



...making excellence a habit.

**PUBLIC SUMMARY REPORT**  
**ANNUAL SURVEILLANCE ASSESSMENT (ASA2)**

**SIME DARBY PLANTATION Sdn Bhd**  
**Management Unit SOU19a**  
**Yong Peng, Johor, Malaysia**

*Report Author*

**Charlie Ross – Revised September 2012**

Tel: +61 417609026

**TABLE of CONTENTS****Page N°**

<b>SUMMARY .....</b>	<b>1</b>
<b>ABBREVIATIONS USED .....</b>	<b>1</b>
<b>1.0 SCOPE OF SURVEILLANCE ASSESSMENT .....</b>	<b>1-4</b>
1.1 Identity of Certification Unit .....	1
1.2 Production Volume .....	1
1.3 Certification Details .....	1
1.4 Description of Supply Base .....	1
1.5 Progress against Time Bound Plan .....	4
1.6 Progress of Associated Smallholders/Outgrowers towards RSPO Compliance .....	4
1.7 Organisational Information/Contact Person .....	4
<b>2.0 ASSESSMENT PROCESS.....</b>	<b>4-5</b>
2.1 Assessment Team Members .....	4
2.2 Assessment Programme.....	5
2.3 Stakeholder Consultation .....	5
<b>3.0 ASSESSMENT FINDINGS .....</b>	<b>5-13</b>
3.1 Summary of Findings.....	5
3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA2) .....	11
3.3 Status of Nonconformities (Major and Minor) Previously Identified (during Initial Certification Assessment) .....	12
3.4 Issues Raised by Stakeholders .....	13
<b>4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY.....</b>	<b>13-14</b>
4.1 Date of next Surveillance Visit.....	13
4.2 Date of Closing Nonconformities (Major and Minor).....	14
4.3 Sign-off of Surveillance Assessment Findings .....	14

**LIST of TABLES**

1	Mill GPS Location .....	1
2	Production Tonnages.....	1
3	FFB Tonnages Processed .....	1
4a	Age Profile of SOU19a Palms.....	4
4b	SOU19a Estate and Areas Planted.....	4
5	Status of Nonconformities.....	14

**LIST of FIGURES**

1	SOU19a Location Map .....	2
2	Yong Peng Estate Layout .....	3
3	BOD (mg/L) of Treated Mill Effluent July 2011 – June 2012.....	6
4	Average Annual FFB Yield (t/ha/yr) 2006 – 2012 .....	6
5	Average Annual OER (%) 2006 – 2012 .....	7
6	Annual Mill Water Usage (t/t FFB) 2006 – 2012.....	7
7	Mill Energy Usage (kWh/t CPO) 2006 – 2012 .....	9

**LIST of APPENDICES**

A	Supply Chain Assessment
B	Sime Darby Time Bound Plan
C	ASA2 Programme
D	List of Stakeholders Contacted

## SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the Annual Surveillance Assessment (ASA2) of Sime Darby Plantation Sdn Bhd Strategic Operating Unit SOU19a (SOU19a) comprising Yong Peng Mill, supply base, support services and infrastructure. BSi concludes that SOU19a operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2010; and RSPO Supply Chain Certification Standard : November 2011 (Mass Balance Mechanism). BSi recommends the continuation of the approval of SOU19a as a producer of RSPO Certified Sustainable Palm Oil.

## ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
LTI	Lost Time Injury
MAPA	Malayan Agricultural Producers Association
MPOA	Malaysian Plantation Owners Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
R&D	Research and Development
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

## 1.0 SCOPE OF SURVEILLANCE ASSESSMENT

### 1.1 Identity of Certification Unit

SOU19a consists of the Yong Peng Mill and Yong Peng Estate that are located in Johor, Malaysia (Figure 1). An additional map showing detail of Yong Peng Estate is included (Figure 2). The GPS location of the Mill is shown in Table 1.

**Table 1: Mill GPS Location**

MILL	EASTING	NORTHING
Yong Peng (20t/hr capacity)	103°08'54.22" E	2°03'31.71" N

### 1.2 Production Volume

The production tonnages for CPO and PK for the estimate at Initial Certification and the 12 months previous to ASA2, 01 July 2011 through to the 30 June

2012 and projected for the next twelve months are listed in Table 2. The tonnage of FFB from Yong Peng Estate is projected to decrease due to replanting and the mill utilisation will fall below 50%. The Yong Peng Mill is expected to close in December 2012 and the crop from the estate will be processed at an adjacent Sime Darby mill.

**Table 2: Production Tonnages**

Yong Peng Palm Oil Mill	CPO	PK
Estimate at Certification	13,179**	3,457**
ASA1 Actual 20/10/10 – 19/10/11	12,470**	3,267**
ASA2 Actual 01/07/11 – 30/06/12	14,458* 12,807**	3,570* 3,167**
ASA2 Projected 01/07/12 – 30/06/13	9,399* 7,319**	2,376* 1,876**

\* Includes Outside Suppliers tonnages

\*\* = Certified Production

### 1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)  
BSi RSPO Certificate No: SPO 550182  
Initial Certification Assessment: 30 June to 02 July 2009  
Date of Certification: 20 October 2010

### 1.4 Description of Supply Base

The FFB processed at Yong Peng Mill during 2011/12 was sourced from Yong Peng Estate (78.1%), adjacent Certified Sime Darby Estates (10.3%) and 3 FFB Traders (11.6%). The FFB production is listed in Table 3.

**Table 3: FFB Tonnages Processed**

Source	Estimate at Initial Certification	Actual 01/07/11 – 30/06/12	Projected 01/07/12 – 30/06/13
<b>SOU19a</b>			
Yong Peng	54,849	52,714	34,108
<b>Adjacent Sime Darby Estates</b>			
Chaah	↕	1,272	-
Lanadron		53	-
North Labis		1,107	-
Pengkalan Bukit		4,193	-
Senarut		43	-
Sg Simpang Kiri		120	-
Welch		182	-
<b>Sub-total</b>	<b>8,261</b>	<b>6,970</b>	-
<b>FFB Traders*</b>			
Bon Hon Trading	30,698	199	↕
Euro Oil Sdn Bhd	-	7,393	
Sern Lee Enterprise	-	224	
<b>Sub-total</b>	<b>30,698</b>	<b>7,816</b>	
<b>Overall Total</b>	<b>93,808</b>	<b>67,500</b>	<b>44,108</b>

\* The production from the FFB Traders is excluded from the Certificate for SOU19a



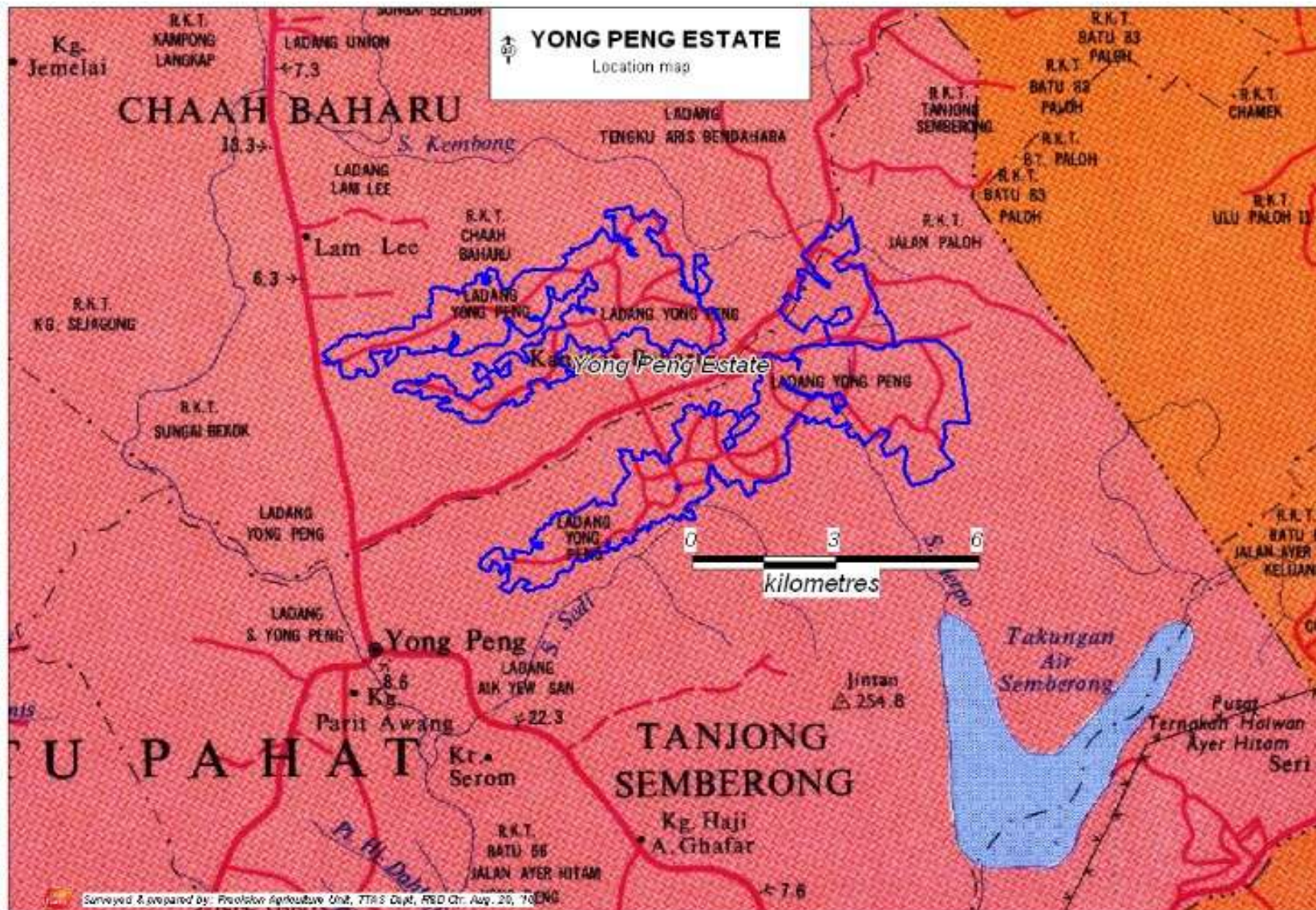


Figure 1: SOU19a Location Map



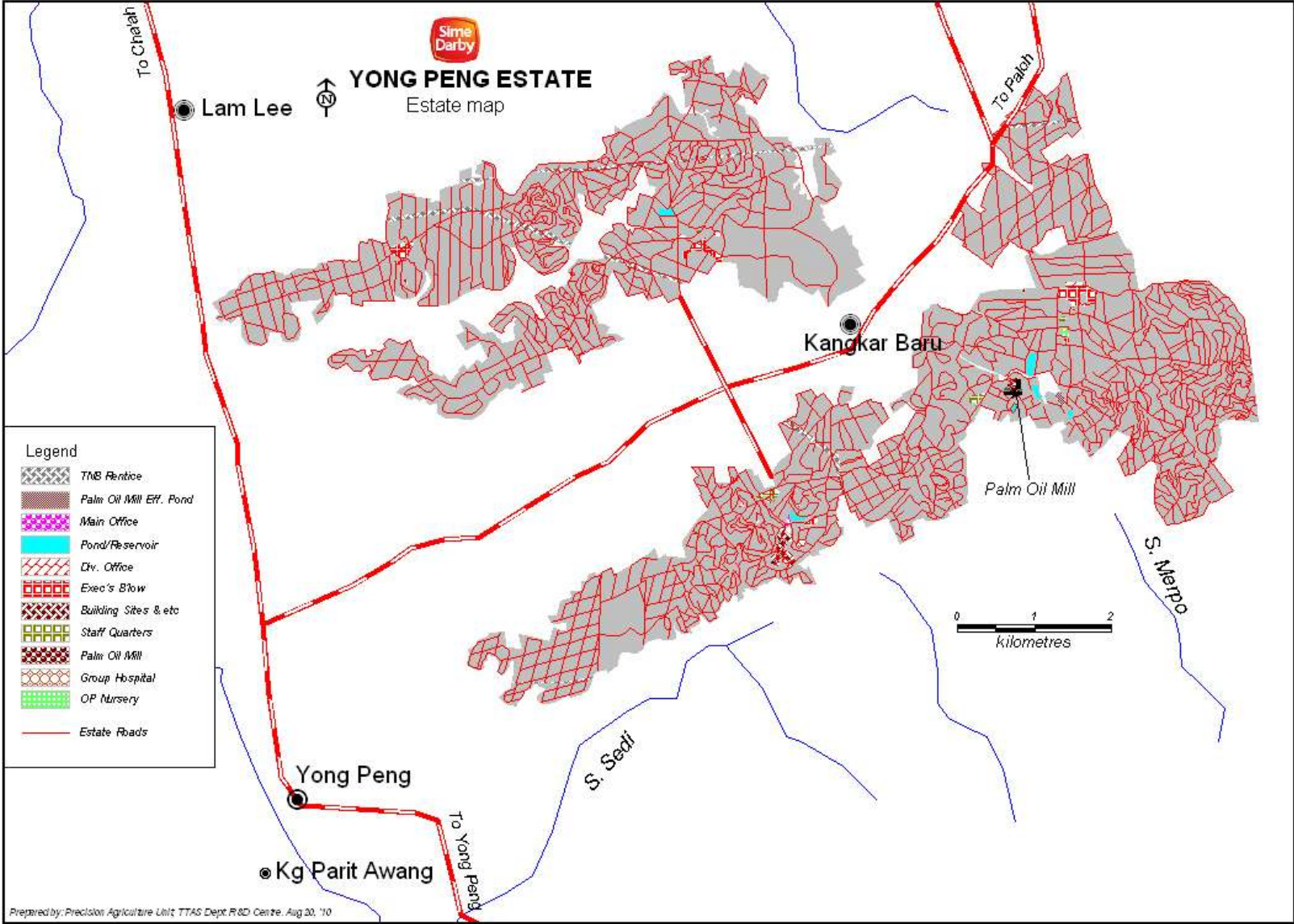


Figure 2: Yong Peng Estate Layout



## 2.2 Assessment Programme

The ASA2 was carried out 13–14 July 2012. The Assessment Programme is included as Appendix C.

The Programme included assessments of Yong Peng Palm Oil Mill and Yong Peng Estate against all of the RSPO P&C and applicable RPSO indicators, and Supply Chain Standard : 2011 for Mass Balance Mechanism.

The Nonconformities that were assigned during previous assessments (CR01 – CR04) and the Observations that were identified during ASA1 were followed up to check the effectiveness of corrective actions – refer Section 3.3 Page 12.

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.

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 requirements.

## 2.3 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on SOU19a environmental and social performance and any issues of concern that they may have. External stakeholders were interviewed at their premises where practical or they were invited to the Mill or the Estate. Internal stakeholders were interviewed in groups in the workplace or at their housing. Company officers were not present at any of the meetings. A list of stakeholders contacted is included at Appendix D.

## 3.0 ASSESSMENT FINDINGS

### 3.1 Summary of Findings

Nonconformities were assigned against Minor Compliance Indicator 6.1.3. Four (4) Observations/Opportunities for improvement were identified – refer Section 3.2 Page 11 for details. SOU19a prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi reviewed and accepted. Refer Section 3.2 Page 11 for details of Nonconformities and Corrective Actions.

Review of the Nonconformities assigned during previous Assessments found the corrective actions were being effectively and consistently implemented and the nonconformities remain closed. The seven (7)

Observations/Opportunities for Improvement identified during ASA1 were followed up to check the effectiveness of corrective actions. Refer Section 3.3 Page 12 for details.

BSi recommends continuation of Certification for SOU19a as a producer of RSPO Certified Sustainable Palm Oil.

### **PRINCIPLE 1: Commitment to Transparency**

SOU19a has maintained the filing system for keeping records of requests for information and the response. Review of information found that the Mill and Estate have kept updated copies of Policies and Management Plans, which are available to the public on request, and is consistent with the Sime Darby policy on transparency.

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

The Mill and Estate have maintained records on individual files for requests received from the MPOB and Labour Department for operating statistics and other information. Requests for information were limited to those from MPOB, such as the “Cost Survey”, which was received by the mill on 04 April 2012 and replied on the 30 May.

#### **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.**

SOU19a holds copies of all of the documents, such as Plans and Policies that are required by RSPO to be made available to the public when requested.

### **PRINCIPLE 2: Compliance with Applicable Laws and Regulations**

Legal compliance was assessed and confirmed by inspection of documents, records and reports on internal audits of the SOU19a Mill and Estate, licence conditions and monitoring data. The BOD of treated mill effluent and the smoke density of gaseous emissions from the mill boiler were within the licence limits, as confirmed by laboratory tests and those done independently by consultants. Checks of a sample of pay records and interviews of staff and workers showed compliance with Labour Laws. The Mill and Estate are on Government leased land and there was no dispute over land ownership.

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

The Mill maintains copies of all Permits and Licences on file and a copy of each is displayed in the Mill office. Examination of licences found these were current, for example MPOB Licence No 544374004000 current to 30 November 2012.

The last DOSH Annual Mill machinery inspection was 27 February 2012 and all the issues raised have been addressed. The DOSH machinery permit for the mill is current to 26 May 2013. The DOE visited the mill on 29 June 2011 and there were no issues that need to be corrected. The DOE Licence No 002152 has been renewed and is current to 30 June 2013.

Inspection of mill effluent test results for the previous twelve months confirmed compliance with land application requirements and the maximum BOD of treated effluent was 600 mg/L compared to the limit of 5,000 mg/L (Figure 3).



**Figure 3: BOD (mg/L) of Treated Mill Effluent July 2011 – June 2012**

Boiler emissions were tested by ENV Consultancy & Monitoring Services on 17 January 2012 and June 2012 and emissions were well within the limit of 0.4 g/Nm<sup>3</sup> at 12% CO<sub>2</sub>.

The smoke density meter was calibrated by LKS (Malaysia) Sdn Bhd on 20 June 2012, Certificate #104912.

Noise has been measured at the Mill and high noise level areas mapped and demarcated with safety signage.

Commencing May 2012, the mill and estate housing was connected to the government reticulated water supply.

The Mill has an approval letter from Labour Department dated 22 November 2010 for extension to overtime hours, current to 30 November 2013. Inspection of a sample of Mill and Estate pay records confirmed all overtime hours were within the approved limit. Checks of pay records confirmed pay and conditions were in accordance with department of Labour regulations.

MAPA, MPOA, AMESU, NUPW and Sime Darby Regional Office provide legal updates on changes to labour laws and worker pay and conditions.

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

The Estate is on Freehold land and there is no dispute over land ownership. Inspection of a sample of boundary stones confirmed these were being maintained so that they were visible. Wilson Land Survey Services (an independent surveyor) carried out “Demarcation Land Survey of Boundary Stone” at Yong Peng Estate. The project was commenced on 12 May 2012; a map “Yong Peng Estate” was produced by early July 2012. Several

“under planting” and “over planting” areas were identified during the survey at blocks 2000 and 2001 along the boundary with smallholders. The Estate has managed a meeting with the relevant smallholders to settle this boundary issue.

**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.**

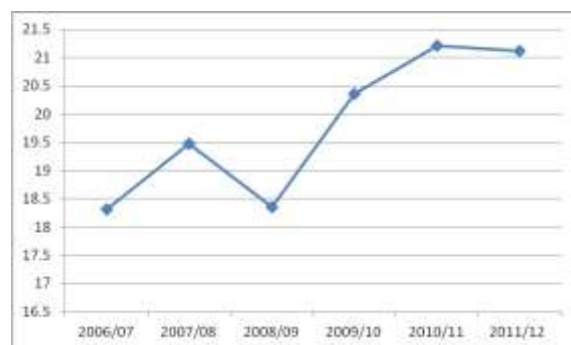
All of the Estate operations are on Freehold land and enquiry with local community representatives confirmed there were no disputes.

**PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability**

SOU19a has continued to make changes to the engineering and operating practices at the Mill and Estate to improve productivity. An example is the focus on FFB quality which has been important for improving the OER over the past 3 years to 21.43% for the 2011/12 year. This is a very good result considering the mill is 40 years old and further gains in productivity are expected from the replanting program and associated improvements in FFB quality.

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

The Estate is continuing the replanting programme to replace the oldest palms, which will contribute to improved overall yield of FFB when the young palms reach maturity. The FFB yield (Figure 4) declined slightly during the 2011/12 year to 21.1 t/ha due to unseasonal conditions. The company also has constructed new houses to replace the original timber housing, which is a significant investment.



**Figure 4: Average Annual FFB Yield (t/ha/yr) 2006 – 2012**

The Mill OER has increased from 20.3 in 2006/07 (Figure 5) to 20.96 in 2009/10 and to 21.43 in 2011/12. The mill fabricated a new skimmer for the vertical clarifier that allows variable adjustment and improved oil separation. The mill also modified the press which improved oil recovery. The Estate changed the FFB ripeness standard to 2 detached loose fruit per bunch, which reduced the



loss of loose fruit. The improvement in OER is a very positive achievement, considering the age of the mill.

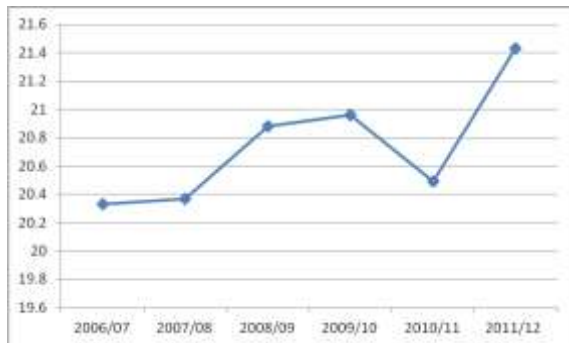


Figure 5: Average Annual OER (%) 2006-2012

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

Internal audits were carried out by the Mill Advisor and the Estate Advisor to check on production and performance against the company standards. Inspections of the Mill and Estate confirmed that SOU19a has continued to improve the implementation of the Sime Darby Policies and SOPs for best practices.

Overall, field practices were well implemented and good progress was made on reducing water consumption at the Mill and on improvement of groundcover vegetation at the Estate. The replanting was carried out effectively and the groundcover well established to minimise soil erosion. The company continues to place a high degree of importance on worker health and safety and provides appropriate PPE and training. The good safety record continued at the Mill and there has not been an LTI since 08 February 2009.

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

The Mill and Estate have maintained up to date SOPs and work Instructions that are consistent with the respective Sime Darby Manuals.

Implementation of the Mill SOPs is checked by the Mill Assistant Engineers daily and the Mill Advisor with the most recent visit 16-17 April 2012. The mill utilisation during the 2011/12 year was less than 60% due to lack of crop and the mill is planned to be closed at the end of the 2012 calendar year.

The Mill Engineer carries out weekly mill preventative maintenance inspections and records are held of the requests made to the maintenance workshop for repairs to equipment.

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

The Sime Darby Agronomy Section of R&D Department made the annual field visit to the Estate in December

2011 for inspection of palms, leaf sampling and soil sampling to monitor nutrient status. The information was used for determining the fertiliser recommendation (March 2012 Agronomist's Report), which includes the quantity to be applied to each block.

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

Inspection of field conditions, for example Blocks 95A and 95B, found that greater attention has been paid to controlling the application of herbicide for weed control and the groundcover vegetation had improved. In particular, the hilly areas near the Mill had improved groundcover and frond stacking along the contour was relatively consistent.

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

There are no streams that flow through the Estate, but there are small ephemeral streams that originate and flow off the property. Inspection confirmed the riparian buffer strips continued to be demarcated for reinstatement at future replanting. **Observation 01 – Inspection of the 2011 replanting area at block 2011 E showed the buffer zone had been marked and set aside along the stream. The old palms had not been felled. At several locations inside the buffer zone where old palms had “fallen down”, the contractor had planted oil palm seedlings at the vacant palm points. This indicates lack of control of the contractor when working in the buffer zone – refer Section 3.2 Page 12.**

The Mill records information daily on the quantity of water treated for use at the mill. The Mill installed a float valve on the inlet to the hydrocyclone on the kernel station which has eliminated overflow and loss of clean water. The Mill has installed “spring-loaded” taps that automatically turn off.

The use of water for cleaning mill floors has been reduced by using fibre to absorb any spilled oil. The Mill also has eliminated the use of hoses for cleaning mill floors, which has reduced water usage from 2.11 t/t FFB in 2010/11 to 1.3 t/t FFB in 2011/12 (Figure 6). The combination of the water conservation measures not only saves raw water, but also reduced the energy used for pumping and chemicals required for water treatment.

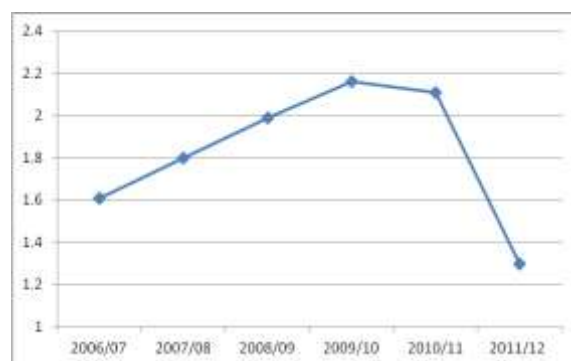


Figure 6: Annual Mill Water Usage (t/t FFB) 2006-2012

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

The Estate has continued to expand the use of biological controls such as, the beneficial plants *Turnera subulata* and *Cassia cobanensis*. Barn owls have been introduced for controlling rate. The barn owl box occupancy rate at the 2012 census was 87.4%. Inspection showed beneficial plants are now established at the palm replanting areas. Review of field practices showed these were consistent with IPM principles and the decisions on application of pesticides are based on inspection of field conditions.

**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.**

The use of pesticides is guided by the Sime Darby Agricultural Reference Manual and information from inspections of field conditions. Chemicals are pre-mixed at the Pesticides Store and the diluted spray solution is transported to the field in 20 Litre containers.

Inspection of the Main Pesticide Store confirmed chemicals were stored in accordance with regulatory requirements, including security and spill containment, separation of chemicals, labeling and adequate ventilation. It was necessary to apply methamidophos by trunk injection and SOU19a holds Permit #JH/METHA(GL)/12/70 dated 20 June 2012.

Annual medical surveillance was carried out by a DOSH registered Doctor of Clinic Pathlab on 26-27 April 2012 for 47 workers (sprayers, workshop operators, water treatment operator, nursery, manuring, fertiliser applicators). The medical report stated that no abnormalities were found.

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

The Mill and Estate have continued to implement the Safety and Health Policy signed by Top Management April 2008 that is displayed prominently in Offices and on Notice Boards and Muster areas. Information on safety awareness is conducted for mill staff and workers at Monday Briefings and for Estate workers at morning musters.

The Mill and Estate HIRACs are reviewed annually to take into account the findings from accidents. The Mill reviewed the HIRAC on 28 July 2011, but there was no addition because there was no change to machinery or operational practices. The Estate HIRAC was updated on 12 January 2012.

The Mill and Estate have prepared an annual Training Plan that includes safety topics and schedule. The Safety awareness training is carried out during morning briefings

and musters. The mill records the safety briefing topic for each morning. The Estate has a detailed training programme (fire drill, hazardous chemical handling, etc.). The most recent training at the Estate was on 24 April 2012 on "Safe Spraying Practice" attended by 14 workers. Observation of tasks being carried out at the Mill and Estate indicated workers were working safely and were aware of safety issues.

Heavy rain fell on the morning of the site visit and spraying was not carried out. Interview of sprayers indicated they were aware of appropriate precautions for safe handling of the chemicals being used.

**Observation 02 – Inspection of the Pesticide Store found that a partition had been erected and the lighting now was insufficient – refer Section 3.2 Page 12.**

Observation of tasks during the Mill inspection and interview of workers confirmed appropriate PPE was available in the boiler area and the workshop at the mill and for estate workers and was being worn correctly.

The Mill issues standard PPE comprising helmet, safety shoes, vest, and hearing protection to all workers with specific PPE issued for certain tasks. The Mill Storeman maintains records of PPE issues, including signature of recipient. Estate workers are issued with boots and specific PPE for certain tasks.

The Assistant Manager is the person responsible for OSH coordination at the Mill. The Senior Assistant is OSH coordinator for the Estate.

The Mill and Estate carry out quarterly OSH Meetings with the most recent (Mill) 13 June 2012 attended by 26 persons and (Estate) 27 April 2012 with 33 attendees including a representative from each work function. The safety meeting agenda includes reviews of each work station for safety issues and discussion of any accident reports.

The Mill and Estate have reviewed the ERP and updated the emergency phone contacts and site plans on 02 July 2012. The Mill carried out ERP training for responding to spillages on 16 April 2012 for mill staff and workers on both shifts. The Mill carried out an Emergency Response Fire Drill on 18 June 2012.

First aid refresher training was carried out by the Hospital Assistant 10 July 2012 with 18 participants from the Mill and Estate.

Inspection of a sample of the first-aid kits in the Mill and Workshop confirmed these were appropriately stocked. The Estate provides first-aid kits to Mandores for use in the field.

The Mill safety has improved and an LTI has not been recorded since 8 February 2009. The last LTI at the Estate was 18 November 2011.

Malaysian staff and workers are covered by Social Security Organisation (SOCSO) Insurance. Foreign workers are covered under "RHB Insurance Berhad" Master Policy D08WFWC8606982KL current to 30 June 2013.

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

The Mill and Estate have documented annual training plans for the 2012/13 year for improving the skill and

competence of workers. The majority of training involves on the job instruction which is delivered by supervisors and the Assistant Managers.

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

Despite the age of the mill, SOU19a has continued to make important environmental improvements, such as the reduction of oil losses and the quantity of water used for processing.

Interviews of staff and workers confirmed they were aware of the policy prohibiting hunting of fauna and that the company has continued to protect areas with HCV.

Scheduled waste was well controlled with consistent separation of hazardous materials and storing these securely for sale to a registered recycler. Palm by-products were recycled to the field for mulch. The sanitary landfill at the Estate was greatly improved from 2011. A trench had been dug and bunds put in place for excluding rainfall runoff and there was no evidence of litter.

The zero burning policy appeared consistently implemented at housing and replanting areas and point sources of pollutants were well controlled.

**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 Mill and Estate have reviewed and updated the Environmental Aspects & Impacts Register. The Mill reviewed the significant aspects on 07 January 2012 and updated the register to include the impacts of disposal of wastes to the landfill.

**Observation 03** – *The Fertiliser Store roof leaks in several places and rainwater was falling onto the fertiliser bags. This indicates a lack of awareness of the potential environmental impacts – refer Section 3.2 Page 12.*

The Mill and Estate have documented improvements in the Pollution Prevention Plan for 2012/13. An example is to reduce the amount of water used for cleaning in the Mill.

**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.**

Although all of the original vegetation was cleared during the land development process and there are no HCVs, SOU19a has continued to develop awareness of workers on the protection of flora and fauna. Signboards prohibiting hunting are posted at the entrances to the Estate and are displayed at muster areas. Similar to ASA1, interviews of workers confirmed awareness of the

company policy prohibiting hunting within and adjacent to the Estate.

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

The Mill and Estate have revised the Waste Management Plan for the current year 2012/13 that identifies the main wastes generated and methods of treatment, recycling or disposal. Mill by-products, such as fibre and nut shell are used to fuel the boiler and EFB and boiler ash are recycled to the field.

The Mill has engaged Kuality Alam Sdn Bhd to remove and dispose of scheduled wastes. The most recent scheduled waste consignment was 25 May 2012 and a copy of Consignment Note Number 090967-001; Document No 0023253, vehicle registration number JEN5169 was held on file.

The Estate has continued to engage Licenced recycler Tex Cycle Sdn Bhd, for collection and disposal of empty pesticide containers (DOE Licence No 000500). The Mill and Estate carry out monthly stocktakes of scheduled waste and quarterly scheduled waste returns to DOE have been prepared and copies are held on file.

SOU19a has registered with Sharps & Bins Sdn Bhd for collection of clinic wastes for onward transfer to Pantai Medivest. Inspection of records showed the most recent collection by Sharps & Bins (572194-V) was on 10/07/2012.

Wastes that are unable to be recycled are disposed in a small landfill. Inspection showed that the operation of the landfill was greatly improved. A trench had been dug and bunds put in place for excluding rainfall runoff and there was no evidence of litter.

POME is recycled to the palms via furrows in a land application system. Inspection of the land application system confirmed that it was adequately maintained, with a full-time operator in attendance. The furrow system includes maintenance of an emergency bund at the end of each furrow to prevent overflow.

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

The Mill renewable energy (Figure 7) generated from the steam turbine has decreased over the past two years due to lower tonnage of crop processed. This has required greater use of the diesel genset for electricity supply outside of crop processing hours.

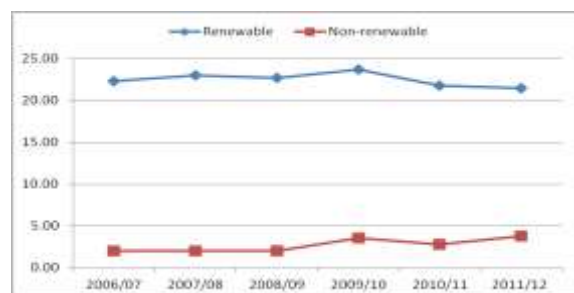


Figure 7: Mill Energy Usage (kWh/tFFB)

**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 of housing and operating areas at the mill and estate found no indication of fire having been used for waste disposal. At the replanting area, the old palms had been felled, chipped and windrowed during land preparation.

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

The Mill has continued to make improvements, for example, reducing the quantity of water used in the hydrocyclone at the kernel station, which in turn has reduced the amount of wastewater requiring treatment and disposal. The Mill has continued to enforce the correct operation of the boiler to reduce black smoke emissions by ensuring the induced draft fan damper is closed during boiler raking and the boiler grate is cleaned weekly.

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

SOU19a has continued with the implementation of the social action plan which involves the upgrading of housing for the Mill and Estate workers. Another important improvement is the connection of housing to the government water supply. Over the past two years SOU19a has maintained dialogue with its employees and local community representatives. However, stakeholder input had not been included in the 2012 Social Action Plan. Meetings with worker representatives and Union Officials are documented.

The company pay and conditions for staff and workers were consistent with Labour Laws. Similar to ASA1 findings, interviews of staff and workers did not identify any incident relating to discrimination or minimum age of workers. Interviews of contractors confirmed they have been treated fairly and have a good relationship with the company.

**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.**

**CR05** – The Estate Social Action Plan was updated on 30 April 2012. However, input from stakeholders had not been included as the consultation was held after the update had been made. A stakeholder meeting was held on 06 July 2012, attended by community representatives, smallholders, and the local religious leader. An issue raised by smallholders at the meeting had not been updated in the Plan – refer Section 3.2 Pages 11/12.

**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.**

The Estate continued to maintain a good relationship with the local communities by holding meetings with representatives from time to time.

**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.**

The grievance process continued to operate, with complaints raised by workers with the immediate supervisor and through the OSH Committee. Inspection of the records confirmed no complaints or grievances had been raised, except for request of repair to the housing.

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

The Estate land is freehold and there has been no land dispute or claim for compensation.

**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.**

Pay and conditions are documented in MAPA/AMESU Agreement and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement. Similar to ASA1 findings, inspection of a sample of pay records and interview of staff and workers found no issues of concern. Workers, both local and foreign, confirmed understanding of their pay and the terms and conditions of their employment.

The centralisation of housing at Division C continues with residents relocating from current housing as new houses are completed. Free medical treatment is provided for staff, workers and their families at the company Clinic. A Tamil school is located at the Estate with a Primary School at Kangkar Baru 4km distance and a Secondary School is at Yong Peng approximately 16 km distance. Transport is arranged privately and not subsidised by the company. This was again raised as an issue by families during ASA2 – refer Section 3.4 Page 13.

Electricity to houses is from the Government Supply with residents paying for usage. The close proximity of the Estate to towns provides residents with access to purchase all necessities. Medical treatment at the company clinic is provided to staff, workers and their families free of charge.

**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.***

Meetings with the workers union (NUPW) are carried out when the need arises. Interview of workers confirmed they are free to join a union if they choose to do so. **Observation 04** – Records were available of meetings with the NUPW during the past year. However, minutes from the most recent meeting with the NUPW held on 23 March 2012 were not yet available – refer Section 3.2. Page 12.

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

The minimum working age is 18 under the Labour Ordinance. At time of hire, a check of age is confirmed by ID Card for local hires and checks of Passports of foreign workers. All locations visited at the Mill and Estate did not find any under-age worker.

***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.***

Interview of staff and workers confirmed there is no discrimination and all enjoyed a good working relationship with the company. Inspection of a sample of pay records indicated there is no discrimination between local and foreign workers' rates of pay.

***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 Social Policy approved by Top Management April 2008. Interview of female Staff and Workers confirmed their knowledge of the Policy and no issues were raised.

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

Interviews of contractors for the Mill and the Estate indicated that there were no issues in relation to the understanding of contract terms and conditions and payments are made in a timely manner.

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

SOU19a has made donations to local schools and places of worship and these are considered as appropriate contributions for the community.

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

SOU19a has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is therefore not applicable to this Assessment.

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

SOU19a has made important improvements for sustainability, such as the increased OER and the replanting of old palms is well underway. Another significant improvement is the 38% reduction in water usage at the mill.

Environmental and social issues are being addressed appropriately and internal audits provide feedback on performance against company policies and standards. SOU19a has maintained dialogue with internal and external stakeholders and there are no unresolved issues with local communities.

***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.***

SOU19a has not used paraquat dichloride since April 2008 and has continued to follow the IPM principles of basing the need to apply pesticide on pest census data and the exceedance of pre-determined pest threshold numbers.

The Environmental Improvement Action Plan has focused on the reduction of water usage at the Mill and prevention of soil erosion at the Estate.

Control of scheduled waste has improved and palm by-products are consistently recycled to the field.

The Estate Social Action Plan includes continuation of the program of upgrading of housing.

### ***3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA2)***

A Nonconformity was assigned to Minor Compliance Indicator 6.1.3. Four (4) Observations/Opportunities for Improvement were identified. SOU19a has prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSI has reviewed and accepted.

***CR05: 6.1.3 – A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.***

The Estate Social Action Plan was updated on 30 April 2012. However, input from stakeholders had not been included as the consultation was held after the update had been made. A stakeholder meeting was held on 06 July 2012, attended by community representatives, smallholders, and local religious leader. An issue raised by smallholders at the meeting had not been updated in the Plan.

**Corrective Actions:**

To review and update the Social Impact Action Plan for the Financial Year 12/13 by including the issue raised by Smallholders and attach the Stakeholder Meeting Minutes as evidence.

*BSi Assessors considered the corrective actions satisfactory and appropriate and progress toward resolution of the issue will be followed up during the next Annual Surveillance Assessment (ASA3).*

**Observations/Opportunities for Improvement (ASA2)**

- 01 (4.4.1)** Inspection of the 2011 replanting area at block 2011 E showed the buffer zone had been marked and set aside along the stream. The old palms had not been felled. At several locations inside the buffer zone where old palms had “fallen down”, the contractor had planted oil palm seedlings at the vacant palm points. This indicates lack of control of the contractor when working in the buffer zone.
- 02 (4.7.1)** Inspection of the Pesticide Store found that a partition had been erected and the lighting now was insufficient.
- 03 (5.1.1)** The Fertiliser Store roof leaks in several places and rainwater was falling onto the fertiliser bags. This indicates a lack of awareness of the potential environmental impacts.
- 04 (6.6.1)** Records were available of meetings with the NUPW during the past year. However, minutes from the most recent meeting with the NUPW held on 23 March 2012 were not yet available.

**Noteworthy Positive Components**

- The Estate has maintained FFB yield (>21 t/ha/yr).
- The Mill has achieved OER 21.4%.
- The Mill has reduced water usage by 38%.
- The Mill has not had an LTI since February 2009,

**3.3 Status of Nonconformities (Major and Minor) Previously Identified (during Initial Certification Assessment)**

The Nonconformities that were identified and “closed” during previous assessments (CR01 and CR02) were followed up to check and confirm the implementation of corrective actions had been maintained and both Nonconformities remain closed.

**CR03: 2.2.3 – Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.**

*The Observation assigned during the Initial Certification Assessment “The Estate has approval in the 2009/10 budget for a programme to survey and locate the position of missing boundary stones and to reinstate markers” was upgraded to a Nonconformity during ASA1 against this Minor Compliance Indicator because no action had been taken to survey and locate the missing boundary stones.*

**ASA2 Findings:** Wilson Land Survey Services (an independent surveyor) carried out “Demarcation Land Survey of Boundary Stone” at Yong Peng Estate. The project was commenced on 12 May 2012; a map “Yong Peng Estate” was produced by early July 2012.

**The Nonconformity was closed 14/07/2012**

**CR04: 5.3.2 – Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.**

*The Observation assigned during the Initial Certification Assessment “Separation of recyclables from domestic waste has only recently been initiated and inspection of the landfill showed more awareness needs to be conducted to reduce the quantity of recyclables, such as garden waste, disposed in the landfill.” was upgraded to a Nonconformity during ASA1 against this Minor Compliance Indicator because the landfill at the Mill and the Estate need improvement as follows:*

- reduce the area for disposal of refuse to a small manageable area
- construct an earth bund at the Estate landfill to prevent rainfall runoff from entering the trench
- collect litter from the area

**ASA2 Findings:** *The Mill had re-graded and shaped the area of the previous landfill disposal site to improve the drainage and prevent runoff from entering the landfill trench. At the time of the site visit an appropriately sized trench had been excavated and the landfill operation appeared well managed. The litter had been collected from the landfill area and the appearance was neat and tidy.*

**The Nonconformity was closed 14/07/2012**

**Observations/Opportunities for Improvement (Identified during ASA1)**

**01 (4.6.3)** There was inadequate separation of scheduled wastes at the Estate Scheduled waste Store.

**ASA2 Findings:** *Inspection of the Scheduled Waste Store confirmed that wastes have been properly separated in accordance to waste type.*

**02 (4.6.4)** Three of the pesticide MSDS were in English which is unlikely to be understood by the workers.

**ASA2 Findings:** *Confirmed during site inspection that now every MSDS has a Bahasa Malaysia version to complement its English version.*

**03 (4.7.1)** Safety has not been consistently implemented at the Estate as indicated by the following: a fire

extinguisher was not readily accessible at the bulk fuel tank; 200 litre drums of petrol were stored in the general equipment store without any safety signage.

**ASA2 Findings:** *Site inspection confirmed that a fire extinguisher is in place and petrol was stored in the "Petrol Store".*

**04 (5.1.1)** The Mill and Estate Environmental Aspects and Impacts Register could be improved by including consumption of resources, such as water and energy.

**ASA2 Findings:** *The latest Environmental Aspects Register revised 09 July 2012 indicated that consumption of resources (energy & water usage) has been included in the document.*

**05 (5.6.1)** The Estate workshop PCD appeared to be adversely affected by runoff during heavy rain as indicated by evidence of hydrocarbons. It is understood that the workshop is being relocated in approximately 5 months.

**ASA2 Findings:** *The Estate has modified the PCD by diverting clean rainfall runoff away from the PCD.*

**06 (6.1.3)** The Estate Social Action Plan had not been updated to include issues that had been completed. Although local communities were consulted records were kept of discussions but the results were not used for updating the Action Plans.

**ASA2 Findings:** *The Estate SIA Action Plan was updated on 30 April 2012. However, input from stakeholders has not been included since the consultation was held after the update had been made. A stakeholder meeting was held on 06 July 2012, attended by community representatives, smallholders, and local religious leader. An issue raised by smallholders at the meeting had not been updated in the SIA Action Plan. **This did not meet the RSPO requirement and the Observation was upgraded to a Nonconformity against this Minor Compliance Indicator.***

**07 (6.2.3)** The Estate List of Stakeholders could be improved by including relevant local Government contacts, Worker Union and NGOs.

**ASA2 Findings:** *The Stakeholder List was updated on 19 May 2012 and all relevant stakeholders have been included.*

### 3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during ASA1 were followed up during this ASA2 and found to have been actioned appropriately by the company, except for the issue below.

#### Issues Identified during ASA2

The majority of stakeholders had positive comments about SOU19a. For the situations where stakeholders raised issues, the company's response is stated below.

**ISSUE RAISED ASA1:** Estate residents asked if the company could assist with costs involved in transport of children to and from school.

**Company Response:** *A census is being carried out to determine the number of children attending each school. This information will be used to apply for a subsidy from Sime Darby Head Office. This will be communicated to the worker families.*

**ASA2 Findings:** Residents stated that a census was carried out after the ASA1 but they have received no update on the outcome and the situation remains unchanged.

**Company Response:** *The Mill subsidises transport for each school child on a 50/50 basis. The Estate has approved a subsidy for each school child commencing July 2012 and families will be advised accordingly.*

The BSi Audit Team considered the SOU19a response to the issue raised to be appropriate. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

Residents at Division C Housing advised that requested repairs, such as leaking roofs, had not been carried out. There had been heavy rain during the morning and the Assessor noticed wet areas on the ceiling of the house where the interview was held. Residents stated that the company had advised them that a budget had been approved for repairs/refurbishment and would like to know when the leaks will be repaired.

**Company Response:** *The repairs have been through the tender process and work will be starting August 2012.*

The BSi Audit Team considered the SOU19a response to the issue raised to be appropriate. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

Residents at Division C housing stated that bats were a problem as they "roosted" in the ceilings and asked how they could remove them?

**Company Response:** *This issue has not been raised before but the Estate will investigate with residents.*

The BSi Audit Team considered the SOU19a response to the issue raised to be appropriate. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

## 4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

### 4.1 Date of Next Surveillance Visit

The next Surveillance Assessment (ASA3) will be scheduled within twelve months of RSPO approval of continuation of Certification.

**4.2 Date of Closing Nonconformities (Major and Minor)****Table 5: Status of Nonconformities**

CAR	CLASS	ISSUED	STATUS
CR01 2.1.1	Major	02/07/2009	Closed 01/08/2010
CR02 4.4.5	Minor	02/07/2009	Closed 30/07/2011
CR03 2.2.3	Minor	30/07/2011	Closed 14/07/2012
CR04 5.3.2	Minor	30/07/2011	Closed 14/07/2012
CR05 6.1.3	Minor	14/07/2012	"Open"

**4.3 Sign-off of Surveillance 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 (SOU19a)



Mr Ho For Nam  
SOU Chairman/Yong Peng Estate Senior Manager

Date: 13-09-12.

Signed for on behalf of  
BSi Group Singapore Pte Ltd



Mr Charlie Ross  
Lead Auditor

Date: 19/09/2012



# ***Appendix “A”***

## ***Supply Chain Assessment***

**APPENDIX A – SUPPLY CHAIN ASSESSMENT REPORT – SOU19A – MASS BALANCE****YONG PENG OIL MILL****Certified Mill Production – 01 July 2011 – 30 June 2012**

MILL	CAPACITY	CPO	PK
Yong Peng	20 t/hr	12,807	3,167

**Sales of Certified Mill Products – 01 July 2011 – 30 June 2012**

MILL	CPO	PK
Yong Peng	NIL	NIL

**Certified FFB Received Monthly - 01 July 2011 – 30 June 2012**

Month	Yong Peng	Lanadron	Pengkalan Bukit	Chaah	North Labis	Simpang Kiri	Welch	Sg Senarut	Total FFB/Month
Jul-11	5,525.53	52.57							5,578.10
Aug	5,670.86		104.1						5,774.96
Sep	6,406.94		914.34	184.68	1,106.94	92.51			8,705.41
Oct	5,593.96		270.91	32.22		27.75			5,924.84
Nov	4,619.04		877.69						5,496.73
Dec	4,778.39		1,567.41						6,345.80
Jan-12	3,846.93		458.11				79.81		4,384.85
Feb	2,105.45						102.2		2,207.65
March	3,022.61			1,054.63					4,077.24
April	3,447.87							43.3	3,491.17
May	4,229.68								4,229.68
Jun	3,466.98								3,466.98
<b>TOTAL</b>	<b>52,714.24</b>	<b>52.57</b>	<b>4,192.56</b>	<b>1,271.53</b>	<b>1,106.94</b>	<b>120.26</b>	<b>182.01</b>	<b>43.3</b>	<b>59,683.41</b>

**Certified Company Details**

Sime Darby Plantation Sdn Bhd  
Management Unit SOU19a  
PO Box 104  
83700 Yong Peng  
**JOHOR MALAYSIA**

Contact Person: Mr Ho For Nam  
SOU Chairman/Yong Peng Estate Senior Manager  
Phone: +6074811849  
Fax: +6074811872  
Email: ldg.yong.peng@simedarby.com

RSPO Membership No: 035-04(O)

## RSPO Supply Chain Certification System for Sime Darby Plantation (SDP)

No	Business Unit	RSPO SCCS Certification Y/N	Date of SCCS Certification Process	Certification Body	Certification Date
1	Unimills B.V.	Yes	Jan – March 2009	Control Union	Certified on 28 June 2011
3	SD Biodiesel	Yes	Jan – March 2010	SIRIM	Certified on 25 March 2011
4	SD Jomalina	Yes	Oct – Dec 2010	SIRIM	Certified on 10 March 2011
5	SD Kempas	Yes	Jul- Sept 2011	SIRIM	Certified on 19 Aug 2011.
6	SD Austral	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.
7	NURI – SD Jomalina	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.
8	Kernel Crushing Plant – Carey Island (KCP)	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.

### **Certification Body Details**

BSi Group Singapore Pte Ltd  
(Co. Reg. 1995 02096-N)  
3 Lim Teck Kim Road #10-02  
Genting Centre  
SINGAPORE 088934

Contact Person: Mr Aryo Gustomo  
BSi RSPO Scheme Manager  
Phone: +65 6270 0777  
Fax: +65 6270 2777  
Email: [Aryo.Gustomo@bsigroup.com](mailto:Aryo.Gustomo@bsigroup.com)

### **Summary**

Supply Chain assessment was made at Yong Peng Mill that is owned and operated by Sime Darby. The assessment included site visits to Yong Peng Oil Mill and Yong Peng Estate, review of records and interviews of staff. SOU19a had Nil sales of Certified CPO or PK for the period 01 July 2011 – 30 June 2012. The assessor concluded SOU19a has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and sales. SOU19a maintains adequate records for confirming compliance with the RSPO supply Chain requirements and staff were able to demonstrate an appropriate knowledge of the requirements applicable to the Mill for Mass Balance mechanism.

### **Conclusion**

The SOU19a management system and records meet the requirements of the RSPO supply chain requirements, November 2011 for the Mass Balance mechanism.

Sime Darby Commodities Trading Marketing Department manages all sales of CPO and PK on behalf of the Sime Darby Mills. The system is computerised and when the Mill inputs the code for a Buyer, the RSPO Supply Chain information is generated automatically for the despatch note and the sales invoice. Inspection of documents confirmed that SOU19a maintains all applicable documentation required for verification of implementation of the RSPO Supply Chain Certification Standard : November 2011, for Palm Oil Mill, Mass Balance Mechanism.

## Certificate Details

### Background to the Report

**(a) Report authors**

**Assessor**

Mr Charlie Ross, BSi RSPO Lead Auditor

**CB Management Representative**

Mr Aryo Gustomo, BSi RSPO Scheme Manager

**(b) Previous assessments** *Not Applicable*

**(c) On-Site Visits**

**Visit Itinerary**

Friday 12 July 2012 – Yong Peng Mill – Opening Meeting held at Mill Meeting Room; Weighbridge Station; examined weighbridge records; daily records of FFB deliveries, CPO and PK production; CPO Bulk Tank and PK Silo records; shipments of CPO and PK. Closing Meeting Saturday 14 July.

People consulted: Mohd Nazir Pazal Karim (Mill Senior Assistant Manager); Shaiful Bahtiar (Assistant Engineer); Weighbridge Operator.

### Scope

The scope of the assessment covered the Yong Peng Palm Oil Mill and the supply base of Sime Darby owned Yong Peng Estate. The Supply Chain mechanism used is Mass Balance. The SOU19a operations were assessed against the RSPO Supply Chain Standard : November 2011 requirements for Oil Mills and Mass Balance Mechanism.

### Description of Operation's Management System

SOU19a uses the mass balance mechanism for the supply chain because it processed non-certified crop from FFB Traders during the period 01/07/2011 – 30/06/2012. All consignments of FFB despatched from the Estate to the Mill are accompanied by a Consignment Note with a unique consecutive number and includes details of: Field Number Harvested; block Number; No of Bunches; Date Harvested; Estimated Tonnage; Vehicle Registration Number; Driver's Name and Bin Number.

All deliveries of FFB received at the Mill are issued with a Weighbridge Docket that records the Name of the supplier, Truck Registration No, Driver's Name and the Tonnage. The weighbridge system is computerised and delivery records are used as the basis for payment for FFB deliveries. A sample of weighbridge dockets was checked at the Mill against the summaries of FFB deliveries from Yong Peng Estate. This confirmed the details of the source and quantity of FFB were recorded accurately and could be verified by tracking. The source of the FFB can be traced back to the Estate and the oil palm block from which it was harvested.

The Mill sends a Daily Production Report to Sime Darby Head Office that records the quantity of FFB received from the Estate; the tonnage of FFB processed; the tonnages of CPO and PK produced; shipment tonnages; and the quantities of materials held in storage. The Mill and Estate also report the above quantities monthly to Sime Darby Head Office in the Monthly Production Report.

Checks of records confirmed there were no sales of the RSPO Certified CPO and PK produced by Yong Peng Mill during the preceding 12 months (01 July 2011 – 30 June 2012). Inspection of documents confirmed that SOU19a maintains the documentation required for supply chain verification (RSPO Supply Chain Standard November 2011).

### Certified Volume Purchased and Claimed

The following certified FFB material was received from the SOU19a Estate and adjacent Certified Sime Darby Estates during the 01 July 2011 – 30 June 2012 year and processed at Yong Peng Mill: 59,683.41 t/FFB



## **Main Report Details**

### **1. Documented procedures**

- 1.1 The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:
- Complete and up to date procedures covering the implementation of all the elements in these requirements. *Complies – Procedures are current and include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products. For example, SPMS: 2012 Draft/ Appendix 15 - Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System.*
  - The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. *Complies – The Mill Manager has responsibility for the Supply Chain aspects of FFB receipts, processing and shipping of palm products. Interview confirmed his knowledge of the RSPO Supply Chain requirements for the respective areas of the operations.*
- 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. *Complies – the Mills Weighbridge SOP covers the receiving of FFB and recording details of the Supplier and Transporter. All deliveries of FFB are subject to verification of documentation and quality checks. For example, MQMS/V1:2008/Level 3/Standard Operating Procedure/Station No. 1/Reception Station/1.3.1:Weighbridge MQMS/V1:2008/Level 3/Standard Operating Procedure/Section V:Introduction/Crop Quality Standards.*

### **2. Purchasing and goods in**

- 2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received. *Complies – the Mill records tonnages received at the weighbridge and these are reported daily to Head Office on the Production Report.*
- 2.2 The facility shall inform the CB immediately if there is a projected overproduction. *Complies – the company has a mechanism for advising the CB of production variations, which are monitored internally.*

### **3 Record keeping**

- 3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. *Complies – Inspection of records at the Mill confirmed these were updated daily.*
- 3.2 Retention times for all records and reports shall be at least five (5) years. *Complies – Records are archived and stored for > 5 years.*
- 3.3
- The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. *Complies – these are updated monthly and reported to Head Office on the Monthly Production Report.*
  - 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. *Complies, but Nil sales of Certified products.*
  - The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. *Complies – The company had Nil sales of certified products and therefore did not exceed the Certified CPO or PK volumes during the 2011/12 year. Company policy is to only make sales of stocks of palm product held in storage.*
- 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. *Complies – The company uses the prefix MB on the Product Code.*
- 3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement. *Complies – The company does not out-source activities to Kernel Crushing Mills.*

### **4. Sales and good out**

- 4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:
- The name and address of the buyer;
  - The date on which the invoice was issued;
  - A description of the product, including the applicable supply chain model (Segregated or Mass Balance)
  - The quantity of the products delivered;
  - Reference to related transport documentation.
- Complies – Although there were no sales of RSPO Certified palm products, all of these items (a-e) are included in the company's standard invoicing.*

### **5 Training**

- 5.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. *Complies – The company maintains records of training. Interviews of Mill Staff confirmed general knowledge of the Supply Chain requirements.*

### **6 Claims**

- 6.1 The facility shall only make claims regarding the use of, or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims. *Complies – To the best of the Assessor's knowledge, the company has not made claims outside of the RSPO rules for Communications and Claims.*

## ***Appendix “B”***

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

**RSPO Certification Timebound Plan for Sime Darby Plantation (SDP)**

Financial year (July – June)	Targeted	Achieved
June 2008	5 SOUs	Sime Darby Plantation has had all its SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment.
2008/2009	20 SOUs ( from Malaysia and Indonesia)	
2009/2010	20 SOUs ( from Malaysia and Indonesia)	
2010/2011	17 SOUs ( from Malaysia and Indonesia)	

Status	Malaysia	Indonesia	Total	Remarks
Certified	39*	16	55**	*Effectively only 36 SOUs (starting July 2012) : Jeleta Bumi POM and Mostyn POM have been closed down. Sepang POM has been converted to third party oil mill and not included in the RSPO Certification timebound plan. **Total SOUs certified 52 SOUs.
RSPO Review	0	7***	7***	<ul style="list-style-type: none"> <li>Pending review by RSPO EB.</li> </ul> *** Effectively only 6 SOUs as Tamiang POM had ceased operation & combined with Blang Simpo POM.
<b>Total SOUs</b>	<b>39*</b>	<b>23</b>	<b>62****</b>	<b>**** Revised number of SOUs for SDP is 58 beginning FY 2012/2013.</b>

# ***Appendix “C”***

## ***ASA2 Programme***

**ASA2 PROGRAMME – 13 – 14 JULY 2012**

<b>TEAM: CR: Charlie Ross; RR: Robyn Ross; IN: Iman Nawireja; NH: Noryati Hambali</b>
---

DATE	TIME	ACTIVITY	CR	IN	RR	NH
<b>Friday July 13</b>  <b>TEAM 1</b> YONG PENG PALM OIL MILL	AM	Opening Meeting	√	√	√	√
		Review Pay Documentation			√	√
		Interview Female Staff/Workers			√	
		Inspect Mill, Effluent Ponds, Land Application, Stores, Workshop, Compost Site and Landfill	√			√
	PM	Interview Male Staff/Workers	√			√
		Document Review including Supply Chain, Weighbridge	√			
		Visit Mill Clinic Interview Staff			√	√
		Inspect Housing (Mill and Estate) Interview Residents			√	√
		Closing Briefing	√		√	√
		<b>TEAM 2</b> YONG PENG ESTATE	AM	Inspect Estate, including Land Application, Buffer Zones		√
Interview Male Fieldworkers				√		
Inspect Stores, Landfill				√		
PM	Interviews (Contractors/External Stakeholders/Outside Suppliers)			√		
	Contact Government Departments, NGOs etc			√		
	Visit any Local Communities associated with Mill and Estate			√		
	Document Review			√		
Closing Briefing		√				
<b>Saturday July 14</b>	AM	Follow-up outstanding data/clarification	√	√		
		Prepare Closing and Visit Report			√	
		Closing Meeting	√	√	√	√

## ***Appendix “D”***

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



**STAKEHOLDERS CONTACTED**

<p><b><i>Internal Stakeholders</i></b>  4 Harvesters (Foreign)  Pesticide Store Operator  8 Female Mill Staff/Workers  Group of Residents Mill &amp; Estate Housing  6 Male Mill Staff/Workers  Clinic Hospital Assistant</p> <p><b><i>Contractors &amp; Suppliers</i></b>  Labour Contractor  FFB Transporter  Steel Fabricator  Equipment Supplier  Spare Parts Supplier</p>	<p><b><i>Local Communities</i></b>  Kg Melayu Representatives</p> <p><b><i>NGOs and Others</i></b>  NUPW Kluang Branch Secretary  AMESU Subang Jaya</p> <p><b><i>Government Officials</i></b>  Department of Occupational Safety and Health  Department of Lands and Survey  Muar Labour Department</p>
--	---