



...making excellence a habit.™

PUBLIC SUMMARY REPORT

RSPO

1st ANNUAL SURVEILLANCE ASSESSMENT (ASA01)

Sime Darby Plantation Sdn Bhd SOU 4: Flemington Palm Oil Mill Perak, Malaysia

Report Author:

Senniah Appalasaamy – Revised December 2012

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
3 Lim Teck Kim Road
#10-02 Genting Centre Building
SINGAPORE 088934
Tel +65 6270 0777
Fax +65 6270 2777
Aryo Gustomo : aryo.gustomo@bsigroup.com
www.bsigroup.sg

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

TABLE of CONTENTS

Page N^o

SUMMARY	1
ABBREVIATIONS USED	1
1.0 SCOPE OF SURVEILLANCE ASSESSMENT	1
1.1 Identity of Certification Unit	1
1.2 Production Volume.....	1
1.3 Certification Details.....	1
1.4 Description of Fruit Supply Base and Supply Chain	2
1.5 Other Certifications held	2
1.6 Progress against Time Bound Plan for other Management units.....	2
1.7 Organisational Information/Contact Person	2
2.0 ASSESSMENT PROCESS	5
2.1 Certification Body	5
2.2 Qualifications of the Lead Assessor and Assessment Team.....	5
2.3 Assessment Methodology, Programme, Site Visits.....	5
2.4 Stakeholder Consultation.....	6
2.5 Date of Next Surveillance Visit	6
3.0 ASSESSMENT FINDINGS	6
3.1 Summary of Findings.....	6
3.2 Detailed Identified Nonconformities, Evidence of closing out Major nonconformities and Auditor Conclusions.....	13
3.3 Status of Nonconformities (Major and Minor) Previously Identified and observations.....	14
3.4 Issues Raised by Stakeholders and Findings with respect to each Issue.....	15
4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY	15
4.1 Date of next Surveillance Visit (ASA 2).....	15
4.2 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	15

LIST of TABLES

1	Mills GPS Locations.....	1
2	Production Tonnages certified for July – June 2012/2013 Financial Year.....	1
3	Actual and Projected Estate FFB Tonnages.....	2
4a	Age Profile of palms	2
4b	Estates and Areas Planted	2

LIST of FIGURES

1	Location of Flemington Palm Oil Mill and Supply Base in Teluk Intan, Perak, Malaysia.....	3
2	Bagan Datoh Estate field map.....	4

List of Appendices

A	Sime Darby Plantation Time Bound Plan
B	Sime Darby Plantation Sdn Bhd, SOU 4 Flemington Certification Unit RSPO Certificate Details
C	1 st Annual Surveillance Assessment Program
D	List of stakeholders contacted
E	Flemington Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

SUMMARY

BSi has conducted the First Annual Surveillance Assessment (ASA 1) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), Flemington Palm Oil Mill and supply base located in Teluk Intan, Perak, Malaysia comprising one mill, four estates, support services and infrastructure.

The assessment was conducted in two stages. First stage was transfer assessment to transfer the existing RSPO certificate to BSi. The transfer assessment was conducted because the initial assessment was conducted by different Certification Body (Control Union Certification). Sime Darby decided to transfer the annual assessment to BSi. The transfer assessment was conducted as per BSi internal transfer assessment procedure on 25/9/2012 prior to the onsite assessment. The existing RSPO certificate is valid until 4/10/2016. The decision to transfer the assessment was made by Sime Darby Plantation Sdn Bhd's management. Previous certification body's RSPO scheme manager was contacted by BSi Malaysia representative. Previous assessment report was obtain and verified with the previous Certification Body and found that there is no open Major NC or any other financial or payment issues. There was no objection from the previous Certification Body regarding the transfer assessment. The transfer assessment concludes that BSi can continue the Transfer of Certificate which allows the BSi to conduct the annual surveillance assessment and proceed to issue certificate of compliance.

The second stage of the assessment was conducted onsite to assess the continuous compliance of the certification unit against the RSPO P&C MYNI: 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011. The onsite assessment was conducted on 3 – 5 October 2012.

Based on the assessment result and successful close out of the Major NC raised during the first annual surveillance assessment, BSi concludes that Flemington Palm Oil Mill and supply base comply with the RSPO requirements [RSPO P&C MYNI-2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

BSi recommends the continuation of the approval of Flemington Palm Oil Mill and supply base operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA 1	Annual Surveillance Assessment 1
ASA 2	Annual Surveillance Assessment 2
BOD	Biological Oxygen Demand
CAP	Corrective Action Plan (for nonconformity)
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment

DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
PPE	Personal Protective Equipment
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 Identity of Certification Unit

The Flemington Palm Oil mill and estates are located in Perak, Malaysia (Figure 1). The oil mill is central to the estates located near Teluk Intan, Perak, Malaysia. Additional map included (Figures 2) showing Bagan Datoh Estate layout. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Flemington Palm Oil Mill Processing Capacity: 60mt/hour	100° 51' 26"	3° 55' 41"

1.2 Production Volume

The estimated tonnages reported for the ASA 1 and the actual production for previous year are detailed in Table 2. The production details are for financial year July – June. It is noted that there is a slight increase in the projected palm products due to anticipating bunch forecast indicating slight increase in production and consideration given to area coming into maturity stage. The projected tonnages for the 2012–2013 period of the Certificate are based on the annual budget.

Table 2: Production tonnages certified for July – June Financial Year

Flemington Palm Oil Mill	2008-2009 Actual	2009-2010 Actual	2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate
CPO	55,896	49,479	48,473	45,603	52,127
PK	14,746	12,968	12,811	12,748	13,795

1.3 Certification details

RSPO Membership No: 1-0008-04-000-00
BSi RSPO Certificate No: SPO 590802
Date of previous Assessment: 23-24/02/2009 (by previous Certification Body: Control Union Certification).
Date of Initial Certification: 05/10/2011

1.4 Description of Supply Base and Supply Chain

The supply base is the FFB from four own estates that supplied 92% of the FFB processed at the Mill. In addition, FFB received from outside suppliers from time to time accumulates to about 8% of the total processed. This tonnage is excluded from the Table 2 and from the certified tonnages. The actual FFB production and projected production is shown in Table 3 below. It is noted that there is a slight increase in the projected FFB production due to anticipating bunch forecast indicating slight increase in production and consideration given to area coming into maturity stage. Other than that the projected tonnages were based on the potential yield could be achieved due to improvement in planting material and age profile of palms.

It is noted that Flemington Palm Oil Mill use the Mass Balance system for the supply chain because the mill sometime purchase FFB from out growers. The out growers are not associated and have choices of selling their FFB to any mill that pays higher FFB price. Supply chain element was checked and described in Appendix E.

Table 3: Actual and Projected Estate FFB Tonnages

Estate	2008-2009 Actual	2009-2010 Actual	2010-2011 Actual	2011-2012 Actual	2012-2013 Estimate
Flemington	45,190	43,396	41,790	38,048	45,715
Bagan Datoh	109,270	91,298	80,647	72,981	80,666
Sungai Samak	82,783	64,591	59,974	50,724	59,287
Sabak Bernam	40,987	50,104	60,686	55,406	66,520
TOTAL	278,230	249,389	243,097	217,159	252,188

(Note: Data based on Financial year July – June)

* The production from the out growers is excluded from the above tonnage and Certificate of Flemington Palm Oil Mill

The projected figures show an increase compared with actual in 2011-2012 financial years. This increase expected by the operating units considering the age profile and favourable weather experienced. Apart from that the crop forecast through bunch census indicated that there will be some 15% increase in FFB production.

Table 4a: Age Profile of Palms

AGE (years)	Estate and % of Planted Area			
	Flemington	Bagan Datoh	Sungai Samak	Sabak Bernam
25 – 30	-	-	-	-
21 – 25	-	13.20	19.20	0.60
11 – 20	72.80	73.30	18.80	91.10
4 – 10	25.30	5.50	55.10	8.30
0 – 3	1.90	8.00	6.90	-
TOTAL	100.00	100.00	100.00	100.00

Note: Overall 95% of the total 10,456.73 ha in Flemington Certification Unit's supply base are matured. Almost 80% areas from each supply base are at the prime age contributing to the increased production.

Table 4b: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total (ha)
Flemington	1,724.72	34.26	1,759.03
Bagan Datoh	3,361.09	296.17	3,657.26
Sungai Samak	2,535.97	189.11	2,724.08
Sabak Bernam	2,316.36	-	2,316.36
TOTAL	9,938.14	519.54	10,456.73

1.5 Other Certifications Held

Flemington Palm Oil Mill has achieved Initial ISCC certificate on 23rd March 2011. Re-certification was conducted and valid until 23rd March 2013. Certificate number: DE-B-BLE-BM-10-107-70015512

1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
SOU 4 Management Unit (KKS Flemington)
36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA
Contact Person: Mr Fadzil Othman Merican Bin Idris
Senior Manager, Bagan Datoh Estate
Phone: +605-646 6244
Fax: +605-646 6744
Email: fadzil.othman.idris@simedarby.com

1.7 Progress against Time Bound Plan

It is noted that Sime Darby Time Bound Plan is progressed according to the initial plan submitted to BSi and has had all its certification units in Malaysia and Indonesia completed the RSPO initial assessment. There was an update dated March 2012 attached in the Appendix below which shows the latest status. All the 39 certification units in Malaysia and 16 certification units in Indonesia already certified. There are 7 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Sime Darby is also complying with RSPO NPP by complying and posting NPP for the new development in Liberia. Sime Darby keep BSi updated with any issues related to partial certification and at the time of this report, BSi is not aware of any new unresolved land disputes, any replacement of primary forest or loss of HCV, any labour disputes that are not being resolved through an agreed process or any evidence of non compliance with any applicable law at the landholdings.

BSi has reviewed Sime Darby's Time Bound Plan and considers the program to be challenging and implemented across its operation in Malaysia and Indonesia. BSi considers Sime Darby's Time Bound Plan to conform to the RSPO requirements for Partial Certification.

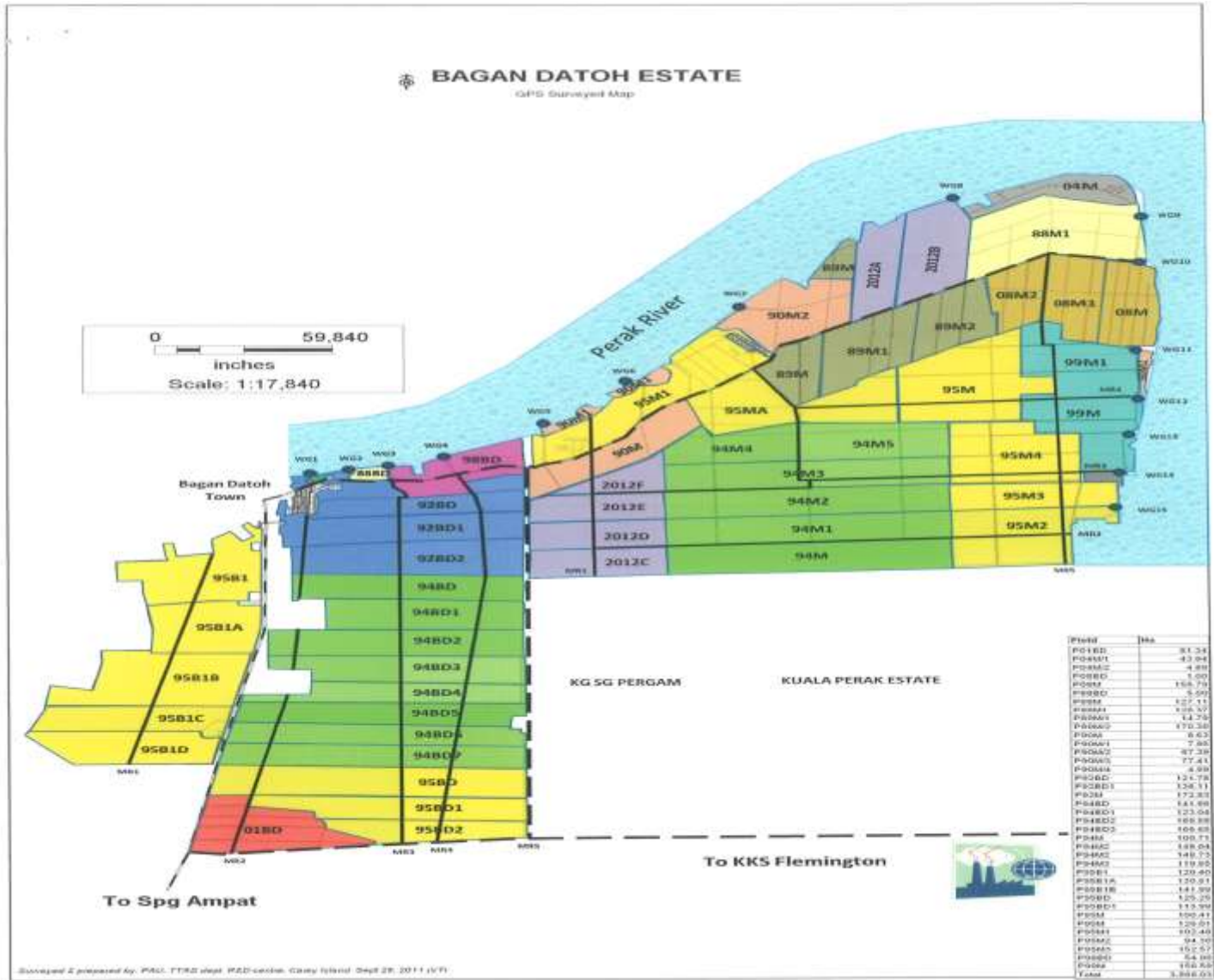
Progress of Associated Smallholders/Outgrowers towards RSPO Compliance

Flemington certification unit does not have any associated smallholders. The existing outgrowers are selling the FFB on ad-hoc basis and not permanent as well. There is no long term contract between the mill and out grower.

Figure 1: Location of Flemington Palm Oil Mill and Supply base in Teluk Intan, Perak, Malaysia.



Figure 2: Bagan Datoh Estate field map



2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSI Group Singapore Pte Ltd
3 Lim Teck Kim Road
#10-02 Genting Centre Building
Singapore 119963

RSPO Scheme Manager: Mr Aryo Gustomo
Phone: +65 6270 0777
Fax: +65 6270 2777
Email: aryo.gustomo@bsigroup.com

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University of Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS and RSPO NPP in Malaysia and Indonesia. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course and International Sustainable Carbon Certification (ISCC) Lead Auditor training. Beside RSPO, he is also qualified as ISCC lead auditor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Isman Bin Yusoff - Assessor

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSi for ISO 9001, ISO 14001 and OHSAS 18001. Isman Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During

this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

Ahmad Hazman Bin Hi Yakof

Ahmad Hazman graduated from University of Alabama, USA with a B. Sc. (Mechanical Engineering) in 1988. He holds a Certificate in Training and Development from Institute of Personnel & Development, United Kingdom. Ahmad Hazman holds Certificate in Safety and Health from National Institute of Occupational Safety and Health (NIOSH) which qualifies him as a Certified Safety and Health Office. Currently he is a Lead Auditor for ISO 9001:2008, ISO 14001 and ISO 17025. He attended internal RSPO training and participated in RSPO audits.

Nabila Seth Nivan

Nabila Seth Bt Mohd Niven is a fulltime employee with BSi Malaysia. She is graduated in Business Administration from University Technology Mara. She attended internal RSPO training in September 2012. Currently she is a ISO 9001:2008 auditor with BSi. She has audited more than 14 companies against the ISO 9001 standard for the past 2 years and recently involved as Social Auditor. During this audit, she assesses the social aspects and gender issues.

2.3 Assessment Methodology, Programme, Site Visits

The Annual Assessment was conducted on 3 – 5 October 2012. Evidence of implementation to closing out the Major nonconformities was accepted on 3 December 2012. The audit programme is included as Appendix C.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The Nonconformities that were assigned and the observations that were identified during the initial assessment were followed up to check the effectiveness of corrective actions and implementation. The ASA1 findings are detailed in **Section 3.1 and 3.2 below**.

This report is structured to provide a summary for each Principle, together with details for selected indicators. The assessment was based on random samples and

therefore nonconformities may exist that have not been identified.

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

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss environmental and social performance.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings.

Employee interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate meetings were held with the local community leader. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix D.

2.5 Date of Next Surveillance Visit

The date of next surveillance visit will be approximately scheduled within 12 months from ASA1.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each Principle, together with details for selected Criteria for the mill and the estates. The results for each selected indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each selected Criterion. A statement is provided for the Indicators to support the finding of the assessment team.

During the ASA1, there were three major nonconformities, four minor nonconformities and seven Observations/Opportunities for improvement were identified. Flemington Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi

audit team. For the Major Nonconformities, evidence of the closing out the Major Nonconformities was assessed, verified and accepted before finalising this report. Minor nonconformities raised during the initial certification were followed up and evidence of closing the nonconformities were checked and verified for closing out the nonconformities. Minor nonconformities raised during the ASA1 will be followed up during the next surveillance. Details are in section 3.2 and 3.3.

BSi recommends continuation of Certification for Flemington Certification Unit as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

The certification unit and supply base has maintained up to date policies, procedures and management plans for provision of information to the public upon request. The company have effective system for receiving and responding to the request of information to the public and has kept the record of request and responses.

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

Mill and estate maintained record of request and replies to the request from external and internal stakeholders such as respond to MPOB who requested for a weekly report of FFB received, CPO dispatched and stock of CPO was given to the requester for the month of August 2012.

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

Inspection of document confirmed that mill and estates keep copy of management documents (land titles/user right, health and safety plan, plan and impact assessment relating to environmental and social impacts, pollution prevention plan, details of complaints and grievances, negotiation procedures and continues improvement plan) and this are publicly available.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records showed the Flemington Mill and its supply base complied with all of their respective permit conditions and legal requirements. This confirmed that the internal audits and checks were effective for monitoring compliance. All the operation units hold a land title and no land dispute issues were sighted.

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

The Mill and Estates have kept an up to date list of legal requirements. Company has owned mechanism to ensure all relevant legal requirements are comply. I.e. document of Mechanism on Tracking of Law Changes which includes list of laws, regulation reference, permit and license to manage. In addition, each operation has a List of Licenses showing the expiry dates. Inspection of a sample of licenses and permits confirmed all valid. i.e. MPOB license valid until 31/5/2013 and DOE permit valid until 30/6/2013.

Observation 1: An observation for improvement was raise. The palm oil mill has "BOMBA" certificate application details and it is waiting for the approval letter. It will be to the benefit of the palm oil mill to ensure the follow up with the "BOMBA"

Observation 2: All estates- Process of transferring the ownership from the previous owner (Golden Hope) to the new owner (Sime Darby) and crop is in process due to the re-structuring of the company. The process is called ROME. The completion of the progress will be checked and followed up during next surveillance assessment.

Review of internal audit reports showed that the Mill and the Estates visited had maintained legal compliance with applicable laws and regulations, in particular for Safety, Social, and Environmental regulations. The latest internal audit was done in August 2012.

However, a Major NC was raised against indicator 2.1.1 during this audit. Local municipal council's regulation on control and supervision of food handler require medical vaccination. This was not available for the food handler at the Flemington mill canteen who is handling food.

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

The Mill and Estates are on Freehold Land. The land is not encumbered by customary rights and the right to use the land is not disputed. Each estate holds land titles. Example, the Flemington Estate holds 33 land titles, initially issued by Perak State Government totalling an area of 1,759 ha.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of a sample of boundary stones at Flemington and Bagan Datoh Estates confirmed they were clearly marked and maintained.

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

The mill and estates are on freehold land. There is no restriction for stakeholders to access through the estates, except in relation to outside FFB trucks need to get a written permission from the operating units to access the internal estate roads. Interview of local community representatives confirmed there is no land

dispute or any claim of customary land within the estates.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Flemington Certification Unit has well developed internal management system for monitoring and improvement of their operations against operation target to achieved long term economic and financial viability. Monthly reports are produced and send to head office for monitoring purpose. In addition Plantation Sustainability Quality Management (PSQM) department conduct inspection toward production related issue and provide technical assistant for the estate including RSPO certification and monitoring of compliance.

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

Mill and estate has annual operating cost and production projected for five years. Mill and estate has prepared 5 Year Business Plan for period covering 2012 - 2016 and reviewed annually. The last review was carried out on March 2012 prior to end of financial year 2011/2012. The plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement.

Bagan Datoh, Sungai Samak and Sabak Bernam estates have replanting programme within 5 years. Replanting is planned for palm older than 25 years old.

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

Flemington Palm Oil Mill and all the supply base estates have implemented management systems for monitoring and control of best practice implementation. This includes a program of regular internal audits, visit by the zone General Manager, Agronomist and Planting Adviser. Visit reports are used as a monitoring tool and improvement made based on the findings and recommendations.

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

Sime Darby has prepared Group Standard Operating Procedures (SOPs) for mills and estate covering all the relevant operations. Inspection to the field and mill confirm that the SOPs are implemented. Assistant Managers and staff monitor the implementation.

Mill adviser and Planting Adviser make annual visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. Latest visit was in September 2012. Issues highlighted were rectified by the estate management. All operating units maintain DOSH and DOE Visit Records as well.

DOSH last visited on 11 June 2012. Last internal RSPO compliance audit was conducted on 13 August 2012. There were no major issues. All identified minor non compliance was addressed by the operating units.

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

Sime Darby Agronomist visits the estates prior to fertilizer recommendation. Result of the leaf, soil sampling and visual observation used as a guidance to prepare the fertilizer recommendation. Recommendation for the financial year 2012/2013 dated 26 March 2012. Research Centre carried monitoring of fertiliser application. Application records are documented in the daily costing book. Sample checked found that for field number OP96F, phosphate was applied as per recommendation with 2.25kg/palm. Record shows the application date, field number, dosage applied per palm, type of fertilizer and number of applicators.

EFB applied to immature palm with rate of 30 -35mt/ha surrounding the palms.

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

Field inspection showed groundcover with soft grass and soft weeds. Recently replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. There are no peat soils or soil categorised as problematic or fragile soil at all estates.

Estate has implemented annual road maintenance programme. During audit, ongoing road maintenance was carried out with road grader. Road inspected are generally in a good condition and well maintained.

Observation 3: Flemington Estate- Road maintenance programme available. Progress work and detail of the work should be clearly documented in the progress report.

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

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

Research Centre carried out water analysis in the river (upstream, midstream, and downstream) with the last sampling was on 30 June 2012, result number 1E 912/2012 shows all parameter are within the standard i.e. BOD is 100mg/L.

Observation 4: During mill visit, it was noted that there are two monsoon drain outlet. There is a sampling point. There should be a clear indicator/signage at the point where sampling is carried out.

Flemington mill has maintained monitoring on water usage which recorded every day and summarised on monthly basis. Water consumption varies from 1.20 M³ – 1.30 M³ per tonne FFB processed.

Observation 5: Flemington Estate (Teluk Buluh Div.): During the visit to the division it was noted that the water storage tank is overflowing and causing water wastage. Monitoring of the tanks can benefit the operating unit to save and conserve water.

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

The estates have implemented biological method of controlling pest in the plantation through IPM such introduction of barn owl 1/20 ha to control rat damage. Recent census in Bagan Datoh Estate was held on 12 September 2012 indicate about 81.78% of occupancy.

All estates planted beneficial plants such as *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest. Major pest is bagworm and estate conduct census prior to justify any chemical treatment and obtain approval from Agriculture Department for any purchase of pesticide. Last treatment was on May 2012. Approval letter from Agriculture Department dated April 2012 No. PK/METHA (GL)/12/040. Treatment record shows that methamidophos was used with records of field number, quantity, number of applicator, number of hours worked within 4 hours limit.

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.

Purchasing of agrochemical controlled from head office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Latest register updated on 28 May 2012 to ensure compliance.

It is noted that Methamidophos is used when there is a bagworm incident. Estates conduct census prior to justify chemical treatment. Approval from Agriculture Department is obtained for any purchase of Methamidophos. Last treatment was on May 2012 with Methamidophos. Approval letter from Agriculture Department dated April 2012 No. PK/METHA (GL)/12/040. No paraquat use since March 2004.

Medical surveillance carried out once a year for all operators as per CHRA. The last medical surveillance was done on 26 June 2012 and the result shows all confirmed fit for work. Next medical surveillance is due in June 2013.

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

Sime Darby's OHS Policy signed by the top management provides guidance for all OSH related matters. This policy communicated to all employees onsite during safety meeting and morning briefing.

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Last review was done on March 2012. Mill and estate have individual training program to address all the safety requirement and work procedures. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained.

However, a Major NC was raised against indicator 4.7.1 during this audit because it was found that there is no permit to work for confine space entry for entry to Clarification Tank No.1 (26/7/11) , 2(5/9/11) and 3 (27/11/11). There is no competent person as gas tester for confine space (Tank) entry as an approved entry supervisor as required by DOSH. This is also required by the mill OSH Manual "Perkara 22.1" for confine space entry.

Observation during the mill visit and estates field visit reveal that good awareness of safety is practiced. All operating units supply appropriate PPE that suits individual work requirement. It is also noted that PPE use is implemented and monitored.

The Assistant Manager is the person responsible for any OSH issues and he communicates and updates the managers accordingly. OSH meetings are conducted quarterly. Meeting minutes dated 26 June 2012 was checked and found that there are no any pending issues. Meeting was attended by representative from all categories of workers.

The mill has emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training was conducted to communicate the plan. The OSH training include fire fighting training by Fire Department, first aid training by St. John Ambulance (3-4 August 2012), internal safe driving training etc.

Observation 6: At the mill, it was noted that there is an emergency exit door at the chemical store. It will be to the benefit of the store staff to have an alternate exit door as well during emergency.

Inspection reveals that first aid kits are available at work site and first aiders are train to handle any emergency

situations. Accident reports are sent to DOSH as per requirement. Accident records are documented if there are any accidents. There is no fatal accident but minor common injuries are noted. Accident record of a minor injury dated 2 May 2012 was checked. Local workers and foreign workers are covered by accident insurance.

However, a Major NC was raised against indicator 4.7.3 during this audit because during the audit the latest valid insurance coverage policy for foreign workers was not available. The previous policy was expired in June 2012. The audit team was told that the copy of the policy is at the head office.

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

The Mill and Estates have annual training program based on a training need analysis carried out at the operating unit level for each work-station and work area. The program includes the frequency of training/retraining on an annual basis. Training includes formal courses conducted using external resources and "on-the job" instruction and briefing. For example, the first aid training was conducted in July at estate level and in August at SOU level, Chemical handling on July 2012, FFB transport contractor training on February 2012, Tractor driver training on June 2012 etc.

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

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

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

The Flemington mill and all estates carry out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans with latest reviewed on August 2012. A list of Actions for Improvement of environmental performance has been revised for each of the significant impacts. The review includes reduction of waste by initiating awareness on recycling waste such EFB, Fiber and shell in the mill. At the estates, during replanting palms are felled, chipped and kept on the same area as an organic fertilizer. Replanting areas are established with cover crop to mitigate any environmental impacts such as erosion of top soil.

However, a minor nonconformity was raised against indicator 5.1.2. There is an oil trap at the vehicle washing bay at Flemington estate. It was blocked with pile of soil. However there is potential of overflow to the drain

nearby. There is a plan and budget to build the oil trap. However it is not implemented yet. This was raised during RSPO internal audit on 14/8/2012 and internal chemical management audit on 26/6/2012.

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.

Prior to the initial assessment, the HCV assessment was conducted internally to identify possible presence of HCVs within and adjacent to the estates.

Although there is no HCV present within the landholding, conservation area such as riparian area and social conservation area such as worshipping areas are maintained, monitored and managed as per requirement. Signboards are erected to create awareness prohibiting illegal hunting and fishing.

Enhancement of the river buffer zones are carried out by planting jungle trees. Planting of jungle trees has been commenced to increase the biodiversity of tree species. Habitat protection includes prevention of disturbance by workers through awareness campaigns and regular patrols of the area. Inspection of housing areas and interview of residents confirmed workers are aware of the company policy that prohibits illegal hunting.

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

The mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan which was reviewed in August 2012.

Domestic waste is collected twice a week and disposed through licensed contractor at the local municipal council's landfill.

However, a minor nonconformity was raised against indicator 5.3.2. At Flemington estate and mill, it was noted that domestic waste was disposed at various places within the housing site. The drainage system was clogged causing bad smell, stagnant water and domestic waste was disposed into the drain and empty chemical drum are found at the housing. Used filter was disposed at the scrap iron collection area outside the schedule waste store. At the mill schedule waste store was without any bunding and oil trap.

The company has continued managing scheduled waste stores at the mill and each of the estates. Schedule waste is disposed through licensed collectors (License number TWG/SBT/99-2) dated 1 October 2012. Medical wastes, such as sharps, are collected by the visiting medical officer on monthly basis and records are

maintained. Subsequently it is disposed through Pantai Medivest by the visiting medical officer.

Operational waste such as EFB, Fiber, Shell and effluent is recycled. POME and EFB applied in the field is monitored and well managed with furrow system for POME.

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

Flemington mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. The energy usage varies from 18 – 24 kWh per tonne FFB processed depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing.

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

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

Inspection at mill and estates confirm that zero burning policy is communicated and implemented.

However, a Minor nonconformity was raised against indicator 5.5.3. During the field visit to the Flemington estates' Teluk Buluh division's workers housing site it was found that the domestic waste is burned at the rear site of the houses.

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

The Flemington mill and all estates Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan, reviewed for the financial year 2012/2013. Inspection confirmed the Mill and Estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon drains.

Smoke emission quality test at the mill was done every 6 month in accordance to the Environmental Quality Regulation. The test was conducted by the external consultant approved by Department of Environment. The latest test result shows that all parameters were complied with the standard requirements.

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

All the operating units maintain good relationship with internal and external stakeholders such as employees, contractors, surrounding communities and regulatory bodies. Improvement on social obligation includes improvement of the housing and facilities for the employees and contribution to the surrounding community development such as road maintenance.

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

The initial Social Impact Assessment was prepared prior to the initial assessment was reviewed on annual basis by taking into consideration the feedback from stakeholders. Last review was conducted on 13 August 2012 and social action plan is developed based on feedback received from external and internal stakeholders. The stakeholders include employees, contractors, suppliers, labour union representatives; staff union representative, neighbouring estates representatives, as well as local village. Record of meeting with attendance list and minute of meeting are available as attachment.

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.

All the operating units engage in communication with local communities and interested parties. The communication procedure is as per Sime Darby's group communication policy which shows flow chart of the communication procedure. This was confirmed during interview with the local community representative and village head.

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

Updated stakeholder list is maintained with information on contact details and name of the representative. Communication is recorded as part of the stakeholder communication document.

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

Grievance procedure developed and communicated to all stakeholders during meetings. Complaint and grievances have been recorded in complaint book. Inspection of the records indicated that the systems to resolve all disputes are in a timely manner. Complaints on housing defects are attended by the same day or the

complainant is informed on the status of the issue by next day. There are also cases where complaints were raised verbally to the staff and executives although workers are encouraged to record in the book. Even verbal grievances are attended promptly. This was confirmed by the workers and staff interviewed.

During this audit there were no any pending disputes noted. This was confirmed by internal and external stakeholders interviewed.

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

There is no issue related to compensation for loss of legal or customary rights noted during this assessment. All the land was initially from the state government. However, stakeholders have access to any negotiations of there in any disputes.

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

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

Interview with the workers at the Flemington mill and supply base estates confirm they understand the term of employment contract including pay rate, fringe benefits, annual leave, sick leave, public holiday etc.

Mill and estate provide adequate housing to their employees and meets the government standard. At Bagan Datoh estate new housing to replace old housing was completed and received certificate of fitness from the government authority. It is now occupied.

However, a Minor nonconformity was raised against indicator 6.5.3. Operating units provided housing to staff and workers as per requirement. However, the housing area at the Flemington mill and estate is not adequately maintained. Sanitation issue was raised by stakeholders and workers during consultation. During the visit to the housing site confirm that the drainage system is not regularly cleaned causing domestic waste blocked water flow. This possibly can become a breeding ground for mosquito in the long term as highlighted by the stakeholders. Domestic waste is not managed adequately causing mini dumping ground at various places within the housing site.

Beside the housing, the company is also provide other facilities such as worshipping places, crèche, clinics, sports facilities and community hall. All the houses are provided with water and electricity supply.

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.

At operating unit's union meeting held with NUPW when required. Last meeting was held on 12 September 2012. Issues related to work was discussed and it was confirmed by the union secretary that there is no any unresolved labour issue. Sometime NUPW representative at site meet with executives and manager to discuss verbally if there is any urgent issues to highlight to the management.

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

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

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

An equal opportunity policy is displayed at notice board at the mill and estates. This was communicated with all employees. Interview of male and female workers confirmed understanding and awareness of the policy. Pay record and interview with employees confirm that there is no any kind of discrimination.

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

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

The company has developed specific grievance mechanism on sexual harassment and violence. Female

workers interview confirmed understanding of the mechanism and no issue was raised during the audit.

The last gender committee meeting was held on 6 July 2012 whereby representative from NGO Tenaganita gave awareness briefing. The meeting minutes shows that no any kind of harassment issue was raised in the meeting. The meeting follows the guidelines as per the Gender Committee Manual.

Observation 7: All operating units: Gender Committee meeting was carried out by operating units. Meeting frequency and interval for Gender Committee should be communicated to the person in charge as per Sime Darby Gender Committee Manual.

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

Flemington mill process FFB from company owned estates and FFB purchased from two independent suppliers with short term agreement. These suppliers are free to sell to any mills of their choice. No FFB supply from smallholders.

FFB pricing is based on MPOB pricing. Interview confirmed that contractors/suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Prompt payment is made as per contract agreement. No issues were highlighted by the contractors interviewed. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment.

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

The estate has provided access to registered smallholders and surrounding community to pass through estate road. Company contribute donation to local schools, village and for sports activities at surrounding community area whenever there is a request and approved by the head office.

Principle 7: Responsible Development of New Plantings

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

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

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

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

Pesticide use is limited to use only when there is outbreak and justified with census prior to application. IPM is continuously implemented as part of efforts to reduce pesticide usage. Paraquat is completely eliminated. Recycling awareness is progressively implemented and evidence of recycling was noted during the assessment.

3.2 Detailed Identified Nonconformities, Evidence of closing out Major Nonconformities and Auditor Conclusions

There were three Major nonconformities and four minor nonconformities were identified during this assessment. Corrective action plans with respect to three major nonconformities raised during the ASA1 have been reviewed and found to be effectively implemented and the NC was closed within the 60 days on 3 December 2012. There were also four minor nonconformities and seven observations for improvement was raised. The management submitted corrective action plans for all the nonconformities. The Audit Team has reviewed and accepted the Corrective Action Plan. Implementation of corrective actions and closing out the minor nonconformities will be followed up during the next Surveillance Assessment.

The details of the nonconformities are listed below.

Major Nonconformity

There were three Major nonconformity was raised during the ASA1. Corrective Actions and closing out evidence for the major nonconformity identified during the ASA1 has been effectively implemented and the nonconformity is closed. The detail as follows:

A790500/1: Major nonconformity against indicator

2.1.1 Evidence of compliance to legal requirement. Local municipal council's regulation on control and supervision of food handler require medical vaccination. This was not available for the food handler at the Flemington mill canteen who is handling food.

The canteen operator was immediately received the required vaccination treatment from the Teluk Intan Hospital and evidence was submitted to the audit team. The vaccination was received in November 2012. The Major NC has now been closed on 3 December 2012.

A790500/2: Major nonconformity against indicator

4.7.1 Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967 (Act 139). It

was found that there is no permit to work for confine space entry for entry to Clarification Tank No.1 (26/7/11) , 2(5/9/11) and 3 (27/11/11). There is no competent person as gas tester for confine space (Tank) entry as an approved entry supervisor as required by DOSH. This is also required by the mill OSH Manual "Perkara 22.1" for confine space entry.

The mill management analyzed the root cause and took positive action by conducting HIRARC and implemented the permit to work procedure as per their OSH Manual section 22.1 which require permit to work before entering confine space. Evidence of implementation on November 2012 was submitted to the audit team and verified and accepted. The Major NC has now been closed on 3 December 2012.

A790500/3: Major nonconformity against indicator

4.7.3 Workers should be covered by accident insurance. During the audit the latest valid insurance coverage policy for foreign workers was not available. The previous policy was expired in June 2012. The audit team was told that the copy of the policy is at the head office.

The operating units took immediate action to contact the head office on this finding. Valid insurance policy with number FW 035835 and FW 035624) was submitted to the audit team. The coverage is valid until 30 June 2013. It was renewed back in July 2012 and printed on 10 July 2012 at the head office but was not sent to the operating units. Now the operating units has identified the root course of this NC as no follow up by the operating units and appointed the administration clerk as the person in charge. The implementation was further verified by the audit team on 30 November 2012 by interviewing the person in charge and found that it is implemented. With this evidence the Major NC was closed on 3 December 2012.

Minor Nonconformities

Four nonconformities were assigned against Minor Compliance Indicators. The management at Flemington Certification Unit operations has prepared corrective action plan for addressing the non conformities which BSi has reviewed and accepted. Progress towards closing out and the action taken will be followed up at the subsequent surveillance assessment.

The details of these nonconformities are as follows:

A790500/4: (5.1.2 Environmental improvement plan to mitigate the negative impacts and promote the positive ones is developed, implemented and monitored).

There is an oil trap at the vehicle washing bay at Flemington estate. It was blocked with pile of soil. However there is potential of overflow to the drain nearby. There is a plan and budget to build the oil trap. However it is not implemented yet. This was raised during RSPO internal audit on 14/8/2012 and internal chemical management audit on 26/6/2012.

A790500/5: (5.3.2 Having identified wastes and pollutants, an operational plan should be developed

and implemented, to avoid or reduce pollution). At Flemington estate and mill, it was noted that domestic waste was disposed at various places within the housing site. The drainage system was clogged causing bad smell, stagnant water and domestic waste was disposed into the drain and empty chemical drum are found at the housing. Used filter was disposed at the scrap iron collection area outside the schedule waste store. At the mill schedule waste store was without any bunding and oil trap.

A790500/6: (5.5.3 No evidence of burning waste (including domestic waste) Minor nonconformity was raised against indicator 5.5.3. During the field visit to the Flemington estates' Teluk Buluh division's workers housing site it was found that the domestic waste is burned at the rear site of the houses.

A790500/7: (6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Operating units provided housing to staff and workers as per requirement. However, the housing area at the Flemington mill and estate is not adequately maintained. Sanitation issue was raised by stakeholders and workers during consultation. During the visit to the housing site confirm that the drainage system is not regularly cleaned causing domestic waste blocked water flow. This possibly can become a breeding ground for mosquito in the long term as highlighted by the stakeholders. Domestic waste is not managed adequately causing mini dumping ground at various places within the housing site.

Observation/Opportunity for improvement

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

Observation 1 (2.1.1): An observation for improvement was raise. The palm oil mill has "BOMBA" certificate application details and it is waiting for the approval letter. It will be to the benefit of the palm oil mill to ensure the follow up with the "BOMBA"

Observation 2 (2.1.1): All estates- Process of transferring the ownership from the previous owner (Golden Hope) to the new owner (Sime Darby) and crop is in process due to the re-structuring of the company. The process is called ROME. The completion of the progress will be checked and followed up during next surveillance assessment.

Observation 3 (4.3.3): Flemington Estate- Road maintenance programme available. Progress work and detail of the work should be clearly documented in the progress report.

Observation 4 (4.4.3): During mill visit, it was noted that there are two monsoon drain outlet. There is a sampling

point. There should be a clear indicator/signage at the point where sampling is carried out.

Observation 5 (4.4.7): Flemington Estate (Teluk Buluh Div.): During the visit to the division it was noted that the water storage tank is overflowing and causing water wastage. Monitoring of the tanks can benefit the operating unit to save and conserve water.

Observation 6 (4.7.1): At the mill, it was noted that there is an emergency exit door at the chemical store. It will be to the benefit of the store staff to have an alternate exit door as well during emergency.

Observation 7 (6.9.1): All operating units: Gender Committee meeting was carried out by operating units. Meeting frequency and interval for Gender Committee should be communicated to the person in charge as per Sime Darby Gender Committee Manual.

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

Based on the initial assessment report and communication with the previous certification body, it was noted that there are no any major nonconformities or any major issues outstanding.

There were two minor nonconformities identified during the initial assessment for the Flemington Certification Unit. Corrective Actions and implementation for the minor nonconformity identified during the initial assessment was effectively and consistently implemented and the nonconformity remains closed. The details of the nonconformity and evidence of closing out the nonconformity is listed below.

NC reference number 05/2009: Minor nonconformity against indicator 5.6.2 relating to the reduction of pollution. Plans are reviewed annually. *On a number of estates, diesel tank bunds were noted to be in-adequate. Containment wall is too small and cracked. No valves on drain pipes. Valves not locked to ensure they remain closed until any draining work.*

ASA1 Findings: During this annual assessment, it was noted that the operating units sampled implemented the corrective action plans effectively. Diesel tanks bunds are build following the DOSH and "BOMBA" requirements. It is in adequate size to mitigate any spillage. No cracks were found. Valves are locked. With this evidence of implementation the audit team satisfy that the NC is addressed effectively and closed.

NC reference number 06/2009: Minor nonconformity against indicator 6.3.2 the grievances system resolves disputes in an effective, timely and appropriate manner. During stakeholder consultation it was revealed that requests for improvements from the schools in particular are not being followed up in an expedient way. It appears that when advice is sought from HQ by the company at an estate level, then the request is in danger of being delayed for an unacceptable length of time.

ASA1 findings: The estate schools were visited during ASA 1. Consultation with the head master and teacher reveal that request is handled promptly and the company takes all the efforts to assist. The teacher is also aware about the grievances procedures and highlighted that since the introduction and implementation of RSPO, issues highlighted are immediately responded and action taken. There was no any new issues were highlighted neither by the teacher or other stakeholders. With this evidence of implementation the audit team satisfy that the NC is addressed effectively and closed.

OBS 01 (4.5.1): *On many estates there appears to be a lack of beneficial plants. Whilst monitoring records show endemic bagworm levels, more open ground in re-planting sites should be considered and consideration given to the optimum quantity and location of beneficial plants. Consideration could be given to planting in existing open spaces as appropriate to do so.*

ASA1 findings: All the estates developed a program for planting of beneficial plants such as *Cassia coganensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest. Replanting areas are established with cover crop to avoid bare grounds. Estate established small nurseries For the beneficial plants and subsequently planted in the field.

OBS 02 (6.5.3): *At some line sites it was noted that water supplies are limited due to supply restrictions. However plans are in place and budgeted, to replace with government supply in 2009/2010. Also noted that maintenance plans are in place for improvement to wiring and general maintenance*

ASA1 findings: Water supply is now from government and there is no any issue related to water supply was highlighted by employees and stakeholders interviewed. General maintenance is carried out regularly and whenever any defects are reported. Records of maintenance carried out are documented.

OBS 03 (6.5.3): *At some line sites it was noted that extensions have been added to houses where the number of rooms is inadequate for the size of the family. It is noted that further improvement plans are in place and approved by the labour office and that some families are being provided with two houses as one with 4 rooms.*

ASA1 findings: There were no any issues related to housing found during this assessment. New housing was completed and employees already moved in. There is also budget available for continuous improvement of the housing.

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

During this ASA1, the majority of stakeholders had positive comments about Flemington Certification Unit. Issues raised by stakeholders were discussed with the management and the company’s response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

Contractors: Payment is made promptly and no any disputes.

Local workers: Stray dogs roaming around the estate housing was highlighted. Company aware of this and takes all the initiative to inform the local council to catch the stray dogs. However, it is beyond the control of the local council and the management because the stray dogs are coming from nearby township and runs away during the campaign to catch them.

Foreign workers: No disputes or grievances highlighted.

Head of the village and village representative: Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted.

Union representative: No any unresolved disputes were highlighted.

4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit (ASA 2)

The next surveillance visit will be scheduled within twelve months of this ASA1.

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

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

Signed for on behalf of
Sime Darby Plantation Sdn Bhd – SOU 4 Flemington Certification Unit



.....
Mr. Fadzil Othman Merican bin Idris
SOU 4 - Flemington Certification Unit
Date: 03/12/2012

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Senniah Appalasamy
BSI RSPO Lead Auditor
Date: 03/12/2012

Appendix A: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Time bound for certification	Status during ASA01
Certified	39 operating units	16 operating units	55 operating units	All SOUs in Malaysia certified.
RSPO EB Review	0	7 operating units	7 operating units	Ongoing peer review.
Total	39 operating units	23 operating units	62 operating units	-

Note: Status as of December 2012

Note: All the operating units have been audited as per time bound plan. There were several claims made by NGOs against the Sime Darby Plantation operation. Sime Darby has responded to all the queries respectively and kept BSI updated.

Appendix B: Sime Darby Plantation Sdn Bhd – SOU 4 Flemington Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.
SOU 4 Management Unit (KKS Flemington)
36369 Sungai Sumun, Teluk Intan,
Perak, MALAYSIA

BSI RSPO Certificate No: SPO 590802
(Previous CB Certificate No: C819144CU-RSPO-01.2011)

Date of Initial Certificate Issued: 5 October 2011

Date of Expiry: 4 October 2016

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

Flemington Palm Oil Mill and Supply Base	
Location	Teluk Intan, Perak, Malaysia.
Address	SOU 4 Management Unit (KKS Flemington), 36369 Sungai Sumun, Teluk Intan, Perak, MALAYSIA
GPS	Longitude: 100° 51' 26" E Latitude: 3° 55' 41" N
CPO Tonnage Total Production (Certified)	52,127
PK Tonnage Total Production(Certified)	13,795
Company Estate FFB Tonnage (Certified)	252,188
Estates FFB Tonnage (Certified)	Flemington Estate : 45,715
	Bagan Datoh Estate : 80,666
	Sungai Samak Estate : 59,287
	Sabak Bernam Estate : 66,520

Appendix C: 1st Annual Surveillance Assessment Program

Team: SA: Senniah Appalasy; MS: Miss Nabila; AH: Ahmad Hazman; IY: Isman Yusoff

Date	Time	Subjects	SA	MN	AH	IY
2/10/2012 Tuesday	PM	Audit Team travelling to Location .	√	√	√	√
3/10/2012 Wednesday	08.30 – 09.00	Opening Meeting Introduction Presentation by the estate and mill managers on operational activities and supply chain related to the FFB supplied to the mill. Presentation by Audit Team Leader and confirmation on the assessment scope. Finalize Audit schedule.	√	√	√	√
	08.30 – 12.00	Flemington Mill inspection – FFB collection ramp, warehouse, workshop, waste and effluent management, POME land application, Landfill, safety and environment aspects, Interview with mill workers etc.	-	-	√	√
	08.30 – 12.00	Stakeholders' consultation: village head, surrounding community, school teacher, Workers Union Representative, Contractor, Supplier, NGOs.	√	√	-	-
	12.00 – 13.00	Lunch.	√	√	√	√
	13.00 – 12.00	Document review at the Flemington Mill (General Documentation e.g. Legal, Manual and Procedure, training, HCV and SEIA documents, Health and Safety, supply chain documents etc)	-	-	√	√
	13.00 – 17.30	Mill Facility and Infrastructure Inspection: housing, clinic, kindergarten, crèche, recreational facilities, interview with residents.	√	√	-	-
4/10/2012 Thursday	08.30 – 12.00	Flemington Estate – Inspections e.g. Office, worker housing, Clinic, Landfill, Chemical store and mixing area, Fertiliser store, field operation, boundary inspection, buffer zone and HCV, etc	√	√	-	-
	08.30 – 12.00	Flemington Estate documents audit.	-	-	√	√
	12.00 – 13.00	Lunch	√	√	√	√
	13.00 – 17.30	Flemington Estates document audit - Continue	√	√	√	√
	Evening	Auditor meeting.	√	√	√	√
5/10/2012 Friday	08.30 – 12.00	Bagan Datoh Estate – Inspections e.g. Office, worker housing, Clinic, Landfill, Chemical store and mixing area, Fertiliser store, field operation, boundary inspection, buffer zone and HCV, etc	-		√	√
	08.30 – 12.00	Bagan Datoh Estate Document Audit.	√	√	-	-
	12.00 – 13.00	Lunch	√	√	√	√
	13.00 – 16.30	Continue document audit at Bagan Datoh Estate .	√	√	√	√
	16.30 – 17.30	Closing meeting.	√	√	√	√
3/12/2012 Monday	-	Acceptance of evidence of implementation for closing out the Major nonconformities.	√	-	-	√

Appendix D: List of Stakeholders Contacted

<p><i>Internal Stakeholders</i></p> <p>Flemington Certification Unit Management team and Staff Representatives from Sustainability Department On site compliance executives Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Hospital Assistant Male and Female workers Workers Union Representatives Onsite NUPW secretary AMESU Representative</p>	<p><i>Local Communities</i></p> <p>Simpang Ampat Village Representative Parit Sebelas Village Representative</p>
<p><i>Government Departments</i></p> <p>District Labour Office District Agriculture Office District MPOB Office</p>	<p><i>Contractors</i></p> <p>Housing contractor FFB Supplier FFB Transport contractor</p>

Appendix E: Flemington Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Flemington palm oil mill have written documented procedures for the chain of custody with MB model covering certified and non certified FFB. The mill manager has the responsibility to ensure implementation. The MB model used because there are FFB purchased from two outside suppliers.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Flemington mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
E.3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. No PKO and Palm kernel meal at these sites. PK is sold to Sime Darby's subsidiary kernel crushing plant.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents as RSPO CPO/MB.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There are no sales through UTZ and GreenPalm. However the mill is ready to carry out sales of certified palm products. Existing system is ready to cater for future sustainable palm product sales. Sample of existing sales documents were checked and found that:
(a) The name and address of the buyer	Name and address of buyer written on the invoice.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references.
E.5. Training	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training.
E.6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.