13.30 – 16.30	Bagan Dato 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	Interim Closing Briefing	√	-	√
Friday 22/08/2014	08.30 – 10.00	Verify any outstanding issues & preparation for closing meeting	√	-	√
	10.00 – 11.00	Closing meeting	√	-	√

## Appendix D: List of Stakeholders Contacted

<p><b>Internal Stakeholders</b></p> <p>Flemington Certification Unit Management team and Staff          Representatives from Sustainability Department          On site compliance executives          Mill Managers and Assistants          Estate Managers and Assistants          Facility Administrators          Gender Committee Representatives          Hospital Assistant          Clinic Assistant          Male and Female workers          Workers Union Representatives          Onsite NUPW secretary          AMESU Representative</p>	<p><b>Local Communities</b></p> <p>Sungai Pulau Head of village          Parit II Village Head          Simpang Ampat Village Representative          Parit Sebelas Village Representative          Shop owner          Batu 26 Village Representative          Bagan Datoh Village Representative          New Village Representative</p>
<p><b>Government Departments</b></p> <p>Police Department          District Labour Office          District MPOB Office          BOMBA Department (Hutan Melintang)          Government School</p>	<p><b>Contractors</b></p> <p>Housing contractor          FFB Transport contractor</p>
<p><b>Other Stakeholders</b></p> <p>WWF          Solidaridad          UTZ          GreenPalm          Sahabat Alam          MPOB          Perak State NUPW Secretary          All Malaysian Estate Staff Union</p>	

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

Requirements	Compliance
<b>D.1. Documented procedures</b>	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Flemington palm oil mill have written documented procedures for the chain of custody with SG and MB model covering certified and non-certified FFB. The mill manager has the responsibility to ensure implementation. The SG model used because only certified FFB is processed at the moment. However, the palm oil mill also have the system in place to use Mass Balance model through either down grading the SG to MB or through purchasing non-certified FFB in the future.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Flemington mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
<b>D.2. Purchasing and goods in</b>	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
<b>D.3. Record keeping</b>	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
D.3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. No PKO and Palm kernel meal at Flemington mill. PK is sold to Sime Darby's subsidiary kernel crushing plant.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	System in place to indicate CPO/Segregated on the documents related to the supply chain. Weighbridge ticket number: 009172 dated 18/8/2014 checked and verified.
<b>D.4. Sales and goods out</b>	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	1,030mt certified palm product sold through etrace. Sales through GreenPalm sold as a group. Check with GreenPalm confirm no over selling. Sample of sales documents were checked and found that information are sufficient. The information on the documents are:
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. Sime Future Trading Sdn Bhd, Kuala Langat, Selangor.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written.
(d) The quantity of the products delivered	Quantity in tonne.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Weighbridge ticket number 009172 checked and verified. Transport details i.e. Vehicle number and driver's name included.
<b>D.5. Processing</b>	
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	During this assessment it was confirmed that only certified source of FFB from own plantation is processed. This ensures that there is no possibility of mixing during processing.

D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated raw material (FFB) and finish product (CPO and PK).
D.5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: <ul style="list-style-type: none"> <li>The crush operator conforms to these requirements for segregation</li> <li>The crush is covered through a signed and enforceable agreement</li> </ul>	There is no outsourcing activity directly handled by the mill. The kernel is sold to a subsidiary kernel crushing plant belong to Sime Darby Group. The kernel crushing plant have own supply chain certificate and it is independent from the mill.
<b>D.6 Training</b>	
D.6.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	RSPO supply Chain Training covering Module D: Segregation was conducted on 2 May 2014 at the Flemington Palm Oil Mill meeting room attended by 7 staffs including mill manager, executives, weighbridge clerk, lab personnel and administrative personnel. Training conducted by executives from Sime Darby Plantation Sustainability and Quality Management Department. Interview with the manager, executives and staff (weighbridge clerk, administrative clerk and lab supervisor) confirmed that they are able to explain the required procedures for the RSPO Supply Chain Segregation Module.
<b>D.7. Claims</b>	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

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

Mill	Processing Capacity	CPO	PK
Flemington Palm Oil Mill	60 mt/hr	47,200	12,400

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

Month	CPO (Certified)	Buyer	PK (Certified)	Buyer
July 2013 – June 2014	1,030mt	Sime Future Trading Sdn Bhd	0	N/A

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

Month	Flemington Estate	Bagan Estate	Datoh Estate	Sungai Samak Estate	Sabak Bernam Estate	From Certified Estates RSPO Number: 0015 (Expiry Date: 02 March 2016)	Adjacent Certificate RSPO Number: 0015 (Expiry Date: 02 March 2016)	Total FFB/Month
July 2013	3515	5362	5057	3607	8141	25682		
August 2013	3308	4606	4892	4153	3790	20749		
September 2013	3027	4185	5751	3926	470	17359		
October 2013	3376	4355	5742	4132	0	17605		
November 2013	2915	4241	5224	3521	0	15901		
December 2013	2700	5195	5931	3931	0	17757		
January 2014	2306	4202	4406	2841	115	13870		
February 2014	2252	3982	3226	2578	0	12038		
March 2014	2410	4217	3837	2781	4495	17740		
April 2014	2562	4496	3776	2835	9055	22724		
May 2014	2772	4760	3857	3413	5182	19984		
June 2014	3176	5510	4395	3471	6265	22817		
<b>Total</b>	<b>34319</b>	<b>55111</b>	<b>56094</b>	<b>41189</b>	<b>37513</b>	<b>224226</b>		