



**PUBLIC SUMMARY REPORT**

**INITIAL RSPO CERTIFICATION ASSESSMENT**

**SIME DARBY PLANTATION Sdn Bhd**  
**Management Unit PTSIA**

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## SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted an assessment of Sime Darby Plantation Sdn Bhd Management Unit SOU PT Sime Indo Agro (PTSIA) operations comprising a Mill, two producing oil palm Estates, new development at Sei Mawang Estate, support services and infrastructure. BSi concludes that PTSIA operations comply with the requirements of RSPO Principles & Criteria : November 2007 and the Indonesian Indicators and Guidance (INA NIWG) : 2008.

The Initial Certification Assessment was conducted between 03 and 06 November 2008, but the submission of this Report to RSPO was delayed until May 2010 when the RSPO Executive Board agreed to the resolution of issues at Sime Darby properties in Indonesia that affected Partial Certification compliance requirements.

BSi recommends that PTSIA be approved as a producer of RSPO certified sustainable palm oil.

## ABBREVIATIONS USED

AMDAL	Environmental Impact Assessment Report
BOD	Biological Oxygen Demand
BPN	Badan Pertanahan Nasional (National Land Agency)
CPO	Crude Palm Oil
DOE	Department of Environment
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERP	Emergency Response Plan
ESH	Environment Safety and Health
FFB	Fresh Fruit Bunch
GPS	Global Positioning System
HCV	High Conservation Value
HDPE	High Density Poly-ethylene
HGB	Hak Guna Bangunan (Land Use Title for factory)
HGU	Hak Guna Usaha (Land Use Title)
HIRAC	Hazard Identification Risk Assessment Control
KUD	Koperasi Unit Desa (Village Cooperative Unit)
LTA	Lost Time Accident
MSDS	Material Safety Data Sheet
OSH	Occupational Safety and Health
OSHAS	Occupational Safety & Health Assurance System
PCD	Pollution Control Device
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
QMS	Quality Management System
R&D	Research and Development
RKL	Environmental Management Plan
RPL	Environmental Monitoring Plan
SEIA	Social and Environmental Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SPKS	Serikat Petani Kepala Sawit (Organisation for Representing Smallholders)
TQEM	Total Quality Environmental Management

## 1.0 SCOPE OF CERTIFICATION ASSESSMENT

### 1.1 National Interpretation Used

The operations of the mill and the supply base of FFB were assessed against the Indonesian Indicators and

Guidance (INA NIWG) : 2008 of the International RSPO Principles and Criteria : 2007.

### 1.2 Certification Scope

The scope of certification is the production from Bukit Ajong Palm Oil Mill that is sourced from the supply base of two (2) company owned oil palm estates (East Estate and West Estate), Scheme Smallholders and Outside Suppliers. PTSIA also owns Sei Mawang Estate that has recently been developed to oil palm but is not yet in production.

### 1.3 Location and Maps

PTSIA Mill and oil palm Estates are located in Sanggau District of West Kalimantan Province, Indonesia (Figure 1). More detailed information on the estates locations is shown in Figures 2, 3 and 4. The GPS location of the Mill is shown in Table 1.

**Table 1: Mill GPS Location**

MILL	LONGITUDE	LATITUDE
Bukit Ajong	110° 29'0"E	0° 16' 0" N

### 1.4 Description of Supply Base

Oil palm fruit is sourced from two company owned Estates, Scheme Smallholders and Outside Suppliers. The FFB production from company owned Estates, Scheme Smallholders and Outside Suppliers is listed in Table 2.

**Table 2: FFB Production 01 July 2007 to 30 June 2008**

Source	FFB Production (t)
<b>PTSIA Estates</b>	
East	16,314
West	38,905
Sei Mawang	Nil Production
<b>Total Company Estates</b>	<b>55,219</b>
Scheme Smallholders	98,596
Outside Suppliers*	10,481
<b>TOTAL</b>	<b>164,296</b>

\* The FFB production from Outside Suppliers is excluded from the Initial RSPO Certificate.

Scheme Smallholders supplied 98,596 t (60-0%) and Outside Suppliers sold 10,481 t (6-4%) of the total FFB processed by the Mill during the 01 July 2007 to 30 June 2008 reporting period. The smallholder scheme was developed as a condition of PTSIA project approval. The scheme comprises one cooperative (KUD) whose smallholder members number 2,132 and have 4,264 ha planted to oil palm.

PTSIA has socialised information on RSPO to the smallholder cooperative. BSi Assessors visited the cooperative during the Assessment and interviewed the Manager and staff to evaluate their knowledge and understanding of the RSPO P&C.



Figure 1: PTSIA Location Map





The BSi Assessors also inspected a sample of Smallholder blocks and interviewed Smallholders. The BSi assessors concluded that at the time of the assessment the Smallholders had a basic understanding of RSPO. It was notable that the Scheme Smallholders were achieving relatively good FFB yields with the overall average of 23.1 t/ha during the July 2007 to June 2008 reporting period. In comparison, the overall average FFB yields from East and West Estates were considerably lower (10.6 t/ha) for the corresponding period. The lower estate yields are explained by a significant proportion of young mature palms (4 years old) compared with the smallholder palms (10 years old).

PTSIA employs staff whose role is to provide extension services and support to the smallholders. PTSIA has developed an RSPO implementation plan to achieve certification of its Scheme Smallholders within three years of the initial certification. On the basis of the support provided by PTSIA to the Smallholders and the relatively good FFB yields, BSi recommends the production from the Scheme Smallholders is included in the Initial Certificate.

### 1.5 Date of Plantings and Cycle

The PTSIA owned East and West Estates were planted in two stages. The first stage was planted between 1997 and 1999 and at the time of the Certification Assessment these palms were on average 10 years old and comprised 42% of the total planted area. The second stage of plantings at East and West Estates were carried out between 2003 and 2005 and occupy 29.9% of the total planted area. Sei Mawang was planted between 2007 and 2008. The age profile of the palms at East, West and Sei Mawang Estates is shown in Table 3. The palms are in their first cycle and replanting would not be required for another 10–15 years.

**Table 3: Age Profile of Palms**

AGE (years)	% of Planted Area
0–3	28.1
4–10	29.9
11–20	42.0

### 1.6 Other Certifications Held

PTSIA does not hold any other certifications.

### 1.7 Organisational Information / Contact Person

The company contact details are as follows:

PTSIA  
Bukit Ajong  
Dusun Kopar  
Desa Dosan Kec Parindu Kab  
Sanggau West Kalimantan  
INDONESIA

Contact Person: Mr Mohd Amri B. Baharudin  
Head Zone Sanggau  
Phone: +62 0542 59384  
Fax: +62 0542 59385  
Email: [mohd.amri@simedarby.com](mailto:mohd.amri@simedarby.com)

Sime Darby Plantation Sdn Bhd, the owner of PTSIA is a member of RSPO and has been involved in the Roundtable process from inception.

### 1.8 Time Bound Plan for Other Management Units

Sime Darby Time Bound Plan (updated November 2009) is included as Appendix A. During the year, Sime Darby realigned three of the Management Units in Malaysia for strategic operating reasons. This reduced the total number of management units from 61 to 58.

In August 2009, Sime Darby and Kulim (Malaysia) Berhad reached agreement on the acquisition and disposal of one estate. Sime Darby acquired Sungai Simpang Kiri Estate from Kulim and at the same time disposed of Sungai Tawing Estate to Kulim. The Sungai Simpang Kiri Estate was certified by BSi in January 2009 when it was part of the Kulim Group.

In August 2009, Sime Darby disbanded SOU24a after the transfer of Sungai Tawing Estate to Kulim, re-alignment of Cenas Estate with SOU24 and closure of Sungai Tawing Mill. Sime Darby also disbanded SOU30a in September 2009 after re-alignment of Jeleta Bumi Estate with SOU28 and closure of Jeleta Bumi Mill.

Sime Darby has varied the previous Time Bound Plan by concentrating initially on achieving certification for all of the management units in Malaysia, followed by those in Indonesia. This enabled Sime Darby to bring forward the certifications of Management Units. By 30 June 2009, certification assessments had been completed for 67% of the Management Units, compared to the projected 45% in the 2008 Time Bound Plan.

BSi considers that the variation of the Time Bound Plan was reasonable to focus the training and implementation resources on the operations within a single jurisdiction. BSi recommends acceptance of the Time Bound Plan variation.

Sime Darby has advised BSi that no new land tenure issues have surfaced at any of its properties since the Initial Certification Assessment of PTSIA. During 2009 progress was made on dialogue between Sime Darby's Management Unit PT MAS in West Kalimantan and the organisation SPKS that represents Scheme Smallholder interests. Sime Darby has agreed with SPKS for the local Dayak Leader (Adat Regional Head) to participate in meetings as mediator. Sime Darby met with Sawit Watch representatives at RT7 for discussions on land issues localised to one estate in West Kalimantan.

Sime Darby has advised BSi that there are no labour conflicts at any of its oil palm operations.

Sime Darby notified BSi that during 2009 it had engaged consultants who completed HCV Assessments at all of its operations in Indonesia that it acquired in November

2007 and where new development had been carried out since November 2005. The assessment indicated that land with HCV present had been cleared and developed to oil palm at Sukamandang and Pemanting SOUs in West Kalimantan. In May 2010, the RSPO notified Sime Darby that the RSPO Executive Board had reached agreement on Sime Darby's HCV offset for the affected area.

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

### 1.9 Area of Plantation

The areas of planted palms at company owned Estates are listed in Table 4.

**Table 4: Estates and Area Planted**

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
East	2375	174
West	2768	0
Sei Mawang	0	1,837

#### 1.10 Approximate Tonnages Certified

The approximate tonnages certified on the basis of 01 July 2007 to 30 June 2008 production from PTSIA owned Estates and Scheme Smallholders are detailed in Table 5.

**Table 5: Approximate Tonnages Certified**

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Bukit Ajong	33,609	8,914

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

The scope of the Certificate includes the production from the company owned and managed East and West Estates and Scheme Smallholders processed at the Bukit Ajong Palm Oil Mill. 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 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.

### 2.2 Assessment Methodology, Programme, Site Visits

BSi conducted the Initial Certification Assessment between 03 and 06 November 2008. The Assessment Program is included as Appendix C. The Initial Certification assessed in detail the company's conformance with the RSPO P&C. The scope included Bukit Ajong Mill, East Estate, Sei Mawang new development, support services, infrastructure and internal and external stakeholder consultation.

The approach was to audit the mill together with an estate chosen from the supply base for the mill, 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. East Estate was selected for the audit as it included the POME Land Application scheme, representative topography, small rivers and neighbouring communities.

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<sup>o</sup> 14370



**Iman Nawireja** – Social Assessor

B.Ag.Sc. M.Sc. (Comm)

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

**Robyn Ross** – Social Assessor

**Dini Harmita** – Assistant/Interviewer

**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 18 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, in SA8000 Social Accountability and in 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 7 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, Göttingen, 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 oil palm projects during the past 7 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 7 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.

**Dini Harmita** holds a BSc in Agriculture from Bogor Agricultural University and is fluent in Bahasa Indonesia and English. She has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and Malaysia. Ms Harmita assisted Robyn Ross during interview of women staff and workers and families.

## 2.4 Stakeholder Consultation and a List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing a copy of the Stakeholder Notification letter on the RSPO, Sime Darby and BSi websites. Letters and emails were written to individual stakeholders and telephone calls were made to arrange meetings to discuss PTSIA's environmental and social performance.

Prior to the Assessment, BSi received only one written response from a stakeholder (WWF Indonesia) in relation to PTSIA. Meetings were held with local 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, smallholders and contractors.

Stakeholder consultation took place in the form of group meetings and interviews. 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.

Male and female workers and staff were interviewed in private at the Mill and each Estate. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed at the housing areas in informal group meetings in the late afternoons. Interviews were held with local community representatives and residents. Company officials were not present at any of the interviews. The BSi Social Assessors met with stakeholders in November 2008 as well as during a follow-up visit in January 2009 to check progress on a number of issues.

A list of Stakeholders contacted/interviewed is included as Appendix D.

## 2.5 Date of Next Surveillance Visit

The next surveillance visit is planned within 12 months of the date of RSPO approval of the Initial 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. The results for each indicator from each of these operational areas have been taken into account for assessment of conformance of the Company's operations with each Criterion. A statement is provided for each of the Compliance Indicators to support the findings of the assessment team.

Five (5) Nonconformities were identified against Major Compliance Indicators, Six (6) Nonconformities were identified against Minor Compliance Indicators and Seventeen (17) Observations / Opportunities for improvement were identified. Details of the Nonconformities are given in Section 3.2 (Page 22).

PTSIA has prepared a Corrective Action Plan that was reviewed and accepted by BSi. PTSIA has implemented corrective actions for the identified Nonconformities as well as improvements for the Observations.

The BSi Social Assessor made a follow-up visit to PTSIA 29 to 31 January 2009 to check the implementation of the corrective action plan and to meet with stakeholders. Three nonconformities against Major Compliance Indicators and four nonconformities against Minor Compliance Indicators were closed out. The January 2009 site visit found that corrective actions against two Major Compliance Indicators were incomplete.

The BSi Lead Assessor made a follow-up visit to PTSIA on 29 and 30 April 2009. The Nonconformity against one Major Compliance Indicator was closed out and progress with improvements for the Observations was checked.

On 24 August 2009, PTSIA provided to BSi additional information on the Sei Mawang stakeholder consultation programme. The remaining Nonconformity against a Major Compliance Indicator was closed out.

BSi concludes that the PTSIA operations comply with the requirements of RSPO Principles & Criteria: 2007 and the Indonesian Indicators and Guidance (INA NIWG) : 2008.

BSi recommends that PTSIA be approved as a producer of RSPO Certified Sustainable Palm Oil.

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

The Estate and Mill maintain a filing system for keeping written requests and the company's reply. Since May 2008, log books have been used for recording verbal requests. The majority of requests are from local people for assistance such as road maintenance. Requests for information have only been received from Government, such as for production statistics. (1.1.1)

A check of the available records indicated that requests were responded to appropriately, usually within 1–2 weeks. (1.1.2)

The Estate has recently (May 2008) implemented the recording system for information requests. Estate and Mill records are maintained on site for 5 years. (1.1.3)

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

Inspection confirmed that PTSIA holds copies of each of the required management documents and that they are available on request. Details of the management documents are given below.

PTSIA holds copies of appropriate land title documents (Izin Lokasi, HGU and HGB) which are detailed below under Criterion 2.2. (1.2.1)

The PTSIA Environmental Impact Assessment documents (AMDAL, RPL and RKL) were approved on 19 August 1997. PTSIA also has a Revision of the Environmental Monitoring and Management document (Revisi RPL and RKL) with approval issued on 17 June 2004. (1.2.2)

The Estate and Mill have records available for community based social activities including contributions and participation in the Independence Day celebration 17 August 2008 held on file "Corporate Social Responsibility". (1.2.3)

PTSIA has documented a Health and Safety Plan as part of the "Environmental, Safety and Health Management Plan" for the 2008/09 year including the Policy, description of compliance to Legislative and Statutory requirements, ESH Training Activities and Accident/Incident reporting and ESH Audits. (1.2.4)

PTSIA has prepared an Action Plan for improvements of its operations related to environment, resources use, biodiversity conservation and social aspects. (1.2.5)

The Estate and Mill maintain records of operations for a period of 5 years. Important records, such as those relating to Land Tenure and Land Acquisition are maintained indefinitely. (1.2.6)

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

At the time of the certification assessment PTSIA Management advised there were no known legal actions against the company. Inspection of records showed that at the time of the Certification Assessment there were no breaches of land tenure and land-use rights. PTSIA has signed a Collective Agreement (28 April 2008) with the Adat Council of Sub-district Perindu and other local leaders on a Customary Procedure for Conflict Resolution – refer to Indicator 2.2.5 for details.

Sucofindo tested the Mill boiler emissions and ambient air quality on 30 June 2008 (Certificate No 02109/AGEBAB) and the results confirmed compliance with emission limits. The Mill monitors the effluent

treatment system daily and forwards samples to the independent Sucofindo Laboratory monthly for testing. Review of the previous 12 months data confirmed compliance with regulatory requirements for land application of treated POME.

**Observation 1 – refer Section 3.2 Page 26 for details**

PTSIA holds copies of relevant licences for operation of plant and equipment such as the mill boiler and compressors. The equipment licences were displayed at the mill office. Inspection of a sample of licences confirmed that these were current at the time of the Certification Assessment. A copy of the operators' certificates, such as the fireman, and drivers' licences were kept on personnel files.

Inspection confirmed the housing meets the minimum standard. Water quality laboratory tests carried out by Sucofindo Laboratory in September 2008 showed the treated water supply to housing meets the Indonesian minimum water quality standard for domestic supply. (2.1.1)

Sime Darby TQEM Standards and Compliance Unit monitors changes to the legislation and provides updates on applicable legislation. For example, in March 2007 the regulatory requirement for boiler emission monitoring parameters and frequency changed from annually to twice yearly. A check of the Mill records confirmed that six-monthly testing of emissions and ambient air quality is being carried out. (2.1.2)

The Sime Darby TQEM Standards and Compliance Unit has implemented a legal compliance system at each management unit. This consists of a legal register that includes a list of all licences and expiry dates, a list of applicable laws and a summary of compliance requirements for the licences and legislation. In addition, the Mill and the Estate hold hard copies of applicable legislation, including environmental, health and safety and labour laws. For example, the Estate held a hard copy of the "Pesticides for Use in Agriculture and Forestry" published by the Centre for Permit and Investment General Secretariat, Agriculture Department, 2007. (2.1.3)

The responsibility for maintaining legal compliance is at the local level. The Mill Manager and Estate Manager are required to assess and report legal compliance for their respective operating areas monthly to head office. In addition, the Plantation Advisor's Audit and the Mill Advisor's Audit check for legal compliance – most recent Mill visit 21-23 July 2008. The Standards and Compliance Unit of TQEM Department conducts an annual audit of legal compliance. (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.**

PTSIA holds an *Izin Lokasi* issued 3 October 1995 – Number 400-13/IL-41-95 covering the area of the nucleus estates at Parindu Sub-district and a plantation operation permit *Izin Usaha Perkebunan*. PTSIA also holds Site Permit Land Use Titles *Hak Guna Usaha* (HGU) from the National Land Agency, for 2 blocks of land: HGU

number 1 issued 24 December 1998 and HGU Number 5 issued 26 June 2000 at Parindu Sub-district.

The Mill holds a copy of HGB Numbers 03 and 04 dated 16 June 1998 for CPO tanks, HGB Number 05 dated 18 June 1998 for the Oil Palm Mill, and HGB Number 06 dated 18 June 1998 for the effluent treatment ponds. A copy of the certificates is available on site, and the originals are held in Sime Darby Regional Office at Pontianak. (2.2.1)

PTSIA has a map showing estate boundaries and the locations of BPN boundary stones. Inspection of a sample of BPN boundary stones showed that PTSIA has installed a marker peg painted red and white next to the concrete BPN boundary stones to make them clearly visible. (2.2.2)

At time of the Certification Assessment there were no outstanding disputes at the Estate or Mill that were not in a process of negotiation. Since the completion of the land acquisition, there have been individual land disputes, but these have been resolved through negotiation. For example, a previous land dispute was between PTSIA and Pak Dewan of Dusun Sedoya Desa Hibun who had surrendered 2.926 ha more than the 7.5 hectare requirement for plasma scheme participation. Pak Dewan demanded that PTSIA pay an additional fee on the excess land surrendered based on oil palm yield since September 2006.

The dispute was solved by negotiation and an agreement was made between the smallholder and PTSIA, which required PTSIA to pay an additional amount. Records are held on file. An additional case at West Estate is still under negotiation. (2.2.3)

The Plasma scheme was developed on the basis that farmers surrendered 7.5 hectares of land to be eligible for 2 hectares of land planted to oil palm. Interview with local people and their representatives indicated that people understand the scheme, and there were many who chose not to participate in the plasma scheme.

The nucleus estate is not developed as a contiguous block of land but contains plasma plots and scattered areas of enclaved community land (Tembawang – forest garden belonging to certain families) and Adat customary land that have not been developed to oil palm. This confirms that many people chose not to surrender land for oil palm. The information available indicates that the land acquisition process allowed local people to decide whether to surrender land for oil palm development. The available documents indicate the acquisition of the land was carried out legally and PTSIA has maintained detailed records.

The long-term tenure of the land surrendered for oil palm has been raised by SPKS at an adjacent Sime Darby plantation company (PTMAS) and to the local PTSIA communities. Although PTMAS initially resisted engaging in dialogue with SPKS, the social NGO Both Ends brokered a meeting between Sime Darby senior management and SPKS at RT6 on 19 November 2008 and both parties agreed to meet quarterly to discuss issues related to smallholders. The first meeting of the parties was held on 13 January 2009 at Sanggau.

The continuation of this process is important for discussing the land tenure issue and clarifying the perceptions of smallholders. PTSIA did not arrange a subsequent meeting until June 2009, following the National Elections, as one of the SPKS executives was registered as a candidate for the election. At a meeting between Sime Darby, KUDs and SPKS on 30 June 2009, agreement was reached on the appointment of the Adat Regional Head as mediator for subsequent meetings to discuss and resolve issues. It is notable that smallholders are supportive of oil palm and of PTSIA management and there is presently no dispute in relation to use of the land or the long term tenure. (2.2.4)

PTSIA has consulted with the local Adat Council to develop a dispute resolution procedure. This has resulted in a Collective Agreement: Customary Procedure of Conflict Resolution between Nucleus, Plasma, and Community around PTSIA dated 28 April 2008 detailing the process agreed by Adat Council of Sub-District Perindu, Temenggung, Village Head, Adat Head, KUD, and PTSIA. Interviews during the site visit indicated that local people understand the Collective Agreement and were aware that they should bring any dispute to the local Adat Leader. PTSIA has also encouraged smallholders to bring issues to the KUD representatives or directly to PTSIA. (2.2.5)

**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.**

The land acquisition process for defining the boundaries of each of the traditional owner's land, involved a team comprising the adjoining land owners, dusun head, village head, adat head and camat. This group of persons also decided compensation for commercial trees or agricultural crops grown on the land. The rate of compensation was set by a decree of the Bupati, but farmers initially rejected this amount as too low. PTSIA and the farmers successfully negotiated increased compensation that was above the government rate. The Records of the negotiation and compensation payments are held on file.

As noted above in relation to Indicator 2.2.4, the long-term land use right of the land surrendered for oil palm may become an important issue in the future. This issue is one of the topics of discussion in the meetings between PTSIA, SPKS, the KUDs, community leaders and Government. The BSi Assessors concluded there is an appropriate process agreeable to all parties for discussion and resolution of the long term land tenure issue. (2.3.1)

The Adat customary land and Tembawang (forest garden belonging to certain families) have been enclaved (left undeveloped) by PTSIA. Maps showing boundaries between the Estate and village land are available and held on file. PTSIA does not restrict local people's access through the Estates to customary land. (2.3.2)

A partnership agreement between PTSIA and the KUD Kidau on the "Partnership of Plasma Development" dated 9 January 1997 is available on file. Records also

are available on file of the meetings leading to the agreement. PTSIA holds copies of the documents relating to the acquisition of each piece of land, including a site plan and assessment of the compensation amount. (2.3.3)

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

The Estate has an annual budget for the period 2008 – 09 and a crop projection for a further two years. The Capital Budget also is projected for three years and includes improvement of facilities and amenities. The Mill has an annual operational and capex budget with a three year projection. PTSIA Budgets include performance targets for production, quality, oil extraction rates, efficiency and costs. The Estate and Mill report monthly to head office on the production performance in relation to targets. Sime Darby has a large Research Department that communicates information regularly to the Estates and Mills on new and improved practices. (3.1.1)

Replanting is not due for another 10–15 years and a Replanting Programme has not been prepared as it is not applicable at this time. (3.1.2)

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

Following the merger of the three companies, Sime Darby Plantation, Guthrie Kumpulan Plantation and Golden Hope Plantation an "Estate Quality Management System Standard Operating Procedures" was prepared and issued April 2008. Sime Darby has prepared SOPs in Bahasa Indonesia covering all Estate operations – 12 June 2008. The SOPs are based upon the Best Practices from each of the companies. In addition to agricultural SOPs the Estate Quality Management System includes environmental work instructions for Estates that covers handling of chemicals, storage and disposal of hazardous wastes. (4.1.1)

The Mill holds a copy of the Sime Darby "Mill Quality Management System Standard Operating Procedures – Issue Number 1 December 2007". The SOPs cover all Mill Work Stations and were subsequently translated into Bahasa Indonesia and issued 12 June 2008. PTSIA has prepared Work Instructions specific to the Bukit Ajong Mill and these were displayed at each mill operating station. (4.1.2)

PTSIA has a system of regular inspections of the Estate and Mill to check on the implementation of SOPs. The Estate Manager and Assistant Managers carry out daily inspections of field conditions and operations. When a situation is identified that requires changing, adjustments such as instruction of workers are made immediately in the field. The Plantation Advisor visits the Estates twice yearly and inspects all operations. The most recent visit report was August 2008. The Estate Manager has responded to issues raised by the Plantation Advisor with a description of action taken to improve implementation of field practices.

Mill Operators carry out hourly checks on the operations during each shift and record operating parameters on shift log sheets. The Shift Supervisors report on any abnormal operating conditions and notify the workshop of the need for any repairs or maintenance. The Mill Engineer and Mill Manager carry out daily checks of the shift log sheets as well as condition monitoring. In addition, a Mill Advisor carries out approximately quarterly inspections, with the most recent report 21-23 July 2008. The Mill Manager responds to the Mill Advisor's findings with corrective actions and target dates for implementation. (4.1.3)

The Estate maintains up-to-date records of production for each field on file "Yield Statistics" that are reported monthly to Head Office and compared with forecasts and targets. The Mill reports production statistics daily to head office on tonnes processed, operating hours, Oil Extraction Rate, Kernel Extraction Rate and Free Fatty Acid content. Information is summarised monthly and reported against production and processing targets. (4.1.4)

**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 R&D Department carries out annual inspections of palms and leaf sampling for tissue analysis on a per block basis at the company's Estates as well as at Plasma areas. The Estate holds copies of the R&D Department leaf tissue analysis reports, with the most recent report 25 August 2008 with fertiliser recommendations for the 2008-09 year. The Minamas Research Centre carried out soil sampling during a soil survey of the Estates in 2007 (4.2.1)

Although leguminous cover crop was planted at the development stage, the species *Peuraria javanica* and *Calopogonium caeruleum* have largely been shaded out by the mature palms. The main source of palm nutrients is the chemical fertiliser programme that is based on the results of leaf tissue analysis for each oil palm block. In addition to chemical fertiliser, PTSIA has a programme of EFB mulching to improve soils.

Treated POME is applied to 75 ha of land using a flat bed system. A proportion of EFB is applied to the new development at Sei Mawang and to mature estates. The Mill maintains daily records of the volume of treated effluent disposed by land application and the tonnage of EFB recycled to the palms. 100% of treated effluent is disposed by land application. (4.2.2)

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

The Minamas Research Centre has carried out a soil survey of the estates. The dominant soil is mineral clay and there are no fragile soils at the estates. (4.3.1)

Sime Darby has a Slope Protection Policy signed by Top Management April 2008 that prohibits planting above 20° at new developments and includes a management strategy for terracing and other practices to be implemented on slopes. Field inspection confirmed the

terraces on undulating and hilly areas were constructed with a back-slope for water conservation. (4.3.2)

The Estate has an annual road maintenance programme that includes a monthly schedule for grading, compacting and resurfacing with gravel. In addition, silt pit maintenance is carried out using a backhoe and repair of bridges and culverts is done on an "as required" basis. Inspection indicated the roads were adequately maintained although drainage needed improving at some locations. The Estate has recently commenced a programme to excavate additional roadside "turnout drains" for diverting water off the road and into the adjacent palms. (4.3.3)

**Observation 2 – refer Section 3.2 Page 26 for details.**

The Minamas Soil Survey reported there are no peat soils at the estates. (4.3.4)

Inspection of field conditions showed groundcover vegetation consisted largely of soft grasses and the fern *Nephrolepis biserrata* and was adequate for prevention of soil erosion. However a number of areas, such as Block 19 at East Estate, were identified where groundcover needs to be improved. (4.3.5)

**Observation 3 – refer section 3.2 Page 26 for details.**

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

PTSIA has set aside riparian buffer zones along the main streams such as Sg Roti and Sg Karumai during the original land development. Inspection found that the buffer zone was not consistently 25 m wide, but varied between 10 and 25 m width, and in a few locations palms have been planted to the edge of the stream. The vegetation at buffer zones was mainly secondary regrowth with some mature trees remaining. At locations bordering the enclave areas, the riparian vegetation consists of a mixture of secondary regrowth and rubber trees.

Sime Darby has developed a Riparian Buffer Zone Policy (April 2008) that includes a strategy for reinstatement of buffer zones prior to replanting. PTSIA has prepared a Plan for restoration of riparian buffer zones at future replant. (4.4.1)

**Observation 4 – refer section 3.2 Page 26 for details.**

The Estate has prepared a Water Management Plan that describes the sources and uses of water and includes a number of water conservation techniques. For example, tanks have been installed at individual houses to harvest rainwater for drinking and cooking. The Plan also includes improved water management of roads, which has recently been commenced – refer indicator 4.3.3.

The Mill has some elements of a Water Management Plan that are documented and well implemented, such as wastewater treatment and recycling for treated POME. Inspection confirmed POME is segregated from other mill drainage and treated by digestion in effluent ponds, then recycled to the palms by land application in a system of flat beds. However, there was inadequate implementation of management of other mill area

wastewaters such as rainfall runoff via the monsoon drains and the EFB stockpile area. (4.4.2)

**A nonconformity was assigned to this minor compliance indicator (4.4.2) – (CR06) refer Section 3.2 Page 24 for details.**

**Observation 5 – refer Section 3.2 Page 26 for details.**

The operation of the POME treatment system is monitored daily by a full-time operator who collects samples for analysis at the mill laboratory. The daily monitoring provides information for control of the anaerobic digestion process. In addition, treated mill effluent is sampled monthly and analysed at the independent Sucofindo laboratory for licenced parameters. Review of results for the previous 12 months confirmed BOD of treated effluent was well within the licence limits for land application.

PTSIA has assigned a full-time operator to the management of the land application system, who inspects and carries out minor maintenance of the flat beds daily. Field inspection and interview of the Land Application Operator indicated land application of treated effluent was appropriately managed. (4.4.3)

At the time of the Certification Assessment, water meters had not been installed for measuring water usage. The Mill Engineer indicated that water usage could be calculated from the raw water pump capacity and pump operating hours. (4.4.4)

**A nonconformity was assigned to this minor compliance indicator (4.4.4) – (CR07) refer Section 3.2 Page 24 for details.**

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

An overall description of the IPM Programme is given in the Sime Darby Research General Circular Number 13 – 2007 on “Integrated Pest Management of Oil Palm”. The Estate has documented a programme (2008) for establishment of beneficial plants *Turnera subulata*, *Turnera ulmifolia* and *Antigonon leptopus* that includes targets for areas planted. The programme also includes the installation of Barn Owl boxes for control of rats. (4.5.1)

Records are available of the progress with implementation of the beneficial plants establishment programme, with plants established along 6.8 km of roadsides between July and September 2008. The estate land is not contiguous but consists of a mosaic of oil palm and enclaves of natural vegetation and rubber plots that appear to act as barriers to the spread of palm pests. PTSIA applies IPM techniques to the control of weeds in palms and field inspections are carried out prior to the use of chemicals, in order to select the appropriate technique for the specific field conditions. (4.5.2)

PTSIA has calculated the toxicity units indicator for pesticide usage since July 2008. At the time of the Certification Assessment there was insufficient information for assessment of the trend in usage. (4.5.3)

**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.**

Purchase of pesticides is controlled by Sime Darby Head Office Central Purchasing Unit. Inspection of the Chemical Store and examination of chemical stock records confirmed the Estate uses only 4 herbicides, all of which are registered and approved by the Department of Agriculture – reference “Pestisida Pertanian Dan Kehutanan” (Pesticides for Use in Agriculture and Forestry) – Centre for Permit and Investment General Secretariat, Agriculture Department, 2007. (4.6.1)

Pesticide usage is recorded on a daily “Stores Issue Chit” and the information is transferred to the “Bin Card” for each chemical and includes the field where the treatment was carried out and quantity applied. The Bin Card data are entered to computer for preparation of a monthly Stores Summary. Information on active ingredient has been recorded since July 2008. (4.6.2)

The Guidance on the selection and usage of chemicals is defined in the Sime Darby Research General Circular Number 10/2007 on “Pesticides Recommended for Oil Palm Weeds, Pests and Diseases Control”. Interview of the Chemical Storeman confirmed the correct dosage of chemical was being prepared in the premix for spraying. The Chemical Store has recently been upgraded and meets the requirements in relation to safe storage, such as security, ventilation, spill containment, labeling of chemicals and availability of appropriate PPE. Observation of sprayers indicated appropriate safety precautions were being taken and the chemical was being applied according to product label instructions. (4.6.3)

**Observations 6&7–refer Section 3.2 Page 26 for details.**

Used pesticide containers are triple rinsed, marked with red paint to indicate previously used for storage of chemicals and are kept in a secure store. Inspection confirmed the used containers had been rinsed and appropriately marked. Some of the used 20-L HDPE containers are re-used for spray-mix. Used chemical containers that were excess to requirements were returned to the registered chemical supplier. The Storeman held records of the containers returned to the chemical supplier. (4.6.4)

**Observation 8 – refer Section 3.2 Page 26 for details.**

PTSIA has not used any World Health Organisation Type 1A or Type 1B chemicals for control of palm pests. Inspection of the Chemical Store at East Estate and examination of Bin Cards confirmed nil stock of World Health Organisation Type 1A and Type 1B Chemicals. Inspection of the monthly printouts of the Chemical Store Stock Records showed that PTSIA previously used paraquat but usage ceased before the merger of the companies in November 2007. (4.6.5)

Interview of female sprayers confirmed that a Government Doctor who visits the Estate carries out monthly health checks. In addition, the visiting Government Doctor carries out an annual health check of sprayers, including blood and urine analyses. Records held at the Estate Clinic confirmed the most recent health check was carried out 29 September 2008 for 76 male and female sprayers from both East and West Estates. (4.6.6)

During interview, female sprayers stated that if confirmed pregnant and they wish to continue working they are transferred to other duties. As a further safeguard, the Doctor makes the decision when a female may return to spraying duties. (4.6.7)

**Observation 9 – refer Section 3.2 Page 26 for details.**

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

Sime Darby Top Management has approved a Safety and Health Policy dated April 2008. The Policy has been translated to Bahasa Indonesia and is displayed prominently at the Office and at the Muster areas on Notice Boards. The Policy is implemented through an ESH Management Plan that includes a description of compliance to Legislative and Statutory requirements, a schedule of ESH Training Activities, Accident/Incident reporting and internal ESH Audits. Health and Safety information is communicated to staff and workers at muster briefings and by means of pictorial safe work practices. Field inspection and observation of harvesting and upkeep tasks, such as fertiliser application and spraying, indicated that safe work practices were implemented. However inspection at the mill showed that there was need for further improvement in safety.

**A nonconformity was assigned to this major compliance indicator (4.7.1) – (CR01) refer Section 3.2 Page 22 for details.**

The Assistant Manager at the Estate and the Assistant Mill Engineer hold Government National Safety Certificate (AK3) and are the responsible persons for coordinating health and safety. Records of OSH Meetings for the Estate and Mill show sub-committees representing each area of operations meet quarterly, with topics discussed relating to safety and accident prevention. The most recent meeting of the Mill safety sub-committee was 11 September 2008 with 14 attendees. (4.7.2)

Records were inspected and confirmed all workers are covered by Jamsostek accident insurance and the most recent premium payment was made on 7 October 2008. (4.7.3)

Health checks are carried out for pesticide sprayers as detailed for Indicator 4.6.4. Inspection of records confirmed that all mill workers received a full medical check, including nutrition and hearing on 22 March 2006. (4.7.4)

A risk assessment has been carried out (23 August 2008) for all of the routine Estate operational tasks and are documented on file. A HIRAC for the Mill was carried out 5 October 2006 and revised 6 May 2008. (4.7.5)

Safety briefings are made daily at the Estate muster and at the Mill during Monday morning briefings. Records are maintained of specific safety training for individual tasks, including topic, trainer and trainees. For example, the most recent safety training was carried out on 8 September 2008 for sprayers' wearing of PPE. The Mill has a documented ESH Training Programme for 2008-09. Records are held of training conducted on safe operating procedures, including the names and signatures of attendees, training topic and trainer. The most recent safety training at the Mill was on 27 September 2008 that involved training on the Lock-out-tag-out system procedures for confined spaces and electrical work. (4.7.6)

Interview of fieldworkers confirmed their awareness of emergency response procedure in case of accident or emergency in the field. The Mill holds an up-to-date Emergency Response Plan, including emergency evacuations for each work station and locations of first aid facilities. Emergency training and briefings are given to all visitors to the Mill and the Estate. Trial emergency evacuations have been carried out, with the most recent 3 May 2008 for a fire drill at the Mill. The results of the trial evacuation were discussed at the July 2008 Safety Committee Meeting. (4.7.7)

First aid kits are held at the Estate Office and also have been allocated to 11 Mandors. The Mill ERP shows the locations of five first aid stations in the Mill. Inspection of a sample of First aid kits showed these had been recently inspected and re-supplied and the details were recorded on the "First Aid Kit Log". (4.7.8)

First Aid training was carried out 14 and 28 April 2007 for a total of 87 staff and supervisors from the Estates and the Mill. Additional First Aid training is scheduled for 2009. (4.7.9)

The Estate and Mill maintain records of accidents and investigations on file "Accident Report". The last Estate accident was recorded on 25 April 2008. The Mill and Estate accident statistics are reported monthly to Head Office who reviews and advises on further action that may be required. The mill has recorded zero LTAs since 26 January 2007. (4.7.10)

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

The Estate and Mill have documented an annual Training Programme 2008/09 that consists of a Matrix that covers the main tasks for staff and workers, together with a monthly schedule of training topics. (4.8.1)

**Observation 10 – refer Section 3.2 Page 26 for details.**

The Estate maintains training records on file and the most recent training for smallholders was for 37 Plasma farmers on "RSPO information" on 5 September 2008. The most recent training for Estate workers was conducted 5 August 2008 for 34 tractor drivers. The tractor training included pre-start checks and safe driving practices. The majority of training for the Mill is informal on-the-job instruction that is carried out during half hour sessions by the Asst Mill Engineer and Shift Supervisor for various work stations. Records are held of the training topic, names of attendees with signatures

and trainer. The most recent Mill training was 30 August 2008. (4.8.2)

The Estate does not use contractors. The Mill has implemented a “Permit to Work” system for hazardous tasks, such as confined spaces, hot work, electrical repairs and work at height. The mill provides safety induction training for contractors and holds a “Pre-job Safety Meeting”. The Mill examines worker capabilities and knowledge before issuing a Permit to Work. For example, review of records showed that on 18 February 2008 the company issued a permit to a contractor to carry out repairs to the mill roof. (4.8.3)

**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.**

PTSIA has an Environmental Impact Assessment AMDAL approved on 19 August 1997 that covers the scope of the operations of a Mill, two Estates and the Smallholder Scheme. The 1997 AMDAL preparation process included stakeholder consultation that involved community representatives’ attendance at the presentation and discussion on the Terms of Reference and later to the presentation on the AMDAL document. The AMDAL preparation and consultation process was consistent with Government guidelines at that time. In addition to the AMDAL, PTSIA has prepared an Environmental Aspects and Impacts Register that is based on a risk assessment process to identify the significant impacts of the Mill and Estates. Sime Darby TQEM Department staff facilitated the preparation of the environmental aspects and impacts register. (5.1.1)

PTSIA has prepared six monthly environmental monitoring RPL reports to Government in accordance with relevant regulations. The most recent RPL report was 5 October 2008. Review of documents confirmed reporting complies with the AMDAL RPL requirements. (5.1.2)

There has been no expansion to the mill capacity or changes in the area of estate operations. However, waste management was changed with the installation of an incinerator for disposal of EFB. The Environmental Management Plan and Environmental Monitoring Plan (RKL/RPL) were revised and approved by the Sanggau District AMDAL Committee 17 June 2004. (5.1.3)

**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.**

Wild Asia conducted a biodiversity survey of the PTSIA Estates and adjacent areas in March 2007. The survey concluded the remnant vegetation and enclaved areas had low biodiversity values due to previous land use practices and over-hunting. The survey recorded a number of species of global concern with 8 bird species

having IUCN status listed as Near-threatened and 1 mammal the Pig-tailed macaque *Macaca nemestrina* listed as Vulnerable. It was notable that the majority of the fauna were recorded outside of the areas planted to oil palm at remnant Adat forest patches and riparian vegetation.

The BSi Technical Expert Ecology recorded only very low numbers of bird species during inspections at East and West Estates. He also noted that species that are commonly found in oil palm habitat, such as the Monitor lizard, were absent. During the Certification Assessment, four species of birds were recorded that are protected under Indonesian law: Little egret (*Egretta garzetta*), Common kingfisher (*Alcedo atthis*), Little spider hunter (*Arachnothera longirostra*) and Brown-throated sunbird (*Anthreptes malaccensis*). The Leopard cat (*Felis bengalensis*), a protected mammal, also was recorded. The Tengkawang tree (*Shorea stenoptera*) is rare in Kalimantan, but is still present in small numbers at riparian buffer zones and enclave areas at East Estate. Honey bee trees (*Koompassia excelsa*) are protected and occur at enclave areas of East Estate. (5.2.1)

HCVs have been assigned to the riparian buffer zones within the PTSIA Estates and to remnant patches of Adat Forest that are managed by local communities. PTSIA has commenced an awareness program to communicate information to workers and local communities on the need to protect fauna, riparian buffer zones and remnant patches of forest. (5.2.2)

The measures initiated at the Estates of awareness training for workers and installation of signs for protection of fauna and flora, are consistent with relevant laws and are considered appropriate for the identified HCV areas at PTSIA. (5.2.3)

The signs installed to date at the entrance to the estates and at muster areas are for general protection of fauna and biodiversity. These signs prohibit hunting, logging and the use of fire within the estates. Additional information on fauna species and their protection has been posted on notice boards at muster areas. (5.2.4)

At the time of the Certification Assessment, PTSIA had not appointed a dedicated and trained officer to monitor HCV and fauna protection plans. (5.2.5)

**A nonconformity was assigned to this minor compliance indicator (5.2.5) – (CR08) refer Section 3.2 Page 24 for details. Refer also to Observation 17 Page 27.**

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

The Estate and Mill have identified sources of waste and pollution and documented these in an Action Plan for 2008-09. For example, the Mill has listed the types of solid and liquid wastes generated, the approximate quantities per month and the method of disposal or reuse. (5.3.1)

**Observation 11 – refer Section 3.2 Page 26 for details.**

The Mill drainage system is well-designed with separation of clean rainfall runoff from high BOD process effluent. The boiler ash and excess fibre are loaded onto



trailers for temporary storage prior to transfer to the Estate for disposal. The solid wastes such as boiler ash, excess fibre and nut shell were well controlled to prevent materials from entering the monsoon drain system. The Mill has recently implemented recycling of scrap metal, used chemical containers and packaging materials. Inspection showed the recyclables were separated and stored in designated locations.

There was no systematic collection of domestic solid waste from housing, with packaging litter discarded at the rear of houses and in drains. A small landfill has been developed for disposal of solid wastes from housing and non-recyclables from the Mill. The landfill was well located, appropriately designed and was being managed to prevent pollution. (5.3.2)

**A nonconformity was assigned to this major compliance indicator (5.3.2) – (CRO2) refer Section 3.2 Page 23 for details.**

The Mill has established a separate store for storage of hazardous wastes, such as spent lubricating oils and used chemical containers. Inspection confirmed that the Mill hazardous waste materials were well controlled and included an up to date inventory of stored materials. The Estate has a secure area for storage of used chemical containers and has implemented a system of collection by the registered chemical supplier. A Work Instruction was displayed at the Estate hazardous waste store that described triple rinsing and marking of used pesticide containers. (5.3.3)

PTSIA monitors the quantities of wastes transferred from the Mill to the Estates for recycling of nutrients. The quantity of treated POME transferred to land application is calculated from the effluent pump operating hours. The Estate has completed a trial of the land application system and the Consultant is preparing a report to the Sanggau District Bapedalda. The quantities of EFB that are recycled to the Estate are measured by means of the Mill weighbridge. The Mill and Estate have established Registers for stock take of B3 hazardous wastes. (5.3.4)

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

The Mill maintains records of the quantities of fibre and nut shell used as fuel in the boiler and the quantity of electricity generated by the steam turbine. Information on the renewable energy use is reported monthly to top management against a performance target. The Mill has optimised the use of the steam turbine to generate electricity and the diesel genset is used only for standby power. (5.4.1)

**Observation 12 – refer Section 3.2 Page 26 for details.**

The Mill maintains records of diesel usage and reports information monthly as L/t FFB processed. The monthly trend shows diesel fuel consumption follows a seasonal pattern with greater use of the steam turbine and lower diesel usage in peak crop months. The Estates have optimized the use of transport for FFB collection and transfer to the Mill. This is achieved through scheduling of harvesting and co-ordination of transport. In addition, vehicles undergo regular servicing and engine tuning for fuel efficiency. (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.**

PTSIA has a documented zero burning policy that prohibits the use of fire for land preparation. Interview of estate staff and KUD staff confirmed that fire was not used for land preparation at either the Estates or Smallholder areas. During the site inspections, no evidence was found of fire used for waste disposal. (5.5.1)

There has been no new development carried out at East and West Estates since 2005. Staff are required to maintain records of any incidents involving fire, such as local villagers' use of fire for land preparation adjacent to the Estate. (5.5.2)

The Estate has included a procedure for emergency response to land burning in the ERP and has a trained fire team and mobile equipment for fighting fires. The firefighting equipment at each estate includes trailer mounted water tanks and portable pumps and hose-reels. Review of accident and incident reports for the previous 12 months showed there had not been any fire outbreaks that required call-out of the fire team. (5.5.3)

The Mill and Estate have the locations of all firefighting equipment marked on the site plans that are part of the ERPs. Site inspections confirmed the fire-fighting equipment was located at the Mill and Estate workplaces, stores, workshops, offices and housing and was in serviceable condition. (5.5.4)

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

PTSIA has identified sources of emissions, including the boiler, EFB incinerator and diesel gensets for gaseous emissions, liquid effluents as well as noise emissions in the environmental aspects and impacts register and the AMDAL and RKL/RPL. The aspects and impacts register was prepared in 2008. (5.6.1)

The Mill has engaged Sucofindo to conduct six monthly independent testing of emissions from the sources identified above and ambient air quality. Sucofindo tests carried out 30 June 2008 (Certificate No: 02109/AGEBAB) confirmed compliance with the boiler emission licence limits. Sucofindo also measured noise emissions at work stations throughout the mill and workshop on 30 June 2008. (5.6.2)

The Mill and Estate have installed spill containment at all petroleum hydrocarbon storage and use areas and has instructed operators on practices to prevent spillage of materials. The Mill has installed drain covers for preventing spilled fibre, ash and nut shell from entering the monsoon drain system and has sediment and oil traps for preventing discharge of solids and oil.

At the time of the Certification Assessment, approximately 80 percent of EFB was burned in a low temperature incinerator at the mill. The "potash" from the incineration of the EFB was transferred into bags and applied to the Estate as fertiliser. There was no

programme for phasing out the incineration of EFB. (5.6.3)

**A nonconformity was assigned to this minor compliance indicator (5.6.3) – (CR09) refer Section 3.2 Page 25 for details.**

The Mill has an SOP “Effluent Treatment Plant Operation” that describes the functions, equipment, safety aspects, potential environmental impacts and operating procedures. The SOP includes process monitoring with a detailed description of sampling procedures, frequency and laboratory analysis, target operating parameter limits and reporting. The Mill tests treated POME daily for process control (Ph, alkalinity and volatile fatty acids) and samples are sent monthly to the independent Sucofindo laboratory for analysis and assessment of compliance. (5.6.4)

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

The PTSIA AMDAL document that was prepared in 1997 includes limited information on social aspects and impacts. At the time of the AMDAL preparation there was limited stakeholder consultation, as there was no specific government requirement to do so. In March 2007, a team of independent consultants from Wild Asia conducted a “Social Assessment of Sime Plantations Kalimantan Barat Estates”. The Wild Asia assessment included consultation with local communities and other stakeholders. The Wild Asia social assessment report included details of the stakeholders consulted and issues raised. PTSIA has drawn upon information from the Wild Asia social assessment to identify social aspects and impacts of the operations. (6.1.1)

PTSIA monitors social issues at local communities through monthly meetings with the Smallholder Cooperative. In addition, local communities communicate issues directly to PTSIA staff and management. Social issues that arise are discussed by PTSIA and KUD representatives at these monthly meetings. PTSIA is required to report social impact information to Government six monthly in the AMDAL Environmental Management and Monitoring Plan. Review of the most recent monitoring report (5 October 2008) showed that monitoring was mainly on physical environmental aspects and social impact monitoring results had not been reported. (6.1.2)

**A nonconformity was assigned to this minor compliance indicator (6.1.2) – (CR10) refer Section 3.2 Page 25 for details.**

There has been no change to the scope or size of PTSIA operations comprising Bukit Ajong Mill, East and West Estates and Smallholder Scheme since the AMDAL was approved in 1997. A separate AMDAL was prepared for the Sei Mawang new development and is discussed under Principle 7. (6.1.3)

PTSIA has prepared and submitted six monthly environmental management and monitoring reports to

Government and the Mining and Environment Impact Management Agency of Sanggau Sub-district. (6.1.4)

PTSIA has included the impacts of the smallholder scheme in the social aspects and impacts register and monitors social issues through the monthly meetings with the KUD representatives. (6.1.5)

**Observation 13 – refer Section 3.2 Page 26 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.**

PTSIA has a procedure for handling social issues, which includes a Flowchart to illustrate the process. The Estate and Mill maintain logbooks for recording written and verbal requests. The written requests are mostly from other companies or government officials and are held on file. PTSIA communicates information to local communities via the KUD monthly meetings. For example, at the October 2008 meeting, PTSIA gave an update on the progress of registering smallholder blocks with the National Land Agency. (6.2.1)

The Estate and Mill have compiled a list of Stakeholders (2008), held on file, complete with address, contact name and phone number. The list includes KUD, smallholders, suppliers, Dusun and Village Head, public health center, and Government offices. (6.2.2)

PTSIA maintains records of requests from communities for assistance with various projects. For example, a recent request was from Dusun Hibun to rehabilitate the access road from Dusun Sungai Serosat to Dusun Entomas dated 31 October 2008. PTSIA replied to the request within 1 week. (6.2.3)

The Estate has a full-time Public Relations Officer for liaising with local communities and smallholders. For the Mill, the nominated persons responsible for communications are the Human Resource Assistant and the Mill Assistant Engineer. (6.2.4)

**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.**

PTSIA has consulted with the local Adat Council to develop a dispute resolution procedure. This resulted in a Collective Agreement: Customary Procedure of Conflict Resolution between Nucleus, Plasma, and Community around PTSIA dated 28 April 2008. This details the dispute resolution process agreed by Adat Council of Sub-District Perindu, Temenggung, Village Head, Adat Head, KUD, and PTSIA. The system appears to work effectively as since implementation of the agreement there has been no social conflict with the estate. (6.3.1)

The Estate has records available of the details of complaints, the results of the investigation and the action taken. (6.3.2)

The PTSIA land assessment procedure refers the compensation assessment to the corporate land management department of Sime Darby who assess and advise on compensation. PTSIA maintains detailed

records of all of the land acquired for the development of oil palm. (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 PTSIA land acquisition procedure requires the involvement of local community and government representatives for identification of persons eligible to receive compensation, assessment of compensation and witnessing of payments. The land acquired by PTSIA for oil palm development was previously owned by individual farmers for agriculture. (6.4.1)

PTSIA holds detailed records of people who have received compensation on file for all of the land acquired since the start of development for oil palm. The records include the witnesses involved in the identification of persons eligible to receive compensation. (6.4.2)

PTSIA holds records of negotiations processes and details of compensation settlements paid to individual landowners on file. (6.4.3)

Records held on file show the landowner's name, location map of plot compensated, details of land usage, identification of crops, amount of money and signature (and/or finger print) of recipient and witnesses. (6.4.4)

**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.**

PTSIA provides information on pay and conditions to staff in letters of appointment. The pay rates of "daily rated" workers and "piece rated" workers are displayed on notice boards at the Estate and the Mill. (6.5.1)

Working conditions are detailed in the Collective Labour Agreement that is available for all permanent workers. Inspection of pay records confirmed that PTSIA pays above the minimum regional wages of West Kalimantan dated 1 January 2008. Interviewees stated that they are able to make small amounts of savings but working overtime provides additional income. (6.5.2)

**Observation 14 – refer Section 3.2 Page 25 for details.**

Inspection showed PTSIA housing meets the minimum standard and residents are provided with free electricity, water, medical treatment, places of worship and recreation areas. Residents are allowed to maintain small vegetable gardens near houses, which are important for reducing living costs. PTSIA plans to establish a Clinic on site staffed by an appropriately qualified Hospital Assistant. Presently a Government Hospital Assistant visits monthly to examine and treat any medical issues. Workers and their families requiring medical treatment attend a clinic in nearby Bodok and PTSIA reimburses the costs. (6.5.3)

Contract terms and conditions require contractors to implement good health and safety practices, provide insurance for the workers and abide by applicable laws

and regulations. The contracts also include provisions for termination due to non-performance and failure to apply applicable laws and regulations. (6.5.4)

**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.**

PTSIA Social Policy includes a statement on freedom of association. Copies of the Social Policy are displayed prominently at muster areas and offices. (6.6.1)

PTSIA has records available of formal meetings with the Union Officials and Union Representatives, for example, to negotiate the Collective Labour Agreement in conjunction with Government representatives (Labour Department). (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.**

PTSIA Human Resources policy includes a statement on minimum age for recruitment that is consistent with the Government minimum working age of 18 years. (6.7.1)

New hires are required to provide their identity card for proof of age. A copy is made of the identity card and is used to register new hires for Jamsostek (worker insurance). Inspection of personnel records confirmed that age checks have been made at time of hire and a copy was held of identity cards. Underage workers were not found at any of the Mill or Estate locations inspected (6.7.2)

**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.**

PTSIA has a statement on the prevention of any form of discrimination in the Social Policy signed by top management, which is displayed at muster areas and offices. (6.8.1)

Interview of staff and workers indicated there were no issues related to discrimination and that they received equal treatment in relation to working opportunities. Inspection of a sample of pay records did not find any disparity in relation to persons employed on the same position classification level. (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.**

The PTSIA Social Policy includes a statement on the prevention of sexual harassment and violence. In addition, the policy is supported by disciplinary

procedures that are documented in the Collective Labour Agreement. (6.9.1)

The PTSIA Social Policy that has been signed by top management includes a statement on the protection of reproductive rights. The Collective Labour Agreement includes a policy on maternity leave which provides for 6 weeks leave prior to and after birth. Nursing mothers also are allowed a two hour paid breast-feeding break each day during the first 12 months. (6.9.2)

Interview of staff and workers confirmed awareness of the PTSIA Sexual Harassment Policy. Female staff and workers stated they understood the policy and what action should be taken if there was a situation involving sexual harassment or violence. (6.9.3)

When interviewed, female staff and workers confirmed they were aware of the Policy relating to maternity leave and breast-feeding. Female interviewees confirmed that they could continue working during pregnancy if they so wished. (6.9.4)

At the time of the Certification Assessment, PTSIA had recently formed a Gender Committee but it had not yet held its first meeting. One role of the Gender Committee will be to facilitate the processing of any grievances raised. Sime Darby has developed, in conjunction with the Social NGO Tenaganita, a specific grievance mechanism related to gender issues. The Grievance Mechanism is proposed for discussion at the first meeting of the Gender Committee. (6.9.5)

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

The Mill maintains copies on file of the monthly FFB prices advised by the Provincial Plantation Department. Records of FFB prices are kept at the Mill on file "TBS" and are available to the public if requested. The most recent example is the FFB price for November that was announced in the "Equator Daily" on 4 November 2008. (6.10.1)

The Mill follows the FFB pricing advised by the Provincial Plantation Department. The FFB price is set by a committee at provincial level that meets twice a month. The committee consists of government officials, palm oil producers, and smallholder cooperative representatives. (6.10.2)

PTSIA contracts are arranged through the Sime Darby Regional Office at Pontianak. PTSIA has a standard terms and condition of contract, which is explained to the contractors during the pre-qualification interview process. Contractors and their workers are required to undergo an induction that includes a briefing on safety, wearing of PPE, emergency response procedures and company rules. Interviews with contractors confirmed their understanding of contracts and that they had undergone a safety induction. (6.10.3)

Contractor payments are processed at Pontianak Head Office. The Mill maintains records of the quantity of FFB delivered from individual farmers, which is the basis for payments processed through the Smallholder

Cooperative. Interview of Contractors and the Smallholder Cooperative Manager indicated there were no recent complaints in relation to the processing of payments by PTSIA. (6.10.4)

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

PTSIA is in a relatively remote rural location and access to government services is limited. PTSIA responds to local community requests for assistance where possible. For example, PTSIA assists a local church at Sanggau to maintain their oil palm plot by providing a team of pesticide operators to apply herbicide for weed control. The most recent request was from Dusun Engkalet, Hibun village to rehabilitate the access road from Dusun Sungai Serosat to Dusun Entomas dated 31 October 2008. PTSIA responded to the request by sending a grader, compacter and backhoe loader on 3 November 2008. Records of community contributions are held on file. (6.11.1)

**Principle 7 – Assessed for Sei Mawang New Development (Figure 4)**

**Criterion 7.1: A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

PTSIA has carried out development of land to oil palm at Sei Mawang which is located approximately 40 km by road south-east of the Bukit Ajong Mill. The planting of oil palm commenced in October 2007 and has been completed with 1,837 ha planted for "Inti" (Company Estate) and "Plasma" (Smallholder Scheme).

PTSIA has prepared an environmental impact assessment document (AMDAL, RKL and RPL). The AMDAL Terms of Reference were approved on 15 August 2007. The AMDAL was prepared by an accredited AMDAL consultant and included consideration of both negative as well as positive social and environmental impacts. The scope of the AMDAL included assessment of impacts associated with land development, road access and transportation. The AMDAL included information on the suitability of soils, topography and drainage and description of the land use and landcover vegetation.

Although the AMDAL did not assess HCVs, PTSIA engaged Wild Asia to carry out a biodiversity assessment in March 2007. The AMDAL content covers the elements listed in the Guidance for indicator 7.1.1 but there were a number of shortfalls, such as in relation to the stakeholder consultation process. (7.1.1)

**A nonconformity was assigned to this Major Compliance Indicator (7.1.1) – (CR03) refer Section 3.2 Page 23 for details**



PTSIA's consultant has prepared an RKL and RPL for the project. For example, in relation to conservation of biodiversity, the Management Plan recommended the setting aside of riparian buffer zones. PTSIA has implemented the Sime Darby SOP for Land Development. At the time of the Certification Assessment the land development had been completed. Inspection of field conditions indicated that the land development had been carried out in accordance with the Sei Mawang land preparation plan and the SOP for Land Development. Palm seedlings had been planted and leguminous cover crop was established. (7.1.2)

**Observation 15 – refer Section 3.2 Page 27 for details.**

The Sei Mawang project includes a smallholder scheme for the persons who surrendered land for oil palm development. The scheme will be based on the allocation of inti:plasma in the ratio of 70:30. PTSIA will manage the plasma, which will be allocated within the development carried out to date. PTSIA has maintained detailed records of the land development carried out, including the costs and the acquisition of land from local people. (7.1.3)

**Criterion 7.2: Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.**

The AMDAL includes maps of the topography, land use and land suitability. The Minamas Research Centre has carried out a soil survey at Sei Mawang and found a mineral clay soil occurs throughout the concession. Topography is the main determinant of land suitability. Approximately 60% of the land is rolling topography, a further 18% is hilly and 22% is steep. The topographic information was used as the basis for preparation of the land development plan and layout of the road network. The land development plan included terracing on the rolling and hilly areas but steep land was excluded from the development. (7.2.1)

Examination of the land development plan in conjunction with the field inspection indicated that the land planted to date was consistent with the plan. For example, terraces have been constructed on the rolling and hilly areas, but steep land was not cleared or planted. The terraces were constructed with a back-slope and stop bunds were in place for water conservation. (7.2.2)

**Criterion 7.3: New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.**

PTSIA holds an *Izin Lokasi* (Location Permit) issued by Sanggau District Bupati on 6 April 2005 for an approximate area of 10,000 ha. The *Izin Lokasi* was revised to a smaller area of 4,500 ha on 30 May 2008 (Reference: 400/45A/RIL 41-2008). PTSIA has decided to limit the area of land development at Sei Mawang to the existing 1,837 ha and will apply for a HGU for this area. In relation to the regulatory requirements for environmental impacts management, PTSIA has prepared an AMDAL for Sei Mawang. The Sanggau

District AMDAL Committee approved the AMDAL Terms of Reference for the development on 15 August 2007. The AMDAL was subsequently prepared and the final presentation made to the Sanggau District AMDAL Committee on 12 February 2008. However, at the time of the Certification Assessment, the AMDAL had not yet been approved. (7.3.1)

**A nonconformity was assigned to this Major Compliance Indicator (7.3.1) – (CR04) refer Section 3.2 Page 23 for details.**

Wild Asia conducted a biodiversity survey of the PTSIA estates in March 2007 as well as at Sei Mawang well before the new land development. The survey methodology comprised a rapid assessment to identify areas of potential biodiversity, followed by more detailed surveys. The detailed surveys at Sei Mawang concentrated on the palm nursery area, river corridors and remnant forest at an elevated ridge. The fieldwork consisted of a general bird survey, aquatic stream community survey and incidental observations of plants, insects, mammals, reptiles and amphibians.

The Sei Mawang land developed for oil palm is not contiguous, but consists of a mixture of areas surrendered for oil palm, land retained by local people for agriculture and community forested areas "Hutan Adat". The previous and ongoing practices of shifting agriculture and hunting have resulted in a landscape with very low biodiversity values. The survey concluded that the main factor affecting the low biodiversity values was the severe and constant impact of "over-hunting" by local communities of virtually every edible animal. Areas with HCV occurred outside the oil palm development area.

There are no "officially" protected areas within or adjacent to Sei Mawang. However some areas, such as community orchards, community forests and the Riam Macam cultural and tourism site, have "local" protection. The most significant "Hutan Adat" area occurs at a 200 m high ridge near Nyandang Village with mature community orchard and an area of relatively intact lowland forest. This area supported eight bird species classified as IUCN Near-threatened and was assigned as HCV.

HCV also was assigned to the Riam Macam waterfall and river corridor which have important cultural and recreational value for the people of Sanggau. The Local Government has developed access for visitors and recreation at the site. The river corridor intersects part of the Sei Mawang Estate.

PTSIA has marked the locations of HCVs and the riparian buffer strips on the Sei Mawang land development plan. Field inspection found that the identified HCVs had not been disturbed by the development. Inspection found that oil palm had been planted at one location within the buffer strip of Sei Semandai. Although the affected area was less than 0.1 ha, the encroachment did not comply with the buffer zone requirement. (7.3.2)

**A nonconformity was assigned to this Major Compliance Indicator (7.3.2) – (CR05) refer Section 3.2 Page 24 for details.**

**Criterion 7.4: Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.**

Available information from the Minamas Research Centre soil survey indicated there are no marginal, fragile or peat soils at the Sei Mawang concession. Steep areas occur within the area but these are marked on the slope map and the land development plan. Field inspection indicated that steep areas have not been developed to oil palm. (7.4.1)

Although marginal or fragile soils do not occur in the area, terraces have been constructed on the sloping and hilly land. Leguminous cover crop has been planted in the palm inter-rows for prevention of soil erosion. At the time of the Certification Assessment, the leguminous cover crop of *Mucuna bracteata* was well established and formed dense groundcover. Silt traps also have been constructed on roadside drains for trapping eroded sediment. (7.4.2)

**A nonconformity was assigned to this Minor Compliance Indicator (7.4.2) – (CR11) refer Section 3.2 Page 25 for details.**

**Criterion 7.5: No new plantings are established on local peoples' land without their free, prior and informed consent, 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 AMDAL preparation process is described above for Indicator 7.1.1 and was considered to have inadequate public consultation in relation to the identification of environmental and social impacts. A Nonconformity (CAR03) was assigned to Indicator 7.1.1 for inadequate consultation during the SEIA process. At Sei Mawang local people surrendered only the land that was excess to their needs and have retained land for their own use such as for fruit trees, rubber and food crops. Adat lands and Tembawang (forest gardens belonging to several families and clans) have not been developed, but enclaved. The land planted to oil palm is not contiguous but is scattered among enclaved land. The retention of much of the land by local people in an undeveloped state indicates that they made their decision freely not to participate in the oil palm development. (7.5.1)

Between August 2005 and March 2006, PTSIA carried out 7 public socialisations on the Sei Mawang oil palm development to local communities. Records of the socialisation meetings are held on file. For example, public socialisation to people of Sei Nyandang village was carried out on 30 October 2005 and was attended by 45 persons. However, interview of local people during the Certification Assessment, for example at Senunuk, found that not all people fully understood the plasma scheme offered by PTSIA. (7.5.2)

**Observation 16 – refer Section 3.2 Page 27 for details.**

PTSIA has maintained detailed records of payments made to local people for compensation of improvements such as for economic trees. Records are available of payments made for each block of land and are held on file. The payment record for each block of land was signed by the land owner, the neighbouring land owners,

village level government official and a PTSIA representative. (7.5.3)

**Criterion 7.6: Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

PTSIA has documents and maps showing the locations of customary land and local peoples' land. The identification of people eligible to receive compensation for surrender of land for oil palm development was carried out by a team comprising PTSIA representatives, PTSIA's GPS Officer, Satlak (village level Government), land owners and neighbouring land owners. PTSIA holds records on file. (7.6.1)

PTSIA has developed an SOP on land acquisition that describes the step by step process of land acquisition starting with the identification of people entitled to receive compensation through to preparation and witnessing of payments for compensation. This SOP was used as the basis for Sei Mawang land acquisition. (7.6.2)

PTSIA holds records of the compensation negotiation process between PTSIA, the local village heads and Sub-district level Government. Details of the assessment of compensation for each block of land and agreed settlements are held on file. (7.6.3)

PTSIA paid compensation for any economic trees and crops on the land prior to surrender for oil palm. Compensation was calculated jointly between each land owner, Satlak, and PTSIA. Records are available for each block of land detailing the number of trees and crops eligible for compensation and signed by the three parties involved in the assessment. (7.6.4)

PTSIA has an agreement with local people who surrendered land at Sei Mawang that they are eligible to participate in the plasma scheme in the ratio of inti : plasma of 70:30. PTSIA will undertake the development and management of the oil palm allocated for plasma. When the palms are mature and producing FFB, payments will be made to plasma participants via the KUD. The plasma participants will receive payment for 30% of the FFB produced at Sei Mawang each month. Local people also are able to participate in the oil palm development through employment as field workers. (7.6.5)

At the time of the Certification Assessment there was no land claim made against PTSIA at the Sei Mawang development. However there had been some disagreements between local people on overlapping land ownership. The most recent case happened on 10 April 2007 where local people disagreed over internal land ownership. PTSIA facilitated the settlement whereby the disputants agreed to divide the land. Records of the case are held on file. PTSIA policy is to make details available of compensation claims if requested. (7.6.6)

**Criterion 7.7: Use of fire in the preparation of new plantings is avoided other than in specific situations, as**

**identified in the ASEAN guidelines or other regional best practice.**

PTSIA has a Zero Burning Policy. Field inspection confirmed that vegetation from the land clearing process had been windrowed and stacked along the palm inter-row and that fire had not been used for land preparation. (7.7.1)

PTSIA staff are required to report all incidents of fire within the *Izin Lokasi* to Top Management. The main risk is the possibility of fire outbreak from adjacent shifting cultivation. Staff stated that to date there had been no outbreak of fire. The DOE monitors the occurrence of fire and has made two visits to the *Izin Lokasi* to investigate situations where fire had been used on local peoples land. (7.7.2)

Sei Mawang has a documented Emergency Response Plan for dealing with an outbreak of fire. The Plan includes the steps for mobilising the fire fighting team and has emergency contact numbers for calling on additional resources from PTSIA if required. The Plan requires all incidents of fire outbreak to be investigated and reported to senior management. (7.7.3)

Sei Mawang has mobile fire fighting equipment including a water tanker, high pressure pump and fire hoses. A fire fighting team has been formed and has been trained in fire fighting (June 2008). Inspection confirmed fire fighting equipment was stored at the Sei Mawang Site Office and appropriate fire extinguishers were maintained at the office, stores and residences. (7.7.4)

**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.**

PTSIA has reduced the number of herbicides used for weed control and ceased using paraquat in November 2007.

PTSIA has an environmental improvement program and an example of progress to reduce impacts is the installation of spill containment and sediment and oil traps on all drains at workshops and refueling areas in order to minimise the discharge of contaminants to the environment.

The Mill and Estate have implemented a program to improve the control of hazardous wastes and to recycle materials. Wastes such as spent lubricating oils and used chemical containers are kept in purpose-built secure hazardous waste stores for collection by a licensed contractor. Segregation of recyclables such as scrap metal is well implemented to reduce the quantity of materials disposed in landfills.

During the Certification Assessment, PTSIA made a commitment to cease disposal of EFB in a low temperature incinerator and to recycle all EFB for application as mulch to the estates and the smallholders. This will reduce smoke and greenhouse gas emissions – refer to CAR09 – Page 25.

PTSIA is responding to issues raised by smallholders and local communities on the social impacts associated with

the project. Important progress has been the improved dialogue and willingness to work within the customary framework of the Adat Council for addressing applicable issues. (8.1.1)

**3.2 Detailed Identified Nonconformities, Corrective Action and Auditor Conclusions**

Five (5) Nonconformities were assigned to Major Compliance Indicators. Six (6) Nonconformities were assigned to Minor Compliance Indicators.

PTSIA has prepared a Corrective Action Plan for addressing the identified nonconformities. The BSI Assessment Team has reviewed and accepted the PTSIA Corrective Action Plan.

The BSI Social Assessor made a follow-up visit to PTSIA 29 to 31 January 2009 to check the implementation of the corrective action plan. Three nonconformities against Major Compliance Indicators and four nonconformities against Minor Compliance Indicators were closed out. The January 2009 site visit found that corrective actions against two Major Compliance Indicators were incomplete.

The BSI Lead Assessor made a follow-up visit to PTSIA 29 to 30 April 2009. The Nonconformities against one Major Compliance Indicator and two Minor Compliance Indicators were closed out.

**Indicator 4.7.1:** A Nonconformity (CR01) was assigned against this major compliance indicator as inspection of the mill showed that there was need for further improvement in safety awareness due to the following findings:

- One of the oxy/acetylene welding sets had a broken pressure regulator
- Maintenance fitters had not been using the correct PPE (eye protection) for oxy/acetylene cutting and welding, although new sets were available in the store.
- Two operators were not wearing hearing protection at the kernel station, where Sucofindo measured noise levels > 85 dbA.
- Interview of the water treatment plant operator indicated that he had not been wearing eye protection during mixing of caustic soda solution for Ph adjustment

**Corrective Action:**

- To replace the broken pressure regulator for the highlighted oxy/acetylene welding set.
- Management will conduct a safety training programme on awareness and correct usage of PPE for all activities. All levels of workforce will be included in the training.
- A documented safety inspection and audit will be conducted quarterly.

(Target Completion November 2008)

A BSI Assessor made a follow-up inspection of all mill work stations on 30 January 2009 and confirmed all staff and workers were wearing PPE, including the kernel station and at the water treatment plant chemical



mixing area. Oxygen/acetylene pressure regulators were in good working order. Records were available of safety training for all mill staff and workers carried out 7 November and 17 December 2008. The Assistant Mill Engineer carried out a safety inspection and audit of the mill on 17 December 2008.

The BSi Lead Assessor made a follow-up inspection of the Mill on 29 April 2009 and confirmed that all operators were wearing PPE correctly and the Workshop equipment was being maintained in serviceable condition.

**The nonconformity (CR01) against Major Compliance Indicator 4.7.1 was closed out.**

**Indicator 5.3.2:** A Nonconformity (CAR02) was assigned against this major compliance indicator as there was no systematic collection or safe disposal of domestic wastes, with refuse discarded openly at rear of houses and in drains. At the mill, refuse such as plastic and other packaging materials, was disposed with excess fibre and boiler ash.

**Corrective Action:**

- To create awareness amongst the workers on waste disposal and good housekeeping by conducting regular dialogue sessions.
- To implement a systematic collection and disposal of refuse to the designated disposal area.
- To carry out monthly inspection of the residential areas, facilities and office complex. The findings are to be properly documented.

**(Effective from November 2008)**

BSi Assessors inspection of the housing area during the follow-up visits to site on 30 January and 29 April 2009 confirmed the Estate had implemented regular refuse collection. The housing area was free of litter and the refuse was being appropriately disposed in the landfill. The Assistant Manager East Estate had carried out monthly inspections of housing and recorded the findings on a file. Inspection of the Mill area found that packaging and other solid wastes were being segregated and placed in bins for disposal.

**The nonconformity (CR02) against Major Compliance Indicator 5.3.2 was closed out.**

**Indicator 7.1.1:** A Nonconformity (CAR03) was assigned against this major compliance indicator because of shortfalls in the AMDAL process. The AMDAL assessment component involved fieldwork and a questionnaire survey of villagers. The AMDAL did not include an analysis or report on the primary survey data but relied upon secondary sources of data. The socialisation of the AMDAL was conducted on 10 May 2007 at a Public Meeting where 30 persons representing each of the affected villages attended. The AMDAL included details of the consultation meeting and attendees but no information on issues raised or feedback on the assessment of environmental and social impacts. The AMDAL consultation process was considered inadequate and local people did not understand the Smallholder Scheme.

**Corrective Action:**

PTSIA Management will obtain a report of the analysis of the survey data and details of the Public Consultation Meeting from the consultant (**Inhansa Consultant**) and undertake further public consultation.

*(Target Date November 2008)*

The BSi Social Assessor visited Sei Mawang on 31 January 2009. PTSIA had obtained a copy of the Inhansa consultant's report, which was available at Sei Mawang Estate Office. Review of the report showed that stakeholders raised two issues that were included in the AMDAL Report. PTSIA has initiated quarterly meetings at each of the villages to keep them informed of Sei Mawang and to receive feedback on any issues that they may have. Interview of stakeholders indicated further socialisation is needed to ensure local peoples' understanding of the Smallholder Scheme.

**The nonconformity (CR03) against Major Compliance Indicator 7.1.1 was not closed out.**

On 24 August 2009, PTSIA provided details of socialisation of the new development and smallholder scheme as follows:

- Between August 2005 and March 2006, seven public socialisations on the Sei Mawang new development were carried out at local communities;
- Initial public socialisation on the plasma scheme, 1 September 2006;
- AMDAL Socialisation Meeting 10 May 2007;
- Meeting with community representatives on plasma 11 November 2008 and 7 March 2009; and
- Meetings at each of the 6 villages involved in the smallholder scheme (Nyandang, Sanjan, Sei Mawang, Semajau, Senunuk, Sei Kosak) between June and July 2009.

The BSi Assessors considered that PTSIA had responded appropriately by carrying out additional socialisations at the villages on the Sei Mawang Smallholder Scheme since November 2008.

**The nonconformity (CR03) against Major Compliance Indicator 7.1.1 was closed out.**

**Indicator 7.3.1:** A Nonconformity (CR04) was assigned against this major compliance indicator as at the time of the Initial Assessment the AMDAL had not been formally approved.

**Corrective Action:**

The AMDAL was prepared in late 2007 and the final presentation made to the Sanggau District AMDAL Committee on 12 February 2008. PTSIA advised that the local authority (Bupati, Sanggau) had given the approval in principle for the AMDAL hence management had commenced the land development in accordance with the *Isin Lokasi* conditions. However, the letter of approval had not been issued. PTSIA took necessary action to pursue this matter and managed to obtain the approval letter (dated 21/10/08).

The BSi Assessor confirmed during the 31 January 2009 site visit that the Bupati of Sanggau District issued

AMDAL Approval Letter No 399 of 2008 on 21 October 2008.

**The nonconformity (CR04) against Major Compliance Indicator 7.3.1 was closed out.**

**Indicator 7.3.2:** A Nonconformity (CR05) was assigned against this major compliance indicator as inspection showed that oil palm has been planted too close to Sei Semandai and the buffer zone width was less than 25m.

**Corrective Action:**

- PTSIA Management has identified and demarcated the affected area. **(November 2008)**
- To relocate all the palm seedlings within the demarcated buffer zone to other areas. **(November 2008)**
- To allow natural vegetation to regenerate. **(November 2008)**
- To initiate planting of Tengkwang trees as soon as the seedlings are ready for transplanting. **(January 2008)**

A BSi Assessor made a follow-up visit to site on 31 January 2009 and inspection revealed that a broken-down bulldozer and domestic plants (ginger) needed to be removed from within the demarcated buffer strip. The nonconformity (CR05) against Major Compliance Indicator 7.3.2 was not closed out.

PTSIA subsequently removed the broken-down bulldozer and the ginger plants from the buffer zone and planted the affected area with leguminous cover crop. PTSIA provided photographs to confirm the revegetation of the affected area. There is uncertainty as to the loss of HCV associated with the encroachment in the buffer strip. Sime Darby is recommended to conduct a GPS Survey to measure the affected area and to include this in the HCV Offset Data Base for its Indonesian properties.

**The nonconformity (CR05) against Major Compliance Indicator 7.3.2 was closed out.**

**Indicator 4.4.2:** A Nonconformity (CR06) was assigned against this minor compliance indicator as inspection showed the Water Management Plan was inadequately implemented as the monsoon drain silt traps were filled with sediment and drainage from the EFB stockpile was discharged offsite without adequate treatment.

**Corrective Action:**

- To carry out desilting and cleaning of all drains and silt traps. **(November 2008)**
- To carry out weekly inspection on all drainage system and to be properly documented. **(November 2008)**
- To construct sediment pond to allow retention time of drainage from the EFB stockpile - **Short Term (November 2008)**
- To clear off the EFB stockpile by increasing field application volume – **Long Term (November 2008 to June 2009)**

Inspection of the mill during the BSi Social Assessors follow-up site visit on 30 January 2009 confirmed a system had been implemented for weekly inspection and cleaning of mill drains, sediment and oil traps. The

weekly inspections were recorded on a separate file maintained by the Assistant Engineer. Inspection during the BSi Lead Assessor follow-up visit on 29 April 2009 confirmed the mill drains, sediment and oil traps were clean and inspection records were up to date.

Inspection of the EFB Stockpile area on 29 April 2009 confirmed that drainage was being treated in a settling pond (Plate 1). Work had been commenced on diverting the drainage from the EFB stockpile area to a sump for transfer to the effluent treatment ponds. The volume of the EFB stockpile had been reduced significantly and the mill was on track with its target to recycle all of the EFB to the field.



**Plate 1: Pond for Treatment of EFB Stockpile Drainage**

**The nonconformity (CR06) against Minor Compliance Indicator 4.4.2 was closed out.**

**Indicator 4.4.4:** A Nonconformity (CR07) was assigned against this minor compliance indicator as the mill has not yet measured or assessed the quantity of raw water used for processing and other purposes.

**Corrective Action:**

- To install an hour meter for the pump and to calculate the volume of water based on the pump flow rate and operating hours on a daily basis.
- To record and monitor the mill water usage as per the standard format available.

BSi Social Assessor follow-up during the site visit on 30 January 2009 confirmed an hour meter had been installed on the raw water pump and water usage had been monitored daily since 8 November 2008.

**The nonconformity (CR07) against Minor Compliance Indicator 4.4.4 was closed out.**

**Indicator 5.2.5:** A Nonconformity (CR08) was assigned against this minor compliance indicator as PTSIA has not yet appointed a dedicated and trained officer to monitor HCV and fauna protection plans.

**Corrective Action:**

PTSIA has prepared a Corrective Action Plan for addressing the identified nonconformity and is detailed below.

- PTSIA management has appointed personnel for East Estate, West Estate & Mill and personnel for Sei Mawang estate for the purpose of monitoring all

plans and activities related to conservation. **(November 2008)**

- TQEM department will assist to train the two appointed personnel on monitoring of the conservation plans and activities. **(December 2008)**

Progress on implementation was followed up during the site visit by the BSi Social Assessor on 30 January 2009. The Sime Darby Kalimantan Regional Manager has appointed two persons to monitor conservation activities – one at PTSIA East and West Estates and one for the Sei Mawang Estate. Interview of both of these ‘Rangers’ showed they also had responsibility for community liaison. Sime Darby has provided them with general guidance for management of HCVs, although TQEM Department Ecologist has yet to conduct training on site. In consideration that the HCVs at the estates are limited to riparian buffer zones and the low biodiversity of the area, the appointment of the two ‘Rangers’ was considered adequate, provided that TQEM follows up with training on site.

**The nonconformity (CR08) against Minor Compliance Indicator 5.2.5 was downgraded to an Observation (refer Observation 17 page 27)**

**Indicator 5.6.3:** A Nonconformity (CR09) was assigned against this minor compliance indicator as approximately 80 percent of EFB is burned in the low temperature incinerators at the Mill (Plate 2). The resulting bunch ash is utilised by the estate as fertiliser for replacement of Potash. There is no programme for phasing out of incineration of EFB.



**Plate 2: Large Stockpile of EFB and Incinerators used for disposal November 2008**

**Corrective Action:**

PTSIA Management has drafted a programme with short term and long term targets to gradually phase out the incineration of EFB by:

1. Increase tonnages recycled to the estates
2. Increase land application hectarage
3. Engage permanent contractor to evacuate FFB from the mill
4. Educate Smallholders on benefits of EFB application

**(Target completion June 2009)**

Progress on implementation was followed up by the BSi Social Assessor during the site visit 30 January 2009. At the time of the visit, EFB was being recycled only to the estates. Interview of smallholders confirmed they are aware of the benefits of applying EFB as mulch, but they

are reluctant to do so due to the transport cost and they want a quick response, such as by applying chemical fertiliser.

The EFB stockpile area was inspected by the BSi Lead Assessor during the follow-up site visit on 29 April 2009. PTSIA had conducted awareness to the smallholders on the benefits of applying EFB as mulch to replace chemical fertiliser. EFB was being back-loaded onto trucks and supplied to smallholders. The operation of the incinerators had ceased and the EFB stockpile had been reduced significantly (Plate 3).



**Plate 3: EFB being loaded onto trucks for recycling to smallholders (April 2009)**

**The nonconformity (CR09) against Minor Compliance Indicator 5.6.3 was closed out as the incineration of EFB had ceased and there was evidence of EFB recycled to the Estates and Smallholders.**

**Indicator 6.1.2:** A Nonconformity (CAR10) was assigned against this minor compliance indicator as the RPL report did not include social impact monitoring results.

**Corrective Action:**

PTSIA Management to include the social impact as required in the RPL report with effect from October 2008 report. **(November 2008)**

Progress on implementation was followed up during the BSi Social Assessor site visit on 30 January 2009. The six-monthly RPL report did not include any information on Social Monitoring.

**The nonconformity (CR10) against Minor Compliance Indicator 6.1.2 was not closed out. Progress with implementation of corrective action will be followed up at the Annual Surveillance Assessment.**

**Indicator 7.4.2:** A Nonconformity (CR11) was assigned against this minor compliance indicator as Inspection showed soil eroded from the access road embankment was carried by rainfall runoff into the adjacent Sei Semandai and had negative impacts on stream turbidity and visual amenity.

**Corrective Action:**

PTSIA Management will initiate planting of *Mucuna bracteata* & *Vetiver grass* at the slope of the affected areas and wherever necessary a Gabion wall will be

constructed to prevent further erosion. **(November 2008)**

Progress on implementation was followed up during the BSi Social Assessor site visit on 31 January 2009. Inspection confirmed that three silt traps had been constructed adjacent to the bridge and were well maintained. *Mucuna bracteata* and *vetiver* had been planted on the roadside embankments and were becoming established for erosion control.

**The nonconformity (CR11) against Minor Compliance Indicator 7.4.2 was closed out.**

#### **Observations/Opportunities for Improvement**

Seventeen (17) Observations/Opportunities for Improvement were identified:

1. (2.1.1) Inspection showed the smoke density recorder had been out of service for more than one month and replacement parts have been ordered from Malaysia – Order No: 0636 dated 27/08/ 2008.

*Inspection of the mill on 30 January 2009 confirmed the smoke density meter had been repaired and was operating.*

2. (4.3.3) Inspection indicated greater attention needs to be given to construction and maintenance of roadside “turnout drains” to improve water management on roads.

*Inspection on 29 April 2009 confirmed the Estate had records showing construction of 581 “turn-out” drains and 1,424 silt pits since November 2008 for improved water management of roads.*

3. (4.3.5) There has been over-spraying with herbicide along some harvest paths resulting in areas of bare soil exposed to erosion, such as at Block 19, East Estate.

*Inspection of field conditions on 29 April 2009 indicated that groundcover vegetation was becoming re-established at the affected Block 19 as a result of changing the herbicide application method to circle spraying and spot spraying.*

4. (4.4.1) PTSIA has taken the first step of preparing a Plan for reinstatement of riparian buffer zones to the required width. At the time of the Certification Assessment, the boundaries of buffer strips had not been demarcated at locations where palms had been planted too close to the stream.

*Inspection on 29 April 2009 indicated that PTSIA had demarcated and ceased applying chemicals to the palms that had been planted too close to the streams. The palm circles were being maintained by manual weeding.*

5. (4.4.2) The Mill has not yet formalised an overall Water Management Plan that includes all wastewaters.

*The Mill prepared a Water Management Plan 18 December 2008, which detailed the water uses and listed the wastewaters generated together with methods of treatment, recycling and disposal.*

6. (4.6.3) Field inspection of spraying indicated that some sprayers were not consistently applying chemical to only the target weed species.

*Spraying was not being carried out during the January 2009 and the April 2009 site visits due to rain and this issue was not assessed.*

7. (4.6.3) Three of the MSDSs at the Estate chemical store were not in Bahasa Indonesia and were not understood by the Storeman.

*Inspection of the chemical store on 30 January 2009 confirmed all MSDS were available in Bahasa Indonesia.*

8. (4.6.4) At the time of the inspection, the Estate had not kept records of the numbers of used pesticide containers stored. During the audit a stock take was carried out and the Storeman required to maintain up-to-date records.

*Inspection of the scheduled waste store on 30 January 2009 confirmed records were being maintained, including monthly stock take.*

9. (4.6.7) Interview of a female sprayer indicated that she had previously returned to work as a sprayer while she was still breastfeeding her twelve month old baby but at the time of the Certification Assessment had ceased breastfeeding.

*PTSIA took action immediately to prevent a re-occurrence and has transferred all female sprayers to other duties. PTSIA Policy requires spraying to be carried out by male workers only.*

10. (4.8.1) Interview of the KUD Manager confirmed PTSIA carries out training of Smallholder Group Representatives, although an annual programme has not been documented.

*Progress on this observation was not assessed during the follow-up site visits in January and April 2009.*

11. (5.3.1) A large stockpile of EFB has accumulated at the incinerator but the mill had not identified leachate as a potential source of pollution. The Mill took immediate action and constructed two containment ponds for treatment of the EFB stockpile drainage. This temporary measure was implemented until drainage could be diverted to a sump and transferred to the effluent treatment ponds.

12. (5.4.1) The mill records daily electricity usage and reports monthly to head office. At the time of the Certification Assessment, the indicator for electricity generation kWh t/CPO had yet to be calculated. This was corrected immediately.

13. (6.1.5) At the time of the Certification Assessment, PTSIA had not implemented monitoring of the impacts of the smallholder scheme, other than social issues raised by smallholders.

*Enquiries during the 29 April 2009 follow-up site visit showed that monitoring had not yet been implemented. PTSIA had considered a number of indicators but concluded these were subjective and would seek technical assistance to select an appropriate monitoring programme.*

14. (6.5.2) During inspection of pay records it was noted that several mill workers had exceeded the approved overtime limit during peak crop months, although there was no recent exceedance. The Mill Manager stated that a system had been implemented for monitoring and control of overtime.

*Inspection of pay records during the 30 January 2009 follow-up site visit showed overtime hours were within the approved limit during December 2008 and January 2009.*

15. (7.1.2) The RKL did not specify the width of buffer zones.

*PTSIA advised that it had contacted the AMDAL consultant and had clarified the buffer zone requirement for streams at the Sei Mawang development area.*

16. (7.5.2) Additional socialisation is required to improve people's understanding of the Sei Mawang Plasma Scheme. Refer to CAR03 Page 23

17. (5.2.5) PTSIA has appointed two "Rangers" for monitoring of conservation areas (riparian buffer zones) and will arrange for the TQEM Ecologist to carry out training on site.

### 3.3 Noteworthy Positive Components

- The Estate previously used paraquat but usage ceased before the merger of the companies in November 2007.
- PTSIA has commenced a program to replace the older timber housing with brick buildings. The first unit had been recently constructed at East Estate. At the new housing, tanks have been installed and connected to roof guttering to harvest rainwater.



**Plate 4: Newly Constructed Worker Housing with Tanks installed for Rainwater Harvesting**

- The land selected by the smallholders for oil palm is located on the better soils and the overall average yield of 23.1 t FFB/ha is quite good. PTSIA has an extension program to provide technical support to the smallholders through the KUD.

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

Only one stakeholder provided comments in writing in relation to PTSIA's environmental and social performance. Stakeholders interviewed had mostly positive comments about PTSIA.

#### Contractors

The local contractors interviewed had worked for PTSIA for between 8 and 13 years and had mainly positive comments about the working relationship with the company.

#### Smallholders

Smallholders generally were positive about oil palm and those who joined the scheme consider they are relatively better off than those who did not. One issue raised was they had paid off their loans but had not yet received their Land Title Certificate.

**Company Response:** *PTSIA stated that Sime Darby financed the smallholder development and has recently reached agreement with the BPN on the surveying of smallholder blocks and Land Certificates are being issued progressively. Smallholders have seen the BPN on the ground measuring the land and are aware of the progress. PTSIA aims to have all of the Certificates issued by the end of 2009.*

The BSi Assessment Team considered the issue was being adequately addressed.

Smallholders stated that the promises made during the early oil palm development, of churches, schools and a clinic have not been kept.

**Company Response:** *PTSIA stated that it had met all of its obligations made in the formal agreement to develop the smallholder scheme. PTSIA had responsibility for development of access roads and all of these have been constructed. It is the Government's responsibility to provide buildings and services for health and education.*

The BSi Assessment Team considered the issue was being adequately addressed.

#### Local Communities

The development of oil palm has provided people with opportunities to supplement their income through employment for PTSIA or to grow their own oil palm. Many people have kept their land with rubber, fruit trees and food gardens. The road is relatively better than before PTSIA arrived, but the company's community development is limited to maintaining the road which has to be requested.

**Company Response:** *PTSIA maintains the main access roads but the block holders and the KUD are responsible for local roads. Where situations cause hardship, PTSIA assists by using its grader and backhoe to repair roads.*

The BSi Assessment Team considered the issue was being adequately addressed.

**NGOs**

WWF Indonesia (West Kalimantan) raised the following issues in relation to the Sei Mawang new development:

- 3.2 Erosion of sediment during the land clearing process affected the water quality of Sg Mawang and the water supply to Sanggau Town.

**Company Response:** *The erosion of sediment when the land was initially developed affected Sg Mawang which is a tributary of Sg Liku that flows to the Kapuas River, the water source for Sanggau Town. PTSIA has planted leguminous cover crop to establish groundcover for reducing soil erosion from the land development area. In addition, PTSIA has donated a diesel powered generator to Sanggau Town to provide back-up power for the Town Water Treatment Plant.*

The BSi Assessment Team noted at the time of the Initial Certification Assessment that leguminous cover crop was well established at the areas planted to oil palm and provided adequate groundcover for soil conservation.

- (2) The land clearing has opened up the area adjacent to a cultural site of the Sanggau Catholic Church and sediment has affected water quality of the local stream.

**Company Response:** *PTSIA consulted the Catholic Church in July 2007, prior to the development. The Church had approached PTSIA to share the road maintenance cost and had not complained to PTSIA about the development.*

The BSi Assessment Team noted that the land adjacent to the cultural site had previously been used for shifting cultivation and the presence of *Vitex* and *Macaranga* indicated abandoned ladang (slash and burn agriculture) or land affected by seasonal burning. A nonconformity (CAR11) was raised due to inadequate erosion prevention measures at the Sei Mawang access road to protect stream water quality.

- (3) Some local people have protested about land acquisition and plasma planning.

**Company Response:** *Issues that were raised during the early land development have been addressed. There are presently no land disputes at Sei Mawang.*

An organisation has been formed in the District to represent smallholders and is known as Serikat Petani Kepala Sawit (SPKS). The SPKS is active mainly in relation to the neighbouring PTMAS and has only a small membership at PTSIA. SPKS has raised a list of claims on behalf of smallholders and brought these to the attention of Sime Darby at RT5 and RT6. The Social NGO Both Ends brokered a meeting between SPKS and Sime Darby Management at RT6 to initiate dialogue on the list of claims. Both parties agreed to initiate a process of quarterly meetings to discuss and address issues of concern to local stakeholders. The first Stakeholder Meeting was held in Sanggau on 13 January 2009. The most recent development in this consultation process was agreement between Sime Darby, KUDs and SPKS on 30 June 2009 on the appointment of the Adat Regional

Head as mediator for subsequent meetings to discuss and resolve issues. This consultation process is described under Indicator 2.2.4 Page 9.

The BSi Assessment Team confirmed there were no land disputes at Sei Mawang at the time of the Certification Assessment.

**3.5 Acknowledgement of Internal Responsibility**

PTSIA acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. PTSIA 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 (PTSIA)**

  
.....  
**Mr Mohd Amri B Baharudin**  
**Head Zone Sanggau**

Date: 18 / 8 / 2009

Signed for on behalf of  
**BSi Group Singapore Pte Ltd**

  
.....  
**Mr Charlie Ross**  
**Lead Auditor**

Date: 24/05/2010

# ***Appendix “A”***

***SIME DARBY PLANTATION Sdn Bhd***

***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”***

### ***PTSIA RSPO Certificate Details***

PTSIA  
 Bukit Ajong  
 Dusun Kopar  
 Desa Dosan Kec Parindu Kab  
 Sanggau West Kalimantan  
 INDONESIA

Certificate Number : SPO 541399  
 Certificate Issue Date: (RSPO Approval Date)

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

Standards: RSPO Principles & Criteria : 2007; Indonesian National Interpretation (INA NIWG) : 2008

### **PT SIA CERTIFICATE DETAILS**

<b>Sanggau Palm Oil Mill and Supply Base</b>	
<b>Location</b>	Sanggau, Kalimantan Barat, Indonesia
<b>Address</b>	Bukit Ajong, Dusun Kopar, Desa Dosan Kec Parindu Kab Sanggau, West Kalimantan, Indonesia
<b>GPS</b>	0° 16' 0" N 110° 29' 0" E
<b>CPO Tonnage Total</b>	35,899
<b>PK Tonnage Total</b>	9,521
<b>Estate FFB Tonnage</b>	East Estate:16,314; West Estate: 38,905
<b>Sei Mawang FFB Tonnage</b>	No Production Yet - New Development
<b>Smallholders FFB Tonnage</b>	98,596
<b>Outside Suppliers FFB Tonnage*</b>	10,481
<b>CPO Tonnage Claimed**</b>	33,609
<b>PK Tonnage Claimed**</b>	8,914

\* Outside Suppliers Tonnage is not included in Certificate

\*\* The tonnage claimed is the proportion of the total production from PTSIA Estates and Scheme Smallholders

## ***Appendix “C”***

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

**CERTIFICATION ASSESSMENT PROGRAM**

<b>AUDIT TEAM: CR: Charlie Ross; RR: Robyn Ross; JH: Jarwadi Hernowo; IN: Iman Nawireja; DH: Dini Harmita</b>						
<b>DATE</b>	<b>TIME</b>	<b>ACTIVITY</b>	<b>CR</b>	<b>RR/DH</b>	<b>JH</b>	<b>IN</b>
Monday 3 November 2008  EAST ESTATE	AM	Opening Meeting	√	√	√	√
		Physical inspection Estate & Work Tasks (ie Harvesting, Spraying, Upkeep, Fertiliser Application, Stores, Workshop) Interview Female Field Workers Inspect Housing and Interview Residents and Clinic Staff Inspect Riparian Buffer Zones & Conservation Areas (E Estate) Interview External Stakeholders, Local Communities	√		√	
	PM	Documentation Review Interview Female Office Staff Interview External Stakeholders and Local Communities Collate Data collected	√	√		√
Tuesday 4 November 2008 SEI MAWANG NEW DEVELOPMENT		Physical Inspection, Local Communities, Documentation Inspect Buffer Zones & Conservation Areas Interview Smallholder KUD	√	√	√	√
			√			√
Wednesday 5 November 2008  SANGGAU MILL	AM	Physical Inspection Mill, Interview Mill Workers, Contractors Inspect Housing, Interview Residents and Clinic Staff Inspect Riparian Buffer Zones & Conservation Areas (W Estate) Interview Smallholder KUD	√	√	√	√
	PM	Documentation Review, Monitoring Data Interview Female Office Staff Interview Smallholders Interview Workers and Smallholders (Protection of Fauna)	√	√	√	√
Thursday 6 November 2008	AM	Audit Smallholder KUD, Smallholders Follow-up on any outstanding data/information/clarification Prepare IAV Report Collate Data from New Development	√	√	√	√
	PM	Prepare Closing Meeting Closing Meeting	√	√	√	√

## ***Appendix “D”***

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

**LIST OF STAKEHOLDERS CONTACTED**

<p><b>Internal Stakeholders</b></p> <p>4 Female Mill Staff/Workers 2 Female Estate Staff 3 Female Pesticide Sprayers 3 Residents Mill Housing</p>	<p><b>Internal Stakeholders</b></p> <p>9 Male Harvesters 2 Male Estate Assistants 7 Male Mill Workers 2 Male Mill Contract Workers 1 Male Mill Worker Union Representative</p>
<p><b>Contractors</b></p> <p>General Contractor Transport Contractor FFB Supplier</p>	<p><b>Smallholders</b></p> <p>Himado Smallholders Cooperative Smallholders PTSIA Sepadan Jaya Smallholders Cooperative Smallholders Sei Mawang</p>
<p><b>Unions</b></p> <p>Serikat Pekerja Pertanian Dan Perkebunan</p>	<p><b>Local Communities</b></p> <p>(Village Head, Adat Leader, Villagers) Engkalet Serosat Kopar Sepaya Sei Mawang Senunuk</p>
<p><b>Government Departments</b></p> <p>District BPN (National Land Agency) Office District Forestry and Agriculture Office District Labour Office District Cooperative Office District Environment Office</p>	<p><b>NGOs and Others</b></p> <p>Sawit Watch WWF Indonesia Serikat Petani Kepala Sawit Sanggau Church (Gua Maria)</p>