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## PUBLIC SUMMARY REPORT

### RSPO

## 3<sup>rd</sup> ANNUAL SURVEILLANCE ASSESSMENT (ASA03)

### Sime Darby Plantation Sdn Bhd SOU 18: Diamond Jubilee Palm Oil Mill Jasin, Malacca, Malaysia

*Report Author:*

**Senniah Appalasamy – July 2014**

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## SUMMARY

BSi has conducted the Third Annual Surveillance Assessment (ASA 3) of Sime Darby Plantation (RSPO membership No.: 1-0008-04-000-00), Strategic Operating Unit 18 comprising Diamond Jubilee Palm Oil Mill, supply base and infrastructure. Diamond Jubilee certification unit located in Jasin, Malacca, Peninsular Malaysia comprising one mill, three own estates, support services and infrastructure. The ASA3 was conducted on 8 – 11 July 2014. BSi concludes that Diamond Jubilee Palm Oil Mill and supply base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; and Supply Chain Certification Standard: November 2011, Module D – CPO Mills: Segregation]

BSi audit team conclude and recommends the approval of Diamond Jubilee Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

## ABBREVIATIONS USED

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CHRA	Chemical Health 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 Value
KER	Kernel Extraction Rate
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NC	Nonconformity
NUPW	National Union of Plantation Workers
OER	Oil Extraction Rate
PK	Palm Kernel
PPE	Personal Protective Equipment
SCCS	Supply Chain Certification Standard
SG	Segregation
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

## 1.0 SCOPE OF SURVEILLANCE ASSESSMENT

### 1.1 Identity of Certification Unit

The Diamond Jubilee Palm Oil mill and estates are located KM8, Jasin – Simpang Bekoh road, District of Jasin, State of Malacca, Peninsular Malaysia. The oil mill is central to the supply base estates which are located in the District of Jasin, Malacca, Malaysia. Figure 1 and 2 shows Diamond Jubilee estate and Serkam estate layout. The GPS location of the mill is shown in Table 1.

**Table 1: Mills GPS Locations**

MILL	EASTING	NORTHING
Diamond Jubilee Mill Processing Capacity:25mt/hr	102° 33' 6"	2° 2' 35"

## 1.2 Production Volume

The estimated tonnages reported for the ASA 3 and the actual production for previous year are detailed in Table 2. The production details are for financial year July – June. It is noted that there is some decrease in the projected palm products (CPO) compare to 2013/2014 projection due to anticipating lower FFB projection. The projected tonnages for the 2014–2015 period of the Certificate are based on the annual budget.

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

Diamond Jubilee Mill	2013/2014 Projected	2013/2014 Actual	2014/2015 Projected
CPO	32,483	24,489	32,195
PK	8,310	6,103	8,175
OER Trend	21.50	22.45	22.05
KER Trend	5.50	5.60	5.60
FFB Processed	151,084	109,084	145,988

## 1.3 Certification details

RSPO Membership No: 1-0008-04-000-00  
BSI RSPO Certificate No: SPO 591224  
Date of Initial Certification: 05/10/2011  
Date of ASA1: 18-20/09/2012  
Date of ASA2: 20-23/08/2013  
Date of ASA3: 8-11/07/2014

## 1.4 Description of Supply Base and Supply Chain

The supply base is comprised of three Sime Darby's own estates that supply 100% of the FFB processed at the mill. During this assessment there is no FFB received from outside suppliers. Table 2 shows the CPO, PK tonnage produced by the mill and the oil and kernel extraction trend. It is noted that Diamond Jubilee mill use the segregated supply chain system for the supply chain because there is no non-certified FFB purchased from out growers. Supply chain element was checked and described in Appendix E. Similar to last assessment; the mill has sufficient system, records and facility for the Segregation supply chain model. Records are clearly indicated with the product name/supply chain model as RSPO CPO/SG.

**Table 3: Actual and Projected Estate FFB Tonnages**

Estate	2013/2014 Projected	2013/2014 Actual	2014/2015 Estimate
Diamond Jubilee	62,212	50,124	60,679
Bukit Asahan	62,333	44,146	59,433
Serkam	26,539	14,814	25,876
<b>TOTAL</b>	<b>151,084</b>	<b>109,084</b>	<b>145,988</b>

There are no out-growers within the supply base. Diamond Jubilee Palm Oil Mill process only certified FFB from own certified estates using segregated supply chain model.

The actual FFB production and projected production is shown in Table 3 above. It is noted that there is decrease in the overall projected FFB production from three

supply base compared with the projection in 2013/2014 Financial Year (FY). This is due to increase in the immature area in 2014/2015. The age profile and mature, immature area details are listed in Table 4a and 4b.

**Table 4a: Age Profile of Palms**

AGE (years)	Estate and % of Planted Area		
	Diamond Jubilee	Bukit Asahan	Serkam
0 – 3	16.68	5.32	5.39
4 – 10	38.03	14.39	40.41
11 – 20	34.85	79.05	23.56
21+	10.44	1.24	30.64
<b>TOTAL</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

Table 4a shows that all the estates have immature area. The immature area is replanted area. No new planting. Table 4b shows the mature and immature planted area.

Total land area certified is 8,028.66ha. Planted area is 7,562.32ha. The biodiversity and HCV area in each estate are detailed under criteria 5.2. Total HCV area is 0.82ha. Biodiversity area is 23.54ha. Balance areas are used for infrastructure. Immature area is replanted area.

**Table 4b: Estates and Areas Planted**

Estate	Mature (ha)	Immature (ha)	Total (ha)
Diamond Jubilee	2,302.26	461.00	2,763.26
Bukit Asahan	2,804.53	157.51	2,962.04
Serkam	1,738.01	99.01	1,837.02
<b>TOTAL</b>	<b>6,966.76</b>	<b>717.52</b>	<b>7,562.32</b>

### 1.5 Other Certifications Held

Diamond Jubilee palm oil mill is not holding any other certificate at the time of this assessment.

Serkam Estate is holding 5S Certificate (Quality Environment Management System) issued by Malaysia Productivity Corporation.

Certificate Number: AC 4390

Expiry: 26 June 2015)

### 1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd  
SOU 18 Management Unit (KKS Diamond Jubilee)  
KM 8, Jasin – Simpang Bekoh Road, District of Jasin,  
Malacca, Malaysia.

Contact Person: Mr. Jerry James  
Manager, Diamond Jubilee Mill

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### 1.7 Progress against Time Bound Plan

Sime Darby Time Bound Plan is included as Appendix A. There are total of 59 Certification Units within Sime Darby Plantation (34 in Malaysia and 25 in Indonesia). As per the time bound plan, Pagoh palm oil mill and Sua Betong palm oil mill which was newly commissioned end of 2012 was certified on 28 January 2014 (Pago) and February 2014 (Sua Betong). Based on this achievement, Sime Darby Plantation has achieved RSPO Certification for all the 34 Management Units in Malaysia.

There are 25 Management Units in Indonesia. 24 Management Units in Indonesia has achieved RSPO Certification. There is one certification unit in Indonesia (PT Mitra Austral Sejahtera – PT MAS) was audited and summary report is completed by the Certification Body. Upon certification of the remaining Management Unit, Sime Darby will achieved and complete the Time Bound Plan for RSPO certification.

However, PT MAS is remaining to be certified although it has been audited as per original Time Bound Plan (TBP) in 2011 due to the on-going social issues; the certification body that audited the site requested the company to address the issues prior to issuing certificate. Now the case is with RSPO DSF and being facilitated. The new target is revised to 2015 which was decided after the meeting with RSPO DSF mediation Team and community on 22 July 2014. The revision of TBP is acknowledge and accepted by the certification body that already audited the PT MAS. BSI accepts the revision as well due to the complexity involved in resolving the PT MAS issue and the acknowledgement and involvement of RSPO DSF mediation team as part of resolution process as an justified resolution process and acceptable justification for the revision in TBP to 2015. The process is also accepted by all the parties involve including acknowledged by RSPO DSF. The progress of the issue will be followed up and reported.

BSi has continued involvement with assessments of Sime Darby Management Units during the 2013/14 financial year period. During this time, Sime Darby has kept BSi informed of any issues and claims made against it. At the time of preparation of this Report, BSi is not aware of:

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

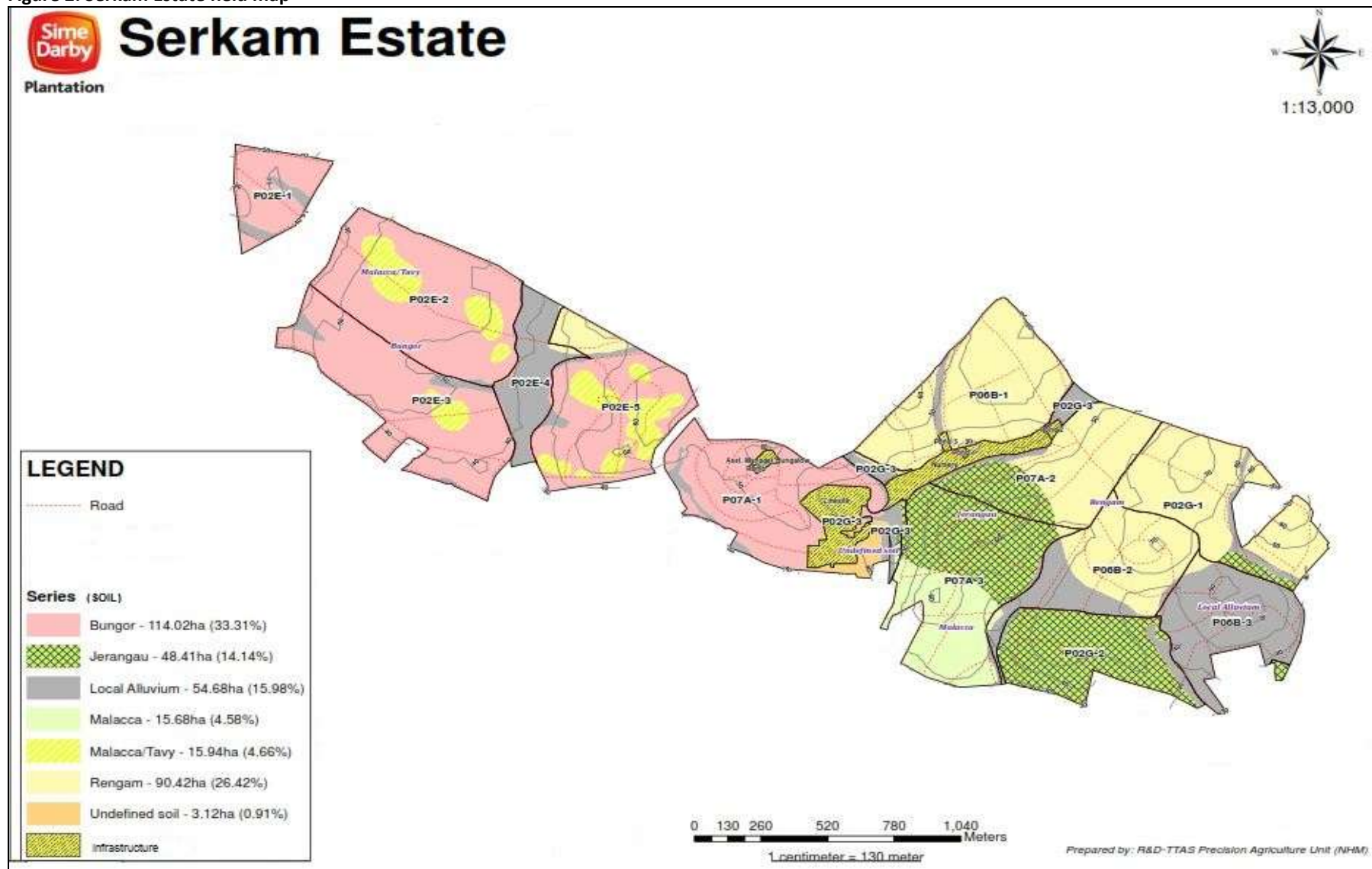
BSi considers that Sime Darby meets the RSPO requirements for Partial Certification rules

### Progress of Associated Smallholders/Out-growers towards RSPO Compliance

Diamond Jubilee certification unit does not have any associated smallholders or out grower.



Figure 2: Serkam Estate field map



## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

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

### 2.2 Qualifications of the Lead Assessor and Assessment Team

#### Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

#### Muhammad Haris Bin Abdullah - Assessor

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and completed his Master's Degree in Business Administration from the University Utara Malaysia in January 2014. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He completed the RSPO Lead Auditor Training in April 2013 and passed the

course. He is also passed the ISO 14001 Lead Auditor Training, OHSAS 18001 Lead Auditor Training Course and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

#### Kelvin Lim Kok Wei – Team member

Kelvin Lim Kok Wei is a fulltime employee with BSI Services Malaysia. He graduated from University Tunku Abdul Rahman, Malaysia. He attended internal RSPO training in May 2014. He has completed ISO 9001:2008 Quality Management System Lead Auditor training in February 2014 and MSPO training on 14 March 2014. Currently he is an ISO 9001:2008 and Medical Devise auditor with BSI. He has involved in MSPO audits since May 2014 covering legal and social aspects. Recently he is involved as Social Auditor during the RSPO Assessment to assess the social aspects and legal issues.

### 2.3 Assessment Methodology, Programme, Site Visits

The Third Annual Assessment was conducted on 8 – 11 July 2014. The audit programme is included as Appendix C.

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

The palm oil mill and was treated as the Certification Unit and its supply base estates as the supplier of certified FFB. Mill was audited together with the sample of estates. During this assessment, Diamond Jubilee and Serkam estates were assessed together with the mill. A range of environmental and social factors were covered. These include consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The nonconformities that were assigned and the observations that were identified during the ASA 2 were followed up to check the effectiveness of the corrective actions and implementation. This was conducted to ensure that the previous nonconformities are remains closed. The findings are detailed in Section 3.1 and 3.2 below.

This report is structured to provide a summary for each Principle as well as details for indicators. The assessment

was based on random samples and therefore nonconformities may exist that have not been identified. Mr. Aryo Gustomo, BSi RSPO Scheme Manager, has reviewed this report for conformance with BSi procedures and the RSPO Certification System requirement.

#### **2.4 Stakeholder Consultation**

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss the operating unit's practices in relation to environmental and social performance.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. The meeting was conducted without the present of management of Diamond Jubilee Certification Unit. At the start of each meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings.

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

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

The date of next surveillance visit will be approximately within 9 - 12 months from the certificate anniversary date.

### **3.0 ASSESSMENT FINDINGS**

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

As outlined in Section 2.3, objective evidence was obtained separately for each Principle, together with details for Criteria for the Diamond Jubilee palm oil mill and the sampled estates. The results for indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations. An explanation is provided for

the criteria to support the finding of the assessment team.

During the ASA3, there was no nonconformity detected. There were two observations/Opportunities for improvement was identified. Corrective action plans with respect to nonconformities raised at the last assessment have been reviewed and found to be effectively implemented.

BSi concludes and recommends continuation of RSPO Certification for Diamond Jubilee Certification Unit as a producer of RSPO Certified Sustainable Palm Oil.

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

All operating units have effective system for receiving and responding to the request of information to the internal and external stakeholders. All operating units continue to update and keep all the record of request and responses. Information request file QSHE/08/5.5.3 contains details of information requested and response. It is noted that the mill and estates maintain up to date policies, procedures and management plans as publicly available information to the stakeholders upon request.

***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.***

All operating units continue to maintain record of request and replies to the request from external and internal stakeholders as well as respond to regulatory bodies such as Malaysian Palm Oil Board, Labour Department beside school and other stakeholders who request for information.

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

The mill and supply base estates keep copy of the management documents such as land titles/user right, health and safety plan, plan and impact assessment relating to environmental and social impacts, pollution prevention plan, details of complaints and grievances, negotiation procedures and continues improvement plan and this documents are publicly available as per Sime Darby Plantation's group policy.

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

During document audit it was noted that the operating units complied with all of their respective permit



conditions and legal requirements. On-site Internal compliance officers and administration officers ensure permits are renewed promptly. This confirmed that the internal control and checks were effective for monitoring compliance. All the operation units hold a land title and no land dispute issues were sighted.

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

All operating units are keeping up to date list of legal requirements. The company has own mechanism to ensure all relevant legal requirements are complied. Mechanism to track any changes in applicable law includes list of laws, regulation reference, permit and license to manage. All operating unit has a list of licenses showing the expiry dates. Based on this information, the on-site compliance officer and administration officer renews the permits and licenses. Inspection of a sample of licenses and permits confirmed all valid. i.e. MPOB licenses are valid (Diamond Jubilee mill No. 500288804000 expiry 30/9/2014; Water extraction permit from SPAN Number: 293/6/11/2012 valid till 31 October 2014, DOE permit number: 000171 valid until 30/6/2015. Recent evaluation of compliance was carried out on May 2014. Report shows compliance.

Operating units visited had maintained legal compliance with applicable laws and regulations and compliance found. Review of internal audit reports showed that in particular for Safety, Social, and Environmental regulations. The latest internal audit was done in 7 May 2014.

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

The land at the operating units is not encumbered by customary rights and the right to use the land is not disputed by any internal and external stakeholders interviewed. The mill and estates are on Freehold Land and leasehold land. Each estate holds land titles.

The Estates have maps showing the locations of boundary stones that have been physically located and marked. Inspection of a sample of boundary stones at Diamond Jubilee Estate and Serkam Estates confirmed they were clearly marked and visibly maintained.

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

Local community representatives and other stakeholders interviewed confirmed there is no land dispute or any claim of customary land within the estates. The mill and estates are on freehold and leasehold land. No disputes were noted during the assessment. There is no restriction for stakeholders to access through the estates. Written permission from the operating units is

given to access the internal estate roads if there is any request.

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

All operating units has well developed internal management system for monitoring and improvement of their operations against operation target to achieved long term economic and financial viability. All operating units continue to prepare monthly reports and send to head office for monitoring purpose. In addition Plantation Sustainability Quality Management (PSQM) department conduct inspection toward production/quality related issues and provide technical assistant for the estate including RSPO certification and monitoring of compliance.

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

The mill and all the three estates have annual operating budget which shows the cost and production. A separate document shows projected production and cost for five years in the form of five years projection. Mill and estates has prepared 5 Year Business Plan for period covering 2013 - 2017 and reviewed annually by operating unit and zone General Manager. The last review was carried out beginning of June 2014 prior to end of financial year 2013/2014. The plan is comprehensive and includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement.

Diamond Jubilee and Serkam estates have 5 years replanting program until 2019. Replanting is planned for palm older than 25 years old. For example, 200.55ha will be replanted in 2014/15 financial year at Diamond Jubilee Estate.

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

The Mill and all the supply base estates have implemented management systems for monitoring and implementing best practices. This includes a program of regular internal audits, visit by the zone General Manager, Agronomist and Planting Advisor. Visit reports are used as a monitoring tool and improvement made based on the findings and recommendations.

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

Group Standard Operating Procedures (SOPs) of Sime Darby for mills and estate covering all the relevant operations including work instruction. Inspection to the field and mill confirmed that the SOPs are continued to be implemented. Managers, Assistant Managers and

staff monitor the implementation. All the monitoring records are kept for more than 12 months based on the requirement.

Planting Advisor and Mill advisor make annual visit to evaluate the performance of the mill and estates. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. Latest Mill Advisor visit was between 12 and 14 June 2014. Planting advisor visited the Serkam estate between 23 and 25 September 2013 (Report No.: SOU18/SKME/1/13-14). Issues highlighted were rectified by the mill and estate management. All operating units maintain DOSH and DOE Visit Records as well. DOSH last visited on 10 March 2014 to conduct machinery inspection. Compliance was reported. DOE visits regularly to inspect and collect effluent sample and visit the mill. There were no any issues highlighted by both regulatory bodies. Recent internal RSPO compliance audit was conducted on 7 May 2014. Noncompliance and observation found during the internal assessment was corrected by the operating units. All identified noncompliance was addressed by the operating units.

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

Agronomist visits the estates as part of the fertilizer recommendation whereby the agronomy make final conclusion based on field visit. Soil analysis and visual observation used as a guidance to prepare the final fertilizer recommendation. Majority of the soil is lateritic and no peat soil noted. Research Centre carried monitoring of fertiliser application. Application records are documented in the daily costing book. Sample checked at Diamond Jubilee estate and Serkam estate found that application complies to the recommendation. Record shows the application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. During field visit noted that replanting is carried with zero burn technique.

EFB applied to palm with rate of 45mt/ha at the inter-row. Sample checked at Diamond Jubilee estate shows that field number 96H was applied with 40.72 Mt EFB in June 2014. Records are documented and summary of total applied is reported at the end of the month. Beside EFB, POME is applied as part of land application at Diamond Jubilee estate. Record shows that 161 ha were continued to be applied with POME. BOD is below the allowable 5000mg/L.

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

Visit to the estates and verification at the field during inspection found that groundcover with soft grass and soft weeds are maintained. Replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. There are no peat soils or soil categorised as problematic or fragile soil at all estates.

Both estates audited have implemented annual road maintenance programme. Example of programme checked at Diamond Jubilee and Serkam estate shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface.

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

Estate has implemented annual road maintenance programme. Example of programme checked at Diamond Jubilee Estate and Serkam Estate shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface.

There is an Integrated Water Management Plan which has been implemented. The plan takes into account the efficient use of resources, ensure amongst other that the use of water did not impact on other users, avoid contamination of ground and surface water, and appropriate treatment of mill effluent.

Rainfall data is used as guidance for the water management. Past three years rainfall record shows that at least more than 110 days of rain is observed. However, rainfall for the year 2014 as at June was reducing to 478.5mm with 35 rainy days only.

Diamond Jubilee palm oil mill has maintained monitoring records of water usage which recorded every day and summarised on monthly basis. Average annual water consumption varies from 1.05 M<sup>3</sup> – 1.15 M<sup>3</sup> per tonne FFB processed. The water supply is sourced from water catchment area which covers about 1.54 ha. Government water supply is available for housing.

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

The estates have implemented biological method of controlling pest in the plantation through Integrated Pest Management (IPM) such as introduction of barn owl by erecting barn owl boxes at rate of 1 box for 20 ha to control rat damage. IPM system is in place. Latest barn owl census at Diamond Jubilee Estate shows the occupancy is 78%. As for Serkam estate, the occupancy was 29% as at June 2014. Census conducted as per Sime Darby Agricultural Reference Manual v.1 Section 15 page 4 which referring to the monitoring of barn owl population at every six month and sends the report to R&D Department. Latest census has been done on 4/6/2014 at Diamond Jubilee Estate. The result was send to R&D as per the manual.

Diamond Jubilee estate monitors the use of agrochemical and pesticide. An average of 0.041 a.i/ha used for the 2013/14 financial year.

All estates planted beneficial plants such as *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest. Every estate has their own nursery to propagate the beneficial plant and subsequently planted in the field. It is noted that the major pest is bagworm and estate conduct census prior to justify any chemical treatment and obtain approval from Agriculture Department for any purchase of pesticide. During this assessment, it was noted that there is no outbreak and no treatment conducted.

**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.**

As per Sime Darby Plantation's group policy, purchasing of agrochemical controlled from the head office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Latest register updated on June 2014 to ensure only registered agrochemicals are used.

All agrochemicals are stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations. Inspection of the store revealed that it is locked, with proper ventilation, labelled and with SOP for receiving and issuing. During the assessment there is no any class 1 agrochemicals noted in the store as well as no records of any usage noted. No paraquat use since March 2004. This was also confirmed by stakeholders and workers during field interview.

Medical surveillance carried out once a year for all operators as per CHRA covers all the employees handling agrochemical. The last medical surveillance was done on December 2013 and the result shows all confirmed fit for work. Medical records are follow the USECHH form 1 format done by DOSH registered doctor (HQ/08/DOC/00/19P) at clinic Dr. Sudha.

All information regarding the chemicals and its usage, hazards, trade and generic names of the agrochemical are available in local language and some in English. Interview with the store keeper reveal that he understands the information. Records of pesticide and other agrochemicals are kept in daily activity book. This record includes active ingredients used, area treated, amount applied per ha, application round, and number of applicators and hours worked. These records are available for the past 5 years.

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

Sime Darby's Occupational Safety and Health (OSH) Policy provide guidance for all OSH related matters. This policy communicated to all employees onsite during quarterly safety meeting and morning briefing. DOSH visit regularly to monitor the safety at the mill. Last visit was on 14 June 2014.

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Last review was done on 2 July 2014. Mill and estate have individual training program to address the entire safety requirement and work procedures for each category of work and work station. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained. CHRA was done covering all the operation by assessor approved by DOSH (JKKP HIE 127/171-2 (124).

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

The Assistant Manager is the person responsible for any OSH issues and he communicates and updates the managers accordingly. OSH meetings are conducted quarterly. Meeting minutes was checked and found that there are no any pending issues. Meeting was attended by representative from all categories of workers and contractors. For example, latest meeting at Diamond Jubilee Estate was done on 23 may 2014 attended by 24 members.

The mill and estates have emergency evacuation plan complete with emergency contact details, organisation chart, responsibility and training was conducted to communicate the plan. The OSH training includes competency training for drivers, chemical handlers, firefighting training by Fire Department, first aid training by St. John Ambulance and Hospital Assistant.

Inspection reveals that first aid kits are available at work site and first aiders are train to handle any emergency situations. Emergency contact details are posted on the notice boards where easily can be seen.

Accident reports are sent to DOSH as per requirement through JKKP 6, 8 and 7 forms. Accident records are documented if there are any accidents. There is no fatal accident noted. Minor accident reported such as thorn prick is common among the workers and this is recorded at the estate clinic during treatment carried out. Local workers covered by SOCSO and foreign workers are covered RHB Foreign Workers Compensation Scheme insurance by master policy (No.: FW056102).

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

Diamond Jubilee Mill and Estates have annual training program based on a training need analysis carried out at

the operating unit level for each work-station and work area covering staff, workers and contractors. The program includes the frequency of training/retraining on an annual basis. Training includes formal courses conducted using external resources and “on-the job” instruction and briefing. For example, the first aid training was conducted in 6 May 2014 at estate level, Safe Harvesting Training on 25 January 2014, PPE and chemical handling training on 19 January 2014, Schedule Waste training on 20 March 2014, Tractor driver training on 7-8 December 2013, Safety training on 14 November 2013, Fire Drill and ERT training on 2 July 2014 and etc.

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

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

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

The Mill and all the estates carry out the annual review of environmental impacts in term of Environmental Impact Assessment. Once reviewed a Management Action Plans is developed. This information is also taken into consideration for the Continuous Improvement Plans with latest reviewed on 20 March 2014. A list of Actions for improvement of environmental performance has been revised for each of the significant impacts. The review includes reduction of waste by initiating awareness on recycling waste such EFB, Fiber and shell in the mill.

At the estates, during replanting palms are felled, chipped and kept on the same area as an organic fertilizer. Replanting areas are established with cover crop to mitigate any environmental impacts such as erosion of top soil. Environmental improvement plan to mitigate the negative impacts are available.

**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 HCV assessment was conducted internally to identify possible presence of HCVs within and adjacent to the estates prior to the initial assessment. The assessment also include identification of any protected area within and adjacent to the operating units.

There is no change in the biodiversity area. Similar to last assessment, there is about 0.32 ha HCV6 (cemetery) present within the landholding of Diamond Jubilee and Serkam estate (0.5 ha). Biodiversity area includes water catchment (1.54 ha in Diamond Jubilee estate) and conservation area such as riparian area (Diamond Jubilee: 2 ha, Bukit Asahan: 18ha and Serkam estate: 2 ha) and social conservation area such worshipping areas are maintained, monitored and managed as per requirement. Signboards are erected to create awareness prohibiting illegal hunting and fishing. Monitoring is documented.

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

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

The mill and estates have identified waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan which was reviewed updated for the 2014/2015 Financial Year on March 2014. Operational pollution at the mill is monitored as per requirement of regulation and reports are current and send to the relevant authorities on time.

Domestic waste is collected twice a week and disposed in the estate’s landfill. The landfill area is well managed with the location far from any water course and community area.

The company has continued managing scheduled waste stores at the mill and each of the estates. Agrochemical containers are triple rinsed and punctured to avoid any misuse. Schedule waste is disposed through licensed collector Ranama Resources Sdn. Bhd (DOE registration number 002176) and medical wastes such as sharps are collected and disposed through visiting medical officer. Records are maintained. For example, mill latest disposal was done on 3/7/2014 (Consignment Note No.: 001091-14) for SW 322 and SW 409. As for Serkam estate, latest disposal was on 6/3/2014 (Consignment Note No.: 12923) by OLST Petro-Chemical Sdn. Bhd (DOE registration number 002293).

Operational waste such as EFB, Fiber, Shell and effluent is recycled. POME and EFB applied in the field is monitored and well managed with furrow system for POME. POME BOD level is below the standard of 5000mg/L. DOE carry out regular sampling

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

The Mill monitors and reports energy usage monthly to head office through monthly report. The company has optimized the use of renewable energy. The energy usage varies depending on the FFB supplied by the estates. During low crop there is a slight increase in use of diesel fuel for processing. Monitoring of fuel used is based on per tonne of CPO. Average 48mt of fiber used per day combining with 7mt of shell as renewable energy source.

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

Inspection to the newly replanted area confirmed that zero burning techniques are implemented during replanting. No any sign of burning activities in the field. During replanting palms are felled, chipped and mulched on the field where replanting is being carried out. Inspection at mill and estates confirm that zero burning policy is communicated and implemented. The workers interviewed have awareness about the zero burn policy.

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

The Diamond Jubilee palm oil mill and all estates are having Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan, reviewed for the financial year 2014/2015. Pollutants and emissions are identified and plans to reduce were developed as per the national regulations and guidance. Inspection confirmed the mill and estates have implemented appropriate controls for preventing pollution from point source emissions to air and discharges of wastewater, such as the mill monsoon drains.

Smoke emission quality test at the mill was done every 6 month in accordance to the Environmental Quality Regulation. The test was conducted by the external consultant approved by Department of Environment. The latest test result dated 8/1/2014 (Report No.: 5538/2014/01) shows that all parameters were complied with the standard requirements. No peat land within the supply base.

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

Aspects of plantation and mill management related to social issues identified through Social Impact Assessment. Annual review is conducted through stakeholder meetings and communication with stakeholders. It is noted that all the operating units maintain good relationship with internal and external stakeholders such as employees, contractors, surrounding communities and regulatory bodies. Improvement on social obligation includes improvement

of the housing and facilities for the employees and contribution to the surrounding community development such as road maintenance.

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

Social Impact Review conducted on annual basis by taking into consideration the feedback from stakeholders. Last review of Social Impact Assessment for the FY 2013/2014 was conducted on 5 May 2014 through stakeholder consultation and social action plan is developed based on feedback received from external and internal stakeholders. The social action plan contains a time table with person responsible to manage and monitor each issue. There were no pending unresolved issues. Issues related to access through the estates and permission to conduct cultural and religious activities is managed and monitored.

**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.**

Diamond Jubilee Palm Oil Mill and Estates engage in communication with local communities and interested parties. The communication procedure is as per Sime Darby's group communication policy which shows flow chart of the communication procedure. This was confirmed during interview with the local community representative and village head. The Social Liaison Officer or Estate Manager is the person responsible for communications with communities and other stakeholders. Stakeholders confirm that they know the social liaison office.

The stakeholders include employees, contractors, suppliers, labour union representatives; staff union representative, neighbouring estates representatives, as well as local village and government departments. Record of meeting with attendance list and minute of meeting are available as attachment. Last stakeholder meeting was conducted on 26 June 2014. 10 internal and external stakeholders attended the meeting. There are no any disputes recorded during the meeting. Stakeholder list contains names and contact details. All the estate maintains communication recorded as part of the stakeholder communication document.

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

Grievance procedure available was communicated to stakeholders during meetings as a part of process to resolve any grievances. Complaint and grievances was recorded in complaint book. Inspection of the records

indicated that the systems to resolve all disputes are in a timely manner. Complaints on housing defects are attended by the same day or the complainant is informed on the status of the issue by next day. There are also cases where complaints were raised verbally to the staff and executives although workers are encouraged to record in the book. Even verbal grievances are attended promptly. This was confirmed by the workers and staff interviewed. There were no any pending disputes noted during this audit. This was confirmed by internal and external stakeholders interviewed including workers and staff as well as the records inspected.

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

There is no issue related to compensation for loss of legal or customary rights noted during this 3<sup>rd</sup> annual surveillance assessment. All the land was initially from the state government. However, stakeholders have access to any negotiations of there in any disputes.

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

All the workers are covered by the MAPA/NUPW agreement and the staff covered with MAPA/AMESU agreement. Migrant workers make up the majority of the workforce who are engaged on 2 or 3 year contracts. Payments are made as per the agreement and comply to minimum wage order. Inspection of contracts of both local and foreign workers confirmed that pay and conditions are available in local language and the language that the foreign workers speak. Interview with the workers at the operating units confirmed that the employees understand the term of employment contract including pay rate, fringe benefits, annual leave, sick leave, public holiday, maternity leave, dismissal procedures and conditions etc.

All operating units provide adequate housing to their employees and meet the government standard. Old units are continued to be upgraded from two room houses to three rooms. All the houses are provided with water and electricity supply. During the meeting with workers no issues were highlighted. Beside the housing, the company is also provide other facilities such as worshipping places, crèche, clinics, sports facilities and community hall.

**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.***

All employees have freedom to form and join trade unions of their choice and to bargain collectively. This is carried out by the employees by joining the NUPW and AMESU. This was confirmed by employees.

At operating unit's workers and staff union meeting held when required. Latest staff meeting (AMESU) was conducted on 22 May 2014 while NUPW meeting was held on 25 May 2014 at Mill. At Serkam estate, the recent meeting was done on 2 June 2014 attended by 9 members. It was also highlighted by the union representative that most of issues resolved through ad-hoc discussions. It was confirmed by the union secretary that there is no any unresolved labour issue. Interview with the on-site workers union secretary reveals that most of the work related issues are resolved through verbal discussion.

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

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

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

Sime Darby equal opportunity policy is displayed at notice board at the mill and estates. This was communicated with all employees. Interview of male and female workers confirmed understanding and awareness of the policy. Pay record and interview with employees confirm that there is no any kind of discrimination. All workers have access to the grievance and resolution mechanism.

**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.**

Policy statement on preventing sexual harassment and violence is documented in the Sime Darby Plantation Social Policy. One of the female staff members has been appointed as gender committee member representing each operating units and work category that involve female workers. The company has developed specific grievance mechanism on sexual harassment and violence. Female workers interview confirmed

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

The last gender committee meeting was held on 13 June 2014 at mill attended by 8 members. As for Diamond Jubilee Estate, the recent meeting was held on 28 June 2014 which was attended by 11 members. The meeting minutes shows that no any kind of harassment issue was raised in the meeting. The meeting follows the guidelines as per the Gender Committee Manual.

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

Diamond Jubilee palm oil mill process FFB from company owned estates only. No FFB purchased from out-growers or smallholders. Pricing mechanism for other contractual agreements is mutually agreed by contractors/suppliers prior to signing any contracts.

Contractors/suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Prompt payment is made as per contract agreement. No issues were highlighted by the contractors interviewed. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment. Sample contract (No.: 4300244428) and payment record dated 5 July 2014 was checked and verified.

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

Company and operating units contribute donation to local schools, village and for sports activities at surrounding community area whenever there is a request and approved by the head office. The estates provided access right to stakeholders to pass through estate road. Interview with the local school representative and community leaders reveal that operation units contribute to local community activities such as donations and other assistance.

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

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

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

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

All operating units have carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue. Upgrading of housing continuously implemented with budget for new housing although the present housing is comply to regulation.

Implementation to limit pesticide use is continuously monitored and only used when there is an outbreak and justified with census prior to application. Integrated Pest management (IPM) is continuously implemented as part of efforts to reduce pesticide usage. Paraquat is completely eliminated. Grass cutting is carried out to maintain harvesting path on the flat area. Awareness on recycling is progressively implemented and evidence of recycling was noted during the assessment.

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

There was no any nonconformity identified during this assessment.

**Observation/Opportunity for improvement**

Two observations / opportunity for improvement were identified.

Observation 1: Comment from DOSH - Serkam Estate: DOSH commented on the OSH Organisation chart to be balanced between management and workers.

Observation 2: 4.7.1 (i) - Diamond Jubilee Estate: Fire extinguisher available at worksite such as workshop, store etc. One of the key to the Fire extinguisher at store was missing during site visit.

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

Corrective Actions for Nonconformities identified during the ASA 2 was effectively and consistently implemented and the nonconformity remains closed.

**Minor Nonconformities**

Two nonconformities were assigned against Minor Compliance Indicators during the previous assessment was followed up. The management at Diamond Jubilee Certification Unit operations has implemented the corrective action plans and the minor nonconformities were closed on 8/7/2014.

The details of these nonconformities are as follows:

**NC Ref: 959763N1 (Minor): A nonconformity was assigned against Minor indicator 4.1.2: Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.** At Bukit Asahan estate, as per Sime Darby SOP (SOP Manual for Gender Committee Implementation), committee meeting should be done quarterly. However, at Bukit Asahan Estate there were no meeting has been carried out for second quarter as per SOP.

**ASA 3 Findings:** Latest meeting was conducted 16 May 2014 and next meeting has been scheduled on 13 August 2014. The gender committee meeting dates were also reminded to members during other meetings such as OSH meeting and stakeholder meeting. The Corrective Action Plan was implemented. Nonconformity was addressed and closed on 11/07/2014.

**NC Ref: 959763N2 (Minor): A nonconformity was assigned against Minor indicator 4.5.2: Monitoring extent of IPM implementation for major pests.** The Barn Owl introduced and implemented as a biological control for the rat was not monitored six monthly. Census conducted but not as per Sime Darby Agricultural Reference Manual v.1 Section 15 page 4 which referring to the monitoring of barn owl population requires monitoring every six month and sends the report to R&D Department. It is noted that all operating units (Diamond Jubilee Estate, Bukit Asahan Estate and Serkam Estate) did not send the report for the last 16 months. There is also a memo from the Zone office dated 12/6/2013 (from En. Mohd Ahdly Arbain) was requesting for the Barn owl census report, Ganoderma Census report and Rat baiting report. His memo shows that all operating units did not send the report for the last 16 months.

**ASA 3 Findings:** Latest census has been done on 4/7/2014 at Bukit Asahan Estate and 6/4/2014 at Diamond Jubilee Estate. The result was send to R&D as per the manual. Census conducted as per Sime Darby Agricultural Reference Manual v.1 Section 15 page 4 which referring to the monitoring of barn owl population at every six month and sends the report to R&D Department. The Corrective Action Plan is implemented. Nonconformity was addressed and closed on 8/07/2014.

#### **Observation/Opportunity for improvement**

There are six observations/Opportunities for improvements were identified previously. The progress with the Observations/Opportunities for Improvement followed up during this Annual Surveillance Assessment. The Details are of below:

**Observation 1 (2.1.1):** The Air Compressor (MK PMT 9544) at Serkam Estate (Jasin division) workshop does not indicate the PMT number clearly. Old writing has faded.

**ASA 3 Findings:** The PMT number has been marked clearly on the air compressor with permanent marker.

**Observation 2 (4.7.1(e)):** The Permit to work (PTW) issued for confined space was without proper authorized entrant & Standby person. Understanding are lacking on issuing the Permit to work for confined space.

**ASA 3 Findings:** The Permit to work (PTW) issued for confined space are with proper authorized entrant & Standby person. Interview with executives and staff confirm understanding on issuing the Permit to work for confined space.

**Observation 3 (4.8.1):** Fire Drill has performed in January 2013 at Bukit Asahan Estate and in 2010 at Serkam Estate. Report will be helpful for improvement.

**ASA 3 Findings:** Latest fire drill at Serkam estate was conducted on 2 July 2014. Review report summarize that the objective was achieved whereby all the workers have cooperated and assemble at the emergency assembly point on time.

**Observation 4 (5.1.2):** Bukit Asahan Estate as the Environmental Impact evaluation and Environmental Aspect identification last reviewed in 5 August 2012 for the financial year 2012/2013. There is a delay in the review for 2013/2014 and planned at end of August 2013.

**ASA 3 Findings:** Bukit Asahan estate provided records of the Environmental Impact evaluation and Environmental Aspect identification which was reviewed on 5 June 2014.

**Observation 5 (5.3.2): Serkam Estate.** All Schedule waste at Kesang & Jasin Division was in progress of transporting to the Kemandor division storage area.

**ASA 3 Findings:** All the schedule waste are being stored at Kemandor division storage area and disposed accordingly from here.

**Observation 6 (6.6.1):** During document review it was noted that Union meetings have been conducted on the 26 July 2013 at Mill and 24 June 2013 at Bukit Asahan Estate. The minutes of the meeting was still in progress of completion.

**ASA 3 Findings:** All operating units are having minutes of the meeting. Records were sighted during the audit. There were no major issues highlighted in the meeting.



### **Noteworthy Positive and Negative Components**

The Mill ensures that minimum downtime and to reduce maintenance cost. Safety sign are clearly marked with walkways. Average OER achieved as for 2013 was 22.45% above the projected OER of 21.50%.

The Mill is taking efforts to maximize renewable fuel use.

As per Sime Darby's Group practice, reinstatement of riparian buffer zones is consistently implemented at replanting areas.

Training of the workers and staff remain as high priority in health and safety aspects beside on the job training.

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

During this ASA3, stakeholders were contacted through phone calls as well as private meeting conducted without the present of management team. The majority of stakeholders had positive comments about Diamond Jubilee Certification Unit comprising Diamond Jubilee mill and three estates. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

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

**Local and foreign workers:** There are no any other issues or disputed was raised.

**Management response:** Management carries out frequent informal consultation with workers to identify any issues and solve promptly.

**Audit team finding:** No further issues noted.

**Union and workers representative:** Confirmed that no any unresolved disputes or grievance.

**Management response:** Meetings held whenever there is any issue without waiting for official meeting. This helps the management and union to keep good relationship.

**Audit team finding:** Record of union meeting confirmed no unsettled issues.

**Contractors and suppliers:** Confirm that payment is made promptly and no any disputes. Contracts are transparent and legal.

**Management response:** No issues.

**Audit team findings:** No issues.

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

**Management response:** Management carries out frequent informal consultation with local communities to identify any issues and solve promptly.

**Audit team findings:** No issues.

**School Headmistress:** Confirmed that good relationship is maintained with the management and acknowledge that received lot of contributions from the company and thank them.

**Management response:** Management always helps the school whenever there any request and within the management's ability. Otherwise it is referred to the head office.

**Audit team findings:** No issues.

**Police officer:** Confirmed that no any safety or social issues at the company operation area.

**Management response:** No issues

**Audit team findings:** No issues.

### **4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY**

#### **4.1 Date of Next Surveillance Visit (ASA 4)**

The next surveillance visit will be scheduled within nine to twelve months of the certificate anniversary.

#### **4.2 Date of Closing Nonconformities (Major and Minor)**

CAR Ref.	CLASS	ISSUED	STATUS
04/2009	Minor	IAV	Closed on 18/09/2012
05/2009	Minor	IAV	Closed on 18/09/2012
06/2009	Minor	IAV	Closed on 18/09/2012
A779834/1	Major	ASA1	Closed 9/11/2012
A779834/2	Major	ASA1	Closed on 9/11/2012
A779834/1	Minor	ASA1	Closed on 20/08/2013
A779834/2	Minor	ASA1	Closed on 20/08/2013
A779834/3	Minor	ASA1	Closed on 20/08/2013
A779834/4	Minor	ASA1	Closed on 20/08/2013
A779834/5	Minor	ASA1	Closed on 20/08/2013
959763M0	Major	ASA2	Closed on 7/10/2013
959763N1	Minor	ASA2	Closed on 8/07/2014
959763N2	Minor	ASA2	Closed on 8/07/2014

#### 4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

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

Signed on behalf of  
Sime Darby Plantation Sdn Bhd – SOU 18 Diamond  
Jubilee Certification Unit

**SIME DARBY PLANTATION SDN BHD**  
**KKS DIAMOND JUBILEE**



.....  
**PERRY JAMES A/L PS ANTONY**  
Position: **MILL MANAGER**

Signed for on behalf of  
BSi Group Singapore Pte Ltd



.....  
**Senniah Appalasamy**  
**BSI RSPO Lead Auditor**

## Appendix A: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Status during ASA03
Certified as of March 2014	34 Certification units	24 Certification units	Total Certified: 58
Undergoing Certification Process	-	1 Certification Unit	Certification on-going: 1
RSPO EB Review	-	-	-
<b>Total</b>	<b>34 Certification units</b>	<b>25 Certification units</b>	<b>59 Certification units</b>

## Appendix B: Sime Darby Plantation Sdn Bhd – SOU 18 Diamond Jubilee Certification Unit's RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.  
 SOU 18 Management Unit (Diamond Jubilee Palm Oil Mill)  
 KM 8, Jasin – Simpang Bekoh Road, District of Jasin,  
 Malacca, MALAYSIA

BSI RSPO Certificate No: SPO 591224

Date of Initial Certificate Issued: 5 October 2011

Date of Expiry: 4 October 2016

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

<b>Diamond Jubilee Palm Oil Mill and Supply Base</b>		
<b>Location</b>	District of Jasin, Malacca, Malaysia.	
<b>Address</b>	SOU 18 Management Unit (KKS Diamond Jubilee), KM 8, Jasin – Simpang Bekoh Road, District of Jasin, Malacca, MALAYSIA	
<b>GPS</b>	Longitude: 102° 33' 6" E    Latitude: 2° 2' 35" N	
<b>CPO Tonnage Total Production (Certified)</b>	32,195	
<b>PK Tonnage Total Production (Certified)</b>	8,175	
<b>Company Estate FFB Tonnage (Certified)</b>	145,988	
<b>Estates FFB Tonnage (Certified)</b>	Diamond Jubilee Estate	60,679
	Bukit Asahan Estate	59,433
	Serkam Estate	25,876

## Appendix C: 3<sup>rd</sup> Annual Surveillance Assessment Program

Date	Time	Subjects	Senniah	Kelvin	Muhd Haris
Monday 7/7/2014	PM	Audit Team travelling to the site.	√	√	√
Tuesday 8/7/2014 <b>DJ Palm Oil Mill</b>	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> <li>• Presentation by the Estate and mill managers</li> <li>• Presentation by Audit team leader.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation).</li> </ul>	√	√	√
	09.00 – 12.00	<b>DJ Palm Oil Mill</b> Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	√
	12.00 – 13.00	Rest / Lunch	√	√	√
	13.00 – 17.00	<b>DJ Palm Oil Mill:</b> Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Wednesday 9/7/2014	08.00 – 12.00	<b>Diamond Jubilee Estate</b> Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√	-
	09.00 – 12.00	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Rest / Lunch	√	√	√
	13.00 – 17.00	<b>Diamond Jubilee Estate</b> Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 10/7/2014	8.00 – 12.00	<b>Serkam Estate</b> Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	-	√
	12.00 – 14.00	Lunch & Friday Prayers	√	-	√
	13.00 – 17.00	<b>Serkam Estate</b> Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	-	√
Friday 11/7/2014	8.00 – 10.00	Verify any outstanding issues & Preparation for closing meeting	√	√	√
	10.00 – 11.30	Closing Meeting	√	√	√
	12.00	Audit team travel back to KL	√	√	√

## Appendix D: List of Stakeholders Contacted

<p><b><i>Internal Stakeholders</i></b></p> <p>Diamond Jubilee Certification Unit Management team and Staff          Representatives from Sustainability Department          On site compliance executives          Mill Managers and Assistants          Estate Managers and Assistants          Facility Administrators          Gender Committee Representatives          Hospital Assistant          Male and Female workers          Workers Union Representatives          Onsite NUPW secretary          AMESU Representative</p>	<p><b><i>Local Communities</i></b></p> <p>Temple Committee Representative          Village Representatives          Mosque representative</p>
<p><b><i>Government Departments</i></b></p> <p>Police Representative          District Labour Office          School Headmaster          School Teacher</p>	<p><b><i>Contractors</i></b></p> <p>Hardware supplier          Housing contractor          FFB Transport contractor          Engineering work contractor</p>

## Appendix E: Diamond Jubilee Palm Oil Mill Supply Chain Assessment (Module D: Segregation)

Requirements	Compliance
<b>D.1. Documented procedures</b>	
D.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Segregation (SG) supply chain requirements. a) Complete and up to date procedures covering the implementation of all the elements. b) 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.	Diamond Jubilee palm oil mill have written documented procedures for the chain of custody with SG and MB model covering certified and non certified FFB. The mill manager has the responsibility to ensure implementation. The SG model used because only certified FFB is processed at the moment. However, the palm oil mill also have the system in place to use Mass Balance model through either down grading the SG to MB or through purchasing non certified FFB in the future.
D.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Diamond Jubilee mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received. I
<b>D.2. Purchasing and goods in</b>	
D.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
D.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
<b>D.3. Record keeping</b>	
D.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
D.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
D.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.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. No PKO and Palm kernel meal at Diamond Jubilee mill. PK is sold to Sime Darby's subsidiary kernel crushing plant.
D.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	System in place to indicate CPO/Segregated and PK/Segregated on the documents related to the supply chain.
<b>D.4. Sales and goods out</b>	
D.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There was 500mt sold as CSPO to Sime Futures Trading Sdn Bhd. No sales of certified PK. Sales through GreenPalm are carried out as group sales. Sample of sales documents were checked for certified CSPO sales found compliance to this requirement. (Weighbridge ticket number 004761, Vehicle number WQR 7670,
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice. i.e. Sime Future Trading Sdn Bhd, Kuala Langat, Selangor.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents.
(c) A description of the product, including the applicable supply chain model (Segregated)	System in place to write product description and supply chain model is written.
(d) The quantity of the products delivered	Quantity in tonne.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Weighbridge ticket number 004761 checked and verified. Transport details i.e. Vehicle number and driver's name included.
<b>D.5. Processing</b>	
D.5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed	During this assessment it was confirmed that only certified source of FFB from own plantation is processed. This ensures that there is no possibility of mixing during processing.
D.5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material.	Processing and storage records can trace back to only certified segregated raw material (FFB) and finish product (CPO and PK).
D.5.3 In cases where a mill outsources activities to an	There is no outsourcing activity directly handled by the mill. The kernel is sold to a

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: <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	subsidiary kernel crushing plant belong to Sime Darby Group. The kernel crushing plant have own supply chain certificate and it is independent from the mill.
<b>D.6 Training</b>	
D.6.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Re-fresher training conducted internally by the executive who has supply standard and system chain experience from head office on 7 May 2014.
<b>D.7. Claims</b>	
D.7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

**Actual Certified Palm Production - July 2013 - June 2014 (ASA2)**

MILL	CAPACITY	CPO	PK
Diamond Jubilee Palm Oil Mill	25 mt/hr	24,489	6,103

**Actual Sales of Certified Palm Products - July 2013 - June 2014(ASA2)**

MILL	Certified CPO Sales (mt)	Certified PK Sales (mt)	Remarks
Diamond Jubilee Palm Oil Mill	500	Nil	Certified CPO sold to Sime Futures Trading.

**Actual Certified FFB Received Monthly - July 2013 - June 2014**

Month	Diamond Jubilee Estate	Bukit Asahan Estate	Serkam Estate	Total FFB/Month
July 2013	4,335	3,949	2,181	10,465
August 2013	5,362	4,232	1,646	11,240
September 2013	4,440	3,433	1,085	8,958
October 2013	5,082	4,770	819	10,671
November 2013	4,960	4,246	1,369	10,575
December 2013	3,770	3,381	1,274	8,425
January 2014	3,767	4,285	1,397	9,449
February 2014	2,843	3,462	1,197	7,502
March 2014	3,149	3,149	955	7,253
April 2014	2,439	2,091	498	5,028
May 2014	3,869	2,098	217	6,184
June 2014	6,108	5,050	2,176	13,334
<b>Total</b>	<b>50,124</b>	<b>44,146</b>	<b>14,814</b>	<b>109,084</b>