



...making excellence a habit.™

PUBLIC SUMMARY REPORT

RSPO

4th ANNUAL SURVEILLANCE ASSESSMENT

Sime Darby Plantation Sdn Bhd Tanah Merah Palm Oil Mill Negeri Sembilan, Malaysia

Report Author:

Senniah Appalasamy – March 2014

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
1 Robinson Road
#15-01 AIA Tower
SINGAPORE 048542
Tel +65 6270 0777
Fax +65 6270 2777
Aryo Gustomo: aryo.gustomo@bsigroup.com
www.bsigroup.sg

BSI Services Malaysia Sdn Bhd (Co.Reg. 804473 A)
B-08-01 (East), Level 8 Block B, PJ8,
No. 23, Jalan Barat, Seksyen 8
46050 Petaling Jaya, Selangor
MALAYSIA
Tel +6 03-7960 7801
Fax +6 03-7960 5801

TABLE of CONTENTS

Page N^o

SUMMARY	1
ABBREVIATIONS USED	1
1.0 SCOPE OF SURVEILLANCE ASSESSMENT	1
1.1 Identity of Certification Unit	1
1.2 Production Volume.....	1
1.3 Certification Details.....	1
1.4 Description of Supply Base and Supply Chain	1
1.5 Other Certifications held	2
1.6 Organisational Information/Contact.....	2
1.7 Progress against Time Bound Plan	2
2.0 ASSESSMENT PROCESS	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
3.0 ASSESSMENT FINDINGS	6
3.1 Summary of Findings.....	6
3.2 Detailed Identified Nonconformities and Auditor Conclusions.....	14
3.3 Status of Nonconformities (Major and Minor) Previously Identified and observations.....	14
3.4 Issues Raised by Stakeholders and Findings with respect to each Issue.....	15
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	16
4.1 Date of Next Visit (Re-Certification).....	16
4.2 Date of Closing Nonconformities (Major and Minor).....	16
4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	16

LIST of TABLES

1	Mills GPS Locations.....	1
2	Production Tonnages certified.....	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	Map showing location of Tanah Merah Palm Oil Mill and Estate	3
2	Bukit Pelandok Estate field map.....	4

List of Appendices

A	Sime Darby Plantation Time Bound Plan
B	Sime Darby Plantation Sdn Bhd, Tanah Merah Certification Unit RSPO Certificate Details
C	4 th Annual Surveillance Assessment Program
D	List of stakeholders contacted
E	Tanah Merah Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

SUMMARY

BSi has conducted the Fourth Annual Surveillance Assessment (ASA 4) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), comprising Tanah Merah Palm Oil Mill, supply base and infrastructure. Tanah Merah certification unit located in Port Dickson, Negeri Sembilan, Peninsular Malaysia comprising one mill, two estates, support services and infrastructure. The ASA4 was conducted on 4 – 7 March 2014. BSi concludes that Tanah Merah 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) including Annex 4: Procedures for Annual Surveillance Assessment; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation]

BSi recommends the approval of Tanah Merah 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
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
KER	Kernel Extraction Rate
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NC	Nonconformity
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
PK	Palm Kernel
PPE	Personal Protective Equipment
SCCS	Supply Chain Certification Standard
SG	Segregation
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The Tanah Merah Palm Oil mill and estates are located at Tanah Merah, District of Port Dickson, Negeri Sembilan, Malaysia. The oil mill is central to the supply base estates which are located in the District of Port Dickson, Negeri Sembilan, Malaysia. Figure 1 and 2 shows Tanah Merah Palm Oil Mill and Tanah Merah Estate map and Bukit Pelandok estate layout. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Tanah Merah Mill Processing Capacity: 30mt/hr	101° 47' 34.03"	2° 39' 19.09"

1.2 Production Volume

The estimated tonnages reported for the ASA4 and the actual production for previous year are detailed in Table 2. The production details are for 12 months. It is noted that there is slight increase in the projected palm products (CPO) due to anticipating higher FFB projection and slightly higher OER. The increase in FFB production was due to consideration given to area coming into mature stage and palms going into prime mature stage. The projected tonnages for the next 12 months period of the Certificate are based on the annual budget.

Table 2: Production tonnages certified

Tanah Merah Palm Oil Mill	ASA3 Projected	ASA3 Actual	ASA 4 Projected
CPO	31,137	26,838	32,023
PK	8,003	6,010	8,154
OER Trend	22.12	21.57	21.60
KER Trend	5.68	4.83	5.50
FFB Processed	140,724	124,422	148,254

1.3 Certification details

RSPO Membership No: 1-0008-04-000-00
BSI RSPO Certificate No: SPO 541905
Date of Certification: 19/05/2010
Date of ASA 4: 4 -7 March 2014

1.4 Description of Supply Base and Supply Chain

The supply base is FFB from two estates and RSPO certified FFB from adjacent Sime Darby Estates for processing at the Mill. Table 2 shows the CPO, PK tonnage produced by the mill and the oil and kernel extraction trend. It is noted that Tanah Merah mill use the segregated supply chain system for the supply chain because all the FFB processed are from RSPO Certified source. Supply chain element was checked and described in Appendix E. The mill has sufficient system, records and facility for the Segregation supply chain model. Records are clearly indicated with the product name/supply chain model as RSPO CPO/SG.

Table 3: Actual and Projected Estate FFB Tonnages

Estate	ASA3 Projected	ASA3 Actual	ASA 4 Projected 2013/14
Own Supply Base			
Tanah Merah	84,193	67,523	84,915
Bukit Pelandok	41,531	31,913	40,881
Sub -total	125,724	99,436	125,796
Adjacent Sime Darby Estates*			
PD Lukut	15,000	18,695	22,458
Siliau		901	
Salak		541	
New Labu		1,372	
Labu		2,173	
Bradwall		76	
Sua Betong		1,181	
Tampin Linggi	47		
Sub -total	15,000	24,986	22,458
GRAND TOTAL	140,724	124,422	148,254

*RSPO certificate # SGS-RSPO-PM/MY13/01284

The actual FFB production and projected production is shown in Table 3 above. It is noted that there is significant increase in the overall projected FFB production from two supply base compared with actual in 2013. There is also an increase estimated for the certified FFB from adjacent Sime Darby estates. This is due to consideration given to area coming into maturity stage and reduction in the immature area. This factor was taken into consideration for the higher projection. The age profile and mature, immature area details are listed in Table 4a and 4b.

Table 4a: Age Profile of Palms

AGE (years)	Estate and % of Planted Area	
	Tanah Merah	Bukit Pelandok
0 – 3	7.15	8.70
4 – 10	23.12	30.35
11 – 20	62.34	50.65
21+	7.39	10.30
TOTAL	100.00	100.00

Table 4a shows that both estates have less than 10% immature area during this assessment which were replanted. Table 4b shows the total planted area with mature and immature planted area. The total certified land area is 6,250ha.

It is noted that almost 85% of the total planted area in the Tanah Merah supply base is matured. This is contributing to the increase FFB projection for the next 12 months. The operating units are optimistic that this is an achievable target. The targets were reviewed during the budget preparation

Table 4b shows the mature and immature area details. The table is also includes details of unplanted area which allocated to infrastructure and conservation. The conservation area is mainly mangrove riparian within the estate.

Table 4b: Estates and Areas Planted

Estate	Tanah Merah	Bukit Pelandok	Total
Mature (ha)	3,045	1,564	4,609
Immature (ha)	517	178	695
Total Planted (ha)	3,562	1,742	5,304
Infrastructure & Conservation Area	825	121	946
Grand Total	4,387	1,863	6,250

1.5 Other Certifications Held

Bukit Pelandok Estate holding 5s certificate from Malaysia Productivity Council.
Certificate Ref.: MPC (BE) 806.5
Date: 22 February 2014

1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Tanah Merah Palm Oil Mill,
Ladang Tanah Merah,
71009 Port Dickson,
Negeri Sembilan,
Malaysia.
Contact Person: Mr. Abdul Ghafar Sulaiman
Manager, Tanah Merah Mill
Phone: +606-6673317; Fax: +606-6672506
Email: kks.tanah.merah@simedarby.com

1.7 Progress against Time Bound Plan

Sime Darby Time Bound Plan is included as Appendix A. There are total of 59 Certification Units within Sime Darby Plantation (34 in Malaysia and 25 in Indonesia). As per the time bound plan, Pagoh palm oil mill and Sua Betong palm oil mill which was newly commissioned end of 2012 was certified on 28 January 2014 (Pago) and February 2014 (Sua Betong). Based on this achievement, Sime Darby Plantation has achieved RSPO Certification for all the 34 Management Units in Malaysia.

There are 25 Management Units in Indonesia. 21 Management Units in Indonesia has achieved RSPO Certification. There are 4 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the remaining Management Units, Sime Darby will achieved and complete the Time Bound Plan for RSPO certification.

BSi has continued involvement with assessments of Sime Darby Management Units during the 2013/14 financial year period. During this time, Sime Darby has kept BSi informed of any issues and claims made against it. At the time of preparation of this Report, BSi is not aware of:

- 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

Tanah Merah palm oil mill does not have any associated smallholders or out growers.

Figure 1: Location Map of Tanah Merah Palm Oil Mill and Estate

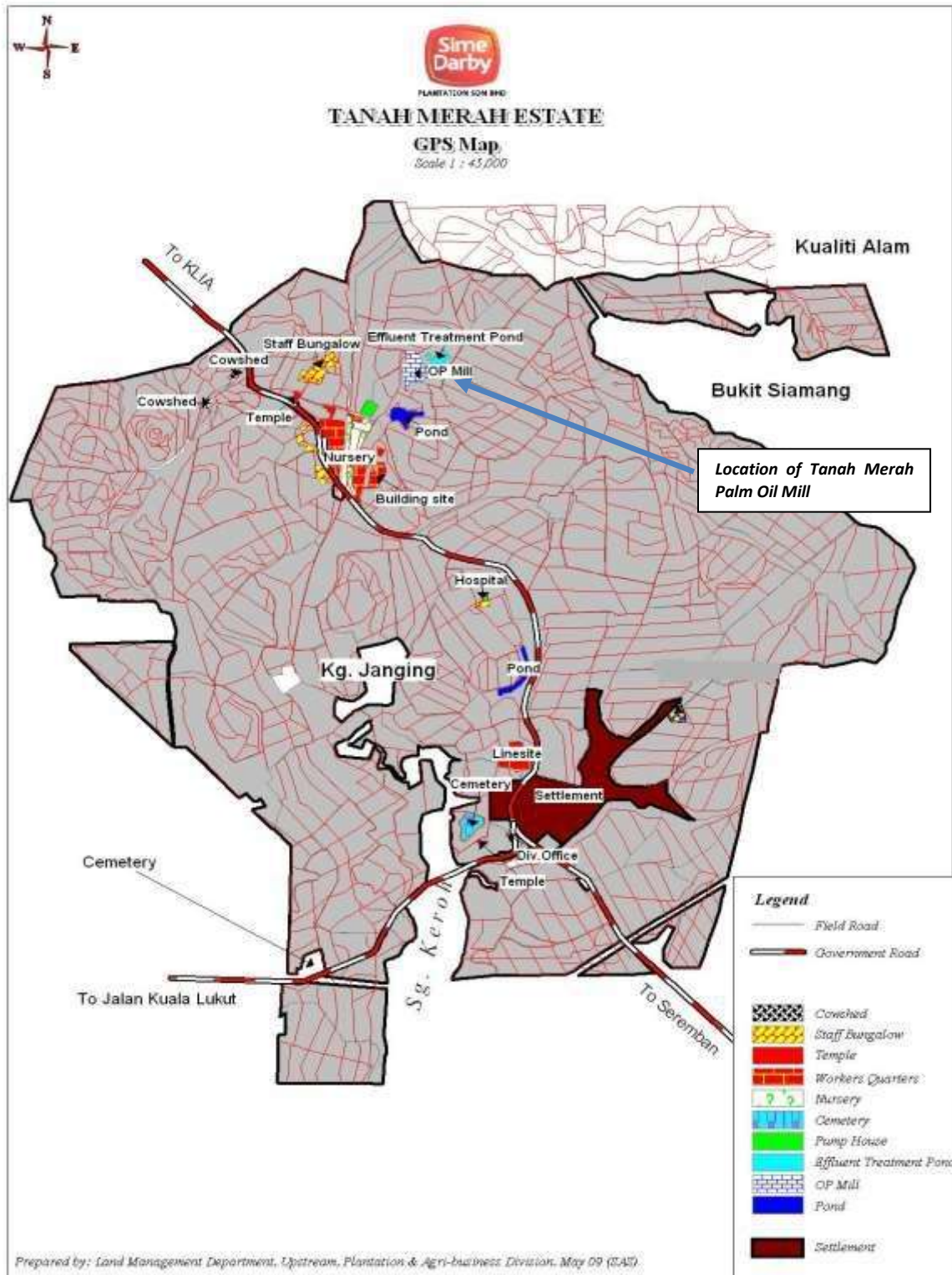
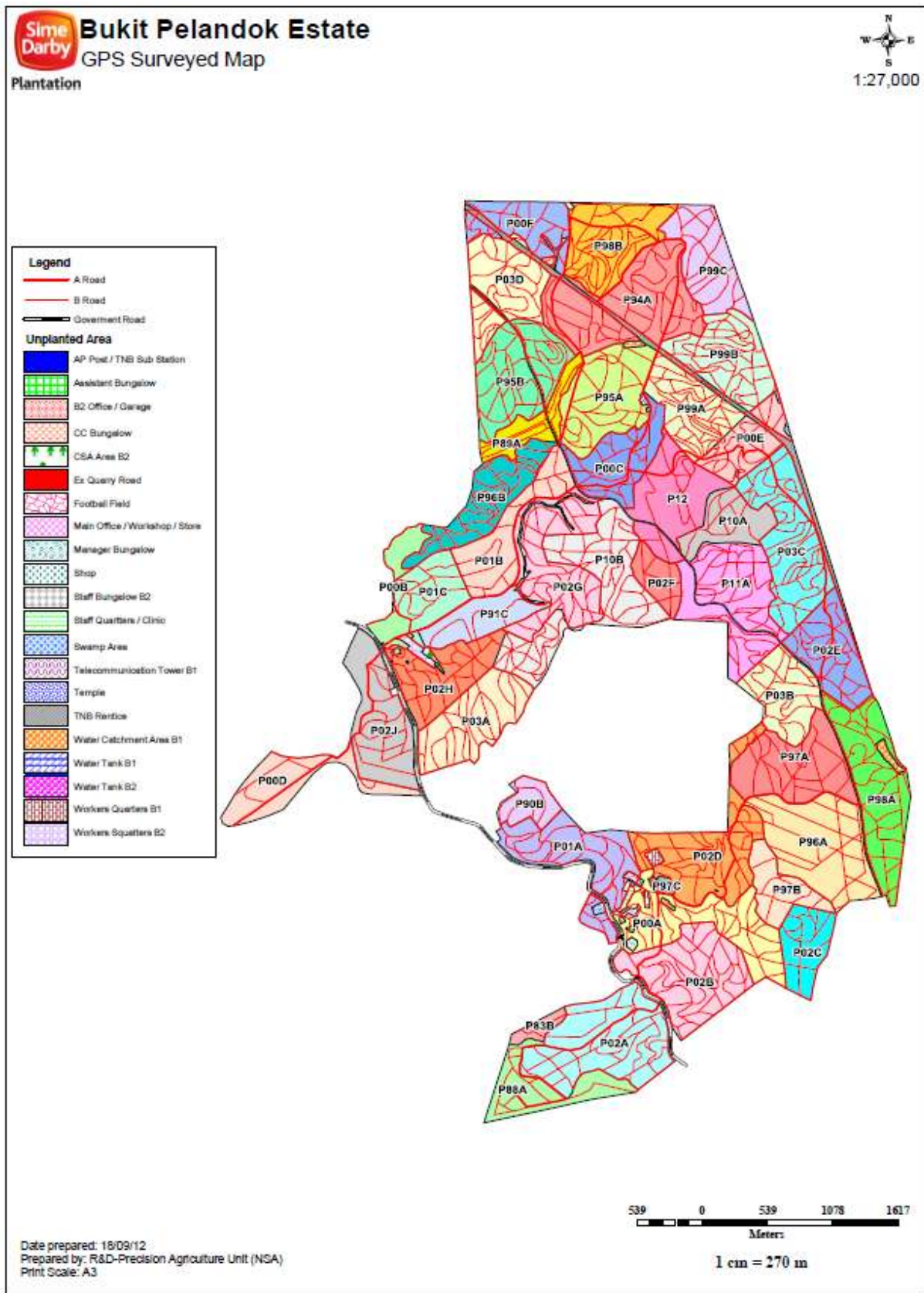


Figure 2: Field Map of Bukit Pelandok Estate



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

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training 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.

Muhammad Haris B. Abdullah – Team member

He holds MBA from University Utara Malaysia and a degree in Business Administration (Hons) Majored in Human Resource Development from the Open University 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 has completed RSPO (P&C), ISO 14001 (Environmental Management System) and International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. He also 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 had assisted with conducting audits of oil palm plantation for more than 8 companies against the RSPO P&C in Indonesia and Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Legal, Environment, Social and community engagements, Stakeholders consultation, and workers welfare.

Nabila Seth Nivan – Team member

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.

2.3 Assessment Methodology, Programme, Site Visits

This Fourth Annual Assessment was conducted on 4 – 7 March 2014. The audit programme is included as Appendix C.

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 palm oil mill and was treated as the Certification Unit and its supply base estates as the supplier of certified FFB. Mill was audited together with both estates. A range of environmental and social factors were covered. These include consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The observations that were identified during the ASA 3 were followed up to check the effectiveness of the corrective actions and implementation. The findings are detailed in Section 3.1 and 3.2 below.

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

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

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss the operating unit's practices in relation to environmental and social performance.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. The meeting was conducted without the present of management of Tanah Merah Certification Unit. 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 informally 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. Company officials were not present at any of the internal or external stakeholder interviews which were appreciated by the stakeholders. 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 Tanah Merah palm oil 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 Criteria. An explanation is provided for the criteria to support the finding of the assessment team.

During the ASA4, no major nonconformity was raised. However, a minor nonconformity together with two observations/Opportunities for improvement was identified. Tanah Merah Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformity that was reviewed and accepted by BSi audit team. There was no nonconformity raised during ASA3. The implementation and effectiveness of the corrective action for the minor nonconformity raised during the ASA4 will be followed up during re-certification visit. A detail of the nonconformity is in section 3.2 and 3.3.

BSi recommends continuation of RSPO Certification for Tanah Merah Certification Unit as a producer of RSPO Certified Sustainable Palm Oil comprising the Tanah

Merah Palm Oil Mill, Tanah Merah estate and Bukit Pelandok estate.

PRINCIPLE 1: Commitment to Transparency

Tanah Merah Certification Unit has maintained up to date policies, procedures and action plans which are available to stakeholders on request. The majority of requests for information are received at Head Office and are then forwarded to the operating units for provision of site-specific information. Records shows that requests were received from government and statutory authorities and the requested information was provided in a timely manner.

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

Mill and estates maintained record of request and replies to the request from external and internal stakeholders as well as respond to regulatory bodies, Malaysian Palm Oil Association, Malaysian Palm Oil Board, school and other stakeholders who request for information. Document check shows that request for labour survey on 7 January 2013 received from Labour Department Officer, was responded promptly on 10 January 2013 approved by the Tanah Merah Mill Manager.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Inspection of document confirmed that mill and estates keep copy of management documents such as 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 documents are publicly available as per Sime Darby Plantation's group policy.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records during document audit showed the mill and its supply base complied with all of their respective permit conditions and legal requirements such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. On-site Internal compliance officers and administration officers ensure permits are renewed promptly. This confirmed that the internal control and checks were effective for monitoring compliance. All the operation units hold a land title and no land dispute issues were sighted.

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

Tanah Merah mill and supply base was keeping up to date list of legal requirements. The company has own mechanism to ensure all relevant legal requirements are complied. Mechanism to track any changes in applicable law includes list of laws, regulation reference, permit and license to manage. Each operating unit has a list of licenses showing the expiry dates. Based on this information, the on-site compliance officer and administration officer renews the permits and licenses.

Inspection of a sample of licenses and permits confirmed all valid. i.e. MPOB licenses are valid (Tanah Merah mill No. 532379004000 expires 31/08/2014; DOE permit number: 000244 to occupy or use the premise valid till 30/06/2014., valid registration with the energy commission, DOSH Permits PMD 18737 (water tube boiler) valid until 16/12/2014, NS PMT 3476 (thermal deaerator) valid until 16/09/2014, valid diesel permit etc. Boiler stack monitoring report (No.: SEMC/SimeDarby/ISO/488/2013) dated 13/9/2013 by SEMC Sdn. Bhd was sent to DOE, Audiometric Test was done on 8/4/2013 by Specialist Mobile Safety Supplies Sdn. Bhd. Mill personnel such as boilerman, chargeman, engine drivers and engineers have competency certificates and clinic assistant registered with health departs. Recent evaluation of compliance was carried out on February 2014. Report shows compliance found.

The Mill and the Estates visited had maintained legal compliance with applicable laws and regulations. Review of internal audit reports showed that in particular for Safety, Social, and Environmental regulations. The latest internal audit was done in 24 January 2014.

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

The Estates are on Freehold land and original land title documents are held by Sime Darby Land Management Department, Head Office. Similar to last assessment, copy of land title documents are held on site. All of the land ownership for agriculture land use. All operating units comply with the land title terms and conditions.

All operating units have prepared maps showing locations of all boundaries and marked on the map as well as physically on-site. Field inspection of a sample of boundary stones along the Janging village and settlement area adjacent to block 90F and 97A was inspected and confirms to be maintained visibly.

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.

Interview with local community representatives and other stakeholders confirmed there is no land dispute or any claim of customary land within the estates. The mill

and estates are on freehold and leasehold land. No disputes were noted during the assessment. There is no restriction for stakeholders to access through the estates. Written permission from the operating units is given to access the internal estate roads if there is any request.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

All operating units have continued its commitment to sustainability by funding improvements at the operating units. The achievement of improved FFB Yield and OER over the past 5 years is indicating that sustainable palm oil production is in practice. In addition to setting targets for production and product quality, the company has a focus on controlling costs to ensure the operations are economically viable and comply to the principle and criteria of RSPO..

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

The mill and both estates have annual operating budget which shows the cost and production. A separate document shows projected production and cost for five years in the form of five years projection. Mill and estates has prepared 5 Year Business Plan for period covering 2013 - 2017 and reviewed annually by operating unit and zone General Manager. The last review was carried out on May 2013 prior to end of financial year 2012/2013. The plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement. The target OER for 2013/14 is 21.60%.

Tanah Merah and Bukit Pelandok estates have replanting program within 5 years. 147ha will be replanted at Tanah Merah Estate in 2013/14 financial year. At Bukit Pelandok estate there will be replanting at an area covering 31.90ha by July 2014. Replanting is planned for palm older than 25 years old.

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

The Mill and both supply base estates have implemented management systems for monitoring and implementing best practices. 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.

Environmental protection and management program includes continuous expansion of IPM through planting of beneficial plants and the use of barn owls for control of rats to reduce the use of pesticide. It is noted that leaf eating pest incident are on reducing trend and no incidents were detected. There was no chemical treatment recorded. The use of pesticides is based on

information from pest census. The company gives high priority to biological control as best practice.

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

Group Standard Operating Procedures (SOPs) of Sime Darby for mills and estate covering all the relevant operations including work instruction. Inspection to the field and mill confirmed that the SOPs are implemented. Assistant Managers and staff monitor the implementation. All the monitoring records are kept for more than 12 months based on the requirement.

Planting Advisor and Mill advisor make annual visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. Latest Mill Advisor visit was between 29 and 31 July 2013 (Report No.: SOU14/TMM/RPT No.01/13-14). Planting advisor visited the Bukit Pelandok estate between 21 and 23 October 2013. Issues highlighted were rectified by the mill and estate management. Recent management review was conducted on 30 January 2014. During the audit, interview with the Zone General Manager was conducted on 5 March 2014. He confirm that he monitor the activities of the estates to ensure best practices are implemented. All operating units maintain DOSH and DOE Visit Records as well. DOSH last visited on 25 February 2014. DOE visits regularly to inspect and collect effluent sample and visit the mill. There were no any issues highlighted by both regulatory bodies. Last internal RSPO compliance audit was conducted on 24 January 2014. All identified noncompliance was addressed by the operating units.

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

Agronomist visited the estates on 21 May 2013. This visit was part of the fertilizer recommendation whereby the agronomy make final conclusion based on field visit. Leaf analysis was conducted much earlier in the month of March 2013. Soil analysis done by Sime Darby R&D on 20/9/10 (Report No.: S81/2010) and visual observation used as a guidance to prepare the final fertilizer recommendation. Majority of the soil is lateritic and no peat soil noted. Research Centre carried monitoring of fertiliser application. Application records are documented in the daily costing book. Sample checked at Tanah Merah estate found field 93A was applied with muriate of potash as per recommendation with 1.75kg/palm. Record shows the application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. During field visit noted that replanting is carried with zero burn technique.

EFB applied to palm with rate of 300kg/ha at the inter-row while EFB compost is applied at the rate of 100kg/palm. Sample checked at Tanah Merah estate shows that field number 07A was applied with EFB

compost in Jun 2013. Records are documented and summary of total applied is reported at the end of the month. POME is used for composting EFB which subsequently applied as organic fertilizer.

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

Field inspection showed groundcover with soft grass and soft weeds are maintained at both estates Tanah Merah estate and Bukit Pelandok estate. Recently replanted area is established with cover crops and vegetation is well established mainly with *muccuna*. There is no significant erosion risk was noted during the field visit. U-Shaped frond stacking is being implemented as well to reduce surface run-off during rain. There are no peat soils or soil categorised as problematic or fragile soil at all estates.

Estate has implemented annual road maintenance programme. Example of programme checked at Tanah Merah and Bukit Pelandok estates shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface. Generally the estate roads are well maintained due to the lateritic soil condition.

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

Estate has implemented a programme to reinstatement of riparian strips at both side of the stream during replanting and is implemented. Inspection in the field confirmed that buffer zone have been set aside for reinstatement during replanting. During the field visit it is noted that small river is maintained with the riparian zone and clearly marked and maintained. No bunds/weirs/dams were constructed across the main waterways in the estate.

There is an Integrated Water Management Plan which has been implemented. The plan was updated on June 2013 for 2013/14 Financial year. The plan takes into account the efficient use of resources and rainfall pattern to ensure that the use of water is controlled and conserved, avoid contamination of ground and surface water, and appropriate treatment of mill effluent. Latest river water analysis for Sungai Janging was done on 21/1/2014 (Report No.: IE38/2014) found all parameters are within the limit.

Rainfall data is used as guidance for the water management. Past three years rainfall record shows that at least more than 120 days of rain is observed. Rainfall for the FY2012/2013 was 2,737mm with 152 rainy days.

Tanah Merah palm oil mill has maintained monitoring records of water usage which recorded every day and summarised on monthly basis. Average annual water consumption varies from 1.17m³ – 1.30m³ per tonne FFB processed. The target set was 1.20m³ but the increase to

1.50m³ was noted caused during the month of January and February 2014 due to long drought faced by the state of Negeri Sembilan.

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

The estates have implemented biological method of controlling pest in the plantation through Integrated Pest Management (IPM) such as introduction of barn owl by erecting barn owl boxes at rate of 1 box for 15 ha to control rat population through natural predator, owl. Barn owl occupancy census for the month of February 2014 shows the occupancy rate is 42.3%.

Tanah Merah estate monitors the use of agrochemical and pesticide on monthly basis. Average of 0.071 a.i/ha used for the month of July 2013 to January 2014.

All estates planted beneficial plants such as *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest. Every estate has their own mini nursery to propagate the beneficial plant and subsequently planted in the field. It is noted that the 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. During this assessment, it was noted that there is no outbreak and no treatment conducted.

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

As per Sime Darby Plantation's group policy, purchasing of agrochemical controlled from the head office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Latest register updated on January 2014 to ensure only registered agrochemicals are used.

All agrochemicals are stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. Inspection of the store revealed that it is locked, with proper ventilation, labelled and with SOP for receiving and issuing.

During the assessment there is no paraquat use and noted. Sime Darby Plantation has ceased the use of paraquat since March 2004. This was also confirmed by stakeholders and workers during field interview.

Medical surveillance carried out once a year for all operators as per CHRA covers all the employees handling agrochemical. The latest medical surveillance was done on 6 March 2014 at PD Clinic. The audit team member contacted the clinic and it was confirmed that medical surveillance conducted and employees attended the surveillance are medically fit.

However as an area for improvement, an observation was raised against indicator 4.6.5: Annual medical surveillance was conducted on 6/3/2014 at PD Clinic. The report is at the clinic. Copy should be made available.

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

Records of pesticide and other agrochemicals are kept in daily activity book. This record includes active ingredients used, area treated, amount applied per ha, application round, and number of applicators and hours worked. These records are available for the past 5 years.

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

Sime Darby's Occupational Safety and Health (OSH) Policy provide guidance for all OSH related matters. This policy communicated to all employees onsite during quarterly safety meeting and morning briefing. DOSH visit regularly to monitor the safety at the mill. Last visit was on 25 February 2014.

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Last review was done on 31 July 2013. Hoing work during replanting under section 23 has been included in the HIRARC. Mill and estate have individual training program to address the entire safety requirement and work procedures for each category of work and work station. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained. CHRA was done covering all the operation by assessor approved by DOSH (JKKP HIE 127/171-2 (124).

It was noted during the mill visit and estates field visit 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 by "Mandor" and supervisor.

The Assistant Manager is the person responsible for any OSH issues and he communicates and updates the managers accordingly. OSH meetings are conducted quarterly. Meeting minutes dated 9 December 2013 was checked and found that there are no any pending issues. Meeting was attended by 24 representatives from all categories of workers and contractors.

The mill and estates have emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training was conducted to communicate the plan and appropriate to address any emergency situations. The OSH training includes competency training for drivers, chemical handlers, firefighting training by Fire Department, first aid training by Hospital Assistant.

Inspection at the mill and estates reveals that first aid kits are available at work site and first aiders are train to handle any emergency situations. Emergency contact details are posted on the notice boards where easily can be seen.

Accident reports are sent to DOSH as per requirement through JKKP 6, 8 and 7 forms. Accident records are documented if there are any accidents. There is no fatal accident noted. Minor accident reported such as motorcycle accident after working hours, thorn prick is common among the workers and this is recorded at the estate clinic during treatment carried out. Local workers covered by SOCSO and foreign workers are covered by RHB group accident insurance (Policy No.: FW56292) which is valid until 30 June 2014.

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

Tanah Merah Mill and Estates have annual training program based on a training need analysis carried out at the operating unit level for each work-station and work area covering staff, workers and contractors. The program includes the frequency of training/retraining on an annual basis. Training includes formal courses conducted using external resources and “on-the job” instruction and briefing. For example, the first aid training was conducted in 4 February 2014 at estate level, Chemical handling training on 19 February 2014, RSPO Supply Chain Training on 24 January 2014, Inter Pump Training by MyCrop on 14 February 2014, Safety training for contractors on 17 December 2013, Tractor driver training on 16 December 2013, fire drill at mill on 22 February 2014 which include emergency rescue training and etc.

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

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

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

The Mill and all the estates carry out the annual review of environmental impacts in term of Environmental

Impact Assessment. Once reviewed a Management Action Plans for improvement and mitigation is developed. This information is also taken into consideration for the Continuous Improvement Plans with latest reviewed on 3 January 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 and waste segregation beginning from the office.

During replanting palms are felled, chipped and kept on the same area as an organic fertilizer. Replanting areas are established with cover crop to mitigate any environmental impacts such as erosion of top soil. Environmental improvement plan to mitigate the negative impacts are available.

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.

All the operating units have reviewed and updated the Biodiversity Action Plan for the 2013/14 year respectively. Similar to the last assessment Tanah Merah estate has continued the protection of the mangrove area and reinstatement of riparian buffer zones during replanting. The planting of native tree species at Field 85A adjacent to a small stream was visited and found to be well maintained. Bukit Pelandok estate continues to improve control of the rehabilitated riparian buffer zones.

Providing awareness briefings to staff and workers during morning musters on the company policy to prohibit hunting and fishing within the estates and to protect biodiversity is being a continuous process in all operating units. Operating units are maintaining the signboards prohibiting hunting and fishing which have been erected at entrances to the estate and adjacent to conservation areas.

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

The mill 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 2013/2014 Financial Year on 25 July 2013. Operational pollution at the mill is monitored as per requirement of regulation and reports are current and send to the relevant authorities on time.

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. Schedule waste is disposed through licensed collector Kualiti Alam (Consignment note No.: 891128) dated 22/1/2014 and medical wastes such as sharps are collected and disposed through visiting medical officer and records are maintained.

Tanah Merah mill has identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan. However, site visit to the mill diesel storage area found diesel containment wall was cracked which indicates the mitigation for any emergency situation is at risk. Therefore, a nonconformity was raised as per below.

NC Ref: 1028798NO: Minor nonconformity against indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. At Tanah Merah Mill: Having identified pollutant from diesel storage, containment wall was build. However, during the visit to the diesel storage area on 4/1/2014 it was noted the diesel containment wall was cracked and this can cause diesel flowing out when there is any leakages from diesel tank in emergency situation. This was communicated to the Assistant Manager during the assessment.

Operational waste such as EFB, Fiber, Shell and effluent is recycled. POME used for decomposing EFB and applies as organic fertilizer.

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 tonne of CPO. All the fiber and shell used as renewable energy source. Mill utilizes average power consumption of 18.81kW/FFB MT processed and 95.74% of the power was generated by steam.

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.

Inspection to the newly replanted area at Bukit Pelandok estate confirmed that zero burning techniques are implemented during replanting. No any sign of open burning activities in the field. During replanting palms are felled, chipped and mulched on the field where replanting is being carried out.

Inspection at mill and estates confirm that zero burning policy is communicated and implemented. The workers interviewed have awareness about the zero burn policy.

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

The Tanah Merah palm oil mill and both estates Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan, reviewed for the financial year 2013/2014. 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 on 13 September 2013 report number SEMC/ SimeDarby /ISO/488/2013. 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

Aspects of plantation and mill management related to social issues identified through Social Impact Assessment. Annual review is conducted through stakeholder meetings and communication with stakeholders. It is noted that all the operating units maintain good relationship with internal and external stakeholders such as employees, contractors, surrounding communities and regulatory bodies. Improvement on social obligation includes improvement of the housing and facilities for the employees and contribution to the surrounding community development such as road maintenance.

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

The initial Social Impact Assessment was carried out on 23-24 Sept 2008 with the participation of affected parties i.e stakeholders, estate management & staff, field workers, government agencies, neighboring villagers and being internally reviewed on yearly basis as per recommendation. The PSQM department is responsible to perform the SIA assessment. The social action plan contains a time table with person responsible to manage and monitor each issue. The Mill and Estates Social Action Plan for 2013/14 financial year prepared on 17 September 2013 have included new issues raised by stakeholders with timeframe for action. Completed issues have been removed from the plan to address the previous observation raised.

It is noted that there were no pending unresolved issues. Issues related to access through the estates and permission to conduct cultural and religious activities is managed and monitored.

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.

Tanah Merah Palm Oil Mill and Estates engage in communication with local communities and interested parties. The communication procedure is as per Sime Darby's group communication policy which shows flow chart of the communication procedure. This was confirmed during interview with the local community representatives.

At each operating units the Social Liaison Officer or Assistant Manager is the person responsible for communications with communities and other stakeholders. Stakeholders confirm that they know the social liaison officer.

The stakeholders include employees, contractors, suppliers, labour union representatives; staff union representative, as well as local village. Record of meeting with attendance list and minute of meeting are available as attachment. Last stakeholder meeting was combined and hosted by Bukit Pelanduk Estate conducted on 29 January 2014. 27 internal and external stakeholders attended the meeting. There are no any disputes recorded during the meeting. Stakeholder list contains names and contact details. Both estates maintain communication recorded as part of the stakeholder communication document.

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

Grievance procedure was communicated to all stakeholders during meetings as a part of process to resolve any disputes. Complaint and grievances was recorded in complaint book. Inspection of the records indicated that the systems to resolve all disputes are in a timely manner. Complaints on housing defects are attended by the same day or the complainant is informed on the status of the issue by next day. There are also cases where complaints were raised verbally to the staff and executives although workers are encouraged to record in the book. Even verbal grievances are attended promptly. This was confirmed by the workers and staff interviewed.

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

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

There is no Customary Land within the Estates. There has not been any claim for land compensation since the Initial Certification assessment until now.

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.

All the workers are covered by the MAPA/NUPW collective agreement and the staff covered with MAPA/AMESU collective agreement. This is documented at all the operating units. Foreign workers make up the majority of the workforce who are engaged on 2 or 3 year contracts. Payments are made as per the agreement. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available in local language and the language that the foreign workers speak.

Interview with the workers at the mill and estates confirmed that the employees understand the term of employment contract including pay rate, fringe benefits, annual leave, sick leave, public holiday, maternity leave, dismissal procedures and conditions etc. Sample work contract and payslip for the month of January 2014 of employees (ID number 59653, 56544, and 9743) confirmed that these benefits are given.

Mill and estates provide adequate housing to their employees and meets the government standard. Old units are upgraded from two room houses to three rooms. All the houses are provided with water and electricity supply.

However as an area for improvement, an observation was raised against indicator 6.5.3: At Tanah Merah Estate, there are some inaccuracies in the water meters reading at housing site.

During the meeting with workers no issues were highlighted. Beside the housing, the company is also provide other facilities such as worshipping places, crèche, clinics, sports facilities and community hall.

Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.

All employees have right to form and join trade unions of their choice and to bargain collectively. This is carried out by the employees by joining the NUPW and AMESU.

At operating unit's workers union meeting held with NUPW when required. Last meeting was held on 8 January 2014 attended by 6 workers representatives including foreign workers representative. It was also highlighted by the union representative that most of issues resolved through ad-hoc discussions. It was confirmed by the union secretary that there is no any unresolved labour issue. Interview with the on-site workers union secretary reveals that most of the work related issues are resolved through verbal discussion.

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

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

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.

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

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

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

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

The last gender committee meeting was held on 21 February 2014 at estate and mill level. The meeting minutes shows that no any kind of harassment issue was raised in the meeting. The meeting follows the guidelines as per the Gender Committee Manual.

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

Tanah Merah palm oil mill process FFB from company owned estates only. No FFB purchased from out-growers or smallholders. Pricing mechanism for other contractual agreements is mutually agreed by contractors/suppliers prior to signing any contracts.

Contractors/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. Contract Nos.: 1600052451, 4300226383 and 1600052445 was checked and verified.

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

The estate provided access right to stakeholders to pass through estate road. Company contribute donation to local schools, village and for sports activities at surrounding community area whenever there is a request and approved by the head office. Samples of contributions such as School Holiday Camp dated 6 December 2013; Collaborative activities during Ramadan and School workshop for employee's children dated 6 October 2013 were sighted. Interview with the local school representative and community leader reveal that operation units contribute to local community activities.

Principle 7: Responsible Development of New Plantings

SOU14 Certification Unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Therefore, principle 7 is not applicable to this assessment.

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

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

Tanah Merah palm oil mill and supply base estates have carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue besides further improving the workers housing.

Efforts are being implemented to limit pesticide use only when there is an outbreak and justified with census prior to application. Integrated Pest management (IPM) is

continuously implemented as part of efforts to reduce pesticide usage. Paraquat is completely eliminated. The Mill has continued to focus on reducing water usage, while the Estates give priority to soil conservation, especially at areas of replanting. 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 and Auditor Conclusions

There was no major nonconformity raised during this ASA4. However, a minor nonconformity was raised together with 2 observations for improvement identified. The management submitted corrective action plans for the nonconformity. Closing out the minor nonconformity and observations for improvement will be followed up during the re-certification Assessment.

The detail of the minor nonconformity is as below:

NC Ref: 1028798N0: Minor nonconformity against indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. At Tanah Merah Mill: Having identified pollutant from diesel storage, containment wall was build. However, during the visit to the diesel storage area on 4/1/2014 it was noted the diesel containment wall was cracked and this can cause diesel flowing out when there is any leakages from diesel tank in emergency situation. This was communicated to the Assistant Manager during the assessment.

The management has identified the root cause and submitted a corrective action plan as follows:

The diesel containment wall was rectified immediately after the visit. However, Mill has developed action plan to monitor the condition of containment wall has to prevent the possibility of diesel leakages;

- Workplace inspection to be done every 3 month will cover the diesel storage area.
- Person in charge (Store Clerk) to be appointed to monitor every day the condition of the wall. Any defect will be recorded and rectified immediately.

BSI team has reviewed and accepted the corrective action provided by the management. The implementation of the corrective action plan will be reviewed during the re-certification Assessment.

Observation/Opportunity for improvement

There are two observations/Opportunities for improvements were identified. The progress with the Observations/Opportunities for Improvement will be checked at the Re-certification Assessment. The Details are of below:

Observation 1 (4.6.5): Annual medical surveillance was conducted on 6/3/2014 at PD Clinic. The report is at the clinic. Copy should be made available.

Observation 2 (6.5.3): At Tanah Merah Estate, there are some inaccuracies in the water meters reading at housing site.

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

No new nonconformities were assigned during the ASA3.

Observation/Opportunity for improvement

There were six Observations/Opportunities for improvements were identified during ASA3. The progress with the Observations/Opportunities for Improvement was checked during this ASA4. The Details are of below:

01 (2.1.1): Tanah Merah Mill Labour Department approval of extension to the number of overtime hours worked each month will expire on 30.11.2013. It is important to ensure sufficient time to complete the renewal process.

ASA4 Findings: Labour Department approval on overtime permit dated 1/12/2013 (Ref.No.: (30) dlm Bhg PU/9/134 Rev 2), allowing maximum 130 hrs/month with condition the normal working time is not exceeding 7 hrs/day was sighted during the document review. The permit is valid till 1/12/2014.

02 (4.4.6): Effluent Treatment Pond No.2 containment bund appears to have a low spot at the north-west corner and the freeboard is less than optimum to prevent the risk of overflow.

ASA4 Findings: Visit to the effluent ponds found containment bunds are well maintained 1 meter above the optimum level.

03 (4.7.1): Safety at the Mill Workshop area could be improved by:

- Ensuring lifting gear is clearly marked with the capacity;
- Installing “flash-back arrestors” on the oxy-acetylene welding equipment; and
- Relocating the MSDS in the chemical store to a more accessible location for operator.

ASA4 Findings: The lifting gear has been clearly marked with the capacity (8MT). The “flash-back arrestors” for oxy-acetylene welding equipment has been installed. MSDS in the chemical store has been placed at the entrance of the store which is easily accessible by the operator.

04 (5.1.2): There are no actions in the Environmental Improvement Plan to address water usage at the Mill, which had increased by 22% over the past year.

ASA4 Findings: *The environmental improvement plan for 2013/14 financial year prepared on 3 January 2014 has included water reduction plan as part of it. The water usage for processing has been separated from other uses and significant reduction in water usage was noted. The target set was 1.20m³ but the increase to 1.30m³ was noted caused during the month of January and February 2014 due to long drought faced by the state of Negeri Sembilan. Overall the use is within the limit of average annual water consumption of 1.17m³ – 1.30m³ per tonne FFB processed.*

05 (5.3.2): Field inspection of Bukit Pelandok Estate found one instance of an empty pesticide container being used for waste oil storage and one that had been discarded inappropriately. The Estate took immediate action by removing the containers to the Schedule Waste Store for disposal to the DOE licensed contractor and issued an instruction to improve control of used containers.

ASA4 Findings: *during this assessment, field inspection did not found any inappropriate disposal of schedule waste. All schedule waste are collected and stored properly in the schedule waste store and disposed through licensed contractor. Latest disposal was on 22/1/2014 by Kualiti Alam (Consignment note No.: 891128).*

06 (6.1.3): The Mill and Estates Social Action Plans could be improved by removing any issues already completed and including new issues raised during Stakeholder Meetings and Gender Committee Meetings and also by recording the status of actions taken to date.

ASA4 Findings: *The Mill and Estates Social Action Plan for 2013/14 financial year prepared on 17 September 2013 have included new issues raised by stakeholders with timeframe for action. Completed issues have been removed from the plan.*

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

During this ASA4, 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 the Certification Unit comprising Tanah Merah mill and two estates. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

Estate Kindergarten Teacher: Requested for replacement / temporary teacher during her absents where currently she's facing difficulties for taking leave.

Management response: The management has immediately appointed a replacement teacher for the kindergarten. The permanent teacher needs to inform

the staff in-charge if she would like to take leave so that the replacement teacher can be arranged accordingly. The arrangement has been communicated to the permanent teacher immediately.

Auditor finding: Re-verification with the permanent teacher confirmed that she is aware of the arrangement and thank the management for prompt action. Therefore, the issue has been addressed accordingly by the management.

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

Management response: Management always invites village representatives for the stakeholder meeting.

Auditor finding: No issues.

Union representative and foreign worker's representative: No any unresolved workers disputes were highlighted. Discussion held with manager if there is any issues need manager's decision. So far the relationship with the management is good.

Management response: Management always keeps contact with the union representative and foreign workers to identify any issues that need attention.

Auditor finding: No issues.

Contractor and Suppliers: No issues on contract and payment. They also highlighted that the management is serious about safety at the work place. Safety meetings conducted and attended by the contractors. Training is given by the management and compulsory for the contractors to attend. Executive always check their work and monitor the work progress. Payment is as per contract term and paid as per agreed date.

Management response: Contractors are invited for safety meetings. Training is given to them to ensure they follow company SOPs.

Auditor finding: No issues.

Gender Committee Representative: There is no sexual harassment cases reported. No discrimination between male and female employees. Management fully support the activities proposed by the gender committee.

Management response: All gender is treated equally as per company policy.

Auditor finding: Interview with female workers and staff confirm the feedback from the gender committee representative. No issues.

School Headmaster: He highlighted that the management always assist when request sent to the. There is no any pending request and no disputes.

Management response: The management helps the school through donations and other appropriate assistance whenever there is request submitted.

Auditor finding: No issues to further verify.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Visit (Re-Certification)

The re-certification visit will be scheduled within twelve months of this ASA4.

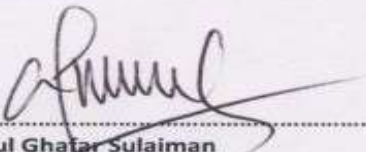
4.2 Date of Closing Nonconformities (Major and Minor)

NC Ref.	CLASS	ISSUED	STATUS
CR01 6.1.1	Major	11/9/2008	Closed on 26/10/2008
CR02 6.1.2	Minor	11/9/2008	Closed on 26/10/2008
CR03 6.1.3	Minor	11/9/2008	Closed on 26/10/2008
CR04 6.5.2	Minor	11/9/2008	Closed on 5/5/2011
CR05 5.3.2	Minor	5/5/2011	Closed on 24/3/2012
CR06 6.2.3	Minor	5/5/2011	Closed on 24/3/2012
1028798NO 5.3.2	Minor	7/3/2014	"open"

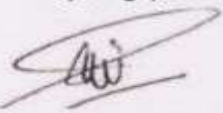
4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

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

Signed for on behalf of
Sime Darby Plantation Sdn Bhd – Tanah Merah Certification Unit


.....
Mr. Abdul Ghafar Sulaiman
Manager, Tanah Merah Palm Oil Mill

Signed for on behalf of
BSi Group Singapore Pte Ltd


.....
Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Status during ASA03
Certified as of March 2014	34 Certification units	21 Certification units	Total Certified: 55
Undergoing Certification Process	-	4 Certification Unit	Certification on-going: 4
RSPO EB Review	-	-	-
Total	34 Certification units	25 Certification units	59 Certification units

Note: Status verified as of March 2014.

Appendix B: Sime Darby Plantation Sdn Bhd – Tanah Merah Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.
Tanah Merah Palm Oil Mill
Ladang Tanah Merah
71009 Port Dickson,
Negeri Sembilan, MALAYSIA

BSI RSPO Certificate No: SPO 541905

Date of Initial Certificate Issued: 19/05/2010

Date of Expiry: 18/05/2015

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

Tanah Merah Palm Oil Mill and Supply Base		
Location	District of Port Dickson, Negeri Sembilan, Malaysia.	
Address	Sime Darby Plantation Tanah Merah Palm Oil Mill, Ladang Tanah Merah 71009 Port Dickson, Negeri Sembilan, MALAYSIA	
GPS	Longitude: 101° 47' 34.03"E Latitude: 2° 39' 19.09"N	
CPO Tonnage Total Production (Certified)	32,023	
PK Tonnage Total Production(Certified)	8,154	
Company Estate FFB Tonnage (Certified)	148,254	
Estates FFB Tonnage (Certified)	Tanah Merah Estate	84,915
	Bukit Pelandok Estate	40,881
	Certified FFB from Sime Darby adjacent estates	22,458

Appendix C: 4th Annual Surveillance Assessment Program

Date	Time	Subjects	Senniah	Nabila	Muhd Haris
Monday 3/3/2014	Noon	Audit Team travelling to the site.	√	√	√
Tuesday 4/3/2014	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	Tanah Merah 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	Tanah Merah Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Wednesday 5/3/2014	08.00 – 12.00	Tanah Merah Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	√
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Tanah Merah Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 6/3/2014	8.00 – 12.00	Bukit Pelandok Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store, mixing, etc.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Bukit Pelandok Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, review pay documents etc).	√	√	√
Friday 7/3/2014	8.00 – 10.00	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	10.00 – 12.00	Closing Meeting	√	√	√
	12.30	Audit team travel back to KL	√	√	√

Appendix D: List of Stakeholders Contacted

<p>Internal Stakeholders</p> <p>Tanah Merah Certification Unit Management team and Staff Representatives from Sustainability Department On site compliance executives Mill Manager and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Hospital Assistant Male and Female workers Kindergarten Teacher Workers Union Representatives Onsite NUPW secretary AMESU Representative</p>	<p>Local Communities</p> <p>Temple Committee Representative Kampung Janging Village Representative</p>
<p>Government Departments</p> <p>Police Representative District Labour Office Government School Headmistress</p>	<p>Contractors</p> <p>Housing contractor General Supplier FFB Transport contractor Engineering work contractor</p>

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

Requirements	Compliance
D.1. Documented procedures	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	Tanah Merah 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.	Tanah Merah mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
D.2. Purchasing and goods in	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. FFB Consignment Note # 000401 dated 4/3/2014 checked and verified. Certified FFB received from Tanah Merah Estate by vehicle number NAI 3589.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
D.3. Record keeping	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit. Example FFB Consignment Note from estate # 000401 dated 4/3/2014 checked and verified. Certified FFB received from Tanah Merah Estate by vehicle number NAI 3589.
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 Tanah Merah 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. At the moment the mill have not sold any certified product through eTrace.
D.4. Sales and goods out	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	No sales of certified palm product through eTrace. GreenPalm certificate is sold as a group. Sample of existing sales documents were checked and found that palm products are sold as conventional palm products. The information on the documents are as per in (a) to 9e) below:
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. delivery to Jomalina through Sime Future Trading Sdn Bhd, Kuala Langat, Selangor. Contract document S/AGC/0214/CPO 25196.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents. Weighbridge ticket #006565 dated 4/3/2014.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written.
(d) The quantity of the products delivered	Quantity in tone (Weighbridge ticket #006565 dated 4/3/2014, 35.560mt)
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Weighbridge ticket number 006565 checked and verified. Transport details i.e. Vehicle number BJJ 694 and driver's name included.
D.5. Processing	
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	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.

material; up to 5 % contamination is allowed	
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"> The crush operator conforms to these requirements for segregation The crush is covered through a signed and enforceable agreement 	There is no outsourcing activity directly handled by the mill. The kernel is sold to a subsidiary kernel crushing plant belong to Sime Darby Group. The kernel crushing plant have own supply chain certificate and it is independent from the mill.
D.6 Training	
D.6.1 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. RSPO Supply Chain Training conducted on 24 January 2014
D.7. Claims	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Actual Certified Palm Production - 01 February 2013 - 31 January 2014 (ASA3)

MILL	CAPACITY	CPO	PK
Tanah Merah Palm Oil Mill	30mt/hr	26,838	6,010

Actual Sales of Certified Palm Products - 01 February 2013 - 31 January 2014 (ASA3)

MILL	Certified CPO Sales	Certified PK Sales	Remarks
Tanah Merah Palm Oil Mill	NIL	NIL	No sales of certified palm products. Palm products are sold as normal palm products because buyers want only normal conventional palm products.

Actual Certified FFB Received Monthly - 01 February 2013 - 31 January 2014

Month	Tanah Merah	Bukit Pelandok	PD Lukut	Siliau	Salak	New Labu	Labu	Bradwall	Sua Betong	Tampin Linggi	Total FFB/Month
Feb. 2013	5,505	2,409	892	-	84	-	-	-	-	-	8,890
March 2013	4,956	2,144	1,461	747	-	-	-	32	1,182	45	10,567
April 2013	5,220	1,952	1,776	-	-	94	94	-	-	-	9,136
May 2013	5,381	1,700	2,061	-	-	998	1,440	-	-	-	11,580
June 2013	5,445	2,086	2,348	-	-	-	-	-	-	-	9,879
July 2013	7,189	3,375	1,768	-	-	-	-	-	-	-	12,332
Aug. 2013	6,712	3,211	1,448	-	-	-	-	-	-	-	11,371
Sept. 2013	6,745	3,295	1,634	52	-	11	68	44	-	-	11,849
Oct. 2013	6,141	3,479	2,041	-	297	270	572	-	-	-	12,800
Nov.2013	5,778	3,175	1,396	-	160	-	-	-	-	-	10,509
Dec. 2013	4,857	2,993	1,087	-	-	-	-	-	-	-	8,937
Jan. 2014	3,594	2,093	783	102	-	-	-	-	-	-	6,572
Total	67,523	31,912	18,695	901	541	1,373	2,174	76	1,182	45	124,422