



**PUBLIC SUMMARY REPORT**  
**INITIAL RSPO CERTIFICATION ASSESSMENT**

**SIME DARBY PLANTATION Sdn Bhd**  
**Management Unit SOU30a**  
**Kunak, Sabah, Malaysia**

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## SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted an assessment of Sime Darby Plantation Sdn Bhd Management Unit SOU30a (SOU30a) operations comprising One (1) mill, supply base, support services and infrastructure. Sime Darby Plantation Sdn Bhd is a wholly owned subsidiary of Sime Darby Plantation Sdn Bhd. BSi concludes that SOU30a operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2008. BSi recommends that SOU30a be approved as a producer of RSPO Certified Sustainable Palm Oil, subject to resolution of the HCV offset and the land compensation issues at PT Minamas, Indonesia.

## ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
CHRA	Chemical Health Risk Assessment
CDA	Controlled Droplet Application
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCVs	High Conservation Values
HDPE	High Density Poly-ethylene
HIRAC	Hazard Identification Risk Assessment Control
MAPA	Malayan Agricultural Producers Association
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers/
OSH	Occupational Safety & Health
PCD	Pollution Control Device
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PQMS	Plantation Quality Management System
R&D	Research and Development
SIA	Social Impact Assessment
SOPs	Standard Operating Procedures
SPIEU	Sabah Plantation Industry Employees Union
TQEM	Total Quality Environmental Management
VMO	Visiting Medical Officer

### 1.0 SCOPE OF CERTIFICATION ASSESSMENT

#### 1.1 National Interpretation Used

The operations of the mill and its supply base of FFB were assessed against the Malaysian National Interpretation (MY-NI : 2008) of the RSPO Principles and Criteria : 2007.

#### 1.2 Certification Scope

The scope of certification includes the production from the Jeleta Bumi Palm Oil Mill that is sourced from One (1) company owned oil palm estate.

#### 1.3 Location and Maps

The SOU30a Mill and Jeleta Bumi Estate are located at Kunak, Sabah, Malaysia (Figure 1). The Jeleta Bumi

Estate consists of the Main Division and three small out-lying divisions Baturong, Ulu Balong and Andrassy. An additional map is included (Figure 2) showing the Jeleta Bumi Main Division layout. The GPS location of the Mill is shown in Table 1.

**Table 1: Mill GPS Location**

MILL	EASTING	NORTHING
Jeleta Bumi	117-9627° E	4-7046° N

#### 1.4 Description of Supply Base

The supply base consists of FFB from Jeleta Bumi Estate and Smallholders. Jeleta Bumi Estate supplies approximately 85% of the FFB processed at the Mill and the remainder is from Smallholders. FFB production from Jeleta Bumi Estate and that purchased from Smallholders for the 01 July 2007 to 30 June 2008 reporting period, is listed in Table 2.

**Table 2: Mill Supply Base**

Estate	FFB Production (t)
Jeleta Bumi	84,422
Smallholders	14,141*
<b>Total</b>	<b>98,563</b>

\* The FFB production from the Smallholders is excluded from the RSPO Certificate.

#### 1.5 Date of Plantings and Cycle

The Company owned Jeleta Bumi Estate was developed and planted to oil palms in 1992 and the palms are in the first cycle. The age profile of the palms is shown in Table 3.

**Table 3: Age Profile of Palms**

AGE (years)	% of PLANTED AREA
0 – 3	00
4 – 10	54
11 – 20	46

#### 1.6 Other Certifications Held

SOU30a holds no other Certifications.

#### 1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd  
 Management Unit SOU30a  
 PO Box 135  
 Kunak Sabah 91207 MALAYSIA  
 Contact Person: Mr Damit Bin Singkod  
 SOU30a Chairman/Estate Manager  
 Phone: 089-915080  
 Fax: 089-915081  
 Email: damit.singkod@simedarby.com

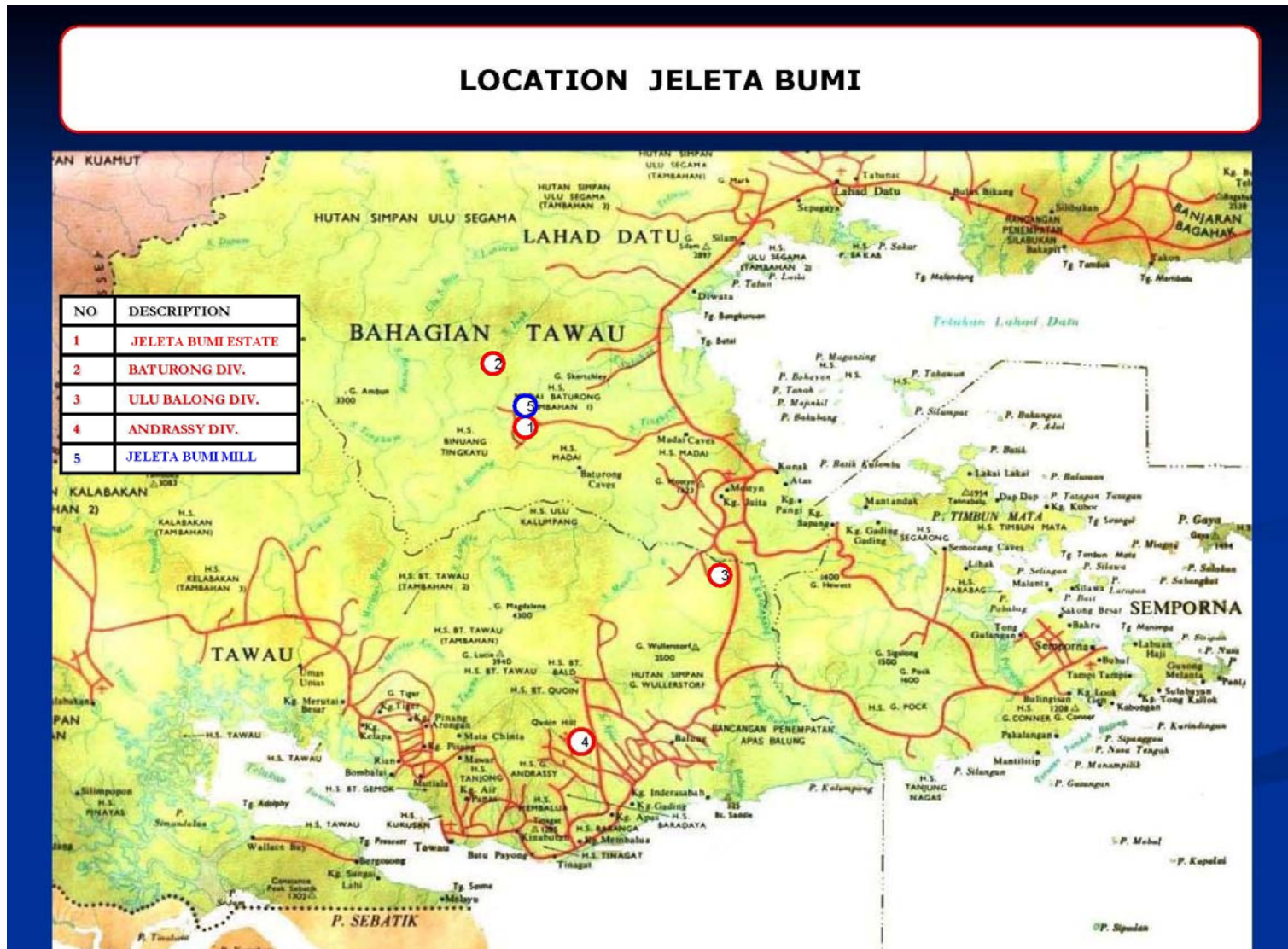


Figure 1: SOU30a Location Map

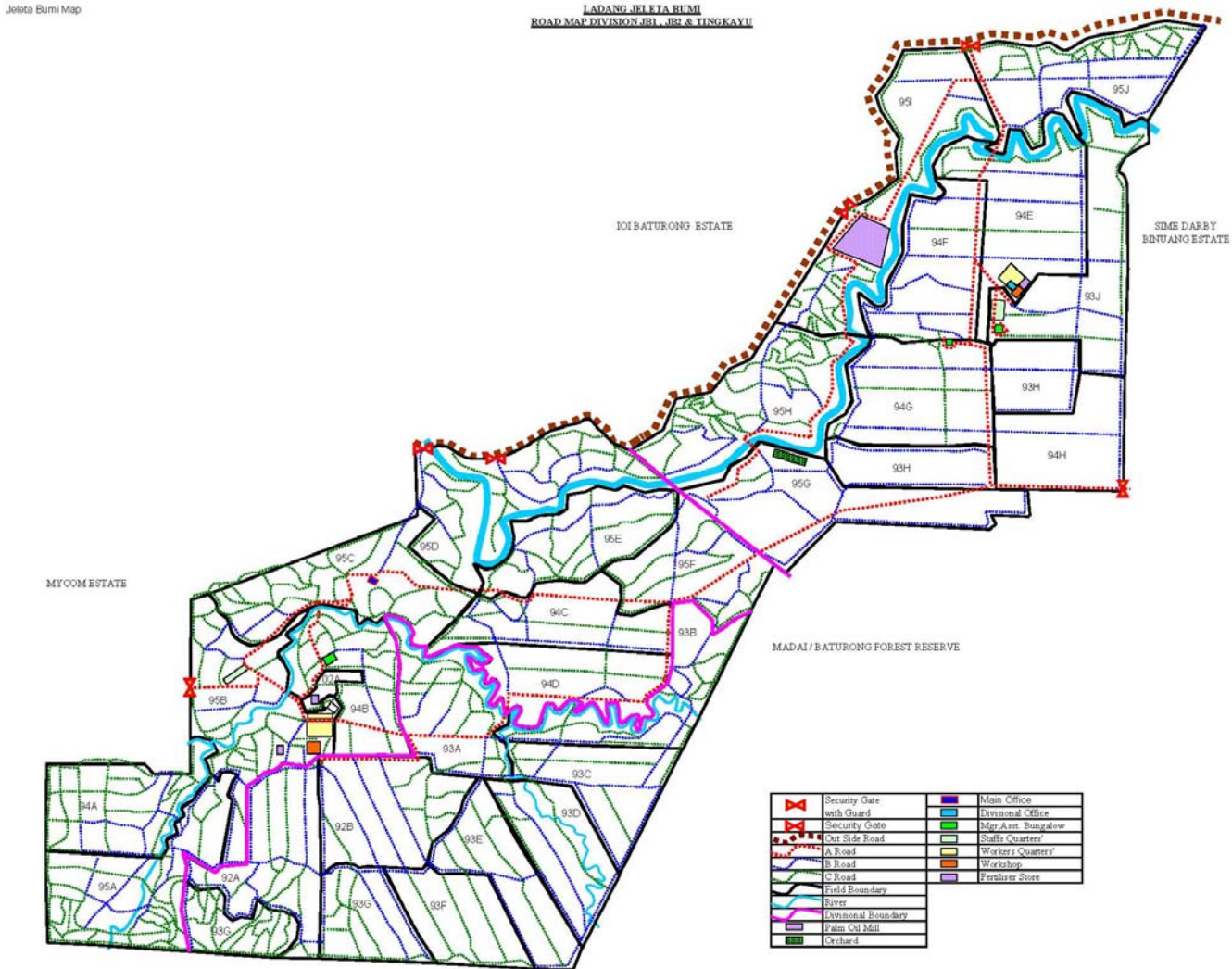


Figure 2: Jeleta Bumi Estate Layout



### 1.8 Time Bound Plan for Other Management Units

Sime Darby owns and operates 61 palm oil mills for processing the crop from its 208 oil palm estates located in Malaysia and Indonesia, as well as the fruit that it purchases from Outgrowers. Sime Darby has developed a Time Bound Plan to achieve RSPO Certification for all of its production by 30 June 2011. A copy of the Time Bound Plan is included as Appendix A.

BSi has reviewed Sime Darby's Time Bound Plan and considers the programme to be very challenging to implement as it will require a uniform, high standard of performance across the wide geographic spread of its operations. BSi will monitor and report on Sime Darby's progress with implementation of the Time Bound Plan at the time of the Annual Surveillance Assessment of SOU30a.

In December 2009, the Indonesian NGO Sawit Watch notified BSi of the existence of land compensation issues at PT Minamas that Sime Darby acquired when it merged with Guthries and Golden Hope at the end of 2007. BSi has requested information from Sime Darby on these issues, which are currently under investigation. The land compensation issues have important implications for Partial Certification.

Sime Darby has provided BSi with details of all new development carried out at its landholdings since November 2005. There has not been any new development at the landholdings in Malaysia. Following the December 2007 amalgamation of three plantation companies to form Sime Darby Plantation Sdn Bhd, Sime Darby has acquired plantation companies in Indonesia where new development has been carried out since November 2005. In order to evaluate this issue, reference has been made to Criterion 7.3 of the Indonesian National Interpretation of the RSPO principles and Criteria, 2008. Of particular importance is the Guidance associated with Criterion 7.3, which distinguishes between new development carried out between November 2005 and November 2007 (the RSPO Trial Implementation Period), and new development since November 2007.

Sime Darby has advised that during 2009 it completed HCV Assessments at all of its operations in Indonesia that it acquired at the end of 2007 and where new development had been carried out since November 2005. This led to the discovery of an area of land in West Kalimantan where HCVs had been lost. Sime Darby has provided details of the loss of HCVs to RSPO and has proposed an HCV offset for the affected area.

Sime Darby has advised that there are no labour disputes and that there are no known legal noncompliances at its non-certified oil palm operations.

BSi considers that the Time Bound Plan meets the requirements for Partial Certification, provided that Sime Darby can satisfactorily resolve the HCV offset and the land compensation issues at PT Minamas.

### 1.9 Area of Plantation

The area of planted palms at the Jeleta Bumi Estate is listed in Table 4.

**Table 4: Estate and Area Planted**

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Jeleta Bumi	4,276	–

#### 1.10 Approximate Tonnages Certified

The approximate tonnages certified on the basis of 01 July 2007 to 30 June 2008 production from SOU30a Jeleta Bumi Estate are detailed in Table 5.

**Table 5: Approximate Tonnages Certified**

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Jeleta Bumi	18,043	4,424

#### 1.11 Date Certificate Issued and Scope of Certificate

Scope of the Certificate is for the production from the Jeleta Bumi Palm Oil Mill and the supply base. Certificate details are included as Appendix B.

The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

## 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 70,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Group Singapore provides independent, third party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

## 2.2 Assessment Methodology, Programme, Site Visits

The BSi Audit Team conducted a Stage I Certification Assessment between 18 and 20 February 2009 against the RSPO MY-NI : 2008. The scope of the Stage I Assessment included visits to each Division of the estate, mill and support infrastructure and focussed on inspections and a review of management systems and documentation. The Stage I Assessment identified a number of nonconformities that were addressed by corrective action taken prior to the Stage II Assessment.

The Stage II Certification Assessment was conducted between 02 and 04 April 2009. The audit program is included as Appendix C.

The approach was to audit the Mill together with areas of the Estate, such that a range of environmental and social factors were covered. These factors included consideration of topography, soils, age of palms and proximity to local communities and areas with HCVs.

Field inspections focused on Jeleta Bumi Main Division, which has a common boundary with the Madai/Baturong Forest Reserve and is drained by the Tingkayu River. The Social Assessor visited Andrassy Division because it is the largest of the three outlying divisions and it has common boundaries with smallholders.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

The assessment was based on random samples and therefore nonconformities may exist which have not been identified.

Mr Allan Thomas, BSi Lead Auditor EMS, QMS and OHSAS has reviewed this report for conformance with RSPO Certification System requirements and technical content.

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

## 2.3 Qualifications of the Lead Assessor and Assessment Team

BSi Group Singapore holds copies of educational qualifications, certificates and audit logs for each of the audit team members. BSi has evaluated the qualifications and experience of each audit team member and has registered the following designations for conducting RSPO Assessments.

**Charlie Ross** – Lead Assessor  
B.App.Sc. M.Sc (Env.Studies)  
Lead Auditor EMS RABQSA Cert N° 012364

**Iman Nawireja** – Social Assessor  
B.Ag.Sc. M.Sc. (Comm)

**Jarwadi Hernowo** – Technical Expert Ecology and Impact Assessment – B.Sc. M.Sc. (Ecology)

**Robyn Ross** – Social Assessor

**Juncel Maloloy** – Interviewer/Assistant

**Charlie Ross** is an independent environmental auditor who has extensive fieldwork experience in conducting environmental and social assessments of oil palm projects over the past 16 years in Indonesia, Malaysia, Nigeria, Papua New Guinea and Solomon Islands. He has completed lead auditor training in ISO 9001 Quality Management Systems, lead auditor training in OSHAS 18001 Occupational Health and Safety Assurance Systems, auditor training in Environmental Management, SA8000 Social Accountability and RSPO P&C. He has been involved in the RSPO process since RT1 and has conducted Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and PNG.

**Iman Nawireja** graduated with a Bachelor of Agricultural Science from the University of Bogor in 1997 and a Masters Degree in Communications from the University of Indonesia in 2002. He is a Lecturer in social statistics at the University of Bogor and has more than 10 years experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 14001 Environmental Management Systems. He has assisted in conducting environmental and social assessments of oil palm projects during the past 5 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

**Jarwadi Hernowo** graduated with a BSc in Forest Ecology from the University of Bogor in 1985 and an MSc in Wildlife Ecology from the Faculty of Forestry Science, Georg August Universitat, Geottingen, Germany in 1995. Jarwadi is a lecturer in ecology at the University of Bogor with more than 20 years experience in forest ecology and has carried out research on the habitats, distribution and population of wildlife. He has extensive fieldwork experience in the assessment of flora and fauna biodiversity and HCVs. He has assisted in conducting independent environmental assessments of 4 oil palm projects during the past 5 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

**Robyn Ross** has a background in company administration and supporting women with mental health and physical disabilities by assisting them to develop skills for living independently in the community. She has assisted with fieldwork in conducting environmental and social assessments of oil palm projects over the past 5 years in Indonesia and Nigeria. She has completed auditor

training in SA8000 Social Accountability. She has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and Papua New Guinea.

**Junecel Maloloy** is a Teacher with Borneo Child Aid Society and is fluent in Bahasa Malaysia, Sabah Baku (Sabahan language), and English. Mrs Maloloy grew up on an oil palm plantation in Sabah and has a good understanding of the issues facing workers and families living in remote locations. Mrs Maloloy assisted Robyn Ross during interview of female staff and workers and families.

#### **2.4 Stakeholder Consultation and List of Stakeholders Contacted**

Stakeholder consultation involved internal and external stakeholders. External stakeholders were notified by placing on the RSPO, Sime Darby and BSi websites an “invitation to comment”. Telephone calls were made to stakeholders to arrange meetings where possible and to discuss SOU30a environmental and social performance.

BSi did not receive any responses in writing from stakeholders in relation to SOU30a. Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. Stakeholders included those immediately linked with the operation of the company such as employees and contractors, as well as organisations that may have an interest in SOU30a operations or adjacent areas.

Stakeholder consultation took place in the form of meetings, interviews and discussion by telephone. The interviewer explained the purpose of the audit at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estate. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. The Jeleta Bumi Main Division is in a remote location and is surrounded by other oil palm estates. The nearest local community is the town of Kunak, approximately 40km distance. Company officials were not present at any of the interviews.

#### **List of Stakeholders Contacted**

##### **Contractors**

Transport Contractor  
Labour Supply Contractor

##### **Local Communities**

Humana School Teacher  
Smallholders bordering Andrassy Division

##### **Government Departments**

District of Tawau Land and Survey Department  
Labour Department  
Department of Environment  
Department of Health and Safety  
Forestry Department  
Division of Wildlife, Sabah Tourism Department

##### **NGOs**

Tenaganita  
PACOS  
Sabah Plantation Industry Employees Union

#### **2.5 Date of Next Surveillance Visit**

The next surveillance visit is planned to be carried out within the twelve months following initial RSPO Certification.

### **3.0 ASSESSMENT FINDINGS**

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

As outlined in Section 2.2, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estate and an assessment made of conformance of the Company’s operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

One (1) Nonconformity was raised against a Minor Compliance Indicator. Fourteen (14) Observations / Opportunities for improvement were identified. Details of the Nonconformities are given in Section 3.2 (Page 16).

SOU30a has prepared a Corrective Action Plan that was reviewed and accepted by BSi.

The Audit Team will review the effectiveness of corrective action for the nonconformity against Minor Compliance Indicator 4.3.2 during the Surveillance Audit scheduled to be carried out within twelve months of receiving initial RSPO Certification.

BSi has conducted an assessment of the SOU30a operations comprising 1 mill, 1 company owned estate, support services and infrastructure. BSi concludes that SOU30a operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2008.

BSi recommends that SOU25 be approved as a producer of RSPO Certified Sustainable Palm Oil, subject to resolution of the HCV offset and the land compensation issues at PT Minamas, Indonesia.



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

Mill QA Supervisor is responsible for receiving and responding to requests for information and maintains a file with the most recent request from DOE dated 23 December 2008, together with the Mill reply the next day. The Estate has a file with requests from Government and other stakeholders. Most recent request from Humana teacher 21 March 2009 – reply forwarded within three days. Information is provided to external stakeholders via the Sime Darby website. (1.1.1)

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

The Mill and Estate hold copies of each of the documents that are required to be publicly available. Copies of Land Titles are held at the Estate office. (1.2.1)

The Mill and Estate have a documented Health and Safety Plan with all elements included, such as Policy, HIRAC, Training Schedule, Meetings and records. (1.2.2)

Mill and Estate staff have prepared an Environmental Aspects and Impacts Register (Mill 1 December 2008) (Estate 14 January 2009) that is based on a risk assessment and lists the negative and positive impacts. A copy is available of an SIA conducted by the TQEM Department of Sime Darby during March 2009. (1.2.3)

The Mill Pollution Prevention Plan forms part of the Environmental Improvement Plan that was prepared in March 2009 following the identification of environmental impacts and the Stage I RSPO Audit. The Estate has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts 14 January 2009. (1.2.4)

At the Mill, worker issues are raised and discussed at morning muster every Monday and documented for each shift (A and B). Worker representatives also raise issues at the quarterly OSH meeting. The Mill and Estate have implemented a Log Book for recording issues raised by staff and workers. The Log Book includes details of the complaint, together with action taken and completion date. The most recent entry was 30 March 2009 regarding housing. (1.2.5)

Negotiation Procedures are documented in Sime Darby Procedures for Handling Social Issues – in Sustainable Plantation Management System. (1.2.6)

The Mill and Estate Continuous Improvement Plans consist of Environmental Improvement Plans, Pollution Prevention and Social Action Plans. (1.2.7)

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

The Mill Manager is responsible for ensuring legal compliance and this is done by means of a documented system involving checks against a Legal Requirements Register. Mill Boiler Emissions were tested 28 October 2008 and were within DOE compliance limits. The mill smoke density meter (calibrated 6 February 2009 by STS Instruments) has operated continuously during boiler operation and results confirm compliance with DOE requirements. The Mill holds all relevant operating certificates, which were displayed at the Mill Office, eg Boiler Certificate number 094349, expiry date 20 October 2009. The DOSH Report for 27 November 2008 and DOE Report 4 February 2009 confirmed no outstanding issues.

The Mill holds copies of Certificates for Licenced operators. The Estate has checked and holds records that Estate employed tractor drivers and Contractor truck drivers have current driving licences. The Estate has arranged for a Defensive Driving Course to be conducted for all drivers on 10 April 2009. Inspection of Mill and Estate pay records showed compliance with the Employment Act except in relation to overtime hours worked by the Water Treatment Plant Operator.

**Observation 01 – refer Section 3.2 Page 16 for details**

The Mill housing that was constructed in 2000 meets the government standard. However, some of the Estate and Mill housing that was constructed in the 1980s does not meet the government standard. Drinking water supplied to Estate housing was tested 25 March 2009 and the results confirmed compliance with the WHO Guideline for drinking water quality, with the exception of residual free chlorine, which was slightly elevated. (2.1.1)

**Observation 02 – refer Section 3.2 Page 16 for details**

The Mill and Estate hold copies of relevant regulations related to environment, health & safety, labour and operation of factories. There is a documented system with information on applicable laws and a list of all licences and a calendar for licence renewal. Licences and Permits are displayed at both the Mill and the Estate. Inspection of a sample of Permits confirmed these were current. (2.1.2)

The Mill Manager has carried out a Legal Compliance audit against the Legal Requirements Register. The Estate Manager has conducted an internal check of legal compliance 28 March 2009 and the results documented against the Estate checklist of Legal Requirements. In addition the Mill Advisor and Plantation Advisor inspections include checks of legal compliance. (2.1.3) MAPA provides legal updates on changes to labour laws and worker pay and conditions. TQEM Standards and Compliance Unit provide legal updates on all applicable legislation throughout Sime Darby. (2.1.4)

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

Kumpulan Guthrie Berhad acquired the estate from UMW and Kung Hing Sdn Bhd in 1986 and 1987, respectively. At the time of the acquisition, the estate was planted to cocoa but Guthrie converted the land to oil palm in 1992. Sime Darby acquired the estate following the merger with Kumpulan Guthrie and Golden Hope Plantations in November 2007. The Estate is on a series of 9 Sabah Government Provisional Leases and 1 Sabah Government Country Lease. Copies of the Leases were held at Jeleta Bumi Estate Office and were sighted during the Audit. The Leases were granted between 1977 and 1980 and have been held by the companies outlined above since that time. (2.2.1)

Sime Darby is still in the process of changing all of the land titles to Sime Darby Plantation. During this process the description of the land use is being changed from “agricultural crops of economic value” to “oil palm”. The SOU30a operations involve only oil palm cultivation. (2.2.2)

SOU30a has identified all of the boundary stones and a map was available showing the locations. A sample of boundary stones was inspected adjacent to the Forest Reserve and confirmed the boundary is clearly marked and maintained. (2.2.3)

Records inspected at the Estate indicated that there have been no land disputes. An Officer from the Kunak Office of the District of Tawau Land and Survey Department confirmed there were no land disputes. (2.2.4)

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

SOU30a is on Government Leasehold land. (2.3.1)

At the time of the audit there were no land disputes. (2.3.2)

The SOU30a operations are on Government Leasehold Land. The SOU30a land acquisition did not involve negotiated agreements in relation to customary rights. SOU30a does not restrict local peoples’ access through the estate. (2.3.3)

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

The Estate and Mill have an annual operating budget and a capex budget that are projected for the next four years. The budgets include performance objectives and targets related to production, efficiency and product quality. The Annual budget for the 2009/10 year has recently been reviewed and approved. (3.1.1)

The Estate has a Replanting Programme that is projected to 2019 and was revised in July 2008. (3.1.2)

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

The Mill holds a copy of the Sime Darby Mill Quality Management System, issued 1 November 2008, which describes in detail the operating, maintenance and monitoring procedures for each area of the mill from reception through processing to dispatch of product. In addition the mill has posted in Bahasa Malaysia at each work station Work Instructions that are specific to the equipment being operated. For example, boiler start-up and shut-down (including emergency shut-down) are displayed prominently on a notice board at the boiler station. The Mill Laboratory holds a copy of the Sime Darby Process Laboratory Manual. Laboratory instruments have been calibrated, eg electronic balance 27 March 2009 by Metrology Corporation Malaysia Sdn Bhd.

The Estate holds a copy of the Sime Darby Estate Quality Management System Manual issued 01 November 2008. SOPs are available in Bahasa Malaysia and English. (4.1.1)

The Mill Advisor inspects the mill at approximately quarterly intervals (most recent visit 25 November 2008) and actions taken by the Mill Manager in response to the Inspection Report are included on file. The Plantation Advisor visits the Estate six monthly (most recent visit 26 – 30 March 2009). The Advisor visit report includes action taken by the Manager and the General Manager’s comments. TQEM Department Operation and Methods Unit conduct 6 monthly audits of SOP implementation with most recent 20 January 2009. (4.1.2)

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

Sime Darby Agronomy Section of R&D Department makes annual recommendations for fertiliser applications. Executive Manager checks that fertiliser application matches the recommendation. Variances are reported monthly. (4.2.1)

Sime Darby Agronomy Section of R&D Department carries out annual inspection of the palms and leaf sampling to monitor nutrient status (last report on leaf sampling carried out June 2008). Estate holds a summary of the results on file. The R & D Department maintains a database of nutrient monitoring results for each block at the Estate. Sime Darby has reviewed soil monitoring and an SOP for taking soil samples was prepared and issued 01 August 2009, which describes soil sampling on a 5 yearly basis. SOU30a has commenced soil sampling in accordance with the SOP. (4.2.2)

The Sime Darby Agronomy Section tissue and soil sampling program includes assessment of areas where EFB and POME are applied. The results from the foliar sampling are used to advise on the annual fertiliser requirement at these areas. (4.2.3)

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

The topography at SOU30a is flat to gently undulating, with only relatively minor areas (144 ha) of terraces at

the main Estate. Inspection of a sample of terraces confirmed implementation of practices for minimising soil erosion, such as maintenance of a dense cover of vegetation on the slope between terraces and placement of pruned fronds to prevent erosion. Locations of terracing are highlighted on maps. Low-lying areas (62 ha) adjacent to the streams flowing through the estates are subject to inundation for several days following heavy rain. Inspection showed that these low-lying areas were subject to sediment deposition. (4.3.1)

The Estate is in the process of changing from CDA sprayers to Knapsack Sprayers fitted with very low volume nozzles. Observation of spraying using Knapsacks showed much greater control of circle and path spraying, compared with CDA sprayers. The CDA sprayers were observed to cause over-spraying of vegetation on harvesting paths. (4.3.2)

**A nonconformity was assigned this Minor Compliance Indicator – refer CAR01 Section 3.2 Page 16 for details**

Inspection confirmed field roads were surfaced with gravel and well maintained. Turn-out drains and silt pits have been constructed for improving water management of roads and trapping sediment. The Estate has an annual programme (2008/2009) that sets out the monthly schedule of grading, resurfacing and roadside pruning for maintenance of roads. (4.3.3)

There are no peat soils at SOU30a. (4.3.4)

There are no sandy or acid sulphate soils at SOU30a. (4.3.5)

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

Several small streams of width 1-2 metres flow through the estate. Palms were planted to the edge of streams at some locations during the original planting that was carried out between 1992 and 1995. The Estate has prepared a map showing expansion of buffer zones to 20m width on both sides of streams and has commenced a program to restore the riparian buffer zones at replant. The work carried out to date includes marking of palms that are within the buffer zones. The application of herbicide and fertiliser at palms within the riparian buffer zone has been ceased. Interview of sprayers confirmed awareness of the riparian buffer zones and that spraying is prohibited within 20 m of the streams. Inspection of the buffer zones showed regrowth of vegetation was occurring, which indicated effective control over the use of chemicals. (4.4.1)

**Observation 03 – refer Section 3.2 Page 16 for details**

Field inspection confirmed there has been no construction of any bunds, weirs or dams across waterways. (4.4.2)

The Mill collects water samples monthly from locations upstream and downstream of the Mill. Trend information for the 2008/09 samples indicated no significant difference in applicable parameters, such as suspended solids between upstream and downstream locations. The Estate has carried out

upstream/downstream sampling monthly at Sungai Tingkayu, but the sampling did not take into account inputs from tributary streams flowing from neighbouring oil palm plantations. (4.4.3)

**Observation 04 – refer Section 3.2 Page 16 for details**

The Estate has recorded daily rainfall since 1996. Rainfall information is used for crop forecasting and the timing of fertiliser application and upkeep tasks such as weeding using herbicide. (4.4.4)

The Mill monitors water usage and reports the information on a monthly basis. The information shows relatively high water usage per tonne FFB due to the limited amount of crop processed through the Mill and additional cleaning associated with regular Mill shut-downs. (4.4.5)

There are no protected areas adjacent to or immediately downstream of the Estate and field drains have not been constructed. The Estate has installed PCDs on workshop and diesel genset drains. The Mill has five sumps on the monsoon drain system. The Mill has recently installed a containment bunker for prevention of boiler ash from entering the monsoon drain. Inspection confirmed that PCDs were being maintained. (4.4.6)

**Observation 05 – refer Section 3.2 Page 16 for details**

The Mill has prepared a Water Management Plan for monitoring and reducing water consumption and controlling the quality of waste waters. For example, there is a Site Plan showing locations of all drains and sumps and a programme for drain and sump cleaning and maintenance.

The Estate has implemented rainwater harvesting at the Office, Workshop and Staff housing as an important component of the water management plan. (4.4.7)

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

IPM practices are documented in the Sime Darby Agricultural Reference Manual. IPM includes monitoring of pest numbers and assessment of numbers against threshold values to determine whether chemical treatment is required. Beneficial plants have been established along the main access roads, including *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus*. (4.5.1)

The major pest is the rat which damages palm fruit. Chemical baiting has been used for control of rats when damage exceeds threshold levels. Maintenance of groundcover vegetation has been found to be important for hosting the predators of leaf eating insects and reducing the incidence of damage of palm fronds. (4.5.2)

Recording of information on pesticide application for each field commenced January 2008 together with data on the concentration of active ingredient. (4.5.3)

The Estate commenced monitoring pesticide usage units per ha in July 2008 and there is insufficient information for assessment of an annual trend. (4.5.4)

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

The quantity of chemical and treatment required is documented in Section 16.5 of the Agricultural Reference Manual. There is an up-to-date Work Instruction for Knapsack spraying displayed at the chemical mixing area to define the quantity of chemical for measurement per 20L pre-mix container. The estate Mandore inspects field conditions on the afternoon before spraying is scheduled in order to assess whether spraying is necessary. (4.6.1)

Sime Darby Head Office Central Purchasing Unit controls the purchase of pesticides. Inspection of the pesticides store confirmed only Pesticide Board approved chemicals were held. A check of stock records confirmed the Estate has not used any Class 1A or Class 1B Chemicals since 2005. (4.6.2)

Inspection of the main chemical store showed adequate design was implemented such as security, ventilation, separation of chemicals, spill containment for storage of chemicals and safety signage. (4.6.3)

A Work Instruction in Bahasa Malaysia is displayed at the chemical mixing area. Although the MSDSs were in English, the chemical Labels were in Bahasa Malaysia. Observation of spraying and interview of sprayers confirmed understanding of safe working practices for the chemicals being used. (4.6.4)

Monthly medical surveillance is carried by a VMO – most recent 5 March 2009 for 12 sprayers. An annual CHRA was carried out by a DOSH registered doctor 16 February 2009 for pesticide operators and all were found fit to continue with their current job. (4.6.5)

Company policy prohibits females who are confirmed pregnant or are breast-feeding to work with pesticides. However, if they wish to continue working they are transferred to other duties. Interview of female sprayers confirmed knowledge of this policy. (4.6.6)

Stock records held on file confirmed that Class 1A and Class 1B chemicals have not been used since mid 2005. Use of paraquat for selective weeding using Knapsack equipment ceased in February 2009. Inspection of the store and stock records confirmed no stock of paraquat was held at the time of the Assessment. (4.6.7)

Aerial spraying has not been carried out. (4.6.8)

No buyer has yet requested CPO testing for chemical residues. (4.6.9)

The quantity of pesticides used is recorded on a daily basis using the stores issue request form. The Estate has commenced summarising information on area treated and the amount applied since January 2008. (4.6.10)

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

- (a) The Mill and Estate have a documented Occupational Health and Safety Policy that was approved by top management in April 2009. Inspection of the Mill and Estate work places indicated adequate implementation of the Safety and Health Policy. The Mill has implemented a Permit to Work System for control of confined spaces, electrical, welding and height maintenance work. Safety signage was displayed prominently throughout work stations and workers who were interviewed were aware of safe working practices associated with their tasks. Workplace safety audits are carried out quarterly at the Mill and Estate by the Safety Coordinator and the findings and corrective actions are discussed at the Safety Committee Meetings.
- (b) A HIRAC was prepared for the Mill on 3 December 2008 and at the Estate in January 2009. The HIRAC covered the main tasks carried out at the mill and estate operational areas.
- (c) A formal Mill Training Programme has been prepared that covers the safe work practices for each Work Station and a monthly schedule of training topics for workers and contractors. In addition, the mill and estate conduct general safety awareness at morning briefings. The Mill holds records of safety training including a list of trainees and their signatures to confirm attendance. The Estate similarly has a Safety Training Programme for 2008-09 that lists the schedule for staff and workers.
  - i The Estate arranged the training of 35 sprayers from all Divisions on 23 February 2009 and records include details of the training topic and a signed attendance list.
  - ii Inspection of pesticide spraying in the field and interview of workers confirmed safe working practices were being observed. Similarly at the Mill Water Treatment Plant, safe storage and handling of chemicals was observed and the operator, when questioned understood the precautions associated with chlorine solution preparation.
- (d) i. The standard PPE issue for all mill workers is safety shoes, helmet and hearing protection, and additional issues such as dust masks, are made for specific workstations. Mill workers and operators were observed wearing the correct PPE, including hearing protection. The mill holds records of PPE issues to individuals on file. The Estate has a record of PPE issues to individuals. The Estate commenced maintaining records of PPE to individuals in 2007, together with signature of recipient.
- (e) The Mill Manager is the designated person who is responsible for safety and the Executive Assistant

Manager is the designated safety coordinator at the estate.

- (f) The Mill maintains records of quarterly safety meetings, with the most recent held on 5 February 2009 with 18 attendees. The Estate also holds quarterly meetings with the next meeting scheduled for May 2009. The findings of the Safety Committee Meetings are communicated to the staff and workers at muster briefings and by the Safety Committee representatives at Safety Toolbox Talks.
- (g) The Mill and Estate have prepared an ERP for fire and the other main emergencies that potentially may occur, such as flood and a road accident. The ERP includes all of the required elements. The Mill carried a Fire Drill on 15 January 2009 to check preparedness. The Estate ERP covers the main emergencies that are likely to occur and was last revised January 2009. The ERP includes a site plan and up-to-date list of phone numbers. The Estate carried out an Emergency Fire Drill on 21 October 2008 with 73 participants. The Safety Coordinators prepared reports on the Emergency Drills and identified areas for improvement, such as the time taken to respond.
- (h) The Health Assistant carried out First Aid Training for the Estate on 13 March 2009 for 24 persons and for the Mill on 26 March 2009 for 12 persons. Training records include the training content and a signed attendance sheet.
- (i) The Mill has first aid kits located at 4 workstations and inspection confirmed the kits were appropriately stocked. The Estate has distributed twenty six first aid kits to workplaces, Mandores and vehicles. Inspection of a sample of Estate First Aid Kits confirmed they had been recently stocked. (4.7.1)

All accidents are investigated and reported to DOSH and TQEM Department. The Mill had zero LTAs in 2006 and 2007, but 1 LTA in 2008 (on 26 June). The Mill had previously recorded 291,200 man hours without a lost time injury.

The last LTA for the Estate was 31 December 2008. The Estate recorded 5 LTAs 2006-07; 3 LTAs 2007-08; and 8 LTAs 2008-09 (to date). The increase in LTAs in 2008-09 was associated with vehicle accidents. The Estate has scheduled a Defensive Driver Training course for tractor drivers and contractors during April 2009. (4.7.2)

All Malaysian staff and workers are covered by SOCSO. Mill Foreign workers are covered under RHB Insurance Policy Number D08WFWC8606982KL current to 30 June 2009. Estate Foreign workers are covered under RHB Insurance Policy Number FW007581 current to 30 June 2009. (4.7.3)

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

The Mill and Estate carry out training and records are kept for individual staff, workers and contractors. A

formal Mill Training Programme has been documented, with a schedule of monthly training by workstation. The Estate also has prepared an Annual Training Programme for the 2008-09 year. The training program is based on an assessment of the skills improvement required for each task and workstation. The majority of training is informal “on-the-job” instruction and records for individuals are held on file. (4.8.1)

**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.**

Mill and Estate staff have prepared an Environmental Aspects and Impacts Register (1 December 2008) that is based on a risk assessment process to consider negative and positive Impacts. Sime Darby TQEM Department facilitated this risk assessment process that considered use of resources, emissions to air, land and water for identification of the environmental impacts. (5.1.1)

The Mill has prepared an Environmental Improvement Plan based on information from the EIA process described above and the Stage I Certification Assessment findings. Improvements include upgrading facilities for the storage of wastes and protection of water quality. The Estate has prepared a Pollution Prevention Plan (14 January 2009) for reducing environmental impacts. The Plan has a focus on recycling of materials and control of point source pollutants. Inspection of the mill and estate confirmed implementation of improvements has been completed in most cases while others are in progress. The Mill and Estate report monthly to Top Management on progress with implementing the Continuous Improvement Plan. (5.1.2)

**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.**

Practically all of the natural vegetation within the Estate boundaries was cleared during the earlier development of the land for cocoa and subsequently for oil palm in the early 1990s. Residual secondary forest is limited to a few areas that were too steep for planting and the riparian buffer zone along the Tingkayu River.

The Madai/Baturong Forest Reserve has a common border of approximately 3 km length with the Estate. TQEM Department has carried out an HCV Assessment at the Estate and assigned HCVs as follows: HCV1 was present at the Madai/Baturong Forest Reserve because it provides habitat for Elephant and other protected species that periodically enter the Estate. HCV4 was assigned to Riparian Buffer Zones along streams for protection of water resources. The Forest Reserve along the border with the Estate has been logged and this section of the forest is dominated by pioneer species, such as *Macaranga*, and much smaller numbers of



emergents, such as *Koompassia excelsa* and *Koompassia malaccensis*.

The BSi Technical Expert Ecology recorded the presence of 3 species of mammals, 2 species of reptiles and 38 bird species along the border between the Estate and the Forest Reserve. The majority of these species are forest dependent, but also enter the Estate. Of the species recorded, 3 species of mammals and 11 species of birds are protected in Sabah. The Asian elephant *Elephas maximus*, is classified (IUCN) as threatened, and Storm's stork *Ciconia stormi* is classified as vulnerable. The Estate has commenced a program to record and identify species of fauna that are observed within the Estate and along the border with the Forest Reserve. (5.2.1)

**Observation 06 – refer Section 3.2 Page 16 for details**

The Estate has prepared an HCV Management Plan that focuses on habitat protection, such as prohibiting workers from entering or disturbing the Forest Reserve. The Estate carries out periodic patrols along the border with the Forest Reserve to monitor for any disturbance. Another important aspect of the HCV Management Plan is the reinstatement and restoration of riparian reserves, which has recently commenced, as outlined for Criterion 4.4 above

The HCV Management Plan includes a strategy in relation to protection of fauna with emphasis on prohibiting hunting. In relation to preventing elephants from entering the Estate, an earthen barrier was constructed along the border with the Forest Reserve. (5.2.2)

**Observation 07 – refer Section 3.2 Page 16 for details**

The Estate has obtained assistance from the Wildlife Division of the Department of Tourism to conduct awareness training for staff and workers in relation to prevention of elephant/human conflict when the animals enter the property. Elephants were stated to enter the estate infrequently (once per year). The palms are now mature and less attractive to elephants as a food source. In 2005, Estate staff assisted the Forestry Department to rescue an elephant that had become trapped in a mud pool within the Forest Reserve. The Estate provided a backhoe to excavate a ramp for assisting the elephant to be freed from the mud pool.

Signage has been posted at the entrance to the Estate warning visitors that hunting and gathering are prohibited. Interview of workers confirmed they were aware of the company policy prohibiting hunting and gathering in the estate and the forest reserve. During inspection of the Estate housing the BSi Ecologist observed Hornbills (Plate 1) and the information gained from interviews with residents indicated that fauna were not being disturbed by the workers. (5.2.3)

**Observation 08 – refer Section 3.2 Page 16 for details**



**Plate 1: Pied Hornbill Observed at Worker Housing**

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

Waste products and sources of pollution are identified in the Environmental Aspects and Impacts Registers prepared by the Mill and Estate in December 2008. (5.3.1)

The Mill has prepared a Waste Management Plan that lists the wastes and emissions and the methods of re-use, recycling or treatment and disposal. The Mill has constructed a Scheduled Waste Store that was inspected and approved by DOE during a site visit on 4 February 2009. The Mill and Estate are in the process of engaging the Scheduled Waste Recycler MS Smart to remove waste that is presently stored securely on site.

The Estate Waste Management Plan has focused on handling domestic waste, including segregation and recycling. The Estate also has constructed a scheduled waste store for management of used pesticide containers and vehicle workshop wastes. Inspection confirmed empty HDPE pesticide containers have been triple rinsed and punctured and are stored securely in readiness for recycling of the materials. Jeleta Bumi is liaising with the nearby Sime Darby Tingkayu Estate to coordinate collection of scheduled waste by an approved recycler.

Separation of wastes into recyclables and non-recyclables has been implemented at the workplaces and at housing. Small quantities of solid wastes, such as domestic refuse are placed in a small landfill. Inspection confirmed that the landfill is well located and the deposited wastes were compacted periodically and covered with a layer of earth.

Medical Wastes, such as sharps and used bandages are stored in appropriate containers at the Clinic prior to transfer to the Scheduled Waste Store for collection and disposal by a licensed contractor. A record is maintained of all transfers in "Clinical Waste" book. The Estate is engaging Faber Medi-Serve Sdn Bhd for collection of clinical wastes. (5.3.2)

POME is treated to BOD <100 mg/L (licence limit 500 mg/L) and recycled to the field by irrigation to an area of 121 ha. Inspection of the land application system

showed that the furrows were well maintained and an operator was dedicated to patrolling the furrows for control of flows during application of effluent to the land. (5.3.3)

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

The Mill has recently commenced reporting total renewable energy use monthly. The usage indicator kWh/t CPO has been calculated for 2008/09 and averaged 14.65 kWh/t CPO. (5.4.1)

The Mill reports total non-renewable energy use monthly. The usage indicator was 2.36 kWh/t CPO for 2008/09. (5.4.2)

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

Sime Darby has a zero burn policy that was stated to have been implemented for all land preparation since 1989. There has been no land preparation since 1995 when the land use was converted from cocoa to oil palm. (5.5.1)

The palms are in the first cycle and replanting has not been carried out at the Estate, but is due in 2016 at Andrassy Division. The Sime Darby Policy of chipping and windrowing of felled palms will be implemented for the Andrassy Division replant. (5.5.2)

Sime Darby has a policy of zero burning of all wastes. Inspection of Mill operational areas, Estate office areas and housing areas confirmed no evidence of fire being used for disposal of refuse or waste. (5.5.3)

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

The Mill has identified pollution prevention as part of the Environmental Improvement Plan that was prepared following the EIA and the Stage I RSPO Audit. For example, a bund wall was constructed for the containment of boiler ash to prevent spillage into the adjacent monsoon drain. This was supplemented by a sump to trap any ash from entering the drain due to the discharge of quench water and rainfall runoff. The Estate has a Pollution Reduction Plan that was prepared in conjunction with the identification of environmental aspects and impacts. The Estate has focused on the prevention of pollution by petroleum hydrocarbons at the workshop and vehicle refuelling area. Inspection confirmed the Estate has installed PCDs on all workshop drains and that these were well maintained. (5.6.1)

The initial Pollution Prevention Plans are due for review January 2010. (5.6.2)

SOU30a does not have any peat soils. (5.6.3)

**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.**

Sime Darby's Plantations Sustainability – RSPO Unit, TQEM Department carried out an SIA during March 2009. The process involved meetings with internal stakeholders, external stakeholders, such as Government Departments, suppliers and contractors. Jeleta Bumi Estate is in a remote location and is surrounded by other oil palm plantations and a Forest Reserve. There are no local communities within 40km of Jeleta Bumi. The main focus of the SIA therefore was internal stakeholder issues. The SIA Report included a summary of meetings with stakeholders. (6.1.1)

**Observation 09 – refer Section 3.2 Page 16 for details**

Interview of staff, workers and contractors during the audit confirmed they were consulted and participated in the SIA process. (6.1.2)

**Observation 10 – refer Section 3.2 Page 16 for details**

The Estate has prepared a Social Management Plan for addressing the issues raised by stakeholders. An example is the request for improvement of the Humana School for workers' children. The Estate advised the use of the old cocoa store for the school is a temporary measure. The estate has an approved budget for construction of new school classrooms in the 2009/10 budget. (6.1.3)

**Observation 11 – refer Section 3.2 Page 16 for details**

**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.**

Procedures are documented for internal and external communications in Section 5 of the Mill Quality Management System Manual and the Estate Standard Operating Manual issued April 2008. Mill and Estate staff were aware of the procedures to be followed for receiving, recording and processing of written and verbal communications from internal and external stakeholders. (6.2.1)

The Estate Manager and the Mill Manager have responsibility for dealing with communications to internal and external stakeholders. (6.2.2)

The Mill has prepared a list of stakeholders (February 2009) that includes contractors, suppliers and Government Departments. The Estate has prepared a list of Stakeholders January 2009 that includes Government Departments, eg Dept of Forestry, DOE (State and Federal), neighbouring Oil Palm Plantations and NGOs. The Mill and Estate maintain records of communications from stakeholders and the actions taken. For example, a letter to the Mill from DOSH 27 March 2009 in relation to the mill inspection. (6.2.3)

**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 dispute resolution procedure is documented in the Sustainable Plantation Management System Appendix 5 and is shown as a flow chart. The Estate has translated the flow chart into Bahasa Malaysia and communicated it to staff and workers. The Mill has posted copies of the flowchart on the notice board and conducted awareness for staff and workers. (6.3.1)

The grievance procedure was recently implemented (2008) and at the time of the audit, it was stated that there have been no grievances that could not be settled internally by discussion. The process used previously involved discussion of grievances at the quarterly Safety Committee Meetings under the topic “other business” and was recorded in the meeting minutes. Interviews of staff, workers and contractors did not identify any recent grievances. The dispute resolution process has not yet been tested. (6.3.2)

The Estate has communicated the dispute resolution Procedure to Staff, workers and contractors. Interview of staff and workers at Estate and Mill confirmed that they were aware of a “Procedure” and they would be comfortable raising issues with supervisors. Contractors and FFB suppliers indicated that they would have no hesitation in raising a complaint with the company. (6.3.3)

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

The Estate is on Government Leasehold land. Sime Darby has implemented a procedure for handling land disputes, including boundary and squatter issues. TQEM has recently socialised this procedure to SOU30a. (6.4.1)

The land dispute procedure refers the compensation assessment to the corporate land management department of Sime Darby who would assess and advise on compensation. (6.4.2)

Enquiry with Tawau Land and Survey Department confirmed there were no known land disputes at SOU30a Jeleta Bumi Estate and outlying Divisions. (6.4.3)

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

Mill pay and conditions are documented in accordance with MAPA/AMESU agreement 2006. The Estate pay and conditions are documented in accordance with Sabah Plantation Industry (SPIEU) Agreement. The Collective Agreement is revised every two years and is currently under negotiation. The Estate increased the Daily Rate of pay above the existing agreement in April 2008, in anticipation of a new agreement. The Mill has communicated to workers that pays will be adjusted in accordance with the Collective Agreement once it is finalised. (6.5.1)

Interview of office staff and workers confirmed that they had copies of their “Employment Contract” and

understood Terms and Conditions. All were aware of and received correct leave entitlements and pay for any overtime worked. The majority of workers were previously employed by Guthrie Plantation and continued their employment when Sime Darby took over. Interviews of mill and field workers confirmed they understand their pay slips and leave entitlements, but have not received an Employment Letter since Sime Darby took over the plantation. (6.5.2)

**Observation 12 – refer Section 3.2 Page 16 for details**

Mill housing was constructed in 2000 and meets the Government Standard. A budget has been approved to replace the current two bedrooms Estate worker housing built in 1991 and to replace old timber housing, with construction due to commence in the 2009/10 financial year.

A mobile market visits the housing areas three times weekly. Residents are permitted to cultivate small “kitchen” vegetable gardens at their houses. This is very beneficial in reducing living costs. Electricity and water are supplied to Mill and Estate housing at no cost. The Mill operates the water treatment plants and laboratory tests indicated suitable quality for domestic use, except for one result (refer Observation 13). A clinic is available on site for staff, workers and families at no cost.

SOU30a has converted a disused coca store into classrooms and a school is operated by Humana to provide schooling for 93 children of foreign workers. A budget is approved for Financial Year 2009/2010 to construct a new Humana School on the estate. A Government Primary School is located at Ladang Binuang (a neighbouring plantation) and Secondary School at Madai, Kunak. (6.5.3)

**Observation 13 – refer Section 3.2 Page 16 for details**

**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.**

Mill and Estate Workers and Staff are Union Members. Meetings between the Company and Union Officials are held at Zone Head level.

At the Mill, worker issues are raised and discussed at morning muster each Monday and documented for both shifts (A and B). Worker representatives also raise issues at the quarterly OSH meeting. Estate Management met with 8 Worker Union Representatives 23 January 2009 and Minutes were taken of the Meeting. (6.6.1)

A statement on Freedom of Association is included in the Sime Darby Social Policy, which has been translated into Bahasa Malaysia and is displayed at both the Estate and Mill Offices and at Muster Areas. (6.6.2)

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

The minimum working age is 18 under the Sabah Labour Ordinance. At time of hire a check of age is made and confirmed by ID Card for Malaysian workers or Passport for foreign workers. Inspection of personnel files confirmed copies of ID cards and passports were held. During the audit, checks did not find any children or underage workers at any of the mill or estate work areas. (6.7.1)

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

The Sime Darby Social Policy that was approved by top management in April 2008 includes a statement on anti-discrimination. Copies of the policy were displayed at Offices and Muster areas. Interview of Staff and workers confirmed their knowledge of the Policy. (6.8.1)

Interview of staff and workers and a check of payroll records confirmed that there was no discrimination between workers on the basis of ethnicity, religion or gender. (6.8.2)

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

A statement on sexual harassment is detailed in the Sime Darby Social Policy. A Gender Policy has been implemented and a local Committee was formed (May 2008). Most recent meeting was held 24 March 2009 with 13 attendees. (6.9.1)

**Observation 14 – refer Section 3.2 Page 16 for details**

A gender grievance mechanism has been prepared by Sime Darby, in consultation with Tenaganita, the social NGO. Interview of female Staff and Workers confirmed awareness of the grievance mechanism and they stated that they would be comfortable to use the procedure if necessary. (6.9.2)

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

Sime Darby Marketing Department advises the mill of FFB pricing. The Sime Darby Marketing Department arranges the contracts with the FFB suppliers. (6.10.1)

The Mill maintains a file with monthly prices for FFB. Interview of FFB suppliers confirmed knowledge of up-to-date FFB prices. (6.10.2)

Interview of Contractors and FFB suppliers confirmed their understanding of contracts and that they considered them fair. (6.10.3)

Interview of Contractors and FFB Suppliers confirmed that payments are made monthly and in a timely manner. (6.10.4)

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

SOU30a is in a remote location and is surrounded by other oil palm plantations and a Forest Reserve. There are no local communities within 40km of the main Estate. Contributions therefore have focused on the worker facilities. The Humana school provided schooling for approximately 90 children of foreign workers between ages 7 - 15. There are three teachers in attendance and subjects taught are Science, Maths, Bahasa Malaysia and English. The company has provided electricity, fans, furniture and books. The Estate has approval in the 2009/10 Capex Budget under item 1.8 for construction of a new school at an estimated cost of RM500,000. Donations also are made to local places of worship and for religious ceremonies. (6.11.1)

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

*SOU30a has not carried out any new oil palm developments since November 2005 and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.*

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

The Estate has not used Class I chemicals since 2005. Paraquat use was ceased in February 2009. (8.1.1)

The Mill and Estate have prepared Environmental Improvement Plans based on information from the EIA process and the Stage I Certification Assessment findings. Improvements include upgrading facilities for waste storage and control of point source pollutants. The Plans include recycling of materials. (8.1.2)

The Mill Environmental Management Programme includes actions to minimise water consumption associated with its use for general cleaning. The separation of recyclables from mill and estate wastes and from domestic refuse was implemented in 2008. This will reduce the quantity of materials requiring placement in a landfill. (8.1.3)

The Mill and Estate pollution prevention have targeted identification and control of point source emissions and discharges. Pollution control devices have been installed on all chemical and petroleum hydrocarbon use areas for minimising the risk of accidental discharge of potential contaminants in drainage. An area where the Estate is now paying greater attention is improving groundcover vegetation, reinstatement of riparian buffer zones and installation of sediment traps to reduce soil erosion and sediment impact on waterways. (8.1.4)

The SIA includes a Social Action Plan for mitigation of issues identified by workers and staff. (8.1.5)

The Sime Darby Management Review process shares information on best practices for performance improvement. TQEM has requested SOUs to record information on expenditure related to social and environmental aspects. (8.1.6)



### 3.2 Detailed Identified Nonconformities (CAR), Corrective Actions and Auditor Conclusions

One (1) Nonconformity (**CAR01**) was assigned to Minor Compliance Indicator **4.3.2 Avoid or minimise bare or exposed soils within estates**

*A nonconformity was assigned as inspection showed that over-spraying of vegetation had occurred on some mechanically assisted infield collection paths where chemicals had been applied using CDA sprayers. Bare soil was evident on paths due to a combination of over-spraying and vehicle traffic.*

SOU30a has prepared a Corrective Action Plan for addressing the identified Nonconformity.

**Corrective Action:** *Further training of sprayers will be implemented immediately to take greater care when using CDA equipment and spray only a minimum path width for harvesters. Estate to make an administrative control by replacing the CDA equipment with the new "Inter Knapsack" (VLV - Very Low Volume) spraying equipment to avoid overspraying of paths during Circle spraying. – completion date June 2009.*

The Audit Team has reviewed and accepted the SOU30a Corrective Action Plan.

This Minor Nonconformity will be addressed during the 12 months following Initial Certification and will be checked at the Surveillance Assessment that will be scheduled within twelve months of initial RSPO Certification.

#### Observations/Opportunities for Improvement

Fourteen (14) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the Surveillance Assessment visit scheduled to be carried out within twelve months following initial RSPO Certification.

01. **(2.1.1)** Inspection of Mill pay records showed that the overtime worked by the Water Treatment Plant Operator had exceeded the permitted limit during March. This was explained by the sudden resignation of an operator and the need to work overtime to maintain continuous operation of the plant until a replacement was found. This was considered to be a "one-off" emergency situation of the Employment Act.
02. **(2.1.1)** Estate and Mill housing that was constructed in the 1980s has two bedrooms and does not meet the Government Standard of three bedrooms. SOU30a has an approved budget for replacement of sub-standard worker houses during 2009/10. A copy of the budget approval was sighted.
03. **(4.4.1)** The restoration of the riparian buffer zones is at the early stage of implementation and Estate staff will need to be vigilant to exclude application of chemicals from the demarcated areas.
04. **(4.4.3)** The Estate has recently revised the river sampling programme to include additional sites for checking water quality of inflows of tributaries from neighbouring plantations.
05. **(4.4.6)** Although the final monsoon drain sediment trap was clean, the presence of sediment deposits on the base of the drain further upstream indicated cleaning needs to be carried out more frequently (at least weekly).
06. **(5.2.1)** The HCV Assessment focused mainly on areas within the Estate and could be improved by compiling additional information on the adjacent Forest Reserve in consultation with the Forestry Department
07. **(5.2.2)** The aspect of the HCV Management Plan that relates to enrichment planting of riparian buffer zones could be improved by obtaining technical input from Forestry Department on recommended indigenous tree species for planting.
08. **(5.2.3)** An appropriate Management Plan has been prepared for protection of HCV habitats and ERTs within and adjacent to the Estate. The awareness programme conducted for workers and contractors could be improved by including information on the species that are protected in Sabah.
09. **(6.1.1)** The SIA Report includes a summary of meetings but does not include details of attendances. The report could be improved by including more detail on the issues discussed with stakeholders.
10. **(6.1.2)** Participation of stakeholders focused on workers, staff and contractors which was appropriate for the situation of the estate, which is surrounded by other oil palm plantations. The input to the SIA could be improved by consulting other relevant stakeholders, such as the Workers Union - SPIEU.
11. **(6.1.3)** The Social Management Plan could be improved by including more specific details of the improvements and target date for completion, such as the program for replacement of housing.
12. **(6.5.2)** Field workers have not received an updated appointment letter setting out terms and conditions following the merger of Guthrie Plantations with Sime Darby.
13. **(6.5.3)** Testing of the water supply to mill housing during March 2009 showed an anomalous result in relation to suspended sediment content. (The suspended sediment content at one house was higher than that taken from other houses, but was still within the recommended limit.) The Mill has re-sampled the water supply and included a "control sample" from the Mill laboratory to check the source of the anomalous result.
14. **(6.9.1)** The Gender Committee presently has only worker representatives. Discussion with the Committee Chairperson confirmed that Staff representatives will be appointed prior to the next meeting scheduled for June 2009.



### 3.3 Noteworthy Positive Components

- The Mill has constructed a bund for the containment of boiler ash to prevent spillage into the adjacent monsoon drain. This was supplemented by a sump to trap any ash entering the drain.



**Plate 2: Boiler Ash Containment Bund**

- SOU30a has converted a disused cocoa store into classrooms and a school is operated by Humana to provide schooling for 93 children of foreign workers between ages 7 - 15. The company has provided electricity, fans, furniture and books. A budget is approved for 2009/10 to construct a new school commencing October 2009.



**Plate 3: Humana School Classroom**

- Inspection of the Estate worker housing showed a good standard of housing is provided and residents are encouraged to grow their own vegetables in “kitchen” gardens provided they are kept neat and tidy. This is very beneficial in reducing “Worker” living costs.



**Plate 4: Residents Take Pride in Appearance of Housing**



**Plate 5: Residents are Encouraged to Cultivate Small Vegetable Gardens**

### 3.4 Issues Raised by Stakeholders and Findings with Respect to Each Issue

The majority of stakeholders had only positive comments about SOU30a. For the situations where stakeholders raised issues, the company’s response is stated.

#### **Staff/Worker Issues**

Estate housing residents are very appreciative that the company is trialling extended hours of supply of electricity to houses on Sundays but are concerned that it will not be permanent.

**Company Response:** Estate to discuss with worker representative to trial changing the electricity operating hours on a Sunday, eg later start and earlier finish.

Mill housing residents are concerned about a recent rule issued by the company that all flower pots designed from used rubber tyres have to be removed. They stated that a lot of time and effort had been put into designing and painting them and they do not understand why they have to discard them.

**Company Response:** Management will clarify with Zone Head and advise outcome.

An FFB supplier complained that he receives a lower price than the other FFB suppliers and does not understand the reason.

**Company Response:** Sime Darby Marketing Department arranges agreements with individual FFB suppliers and the Mill does not have any involvement in that process. Prices vary month to month related to the CPO market price. Price differences also may occur due to penalties applied for lower fruit quality and the Mill advises the supplier accordingly.

#### **Local Communities**

There are no local communities associated with SOU30a Jeleta Bumi Estate as it is surrounded by other oil palm plantations. Smallholders bordering Andrassy Division did not raise any issues of concern.

#### **Government**

Government Departments did not raise any issues in relation to SOU30a.

#### **NGOs**

NGOs did not raise any issues in relation to SOU30a.

### **3.5 Acknowledgement of Internal Responsibility**

SOU30a acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. SOU30a accepts the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

### **3.6 Formal Sign-off of Assessment Findings**



.....  
Signed for on behalf of :

Sime Darby Plantation Sdn Bhd  
Mr Damit bin Singkod  
SOU30a Chairman/Jeleta Bumi Estate Manager

Date:

1 May 2009



.....  
Signed for on behalf of :

BSi Group Singapore Pte Ltd  
Mr Charlie Ross  
Lead Auditor

Date: 04/05/2009

## ***Appendix “A”***

### ***Sime Darby Time Bound Plan***

SIME DARBY TIME BOUND PLAN**Sime Darby Plantation RSPO Certification Status**

<b>Financial year (July – June)</b>	<b>Status</b>
June 2008	5 SOUs undergoing RSPO Main Assessment
2008/2009	<p><b>Malaysia</b>  a. RSPO certified : 5 SOUs  b. Awaiting RSPO Board: 13 SOUs  c. Audited: 21 SOUs  (3 SOU have been realigned due to strategic/business development)</p> <p><b>Indonesia</b>  a. RSPO certified : 0 SOUs  b. Awaiting RSPO Board: 2 SOUs  c. Audited: 1 SOU</p>
2009/2010	<p><b>Malaysia</b>  Currently undergoing RSPO audit assessment: 1 SOU</p> <p><b>Indonesia</b>  Currently undergoing RSPO audit assessment: 10 SOU</p>
2010/2011	<p><b>Indonesia</b>  To complete RSPO Certification for Indonesia Operation for 8 SOU</p>
TOTAL SOU (Todate)	MALAYSIA: 37 SOU (38 OIL MILLS) INDONESIA: 21 SOU (23 OIL MILLS) <b>TOTAL: 58 SOU (61 OIL MILLS)</b>

Updated: 13 Nov 2009

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## ***Appendix “B”***

### ***SOU30a RSPO Certificate Details***



Sime Darby Plantation Sdn Bhd  
 Management Unit SOU30a  
 PO Box 135  
 Kunak Sabah 91207  
 MALAYSIA

Certificate Number : SPO 547125  
 Certificate Issue Date: (RSPO Approval Date)

Website: <http://plantation.simedarby.com>

Standards: RSPO Principles & Criteria : 2007; Malaysia National Interpretation : 2008

### **SOU30a RSPO CERTIFICATE DETAILS**

<b>Jeleta Bumi Palm Oil Mill and Supply Base (SOU30a)</b>	
Location	Kunak, Sabah, Malaysia
Address	PO Box 135, 91207, Kunak, Sabah, Malaysia
GPS Location	4.7046° N 117.9627° E
CPO Tonnage Total Production	21,065
PK Tonnage Total Production	5,165
Company owned Estate FFB Tonnage	Jeleta Bumi Estate : 84,422
Smallholders FFB Tonnage*	14,141
CPO Tonnage Claimed**	18,043
PK Tonnage Claimed**	4,424

**The tonnages for FFB, CPO and PK were for the period 01 July 2007 to 30 June 2008**

\* Tonnage not included in Certificate

\*\* Tonnage Claimed is the proportion of the total production from Company Certified SOU30a Estate

## ***Appendix “C”***

### ***Certification Assessment Program***

**CERTIFICATION ASSESSMENT PROGRAM**

DATE	TIME	ACTIVITY	CR	RR/ JM	IN	JH
Thursday 2 April  JELETA BUMI MILL	AM	Physical Inspection Mill/Effluent Ponds Interview Male Workers Visit Clinic Interview Staff Interview Female Office Staff/Workers Review Pay Documentation Interview Contractors/FFB Suppliers Inspect Riparian Buffer Zones	√	√ √ √	√ √	√
	PM	Mill Documentation Inspect Housing and Interview Families Visit Housing and Interview Male Foreign Worker Residents Review SIA Inspect Steep Land Set-asides Review HCV Assessment and Monitoring Plans	√ √	√ √	√ √	√ √
Friday 3 April  JELETA BUMI ESTATE	AM	Physical Inspection Estate/Interview Male Fieldworkers Interview Contractors Interview Female Fieldworkers Interview Female Office Staff/Workers Physical Inspection Stores, Land Application, Landfill Inspect Forest Reserve Visit Andrassy Division/Interview Smallholders (AM/PM) Visit Division Clinic and Interview Staff	√ √	√ √	√ √ √	√
	PM	Estate Documentation Inspect Housing and Interview Residents Interview Workers re Fauna Protection	√	√ √		√
Saturday 4 April	AM	Inspect Forest Reserve Collect any outstanding data/information/clarification Preparation of IAV Report and Closing	√ √	√ √	√ √	√
	PM	Closing Meeting	√	√	√	√