



PUBLIC SUMMARY REPORT
ANNUAL SURVEILLANCE ASSESSMENT (ASA2)

SIME DARBY PLANTATION Sdn Bhd
Management Unit SOU14
Negeri Sembilan, Malaysia

Report Author
Charlie Ross – April 2012
EMandM@bigpond.net.au
Tel: +61 417609026

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the second Annual Surveillance Assessment (ASA2) of Sime Darby Plantation Sdn Bhd Strategic Operating Unit SOU14 (SOU14) operations comprising One (1) Mill and supply base, support services and infrastructure. BSi concludes that SOU14 operations comply with the requirements of RSPO Principles & Criteria: 2007; the MY-NI Indicators and Guidance : 2010; and the RSPO Supply Chain Certification Standard : November 2011.

BSi recommends the continuation of the approval of SOU14 as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
CHRA	Chemical Hazard Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
HCV	High Conservation Values
HIRAC	Hazard Identification and Risk Assessment
LTA	Lost Time Accident
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
SIA	Social Impact Assessment
SOP	Standard Operating Procedures

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The SOU14 Mill and 2 Estates are located at Port Dickson, Negeri Sembilan, Malaysia (Figure 1). Additional maps are included (Figures 2 and 3) showing Tanah Merah and Bukit Pelandok Estates layout. The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Tanah Merah (30t/hr capacity)	101° 47' 34.03" E	2° 39' 19.09" N

1.2 Production Volume

The estimated tonnages reported for the Initial Certificate and the actual production since Certification are detailed in Table 2. The Tanah Merah Mill production was higher in 2011/12 because of the crop diverted from adjacent Sime Darby Estates. All of the Sime Darby Estates are RSPO Certified.

Table 2: Production Tonnages

Tanah Merah Palm Oil Mill	Estimate at Initial Certification	Actual 01/03/11 – 29/02/12	Projected 01/03/12 – 28/02/13
CPO	34,303	36,785	26,997
PK	8,911	8,514	7,071

1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)
BSi RSPO Certificate No: SPO 541905
Initial Certification Assessment: 9 – 11 September 2008
Date of Certification: 19/05/2010

1.4 Description of Supply Base

The supply base is FFB from two SOU14 Estates and the crop that is diverted from adjacent Sime Darby Estates for processing at the Mill. The FFB production from Company owned Estates for the Initial Certificate, and actual production in the past year are listed in Table 3. As noted at ASA1, the majority of the Sua Betong crop was processed at the new Sua Betong Mill in 2011/12.

Table 3: FFB Tonnages Processed

Source	Estimate at Initial Certification	Actual 01/03/11 – 29/02/12	Projected 01/03/12 – 28/02/13
SOU14 Estates			
Tanah Merah	93,600	90,602	84,575
Bukit Pelandok	12,198	44,300	43,981
Sua Betong	56,202	18,874	–
Sub-total	162,000	153,776	128,556
Sua Betong	–	–	–
Salak	–	17,369	–
Labu	–	275	–
New Labu	–	587	–
Bradwall	–	545	–
Siliau	–	556	–
Padang Lukut	–	1,544	–
Sengkang	–	554	–
Tampin Linggi	–	667	–
Sub-total	0	22,097	0
OVERALL TOTAL	162,000	175,873	128,556

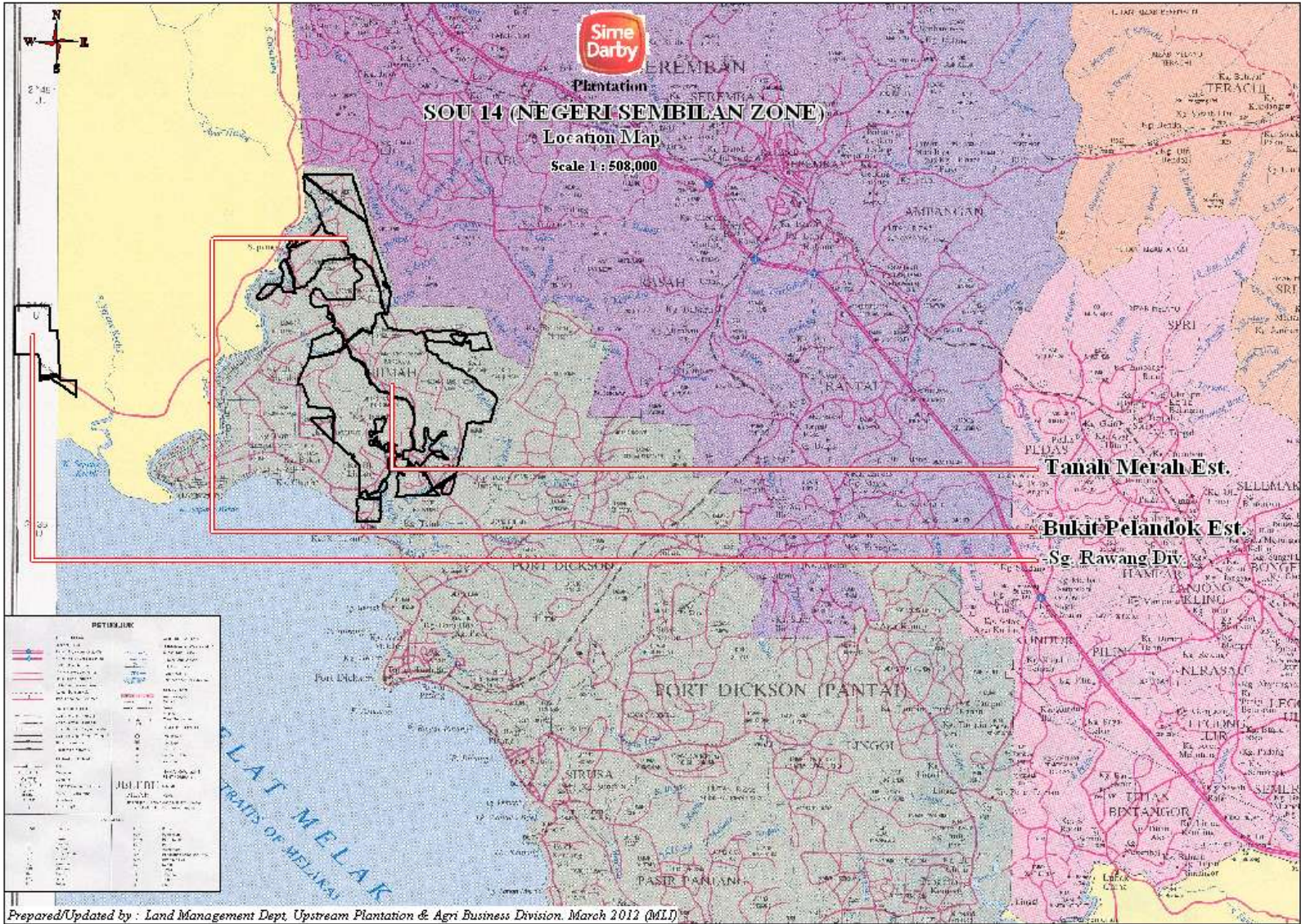


Figure 1: SOU14 Location of Estates and Divisions

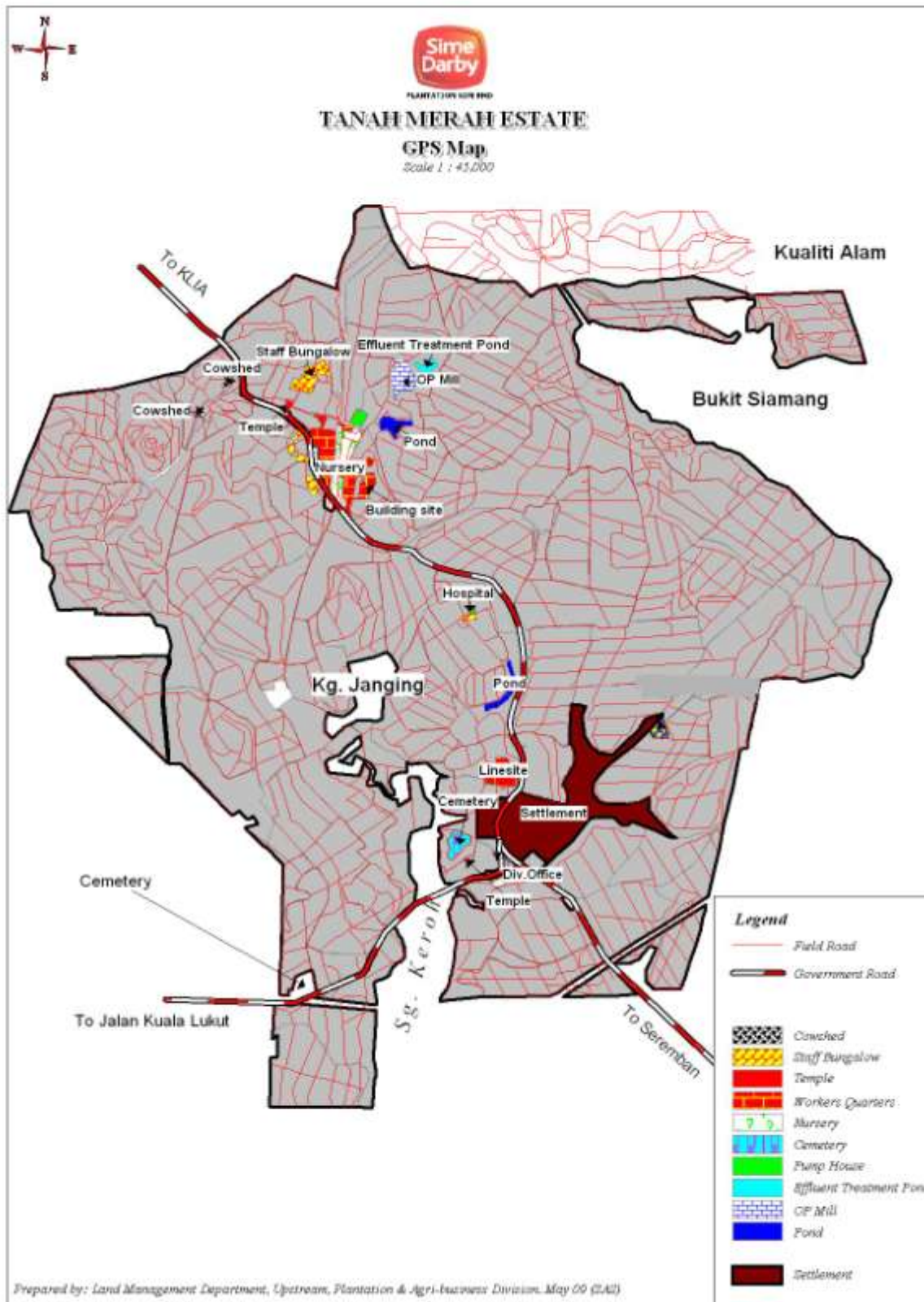


Figure 2: Tanah Merah Estate Layout

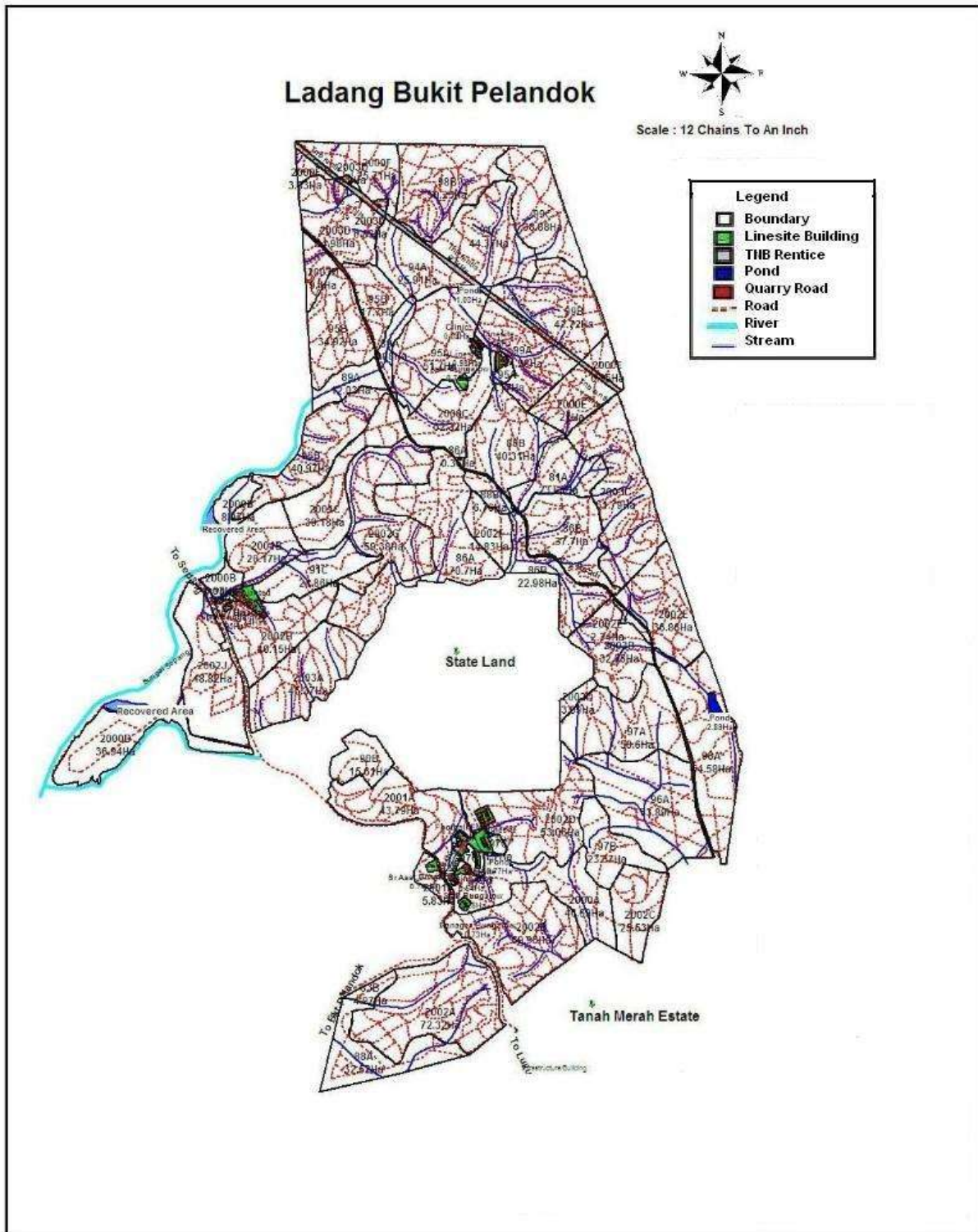


Figure 3: Bukit Pelandok Estate

The Company owned Estates were developed in 1924. Oil palms were first planted in 1963 and are in their second and third cycle. The age profile of the palms is shown in Table 4a.

Table 4a: Age Profile of SOU14 Palms

ESTATE	AGE (years)	% PLANTED AREA
Tanah Merah	31 – 35	0
	21 – 30	23.72
	11 – 20	40.06
	4 – 10	23.27
	0 – 3	12.95
Bukit Pelandok	31 – 35	0
	21 – 30	6.66
	11 – 20	44.26
	4 – 10	40.24
	0 – 3	8.84

The areas planted are shown in Table 4b. There was no change to the total plantable area at Bukit Pelandok Estate, however at Tanah Merah Estate there was a reduction of 120 ha due to acquisition by the Government for roads.

Table 4b: SOU14 Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total
Tanah Merah	2,989	573	3,562
Bukit Pelandok	1,588	154	1,742
TOTAL	4,577	727	5,304

Supply Chain

SOU14 uses the mass balance mechanism for the supply chain. All deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the supplier Estate, Field, Block Number, truck registration number, driver's name and the tonnage. The weighbridge system is computerised and the FFB delivery and product despatch records are used as the basis for payment for deliveries and invoicing for shipments, respectively. Inspection of documents confirmed that SOU14 maintains all of the documentation required for verification of implementing the RSPO Supply Chain Certification Standard : November 2011 – Refer to Appendix A for details.

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated March 2012) is included as Appendix B. Sime Darby has achieved RSPO Certification of all 39 of the Management Units in Malaysia, and 12 of the 23 in Indonesia. Sime Darby has completed the Initial Certification Assessments for the

remaining 11 Management Units in Indonesia and the assessment reports are pending review by the RSPO. Upon certification of the remaining 11 Management Units, Sime Darby will have achieved the Time Bound Plan.

BSi has continued involvement with assessments of 14 of the Sime Darby Management Units during the 2011/12 period. During this time, Sime Darby has kept BSi informed of issues and claims made against it, as indicated in Appendix B. At the time of preparation of this Report, BSi is not aware of:

- (1) any unresolved significant land disputes;
- (2) any replacement of primary forest or loss of HCVs;
- (3) any labour disputes that are not being resolved through an agreed process;
- (4) any evidence of noncompliance with any law at any of the landholdings.

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

1.6 Progress of Associated Smallholders/ Outgrowers towards RSPO Compliance

SOU14 does not purchase any crop from Smallholders or Outgrowers.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU14
Ladang Tanah Merah
71009 Port Dickson
Negeri Sembilan Malaysia

Contact Person: Mr Abdul Ghafar Sulaiman
Manager Tanah Merah Palm Oil Mill
Phone: 06-6673317
Fax: 06-6672506
Email: kks.tanah.merah@simedarby.com

2.0 ASSESSMENT PROCESS

2.1 Assessment Team Members

Charlie Ross – Lead Assessor RSPO
B.App.Sc. M.Sc (Env.Studies)
Lead Auditor EMS RABQSA Cert N^o14370
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability

Iman Nawireja – Assessor RSPO
B.Ag.Sc. M.Sc. (Comm)
Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability

Robyn Ross – Social Assessor RSPO
Topics assessed: Legal, Social, Women and Families, Sustainability

Noryati Hambali – Facilitator (Women and Families)

2.2 Assessment Programme

The ASA2 was carried out 22–24 March 2012. The Assessment Programme is included as Appendix C.

The Programme included assessments of Tanah Merah Oil Mill, Tanah Merah and Bukit Pelandok Estates against all of the RSPO P&C, Supply Chain Standard: 2011 and applicable indicators, and the Supply Chain Requirements for Mass Balance.

The Nonconformities that were assigned and the Observations that were identified during previous assessments were followed up to check the effectiveness of corrective actions – refer Section 3.3 Page 14.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The ASA2 findings are detailed in Section 3.2 Page 14.

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 SOU14 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

During this ASA2, no new Nonconformities were assigned. Seven (7) Observations/Opportunities for improvement were identified – Refer Section 3.2 Page 14 for details.

Review of the nonconformities assigned and closed during previous Assessments found the corrective actions were being effectively and consistently implemented and the nonconformities remain closed.

In addition, the Nonconformities that were assigned to Minor Compliance Indicators 5.3.2 and 6.2.3 and the Twelve (12) observations that were identified during ASA1 were followed up to check the effectiveness of corrective actions – Refer Section 3.3 Page 14 for details.

BSi recommends continuation of Certification for SOU14 as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU14 has maintained up to date policies, procedures and action plans and these are available to stakeholders on request. The majority of requests for information are received at Head Office and are then forwarded to the Estates and Mills for provision of site-specific information. Records held on file showed that requests were received only from government and statutory authorities and the requested information was provided in a timely manner.

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.

SOU14 has maintained the filing system for responding to requests for information. For example SOU14 received a request from MPOB on 13 January 2012 requesting information for a “Survey on POME & Biogas for Renewable Energy Application in Palm Oil Mills”, which the Mill completed and replied by fax on 20 January.

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.

SOU14 has maintained all of the key documents up to date that are required by RSPO, and these are available to the public on request. Details of documents are described under the relevant RSPO Criterion, such as 6.1.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

SOU14 has maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. Inspection of records confirmed that the Mill and the Estates visited have maintained legal compliance with statutory requirements, such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. The boundaries of the Estates are well defined by trenches and boundary stones have been maintained so that they are clearly visible. Interview of local community representatives did not identify any land tenure issues.

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

Legal compliance was assessed by review of internal audit reports, such as the Mill Advisor’s Report (08 & 10 August 2011) and examination of key documents and operational data. A DOSH Officer made a site visit to the Mill on 22 February 2012 and noted some items for the mill to follow up in relation to correct wearing of PPE. The most recent DOE site visit was 14 June 2011. During the visit, DOE noted excessive black smoke from the mill boiler during start-up. The Mill replaced the multi-cyclone dust collector which had become worn and instructed the boiler operators not to use shock-loading of fuel into the boiler. Boiler emission testing is carried out twice yearly. SEMC Sdn Bhd tested the boiler emissions on 20 June 2011, following the DOE visit and recently on 03 January 2012. The tests confirmed emissions were well within the Malaysian Environmental Quality (Clean Air) Regulation 1978. The smoke density meters were calibrated six-monthly by ST Tech Engineering Sdn Bhd, with the most recent on 04 January 2012.

Approximately 50% of raw Mill effluent is applied to EFB in a composting plant adjacent to the Mill and the balance is treated in anaerobic ponds and applied to the palms in furrows. Treated Mill effluent complied with the license limits for land application, for example the BOD maximum was 540 mg/L during the previous 12 months (Figure 4). The housing provided for staff and workers meets minimum standards. Water from the government reticulation system is supplied to housing and is suitable for domestic use.

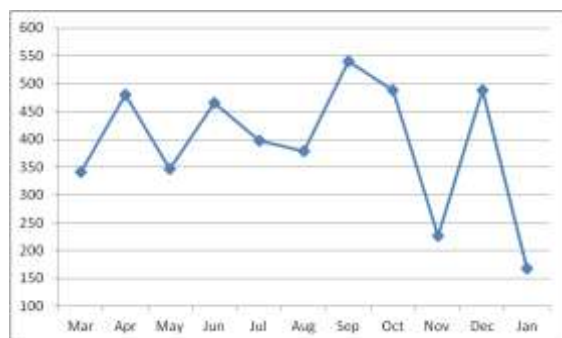


Figure 4: BOD (mg/L) of Treated Mill Effluent March 2011 – February 2012

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

The Estates are on Freehold land and originals of land titles are held by Sime Darby Land Management Department, Head Office. A copy of land title documents are held on site. All of the Title Deeds have been converted for land use “perennial agriculture”. SOU14 complies with the land title terms and conditions.

Sime Darby has prepared maps showing locations of all boundary stones together with the Global Positioning System (GPS) position. Field inspection of a sample of boundary stones confirmed these were painted red and white and were maintained.

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 land is freehold title and is not encumbered by Customary Rights. SOU14 does not restrict access through the Estates, except in relation trucks in order to prevent theft of crop.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

SOU14 has continued its commitment to sustainability by funding improvements at the Mill and Estates. The achievement of improved FFB Yield and OER over the past 5 years is a good indicator of more sustainable palm oil production. In addition to setting targets for production and product quality, the company has a focus on controlling costs to ensure the operations are economically viable.

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

Sime Darby has an Annual Budget with a four year projection through to 2014. The Budget includes crop forecasts and performance targets for the Mill and Estates and production is reported monthly to Head Office against performance targets.

The Estates FFB Yields have been increasing over the past 5 years due to the replanting program and the young palms coming into maturity (Figure 5). For example Bukit Pelandok FFB yield has increased from 21.7 t/ha in 2006/07 to 26.7 t/ha in 2010/11.



Figure 5: Average Annual FFB Yield (t/ha) 2006 – 2011

The Mill OER% has increased from 19.9% in 2006/07 to 21.08 in 2011/12 (Figure 6) due to improved FFB ripeness quality and collection of loose fruit. The Mill has improved control of processing temperature, sterilisation time and reduced oil losses. The target OER for 2011/12 is 21.6% and the mill has achieved 21.08% year to date.

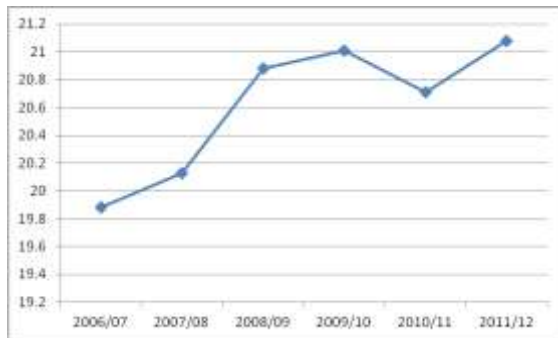


Figure 6: Average Annual OER (%) 2006-2012

SOU14 has a replanting programme projected to 2018 that is reviewed annually and Bukit Pelandok plans to replant 47 ha in the coming year.

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

SOU14 has implemented the Sime Darby management systems for monitoring and control of best practice implementation at its Mill and Estates. This includes a programme of regular internal audits by Mill Advisors and Plantation Inspectors and Agronomists for maintaining and improving production. The internal audits make assessments of the Mill and Estates performance against the required company standards. The Mill focus is on equipment maintenance and upkeep, while the Estates' focus is on maintaining palm and soil nutrients, efficient crop evacuation and FFB quality.

SOU14 environmental protection programme includes expansion of the IPM programme. Beneficial plants and the use of barn owls for control of rats have continued, and during the past year there was no outbreak of bagworm. The use of pesticides is based on information from pest census. The company gives high priority to employee health and safety and reducing the LTAI Rate.

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

The Sime Darby Agriculture Reference Manual and the "Mill Quality Management System Manual" have been maintained as the standard reference documents for SOPs across the company.

Internal inspections of Estates are carried out by the General Manager monthly. In addition there are internal audits at least annually. The Plantation Advisor Report is followed up with action taken by the Estate Manager in relation to the expected results. (Most recent Plantation Advisor Report 21–23 October 2011). The Mill operates a Quality Management System with external checks by the General Manager and Mill Advisor and information is available on actions taken in response to Audit Reports. Inspection of the Estates and the Mill during the ASA1 visit and review of internal audit reports indicated

systems have been implemented for checking SOPs are followed.

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

Agronomists from Sime Darby R&D Department carries out leaf sampling annually and soil sampling 5 yearly. For example at Bukit Pelandok, leaf sampling was carried out in October 2011 and soil sampling in April 2010. At Tanah Merah, soil sampling also was carried out in 2010 - Report No. S81/2010 issued on 20 September 2010 by Sime Darby Research Sdn Bhd. The results from leaf and soil sampling and a follow-up field visit by the Agronomist were used for preparation of the annual fertiliser programme in January 2012.

Approximately 90% of EFB is composted then applied to the field. The remaining 10% of EFB is applied to replanting areas and some mature palms. Records are held on file of the areas and quantities applied. Sime Darby Extension Services Department monitors the nutrient status of these areas. Inspection of the 2011 replanted areas at Bukit Pelandok Field 11A confirmed fire has not been used during replanting. Palms are felled and chipped before replanting.

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

Approximately 60% of the total planted area at Bukit Pelandok is terraced. Field inspection indicated relatively consistent implementation of soil conservation practices, including maintenance of ground cover vegetation along the terrace inter-slope, U-shaped stacking of pruned fronds, silt pits that also serve for water conservation, and maintenance of a durable laterite surface on roads. **Observation 01** – A minor section of the terracing at the Bukit Pelandok Field 2011A had insufficient back-slope for control of rainfall runoff and erosion of the outer face had occurred, indicating closer control of the contractor is needed to achieve construction compliance with the company specifications – refer Section 3.2 Page 14.

Observation of spray application indicated appropriate techniques are applied to maintain ground cover vegetation and minimise bare soils. Sime Darby has implemented the practice of spraying only palm circles at areas where mechanical in-field collection is used, in order to minimise soil disturbance by tractors. **Observation 02** – Inspection of Bukit Pelandok identified minor areas at Field 98A with reduced groundcover of *Nephrolepis* spp, that appeared to be due to previous over-spraying of frond stacks along palm inter-rows – refer Section 3.2 Page 14.

The Estate roads were well maintained and all areas visited were readily accessible, and roads had a durable surface of laterite.

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

There are no large rivers flowing through the Estates and waterways generally are small streams that originate within the Estates and often have no flow during the dry season. Reinstatement of riparian buffer strips is being carried out during replanting. Inspection showed the application of pesticide had ceased at the palms planted pre-2000 within the designated buffer strip width. The last water sampling at Tanah Merah was done on 23 January 2012 at upstream, middle, and downstream by Sime Darby Research Sdn Bhd and all results indicated that no chemical or other contaminant substance was detected.

The Mill has continued to sample the monsoon drain monthly and the water quality results show low concentrations throughout the year for suspended solids (less than 30 mg/L except in May and September), oil and grease (less than 2 mg/L) and BOD (less than 10 mg/L).

The Estate has continued to monitor rainfall daily and the information is used for planning field operations such as the timing of the application of fertiliser.

The Mill monitors water consumption and reports monthly usage against an annual target of 1.2 t/t FFB and has achieved 1.36 t/t FFB in 2011/12 year to date (Figure 7).

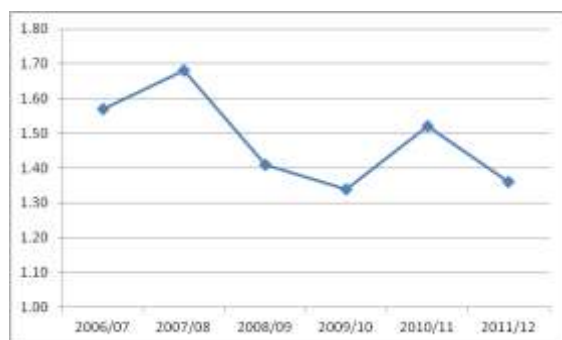


Figure 7: Annual Mill Water Usage (t/t FFB) 2006/07-2011/12

The Mill has continued to recycle steriliser condensate to dilute centrifuge waste. The mill produces premium quality oil and cannot re-use steriliser condensate for dilution water. Use of water for hosing floors has been ceased during processing hours and brooms are used.

Approximately 50% of the raw Mill effluent is being used for composting with EFB and the remainder is treated in effluent ponds and applied to the palms in furrows.

The Estate and Mill have various elements of a water management plan that have been documented and implemented. The Mill has revised the Water Management Plan (2011/12) to include conservation measures, and has implemented recycling of steam turbine cooling water for use in the Hydro-Cyclone in the kernel plant.

Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using

appropriate integrated Pest Management (IPM) techniques.

The Estates have continued to implement the IPM programme for control of palm pests that includes census of pest numbers and use of appropriate biological controls, such as barn owls, beneficial plants and pheromone traps. The beneficial plants (*Turnera subulata*, *Cassia cobanensis* and *Antigonon leptopus*) have been established along 15 km of main roads at Bukit Pelandok. The Estates carry out a census of barn owls twice each year and at Bukit Pelandok, for example the August 2011 census recorded 59.4% occupancy of barn owl boxes.

Each Estate carries out a fortnightly census for monitoring Bagworm populations. Records are available at the Estate on the quantity of chemical applied for each field. The information is aggregated as usage for each chemical on a monthly basis for the active ingredient applied. There has been no outbreak of bagworm since 2010 at Bukit Pelandok and there was no chemical intervention since that time. Tanah Merah Estate records showed chemical control of a bagworm outbreak was applied in March 2012 at Block 01 to 07 of P95A.

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 Estates have continued to use the Sime Darby Agriculture Reference Manual for guidance on the types and quantities of chemicals to be used for various field conditions. The Mandor inspects field conditions prior to spraying to identify the spray treatment required.

The Estates maintain a register of all chemicals being used. Inspection of the main store and divisional stores and records confirmed that only chemicals approved by the Pesticides Board were being used. Bukit Pelandok Estate has not used any Class 1 chemicals since the bagworm outbreak in 2010. Tanah Merah Estate holds permit No. NS/METHA(GL)/12/011 dated 12 March 2012 for use of Methamidophos valid to 10 April 2012.

Inspection confirmed that the main Pesticide Store at each Estate meets best practice requirements, including security, spill containment, ventilation, labelling, separation by type of chemical, PPE, spill kits and work instruction.

Pictorial Work Instructions providing information on safe use of chemicals were displayed at the Pesticide Store and the chemical mixing area.

Observation 03 – Some of the MSDSs at the Mill Water Treatment Plant and the Estates Pesticide Stores were in English, which may not be understood by the operators – refer Section 3.2 Page 14.

Physical health checks are carried out monthly at the company clinic for all pesticide operators. Annual Medical Surveillance as per CHRA is carried out for all pesticide operators. For example, on 2 February 2012, 38 Tanah Merah Estate Pesticide Operators underwent medical surveillance and inspection of records found all were confirmed fit.

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

The Sime Darby Safety and Health Policy is displayed prominently in Bahasa Malaysia and English, for example, at Muster areas and on Notice Boards. The Policy is implemented through an OSH Management Plan. Inspection of field operations and work places during ASA2 indicated the Policy was implemented.

The Mill reviewed and revised the HIRAC for all work stations on 01 March 2011. There has been no significant change to the mill equipment or process during the past year. The Estates reviewed and revised the HIRAC for all field tasks during the year, for example Bukit Pelandok held a HIRAC review meeting on 13 February 2012.

Sime Darby OSH Unit has developed Safety Training Programs and distributed training materials. The Mill and Estates maintain records of training for individual staff and workers. For example Bukit Pelandok arranged training of 21 staff and sprayers conducted by Heng Wah Leong on 12 January 2012. The training included spray technique and maintenance of spray equipment.

Field Inspection and observation of spraying tasks confirmed chemicals were being applied in accordance with product safety precautions and the Sime Darby SOP.

Field inspection and observation of tasks in the Estates and the Mill confirmed that correct PPE was issued to all workers and staff and was appropriate for the task being carried out. **Observation 04 – A worker at the Kernel Station area was not wearing hearing protection, which indicates lack of the enforcement of wearing PPE at areas identified by Safety Signs – refer Section 3.2 Page 14.**

The Estate Managers and the Mill Manager are the designated persons responsible for OSH.

Estate OHS meetings are held quarterly and include worker representatives. The most recent OSH Meeting was held at the Mill 20 March 2012, attended by 14 staff and worker representatives; Bukit Pelandok held OSHA Meetings quarterly, with the most recent on 12 February 2012 attended by 14 staff and worker representatives. Meeting Minutes are held on file and detailed the discussions of safety issues, accidents and near misses.

The Accident and Emergency Procedures are documented and include the steps required to be taken for a range of potential emergencies, Site Plan and Emergency Callout List of Contacts. The Emergency Response Plan is reviewed annually and updated as

required (Mill April 2011) for any changes, such as contact phone numbers.

First Aid training has been conducted by the company Hospital Assistants, for example on 12 March 2011 for 32 Tanah Merah Estate staff and workers; 4 May 2011 for 9 Mill staff and workers; and 12 May 2011 for 31 Bukit Pelandok Estate staff and workers.

First aid kits are taken into the field by Mandores and also are located in “spray trailers”. First Aid Kits were located at work stations in the Mill. Inspection of a sample of First Aid Kits found that these were appropriately stocked.

Accidents are investigated and details reported to Head Office who review records of all accidents and near misses monthly and identify corrective and preventive actions. The Mill and Estates LTAs have remained static over the past 3 years. The most recent LTA in the Mill was 24 November 2011. The last LTA at Bukit Pelandok Estate was 28 March 2011.

Malaysian workers are covered by Social Security Organisation (SOCSO) Insurance. Foreign workers are covered by RHB Insurance Berhad under Master Policy D08WFWC8606982KL, current to 30 June 2012.

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

The Mill and Estates have developed an annual training programme for the 2011/12 year that is based on information on training needs analysis assessed informally at the Estate. The training programme covers SOPs, OSH and sustainability and records are maintained of each training session, including a list of staff and workers. Observation of tasks and interview of workers and contractors at the Mill and Estate indicated good understanding of their tasks and that they had been appropriately trained.

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

SOU14 has reviewed and updated the environmental aspects and impacts for the Mill and the Estates and revised the environmental improvement plans. The Mill has continued to focus on management of solid wastes and the reduction of water usage. The Estates are continuing with the expansion of beneficial plants for biological control of leaf-eating palm pests as well as reinstatement of riparian buffer strips at replanting along small streams. The estates are drained by small streams that originate within the palms.

Progress has been made with implementation of waste segregation at workshops, stores and at housing and this has reduced the quantity that requires disposal by landfill. There is good control of scheduled waste with workshop and pesticide wastes consistently disposed to a licensed recycler. The company’s zero burn policy has been consistently applied at replanting areas.

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 maintained the elements of the Environmental Management System, such as the Aspects and Impacts Register and Management Programmes for control of the significant impacts. The Register was last reviewed and updated in October 2011. The Mill Improvement Plan focuses mainly on improved control of wastes within the mill compound. The Estates have identified improvements at the pesticides mixing area to minimise the risk of spillage and reduction of water usage in the Plan for 2011/12.

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.

The Estates have reviewed and updated the Biodiversity Action Plan for the 2011/12 year. Tanah Merah has continued the protection of the mangrove area and reinstatement of riparian buffer zones. At Bukit Pelandok Estate the main actions are to improve control of areas for future reinstatement of riparian buffer zones and training and awareness of staff and workers.

The Estates have continued with the awareness briefings to staff and workers during morning musters on the company policy to prohibit hunting and fishing within the Estates and to protect biodiversity. Signboards prohibiting hunting and fishing have been maintained at all entrances to the Estate and adjacent to conservation areas. Although Bukit Pelandok has no high conservation value areas, the riparian buffer strips along small streams have been assigned priority areas for conservation through re-establishment of natural vegetation.

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

The Mill wastes and sources of pollution are identified in the Environmental Aspects and Impacts Register, and the Estates have an "Environmental Improvement/Pollution Prevention Plan 2011/12". The Plan describes the method of re-use or disposal for each type of waste generated.

"Point Source" pollutants generally were well controlled at the petroleum hydrocarbon and chemical storage and use areas at the Mill and the Estates.

Inspection showed that separation of wastes by type generally was consistently implemented at workshops and central stores and materials placed in the labelled bins.

The Estates and Mill have maintained the Scheduled Waste Stores and arrangements are made for collection of scheduled waste by licensed contractors for disposal. The Mill and Estates have maintained up to date monthly scheduled waste inventories and held copies of manifests, for example, Kualiti Alam Sdn Bhd Consignment Note No. 0008506 dated 15 December 2011 for disposal of spent laboratory solvent; and 3 drums of waste oil collected by Hiap Huat Chemicals Sdn Bhd on 17 January 2012, Consignment Note No F124575. **Observation 05 – Empty lubricant containers and spent grease were stored outside the Auxiliary Store at the Mill when there is available storage capacity in the Scheduled Waste Store – refer Section 3.2 Page 14.**

Crop residues EFB and POME are composted and applied to the field as organic fertiliser. Approximately 90% of EFB is composted with Mill effluent and used as organic fertiliser in the Estates. Fibre and nut shell that are excess to Mill boiler requirements for processing, are sold. Sludge oil is recovered from cooling ponds and sold to a recycler.

Observation 06 – Sediment control could be improved at the Bukit Pelandok vehicle wash bay by installing a trap on the drain before the water/oil separator – refer Section 3.2 Page 14.

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

The Mill has continued to record daily energy usage from the steam turbine and standby power obtained from the government supply and reports the information monthly to head office. Average Annual energy usage has decreased since 2008/09 due to the energy optimisation programme, the commissioning of a new larger capacity boiler and increased throughput of FFB. Sime Darby has a programme of investigating the feasibility of recovering methane from Mill effluent treatment ponds and anaerobic digestion tanks at its Mills. To date, an initial scoping investigation has been carried out at SOU14 Mill.

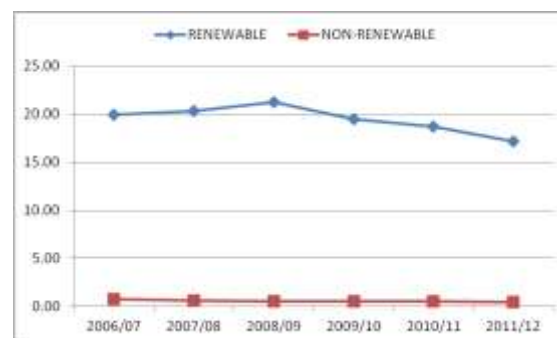


Figure 8: Renewable and Non-renewable Energy Usage (kWh/t FFB) 2006-2012

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

Sime Darby has a policy of zero burning at its plantations. Inspection of mature and replanted areas did not find any evidence of open burning.

At replant, the old palms are chipped, windrowed and mulched. Inspection of replanted areas confirmed the felled palms had been chipped and mulched in accordance with the SOP.

Inspection of housing and workshops confirmed no evidence of use of fire used for disposal of wastes.

Observation 07 – Inspection found evidence of fire used for waste disposal at the Tanah Merah contractor’s construction area – refer Section 3.2 Page 14.

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

The Mill and Estates have reviewed the Pollution Prevention Plan for the 2011/12 year. The current Plan focuses on reducing water usage and improving the separation and storage of wastes.

The Estates have continued to give priority to the prevention of soil erosion, particularly at replanting areas to prevent discharge of sediment with rainfall runoff. The development of drainage and water management on newly constructed terraces generally was consistently implemented. Planting of leguminous cover crop is done immediately following the chipping and of felled palms.

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

SOU14 has continued to have six monthly meetings with stakeholders and used this information to review and updated the SIA and Social Action Plans for the Estates and the Mill. Local communities have good infrastructure and government and commercial services are readily accessible and the company responds positively to community requests.

Female staff and workers appreciated the operation of the Gender Committee, which provided them the opportunity to raise any issues of common concern related to gender and families.

The company continued to maintain a good relationship with Contractors, some of whom had worked with SOU14 for more than 10 years and no issues were raised.

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.

SOU14 met with stakeholders on 14 March 2012 then revised the SIA and included information on the results of the consultation. The Mill and Estates also revised the Social Action Plan in response to the input received from stakeholders.

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 Estates carried out a meeting with stakeholders every six months. The last meeting with Tanah Merah stakeholders was on 14 March 2012 attended by 19 participants (9 local people representatives, school representatives, neighbouring company, public health centre, police and NUPW) to get an update of any social issue raised.

Interview of community representatives confirmed the relationship with the company was closer because of the informal meetings and exchange of information.

The Estates have an up to date list of stakeholders following the revision on 07 February 2012 and it includes contractors, vendors/suppliers, local community heads and other interested parties.

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.

Records held at the Mill and the Estates showed that SOU14 did not receive any complaints or grievances that required handling through the formal grievance process.

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 Customary Land within the Estates. There has not been any claim for land compensation since the Initial Certification assessment.

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.

The Company has continued to observe the two Collective Labour Agreements NUPW (Workers) and AMESU (Staff). Pay and conditions are documented in the two Agreements. Interviews of staff and workers and inspection of a sample of pay records found that payments were consistent with the current agreements.

A good standard of housing is provided for staff and workers. Water is supplied from the Government Reticulation System. Electricity is supplied from the Government. Free medical treatment is provided to workers and dependants. Government Malay, Tamil, Chinese and Secondary Schools are available. Children travel by private transport with full cost of fares paid by the families. Management advised that a van passes the front entrance of the Estate (approximately 400m distance from the linesite) to transport children to school.

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.

SOU14 maintains records of minutes of meetings with Union Worker Representatives and Union Officials. The NUPW representatives participated in the stakeholder consultation meeting on the 14 March 2012.

A statement recognising Freedom of Association is included in the Corporate Social Policy approved 1 April 2008 and is available in Bahasa Malaysia. Workers and staff interviewed stated they are free to join a union if they wish.

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 of records confirmed that age checks are made before hiring: Malaysian workers - National Identity Card; Foreign workers - Passport. Children were not observed at any workplace during Mill and field inspections.

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 Opportunities Statement is included in the Corporate Social Policy approved by top management April 2008. The Policy is displayed prominently at offices and muster areas. Similar to previous assessments, interview of staff and workers indicated understanding of the Policy and advised there was no discrimination. Examination of Personnel files and pay records did not identify any inconsistencies that may be attributed to 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.

The Policy for the prevention of sexual harassment and violence is displayed prominently at offices and muster areas. A Gender Committee operates successfully and all female staff and workers interviewed were aware of their Committee Member representative.

Sime Darby has a specific Grievance Procedure for gender related issues. Female staff and workers interviewed were aware of the procedure to raise issues but stated that they had not had occasion to use it.

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

The SOU14 Mill processes only FFB from company owned Estates and the Indicators relating to smallholders are not applicable.

Interview of contractors confirmed that contract terms and conditions were explained to them prior to signing and they did not have any issues in relation to the payment of invoices.

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

SOU14 is located in an area where public infrastructure and government services are readily accessible. The Mill and Estates respond to requests from communities such as donations for places of worship and for local schools, which are considered appropriate for the circumstances.

Principle 7: Responsible Development of New Plantings

SOU14 has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

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

SOU14 has continued with improvement projects that contribute to overall sustainability of the operations. For example, gains have been made in the average FFB yield per hectare as well as the OER which are important indicators of efficient palm oil production.

Progress has been made on environmental and social improvement projects. The Estates have expanded the plantings of beneficial plants, which together with pest census are important for in the IPM programme. SOU14 has continued giving priority to safe work practices and safety training. The company has continued to build on the more open relationship with internal and external stakeholders.

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.

IPM techniques have been implemented to aid control of palm pests and to reduce the use of chemical treatment. Only one Class 1A chemical, Methamidophos, was used and the treatment was based on pest census information.

The Mill has continued to focus on reducing water usage, while the Estates give priority to soil conservation, especially at areas of replanting.

Hazardous wastes, such as petroleum hydrocarbons and scheduled wastes are well controlled and the wastes sold to DOE licensed recyclers.

The SOU14 Social Action Plan has continued to aim at improving relations and communication with local communities.

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

No new Nonconformities were assigned during ASA2. Seven (7) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Annual Surveillance Assessment (ASA3).

01 (4.7.1) A worker at the Kernel Station area was not wearing hearing protection which indicates lack of the enforcement of wearing PPE at areas identified by Safety Signs.

02 (4.6.4) Some of the MSDSs at the Mill Water Treatment Plant and the Estates Pesticide Stores were in English, which may not be understood by the operators.

03 (5.3.2) Empty lubricant containers and spent grease were stored outside the Auxiliary Store at the Mill when there is available storage capacity in the Scheduled Waste Store.

04 (4.3.2) Inspection of Bukit Pelandok identified minor areas at Field 98A with reduced groundcover of *Nephrolepis spp*, that appeared to be due to previous over-spraying of frond stacks along palm inter-rows.

05 (5.3.2) Sediment control could be improved at the Bukit Pelandok vehicle wash bay by installing a trap on the drain before the water/oil separator.

06 (4.3.1) A minor section of the terracing at the Bukit Pelandok Field 2011A had insufficient back-slope for control of rainfall runoff and erosion of the outer face had occurred, indicating closer control of the contractor is needed to achieve construction compliance with the company specifications.

07 (5.5.3) Inspection found evidence of fire used for waste disposal at the Tanah Merah contractor's construction area.

Noteworthy Positive Components

- Management and Staff have a good understanding of RSPO requirements as evidenced by compliance with all applicable P&C and Indicators.
- Mill OER % has been increasing since 2007 due to improved crop quality supplied from the Estates and reduction of oil losses.
- FFB yields have been increasing since 2006 due to the replanting programme and improved upkeep and crop recovery.

3.3 Status of Nonconformities (Major and Minor) Previously Identified

Corrective Actions implemented for the Nonconformities identified during previous Assessments against Major Compliance Indicator 6.1.1 (CR01) and Minor

Compliance Indicators 6.1.2 (CR02); 6.1.3 (CR03) and 6.5.2 (CR04) remain in place and the nonconformities remain closed.

CR05: 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented to avoid or reduce pollution.

A Nonconformity was assigned to this Minor Compliance Indicator during ASA1 because there was inconsistent separation of wastes at the Mill, with general refuse mixed with boiler ash at the rear of the Mill boiler.

ASA2 Findings: Inspection confirmed wastes were being separated and placed in the appropriately labelled bin.

The Nonconformity was closed 24 March 2012

CR06: 6.2.3 Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.

A Nonconformity was assigned to this Minor Compliance Indicator because interview of internal stakeholders indicated that verbal complaints have been made to the Mill but inspection showed that these verbal complaints, such as incidents at housing, have not been documented and therefore have not been subjected to the formal dispute resolution process.

ASA2 Findings: Inspection of the Complaints Register and interview of internal stakeholders confirmed that verbal complaints are now entered into the Register and acted in an appropriate and timely manner.

The Nonconformity was closed 24 March 2012

Observations/Opportunities for Improvement (Identified during Initial Certification Assessment)

01 (4.4.1) During replanting at Sua Betong Estate a small number of palms have been planted inconsistently within the Sime Darby guideline distance to the edge of a small stream at field 09A. Inspection at Sua Betong Estate found that during replanting, a small number of palms have been planted within the Sime Darby guideline distance to the edge of drains at field 09A.

ASA2 Findings: Identified only at Sua Betong Estate and was not followed up as the Estate is no longer attached to SOU14 and is outside the scope of the Certificate

02 (4.4.3) The value of information from the Mill monsoon drain sampling could be improved by graphical presentation of the monthly laboratory results progressively and review of the data for trend.

ASA2 Findings: The mill has implemented monthly update of a spreadsheet with graphs for displaying the water quality trends progressively.

03 (4.4.5) A water pipe near the oil room in the Mill was leaking badly, which is inconsistent with the aim to reduce water usage.

ASA2 Findings: Inspection did not identify any pipes with significant water leaks..

04 (4.6.1) The accuracy of measuring herbicide concentrate could be improved by the use of an appropriate device, sized according to the measurement quantity.

ASA2 Findings: *Identified only at Sua Betong Estate and was not followed up as the Estate is no longer attached to SOU14 and is outside the scope of the Certificate.*

05 (4.6.4) At the Mill Water Treatment Plant, the MSDS was located on the far wall, which was inaccessible and poorly lit.

ASA2 Findings: *The MSDSs were placed at an appropriate location in the chemical measurement room.*

06 (4.6.5) At Sua Betong Estate CHRA Medical Surveillance was carried out 12/11/2010 by a DOSH registered Doctor but only for those Pesticide Sprayers exposed to Organophosphates and Methamidophos. Sprayers having exposure to other pesticides and the pesticide mixer were not included in the Surveillance.

ASA2 Findings: *Identified only at Sua Betong Estate and was not followed up as the Estate is no longer attached to SOU14 and is outside the scope of the Certificate.*

07 (4.7.1) A contractor was not wearing the correct PPE when using oxy-acetylene equipment for cutting steel near the FFB Ramp. The Mill Manager ordered work to cease immediately that he realised the issue and requested issue of correct PPE from the store.

ASA2 Findings: *Inspection of work areas and the Maintenance Work Shop found the correct PPE in good condition was available for each type of welding and cutting.*

08 (4.7.1) The Estate carries out safety briefings for all visitors and new hires, however an emergency drill to test the effectiveness of the procedures had not been carried out at Sua Betong since 2009.

ASA2 Findings: *Identified only at Sua Betong Estate and was not followed up as the Estate is no longer attached to SOU14 and is outside the scope of the Certificate.*

09 (5.2.3) Inspection of the Bukit Pelandok Estate buffer zone at block 83 indicated that marking was not yet carried out to delineate boundary for future replanting.

ASA2 Findings: *Inspection confirmed buffer zones were demarcated and the application of chemicals to palms had ceased.*

10 (6.1.3) The Bukit Pelandok Estate Social Action Plan with responsibilities based on the update of the SIA carried out in April 2011 had been prepared. However, it did not clearly specify the action to be taken.

ASA2 Findings: *The Social Action Plan was updated January 2012 with participation of both Internal and External Stakeholders. All items not closed from the previous Plan have been transferred to the current Plan, together with additional new items. The Plan includes actions to be taken, expected completion date and person responsible.*

11 (6.2.3) A Stakeholders list is available but needs to be updated with the current stakeholders' contact information and inclusion of government agencies and the NUPW.

ASA2 Findings: *Inspection of Stakeholder Lists at all locations visited found they had been updated to include all relevant stakeholders and contact details.*

12 (6.5.3) The Mill Housing Repair Register does not show the date when repairs were completed to indicate that repairs are carried out in a timely manner.

ASA2 Findings: *All entries in the Register show repair completion date.*

The Assessment Team concluded SOU14 had implemented appropriate and effective improvements for each of the Observations identified during ASA1.

3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during ASA1 were followed up during this Assessment and found to have been actioned appropriately by the company.

Stakeholders interviewed during ASA2, both internal and external, had mainly positive comments. Issues raised during the interview process and the Company's response are detailed below.

Mill residents are concerned about cows wandering around the housing area – this issue has also been raised by the Gender Committee but it does not appear to have been identified in the Social Action Plan.

Company Response: *An approved budget is in place for construction of fencing around Mill worker housing.*

Bukit Pelandok residents stated there is no transport for children to and from School.

Company Response: *Management advised that a van passes the front entrance of the Estate (approximately 400m distance from the linesite) to transport children to primary school.*

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 6.1.1	Major	11/09/2008	Closed 26/10/2008
CR02 6.1.2	Minor	11/09/2008	Closed 26/10/2008
CR03 6.1.3	Minor	11/09/2008	Closed 26/10/2008
CR04 6.5.2	Minor	11/09/2008	Closed 05/05/2011
CR05 5.3.2	Minor	05/05/2011	Closed 24/03/2012
CR06 6.2.3	Minor	05/05/2011	Closed 24/03/2012

4.3 Sign-off of Surveillance Assessment Findings

SOU14 acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. SOU14 accepts the responsibility for implementing the corrective actions and addressing the opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of
Sime Darby Plantation Sdn Bhd (SOU14)



Mr Abdul Ghafar Sulaiman
Manager Tanah Merah Oil Mill
Date: 25/4/2012

Signed for on behalf of
BSi Group Singapore Pte Ltd



Mr Charlie Ross
Lead Auditor

Date: 26/04/2012

Appendix “A”

Supply Chain Assessment

APPENDIX A – SUPPLY CHAIN ASSESSMENT REPORT – SOU14 – MASS BALANCE**TANAH MERAH OIL MILL****Certified Mill Production – 01 March 2011 – 29 February 2012**

MILL	CAPACITY	CPO	PK
Tanah Merah	30 t/hr	36,785	8,514

Sales of Certified Mill Products – 01 March 2011 – 29 February 2012

MILL	CPO	PK
Tanah Merah	36,785	8,512.96

Sales Certified CPO from 01/03/2011 to 29/02/2012

Company	Tonnes
BMD (Bursa Malaysia Derivatives)	4,200.94
Cargill KL	2,094.19
Sime Darby Future Trading Sdn Bhd	30,489.87
TOTAL	36,785

Sales Certified PK from 01/03/2011 to 29/02/2012

Company	Tonnes
Hup Lee	3,008.64
Kilang Minyak Sawit Meru Sdn Bhd	200.91
Lee Oil Mills	98.74
Syarikat Perpaduan Kilang Minyak Sdn Bhd	20.45
Sang Kee Edible Oils Sdn Bhd	1,400.24
Sime Darby Future Trading Sdn Bhd	3,246.51
Kilang Isi Sawit Sin Huat Hin Sdn Bhd	537.47
TOTAL	8,512.96

Certified FFB Received Monthly - 01 March 2011 – 29 February 2012

Month	Tanah Merah	Bukit Pelandok	Sua Betong	Labu	New Labu	Bradwall	Salak	Siliau	Padang Lukut	Sengkang	Tampin Linggi	Total FFB/Month
March	7,949.90	3,841.57	4,417.04									16,208.51
April	8,879.42	3,450.70	4,553.63	145.95	65.86							17,095.56
May	8,720.89	3,982.15	4,985.02			59.22						17,747.28
June	8,340.83	3,898.77	4,511.14				92.88					16,843.62
July	7,915.26	3,940.55		129.04	521.23		2,144.15	131.02				14,781.25
August	7,348.49	3,746.09				108.78	3,874.85	288.68	166.74	296.03	638.31	16,467.97
Sept	9,000.67	4,562.87	14.05			46.81	3,171.85	23.88	202.51	160.59	28.67	17,211.90
Oct	8,205.20	4,371.06					2,067.07	34.86		97.75		14,775.94
Nov	6,749.79	3,996.98					4,451.80					15,198.57
Dec	5,983.15	2,986.95					1,481.36					10,451.46
Jan	5,761.39	2,789.57				121.02	84.79	77.9	758.75			9,593.42
Feb	5,746.85	2,732.51	393.19			209.71			415.75			9,498.01
TOTAL	90,601.84	44,299.77	18,874.07	274.99	587.09	545.54	17,368.75	556.34	1,543.75	554.37	666.98	175,873.49

Certified Company Details

Sime Darby Plantation Sdn Bhd
Management Unit SOU14
Ladang Tanah Merah
71009 Port Dickson
Negeri Sembilan Malaysia

Contact Person: Mr Abdul Ghafar Sulaiman
Manager Tanah Merah Palm Oil Mill
Phone: 06-6673317
Fax: 06-6672506
Email: kks.tanah.merah@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	Trading Option	Certification Body	Date of Certification
1	Unimills B.V., Netherlands	Yes	SG, MB	Control Union (CUC)	Interim self assessment in Mac 2009. Certified by CUC on 28 June 2011
3	SD Biodiesel, Malaysia	Yes	SG, MB	SIRIM	Interim self assessment in Mac 2010. Certified by SIRIM on 25 March 2011
4	SD Jomalina, Malaysia	Yes	SG, MB	SIRIM	Certified on 10 March 2011
5	SD Kempas, Malaysia	Yes	MB	SIRIM	Certified on 19 Aug 2011
6	SD Austral, Malaysia	In Progress	MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Feb 2012.
7	NURI Edible Oil Refinery, Malaysia	In Progress	MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Jan 2012.
8	NURI Edible Oil Kernel Crushing Plant, Malaysia	In Progress	SG, MB	SIRIM	Awaiting Certification by CB. Main Assessment carried out in Jan 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

Summary

Supply Chain assessment was made at Tanah Merah Mill that is owned and operated by Sime Darby. The assessment included site visits to Tanah Merah Oil Mill and Tanah Merah and Sua Betong Estates, review of records and interviews of staff. SOU14 consigned the Certified CPO to three buyers. SOU14 consigned the Certified PK to seven buyers. The assessor concluded SOU14 has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and sales of certified CPO and PK. SOU14 maintains adequate records for confirming compliance with the RSPO supply Chain requirements and staff were able to demonstrate an appropriate knowledge of the requirements.

Conclusion

The SOU14 management system and records meet the requirements of the RSPO supply chain requirements, November 2011 for the 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

Thursday 22 March 2012 – Tanah Merah 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 24 March.

People consulted: Abdul Ghafar Sulaiman (Mill Manager); Shahairi (Assistant Engineer); Azrul (Assistant Engineer); Weighbridge Operator.

Scope

The scope of the assessment covered the Tanah Merah Palm Oil Mill and the supply base of Sime Darby owned Tanah Merah and Sua Betong Estates. The Supply Chain mechanism used is Mass Balance. The SOU14 operations were assessed against the RSPO Supply Chain Standard : November 2011 requirements for Oil Mills and Mass Balance.

Description of Operation's Management System

SOU14 uses the mass balance mechanism for the supply chain. All consignments of FFB despatched from the Estates 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 each Sime Darby Estate supply source. 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 summarises and reports daily to Sime Darby Head Office: the quantity of FFB received from the Estates; 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 Estates also report the above quantities monthly to Sime Darby Head Office.

Checks of records confirmed the RSPO Certified CPO produced by Tanah Merah Mill during the preceding 12 months (01 March 2011 – 29 February 2012) was sold to three buyers. During the same period, the RSPO Certified PK produced by the Tanah Merah Oil Mill was sold to seven buyers. Inspection of documents confirmed that SOU14 maintains all of 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 SOU14 and adjacent Sime Darby Estates during the 01 March 2011 – 29 February 2012 year and processed at Tanah Merah Mill: 175,873.49 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 their 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.*
- 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.*
 - 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*
 - The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. *Complies – The company sales did not exceed the Certified CPO or PK volumes during the 2011/12 year.*
- 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 has signed contracts with the Kernel Crushing Mill.*

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 – all of these items (a-e) are included in the company's invoices to buyers*

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 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 Timebound 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)	

As of March 2012, *RSPO Certification status in Sime Darby Plantation are as follow:*

- I. CSPO: To date (as of 1st March 2012) 51 SOUs have been certified with RSPO (39 Malaysian SOUs and 12 Indonesian SOUs).
- II. RSPO Certified volume as of 1st March 2012: 1,830,674 mt of CPO production claimed & 434,063 mt of kernel production claimed.

Status	Malaysia	Indonesia	Total	Remarks
Certified	39	12	51	• All SOUs in Malaysia have been certified.
RSPO EB Review	0	11	11	• Pending review by RSPO EB.
Assessed/Audited	0	0	0	
Total SOUs	39	23	62	

There were several claims made by NGOs against Sime Darby Plantation operations, and SDP has responded to their claims respectively as the media releases and updates as follow:

i) Sime Darby's Response to New York Times Article (Jan 2012)

http://www.simedarbyplantation.com/Sime_Darby's_Response_to_New_York_Times_Article_.aspx

ii) False and Inaccurate Reports on Liberian Operations (Feb 2012)

http://www.simedarbyplantation.com/False_and_Inaccurate_Reports_on_Liberian_Operations.aspx

iii) Sime Darby Plantation's Response To Oxfam's Press Release (Oct 2011)

http://www.simedarbyplantation.com/Sime_Darby_Plantation's_Response_To_Oxfam's_Press_Release.aspx

iv) Complaints by Forest Peoples Programme on New Planting Procedure, Liberia (Oct 2011 – Feb 2012)

Further to a bilateral discussion with the complainants was held at site on 17th Dec 2011, the local communities has written a withdrawal letter to RSPO, for SDPL to proceed with any work in Stage III Gbarpulo areas, an official notification from RSPO is sent to complete the said NPP. Sime Darby is progressing with the Stage III new plantings including land development covering 20,000 ha in Gbarpolu County, Rep of Liberia.

Appendix “C”

ASA2 Programme

ASA2 PROGRAMME 22 – 24 March 2012

TEAM: CR: Charlie Ross; RR: Robyn Ross; IN: Iman Nawireja; NH: Noryati Hambali

DATE	TIME	ACTIVITY	CR	RR	NH	IN
Thursday 22 March 2012 MILL		Opening Meeting (Mill and Estates) Document Review, including Supply Chain, Weighbridge Interview Male Staff/Workers Interview Female Staff/Workers Review Pay Documentation Interview Contractors/External Stakeholders	√ √	√ √ √	√ √ √	√ √ √
		Inspect Mill, Effluent Ponds, Land Application, Workshop, Stores, Landfill Contact Government Offices DOSH, DOE, Labour Department, NUPW Regional Office, AMESU, NGOs Visit any Local Communities Visit Clinic and Interview Staff Inspect Housing and Interview Residents Closing Briefing	√ √	 √ √ √	 √ √ √	 √ √
Friday 23 March 2012	AM	Opening Briefing Inspect Estate including Buffer Zones Interview Female Fieldworkers Inspect Stores, Landfill Interview Female Staff/Workers Review Pay Documentation	√ √ √	√ √ √ √	√ √ √ √	
	PM	Document Review Visit Clinic Interview Staff Inspect Housing Interview Residents Closing Briefing	√ √	 √ √ √	 √ √ √	
TEAM 2 BUKIT PELANDOK ESTATE	AM	Opening Briefing Inspect Estate including Buffer Zones Interview Male Fieldworkers Inspect Stores, Landfill Interview Contractors/External Stakeholders				√ √ √ √ √
	PM	Visit any Local Communities Document Review Closing Briefing				√ √ √
Saturday 24 March 2012	AM	Follow up any outstanding data/clarification Prepare Visit Report and Closing Presentation Closing Meeting	√ √	 √ √	 √ √	√ √

Appendix “D”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i> 5 Local Male Mill Workers 5 Foreign Male Mill Workers 5 Foreign Harvesters (Tanah Merah Estate) 4 Foreign Male Sprayers (Tanah Merah Estate) Hospital Assistant (Bukit Pelandok Estate Clinic) Hospital Assistant (Mill/Tanah Merah Estate Clinic)</p>	<p><i>Internal Stakeholders</i> 5 Female Mill Staff/Workers 6 Residents Mill Housing 2 Local Female Sprayers (Bukit Pelandok Estate) 2 Foreign Male Sprayers (Bukit Pelandok Estate) 4 Female Staff/Workers (Bukit Pelandok Estate) 13 Residents Bukit Pelandok Estate Housing</p>
<p><i>Contractors</i> 2 Mill Contractors 1 Mill Supplier Bukit Pelandok Estate Harvesting Contractor</p>	<p><i>Local Communities</i> Kampung Janging Representatives Kampung Baru Tanah Merah Representative</p>
<p><i>Government Departments</i> Department of Labour Department of Environment Lands Department</p>	<p><i>NGOs and others</i> AMESU NUPW</p>