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PUBLIC SUMMARY REPORT

RSPO ANNUAL SURVEILLANCE ASSESSMENT (ASA03)

SIME DARBY PLANTATION SDN BHD Management Unit PT SIA Sanggau District, West Kalimantan Province INDONESIA

Report Author

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SUMMARY

BSi has conducted third annual surveillance assessment of PT Sime Indo Agro (SIA) operations comprising Bukit Ajong mill, three oil palm estates, scheme smallholders (Himado), support services and infrastructure. BSi concludes that PT SIA's operations and the Himado scheme smallholders comply with the requirements of RSPO Certification System: June 2007 (revised March 2011), Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

It is noted that the mill have implemented Mass Balance SCCS requirement to ensure traceability of the incoming and out-going certified palm product.

BSi recommends that PT SIA operation which consist of Bukit Ajong mill, West estate, East estate, Sei Mawang estate and the Himado Scheme Smallholder approved as a producer of RSPO certified sustainable palm oil and maintain the existing certificate.

ABBREVIATIONS USED

AMDAL	Analisis Mengenai Dampak Lingkungan
ASA	Annual Surveillance Assessment
B3	Chemical waste store
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional
CD	Community Development
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DPPL	Dokument Pengelolaan dan Pemantauan Lingkungan Hidup (Environment management And monitoring document)
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
ESIA	Environmental Social Impact Assessment
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
GPS	Global Positioning System
HCV	High Conservation Value
HGU	Hak Guna Usaha
HO	Head Office
IPM	Integrated Pest Management
IUCN	International Union for Conservation of Nature
MSDS	Material Safety Data Sheet
NGO	Non Government Organisation
OER	Oil Extraction rate
OHS	Occupational Health and Safety
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PT SIA	PT Sime Indo Agro
R&D	Research and Development
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)

SEIA	Social & Environmental Impact Assessment
SPSI	All Indonesian Workers Union

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and their supply bases of FFB were assessed against the requirements of RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

1.2 Certification Scope

The scope of Certification covers one palm oil mill and the supply base comprising three company owned oil palm estates and Himado Scheme Smallholder.

1.3 Location and Maps

The estates and mill are located in Sanggau District of West Kalimantan Province, Indonesia, Indonesia (Figure 1). The GPS location of the mill is shown in Table 1. Figure 2 and 3 shows the estates audited during the ASA3.

Table 1: Mill GPS Locations

MILL	Longitude	Latitude
Bukit Ajong (Capacity: 40mt/hr)	110° 29' 00"E	00°16'00"N

1.4 Description of Supply Base

Oil palm fruit is sourced from company owned and managed estates, scheme smallholders and from third party. The projected FFB productions (certified) for the year 2013 are listed in Table 2 as shown below. The projected figures show increment compared with ASA2 and also actual production due to there are area going into prime mature stage and the bunch forecast shows and increase in bunch formation.

Table 2: FFB Production Tonnage

Source	Projected ASA2	Actual ASA2	Projected for 2013/14
PT SIA Supply Base Estate			
East estate	36,200	28,931	40,076
West estate	52,032	51,858	60,523
Sei Mawang estate	7,136	7,684	7,271
Sub-total	95,368	88,473	107,870
Scheme Smallholders:			
Himado	82,416	81,967	106,858
Total Certified*	177,784	170,440	214,728
Outside Supplier**	6,764	8,786	8,338
GRAND TOTAL	184,548	179,226	223,066

* Certified Tonnage

** Non Certified

The palm oil mill is using Mass Balance supply chain model because about 4% of the FFB sourced from non-certified independent suppliers.

1.5 Date of Plantings and age profile

PT SIA's own estates were planted between 1997 and 2009. The smallholder scheme was planted between 1997 and 1999. The scheme smallholder is managed as one cooperative (KUD) comprising 2,132 members with 4,264ha planted. PT SIA gives management advice on best practices through the scheme manager. These scheme was developed as a condition of PT SIA's project approval. All the palms are matured and in the first planting cycle. The age profiles of the palms are shown in Table 3.

Table 3: Age profile of Palms

Age (years)	% of Planted Area			
	East Estate	West Estate	Sei Mawang Estate	Smallholder (Himado)
26 - 30	-	-	-	-
21 - 25	-	-	-	-
11 - 20	38	100	-	100
4 - 10	62	-	100	-
Total	100	100	100	100

1.6 Other Certifications Held

Not applicable.

1.7 Organisational Information / Contact Person

PT SIA contact details as follows:

PT Sime Indo Agro
Bukit Ajong Palm Oil Mill,
Dusun Kopar,
Desa Dosan, Kecamatan Parindu,
Sanggau District,
West Kalimantan Province,
Indonesia.
Contact Person: Mr. Khairul Nizam
Phone: +62 8115734558
Fax: +62 212301120
Email: ptsia.east.estate@sime-darby.com

1.8 Time Bound Plan for Other Management Units

PT SIA's RSPO membership is through Sime Darby's RSPO membership. The RSPO membership number is 1-0008-04-000-00 (Old number 035-04).

Sime Darby Time Bound Plan is included as Appendix A. Sime Darby has achieved RSPO Certification for 34 of the Management Units in Malaysia and 19 in Indonesia. There are two management units in Malaysia will undergo RSPO initial Certification due to newly commissioned mills. There are 6 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the

remaining Management Units, Sime Darby will have achieved the Time Bound Plan.

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

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

1. Any unresolved land disputes.
2. Any replacement of primary forest or loss of HCV. New land acquisition follows the RSPO NPP process including public notification of new planting.
3. Any labour disputes that are not being resolved through an agreed process.
4. Any evidence of noncompliance with law at other landholdings.

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

1.9 Area of Plantation

The area of palms at company owned estates and smallholders are listed in Tables 4. There are no immature areas in estates and smallholders area. Total planted area at PT SIA is 7,154ha and scheme is 4,264ha. Total land area is 19,855.62ha. 2,683ha is set aside as biodiversity area.

Table 4: Estate and Area of Palms

Estate	Mature (ha)	Immature (ha)
East Estate	2,549	-
West Estate	2,768	-
Sei Mawang Estate	1,837	-
Sub-Total (Own Estate)	7,154	-
Smallholder (Himado)	4,264	-
Grand Total	11,418	-

1.10 Approximate Tonnages Certified

The approximate projected tonnages certified for the ASA3 and actual tonnage produced during the ASA2 is listed in Table 5. There is an increase in the projected palm products which is anticipating the maturity of the area and increase in the oil extraction rate from 23% to 23.25%. During the assessment, it was noted that the mill already achieve 23% of OER. The mill management is

optimistic that they are able to achieve the projected tonnage.

Table 5: Projected FFB, CPO and PK Tonnes Certified for 2013/14 and actual production for ASA2

Mill	CPO		
	Projected ASA2	Actual ASA2	Projected 2013/14
FFB Certified	177,784	170,440	214,728
CPO	34,789	39,326	49,924
PK	9,447	10,192	12,886

1.11 Certificate Details

Sime Darby RSPO Membership No: 1-0008-04-000-00
[035-04(Old number)]
BSi RSPO Certificate No: SPO 541399
Initial Certification Assessment: 3 – 6 November 2008
Date of Certification: 18/08/2010
Date of ASA1: 6 – 8 June 2011
Date of ASA2: 7 – 9 August 2012
Date of ASA3: 10 – 13 September 2013

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualification of the Lead Assessor and Assessment Team

Senniah Appalasamy – Lead Assessor

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

Auditor Training Course and International Sustainable Carbon Certification (ISCC) Lead Auditor training. Beside RSPO, he is also qualified as ISCC lead auditor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Muhammad Haris Bin Abdullah – Team Member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has completed RSPO Lead Auditor Training Course. He also has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He had assisted with conducting audits of oil palm plantation for more than 8 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

Nabila Seth – Team Member

Nabila Seth Bt Mohd Niven is a fulltime employee with BSi Services Malaysia. She graduated in Business Administration from University Technology Mara, Malaysia. She attended internal RSPO training in September 2012. Currently she is an ISO 9001:2008 lead auditor with BSi. She has audited more than 17 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Auditor during the RSPO Assessment to assess the social aspects and gender issues. She has audited four different companies and covered more than 15 audit days.

This summary report was reviewed by Mr. Aryo Gustomo. He is one of the BSi internal reviewer who has involved in report reviewing. He has completed RSPO Lead Auditor training. Certification decision was made independently by the BSi Indonesia's Operation Director.

2.3 Assessment Methodology, Programme, Site Visits

The 3rd annual assessment was conducted on 10 -13 September 2013 to assess the continuous compliance of the certification unit and its certified FFB supply base. The assessment program is included in Appendix C. This assessment was conducted using the requirements of RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

BSi Audit team conducted an assessment of the scheme smallholders' operation comprising one cooperative by

sampling based on the RSPO sampling formula (0.8 √Y whereby Y is number of cooperatives). This sampling strategy was developed based on the RSPO sample size, the geographical location of the cooperatives and number of smallholder members to select 37 members. The RSPO sampling formula also used for the selection of members to be assessed.

The methodology for collection of objective evidence includes physical inspection of the operating units, facilities, infrastructures, interview with staff, workers smallholders, contractors and review of documents. The assessment was based on random sample and therefore nonconformity may exist which have not been identified.

Mr. Aryo Gustomo, who has been involve in BSi RSPO activities and one of the internal reviewer, reviewed this report for conformance with BSi Procedure, RSPO Certification System and RSPO Procedure for Annual Surveillance Assessment. The certification decision was made by BSi Indonesia Operation Director.

2.4 Stakeholder Consultation and a List of Stakeholders Contacted

During the Annual Surveillance Assessment stakeholder consultation was conducted involving internal and external stakeholders through meeting which were held to discuss issues related to environment and social performance. Feedback on the performance of the company with respect to RSPO requirements and aspects that they consider need improvements were consulted during consultation. Stakeholders included those immediately linked with the operation of the company such as workers, staff, smallholders, contractors, government officials and interested parties whose activities covers same geographical area as the PT SIA. Stakeholder consultation took place in the form of meetings and interviews without the present of the management members of the company.

It is noted that during the ASA3 assessment there was no negative comments or complaints received. The list of stakeholder contacted is included as Appendix D.

2.5 Date of Next Surveillance Assessment Visit

The next surveillance assessment visit is planned within 12 months of the certificate anniversary. This surveillance assessment will include the certified mill, estates and the scheme smallholders which has been included in the certified scope.

3. ASSESSMENT FINDINGS

The assessment findings are reported below covering the certified mill, estates and scheme smallholder. Section 3.2 is referring to the findings of the Scheme Smallholder assessment.

During the Annual Surveillance Assessment there was a minor nonconformity and three observation identified.

The minor nonconformities and observation will be followed up during the next annual surveillance assessment. Based on the findings during the Annual surveillance Assessment, BSi conclude that PT SIA – Bukit Ajong Certification Unit and certified supply base comply with the requirements of the RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

BSi recommends that PT SIA – Bukit Ajong Certification Unit to maintain the existing certificate.

3.1 Summary of Findings-Mill and Estates

Principle 1: Commitment to transparency

Criteria 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.

Respond to the stakeholder request are handled as per the existing SOP. It is handled by the Public Relation Officer and records are maintained. These records also incorporated with visitors' information and type of information given to them. Information request on availability of donation fund from the school dated 31/7/2013 was attended on the same day.

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.

Documents related to RSPO are except those commercially confidential are available for stakeholder for onsite inspection, when request submitted to the operating units. Copies of government related documents such as AMDAL, RKL, RPL and land ownership documents are available on request. Other documents include Social Impact Assessment, Safety and Health Plan and continuous improvement plans. These records are maintained for a minimum of three years and government related documents maintained as per requirement of law.

Principle 2: Compliance with applicable laws and regulations

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

Sample of legal documents were checked in the mill and estates as well as at the scheme smallholder cooperative. Land ownership documents are valid and

mill license and permits are renewed periodically prior to the expiry. There are no any changes in the HGU compare to the previous assessment.

Palm oil mill comply with the machineries permits requirements and reporting requirements. The mill is continued to test boiler emission (Report number P484-13 dated 13/6/2013). Genset emission (Report Number: 573/AB111/2013 dated 13/6/2013 by Testing Laboratory of Institute for Industrial Research and Standardization of Pontianak) and ambient air quality and the latest report confirm compliance to the legal requirements. Effluent BOD is within the permitted level of 5000mg/L. This information is incorporated in RKL/RPL report for the period covering Jan. – June 2013. The government officer acknowledges receiving this document on 9/9/2013. The drinking water quality latest result shows that e-coli and coliform not detected, report dated 25/8/2013 number: 02594/BCEBAG. Mill personnel are having competence certificate.

Company legal department continue to carry out the tracking of any changes in the law and inform the relevant operating units if there is any changes related to the plantation operation. Beside the legal department, the sustainability department located in Jakarta monitors any changes in applicable law and informs the operating units.

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

PT SIA continues to hold the HGU which was checked and verified during the initial assessment. It was checked again during this ASA3 to confirm there are no changes.

During the field visit the boundary stones were inspected. It is found that the boundary stones are visibly maintained and records of inspection is maintained at the estate. There were no encroachment issues noted or highlighted by the stakeholders who were interviewed during the stakeholders' consultation. The previous observation was addressed by providing the re-survey data to BPN.

No disputes were noted or highlighted by the stakeholders interviewed.

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.

It is noted that the land which was initially assessed during the initial assessment remain same. It was noted that the surrounding villagers are aware of the plantation development and they were given opportunity to take part in the plasma development. Now these plasma scheme smallholders have a close relationship with the PT SIA management.

Land compensation issues are dealt with FPIC concept and the surrounding communities are aware of the process as well. Document inspection and interview with

local community reveal that FPIC concept is applied during the land compensation process which indicates that the local people are made aware of the company's intention prior to surrendering the land to the company.

Principle 3: Commitment to 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.

As per the initial assessment, PT SIA has an approved annual budget and projection/forecast for a period of three years for the estates and mill. Annual budget is used as guidance by the manager to ensure management plans in the budget are implemented to achieve the economic financial outcome. The annual budget includes operational cost and revenue, production and target, cost of production, OER, capital expenditure and allocation for the continuous improvement plans.

Replanting programme will commence after 2022. The replanting cycle is estimated to take place when the palm age reaches 25 years. The company is committed to zero burning during replanting through felling and chipping.

Principle 4: Use of appropriate best practices by growers and millers

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

Estates and mill are using the PT Minamas SOPs. The estates are using the PT Minamas Agriculture SOPs while the mill is using the Mill Processing SOPs. SOPs related to all the estate operations such as nursery, land preparation, planting, field maintenance, harvesting, FFB collection and transport. Palm Oil Mill have a separate manual which includes SOPs for each processing stations.

Implementations of the SOPs are monitored through field inspection by the estate managers, Agronomist, Plantation advisers, mill adviser and by RSPO internal audits. The most recent internal RSPO audit was carried out in August 2013. Planting Advisor visited the estates on 28-30/8/2013. During the audit, the mill General Manager was conducting monitoring visit and shared his comments with the audit team. He commented that the mill operating as per SOPs and complies with regulations. Corrective action plans are prepared for any findings and it is checked during the subsequent visits. Mill advisor visit is scheduled on 24-26/9/2013. Estates and mill carry out daily monitoring through field inspection records and mill inspection records. It is a routine that the estate and mill management prepare monthly reports and send to the company's head office for monitoring purpose as well.

Besides covering work related issues in the SOPs, all the SOPs are also includes safe working instructions for all type of work in the mill and estates.

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

The company's Agronomy recommends fertilizer application. Leaf sampling was carried out on 9/9/2013 for next year's fertilizer recommendation. Present recommendation was determined through annual leaf analysis which carried out in end of 2012 by PT Minamas Research Centre in Riau. Agronomy visits the estates prior to the final recommendation. Beside inorganic fertilizer, agronomy also makes recommendation for organic fertilizers such as EFB and POME.

EFB is applied at the rate of 40 mt/ha per year on selected area with flat terrain and near to the mill to facilitate better application and control the transport cost. The EFB application area at block S905 was visited and verified. The area applies with POME remains same as previous assessment at 75ha. The BOD level is within the allowed level of 5000mg/L. BOD result No. 04219/BCEBAG dated 10/7/201 from Sucofindo laboratory shows BOD is 242.86 mg/L comply to the permit.

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

During field visit it is noted that only selective and circle herbicide spraying carried out. Soft grass and fern is maintained to minimize erosion during heavy rainfall. Erosion is also controlled through frond stacking along the contour to minimize the speed of the running surface water during heavy rainfall. It is also noted that silt pits are constructed at the road side to minimize erosion and surface run-off. Soil map is available at all the estate and scheme smallholder office.

Road maintenance is carried out internally. Operating units have their own road grader and compacter. Road maintenance includes road grading, compacting, pot-hole resurfacing, road side drain maintenance, culvert and bridge repairing.

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

All the operating units monitor the use of water and the effects of their activities on water resources and waterways. Water management includes monitoring of water usage for processing in the mill, domestic water usage, monitoring of water quality used for processing and domestic household, waste water management and monitoring. Average water usage for the year 2012/13 was 1.35m³.

Buffer zones are managed along the Belida river. Incoming and outgoing river water quality is monitored to identify any pollution. Latest monitoring report dated

25/5/2013 Report Number: 02593/BCEBAG for Belida River shows the BOD level is 3.80mg/L and for the Singorek River was 2mg/L. The report indicates that there was no pollution. Enhancement of riparian zones is carried out with planting of traditional local tree species along the riparian. Signage to create awareness to protect river and riparian is visibly maintained. No any kind of agrochemical used along the riparian zone.

POME land application is monitored. BOD is below the allowable level of 5,000mg/L. BOD is analysed at external laboratory. Palm Oil Mill monitor the quantity of POME discharged into furrows in the field with fulltime staff taking care of the application area. The POME application area at field number S901 was visited and found that the furrows are well protected and away from waterways.

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

IPM is documented in SOP MINAMAS SOP 110/EST-ARM/08 page 11 Sec. 16.3.1 in the Agriculture manual. This SOP describes all the IPM techniques and methods to be used by the estate in managing oil palm pest. The techniques include prevention through planting beneficial plants such as *tunera subulata* and *cassia cabanensis* along the road side. Control measures are only decided based on early detection by conduction pest census by a team of trained staff and workers. However there is no periodic census record available during the assessment. A minor nonconformity was raised as per below:

Indicator 4.5.2 RSPO P&C INA-NIWG: Monitoring extent of IPM implementation including training.

It was noted that at East and West estates there were no any census records as per the requirement of MINAMAS SOP 110/EST-ARM/08 page 11 Sec. 16.3.1 (Barn owl census), page 4 Sec. 16.3 (Rat damage census), page 17 sec. 16.2 (Caterpillar census). The monitoring records were not available.

Pesticide is only used when the threshold damage level exceed the threshold level. Staff and workers are given IPM training mainly of census methodology and identification of pest attack.

There is no pesticide usage noted during this assessment due to no outbreak. Agrochemical used mainly is herbicide for the circle and selective weeding.

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.

It is noted that only approved and registered agrochemicals which are permitted by the local relevant authorities are used. Agrochemicals used are monitored each time it is used. Records includes active ingredients used, area treated, quantity applied per hectare, type of equipment used and number of applicators involve.

To ensure that applicators are trained, daily briefing is given each time agrochemical application is arranged. Type of chemical to be used is recommended by the Sime Darby R&D Department.

Inspection to the storage area confirms that agrochemicals are stored according to the product label and storage instruction. The store keeper understands the safety procedures and information on the MSDS.

Agrochemical waste materials and containers are collected and stored at the schedule waste store. Triple rinsing method is used before storing the empty containers in the schedule waste store. These containers are recycled for the same purpose to prepare pre-mixed agrochemical to be used in the field. The waste materials are disposed through permitted waste collector PT Nirmala Tipar Sesama.

All the operating units ceased paraquat usage since 2007. There is no other Type 1A or Type 1B agrochemicals used. Stock records were checked and there is no any class 1 agrochemicals purchased by the operating units.

All the agrochemical applicators have annual medical checkup by the qualified doctor from Parindu Hospital by Dr. Hendra Hedyanta. The medical records dated 28/8/2013 Number RS Par/X/R/153/VIII/2013 confirm that there are no cases of pesticide poisoning and it is found that all applicators are fit to continue the agrochemical application.

Company policy on prohibiting pregnant or breast feeding female workers from agrochemical application is implemented continuously. Interview with female workers and medical records confirm that pregnant female workers are transferred to work without any agrochemical handling such as office helper and housing site cleaners.

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

OSH Plan, which includes a training programme and OSH plans with designated responsible person identified. All occupational hazards and risks have been assessed and identified.

Observation 3: (4.7.5 RSPO P&C INA-NIWG) – It was highlighted by the Plasma Smallholder that sometime tractors are operated at night with single light and FFB stacked too high. During audit it was not seen. However it is raised as an observation.

Guidelines on accident and emergency procedures are available. Accident records are analysed by the Safety executive on site and target set is zero. Only minor injuries such as thorn prick cases noted in the estate. No fatal accidents occurred. Accidents details reported to labour department periodically. Safety measures explained to workers and included in safety training. Interviews with workers confirmed knowledge of the plans and procedures and first aid training records were inspected and also confirmed by interview. Safe working environments observed in mill and places of work.

Drivers are compulsory to attend competency training conducted by safety executive and they are holding driving permits. Jamsostek insurance covers any accidents during travelling to work and during work related accidents. Latest premium payment record dated 1/9/2013 covers all the workers.

Fire-fighting and Emergency Response Team is available in the estates and mill. Training is provided by internal safety executive and external trainers. Another separate risk assessment HIRARC conducted by the OSH department covering all the operation chemical handling, workshop, field operation and other general work. Rating is given as low, medium or high. When the risk is high, preventive measures is developed to address the risk. Records checked include first aid training records (dated 7/9/2013) and OSH meeting records (dated: 10/7/2013). Other training details are listed under criteria 4.8 below.

Observation 1: (4.7.8 RSPO P&C INA-NIWG) - The laboratory at the palm oil mill has an emergency shower. The management is planning to shift the emergency shower to another location. The progress will be checked during the next surveillance. At West estate's chemical store, the emergency shower water pressure was very low.

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

Annual training programme dated 2/1/2013 is developed to cover all level of management, workers, smallholders and contractors. The training records are maintained at each operating units with details such as date, venue, topic, trainer's details and signed by the attendees. Mill, estate and smallholder scheme manager maintain all the training records and this was checked and verified through interview with the staff, workers, smallholders and contractors interview.

The trainings conducted include RSPO Supply Chain Training dated 4/9/2013; First Aid Training dated 7/9/2013; Fire Fighting Training for mill, estates and smallholders dated 31/7/2013; Smallholder RSPO and best practice Training dated 27/8/2013; Correct use of PPE Training dated 6/4/2013; Safety training for harvesters dated 28/8/2013, contractors training dated 26/8/2013 etc.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity

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

The environmental aspect and impact identification was reviewed and updated for the year 2013/14. PT SIA prepares the periodic half yearly environmental management and monitoring reports and sends to the government authorities in the form of RKL RPL. The report for the first period in 2013 was confirmed received by the Environment Department through letter dated 9/9/2013. The RKL/RPL covers all the operating units including the scheme smallholders.

Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

As reported in the initial certification report, biodiversity area covering 2,683ha is continuously maintained. All the biodiversity area are monitored and managed to ensure it is protected. All the conservation area are also protected and erected with signage to create awareness among staff, workers and community to protect this area. Interview with workers and community confirm that they are aware that conservation areas exist and it is protected.

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

Waste products have been identified and documented. Plans to avoid pollution are in place to include careful mixing of agrochemicals, diesel tank bund, dedicated schedule waste stores, concreted and banded workshops, oil traps and controlled household waste disposal. Line-site discharge is also included in the plans. Hazardous waste is stored in a dedicated schedule waste store (Permit number 128 Thn. 2010 valid until 2015. Schedule waste is disposed of by a licensed company PT Nirmala Tipar Sesama in accordance with product label and existing regulation. There are records of all disposals of waste. Latest disposal was on 5/7/2013 manifest number AP0039117.

Documented waste products includes used oil, old battery, used laboratory chemical, clinical waste, effluent, EFB, smoke, dust, fibre and shell, empty chemical container, boiler ash, scrap iron, used tire, linesite waste, line site waste water. Operational waste products collected and stored in schedule waste store and disposed through authorised.

Empty agrochemical containers reused for preparing pre-mixed diluted chemical for circle spraying. EFB recycled and applied in the field as organic fertilizer. Shell and fiber is recycled at mill as renewable energy source. Mill waste water POME is recycled for land application and complies to the permit regulation.

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

All energy used in the mill is monitored. Fossil fuel records are maintained and trends shown. Energy use records include accurate measurements of renewable energy use per tonne of CPO produced. Company already maximise the renewable energy use. All the shell and fibre is consumed internally. The energy generated through renewable source maintained at 2.00 – 2.25kWh/mt CPO while the fossil fuel generated about 0.40kWh/mt CPO.

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.

The company has procedures in place to assist in the event of fire in the field and facilities under Emergency Response Plan. Field visit, interview with workers, stakeholders, SOP's and manager interviews confirm that there is no open burning. No evidence of burning anywhere on any operating units found during field visit.

Training on fire fighting was carried out includes the scheme smallholders. Appropriate fire fighting equipment such as fire extinguishers, fire hydrant and mobile water tanks are available for the fire fighting purpose.

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

Management of wastes generated by operating units includes collection, storing and disposing through authorised collectors. Once the polluting activity is identified, it is mitigated or collected and kept in the schedule waste store and recycle wherever possible such as Shell, fibre, EFB, effluent is recycled.

The mill has identified the sources of pollution and emissions. Various and regular measurements are taken of the emissions and pollutants. Measurements of emissions obtained are used to develop strategies for improvement and reduce emission. POME is treated in a series of effluent ponds and the final discharge is regularly monitored for BOD levels before goes for land application. No discharge to watercourse.

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills

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.

Documented and implemented social impact assessments prepared in participation with affected parties for the palm oil mill, plantations and scheme smallholders. There are no any changes in the PT SIA operation.

Initial Social Impact Assessment for PT SIA is available and conducted by external consultant. Positive and negative issues identified during SIA. Social Impact Assessment includes detail on positive and negative effects and documented affected parties. Stake holder consultation procedure is followed to further identify impacts. Stakeholder meeting record is available.

PT SIA prepares RKL/RPL reporting which related to the activities at PT SIA. The recent reporting for the 1st half of the year 2013 include more comprehensive information on social impacts besides the environmental impacts. The impact of the smallholders is included in the document.

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.

Open and transparent system of consultation and communication with local stakeholders and external stakeholders is available. An identified line of communication is developed for each operating units.

Policy and procedures of consultations with stakeholders is laid out. Records of communications and consultations are available. Stakeholder lists are available and are up dated. Minutes of meeting with stakeholders, record of request and action taken is recorded. Actions are taken in timely manner. Record of responses and follow up on social impact assessment documented. Public Relation officer at site communicates with the stakeholders. Latest stakeholder meeting was conducted on 26/8/2013. There was some suggestion from the stakeholders to PT SIA management such as maintaining the road. The management replied that road maintenance are continuously carried out to ensure transport of FFB is not obstructed.

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.

Complaints and dispute resolution procedures which is demonstrably accepted by potentially affected parties is available. Procedure is fully available to all affected parties. This was confirmed by stakeholders during interview.

Complaint procedure for external and internal stakeholders includes flow chart of the procedure and this is displayed at all the notice board and has been informed to stakeholders. Complaint book available and records of all the complaints is recorded and updated with action taken. Complaints received by the manager and then send to the Public Relation Officer to handle the complaint if related to communities. Internal complaints are attended by the manager or the representative responsible for the issue.

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

Procedure for identifying and negotiations for legal and customary rights and a procedure for identifying people entitled to compensation are available.

Standard Operating Procedure on Land Compensations including procedures on identifications, calculations, and compensations is implemented. Interview with community received compensation gave positive feedback about the system. The compensation payment records available for verification.

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.

Documented pay and conditions of employment is available for all employees on site at the operating units. Labour laws, union agreements and contracts of employment are in place and in the appropriate languages. Adequate housing, water supplies, medical, educational and welfare amenities are provided.

Documents show details of wages, allowances paid and working days. The pay is more than minimum wage rate. Collective agreement was posted in front of the mill and estate communication board. It was confirmed by the workers union leader Pak Herman that the collective agreement is implemented. The worker contract include every details of the worker, wage details, conditions relevant to local labour regulation and fringe benefits given by the company.

Company provide housing, electricity, water, medical facility, crèche, kindergarten, school, mosque, playground, community hall, field, ambulance, fire engine, school bus, organise family day and sundry shop. *Surat Perjanjian Kerja* (Working agreement) with external contractors including rights and obligation of both company and contractors, sanctions with annex Undang-Undang No.1 tahun 1970 regarding working safety.

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.

Published statement recognizing freedom of association is available. Interview with workers union representative confirm that they have freedom to join workers union. Workers are members of labour union. Minutes of meeting with trade unions and worker representatives dated 31/1/2013 attended by the Head of Sanggau Zone and three union committee members was checked and verified. The latest meeting was conducted on 29/7/2013 attended by 4 union committee members. There were no any labour disputes noted.

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.

There is a documented and published company policy on workers age in accordance with national laws. Company employs worker above the age of 18, document check on workers register reveal that the workers are above 18 years old.

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.

There is a publicly available equal opportunities policy. No evidence of discrimination. Workers are treated equally with regard to working opportunities. This was confirmed by workers interview and feedback from stakeholder.

Policy on equal opportunity includes opportunity to get promoted, chance to work overtime etc. Equal opportunities policy based on Law no. 13 year 2003 sec. 31.

All employees has the same opportunities for promotions regardless of race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliations or age. Records of new employees show that the company accepts new employees based on their capabilities.

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.

Policy on sexual harassment and violence against women is documented under Environment, Social, Health and Safety Policy. The company has set up a specific gender committee to facilitate the grievance mechanism to address sexual harassment issues. Gender

committee meeting was held on 6/7/2013. No any sexual harassment case was reported.

Policy on Sexual harassment and SOP on sexual harassment handling available and includes Policy on Gender committee. Policy and SOP on protection of reproductive rights for each mill and estate is available. Gender committee comprised by all level of workers and it is for gender issues. Allowing maternity leave before and after giving birth is proof implementing reproductive rights. Maternity leave records available. This was verified during interview with female employees.

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

The pricing mechanism for FFB and other services provided to the mill and the estates is documented. Current and past prices for FFB are publicly available at the mill and at the scheme managers' office.

Prices is publicly put on the notice board at the mill and available for any stakeholder interested on the information. Pricing is based on government controlled pricing. Contract agreement includes details on price determination. All the pricing mechanism is documented and recorded. Records of Work Agreement Letters for contractors and suppliers are available at estates and mill. This includes requirement of labour law and safety.

Interview with contractors and smallholders confirm that they understand the contract that they are signing. They also confirmed that payments are made promptly.

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

The company makes contributions for local development and records are maintained. Surrounding communities are given assistance such as cash money, construction items, teacher's salary, educational equipment to school etc.

Principle 7: Responsible development of new plantings

No new planting on any estate and scheme during this assessment. Principle 7 is not applicable because no new planting.

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.

PT SIA implemented social and environmental management initiatives by conducting the assessment every half year with all the results and follows the recommendation from the Department of Environment

and public relation. Objectives and targets have been developed and an improvement plan prepared.

The company is committed in implementing best practice for the segregation of wastes at source into composts, recyclables and non recyclable for disposal at landfills. This program will enable to reduce the quantity of waste disposed in landfills.

Riparian zones are already being established at both sides of main rivers running through the plantation by planting jungle tress to enhance the biodiversity and act as a trap to capture any sediment from being discharged into the river.

3.2 Summary of Findings-Scheme Smallholder

The scheme smallholder was certified since ASA1 together with the PT SIA mill and estates. This scheme was named as KUD HIMADO because the scheme is participated by three main Dayak tribes i.e. Hibun, Mayao and Dosan. The KUD was established in 1996 with total Of 2,132members. The scheme was established with agreement between PT SIA and KUD HIMADO No. 55/BH/KWK.14/I/996 dated 31 January 1996.

Principle 1: Commitment to Transparency

Criterion 1.1 Scheme Manager 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 on decision making.

Scheme smallholders provide informations on environment, social, legal issues that publicly available to stakeholders. Log book to record requests for information includes date, who request information, responsible person handled and what information given. Most of the request is for financial assistance.

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.

Management documents such as land use right, social and environmental impact assessment report, organizational structure information are publicly available. Land title information is in section 2.2 below.

Principle 2: Compliance with applicable laws and regulations.

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

Document audit and interviews with the PT SIA Scheme Manager, Scheme smallholders (cooperative) Manager confirmed compliance with applicable.

List of regulations (Daftar perundangan terkait) includes:

1. Cooperative registration: 140224700126
2. SIUP: 510/14.02/PM/001/2012
3. Surat Ijin Tempat Usaha dan Ijin Undang-undang gangguan No. 510/0680/EK. BANG dated 15/12/2011
4. Tax payment No. 1NPWP 02.050.949.3-705.000
5. Agreement between PT SIA and KUD No.55/BH/KWK.14/I/996 dated 31 January 1996.
6. Land title as per in section 2.2.

Scheme manager will inform the scheme smallholders (cooperative) if there are any changes in laws. Scheme manager conduct meetings with the cooperative members to ensure they comply. Summary of permits and licenses checked and recorded in regulation record book.

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

Smallholders are able to show legal ownership of the land or land-use rights (land certificate). Maps are available at the scheme smallholders (cooperative office) and the head of scheme understands the map. Scheme smallholders head keeps copy of the land title and individual members.

Boundary among farmers, cooperative level clearly identified and available in field. Smallholders are able to show the boundary during the field inspection and operate within their boundary.

Land title of smallholder was checked and verified i.e Albina Arpam land title number 1262 dated 30/11/2011, covering an area 21,480m³ with term for the use of agriculture/oil palm. Document shows clear ownership.

Head of scheme smallholders' and Scheme Manager investigate to ensure that the land is free from any claim. No disputes noted or highlighted during the interview with smallholders and surrounding community.

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

Interview with the PT SIA Scheme Manager, Head of Scheme Smallholders and members revealed that the land does not diminish the legal or customary rights of other users without free prior and informed consent.

Principle 3: Commitment to 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.

Annual plan developed by the head of scheme smallholders and their team with assistance from PT SIA scheme manager with 5 years projection (2013-2017) on

business plan covering FFB Production, cost of planting (seedling, fertilizing, maintenance, harvesting) and nett profit.

Annual report prepared by the head of the scheme and his team. The annual report is audited by independent third party to verify the expense and income account. This is also presented to all members during annual meeting.

Principle 4: Use of appropriate best practices by Scheme Manager.

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

Scheme smallholders has copy of the standard operating procedur (Agriculture Manual) to implement Good Agriculture Practice. This includes nursery and seedling selection, fertilizing, spraying, pest control, IPM, harvesting, pruning, road maintenance and transport. PT SIA Scheme Manager also prepares another GAP manual which covers land preparation, planting, field maintenance, IPM, harvesting technique, fertilizer application technique, agrochemical handling etc.

Observation 2: (4.1.1 INA-NI SHWG 2009) - Copy of the documented procedure or manual of Good Agriculture Practices (GAP) in key activities (use of superior seeds, fertilizer application, IPM techniques and harvesting) was misplaced at the KUD.

Scheme Manager assisted by their own field assistant and assistant from PT SIA to conduct daily inspection and monitoring to ensure the procedures is implemented and there are records for fertilizing, sprying, census, etc.

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

Record of distribution of fertilizer from Scheme Manager to cooperative and further distributed to scheme smallholders/members through cooperative. Type of fertilizer and quantity (kg) is available. Fertilizer recommendation through annual leaf sampling and analysis. Application follows the recommendation. Record of application maintained in cooperative.

Production records for the past years available. Table 2 and 5 above shows the production for 2012 and projection for 2013.

Application of Empty fruit Bunch (EFB) is carried out when there is EFB supply from mill and it is recorded. Records include information on area applied and quantity. EFB applied on selected smallholder area at 35 mt/ha. SOP is available for EFB application and training given to members on the application method. Applied at inter row.

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

Re-planting will commence in 2023. Existing planting have terrace and “U” shaped frond staking to minimize erosion. There are no peat land in Scheme Smallholder. Road side drain construction assisted by the Scheme Manager to ensure rain water goes into the drain and no water log on the road.

Criterion 4.4 Practices maintain the quality and availability of surface and ground water.

Training programme includes training on soil and water conservation and training was conducted by the scheme manager. There are records, list of attendance and photograph that training was conducted. Trainings are listed under indicator 4.7 below.

There are terraces and “U” shapes frond stacking to reduce erosion in field. Ground cover maintained with soft weed to avoid water surface run off. No blanket spraying. Road side drain and silt pit build along the road.

Monthly records of fertilizing and pesticides usage available with detail of balance stock, area applied, type and quantity (litre/gram). Fertilizer recommendation is provided by the scheme manager.

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

Census on leaf eating pest and rat was conducted by Assitant Manager from the scheme management and documented. Last census was carried out on 5/8/2013. The information is shared with the scheme smallholders. Beneficial plants are planted such as tunera subulata.

Scheme smallholder members are able to explain the IPM and pest control measures including census of leaf eating pest (nettle caterpillar). They are also aware of the benefit of barn owl. Beneficial plants (*turnera*) are planted and evidence noted during inspection of the smallholders block. No serious pest attack.

Criterion 4.6 Agrochemicals are used in such a way that does not endanger health or the environment. There is no prophylactic use, and 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.

Agrochemicals are registered and approved by the Department of Agriculture. There is no type 1A and 1B agrochemical used. No blanket spraying noted at the fields visited. Scheme smallholders using slashing method to control weed due to the agrochemical is expensive. There are time spraying is carried out by the

scheme manager through the team from estate when requested by the smallholders.

Interview with scheme smallholders reveal that there is no toxicity cases in the past. Record of training available, conducted by PT SIA Scheme Manager. Record of spraying maintained by scheme manager includes detail of the plasma farmer, date of application, block number and quantity applied.

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

OSH guidelines are developed and prepared by the PT SIA Scheme Manager with on-site consulting the OSH Executive. Scheme smallholder management office (KUD) has this document which covers safe operating procedure, training, PPE implementation, awareness posters and signage.

Complete training records checked and verified at the scheme smallholder office. Interview with the members of the scheme and seasonal harvesters confirmed that they have attended trainings and able to explain the safe working procedures.

Training conducted by PT SIA includes representatives from the scheme smallholder. Training includes OSH to cover harvesting, pesticide application and emergency procedure. First-aid box available at the office and field workers have access to first aid assistance. Workers in the field understand the emergency and OSH requirement related to their work.

First Aid Training dated 7/9/2013; Fire Fighting Training for mill, estates and smallholders dated 31/7/2013; Smallholder RSPO and best practice Training dated 27/8/2013; correct use of PPE Training dated 6/4/2013; Safety training for harvesters dated 28/8/2013

Procedure and Emergency Response Plan was explained to the Smallholders by the PT SIA Scheme Managers and the smallholders able to explain and understand.

During inspection and interview with smallholders, it is noted that there is no major or fatal accident. Accident records from the clinic was checked and verified.

Records of meeting held with the scheme smallholders organization were available. Meeting was combined with the scheme manager and attended by the members. 17th general meeting was held on 14/3/2013 attended by all members.

PPE provided by Cooperative and farmers group for all seasonal workers. Fire extinguisher and first aid box available at the office and store. First aid box is also taken to the field by the assistants. Smallholder cooperative have simple firefighting equipment such as knapsack sprayers and water drums to address any incidents in the field.

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

Training Program identified according smallholders' need which was arranged by both PT SIA Scheme Manager and Scheme Smallholders KUD. Training includes GAP, pesticide application, soil and water conservation, IPM, HCV, harvesting, OSH, first aid, socialization on AMDAL, ERP, fire fighting, zero burning technique for replanting etc. Training is documented and kept at the scheme smallholders/cooperative office.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity.

Criterion 5.1 Aspects of plantation and mill management 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.

Social-Environmental Impact Assessment (SEIA-AMDAL) incorporated with the estate documents and prepared separate section for the scheme smallholders. Document of SEIA available in place, PT. SIA Scheme Manager explains about AMDAL through training to smallholders. Process of the SEIA involves scheme smallholders through consultation. Copy of the assessment (AMDAL) is kept at the cooperative office. RKL/RPL prepared by scheme manager. Latest RKL/RPL dated January – June 2013 includes Scheme Smallholder.

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.

Smallholders write down flora and fauna which has found and recorded in "Daftar temuan satwa liar- List of protected flora and fauna", that mention species, date, number of species and location. During interview found that smallholders have awareness to protect these flora and fauna. There is sign board showing protected species to create awareness among smallholders.

Scheme manager in cooperation with the KUD has appointed assistant and scheme smallholder representative to monitor protected species and smallholders able to demonstrate understanding.

Result of identification of protected species which found in the fields kept at the smallholders' organization. There was no HCV found within the smallholder area.

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

Agrochemical waste management plan developed by the PT SIA Manager and scheme smallholders. Waste management information is posted on the cooperative office notice board. Agrochemical empty containers collected and sent to the estate central collection store and disposed through licensed collectors. Scheme smallholders are able to explain clearly of measures to dispose hazardous chemical empty containers. Interview with smallholders and stakeholders found no complaint related to disposal of hazardous chemical.

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

Guidance to improve the efficiency of energy use is given by the Scheme Manager to the members of the scheme during the monthly meeting. Smallholders carry out their operational works manually and none mechanised except for the FFB transport.

Criterion 5.5 Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.

Zero burning policy is available for the scheme smallholder and applicable for them similar to the SIA. Members of the scheme understand the policy. No replanting in near future but the understanding and awareness of zero burning technique during replanting is already explained to the scheme members and they are able to explain during interview.

Emergency response procedure is available. All members were given briefing by the Head of smallholder group and Scheme Manager. Awareness and understanding is noted during interview with smallholders. Fire extinguishers are available within the scheme office and accessible to the members in the scheme office. Water pump is available at the cooperative to assist in any field accidental fire. There is no any fire incidents happened in the past. Fire fighting training was conducted by the Scheme Managers.

Training emergency responses procedure was conducted by PT SIA Scheme Manager and during interview with smallholders, they have awareness and understand the procedure. Fire extinguishers are available within the scheme office and accessible to the members.

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

Identification of pollution is carried out by the Scheme Manager with the participation of the scheme members. Copy of the identification is available at the scheme office. Pollutants identified are dust emission from the road and noise from transport and genset. The emission in the smallholders operation is mainly from the noise during FFB transportation by the truck. The drivers are advised and briefed to drive slowly when passing by the

roads at the villages. Dust emission is identified during the drought season.

Principle 6: Responsible consideration of employees and of individuals and communities affected by scheme smallholders.

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

Social Impact Assessment document is available and mentioned within frame references of AMDAL. All impact assessment conducted and referenced to the company's estates including monitoring of social impact (RPL/RKL) of the scheme. Implementation timetable described in master plan of continual improvement.

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

Smallholders' organization has records on communication and consultation with local communities. All responses related to communication and consultations are recorded. Last consultation meeting was held on 11/4/2013 attended by the representative from community, representative from farmers group attended by 52 farmers and stakeholders. Annual meeting was conducted in 14 March 2013. Regular communication and consultation with local communities conducted by Smallholders organisation and recorded. Minutes of farmer group communication through forum, coordination meeting and annual meeting. Smallholders have a periodic meeting, known as annual general assembly. Smallholders organisation has a division which responsible on communication and consultation.

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

A system for complaints is in place at the smallholder organisation. The system has been described in mechanism resolution flow chart. Records are kept in logbook, minutes of meeting and respond recorded in the complaint and grievances book. No complaint was noted during interview with the village community leader, head of village and shop owners.

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

There are no disputes on land acquisition and ownership because the land belongs to farmers and they have land certificate.

Criterion 6.5 Wage and conditions for employees and for employees of contractors always meet at least legal or minimum industry standards and are sufficient to meet basic needs of personnel and to provide some discretionary income.

No full time workers employed in the office. Field work and harvesting is carried out by the smallholders themselves and sometime by seasonal part time workers.

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.

Policy is available for freedom to join and form workers union. However interview with workers reveal that they did not form the union although they have the freedom to form and join trade union. There are two part time workers working. The rest of them are plasma smallholders.

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

No child labour noted during the fields inspection. It is also highlighted by the smallholders that education is the priority for their children and they prefer them to go for sport activities during school holidays.

Criterion 6.8 The employer shall not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.

No migrant workers are engaged by the smallholders. Amongst the scheme members, equal opportunity policy is similar to PT SIA. All the employees and scheme members are treated equally. Interview with employees and scheme members confirmed that they are treated equally and no any kind of discrimination.

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.

Prevention of Sexual Harassment policy is extended to the schemes by the management of PT SIA management and the information is briefed to the members by the Scheme Manager. Part time female employees in the

office aware of the policy and confirmed they aware of the grievances procedure.

Criterion 6.10 Scheme Managers deal fairly and transparently with smallholders and other local businesses.

FFB Pricing is decided through the committee comprised by government Agriculture Department (Dinas Perkebunan), smallholder cooperative representatives and palm oil producers. Flow chart of the FFB pricing is available at the scheme smallholder office. The weekly FFB pricing is posted on the notice board at the office and this information is available to all the scheme members. FFB pricing, calculation of the payment and summary of the payment by scheme manager is posted on the notice board and available to all the scheme members. Interview with the scheme members revealed that it is very transparent and easy to understand. Smallholder's contract is with the scheme manager who represent PT SIA and it is documented. Payment to individual group leaders is paid by the scheme group head. Scheme members confirm that they are paid promptly. Contract on FFB transport between the farmers group and transporter is available. Record of payment is consistent with the contract agreement. Payment records checked and verified. No payment of credit payment because all the farmers already settle their loan. Road maintenance is mainly organized by the scheme manager.

Criterion 6.11 Scheme Manager contribute to local sustainable development wherever appropriate.

Members of the scheme smallholder contribute monthly for welfare fund which is used for the surrounding local community development such as contribution to schools, mosque, and orphanage home and for the village social activities.

Principle 7: Responsible development of new plantings.

This principle is Not Applicable because there is no new planting at PT SIA concession area and there is no plan for expansion at the moment in the scheme area.

Principle 8: Commitment to continuous improvement in key areas of activity.

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

The continuous improvement plan includes training enhancement to the scheme members focusing on best agriculture management practices. The Scheme Manager in consultation with the scheme members developed improvement plan based on the social and environmental impacts. Main focus of the scheme is to increase productivity.

3.3 Detailed identified Nonconformities, Corrective Actions and Auditor Conclusions

There was a minor nonconformity identified during the ASA3. There are also three observations was raised. The management submitted corrective action plan for the minor nonconformity. The implementation of the corrective action plan and close out evidence for the minor nonconformity will be followed up during the next surveillance assessment.

MINOR NONCONFORMITIES - ASA03

CAR reference: 967522N1

Indicator 4.5.2 RSPO P&C INA-NIWG: Monitoring extent of IPM implementation including training.

It was noted that at East and West estates there were no any IPM census records as per the requirement of MINAMAS SOP 110/EST-ARM/08 page 11 Sec. 16.3.1 (Barn owl census), page 4 Sec. 16.3 (Rat damage census), page 17 sec. 16.2 (Caterpillar census). The monitoring records were not available.

Corrective Action Plan:

1. Immediately carryout the all the required census as per the company SOP.
2. The Assistant Manager of each division to ensure the census is carried out and submitted the report.
3. Submit the completed records to auditors by January 2014.
4. To document and file all the records for the next surveillance assessment.

Observation for improvement – ASA03

There were three observations raised during the ASA3 assessment.

Observation 1: (4.7.8 RSPO P&C INA-NIWG) - The laboratory at the palm oil mill has an emergency shower. The management is planning to shift the emergency shower to another location. The progress will be checked during the next surveillance. At West estate's chemical store, the emergency shower water pressure was very low.

Observation 2: (4.1.1 INA-NI SHWG 2009) - Copy of the documented procedure or manual of Good Agriculture Practices (GAP) in key activities (use of superior seeds, fertilizer application, IPM techniques and harvesting) was misplaced at the KUD.

Correction by the management: Replacement copy of the GAP manual was given to the KUD on 20 September 2013. Document was submitted to KUD by the Plasma Manager Mr. Arsenius Arsen and acknowledge received by the Head of KUD Mr. Tillanus.S.E.

Observation 3: (4.7.5 RSPO P&C INA-NIWG) – It was highlighted by the Plasma Smallholder that sometime tractors are operated at night with single light and FFB stacked too high. During audit it was not seen. However it is raised as an observation.

3.4 Status of Nonconformities (Major and Minor) Previously Identified during ASA2

Corrective Actions for Nonconformity identified during the ASA2 was effectively and consistently implemented and the nonconformity remains closed.

CAR Reference: CR19 (Minor): Indicator 6.1.5: Particular attention paid to the impacts of out-grower schemes (where the plantation includes such a scheme)

PT SIA engaged a Consultant to prepare the January – June 2012 RKL/RPL Report on the intention of including more comprehensive information on environmental and social impacts. Examination of the Report showed it contained only the information on biophysical environmental impacts and social impacts were not addressed.

Corrective action and implementation:

The management has reviewed the report and made amendments to reflect the current RKL/RPL by the consultant for the present report and included the social impact and mitigation and monitoring carried out. The management also ensured that the consultant includes information on social impacts for the January – June 2013 RKL/RPL. Latest Jan. - June 2013 RKL/RPL was received by BLHD on 9/9/2013 includes the social impacts. The nonconformity was addressed appropriately as per the corrective action plan and implemented. The nonconformity was closed on 13 September 2013.

Review of Progress with Observations/ Opportunities for Improvement Previously Identified

Six observations were raised during the ASA2. The observations were addressed by the management.

Observation 1: (2.2.2) PT SIA has re-surveyed the Estate boundaries and has provided survey date to BPN for verification.

ASA3: The records of acknowledging receiving the survey records was checked during the ASA3 and found to be submitted to the BPN in January 2013.

Observation 2: (4.1.1 & 4.1.2): The SOPs throughout the mill and estates had been replaced with MINAMAS SOPs, but these could be improved by including document control information.

ASA3: Document numbering was made as part of the document control initiative and a list of documents and authorised person is available.

Observation 3: (4.4.4): There were two water leaks at the steam trap and one steam pipe was leaking, which indicates insufficient awareness of the associated water and energy losses. The leaks were repaired during the next day shift.

ASA3: The steam trap and piping area was visited during the ASA3 and found that the condition is well maintained and no leaks were seen.

Observation 4: (4.6.3): At Sei Mawang estate, 20 litre containing of glyphisate were stored securely in a separate storeroom but without spill containment. It was stated this was due to a recently received large consignment.

ASA3: During the ASA3 it was noted that concrete containment was build and well maintained.

Observation 5: (5.3.1) An observation was identified for the following reason: At the mill a large stockpile of EFB had accumulate due to the failure of the excavator and a contract machine had only recently started loading out the EFB. The decanter cake had overflowed from the containment bund and was at risk of entering the stormwater drain. Minor leak was uncontained at the mill fuel dispenser. Litter from FFB transport trucks beside the road near the mill gate is unsightly. At East estate minor spillage was sited at the workshop.

ASA3: During the ASA3 all the above area was re-visited and found that improvement was done by the management. The EFB is cleared regularly and there is no stockpile. The decanter cake containment was made bigger and cleaned to ensure there is no spillage. The minor leak at the mill fuel dispenser was repaired. No spillage noted. Litter from the FFB truck is cleaned by the housekeeping personnel. At the East estate the workshop was maintained well and no any spillage noted.

Observation 6: (5.6.3) The emergency pond at the POME system was filled with rainwater at the time of the inspection, which is different from the SOP that requires it to be kept empty.

ASA3: Visit to the emergency pond found that the pond is empty. The person in charge at the pond area informs the assistant if there is water in the pond. The water later pumped back to the effluent ponds.

3.5 Noteworthy Positive Components

PT SIA is committed and brought the scheme smallholders under their management into the RSPO certified scope. The scheme smallholders were very happy that the company have helped them to be certified under the RSPO certification since ASA1.

Riparian is managed well with trees planted along the riparian and checked during the assessment. It was noted that tree are now growing well.

During this assessment there was no any kind of disputes highlighted to the audit team. Interview with local community and government officials at the village further confirm that there is no any kind of disputes.

3.6 Issues Raised by Stakeholders and Findings with Respect to Each Issue

Appendix D contains list of stakeholders contacted. Methodology used was group consultation and conducted by the audit team member with social auditing background. Stakeholders consultation attended by participants from community representatives, Scheme Smallholders and their head of cooperatives, religious leaders, contractors, suppliers and government officials and Workers Union Representatives.

1) Clinic Hospital Assistant stated that the clinic is in good condition.

Audit team findings: The clinic was visited and found to be managed well with required records and sufficient medicine.

2) Harvesters interviewed confirm that they are given sufficient training in harvesting. No disputes were highlighted. Salary paid promptly

Audit team finding: *The monthly salary records checked and found that payment is prompt and accurate*

3) Kindergarden teacher: Facility is good. The teacher requested for donation.

Company response: Management will consider once application is received.

Audit team finding: The progress will be followed up during next assessment.

4) School teacher: The relationship between company and school management is good. However he highlighted that he was not aware of stakeholder meeting.

Company response: Management have documents to show that the invitation was sent to school but was received by the school assistant. In the future the management will send directly to the head master.

Audit team finding: This will be followed up during the next assessment.

5) Community leader of Hibun Village: The relationship with the company is good. No disputes.

Audit team finding: Positive feedback.

6) Head of Kopar Village: As far as he is aware of there is no any land disputes or any other pending complaints.

Audit team finding: No issues.

7) Head of Dusun Serosat: As far as he is aware of there is no any land disputes or any other pending complaints.

Audit team finding: No issues.

8) Workers Union Representative: No any labour disputes highlighted. Salary paid promptly as per collective agreement.

Audit team finding: No issues.

9) Smallholder Representative Organisation: The relationship with the company is good.

Audit team finding: Positive comments.

Church at Serosat Village: No any disputes with the estates.

Audit Team finding: No issues.

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Senniah Appalasamy
Lead Auditor

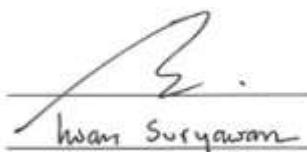
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of closing Nonconformities (Major and Minor)

CAR Ref.	CLASS	ISSUED	STATUS
CR01 (4.7.1)	Major	06/11/2008	Closed (31/01/2009)
CR02 (5.3.2)	Major	06/11/2008	Closed (31/01/2009)
CR03 (7.1.1)	Major	06/11/2008	Closed (24/08/2009)
CR04 (7.3.1)	Major	06/11/2008	Closed (31/01/2009)
CR05 (7.3.2)	Major	06/11/2008	Closed (30/04/2009)
CR06 (4.4.2)	Minor	06/11/2008	Closed (30/04/2009)
CR07 (4.4.4)	Minor	06/11/2008	Closed (31/01/2009)
CR08 (5.2.5)	Minor	06/11/2008	Closed (31/01/2009)
CR09 (5.6.3)	Minor	06/11/2008	Closed (31/04/2009)
CR10 (6.1.2)	Minor	06/11/2008	Closed (30/09/2011)
CR11 (7.4.2)	Minor	06/11/2008	Closed (31/01/2009)
CR12 (2.1.1)	Major	01/06/2011	Closed (25/08/2011)
CR13 (4.4.1)	Major	01/06/2011	Closed (16/08/2011)
CR14 (5.1.2)	Major	01/06/2011	Closed (16/08/2011)
CR15 (5.3.2)	Minor	01/06/2011	Closed (16/08/2011)
CR16 (6.1.5)	Minor	01/06/2011	Closed (09/08/2012)
CR17 (2.1.1)	Major	09/08/2012	Closed (10/10/2012)
CR18 (4.7.1)	Major	09/08/2012	Closed (10/10/2012)
CR19 (6.1.5)	Minor	09/08/2012	Closed (13/09/2013)
CR20 (SCCS)	Major	09/08/2012	Closed (10/10/2012)
967522N1	Minor	13/9/2013	"open"

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

Signed for on behalf of:
PT Sime Indo Agro



Mr. Iwan Suryawan
SOU 15-PT SIA: Manager, East Estate

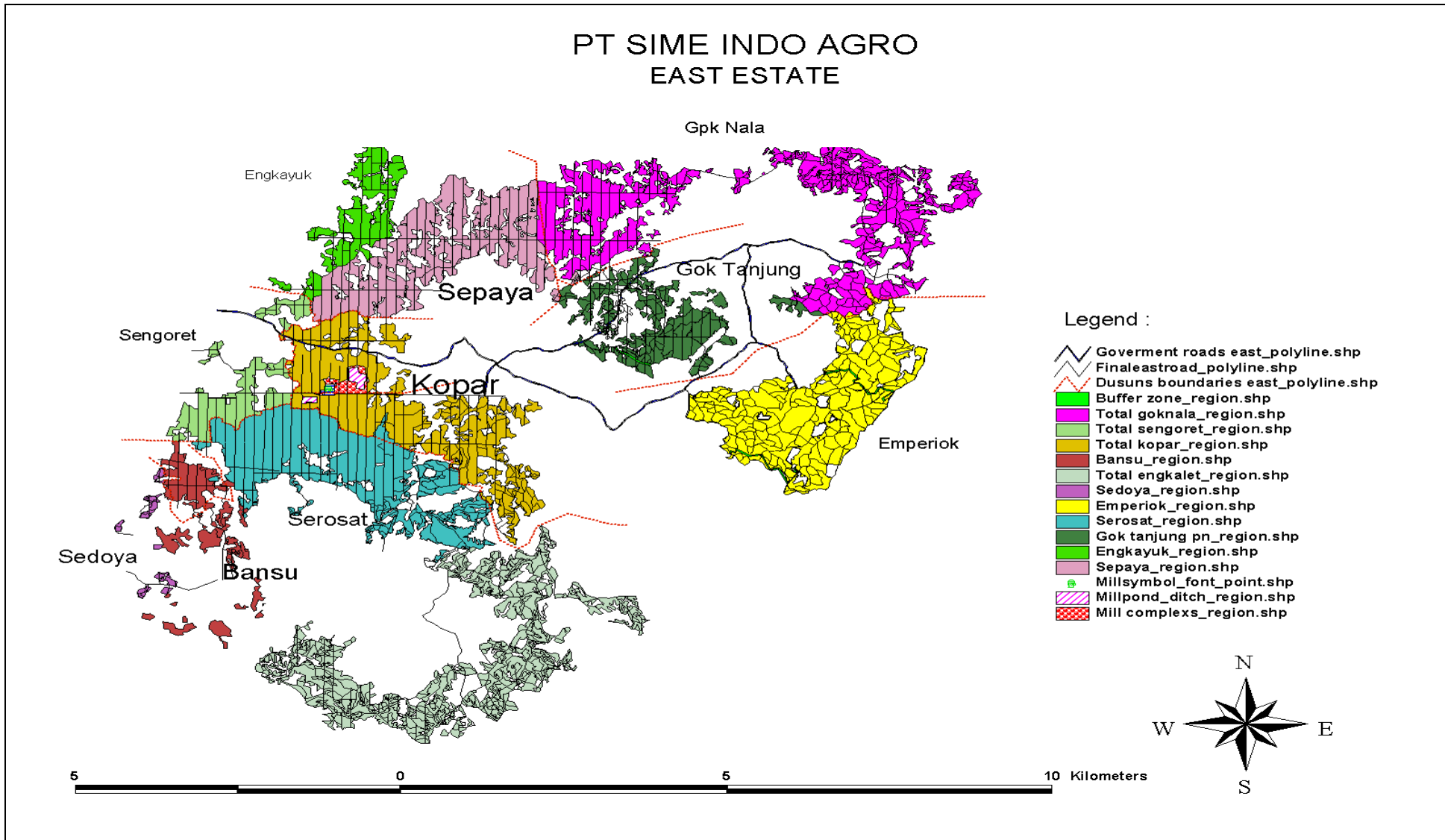


Figure 1: Location of East Estate and Scheme Smallholder

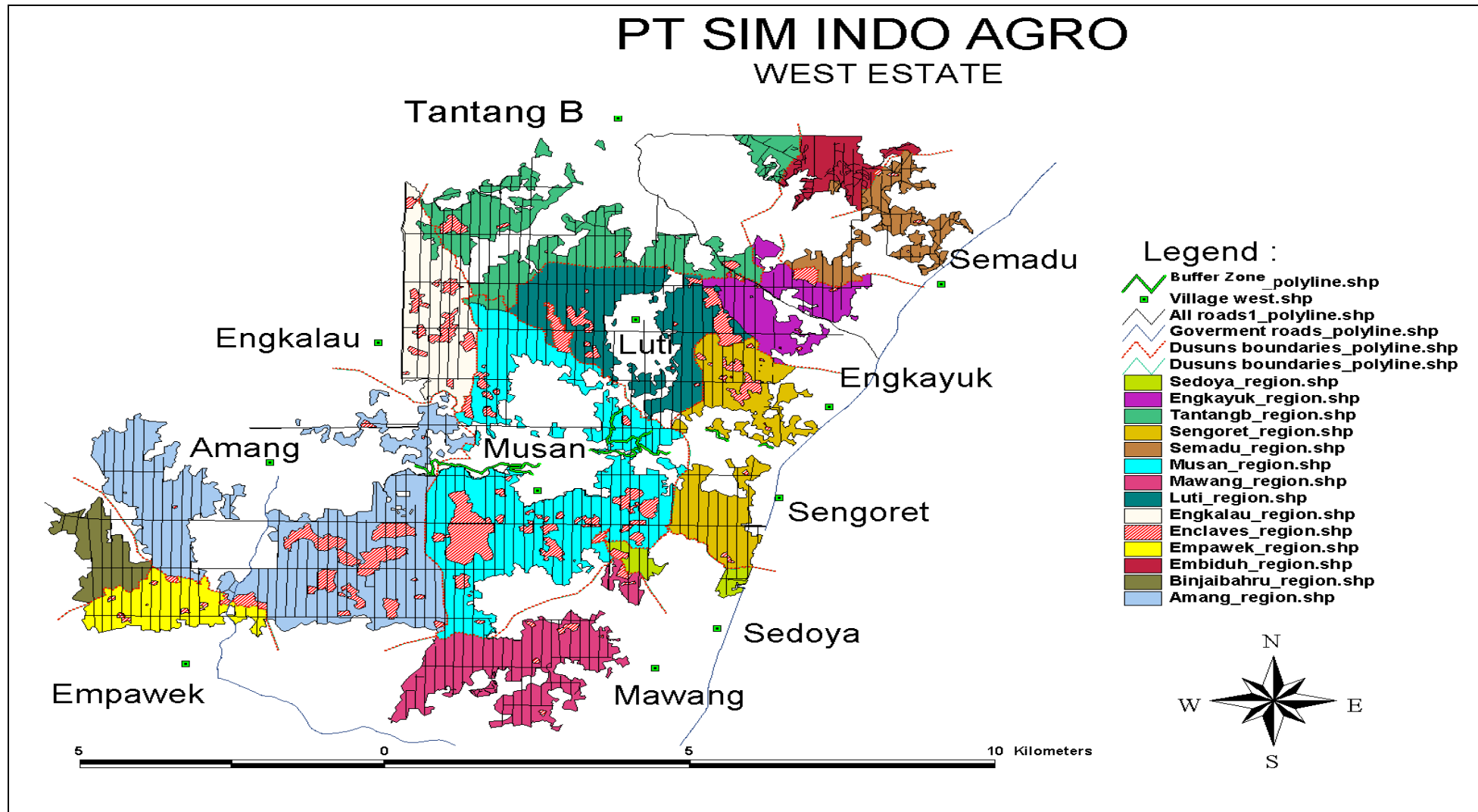


Figure 2: Location of West Estate and Scheme Smallholder

Appendix A: Sime Darby Time bound Plan

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

Note: Details are explained under section 1.8 of this summary report.

Appendix B: PT Sime Indo Agro RSPO Certificate Details

PT Sime Indo Agro
 Bukit Ajong Palm Oil Mill,
 Dusun Kopar,
 Desa Dosan, Kecamatan Parindu,
 Sanggau District,
 West Kalimantan Province,
 Indonesia.

Certificate Number: SPO 541399

Initial Certificate Issued Date: 18 August 2010

Standard: RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

Bukit Ajong Palm Oil Mill and Supply Base	
Location	Sanggau District, West Kalimantan Province, Indonesia.
Address	Bukit Ajong Palm Oil Mill, Dusun Kopar, Desa Dosan, Kecamatan Parindu, Sanggau District, West Kalimantan Province, Indonesia.
GPS	Longitude: 110° 29' 00" E Latitude: 00° 16' 00" N
CPO Tonnage Total Production (Certified)	49,924
PK Tonnage Total Production (Certified)	12,886
Company Estate FFB Tonnage (Certified)	East Estate: 40,076
	West Estate: 60,523
	Sei Mawang Estat: 7,271
	Grand Total: 107,870
Scheme Smallholder FFB Tonnage (Certified)	106,858

Appendix C: Assessment Programme

Date	Time	Subjects	Senniah	Nabila	Muhd Haris
Monday 9/9/2013	AM	Audit Team travelling to site	√	√	√
Tuesday 10/9/2013 Bukit Ajong Palm Oil Mill	08.00 – 09.00	Opening Meeting: Presentation by the Estate and mill managers Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation).	√	√	√
	09.00 – 12.00	Bukit Ajong Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Bukit Ajong Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Date	Time	Subjects	Senniah	Nabila	Muhd Haris
Wednesday 11/9/2013	08.00 – 12.00	West Estate: Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	√
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	West Estate: Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 12/9/2013	8.00 – 12.00	East Estate: Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	-	√	√
	8.00 – 12.00	Scheme Smallholder Himado: Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Continue Scheme Smallholder Assessment Document review.	√	-	-
	13.00 – 17.00	East Estate: Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	-	√	√
Friday 13/9/2013	8.00 – 11.30	Verify stakeholder feedbacks and any other outstanding issues.	√	√	√
	11.30 – 12.30	Preparation for closing meeting	√	√	√
	12.30 – 13.00	Closing Meeting	√	√	√
	13.00 – 2.00	Lunch & Friday prayer	√	√	√
	PM	Audit Team travel and overnight in Town	√	√	√
Saturday 14/9/2013	AM	Audit Team travelling to KL	√	√	√

Appendix D: List of Stakeholders Consulted

<p>Internal Stakeholders</p> <p>PT SIA Management team and Staff Mill General Manager Representative from Sustainability Department OHSE Executive Manager of the Stakeholder Relation Department Plasma Operation Manger and Assistants Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Clinic Assistants Male and Female workers Workers Union Representatives Kindergarten Teacher</p>	<p>Local Communities</p> <p>Hibun Village Community Leader Himado Smallholder Cooperative Village Sundry Shop Owners</p>
<p>Smallholders</p> <p>Himado Smallholders and Cooperative Head Members of Himado Smallholders</p>	<p>NGO and Others</p> <p>Smallholder Representative Organisation Church at Serosat Village</p>
<p>Government Departments</p> <p>Kopar Village Head Serosat Village Head School Teacher</p>	

Appendix E: Supply Chain Assessment for the Mill (Model: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Bukit Ajong mill have written documented procedures Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012 for the chain of custody with MB model covering certified and non certified FFB. The mill managers have the responsibility to ensure implementation.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Bukit Ajong mill have documented procedures Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012 for the incoming FFB, processing and outgoing palm products (CPO and PK). RSPO Supply Chain Certification Standard and Traceability for handling certified and non-certified FFB is under Appendix 15. Marking is made on the receiving documents to differentiate the certified and non-certified FFB received.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure. It is also included in the SOP (Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012).
E.3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years in the SOP and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and Monthly report shows monthly inventory. No PKO and Palm kernel meal at this site.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents. Three monthly stock shows positive stock balance.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	Certified CPO Sales was 36,991mt and certified palm kernel sales were 10,007mt. Sales from GreenPalm cannot be traced back to mill because it is sold as a group by the company.
(a) The name and address of the buyer	Name and address of buyer written on the invoice. The product was purchased by PT Musim Mas, Batam.
(b) The date on which the invoice was issued	Date is written. Weighbridge ticket number 027592 was dated 3/9/2013.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	CPO Quantity in kilogram for the weighbridge ticket number 027592 was 7,580kg
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Sample checked dated 3/9/2013 number 027592, transport by tanker lorry number KB9848HK.
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.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Training was conducted on 13 August 2012 and 4 September 2013 attended by 21 personnel.
E.6. Claims	

E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.
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Appendix E: Bukit Ajong Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance) ...Continue

Actual Certified Palm Production – ASA2

MILL	CAPACITY	CPO (mt)	PK (mt)
Bukit Ajong Palm Oil Mill (Capacity: 40mt/hr)	40 mt/hr	39,326	10,192

Actual Sales of Certified Palm Products - ASA1

MILL	Certified CPO Sales (mt)	Certified PK Sales (mt)	Remarks
Bukit Ajong Palm Oil Mill	36,991	10,007	-

Actual Certified FFB Received Monthly – ASA2

Month	East Estate	West Estate	Sei Mawang Estate	Scheme Smallholder	Total FFB/Month
August 2012	2,706	4,308	422	7,443	14,879
September 2012	2,387	4,204	466	7,571	14,628
October 2012	2,810	4,788	784	7,455	15,837
November 2012	2,867	5,018	689	7,572	16,146
December 2012	2,736	5,759	674	7,611	16,780
January 2013	2,102	4,444	686	7,634	14,866
February 2013	2,726	4,699	689	7,800	15,914
March 2013	1,963	3,203	686	6,756	12,608
April 2013	1,932	3,926	697	5,643	12,198
May 2013	2,057	3,975	627	5,358	12,017
June 2013	2,254	3,522	649	5,361	11,786
July 2013	2,391	4,012	615	5,763	12,781
TOTAL	28,931	51,858	7,684	81,967	170,440