



...making excellence a habit.™

PUBLIC SUMMARY REPORT

RSPO RE-CERTIFICATION ASSESSMENT

SIME DARBY PLANTATION Sdn Bhd Management Unit SOU 26

Located in Sandakan - Sabah, Malaysia

Report Author:

Aryo Gustomo – revised 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 |
| LIST OF ABBREVIATIONS USED | 1 |
| 1.0 SCOPE OF SURVEILLANCE ASSESSMENT | 1-3 |
| 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 | 3 |
| 1.6 Organisational Information/Contact Person..... | 3 |
| 1.7 Time Bound Plan for other Management units..... | 3 |
| 2.0 ASSESSMENT PROCESS | 7-8 |
| 2.1 Certification Body | 7 |
| 2.2 Qualifications of the Lead Assessor and Assessment Team..... | 7 |
| 2.3 Assessment Methodology, Programme, Site Visits..... | 7 |
| 2.4 Stakeholder Consultation | 8 |
| 2.5 Date of Next Surveillance Visit | 8 |
| 3.0 ASSESSMENT FINDINGS | 8-20 |
| 3.1 Summary of Findings | 8 |
| 3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions..... | 17 |
| 3.3 Status of Nonconformities (Major and Minor) Previously Identified (Initial Certification Assessment) | 19 |
| 3.4 Issues Raised by Stakeholders | 20 |
| 4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY | 20-21 |
| 4.1 Date of next Surveillance Visit (ASA2) | 20 |
| 4.2 Date of Closing Nonconformities (Major and Minor)..... | 20 |
| 4.3 Formal Sign-off of Assessment Findings..... | 21 |

LIST of TABLES

| | | |
|----|--|----|
| 1 | Mill GPS Locations | 1 |
| 2 | Production Tonnages | 1 |
| 3 | Estate FFB Tonnages Processed | 2 |
| 4a | Age Profile of Company Planted Palms | 2 |
| 4b | Estates and Areas Planted | 2 |
| 4c | HCV area in company estates | 2 |
| 5 | Status of Nonconformities | 20 |

LIST of FIGURES

| | | |
|---|--|---|
| 1 | Sandakan Bay Estates Location Map..... | 4 |
| 2 | Segaliud Estates Location Map as addition to the scope | 5 |
| 3 | Tunku Estate Location Map | 6 |

List of Appendices

| | |
|---|---------------------------------------|
| A | Supply Chain Certification Audits |
| B | RSPO Certificate Details |
| C | Re-Certification Assessment Programme |
| D | List of Stakeholders Contacted |
| E | Progress of time Bound Plan |

SUMMARY

BSI has conducted the Re-Certification Assessment of Sime Darby Management Unit (SOU 26) operations located in Sandakan - Sabah, Malaysia comprising one mill, five (5) company oil palm estates, smallholder, small-growers, and support services and infrastructure. BSI concludes that SOU 26 operations comply with the RSPO requirements [RSPO P&C MY-NI 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]

BSI recommends the continuation of the approval of SOU 26 operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

| | |
|-------|---|
| ASA1 | Annual Surveillance Assessment 1 |
| ASA2 | Annual Surveillance Assessment 2 |
| ASA3 | Annual Surveillance Assessment 3 |
| ASA4 | Annual Surveillance Assessment 4 |
| BOD | Biological Oxygen Demand |
| CAR | Corrective Action Request (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 |
| HCV | High Conservation Value |
| IPM | Integrated Pest Management |
| MSDS | Material Safety Data Sheet |
| MY-NI | Malaysian National Interpretation |
| PK | Palm Kernel |
| PPE | Personal Protective Equipment |
| SEIA | Social & Environmental Impact Assessment |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |
| SPIEU | Sabah Employee Union |

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Identity of Certification Unit

The Certification Unit is the Sime Darby Plantation Sdn Bhd Management Unit SOU26 that consists of the Sandakan Bay Palm Oil Mill and five company's own Estates. The SOU26 Mill and Estates are located in Daerah Suanlamba District of Sandakan, Sabah, East Malaysia (Figures 1). The Mill and Estates are situated immediately south-east of Sandakan Bay. The Global Positioning System (GPS) location of the Mill is shown in Table 1.

SOU 26 management considers to include Segaliud Estate in current scope due to previous FFB from this estate was supplied to Segaliud Mill that would be decommissioned immediately this year (2013).

Table 1: Mill GPS Locations

| MILL | EASTING | NORTHING |
|--------------------------------------|----------------|--------------|
| Sandakan Bay (Capacity: 60 mt/hr) | 118° 10' 20" E | 5° 45' 20" N |

1.2 Production Volume

The estimated tonnages 2013/2014 reported for the Recertification and the actual production since previous year are detailed in Table 2. The projected tonnages for the 2013–2014 period of the Certificate are based on the annual budget of three yearly bases. The replanting programme is carry out in the estates therefore the projection for next year is slightly lower than estimate at ASA4. Furthermore, some estates have immature area to become mature palms at this stage which caused lower OER achieved although the numbers of FFB produced are increasing.

Table 2: Production tonnages

| Sandakan Bay Mill | Estimate at ASA4 01/05/12 – 30/04/13 | Actual 01/05/12 – 30/04/13 | Projected 01/05/13 – 30/04/14 |
|-------------------|---|-------------------------------|----------------------------------|
| CPO | 52,379* | 39,955* | 49,971* |
| | 46,988** | 33,783** | 42,699** |
| PK | 11,560* | 9,619* | 11,928* |
| | 10,366** | 8,140** | 10,187** |

* Includes Smallholders and Small-growers tonnages

** = Certified Production

1.3 Certification details

RSPO Membership No: 035-04(O)
BSI RSPO Certificate No: SPO 537872
Date of previous Assessment (ASA4): 23-24 May 2012
Date of Certification: 01/10/2008

1.4 Description of Supply Base and Supply Chain

The supply base is five (5) company owned Estates, two (2) Independent Smallholders and eight (8) Small-growers. The FFB production from company owned Estates, Smallholders and Small-growers is listed in Table 3. Refer to comment in Section 1.2 above regarding FFB yields.

Table 3: Estate FFB Tonnages Processed

| Sources | Estimate at ASA4 01/05/12 – 30/04/13 | Actual 01/05/12 – 30/04/13 | Projected 01/05/13 – 30/04/14 |
|------------------------|--------------------------------------|----------------------------|-------------------------------|
| SOU 26 Estates: | | | |
| Sentosa Estate | 49,844 | 45,620 | 53,725 |
| Tun Tan Estate | 46,298 | 43,019 | 44,623 |
| Tigowis Estate | 28,848 | 26,833 | 29,911 |
| Tunku Estate | 50,405 | 43,207 | 51,427 |
| Segaliud Estate | - | - | 19,282*) |
| Subtotal | 175,395 | 158,679 | 198,968 |
| Smallholders* | | | |
| Bacho Hj. Jansie | 1,200 | 1,327 | 1,090 |
| Novel Borneo | 1,800 | 1,895 | 1,250 |
| Subtotal | 3,000 | 3,222 | 2,340 |
| Smallgrowers* | | | |
| Golden Forefront | 1,800 | 1,925 | 300 |
| Mai Shang | 4,200 | 4,052 | 3,600 |
| Maju Jaya | 3,600 | 5,012 | 3,350 |
| Corporate Spirit | 5,100 | 4,673 | 3,700 |
| Harimaju | - | 1,523 | 950 |
| Wira Jayamas | - | 3,547 | 7,500 |
| Setuju Harapan | - | 5,039 | 7,500 |
| KYH | 2,400 | - | - |
| OCP Others | - | - | 4,610 |
| Subtotal | 17,100 | 25,771 | 31,510 |
| TOTAL | 195,495 | 187,672 | 232,818 |

*) Segaliud estate had just supplied the FFB to the mill started on January 2014. The estimated FFB production is from January to April 2014.

* Production from Smallholders and Small-growers is not included in the Certificate

The projected figures show slightly higher compared with estimation at ASA4 and also with the actual productions. This was due to additional supply base of FFB come from Segaliud estate and small-growers. The FFB reception from smallholders and smallgrowers are also increase than budgeted last year. Furthermore some of the estates have immature area to become mature palms at this stage which caused lower OER achieved although the numbers of FFB produced are increasing.

The age profile of the palms is shown in Table 4a. The areas of mature and immature palms and HCV area are detailed in Table 4b and 4c for each Estate.

Table 4a: Age Profile of Company Planted Palms

| AGE (years) | PLANTED AREA (in Ha) | | | | |
|-------------|----------------------|----------------|----------------|--------------|-----------------|
| | Tun Tan estate | Sentosa estate | Tigowis estate | Tunku estate | Segaliud estate |
| 31 – 35 | — | — | — | — | — |
| 21 – 30 | 2,001.24 | 2,450.44 | — | — | 1,995.31 |
| 11 – 20 | — | — | 1,342.1 | 2,414.23 | 497.73 |

| AGE (years) | PLANTED AREA (in Ha) | | | | |
|-------------|----------------------|----------------|----------------|--------------|-----------------|
| | Tun Tan estate | Sentosa estate | Tigowis estate | Tunku estate | Segaliud estate |
| 4 – 10 | — | 247.11 | — | — | 473.55 |
| 0 – 3 | 812.12 | 437.13 | 568.74 | 549.38 | 1,341.46 |

Table 4b: Estates and Areas Planted (As of January 2013)

| Estate | Mature (ha) | Immature (ha) | Unplanted/others | Total |
|--------------|---------------|---------------|------------------|---------------|
| Sentosa | 2,450 | 684 | 411 | 3,546 |
| Tun Tan | 2,001 | 812 | 330 | 3,143 |
| Tigowis | 1,342 | 569 | 163 | 2,074 |
| Tunku | 2,414 | 549 | 240 | 3,203 |
| Segaliud | 2,967 | 1342 | 512 | 4,820 |
| TOTAL | 11,174 | 3,956 | 1,656 | 16,786 |

| Smallholders | Mature (ha) | Immature (ha) | Unplanted/others | Total |
|----------------------|------------------------|---------------|------------------|-------|
| Bacho Hj. Jansie | 33 | 0 | 0 | 33 |
| Novel Borneo | 38 | 0 | 0 | 38 |
| Small-growers | | | | |
| Golden forefront | 281 | 0 | 0 | 281 |
| Maishang | 245 | 0 | 0 | 245 |
| Maju Jaya | 142 | 0 | 0 | 142 |
| Corporate Spirit | 200 | 0 | 0 | 200 |
| Harimaju | 62 | 0 | 0 | 62 |
| Wira Jayamas | N/A (Collecting point) | | | |
| Setuju Harapan | N/A (Collecting point) | | | |

Table 4c: HCV area in Company Estate

| Estate | Biodiversity area | (Ha) | Potential of HCV |
|---------|------------------------------|---------------|------------------|
| Sentosa | 1.River buffer zone | 45.45 | - |
| | 2.Isolated patches of forest | 22.36 | HCV 4 |
| | 3.Swamps | 5.57 | - |
| | 4.>25 degree slopes | 52.28 | HCV 4 |
| | 5.Cemetery | 0.62 | HCV 6 |
| | Subtotal | 126.28 | |
| Tun Tan | 1.River buffer zone | 42.37 | - |
| | 2.Water catchment area | 4.74 | HCV 4 |
| | 3.Swamps | 18.61 | - |
| | Subtotal | 65.72 | |

| Estate | Biodiversity area | (Ha) | Potential of HCV |
|--------------|------------------------------|---------------|------------------|
| Tigowis | 1.River buffer zone | 15.83 | - |
| | 2.Water catchment area | 2.87 | HCV 4 |
| | 3.Ponds | 10.56 | - |
| | 4.Isolated patches of forest | 7.06 | HCV 4 |
| | Subtotal | 36,32 | |
| Tunku | 1.River buffer zone | 35.24 | - |
| | 2.Water catchment area | 9.20 | HCV 4 |
| | 3.Swamps | 13.55 | - |
| | 4.>25 degree slopes | 213 | HCV 4 |
| | Subtotal | 270.99 | |
| Segaliud | 1.River buffer zone | 171.61 | - |
| | 2.Water catchment area | 18.00 | HCV 4 |
| | 3.Swamps | 3.00 | - |
| | 4.>25 degree slopes | 243.19 | HCV 4 |
| | 5. Cemetery | 2.00 | HCV 6 |
| | Subtotal | 437.80 | |
| TOTAL | 937.11 | | |

1.5 Other Certifications Held

SOU 26 holds a valid ISCC certificate for 12/09/2013 to 11/09/2014.

1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn. Bhd.,

Head Office:

Main Tower, Level 3A, Plantation Tower,
No.2, Jalan PJU 1A/7 Ara Damansara,
47301 Petaling Jaya, Malaysia

Contact Person: Puan Sabarinah Marzuki
EMAIL: sabarinah.marzuki@simedarby.com

Management Unit SOU 26:

Sandakan Bay Palm Oil Mill
Locked bag 39 Suanlamba District,
Sandakan, Sabah, 90009 East Malaysia.

Contact Person: Mr. Samiun bin Mansor
EMAIL: kks.sandakan.bay@simedarby.com

1.7 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated March 2013) is included as Appendix E. Sime Darby has achieved RSPO Certification of 34 of the Management Units in Malaysia, and 19 of the 23 in Indonesia. Sime Darby has completed the Initial Certification Assessments for the remaining 8 Management Units (2 new commissioned in Malaysia and 6 Indonesia) and the assessment reports are pending review by the RSPO.

Upon certification of the remaining 8 Management Units, Sime Darby will have achieved the Time Bound Plan. BSI has continued involvement with assessments of 17 the Sime Darby Management Units during the

2012/13 period. During this time, Sime Darby has kept BSI informed of issues and claims made against it, as indicated in Appendix E. At the time of preparation of this Report, BSI is not aware of:

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

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

Progress of Associated Smallholders/Outgrowers towards RSPO Compliance

The Smallholder's progress with implementation of the RSPO P&C was observed by auditor in accordance to the RSPO P&C requirements specific guidance for smallholders. Interview of the smallholder representatives who manage the upkeep and harvesting of the Smallholder Estate, found the level of awareness of RSPO had not increased during the previous 12 months.

Interview with SOU 26 person in charge decided that for Sandakan Bay Oil Mill, there is no associated smallholders/outgrowers attached in a long-term contract to the mill and thus there is no plan implemented to ensure that they are at certifiable standards within 3 years as per the definition from RSPO. Those smallholders selling the crops to Sandakan Bay Oil Mill are only on short term contract and not being contractually bound. Hence, the SOU 26 mill would be implemented Mass Balance scheme at time being.

The Assessment Team concluded that Production from Smallholders and Smallgrowers has been excluded from the Certificate.

Figure 1. Sandakan Bay Estates Location Map



Figure 2. Segaliud Estates Location Map as addition to the scope

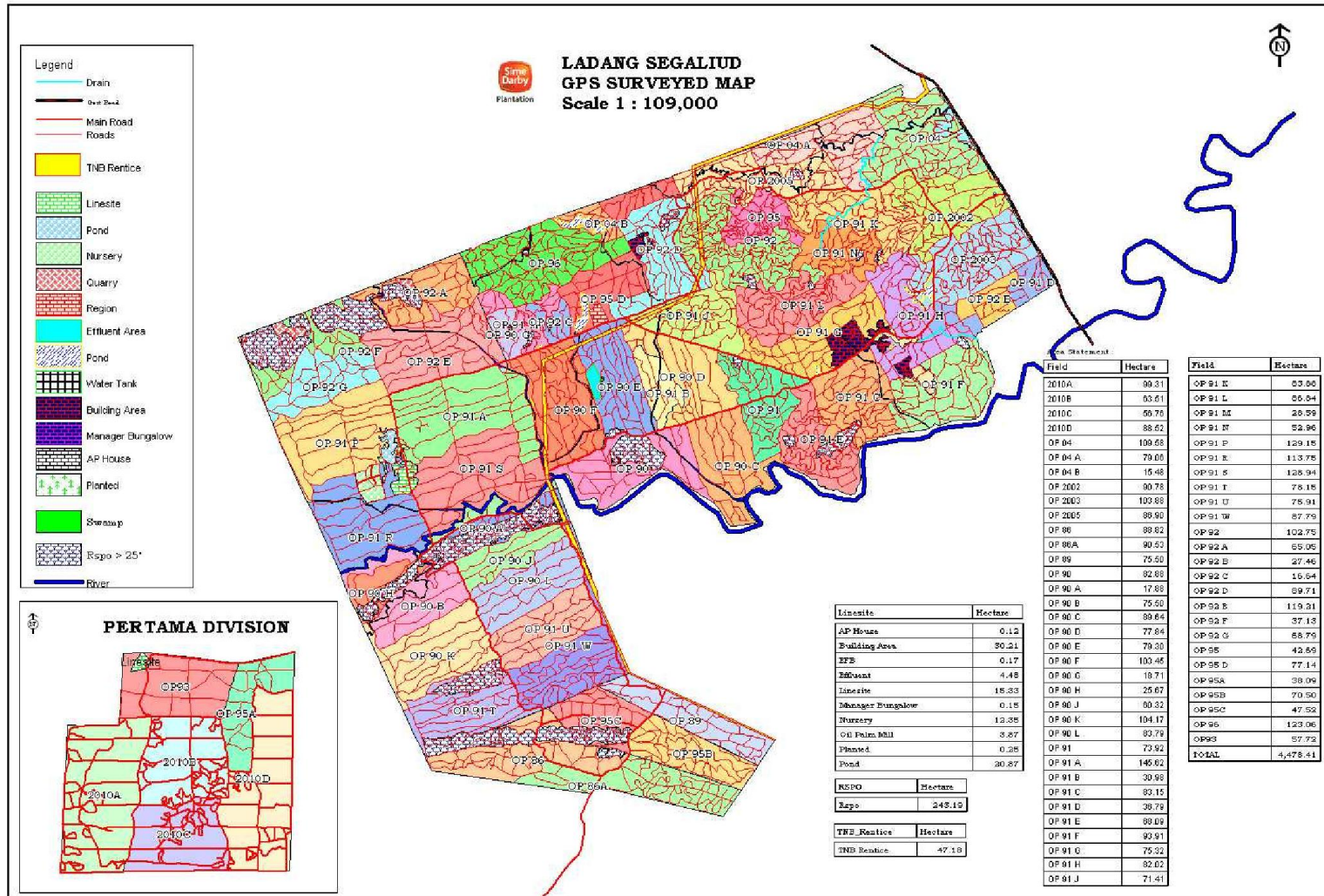
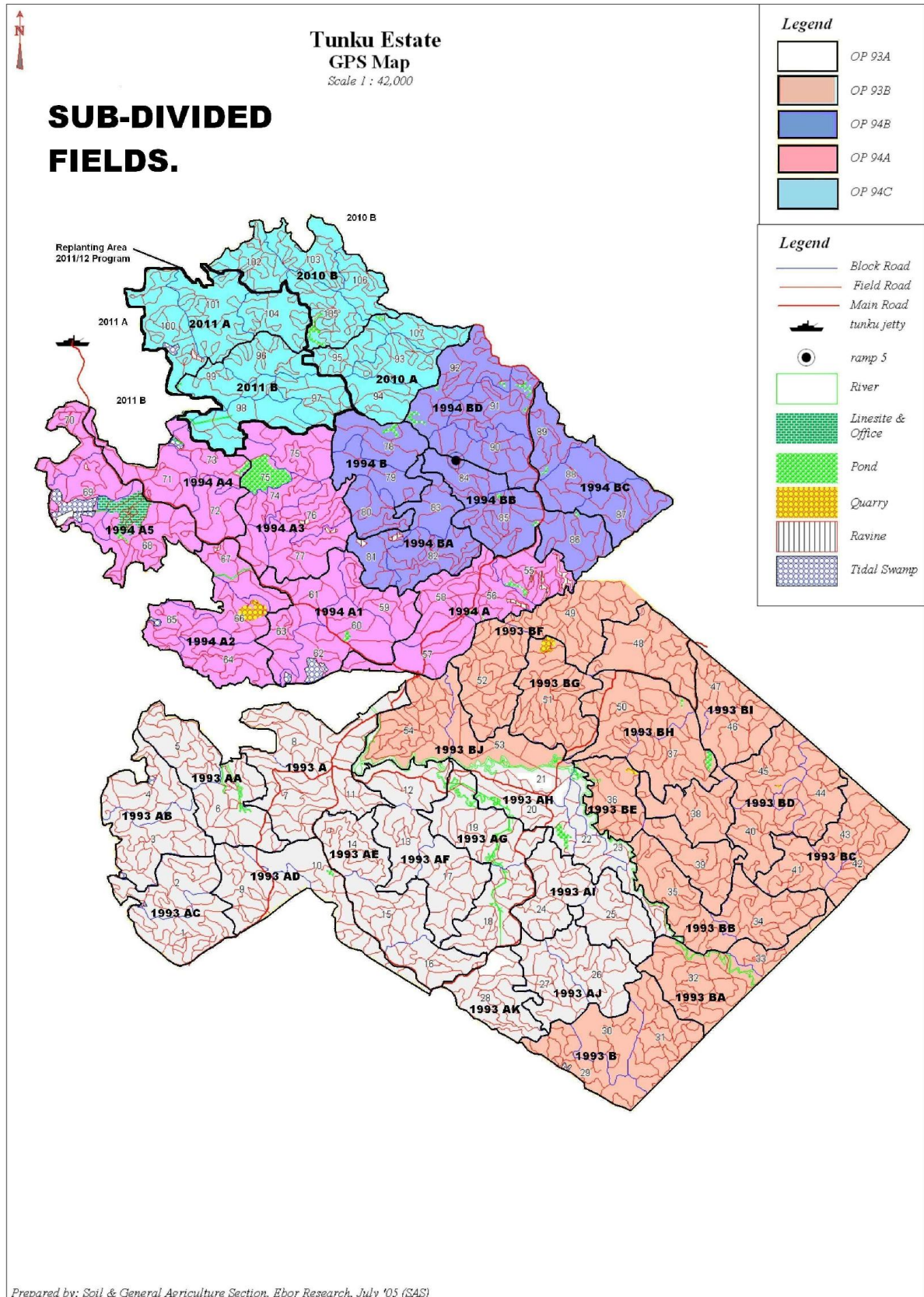


Figure 3. Tunku Estate Location Map



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

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 ASEAN Regional Offices in Singapore, Kuala Lumpur, Jakarta, Bangkok and Vietnam.

2.2 Qualifications of the Lead Assessor and Assessment Team

Aryo Gustomo - Lead Assessor

He holds a degree in Agricultural Science majoring in Agronomy on the subject of oil palm plantation management; He graduated from Bogor Agriculture University of Indonesia. He had more than 6 (six) years working experience related to oil palm industries i.e. as a Plant Breeder/Agronomist with one of the Malaysian oil palm seed producers in Johor Malaysia; and as a Field Assistant with an oil palm plantation company in Sumatera Indonesia. He has been involved in RSPO implementation and assessment since 2009 as a team member and subsequently as a lead auditor with a RSPO approved certification body covering assessment with RSPO P&C and RSPO NPP in Malaysia and Indonesia. He has completed several training programmes on ISO 9001, 14001 and successfully completed the RSPO Lead Auditor endorsed courses as well as trainings on HCV identification and management. Currently, he works for BSI Group as a RSPO Scheme Manager and is a RSPO lead auditor/auditor. He has an excellent oral and written command of Bahasa and English. During this assessment, he assessed on the aspect of legal, environment, HCV, mill and estate best practices, working safety and emergency preparedness, and supply chain requirement for CPO mill.

Muhammad Haris B. Abdullah – Assessor

He is a Malaysian citizen and has graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture sector, agriculture

best practices, and environmental impact assessment as well as workers welfare. He had assisted with conducting audits of oil palm plantation for more than 8 companies against the RSPO P&C in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Legal, Estate best practices, Social and community engagements, and workers welfare.

Nabila Seth Bt Mohd Niven – Assessor

She 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 within BSI. She has audited more than 17 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Assessor during the RSPO Assessment to assess the social aspects and gender issues. She is also helping the lead auditor in the legal documentation review, and stakeholders interview.

2.3 Assessment Methodology, Programme, Site Visits

The Re-certification assessment was conducted between 28 July 2013 and 2 August 2013. The assessment 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 (two samples were selected i.e. Segaliud Estate and Tunku 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 of standard requirements 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 ASA4 were followed up to check the effectiveness of corrective actions. The Re-certification findings are detailed in Section 3.1 Page 8.

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

Mr. Senniah Appalasamy, who has been involved in BSI RSPO activities and one of the BSI internal reviewer, reviewed this report for conformance with BSI Procedure, RSPO Certification System and RSPO Procedure for Re-certification assessment.

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. Public notification for 30 days prior to re-certification assessment was conducted through RSPO website, BSI website, and client's website. There was no comment received during that period.

During the assessment on-site, stakeholders were invited by a letter or by telephone to arrange meetings at one room on 30 July 2013 to discuss SOU 26's environmental and social performance. While for those stakeholders whom could not join the meeting, they were contacted by telephone call to arrange meetings at a location convenient to them or telephone interview were conducted 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 and phone call, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix 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 each Criterion and indicator for the Mill and the Estates. The results for each Criterion and indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with conclusion of each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

During the Re-certification, there was one (1) Major Nonconformity, two (2) Minor Nonconformities, and nine (9) Observations/Opportunities for improvement were identified. SOU 26 operations have prepared a

Corrective Action Plan – refer to Section 3.2 Page 17 for details – for addressing the identified nonconformities that was reviewed and accepted by BSI. The SOU 26 operations had also submitted evidence for closing out of one (1) Major nonconformity that was reviewed and accepted by BSI.

Two Nonconformities were assigned during the ASA4 against Minor Compliance Indicators, and also the seven Observations that were identified were also followed up to check the effectiveness of corrective actions – Refer Section 3.3 Page 19 for details.

BSI recommends continuation of Certification for SOU 26 operations as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

Mill and estate maintained record of request and replies to the request from external and internal stakeholders. Public documents are also in place and kept properly.

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.

The Mill and Estates maintained a filing system for receiving and responding to requests for information relating to the oil palm operations. Review on the file showed all requests from internal and external were responded in timely manner. For example at Segaliud Estate: Ulu Dusun Government clinic invited estate female staffs and workers for free Pap Smear screening on the 4 April 2013 and manager accepted and disseminate the invitation to all female workers. Internal request from workers was also recorded (1.1.1)

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

Review of records confirmed that SOU26 holds copies of each of the 7 types of documents that are required to be publicly available. The senior managers confirmed that the documents would be made available upon request, in accordance with the Sime Darby Group Policy. For Example: There are 6 land titles (Title No: 296, 805, 492, 193, 3993 and 5954) is available. In Segaliud estate, all the land titles are in the process of name transfer to Sime Darby (Sabah) Plantation Sdn. Bhd from the previous owners. There are also in place all relevant documents such as Safety and health plan (C 4.7), Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1), Pollution prevention plans (C 5.6), Details of complaints and grievances (C 6.3), Negotiation procedures (C 6.4), and Continuous improvement plan (C 8.1) (1.2.1 – 1.2.7).

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records showed the SOU 26 Mill and its Estates complied with all of their respective permit conditions and legal requirements. This confirmed that the internal audits and checks were effective for monitoring compliance. SOU 26 operations holds a site permits land use and no major land issues were sighted.

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

Review on sample records of relevant regulation confirmed Mill and Estates are complied with legal requirements such as legal compliance of the mill with statutory requirements of the Factories & Machinery Act 1967, the OSH Act 1994 and the Environmental Quality (Clean Air Regulation) 1978. The Mill maintains a list of licenses and expiry dates and a copy of each license is displayed in the Mill Office foyer. Estate's legal requirements on land ownership are complied with National Land Code 1965, Land (Subsidiary Title) Enactment 1972-Sabah No.9 of 1972. (2.1.1)

Observation 01 (2.1.1) - It was found License to employ foreign workers issued by Labour Department been renewed not following the requirement which to be submitted two months prior to the expiry date. Further clarification has been made with Labour Department officer and the license should be valid at all times. In addition, auditor also found the number of existing foreign worker exceeded the quota approved. Thus, necessary action needs to be carried out to update the Labour Department – refer Section 3.2 Page 17.

1007353M1 (2.1.1) - A Nonconformity was assigned to this Major compliance indicator because it was found both crèches are not followed the Child Care Centre regulation 1985 where ratio of child minders is not sufficient. For example: in Segaliud Estate crèche 47 children against 4 child minders, in Tunku Estate crèche 59 children against 4 child minders. Furthermore, there are found no typhoid injection been carried out for child minders who involve in food & meal preparation.

Corrective Action taken: Verification on evidence submitted by client, immediate action was taken place on 3rd August 2013 by company. Additional child minders were recruited in accordance to ratio 1:10 for both Estates (Segaliud and Tunku). Meanwhile, estate management would monitor the number of children sent to crèche daily in the morning and send additional workers to help available child minders if the numbers of children exceed the regulated ratio. Estate management sent all child minders to get typhoid injection from certified VMO doctor (Clinic Ong) by 3rd August 2013. Following up evidence submitted by the client was the Typhoid oral vaccine was given to the child minder starting on October 2013 for validity of 3 years. **The nonconformity was closed on 30 August 2013.** The effectiveness and consistencies of closing out nonconformity would be checked during next visits.

The Mill and Estates have kept an up to date list of legal requirements, latest update on 26 July 2013. The latest update regulation was also listed, i.e. Minimum Wage Order 2013 and Minimum Retirement Age 2013. The SOU 26 has kept mechanism to ensure all relevant legal requirements are comply, record name: Legal and Other Requirement Register (LORR) which includes list of laws, regulation reference, permit and license to manage. The PSQM Dept. ensures the mechanism is implemented properly through internal checking regularly once a year. The appointed person in each Unit of the mill and estate are responsible to monitor these as well as be responsible to track and update if any changes.

(2.1.2 – 2.1.4)

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

Land title clearly showing the land history and legal ownership for all company own estates, for instances Land Title No: 296, 805, 492, 193, 3993 and 5954. All the land title is clearly stated the land use term for agricultural crops of economic value which was previously for cocoa planting for instance. (2.2.1 – 2.2.2)

Field inspection to the field number P95A Block 199 bordering with small holder and Lung Manis forest reserve found the boundary pegs were clearly maintained as per Sime Darby procedures. There were also signboards showing the forest boundaries. SOU 26 is committed to maintain all boundary pegs along the perimeter adjacent to state land and other reserves. (2.2.3.1)

Review on land ownership records and interview with relevant stakeholders confirmed there are no conflict or dispute over the land within legal boundary of SOU 26. (2.2.3.2)

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 of local community representatives did not identify any Customary Rights and the right to use the land is not disputed within the SOU26. All of the SOU26 land is Government Leasehold and there is no customary land within the property, thus all indicators within this Criterion were not applicable during this audit. (2.3.1 – 2.3.3)

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

SOU 26 Sime Darby's commitment was demonstrated by considerable investment in upgrading infrastructure and implementing a replanting programme. SOU 26 has also developed internal management system for monitoring and improvement of their operating unit against operation target to achieved long term economic and financial viability.

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

The latest 5 years operational budget from financial year of 2013/14 to 2017/18 is available for Sandakan Bay Mill and its Estates. It includes the Mill capacity/utilization by its FFB supply base from the estates. Budgeted OER is 21.50% and KER is 5.17 for the 2013/14 as well as Mill also budgeted for new workers housing projects. (3.1.1)

Long range replanting programme for five years is available from 2012/13 to 2017/18. As for 2013/14, total of 392.52 ha are planned to be replanted where the palms reaching 21 – 23 ages. The replanting programme has been reviewed on December 2012. As per State regulation, Proposal Mitigation Measure (PMM) prior to replanting has been done by external consultant ES Sinoh Environmental Sdn. Bhd. (3.1.2)

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

SOU 26 has been consistently implemented management systems for monitoring and control of best practice implementation at its Mill and Estates.

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

The SOPs for the Mill and Estate operations were remained available at the offices and Work Instructions were displayed at work stations in the Mill and at the Estates e.g. Sime Darby Mill Quality Management System dated 1/04/2008 covering all operation activities beginning from FFB collection ramp up to Effluent treatment and CPO and PKO despatch. Field visit to several operation areas at the mill and estates and interview with the workers confirmed that the SOP has been adhered accordingly. (4.1.1)

Sime Darby monitors the implementation of SOPs by periodic visits by a Mill Advisor, a Plantation Advisor and an Agronomist. Mill advisor reports and other operation and monitoring records are kept by the mill. For example, Mill Advisor Mr. Lee Kim Tiak's recent visit to the mill is on the 22-24 April 2013 and the report is available. Mill advisor visits every half yearly. The previous report visit dated 5-6 September 2012 with the managers response to the issues highlighted also documented in the file ESH& RSPO/26. As for estate, Plantation Advisor visit reports are also documented. Recent Plantation Advisor visit for instance was to Segaliud estate on the 27 September 2012. The Plantation Advisor made recommendations for improvement that will be addressed in an Action Plan prepared by the Estate Manager. (4.1.2)

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

Fertilizer recommendation is given by the Agronomist upon a visit to the Estate between 16 and 17 October 2012. The total quantity recommended for the whole

year to the estate for instance; Compound 44 – 979.15mt, MOP – 402.10mt and BORATE – 2.68mt. Application record shows the work progress is as per the recommendation. For example, field 1992 Sect 83, 17.84 ha has been applied MOP 1kg/palm on the 31 July 2013 as per the recommendation by the Agronomist. (4.2.1)

Leaf and soil sampling and visual analysis were routinely conducted once a year with latest result on August 2012 for all estates. The result is used as for fertilizer recommendation of year 2013. Records are held in each estate division, estate manager office, and research centre. (4.2.2)

SOU 26 is highly committed implementing zero burning policy for their replanting area and as much as possible to maintain soil fertility by applying legume cover crops. EFB has been applied for immature palms only. Review of records and field visit to the field Number 2013C found that 25mt/ha EFB has been applied on June 2013. Compost application has been carried out in the field as per the recommendation by Agronomist. For example, 100kg/palm compost is been applied at field number 93B Block 35.3. (4.2.3)

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

Clear topography map indicating the contour to identify the slopes over than 25 degrees is available. Field Visit to the replanting area field 2013C found that the area more than 25 degrees is demarcated as HCV as required by EIA report specific guidance for Sabah area approved by relevant authorities. (4.3.1)

Visit to field plots immature and mature areas of two sampled estates (i.e. Segaliud and Tunku Estates) found relatively good groundcovers of vegetation on the terraces with soft grass and Nephrolepis sp vegetation serves as ground cover were well established consistently along the palm inter-row, but at some low-lying flat areas, where seasonal flooding occurs, groundcover was not seen. SOU 26 is committed to avoid or to minimize bare soil within the estates, by practicing selective weeding throughout chemical application. (4.3.2)

Road Maintenance Programme for 2013 is available in Segaliud and Tunku Estates. Record held in estate manager office. Both estates are in the midst of upgrading the main road directed from the estate to the mill using concrete materials to be smoothed for FFB evacuation throughout the year; and also can allow the workers to move more comfortable and safe especially during the rainy season. The road maintenance programme for 2013/14 includes road concretes, grading, culvert maintenance and road side pruning. For instance, Segaliud estate is now upgrading concrete road of 2.5 km in the 2nd quarter of this year. (4.3.3)

Based on soil survey report, there are no peat soils or soil categorised as problematic or fragile soil at two sampled estates (Tunku and Segaliud Estate). (4.3.4; 4.3.5)

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

The mill and estates have continued maintained the riparian buffer zone which had been demarcated as per Sime Darby policy; e.g. Segaliud River maintained a buffer area at 25 metre above. No operation is being carried out at the buffer zone which is clearly marked with blue colour marking on the palm trees. Within these riparian reserves, chemical sprays and fertiliser are remained not applied. Palms are harvested and weeding of circles is carried out manually. There were also sediment ponds have been silted to filter the sands erosion. In the replanting area, old palm trees were remained left up within riparian area near to Segaliud River. There was no such land clearing within buffer zone. It is Sime Darby policy restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estates. Field inspections were also confirmed there is no construction of bunds/weirs/dams across the main rivers or waterways flowing through the estates. (4.4.1; 4.4.2)

The Mill and Estates have continued the water quality sampling of surface streams, for example at Segaliud Estate, samples were collected on June 2013 and analysed by the Lahad Datu Edible Oils Sdn Bhd laboratory. The results showed are compliance with allowable limits for upstream, midstream, and downstream samples. (4.4.3)

The Mill and Estates have also maintained monthly rainfall monitoring during latest 3 years (July – June 2010/2011 up to July – June 2012/2013). Records showed data trend of rainfall during the periods which incorporated into water management plan. (4.4.4)

Sandakan Bay mill has maintained monitoring of daily water usage for Mill processing and domestic consumption (M³/tonne FFB) and it recorded every month. Review of record on Mill Water consumption of Sandakan Bay Mill – October 2012 to March 2013, data show average monthly consumption during the periods were below the budget of 1.19 M³/tFFB compared with a target of 1.5 M³/tFFB. Mill has initiated to continue water consumption below the budget through recycling the water from cooling turbine and vacuum dryer. (4.4.5)

Water management plan for Mill and estates is in place; latest review was on 26 July 2013. Mill has continued to discharge effluent into land application with BOD level in compliance allowable limits; discharge to natural water ways is avoided. (4.4.6; 4.4.7)

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

The estates have continued to implement biological control pest in the plantation. The Plantation advisor

recommended bringing Tyto Alba from Peninsular Malaysia into Sabah region and recently is in the process of preparing for barn owl boxes. Rat damage censuses are done in each field to identify the actual damage level and controlling of rat bait usage. Beneficial plants such as *Tunera sp* and *Casia sp* also planted along the road side within the estate and it was sighted during field visits for instance the replanting field block 2013C. Pest and disease census are done for selected field blocks conducted by trained workers. Latest census on June 2013 shown low number of major pests were recorded (4.5.1; 4.5.2)

Estate committed to prioritize biological pest control rather than chemical means. Chemical will be applied when the pest census result exceed allowable limit. Monitoring of pesticide use is held by estate in term of per ton FFB and per ton CPO; Record shows no chemical pesticide was used up to June 2013. (4.5.3; 4.5.4)

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.

Review of records and Inspection to the chemical stores of Segaliud and Tunku Estates confirmed the Estates hold and use only chemicals that are registered under the Pesticides Act 1974. There were also no Class 1&2 agrochemical stored in the chemical store. MSDS are available at stores. Estates are maintained List of Chemical Hazardous to Health, latest update on 29 June 2013. The written SOP of all agrochemical use is in place under Sime Darby Quality Management System. (4.6.1; 4.6.2)

Observation 02 (4.6.2) – In Tunku and Segaliud Estates, the recent used of chemical, for example: Supremo (a.i Glyphosate), need to be registered to Agriculture Department as per Pesticide Act 1974 – refer to Section 3.2 Page 17.

Follow up action: All the chemicals used in the estates are registered under the Department of Agriculture and the registration number of each chemical can be seen at the labelling itself. Each estates has updated immediately on 5 August 2013 the chemical register for all the chemical used such as Supremo.

Observation 03 (4.6.2) – The Pesticide operators (chemical store keeper and mandore) in the Estates need to be considered to undergone annual medical surveillance – refer to Section 3.2 Page 17.

Follow up action: SOU 26 submitted the evidence on 5 August 2013 for Certificate of Fitness of chemical store keeper and mandore. The medical surveillance was done on 2012. However, it is necessary for company to undergone continue medical surveillance within 2013.

SOU26 has upgraded the existing pesticide stores at Segaliud and Tunku Estate to comply with OHS and the Pesticides Act requirements. Inspection confirmed the adequacy of spill containment, ventilation, separation of chemicals, labelling, provision of protective equipment and emergency preparedness tools. All information regarding the chemicals and its usage, hazards, trade and generic names for each agrochemical are described in Material safety data sheet (MSDS) available in Bahasa and English. MSDS is properly displayed inside the pesticide stores. Interview with store keeper in both estates confirmed adequate understanding on information presented in MSDS. (4.6.3; 4.6.4)

Estates are now implementing Medical surveillance every 6 month for all operators who worked with chemicals done by DOSH registered Occupational Health Doctor. The last medical surveillance was done June 2013. Interview with sprayers and chemical store keeper admitted have gained routine medical check up. Records of worker medical check were held in Estates clinics. No serious medical problems were detected during that time. (4.6.5)

There is mechanism for pregnant or breast feeding women workers who work with chemical to be transferred to alternative duties if they wish to continue working. Once in a month those women workers are mandatory to gain pregnancy test in the Estates clinic. Records held at the Clinic confirmed none of the women sprayers had worked with pesticides when they became pregnant or during breast feeding periods. (4.6.6)

As refer to list of pesticide use and inspection to chemical store at the estates, there were no Class 1&2 pesticide stored in the chemical store. Estates are using one of the registered chemical with active ingredient *Glufosinate-ammonium* to replace *Paraquat*. (4.6.7)

SOU 26 is not using aerial application of agrochemical for all estates. (4.6.8)

At current there is no request from buyer to have chemical residues in CPO testing. However, SOU 26 would follow the requirements if it is requested. (4.6.9)

Records of pesticide usage are recorded under Monitoring Pesticide Usage per hectares which include Quantity used, applied per ha, active ingredients, number of applied rotation, and costs. (4.6.10)

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

The latest Sime Darby Global policy on Safety and Health was approved by President & Group Chief Executive on August 2011. The Policy is displayed prominently in Bahasa and English on notice boards and at Muster areas of Mill and estates. Daily briefing of safety talk to employees was also conducted. The Policy is implemented through an ESH Management Plan. (4.7.1a)

All risk assessment within operation activities was conducted by PSQM Dept. together with Group Corporate Assurance. Latest review of risk assessment at the mill was done on October 2012 with minor revision in Depericarper station due to the changes of equipments. While the latest review on risk assessment at the estates was on July 2013. (4.7.1b)

Training programme is presented in ESH Management Plan for 2012/2013 and 2013/2014. Training programme is dedicated for all employees in relation to safe working practice such as permit for work, fire drill, competent first-aiders, legal & compliance on safety & health, chemical safety equipments and handling, training for risk assessment, defensive driving training, and transport safety. Field inspections and interview of sprayers, estate and mill workers and staff confirmed awareness of safety precautions associated with their tasks. Records confirmed workers also had received training in emergency procedures and interview showed that they understood the instructions. (4.7.1c)

Field inspection of Mill and two sampled estates appropriate personal protective equipment (PPE) are used for each risk assessed operation. For instance: helmets for harvester and mill operators; apron, gloves, eyes glasses protector, and rubber boots for chemical spraying operators. The Mill has also provided earmuff for engine room and boiler operator who work in high noise level. Review on the result of audiometric test showed there is no workers who suffered hearing loss. It is Sime Darby policy to provide the appropriate PPE at the work place to cover all potentially hazardous operations. (4.7.1d)

Responsible personnel to monitor the implementation of OSH policy were identified in term of OSH Committee. SOU26 has appointed the Manager and an Assistant Manager at each of the Mill and estates as OSH Coordinators. Regular meeting is planned 4 times in a year. Latest record of meeting was on 22 July 2013 at Sandakan Bay Mill discussing latest issues of safe working practices at the mill and updated risk assessment. (4.7.1e; 4.7.1f)

Emergency procedures for Mill and estates are available and displayed in the notice boards convenience for all employees. The procedure covers such fire handling in building and houses, Fire fighting, safety act for explosion, and first-aid to poison or any toxic accidents. The emergency procedure is also communicated to all employees through daily safety briefing and regular safety training. The Emergency procedures had been reviewed and updated where necessary, for example the Mill updated their Plan on July 2013 for staffing changes and telephone contact details. Emergency contact number that can be contacted is also displayed in the notice board for any emergency circumstance or accident happen such contact number of Mill/Estates manager and its staff, company clinic, Sandakan Hospital, police officer, fire fighting team, and DOE of Sandakan and Kinabatangan districts. (4.7.1g)

Training records confirmed workers also had received training in emergency procedures and First-aid. Field checks showed that appropriately stocked first-aid kits were taken into the field by Estate mandors and supervisors and also were available at the mill work stations. SOU 26 appointed trained first-aiders for each unit at the mill and estates that responsible to handle any work accident occur and ensure all first-aid kits are available at anytime. (4.7.1h; 4.7.1i)

Observation 04 (4.7.1) – *To ensure the welding operator in Mill and Estates appropriately dress up with long sleeves suite – refer to Section 3.2 Page 17.*

Record of work accident was recorded in Monthly Safety Performance Report. Lost working time due to accident is also identified. Review of work accident monitoring record was carried out internally within OSH Committee meeting every three month. Latest record of safety committee meeting on June 2013 showed work accident has been reviewed and discussed. Most of work accident happened were minor injuries, while fatal injury resulting to death did not occurred during July – June 2012/2013. (4.7.2)

Reviewed on workers profile records found all the workers are covered by the accident insurances. Malaysian workers are covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial); while for foreign workers is covered by Foreign Workers Compensation Scheme Certificate of Insurance (RHB Insurance Berhad). All the insurance registration for all employees is still valid. (4.7.3)

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

The SOU26 Mill and Estates assess training needs annually and prepare a programme for training of local staff and workers. Training programme is available for 2012/2013 and for next financial year 2013/14 covering trainings for SOP, safety, Chemical handling, First Aid, Hygiene, Schedule waste, confined space and etc. Review of records at the Mill, latest training on safe working at confine space has been carried out on the 6 April 2013 attended by 12 attendees including maintenance contractors Mr. Sulaiman and Mr. Iwan from Borneo Engineering Services. Recent first aid training was done on the 12 June 2013 for mill workers. Fire fighting training was done by Sandakan fire fighting team on 7 June 2013. However, during this assessment, auditor found in general most of the staff and workers are able to demonstrate their capability for each work; where it means that proper training have been gained. Evidence observed by auditor was based on interview with several workers and staff such as Chemical sprayer and store keeper, harvesters, mill boiler and engine room operators, estate field supervisor, estate field assistant, Estate and Mill managers, as well as EFB contractor. (4.8.1)

Observation 05 (4.8.1) – *To ensure established training programme 2013/2014 for contractor to be carried out by estate's management – refer to Section 3.2 Page 16.*

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.

SOU26 has prepared an Environmental Impact Assessment (EIA), back on March 2008, which is based on the identification of significant impacts and risk assessment information from a workshop facilitated by Wild Asia. During this assessment the latest EIA had been reviewed on 22 July 2013 (5th Revision since 2008) for Mill operation; and latest review on May and July 2013 for Segaliud and Tunku Estates operations. (5.1.1)

Environmental Improvement Plan for each unit of Mill and estates are available for implementation of 2013/2014. A list of Actions for Improvement of environmental performance has been revised for each of the significant impacts as stated in EIA; for instances controlling traced oil in monsoon drain, rebuild/repair effluent holding ponds bund, and to build compost plant to reduce solid and decanter wastes. Mill/Estate Manager is responsible to monitor these plan are implemented. (5.1.2)

Observation 06 (5.1.2) – *Tunku Estate management need to ensure the drainage at the worker housing is properly maintained from household waste – refer to Section 3.2 Page 17.*

1007353N7 (5.1.2) - *A Nonconformity was assigned to this Minor compliance indicator because during field inspection found the concrete floor in the diesel tank station area was not built; furthermore, the safety drainage and bunds in the workshop floor were not properly constructed to avoid direct contamination of the pollutant spillages to the environment – refer to Section 3.2 Page 17.*

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.

SOU26 initially engaged Wild Asia, back on 2007, to undertake an HCV assessment and prepare a Biodiversity Conservation Plan. The assessment confirmed the presence of HCVs at areas within and adjacent to the estates. However, recently internal Sime Darby competent personnel conducted Biodiversity assessment & HCV identification within SOU 26 landholdings. Report was prepared by PSQM Dept of Sime Darby Plantation Sdn Bhd on May 2013. The objective of this assessment is having additional ground check on the existing identified HCV area done on 2007 in order to be detailed and accurate in database and mapping. (5.2.1)

Observation 07 (5.2.1) – The hectarage of HCV 4 area (under category Slope area > 25 degree in Segaliud Estate) stated in HCV assessment report need to be reviewed in accordance to actual condition. For Example: The HCV assessment report mentioned the slope area > 25 degree is around 7.3 ha while field inspection found the actual condition is more than 7.3 ha – refer to Section 3.2 Page 17.

Follow up action: SOU 26 has made internal checking on the database of HCV area and confirmed to audit team on 5 August 2013 for the slope area (> 25 degree) is around 7.3 ha as stated in the HCV report.

SOU 26 prepared Biodiversity Action Plan updated July 2013 covering management on protected area such riparian reserved and area with 25 degrees slope; training for all staff and employees on the maintenance of protected area. (5.2.2)

The protected areas have been identified in the field with signboards. Awareness training has been conducted for workers on the need to protect the conservation areas and to explain the reasons for prohibiting spraying and fertiliser application within the riparian areas. Maps and Posters are displayed at Muster points. Workers are prohibited from hunting or fishing and have been cautioned accordingly. Signs have also been posted near rivers prohibiting fishing and hunting. (5.2.3)

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

Latest update of Waste Management Plan was on July 2013 for implementation of 2013/2014; indicating all the environmental impacts and action plan throughout the year to mitigate the impacts are clearly stated and monitored, such as scheduled waste (spent lubricant, used filters, empty chemical containers, etc), domestic waste (clinical waste, rubbish/litter, sewage), and industrial waste (effluent, empty fruit bunch, scrap metal). (5.3.1)

The company has continued managing scheduled waste stores at the Mill and each of the Estates not to less than 180 days in accordance with the requirements of the *Environmental Quality Act 1974 (Scheduled Wastes), Regulations, 2005*. Example record observed by auditor was Consignment Note for Schedule Waste latest update on 12 July 2013. Schedule wastes are disposed through valid licenses of transporter (NG SIAN HAP POTTERY FACTORY (S) Sdn Bhd) and collector (Perniagaan Saudara Baru Sdn Bhd.). Domestic waste such rubbish is managed through landfill area at minimum 3 Km away from natural waterways and/or residential area. (5.3.2)

Observation 08 (5.3.2) – Follow up need to be taken with DOE for Extension of storing medical waste as currently found medical waste in Tunku and Segaliud Estates are exceeded 180 days storage – refer to Section 3.2 Page 17.

Observation 09 (5.3.2) – Segaliud and Tunku Estates could improve the employment detailing payment (e.g. deduction terms) to be understood and consent with the workers – refer to Section 3.2 Page 17.

Mill effluents are discharge through effluent treatment plant and maintain the BOD level for adequate land application. Empty Fruit Bunch (EFB) is applying to the field as mulch and supplementary fertiliser to increase the yields. Field inspection and review of records confirmed monitoring of Mill effluent and EFB application to the field are taken place properly. (5.3.3)

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

The company has optimized the use of renewable energy since 2006/2007 as sighted in record books. Fibre and fruit shell are 90 % utilised for boiler fuels to generate power electricity supplying for mill operations and domestic worker housing. There is a record of Renewable Energy Usage of Sandakan Bay Mill latest update on June 2013. Renewable energy is monitored per tonne CPO produced. (5.4.1)

Review of records on Diesel Consumption Sandakan Bay Mill (latest update June 2013), Diesel consumption is monitored per tonne CPO. There was slightly increased use of diesel fuel in 2011/2012 as back up due to the extended dry season and lower quantity of crop processed. However, diesel consumption would only be as backup power supply during low production and when mill processing hours are lower. (5.4.2)

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.

SOU 26 has implemented Zero burning policies in all workplace area at the Mill and estates. Field inspection to replanting area there is no evidence of open burning during land preparation. Previous palm trees were felled down, chipped/shredded, windrowed and stacked. (5.5.1; 5.5.2)

Inspection to worker's housing of Tunku and Segaliud Estates, and also to Mill worker housing, found no evidence of burning waste including domestic waste. Recycling programme for domestic waste is being carried out and also segregation is done before land fill at each collection center. (5.5.3)

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

The Mill and Estates Pollution Prevention Plan are documented prepared April 2008 with the latest reviewed on July 2013. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon

drain, black smoke emission, and effluent holding bund. (5.6.1; 5.6.2)

Smoke emission quality test for mill boiler was done every 6 month and every 4 month for mill generator in accordance to the Environmental Quality (Clean Air) Regulation 1928. The test was conducted by the Uniquejaya Environmental Services. The latest test for boiler was on March 2013 while for generator was on June 2013. Records show all parameters were complied within allowable limits. E.g. dust, NOx, Sox, and Dark Smoke. The Mill has also a plan to install CEMS digital system to improve monitoring on smoke emission. (5.6.2)

There is no peat soil was identified within SOU 26's concession area. (5.6.3)

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

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

SOU 26 continued annually to update Social Impact Assessment with updated Social Action Plan with participation of local community, latest update July 2013. The social action plan was reviewed and updated based on input received during public consultation meeting with stakeholders carried out on July 2013 respectively. The meeting was attended by internal stakeholders (staffs and workers) and external stakeholders (contractors, neighbouring estates, and local village representatives) Record of meeting with attendance list and minute of meeting are available. The most issue raised during the meeting were donation for local villages, addition to new teacher in Humana School, and re-construct more worker housings. (6.1.1; 6.1.2; 6.1.3)

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.

SOU 26 has now improved their Communication and Consultation procedures (July 2013) with at least once a year carry out stakeholder meeting to have social impacts and social action plan are identified and implemented in a participatory ways. (6.2.1)

The mill and estate managers with supported by field assistant are responsible for communication with local communities and other stakeholders. Interview of local community representatives confirmed that they are able to take issues to the managers for discussion and action. (6.2.2)

SOU26 has reviewed and updated the list of stakeholders based on latest formal meeting on July 2013, for example at Segaliud and Tunku Estates. All communication and records of actions taken in response to input from stakeholders are available for Mill and each estate, in term of Communication and Consultation Book. (6.2.3)

1007353N10 (6.2.3) – A Nonconformity was assigned to this Minor compliance indicator because Communication and actions taken in response to input from stakeholders are not properly recorded. Furthermore during stakeholder consultation meeting between auditors with company's stakeholders had received an input where company previously was not carried out any formal communication with relevant stakeholders – refer to Section 3.2 Page 17.

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.

Sime Darby has maintained a procedure on dispute resolution (1 April 2008). The external dispute resolution procedure has been implemented and records shows to date there have not been any grievances raised. (6.3.1)

SOU26 management has continued to keep Joint Consultative Committee (JCC) for resolving employment issues at local level. The JCC consists of managers and representatives of staff and workers, including women representatives. The JCC has been operating for more than five years and meets quarterly with latest meeting was on 6 April 2013 attended by 20 staff and workers. (6.3.2)

Even though there have been no record of external disputes, the procedure for dispute resolution and the JCC were stated to be open for use by any affected party. It was also stated during interview with workers including foreign workers and local villagers. Workers confirmed that they had used the JCC to make management aware of issues related to working conditions and other benefits. Meanwhile the JCC is a good way for local villagers to present their view on company's contribution to local developments. (6.3.3)

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.

SOU26 has maintained to implement a procedure on land compensation that includes identification of Legal and Customary Rights and assessment of entitlement to compensation (6.4.1).

Review of records showed there have been no claims for land compensation in the last 5 years. Interviews with local communities (Manggis villagers) confirmed that

compensation had been paid in 1992 when the land was acquired by Consolidated Plantations (Sime Darby). There are no outstanding claims for land compensation payments. (6.4.2; 6.4.3)

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.

SOU 26 maintained similar documentation of payment and working conditions during latest 5 years. Pay and conditions are documented in the contract of agreement with individual workers, in Bahasa. Staff also is employed on individual contracts that include details of pay and conditions. Pay Slips are in English although a sample pay slip has been translated into Bahasa and displayed on the Muster Notice Boards. Interview on selected workers confirmed their understanding of pay and conditions and information contained on pay slips. The migrant workers from Indonesia take up the majority of the workforce who are engaged on 5 year contracts, in addition to a smaller numbers from Philippines. (6.5.1; 6.5.2)

Harvesters are employed on a piece rate and information on bunch harvesting rates are updated daily and posted on the Muster Notice Board in Bahasa. Interview of men and women workers confirmed their understanding of pay and conditions and information contained on pay slips. Piece rate workers confirmed they are paid double the rate for working extra days and on public holidays. Interviewees also stated that they keep a tally of work completed and if a discrepancy occurred they would report it to the Mandor for investigation. Women workers interviewed confirmed maternity leave was paid. (6.5.2)

The standard of housing provided for workers and their families meets government regulations. SOU26 has continued implementing the plan for replacing housing. Electricity is subsidised and water is supplied at no charge. Free medical treatment is provided for workers and their dependents. Kindergarten and crèche are provided free for workers' children. Free transport is provided for children to attend a local school.

The new Humana School is now operating in Segaliud Estate. SOU26 has provided furniture for the class rooms and also accommodation for the teachers. (6.5.3)

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.

SOU26 maintained a Policy on FOA and workers are advised on their right to join a Union during induction training. The Statement of Policy in Bahasa is displayed in local Muster Notice Board in the Mill and each estate. Interview of staff and workers confirmed the company respects their right to join a union and that there were no issues regarding union officials visiting site. Contact with SPIEU confirmed there were no significant worker issues at SOU26. The representatives also stated they were satisfied with the JCC process for discussion and negotiations of pay and working conditions with management. (6.6.1; 6.6.2)

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 16 under the National Labour Law. Company policy is to only hire persons over the age of 18. Malaysian workers have to provide ID card - foreign workers provide passports. Inspection of employment records confirmed checks are made of staff and worker age before hiring. During field visit children were not observed at any of the working place at both mill and estate. Interview with workers confirmed the understanding of company policy on children workers. (6.7.1)

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.

SOU26 maintained an anti-discrimination policy approved by Top Management on April 2008, documented in Bahasa and displayed at notice board at muster in mill and estates. (6.8.1)

Interview of male and female workers at the mill and estates including foreign workers confirmed understanding and awareness of the policy and admitted no discrimination against with. (6.8.2)

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.

SOU 26 maintained a gender policy approved by Top Management April 2008 and is displayed in local Muster Notice board at mill and estates. Female workers interview confirmed understanding of the mechanism and no issue was raised during the assessment. (6.9.1)

Sime Darby continued collaboration with NGO Tenaganita to assist the development monitoring of implementation of a Gender Policy for the company. Tenaganita and Wild Asia was involved in facilitating a

workshop back on 3-4 May 2008 at Sandakan for Sime Darby's Sabah region women staff and worker representatives to develop gender based social policies on sexual harassment and domestic violence. Tenaganita also is assisting with the development of a Gender Grievance Procedure. As an interim measure, the Group Grievance Procedure is utilized. (6.9.2)

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

SOU26 has continued to purchase FFB from 2 Smallholders and 4 Small-growers and has maintained a good relationship with them. SOU 26 is also planned to add another 4 small-growers as their supply base on next year. Interview of the Smallholders confirmed they understood their contracts and they stated they had been supplying FFB to SOU26 for several years.

Purchase of oil palm fruit from external parties is arranged by Sime Darby Head Quarter – Global Trading & Marketing (GTM) department. FFB pricing is based on Malaysian Palm Oil Board (MPOB) published prices updated regularly. SOU26 maintains records of FFB prices, including the payment. (6.10.1)

The current pricing is written in the notice board near the weighbridge station at the mill and up to date. The latest price will be forwarded by GTM Dept. of Sime Darby to the mill every week. (6.10.2)

Contracts were explained to contractors prior to signing the contract. Review of records all contracts with smallholders and small-growers are valid and up to date; review on payment records found all payment was made in timely manner. Interview with smallholders and small-growers confirmed the contract with SOU26 is fairly and transparent. (6.10.3; 6.10.4)

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

SOU26 continued to make contributions for local communities surrounding when requested that are considered appropriate for the situation. Examples such as free water supply and medical assistance were given to Manggis Villagers as there were no nearby government clinic and government water supply to the village. The mill and estate management has also given monetary assistance to the local community activities e.g.: Donation for Segaliud School for the sports day has been given on the 10 July 2013. (6.11.1)

Principle 7: Responsible Development of New Plantings

SOU 26 has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

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

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.

SOU 26 continued to cease using WHO Type 1A and 1B chemicals. Review of stock records and inspection of the pesticides stores in Segaliud and Tunku Estates confirmed that no stocks are held of these chemicals or of *Paraquat*; and has been replaced with *Glufosinate-ammonium* (8.1.1).

An Environmental Impact Management Plan prepared in March 2008 (latest reviewed on July 2013, 5th revision) details the impact mitigation measures and actions required to improve environmental performance for the identified significant impacts. An example at the mill is installing CEMS system for better monitoring of black smoke emission and monitor of effluent pond to ensure no overflow by rebuild holding pond and optimizing compost plan which can be reduced 30 % of generate effluent. A program has been implemented for segregation of all wastes at source and recycling of materials where practical. An example is maximizing the usage of fibre and shell as boiler fuel to reduce diesel fuel utilization (8.1.2; 8.1.3)

Pollution Preventive Plans have been prepared April 2008 (latest review on July 2013, 5th revision) for the mill and estates. For example, the mill is installing Ultra Membrane Filtration System to reduce BOD level of treated mill effluent. (8.1.4)

SOU 26 continued to implement Social Action plan based on social impact assessment and meeting with stakeholders. This Action Plan is aimed at addressing the identified significant social impacts. An example is donation for local villages, addition to new teacher in Humana School, and re-constructs more worker housings. (8.1.5)

Sime Darby has an informal system where local innovations and initiatives can be taken up by the SOU Operations Manager for discussion at the Group Operations Managers' Meeting. The performance on environmental and social improvements is reported as progress on implementing the "RSPO Strategic Plan" updated yearly. Example records the strategic plan for 2012/2013. (8.1.6)

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

Corrective actions with respect to two nonconformities raised at the last assessment of ASA4 have been reviewed and found to be effectively implemented. During Re-Certification assessment, 1 (one) Major nonconformity against indicator 2.1.1; two Minor

Nonconformities against indicator 5.1.2 and 6.2.3; and Nine Observations/Opportunities for improvement were identified. SOU 26 has submitted evidence for closing out Major nonconformity and has prepared Corrective Action Plan for addressing the identified Minor Nonconformity. The Audit Team has reviewed and accepted the SOU 26 Evidence for closing out Major nonconformity and Corrective Action Plan. The Implementation of corrective action plan will be followed up during the next Surveillance Assessment (ASA1). The Nonconformities are summarised below:

Major Nonconformity

1007353M1: 2.1.1 Evidence of compliance with legal requirements.

A Nonconformity was assigned to this Major compliance indicator because it was found both crèches are not followed the Child Care Centre regulation 1985 where ratio of child minders is not sufficient. For example: in Segaliud Estate crèche 47 children against 4 child minders, in Tunku Estate crèche 59 children against 4 child minders. Furthermore, there are found no typhoid injection been carried out for child minders who involve in food & meal preparation.

Corrective Action taken: Verification on evidence submitted by client, immediate action was taken place on 3rd August 2013 by company. Additional child minders were recruited in accordance to ratio 1:10 for both Estates (Segaliud and Tunku). Meanwhile, estate management would monitor the number of children sent to crèche daily in the morning and send additional workers to help available child minders if the numbers of children exceed the regulated ratio. Estate management sent all child minders to get typhoid injection from certified VMO doctor (Clinic Ong) by 3rd August 2013. Following up evidence submitted by the client was the Typhoid oral vaccine was given to the child minder starting on October 2013 for validity of 3 years. **The nonconformity was closed on 30 August 2013.** The effectiveness and consistencies of closing out nonconformity would be checked during next visits.

Minor Nonconformities

Two Minor Nonconformities against indicator 5.1.2 and 6.2.3; and Nine Observations/Opportunities for improvement were identified. The details of these Nonconformities are provided below:

1007353N7: 5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.

A Nonconformity was assigned to this Minor compliance indicator because during field inspection to Segaliud Estate found the concrete floor in the diesel tank station area was not built; furthermore, the safety drainage and bunds in the workshop floor were not properly constructed to avoid direct contamination of the pollutant spillages to the environment.

Corrective Action Plan:

Capital Expenditure 2013/2014 already budgeted in upgrading concrete floor for workshop and also diesel tank. This upgrading work will make sure estate workshop and diesel tank are equipped with necessary drainage, bunds and concrete floor to avoid contamination to the surrounding environment.

The Lead Assessor considered the corrective actions plan appropriate and implementation of Corrective Actions will be followed up during 2014 surveillance assessment.

1007353N10: 6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders

A Nonconformity was assigned to this Minor compliance indicator because Communication and actions taken in response to input from stakeholders are not properly recorded. Furthermore during stakeholder consultation meeting between auditors with company's stakeholders had received an input where company previously was not carried out any formal communication with relevant stakeholders.

Corrective Action Plan:

Company will arrange a regular meeting with stakeholders. The schedule shall be determined by each Unit of Mill and Estate. Company will also review List of stakeholder and do necessary update accordingly. Estate management will improve and establish recording method for any communication and action taken for stakeholders as per Company's guideline and also organize join activity with stakeholders to build a good relationship.

The Lead Assessor considered the corrective actions plan appropriate and implementation of Corrective Actions will be followed up during 2014 surveillance assessment.

Observation/Opportunity for improvement

There are Nine Observations/Opportunities for improvements were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Annual Surveillance Assessment (ASA1). The Details are of below:

OBS1 (2.1.1): It was found License to employ foreign workers issued by Labour Department been renewed not following the requirement which to be submitted two months prior to the expiry date. Further clarification has been made with Labour Department officer and the license should be valid at all times. In addition, auditor also found the number of existing foreign worker exceeded the quota approved. Thus, necessary action needs to be carried out to update the Labour Department.

OBS2 (4.6.2): In Tunku and Segaliud Estates, the recent used of chemical, for example: Supremo (a.i Glyphosate), need to be registered to Agriculture Department as per Pesticide Act 1974.

Follow up action: All the chemicals used in the estates are registered under the Department of Agriculture and the registration number of each chemical can be seen at the labelling itself. Each estates has updated immediately on 5 August 2013 the chemical register for all the chemical used such as Supremo.

OBS3 (4.6.2): *The Pesticide operators (chemical store keeper and mandore) in the Estates need to be considered to undergone annual medical surveillance.*

Follow up action: SOU 26 submitted the evidence on 5 August 2013 for Certificate of Fitness of chemical store keeper and mandore. The medical surveillance was done on 2012. However, it is necessary for company to undergone continue medical surveillance within 2013.

OBS4 (4.7.1): *To ensure the welding operator in Mill and Estates appropriately dress up with long sleeves suite.*

OBS5 (4.8.1): *To ensure established training programme 2013/2014 for contractor to be carried out by estate's management.*

OBS6 (5.1.2): *Tunku Estate management need to ensure the drainage at the worker housing is properly maintained from household waste.*

OBS7 (5.2.1): *The hectarage of HCV 4 area (under category Slope area > 25 degree in Segaliud Estate) stated in HCV assessment report need to be reviewed in accordance to actual condition. For Example: The HCV assessment report mentioned the slope area > 25 degree is around 7.3 ha while field inspection found the actual condition is more than 7.3 ha.*

Follow up action: SOU 26 has made internal checking on the database of HCV area and confirmed to audit team on 5 August 2013 for the slope area (> 25 degree) is around 7.3 ha as stated in the HCV report.

OBS8 (5.3.2): *Follow up need to be taken with DOE for Extension of storing medical waste as currently found medical waste in Tunku and Segaliud Estates are exceeded 180 days storage.*

OBS9 (5.3.2): *Segaliud and Tunku Estates could improve the employment detailing payment (e.g. deduction terms) to be understood and consent with the workers.*

Noteworthy Positive Components

- ✓ The Mill has consistently maximised the use of renewable fuel for generating electricity by utilizing 90 % of fibre and shell as boiler fuel.
- ✓ The systems for documentation relevant to RSPO requirements are maintained. SOU 26 continued to appointed dedicated personnel for each unit of mill and estate to support in compliance with requirements.

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

Corrective Actions for Two Minor Nonconformities identified during the ASA4 has been effectively and consistently implemented and the nonconformity remains closed. There was no Major nonconformity identified during previous assessment of ASA4.

Minor Nonconformities

CR11: 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

A Nonconformity was assigned to this Minor Compliance Indicator during ASA4 because there was inadequate freeboard at the Anaerobic No 1 Effluent Pond to prevent overflow if heavy rain was to occur.

Recertification findings: Field visit to effluent pond of Sandakan Bay Mill found the Mill has completed built the side bund at Anaerobic Pond No.1 using earth soil to above 0.5 metre. This was due to prevent overflow during heavy raining seasons. *The Lead Auditor has satisfied and concluded this nonconformity is closed on 2 August 2013*

CR12: 5.3.3 Evidence that crop residues/biomass are recycled.

A Nonconformity was assigned to this Minor Compliance Indicator during ASA4 because following the shut-down of the compost plant for maintenance, the Mill and Estates had not implemented a programme for regular removal of EFB, decanter sludge and boiler ash and recycling to the field.

Recertification findings: Field visit confirmed reinforce side bund at the current designated boiler ash and decanter sludge dumping area are completed. Mill has a programme to remove EFB during maintenance shutdown of the compost plant. Started May 2012, Estates are regularly collecting the EFB from the mill to apply in immature replanting area and this was confirmed during field visit and documentation review to Tunku Estate. There is less EFB left at the mill.. *The Lead Auditor has satisfied and concluded this nonconformity is closed on 2 August 2013*

Review of progress with Observations/Opportunities for improvement identified during Initial Certification assessment

OBS1 (2.2.3) Survey of Tigowis Estate boundary has recently identified encroachment of the jetty onto the adjacent forest reserve, which occurred when it was built at the time of the estate development. SOU26 has applied to the Wildlife Department for a permit covering the area.

Re-Certification findings: *Tigowis Estate has now held a permit covering the boundary of the jetty with adjacent forest reserve. Field inspection confirmed the estate initiatively made boundary poles within the area.*

OBS2 (4.1.1) A procedure was not available to provide guidance on the collection and stabilisation of water samples for testing of domestic supplies and the maximum holding time before laboratory analysis.

Re-Certification findings: The mill has now provided a working instruction for collecting and stabilization of water samples for domestic supplies. The sample takes shall be necessarily tested at the same day in laboratory to avoid inaccurate result.

OBS3 (4.4.7) The water storage tank for supply of treated domestic water to Tun Tan housing was leaking badly, indicating lack of attention paid to water conservation.

Re-Certification findings: The estate has repaired the water storage tank for domestic water supplies. There is no longer leaking in the water tank.

OBS4 (4.7.1) An emergency shut-down procedure was not available at the mill boiler to provide guidance on the actions to be taken in an emergency.

Re-Certification findings: The mill now has provided a working instruction for emergency shut-down displayed in notice board near to Boiler station. Interview with boiler operator confirmed the understanding on procedure.

OBS5 (5.3.2) The water/oil separator at the Tigowis Estate diesel genset needs regular inspection and cleaning to prevent the discharge of hydrocarbons.

Re-Certification findings: Regular inspection has been scheduled once a week for water/oil separator in diesel genset room.

OBS6 (5.3.2) The small landfill at Sentosa Estate could be improved by installing an earth bund to divert rainfall runoff away from the trench.

Re-Certification findings: The earth bund has been installed in landfill at Sentosa estate. This also has been implemented for other estates such as Tunku and Segaliud Estates.

OBS7 (6.5.3) There was inadequate protection of the catchment for the water supply to the mill and Tun Tan Estate housing, as indicated by the occurrence of gardening on an embankment.

Re-Certification findings: Mill and estate are carrying out upkeep within water catchment area to reduce unbeneficial weeds on the embankment of the pond

OBS8 (6.5.3) Water is presently supplied to the new Humana School and teachers accommodation only during the hours of 11 am to 4 pm, which is inadequate as there are no water storage tanks. Initially, a Nonconformity was to be assigned but when the matter was brought to the attention of the Tun Tan Estate Manager he took action immediately and initiated the installation of water storage tanks.

Re-Certification findings: The water supply to Humana School is now adequate as water storage tank has been installed since last year. There is no issue raised for water supply during interview with a teacher of Humana School.

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

During this Re-Certification, the majority of stakeholders had positive comments about SOU26. For the situations where stakeholders raised issues, the company's response is stated. The detail of stakeholders comment has provided below:

Internal Stakeholders

Internal stakeholders representatives were interviewed and they gave some important information to the auditor as consideration for assessing some indicators related to work procedures, labour issues, and company policies. (e.g. 4.1.1; 4.1.2; 4.7.1; 5.3.1; 6.5.1; 6.6.1; etc)

Government

Stakeholder comment: Labour Department officer responded to auditor question on the License to employ foreign workers which informed license should be valid all times.

Company Response: Company committed to follow up with Labour Department.

Auditor findings: Considered to assess indicator 2.1.1 in relation to License to employ foreign workers. Observation has raised against indicator.

Local communities

The Local community representatives were interviewed and they gave some important information to the auditor as consideration for assessing some indicators related to land issues. (e.g. 2.2.1; 2.3.1; etc)

Others

Other stakeholders such as smallholders, small-growers, and contractor were interviewed and they gave some important information to the auditor as consideration for assessing some indicators related to company's policy on deal fairly transparently (e.g. 6.10.1; 6.10.2; 6.10.3; 6.10.4 etc)

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next surveillance visit will be scheduled not later than twelve months of the Re-Certification date.

4.2 Date of Closing Nonconformities (Major and Minor)

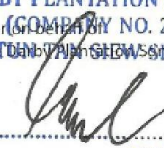
Table 5: Status of Nonconformities

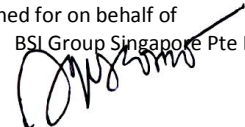
| Reference | Category | ISSUED | CLOSED |
|---------------|----------|------------|------------|
| CR01 4.2.2 | Minor | 02/06/2008 | 17/09/2009 |
| CR02 | Minor | 02/06/2008 | 17/09/2009 |

| Reference | Category | ISSUED | CLOSED |
|---------------------|----------|------------|----------------------|
| 4.4.6 | | | |
| CR03 2.1.1 | Major | 17/09/2009 | 16/11/2009 |
| CR04 2.1.3 | Minor | 17/09/2009 | 24/09/2010 |
| CR05 4.3.2 | Minor | 17/09/2009 | 24/09/2010 |
| CR06 5.3.2 | Minor | 17/09/2009 | 24/09/2010 |
| CR07 4.4.6 | Minor | 29/06/2011 | 24/05/2012 |
| CR08 5.2.3 | Minor | 29/06/2011 | 24/05/2012 |
| CR09 5.3.2 | Minor | 29/06/2011 | 24/05/2012 |
| CR10 5.5.3 | Minor | 29/06/2011 | 24/05/2012 |
| CR11 5.3.2 | Minor | 24/05/2012 | Closed 02/08/2013 |
| CR12 5.3.3 | Minor | 24/05/2012 | Closed 02/08/2013 |
| 1007353M1 2.1.1 | Major | 02/08/2013 | Closed 30/08/2013 |
| 1007353N7 5.1.2 | Minor | 02/08/2013 | "Open" |
| 1007353N10 6.2.3 | Minor | 02/08/2013 | "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.

SIME DARBY PLANTATION (SABAH) SDN. BHD.
 (COMPANY NO. 29959-V)
 Signed for on behalf of
 Sime Darby Palm SHEWAN-SHAW ESTATE
 1007353N10

 Mr. Adenan Bin Hj Hijoo
 Date: 05/03/2014
ADENAN BIN HJ HIJOO
MANAGER
 Date: 30/08/2013

Signed for on behalf of
 BSI Group Singapore Pte Ltd

 Mr Aryo Gustomo
 BSI RSPO Lead Assessor
 Date: 05/03/2014

Appendix “A”

Supply Chain Certification Audits

| |
|---|
| Main Report Details Standard: Supply Chain Certification requirement for CPO Mills – Module E Mass Balance Location: Sandakan Bay Mill, Date: 29/07/2013 There were no sales of certified mill products in Financial Year of 2012/2013 because no contract was allocated to Sandakan Bay Oil Mill. Sandakan Bay Oil Mill is currently selling through conventional mechanism only whereby this depending on the market request and demand. However, as a holding of Sime Darby the certificate were traded through Green Palm considering whole total of certified palm oil produced from all certification unit in Malaysia and Indonesia. Company confirmed to audit team that there is no certificate from SOU 26 was traded in GreenPalm. |
|---|

Certified Mill Production – 01 May 2012 to 30 April 2013

| MILL | CAPACITY | CPO | PK |
|--------------|----------|--------|-------|
| Sandakan Bay | 60 | 33,783 | 8,172 |

Sales of Certified Mill Products – 01 May 2012 to 30 April 2013

| MILL | CPO | PK |
|--------------|-----|----|
| Sandakan Bay | - | - |

Sales Certified CPO – 01 May 2012 to 30 April 2013

| Buyer's Company | Tonnes |
|-----------------|--------|
| None | - |
| | - |
| TOTAL | - |

Sales Certified PK – 01 May 2012 to 30 April 2013

| Buyer's Company | Tonnes |
|-----------------|--------|
| None | - |
| | - |
| TOTAL | - |

Sales of Greenpalm certificates from July 2012 to June 2013 for whole Sime Darby certification units.

| Sime Darby | CPO | CPKO |
|------------|------------|-----------|
| Malaysia | 672,266.00 | 82,881.00 |
| Indonesia | 208,047.00 | 47,937.00 |

Certified FFB received Monthly – 01 May 2012 to 30 April 2013

| Month | Sentosa Estate | Tigowis Estate | Tun Tan Estate | Tunku Estate | Segaliud Estate* | Total FFB/month |
|--------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| May'12 | 3,561.25 | 2,228.08 | 3,451.44 | 3,463.73 | - | 12,704.50 |
| June | 2,795.32 | 1,543.98 | 2,908.46 | 3,060.89 | - | 10,308.65 |
| July | 2,956.11 | 1,290.45 | 2,956.01 | 2,683.33 | - | 9,885.90 |
| August | 3,085.60 | 1,467.20 | 2,581.57 | 2,616.81 | - | 9,751.18 |
| Sep | 3,617.22 | 1,991.78 | 3,381.35 | 3,375.65 | - | 12,366.00 |
| Oct | 3,582.74 | 2,139.35 | 3,425.96 | 3,141.23 | - | 12,289.28 |
| Nov | 4,636.91 | 2,880.68 | 4,669.47 | 4,696.16 | - | 16,883.22 |
| Dec | 4,844.88 | 2,802.00 | 3,925.85 | 4,435.01 | - | 16,007.74 |
| Jan'13 | 4,505.05 | 2,954.78 | 4,589.15 | 4,681.14 | - | 16,730.12 |
| Feb | 4,367.95 | 2,537.80 | 3,835.35 | 3,981.49 | - | 14,722.59 |
| March | 3,921.42 | 2,646.92 | 3,762.09 | 3,716.15 | - | 14,046.58 |
| April | 3,746.02 | 2,349.66 | 3,531.90 | 3,355.15 | - | 12,982.73 |
| TOTAL | 45,620.47 | 26,832.68 | 43,018.60 | 43,206.74 | - | 158,678.49 |

* Segaliud estate will be supplying to Sandakan Bay Oil Mill by end of year 2013 as it would be included in current scope.

Certified Company Details

Sime Darby Plantation Sdn Bhd
Management Unit SOU26
Locked Bag 39
Sandakan Sabah 90009
MALAYSIA [RSPO Membership No: 035-04(O)]

Contact Person: Mr Samiun Bin Mansor
Manager Sandakan Bay Mill
Phone: +6089 622-276
Email: kks.sandakan.bay@simedarby.com

Summary

Supply Chain assessment was made at Sandakan Bay Mill that is owned and operated by Sime Darby. The assessment included site visits to Sandakan Bay Oil Mill and two sample estates of Segaliud and Tunku Estates, review of records and interviews of staff. The assessor concluded SOU26 has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and production of certified CPO and PK. SOU26 maintains adequate records for confirming compliance with the RSPO supply Chain requirements and staff were able to demonstrate an appropriate knowledge of the requirements.

Conclusion

The SOU26 management system and records meet the requirements of the RSPO supply chain requirements, November 2011 for the Mass Balance mechanism.

Module E – CPO Mills: Mass Balance

E.1. Documented procedures

E.1.1 The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:

a) Complete and up to date procedures covering the implementation of all the elements in these requirements.

Complies – Procedures are current and include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products. For example, SPMS: March 2013/ Appendix 15 - Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System, and SOP Mill Quality Management System: 01/11/2008.

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. Complies – The Mill Manager has responsibility for the Supply Chain aspects of FFB receipts, processing and shipping of palm products.

E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.

Complies – the Mills Weighbridge SOP covers the receiving of FFB and recording details of the Supplier and Transporter. All deliveries of FFB are subject to verification and documentation of quality checks as stated in the procedures – refer to E.1.1

E.2. Purchasing and Goods -Received.

E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received. Complies – The Mill records FFB tonnages received at the weighbridge station and these are reported daily to the Head Office. Review on SOP as per E.1.1, show the mechanism to track back the certified and non-certified

E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.

Complies – the company has a mechanism for advising the CB of production variations, which are monitored internally. There is no overproduction was reported to the CB so far.

E.3. Record keeping

E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.

Complies – Inspection of records at the Mill confirmed these were updated daily. E.g. Daily report, Monthly progress report, etc. All reports confirmed are up to date until June 2013 and can be traced onto certified and noncertified products.

E.3.2 Retention times for all records and reports shall be at least five (5) years.

Complies – Sandakan Bay Mill is provided a documented procedure to be followed to RSPO SCCS and keep records for at least 5 years as stated in procedure in indicator E.1.1.

E.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.

Complies – these are updated monthly and reported to Head Office. The mill only produces CPO and PK. Review of record sample taken: Mass Balancing records for oil mill. No sales of certified CSPO and CSPK during May 2012 to April 2013

E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Mass Balance. The supply chain model used should be clearly indicated. Complies – The company uses the prefix MB on the Product Code. Example: written in the Delivery note as identity for the transports. This has been explained in the procedure – refer to indicator E.1.1

E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that: the crush is covered through a signed and enforceable agreement. Complies – The mill is not equipped with palm kernel crushing plant. The kernel sent to independent third party. During reporting period of May 2012 to April 2013 up to July 2013, there are no sales of Certified CSPK. Most of the sales were through conventional trading.

E.4. Sales and good out

E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:

a) The name and address of the buyer;

- b) The date on which the invoice was issued;**
- c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)**
- d) The quantity of the products delivered;**
- e) Reference to related transport documentation.**

Complies – all of these items (a-e) are included in the company's invoices to buyers. All sales and goods records are kept Mill office. Although there is no sale of certified products, the procedure of sales and good out also comply with this requirements.

E.5. Training

E.5.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.

Complies – The company maintains records of trainings. For this Supply chain requirement, the company had conducted internal training for Mill staff and weight bridge operator on 2012. Company would give a training for any new operator recruited.

E.6. Claims

E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.

Complies – As of the Assessor's knowledge, the company has not made claims outside of the RSPO rules for Communications and Claims.

Appendix “B”

RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd

Strategic Operating Unit (SOU) 26 - Sandakan Bay

Locked Bag 39

Sandakan Sabah 90009

Malaysia

Website: <http://plantation.simedarby.com>Certificate Number: **SPO 537872**

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

| Sandakan Bay Palm Oil Mill and Supply Base | |
|---|--|
| Location Address | Locked Bag 39, 90009 Sandakan, Sabah, Malaysia |
| GPS Location | E 118° 10' 20" N 5° 45' 20" |
| CPO Tonnage Total Projected | 49,971 |
| PK Tonnage Total Projected | 11,928 |
| Company Own estates FFB Tonnage | 198,968 |
| Smallholders FFB Tonnage* | 2,340 |
| Small-growers FFB Tonnage* | 31,510 |
| CPO Tonnage Claimed** | 42,699 |
| PK Tonnage Claimed** | 10,187 |

| SOU 26 estates | Mature (ha) | Immature (ha) | Unplantable/ others | Total land lease | Annual FFB Production (mt) |
|-----------------------|--------------------|----------------------|--------------------------------|-----------------------------|---|
| Sentosa | 2,450 | 684 | 411 | 3,546 | 53,725 |
| Tun Tan | 2,257 | 556 | 330 | 3,143 | 44,623 |
| Tigowis | 1,342 | 569 | 163 | 2,074 | 29,911 |
| Tunku | 2,414 | 549 | 240 | 3,203 | 51,427 |
| Segaliud | 3,074 | 1234 | 512 | 4,820 | 19,282*) |
| TOTAL | 11,537 | 3,592 | 1,656 | 16,786 | 198,968 |

* Production from Smallholders and Small-growers is not included in the Certificate.

** The Tonnages Claimed is the proportion of the total projected production from Company Certified Estates upon reporting period 01/05/2013 to 30/04/2014.

*) Segaliud estate had just supplied the FFB to the mill started on January 2014. The estimated FFB production is from January to April 2014.

Appendix “C”

Re-Certification Assessment Programme

Assessment Programme July 28th – August 2nd 2013

| Date | Time | Subjects | Aryo | Haris | Nabila |
|----------------------------|---------------|--|------|-------|--------|
| Sunday, 28 July 2013 | 08.40 – 11.50 | Aryo travelling from Jakarta to Kuala Lumpur. | √ | - | - |
| | 15.15 – 18.00 | Auditors travelling from Kuala Lumpur to Sandakan. SOU 26 pick-ups auditors at the airport. Overnight in Sandakan Town. | √ | √ | √ |
| Monday, 29 July 2013 | 08.00 – 08.20 | Auditors travelling to Sandakan Bay's port by speedboat SOU 26 pick-ups at the Port. | √ | √ | √ |
| | 08.20 – 08.40 | Auditors travelling to site's location. | √ | √ | √ |
| | 09.00 – 09.30 | Opening Meeting e.g.: <ul style="list-style-type: none"> • Introduction • Presentation by the company representative (Estate and mill activities, Supply Chain related to the FFB supplied to the mill, progress of previous NCs and time bound plan). • Presentation by Audit Team Leader and confirmation on the assessment scope. • Finalize Audit schedule (including stakeholders consultation arrangement) Other business. | √ | √ | √ |
| | 09.30 – 12.00 | Sandakan Bay Mill - Documentation review (General Documentation e.g. Legal, Manual and Procedure, EIA documents, Health and Safety, Time bound plan verification etc) | √ | √ | √ |
| | 12.00 – 13.30 | Break/lunch/pray | √ | √ | √ |
| | 13.30 – 17.00 | Continuing Document review (Legal/permits, Long-term working plan, Procedures, Water management plan, Health and safety, Training records, SEIA, Management and monitoring on Pollutions and emissions, Supply chain for CPO mill, etc.) | √ | √ | √ |
| Tuesday, 30 July 2013 | 08.00 – 12.00 | Sandakan Bay Mill – Inspection, warehouse, workshop, mill wastes, working safety, Supply chain for CPO mill, etc | √ | √ | √ |
| | 08.00 – 12.00 | Meeting and interview with stakeholders from Local governments, head of villages, NGOs, smallholders, etc) | - | √ | √ |
| | 12.00 – 13.30 | Break/lunch/pray | √ | √ | √ |
| | 13.30 – 17.00 | Continuing Sandakan Bay Mill – Inspection, warehouse, workshop, mill wastes, working safety, Supply chain for CPO mill, etc | √ | - | - |
| | 13.30 – 17.00 | Verification to stakeholder inputs to the Company based on meeting. | | √ | √ |
| | Evening | Auditor meeting | √ | √ | √ |
| Wednesday, 31 July 2013 | 08.00 – 12.00 | Segaliud Estate – Documentation review and Inspections i.e. information request, legal/permits, long-term working plan, Manual & Procedures, health and safety, worker training records, SEIA, HCV management and monitoring, Waste and pollution management/monitoring, worker payslip, company policies, continuous improvement, etc; Visit to Office, worker housing, Clinic, Landfill, Chemical store and mixing, Fertiliser, field spraying & harvesting, etc | √ | √ | √ |
| | 12.00 – 13.30 | Break/lunch/pray | √ | √ | √ |
| | 13.30 – 17.00 | Continue Segaliud Estate – Documentation review and Inspections. | √ | √ | √ |
| | Evening | Auditor meeting | √ | √ | √ |
| Thursday, 01/08/2013 | 08.00 – 12.00 | Tunku Estate – Documentation review and Inspections i.e. information request, legal/permits, long-term working plan, Manual & Procedures, health and safety, worker training records, SEIA, HCV management and monitoring, Waste and pollution management/monitoring, worker payslip, company policies, continuous improvement, etc; Visit to Office, worker housing, Clinic, Landfill, Chemical store and mixing, Fertiliser, field spraying & harvesting, etc | √ | √ | √ |
| | 12.00 – 13.30 | Break/lunch/pray | √ | √ | √ |
| | 13.30 – 17.00 | Continue Tunku Estate – Documentation review and Inspections. | √ | √ | √ |

| Date | Time | Subjects | Aryo | Haris | Nabila |
|-------------------------|---------------|--|------|-------|--------|
| | Evening | Auditor meeting | √ | √ | √ |
| Friday, 02/08/2013 | 08.00 – 10.00 | Closing meeting preparation (verification of outstanding issues, Reports, etc) | √ | √ | √ |
| | 10.00 – 12.00 | Closing meeting | √ | √ | √ |
| | 12.00 – 13.00 | Break/lunch/pray | √ | √ | √ |
| | 13.00 – 14.00 | Preparation and travel to Sandakan town by speedboat. | √ | √ | √ |
| | 14.00 – 16.35 | Auditor check-in at Sandakan Airport | √ | √ | √ |
| | 16.35 – 19.15 | Auditor travelling from Sandakan to KL | √ | √ | √ |
| | Evening | Overnight in KL | √ | √ | √ |
| Saturday, 03/08/2013 | 08.10 – 09.15 | Aryo travelling from KL to Jakarta | √ | - | - |

Appendix “D”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

INTERNAL STAKEHOLDERS

| | | |
|---|--|--|
| <i>Sandakan Bay Mill</i> Mill manager and staffs 2 boiler operators 1 engine room operators 1 chemical store officer 1 chief of central workshop 1 Weighbridge ticket operator | <i>Segaliud Estate</i> Estate manager and staffs 2 field supervisor/mandor 2 harvesters 2 manuring workers 6 females spraying operator 1 female estate administrator 1 chemical store officer 1 chief of central workshop | <i>Tunku Estate</i> Estate manager and staffs 2 field supervisor/mandor 1 chief of central workshop 1 chemical store officer 1 harvester |
|---|--|--|

EXTERNAL STAKEHOLDERS

| | | |
|--|--|--|
| <i>GOVERNMENT DEPARTMENTS</i> <ul style="list-style-type: none">• Labour Department | <i>NGOs and others</i> Workers UNION leader (NUPW) AMESU representative FFB Contractor Neighboring Smallholders (Noval Borneo, Bacho) Foreign workers representative (1 Indonesian, 1 Philippine) 4 teachers of Humana school | <i>Local Communities</i> Kampong Manggis Head Kampong Manggis villagers |
|--|--|--|

Appendix “E”

Progress of Time Bound Plan

RSPO Certification Timebound Plan for Sime Darby Plantation (SDP)

This document shall be read together with the Attachments (I, II & III)

Table 1: Timebound Plan and Summary of RSPO Certification Status as at March 2013

| Financial year (July – June) | Targeted | Achieved/Status | Attachments |
|------------------------------|---------------------------------------|--|---|
| Jun-08 | 5 SOUs | | |
| 2008/2009 | 20 SOUs (from Malaysia and Indonesia) | <p>Achievement of Timebound Plan</p> <p>Sime Darby Plantation has had all its 62 SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment by end Dec 2011 in accordance to the initial timebound plan. As at Dec 2011, all Malaysian SOUs have been RSPO certified (with the exception of 2 new oil mills commissioned to replace the current oil mills after the initial timebound plan targets).</p> | <p>For details please refer to Attachments:</p> <p>i) SDP - RSPO Certification Status for Malaysia Operations</p> <p>ii) SDP- RSPO Certification Status for Indonesia Operations</p> <p>iii) RSPO SCCS status for Sime Darby Plantation (Downstream Operations)</p> |
| 2009/2010 | 20 SOUs (from Malaysia and Indonesia) | <p>Revision of total number of SOUs</p> <p>The total number of SOUs have been revised from 62 SOU to 58 SOUs w.e.f 1st July 2012 due to strategic alignments/closure of mills.</p> <p>Beginning Jan 2013, the total number of SOUs have been revised from 58 to 61 SOUs.</p> | |
| 2010/2011 (End Dec 2011) | 17 SOUs (from Malaysia and Indonesia) | | |

Table 2: Details of RSPO Certification Status as at March 2013

| Status | Malaysia | Indonesia | Total | Remarks |
|--|----------|-----------|-------|---|
| RSPO Certified | 34 | 19 | 53 | <p>Malaysia</p> <p>* Effectively 36 SOUs: Sg Samak and Jeleta Bumi POM has been closed down. Due to strategic alignment, there are mills (Mostyn, Sepang POM) converted to third party oil mill and not included in the RSPO Certification timebound plan.</p> <p>Indonesia</p> <p>* Effectively 25 SOUs: * Tamiang POM ceased operations and combined with Blang Simpo POM. Three new mills Betung Oil Mill, Mandah Oil Mill & Mustika Oil Mill were commissioned.</p> |
| Undergoing Stage 1 or Stage 2 Assessment/ RSPO EB Review | 2 | 6 | 8 | <p>Malaysia</p> <p>* SOU Sua Betong (replacing SOU Rantau) and SOU Pagoh (replacing SOU Nordanal) undergoing RSPO Certification process - Stage 1/2 audit.</p> <p>Indonesia</p> <p>* Due to the closure of Tamiang Oil Mill, Blang Simpo Oil Mill (undergone RSPO Main Assessment in June 2011) has undergone RSPO Main Assessment for a second time in Oct-Nov 2012. Blang Simpo is currently under the RSPO EB Review process.</p> <p>* MAS Oil Mill and Lembiru oil mill has undergone RSPO Main assessment and is delayed due to some disputes.</p> <p>* 3 new mills (Betung Oil Mill, Mandah Oil Mill & Mustika Oil Mill) currently undergoing RSPO Certification Process - Stage 1 & Stage 2 assessments.</p> |
| Total SOUs | 36 | 25 | 61 | Note: Revised number of SOUs for SDP is 61 beginning Jan 2013. |

Note: SOU - Strategic Operating Units (consisting of one oil mill and supplying estates)

Attachment I
SDP - RSPO Certification Status for Malaysia Operations

| SDU NO | Name of SDU | Location | Date of Certification | End Date of Certification | Certificate Number | Active/Withdraw from RSPO Certification | Remarks |
|--------|-----------------|-------------------------------|-----------------------|---------------------------|--------------------|---|---|
| 1 | Sg. Dingin | Karangan, Kedah | 12 Aug '10 | 11-Aug-15 | SPO 550179 | Active | |
| 2 | Dharsanesse | Kuala Kurau, Perak | 5 Oct '11 | 4-Oct-16 | CU-RSPO-819148 | Active | |
| 3 | Elphil | Sg Siput, Perak | 18 Jun '11 | 17-Jun-16 | SPO 550180 | Active | |
| 4 | Flemington | Teluk Intan, Perak | 5 Oct '11 | 4-Oct-16 | CU-RSPO-819144 | Active | |
| 5 | Seri Intan | Teluk Intan, Perak | 3 Mar '11 | 2-Mar-16 | CU-RSPO-811238 | Active | |
| 5 | Selaba | Teluk Intan, Perak | 3 Mar '11 | 2-Mar-16 | CU-RSPO-819142 | Active | |
| 5a | Sg. Simak | | 3 Mar '11 | NA | NA | Withdraw - Ceased operations. | |
| 6 | Tennamaram | Beautan Jaya, Selangor | 3 Mar '11 | 2-May-16 | CU-RSPO-819143 | Active | |
| 7 | Bkt Kerayang | Kapar, Selangor | 15 Apr '11 | 14-Apr-16 | SPO 550181 | Active | |
| 8 | East | Carrey Island, Selangor | 19 May '10 | 18-May-15 | SPO 543543 | Active | |
| 9 | West | Carrey Island, Selangor | 19 May '10 | 18-May-15 | SPO 543594 | Active | |
| 9a | Sepang | Sepang, Selangor | 19 May '10 | NA | NA | Withdraw - Conversion to Third Party | |
| 10 | Bukit Puteri | Raub, Pahang | 7 Jul '11 | 6-Jul-16 | CU-RSPO-819147 | Active | |
| 11 | Kerdau | Temerloh, Pahang | 7 Jul '11 | 6-Jul-16 | CU-RSPO-819156 | Active | |
| 12 | Jabor | Kuantan, Pahang | 7 Jul '11 | 6-Jul-16 | CU-RSPO-819156 | Active | |
| 13 | Labu | Nila, Negeri Sembilan | 30 Dec '11 | 29-Dec-16 | CU-RSPO-819163 | Active | |
| 14 | Tanah Merah | Pant Dickson, Negeri Sembilan | 19 May '10 | 18-May-15 | SPO 541905 | Active | |
| 15 | Sua Betang | Pant Dickson, Negeri Sembilan | 30 Dec '11 | 29-Dec-16 | | Active - New Application | Undergoing RSPO Main Assessment. (Was certified as SDU Rantau with Certificate No. CU- RSPO-819165.) |
| 16 | Kak Fah | Bahau, Negeri Sembilan | 7 Jul '11 | 6-Jul-16 | CU-RSPO-819157 | Active | |
| 17 | Kempas | Jasin, Melaka | 19 May '10 | 18-May-15 | RSPO 005 | Active | |
| 18 | Diamond Jubilee | Jasin, Melaka | 5 Oct '11 | 4-Oct-16 | CU-RSPO-819146 | Active | |
| 19 | Pegah | Muar, Johor | 7 Jan '11 | 6-Jan-15 | | Active - New Application | Pegah Oil Mill has just been commissioned to replace Nordanal Oil Mill with Certificate No. (SPO 549297). Notification to CB on the matter made on 07 Jan 2013. Pegah Oil Mill will undergo RSPO Main Assessment. |
| 19a | Yang Peng | Yang Peng, Johor | 20 Oct '10 | 19-Oct-15 | SPO 550182 | Active | |
| 20 | Obeah | Cheah, Johor | 18 Nov '10 | 17-Nov-15 | SPO 549299 | Active | |
| 21 | Gunung Mas | Kluang, Johor | 19 May '10 | 18-May-15 | RSPO 903888 | Active | |
| 22 | Bukit Benut | Kluang, Johor | 5 Oct '11 | 4-Oct-16 | CU-RSPO-819147 | Active | |
| 23 | Ulu Remis | Layang-layang, Johor | 12 Apr '11 | 11-Apr-16 | SGS-RSPD/PM-00722 | Active | |
| 24 | Hadapan | Layang-layang, Johor | 29 Mar '11 | 28-Mar-16 | SGS-RSPD/PM00715 | Active | |
| 25 | Saga liud | Sandakan, Sabah | 20 May '10 | 19-May-15 | SPO 547123 | Active | |
| 26 | Sandakan Bay | Sandakan, Sabah | 1 Oct '08 | 30-Sep-13 | SPO 537872 | Active | |
| 27 | Melalap | Tenom, Sabah | 21 Jan '11 | 20-Jan-16 | SPO 547124 | Active | |
| 28 | Binuang | Kunak, Sabah | 16 Jan '09 | 15-Jan-14 | RSPO 001 | Active | |
| 29 | Giram | Kunak Sabah | 16 Jan '09 | 15-Jan-14 | RSPO 002 | Active | |
| 30 | Meratai | Tawau, Sabah | 16 Jan '09 | 15-Jan-14 | RSPO 004 | Active | |
| 30a | Jelata Bumi | Kunak, Sabah | 24-May-10 | NA | NA | Withdraw - Ceased operations. | |
| 30b | Masey | Kunak Sabah | 16 Jan '09 | NA | NA | Withdraw - Ceased operations. | |
| 31 | Lawang | Bintulu, Sarawak | 30 Dec '11 | 29-Dec-16 | CU-RSPO-819166 | Active | |
| 32 | Rajawali | Bintulu, Sarawak | 30 Dec '11 | 29-Dec-16 | CU-RSPO-819167 | Active | |
| 33 | Derawan | Bintulu, Sarawak | 30 Dec '11 | 29-Dec-16 | CU-RSPO-819168 | Active | |
| 34 | Pekaka | Bintulu, Sarawak | 30 Dec '11 | 29-Dec-16 | CU-RSPO-815150 | Active | |

Legends

- Replacement/New Application
- Certification Withdrawal
- NA - NOT APPLICABLE

SDP- RSPO Certification Status for Indonesia Operations

| SOU NO | Name of SOU | Name of Mill | Location | Date of Certification | End Date of Certification | Certificate Number | Active/Withdrawn from RSPO Certification | Remarks |
|--------|--|----------------------------------|--|-----------------------|---------------------------|--------------------|---|--|
| 1 | PT LAHAN TANI SAKTI | ALUR DUMAI | Bagan Sinembah/Tanah Putih, Pujud, Rokan Hilir, Riau | 16-Mar-12 | 16-Mar-17 | MUTU-RSPO/0011 | | |
| 2 | PT SAJANG HELLANG | ANGSANA MINI MUSTIKA OIL MILL | Sebamban, Indonesia | 6-Jul-11 | 6-Jul-16 | MUTU-RSPO/006b | | Mustika Oil Mill currently undergoing RSPO Certification Process - Stage 1 & Stage 2 assessments. |
| 4 | PT LADANG LUMPUN SUBURUBADI | ANGSANA | Sebamban, Indonesia | 6-Jul-11 | 6-Jul-16 | MUTU-RSPO/006a | | |
| 5 | PT LANGGEM MUARAMAMUR | BHEUNSA | Panukan Utara, Tanah Grogot, Kotabaru/Pasir, Kalimantan Selatan/Kalimantan Timur | 16-Mar-12 | 16-Mar-17 | MUTU-RSPO/0014 | | |
| 6 | PT KRIDATAMA LANKAR | SUKAMANDANG | Senuyan Tengah, Sampit, Senuyan, Kalimantan Tengah | 5-Jul-11 | 5-Jul-16 | MUTU-RSPO/003 | | |
| 7 | PT BAHARI GEMBIRA RIA | LADANG PANJANG | Kumpeh Ulu, Jambi, Muaro Jambi, Jambi | 9-Jul-12 | 9-Jul-17 | MUTU-RSPO/0013 | | |
| 8 | PT TUNGGAL MITRA PLANTATIONS | MANGSALA | Riau, Indonesia | 25-Nov-10 | 25-Nov-15 | MUTU-RSPO/0002 | | |
| 9 | PT PARIPURNA SWAKARSA | POINDOK LABU | Panukan Selatan, Tanah Grogot, Kotabaru, Kalimantan Selatan | 16-Mar-12 | 16-Mar-17 | MUTU-RSPO/0016 | | |
| 10 | PT BERSAMA SEJAHTERA SAKTI | GUNUNG ARU | Sebamban, Indonesia | 5-Jul-11 | 5-Jul-16 | MUTU-RSPO/009 | | |
| 11 | PT GUTHRIE PECCONINA | RANTAU PANJANG | Muara Likitan, Lubuk Linggau, Musi Rawas, Sumatera Selatan | 16-Mar-12 | 16-Mar-17 | MUTU-RSPO/0017 | | |
| 12 | PT LAGUNA MANDIRI | RANTAU BETUNG OIL MILL | Sungai Durian, Kotabaru, Kalimantan Selatan | 30-Dec-11 | 30-Dec-16 | MUTU-RSPO/009 | | Betung Oil Mill currently undergoing RSPO Certification Process - Stage 1 & Stage 2 assessments. |
| 14 | PT INDOTRUBA TENGAH | SEKUNDIR | Kalimantan Tengah, Indonesia | 25-Nov-10 | 25-Nov-15 | MUTU-RSPO/0001 | | |
| 15 | PT SWADAYA ANDIKA | SELABAK | Sungai Durian, Kotabaru, Kalimantan Selatan | 16-Mar-12 | 16-Mar-17 | MUTU-RSPO/0013 | | |
| 16 | PT BINA SANG CEMERLANG | SG PINANG | Muara Likitan, Lubuk Linggau, Musi Rawas, Sumatera Selatan | 11-Sep-12 | 11-Sep-17 | MUTU-RSPO/0020 | | |
| 17 | PT TELUK SEMPURNA | PEMANTANG | Kuala Kuayan, Sampit, Kotawaringin Timur, Kalimantan Tengah | 5-Jul-11 | 5-Jul-16 | MUTU-RSPO/0004 | | |
| 18 | PT BHUMIREKSA NUSA SEIATI | TELUK BAKAU MANDAH OIL MILL | Pelangiran, Sg. Guntung, Indragiri Ilir, Riau | 11-Oct-11 | 11-Oct-16 | MUTU-RSPO/008 | | Mandah Oil Mill currently undergoing RSPO Certification Process - Stage 1 & Stage 2 assessments. |
| 20 | PT ANEKA INTIPERSADA | TELUK SIAR | Tualang, Perawang, Siak, Riau | 11-Oct-11 | 11-Oct-16 | MUTU-RSPO/0007 | | |
| 21 | PT TAMACO GRAHA ERIDA | LINGSAYA | Witaponda, Kolonodale, Morowali, Sulawesi Tengah | 10-Jul-12 | 10-Jul-17 | MUTU-RSPO/0018 | | |
| 22 | PT SIME INDO AGRO | BKAWONG | Kalimantan Barat, Indonesia | 18-Aug-10 | 17-Aug-15 | SPO 541399 | | |
| 23 | PT PADANG PALMA PERMA/PT PERKASA SUBUR SAKTI | BLANG SIMPO | Karang Baru, Kuala Simpang, Aceh Tamiang, Nangroe Aceh Darussalam | NA | NA | NA | Undergone RSPO Main Assessment. Pending RSPO EB Review/certification. | Blang Simpo Oil Mill has undergone RSPO Main Assessment in June 2011, however due to the closure of Tamiang Oil Mill, Blang Simpo Oil Mill has undergone RSPO Main Assessment for a second time in Oct-Nov 2012. |
| 24 | PT SANDIRA NATAPALMA/PT BUDI DAYA AGRO LESTARI | LEMBIRU | Desa Suka Karya Kec. Marau Kab. Ketapang, Kalimantan Barat | NA | NA | NA | Undergone RSPO Main Assessment. Delayed due to some disputes. | |
| 25 | PT MITRAL AUSTRAL SEJAHTERA | MAS MILL | Desa Rahayu Kec. Parindu Kab. Sanggau, Kalimantan Barat | NA | NA | NA | Undergone RSPO Main Assessment. Delayed due to some disputes. | |
| 26 | PT PADANG PALMA PERMA | TAMIANG | Sumatera, Indonesia | NA | NA | NA | Withdrawn. Ceased operations and combined with Blang Simpo Oil Mill. | Tamiang POM has undergone RSPO Main Assessment in mid 2011. |

Legends

Pending Certification
by RSPO EBCertification
Withdrawal

NA - NOT APPLICABLE

New mills undergoing RSPO Certification
Process - Stage 1 & 2 assessments.

Attachment III

RSPO SCCS status for Sime Darby Plantation Downstream Operations

| No | Business Unit | Location | Supply Chain Model | Annual Surveillance Audit Date | Certification Date |
|----|--|-------------------------------|--------------------|--------------------------------|-----------------------------|
| 1 | Unimills B.V. | Rotterdam, The Netherlands | SG,MB | May-13 | Certified on 28 June 2011 |
| 2 | SD Biodiesel | Selangor, Malaysia | SG,MB | Feb-13 | Certified on 25 March 2011 |
| 3 | SD Jomalina | Selangor, Malaysia | SG,MB | Feb-13 | Certified on 10 March 2011 |
| 4 | SD Kempas | Johor, Malaysia | MB | Jul-13 | Certified on 19 Aug 2011. |
| 5 | SD Austral | Sarawak, Malaysia | MB | Mar-13 | Certified on 13 April 2012. |
| 6 | NURI – SD Jomalina | Selangor, Malaysia | MB | Mar-13 | Certified on 13 April 2012. |
| 7 | Kernel Crushing Plant – SD Jomalina | Selangor, Malaysia | SG,MB | Mar-13 | Certified on 13 April 2012. |
| 8 | Hudson & Knights | Boksburg, South Africa | MB | Nov-13 | Certified on 14th Dec 2012 |
| 9 | Morakot | Bangkok, Thailand | MB | Aug-13 | Certified on 10th Sept 2012 |