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## PUBLIC SUMMARY REPORT

### RSPO

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

# Sime Darby Plantation Sdn Bhd SOU 22: Bukit Benut Palm Oil Mill Kluang, Johor, 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), Bukit Benut Palm Oil Mill and supply base located in kluang, Johor, Malaysia comprising one mill, three estates, support services and infrastructure. The on-site assessment was conducted on 1 – 4 July 2014.

The annual assessment was conducted onsite to assess the continuous compliance of the certification unit against the RSPO P&C MYNI: 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module D - CPO Mills: Segregation.

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

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

## ABBREVIATIONS USED

ASA	Annual Surveillance Assessment
BOD	Biological Oxygen Demand
CAP	Corrective Action Plan (for nonconformity)
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
PK	Palm Kernel
PPE	Personal Protective Equipment
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

## 1.0 SCOPE OF SURVEILLANCE ASSESSMENT

### 1.1 Identity of Certification Unit

The Bukit Benut Palm Oil mill and estates are located in Johor, Malaysia (Figure 1). The oil mill is central to the estates located near Kluang, Johor, Malaysia. Additional map included (Figures 2 and 3) showing Bukit Bent and CEP Niyor Estate field map. The GPS location of the mill is shown in Table 1.

**Table 1: Mills GPS Locations**

MILL	EASTING	NORTHING
Bukit Benut Palm Oil Mill Processing Capacity: 20mt/hour	103° 19' 59"	1° 54' 42"

### 1.2 Production Volume

The estimated CPO and PK tonnages reported for the ASA 3 and the actual production during the ASA2 are detailed in Table 2. The production details are for financial year July – June. It is noted that there is an increase in the projected palm products due to the estimate of the CEP Niyor FFB to be processed at Bukit Benut mill. The projected tonnages for the 2013–2014 period of the Certificate are based on the annual budget.

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

Bukit Benut Palm Oil Mill	2013-2014 Estimate	2013-2014 Actual	2014-2015 Estimate
CPO	26,034	21,502	32,472
PK	6,568	5,090	7,804
OER	21.80	22.26	22.05
KER	5.50	5.27	5.30

### 1.3 Certification details

RSPO Membership No: 1-0008-04-000-00  
BSi RSPO Certificate No: SPO 591229  
Date of previous Assessment: 23-24/02/2009 (by previous Certification Body: Control Union Certification).  
Date of Initial Certification: 05/10/2011  
Date of ASA1: 25-27 September 2012  
Date of ASA2: 25-28 June 2013  
Date of ASA3: 1-4 July 2014

### 1.4 Description of Supply Base and Supply Chain

The supply base is the FFB from three own estates that supplied 100% of the FFB processed at the Mill. There is no FFB from external source. The actual FFB production and projected production is shown in Table 3 below. The projected tonnages were based on the potential yield could be achieved due to improvement in planting material, age profile of palms and implementation of best agriculture practices.

It is noted that Bukit Benut Palm Oil Mill uses the Segregation system for the supply chain because there are no any purchase of FFB from non-certified source.

Supply chain element was checked and described in Appendix E.

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

Estate	2013-2014 Estimate	2013- 2014 Actual	2014- 2015 Estimate
Bukit Benut	43,640	36,188	47,198
Lambak	51,447	56,897	68,090
CEP Niyor	24,338	3,511	31,958
<b>TOTAL</b>	<b>119,425</b>	<b>96,596</b>	<b>147,246</b>

The projected FFB figures in Table 3 above for the 2014/2015 financial year shows an increase compared to actual in 2013/2014 financial year. This increase is due to the expectation of processing larger share of CEP Niyor's FFB at Bukit Benut mill which previously sent to another mill. Since all the FFB productions are from the certified source, the Bukit Benut Palm Oil is able to use the segregated supply chain mechanism.

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

AGE (years)	% of Planted Area		
	Bukit Benut Estate	Lambak Estate	CEP Niyor Estate
25 – 30	5.82%	-	-
21 – 25	9.57%	5.48%	17.55%
11 – 20	34.70%	36.40%	31.81%
4 – 10	33.01%	46.35%	33.65%
0 – 3	16.90%	11.77%	16.99%
<b>TOTAL</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Table 4a and Table 4b shows age profile of the planted palms and area planted (mature and immature area) respectively. The immature areas are area that replanted and no new planting.

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

Estate	Mature (ha)	Immature (ha)	Total (ha)
Bukit Benut	2,144.28	436.15	2,580.43
Lambak	2,929.98	390.83	3,320.81
CEP Niyor	1,238.08	249.82	1,487.90
<b>TOTAL</b>	<b>6,312.34</b>	<b>1,076.80</b>	<b>7,389.14</b>

Total production area is 7,389.14ha. Overall about 85% of the total planted area in Bukit Benut Certification Unit's supply base is matured. Most of the areas from each supply base are at the prime age contributing to the increased production. Total certified area is 8,084.63ha.

### 1.5 Other Certifications Held

Bukit Benut Palm Oil Mill has achieved ISO 9001:2008 certificate, valid until 29 April 2015. ISCC Certification was achieved in 2012 and valid until December 2014.

### 1.6 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd  
SOU 22 Management Unit (KKS Bukit Benut)  
KM 12, Jalan Mengkibol, 86009 Kluang, Johor, Malaysia.  
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Manager, KKS Bukit Benut  
Phone: +607-7723479  
Fax: +607-7766479  
Email: [kks.bk.benut@simedarby.com](mailto:kks.bk.benut@simedarby.com)

### 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. 21 Management Units in Indonesia has achieved RSPO Certification. There are 4 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the remaining Management Units, Sime Darby will achieved and complete the Time Bound Plan for RSPO certification.

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

Bukit Benut certification unit does not have any associated smallholders or out-growers.

Figure 1: Location of Bukit Benut Certification Unit and Supply base in Kluang, Johor, Malaysia



Figure 2: Bukit Benut Estate field map

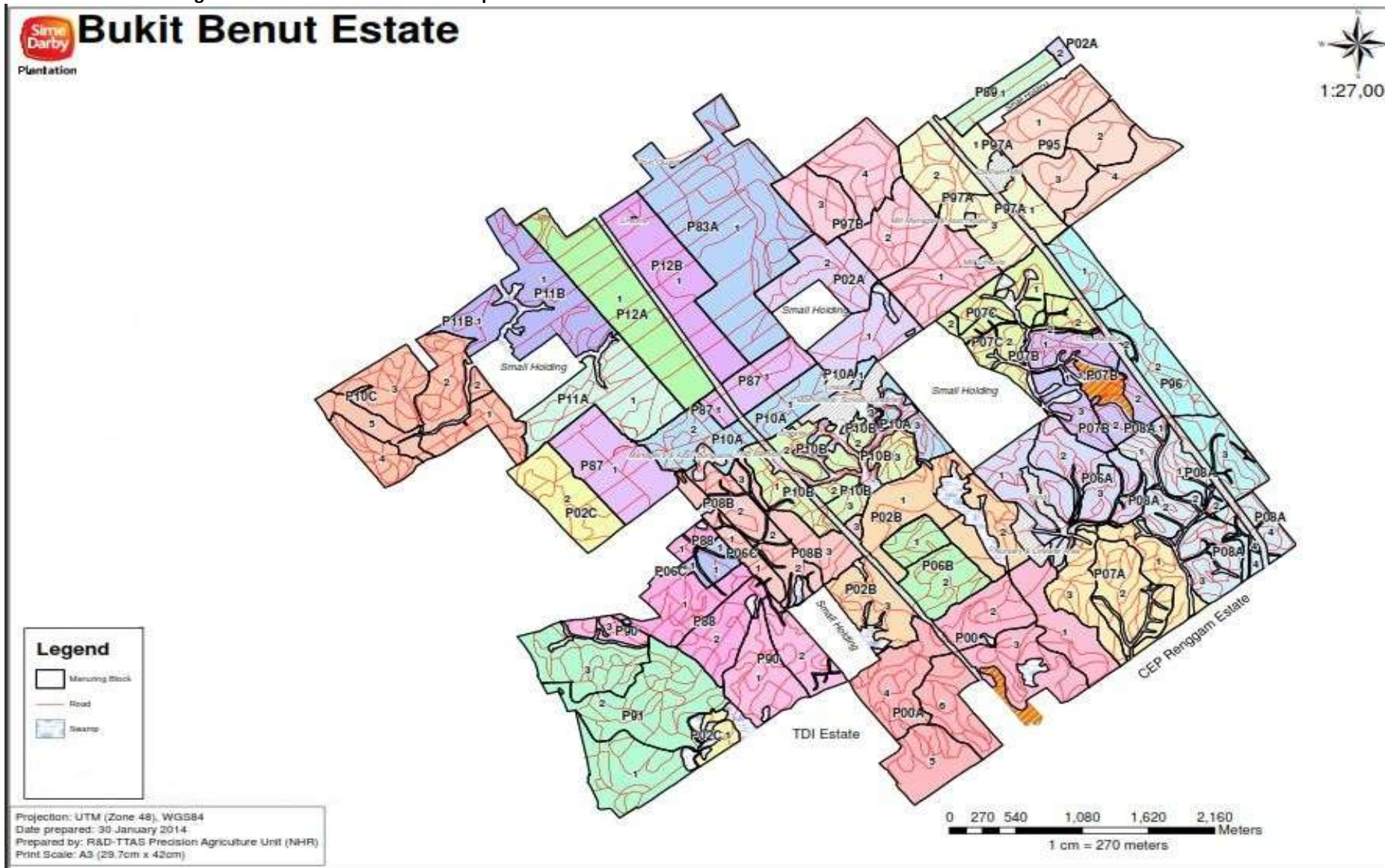
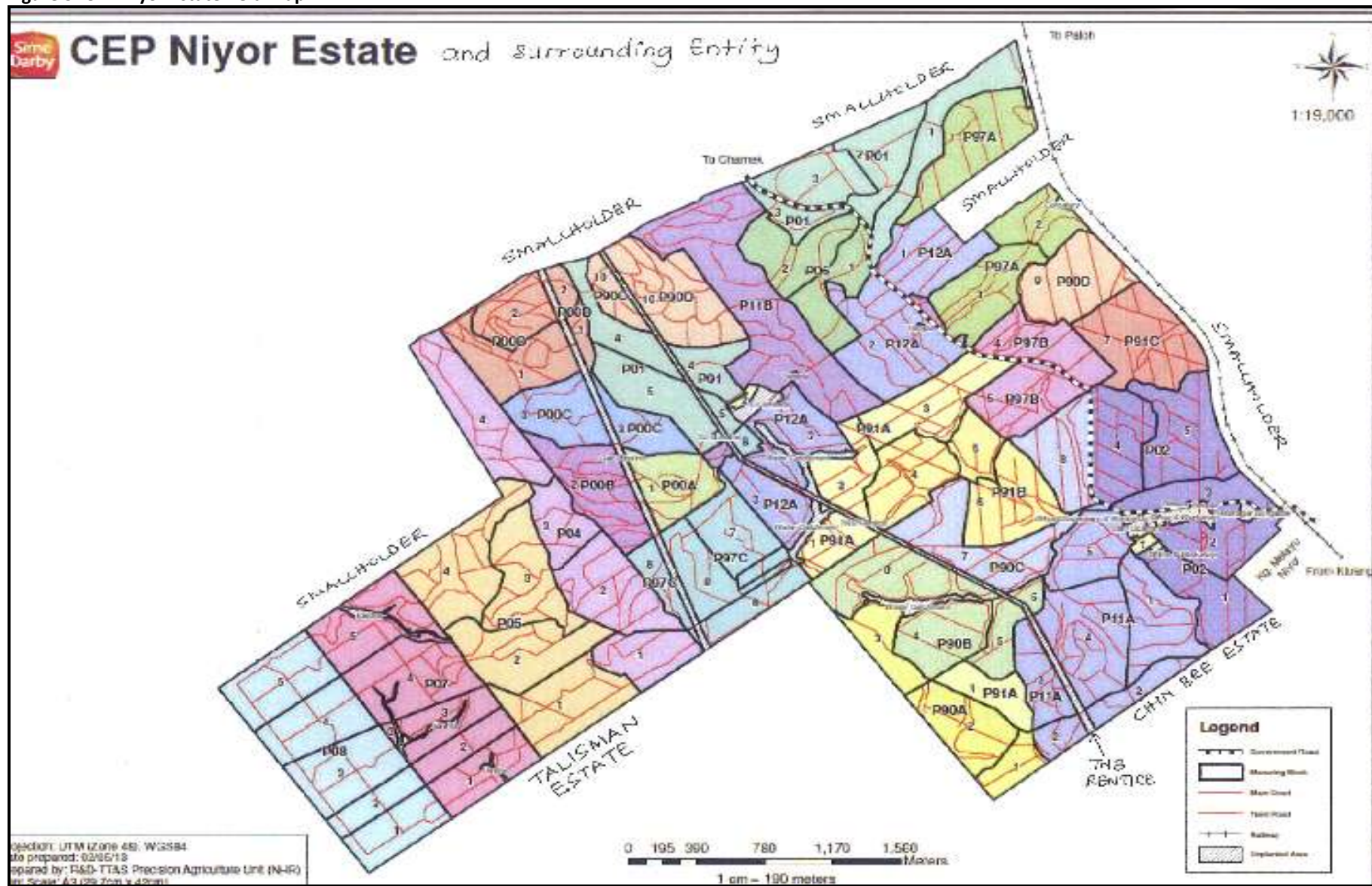


Figure 3: CEP Niyor Estate field map



## 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 Thailand.

### 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 B. Abdullah – Team member

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 Device 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 Annual Assessment was conducted on 1 – 4<sup>th</sup> July 2014. There was a major nonconformity raised and evidence and implementation details to closing out the major nonconformity were accepted on 11 July 2014. The audit programme is included as Appendix C.

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

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment. This report is structured to provide a summary for each Principle, together with details for selected indicators.

The Nonconformities that were assigned and the observations that were identified during the ASA2 were followed up to check the effectiveness of corrective actions and implementation. The ASA3 findings are detailed in Section 3.1 and 3.2 below.

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



BSi Procedures and the RSPO Certification System requirement

#### **2.4 Stakeholder Consultation**

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

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

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

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

The date of next surveillance visit will be approximately scheduled within 12 months from ASA3.

### **3.0 ASSESSMENT FINDINGS**

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

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

During the ASA3, there was a major nonconformity identified. Bukit Benut Certification Unit has prepared a Corrective Action Plan for addressing the identified nonconformities that was reviewed and accepted by BSi audit team. Evidence of the closing out the major Nonconformity was assessed, verified and accepted before finalising this report. BSi recommends continuation of Certification for Bukit Benut Certification Unit as a producer of RSPO Certified Sustainable Palm Oil.

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

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

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

Mill and estate maintained record of request and replies to the request from stakeholders including internal and external. For example, at CEP Niyor, the village head had requested for water supply during drought season on 10/3/2014 was immediately replied on the same day by the estate manager.

**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.**

Similar to the last assessment, inspection of document confirmed that mill and estates keep copy of management documents (land titles/user right, health and safety plan, plan and impact assessment relating to environmental and social impacts, pollution prevention plan, details of complaints and grievances, negotiation procedures and continues improvement plan) and this are publicly available. There is no change in land title. Necessary review was done to other relevant plans.

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

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

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

The Mill and Estates have kept an up to date list of legal requirements. Company has owned mechanism to ensure all relevant legal requirements are comply. I.e. document of mechanism on tracking of changes in applicable law which includes list of laws, regulation reference, permit and license to manage. In addition, each operation has a List of Licenses showing the expiry dates. Inspection of a sample of licenses and permits confirmed all valid. i.e. CEP Niyor Estate MPOB license ( No. 508445102000) valid until 31/3/2015, Mill's MPOB

license (No. 522307002000) valid until 31/7/2014. New license application was submitted to MPOB and awaiting for collection. DOE permit renewed (No. 002208) valid until 30/6/2015, RSPO Trademark license (No. RSPO 1106024), workers insurance, payment of applicable tax and SPAN license (No. SPAN/EKS/ (PT) 1800-4(1)/6/08). All the documents are valid and current.

However, it was noted that the diesel permit at Bukit Benut estate was expired. Therefore, Major non-conformity was raised.

**1071995M0:** major nonconformity against indicator 2.1.1 was raised. It was noted that at Bukit Benut Estate Diesel Storage Permit as required by Control of Supplies Act 1974 (Akta Barang Kawalan) was expired.

Latest internal audit reports shows that the mill and the estates visited had maintained legal compliance with applicable laws and regulations that related to their operation, in particular for Safety, Social, and Environmental regulations. The latest internal audit was done in 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 mill and estates are on freehold land. The land is not encumbered by customary rights and the right to use the land is not disputed. Each estate holds land titles.

The Estates have maps showing the boundary of the estates. Boundary stones and markers are physically located and marked. Inspection of the boundary adjacent to smallholder found that boundaries are checked and visibly maintained. During the field visit it was noted that these boundaries are monitored. Interview with the stakeholder at the railway reserve (village community) confirm that there is no any disputes or encroachment issues.

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

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

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

Bukit Benut Certification Unit has well developed internal management system for monitoring and improvement of their operations against operation target to achieved long term economic and financial

viability. Furthermore, the palm oil mill and Bukit Benut estate are certified under ISO 9001. Monthly reports are produced and send to head office for monitoring purpose. In addition Plantation Sustainability Quality Management (PSQM) department conduct inspection toward production related issue and provide technical assistant for the estate including RSPO certification and monitoring of compliance by a special Internal RSPO Team.

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

Mill and estate has annual operating cost and production projected for five years. Mill and estate has prepared revised 5 Year Business Plan for period covering 2013 - 2017 and reviewed annually. Annual budget is used as a working budget for every year. As a group, the last review was carried out on April 2014 prior to end of financial year 2012/2013. The plan includes environment, social (workers and staffs welfare), and health and safety component and associated capital expenditure for improvement.

CEP Niyor estate have replanting programme for 2014/15 financial year. Replanting is planned for palm older than 25 years old covering an area of 52.45 ha. As for Bukit Benut Estate, 101.37ha will be replanted in the 2014/15 financial year.

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

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

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

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

Similar to last assessment, the Mill adviser and Planting Adviser continue to make annual visit to evaluate the performance of the mill and estates. Mill adviser visit was on February 2014. Planting Adviser last visited the estate on 27 September 2013. Next visit is due in September 2014. General Manager visits the estates on quarterly basis to review estate performance against Sime Darby standard. For the new financial year July 2014/June 2015, the visit is schedule in August. Issues highlighted were rectified by the estate management. All operating units maintain DOSH and DOE Visit Records

as well. Last internal RSPO compliance audit was conducted on 5-7 May 2014. All the identified non compliance was addressed by the operating units.

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

Sime Darby Agronomist visits the estates prior to fertilizer recommendation. Recent visit to CEP Niyor estate was on March 2014. Result of the leaf, soil sampling and visual observation used as a guidance to prepare the fertilizer recommendation. Recommendation for the year 2014 is being used until the end of year. The fresh recommendation for the year 2014/15 will be sent to individual operating units before the end of July 2014. Research Centre carried monitoring of fertiliser application. Application records are documented in the daily costing book. Sample checked found that fertilizer was applied as per recommendation. Record shows the application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.

EFB is continued to be applied to immature palm with rate of 30 -35mt/ha surrounding the palms and mature palms at rate of 45mt/ha. POME is maintained and applied at about 150 ha. The BOD is below the permissible level of 5000mg/L. Latest BOD result for the first quarter was ranging from 1885 - 2138mg/L.

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

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

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

Soil analysis report shows that there is no peat soil. Soil analysis conducted every 5 years. Last was conducted on 25 October 2010 and valid. Soil mainly literate mixed and due to this the roads are in good condition as well. Similar to last assessment, during field visit noted that there is no fragile or sandy area noted.

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

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

Research Centre carried out water analysis in the river (upstream, midstream, and downstream) with the last sampling was on 7/5/2014, result shows the BOD is 1mg/L. No changes in the in the water quality. Visit to the stream reveal that the water is clean from any contamination. Signage erected along the stream to indicate the riparian zone. There is no any water drainage to any protected area.

Bukit Benut mill has maintained monitoring on water usage which recorded every day and summarised on monthly basis. Water consumption maintained at 1.19 M<sup>3</sup> to 1.28 M<sup>3</sup> per tonne FFB processed for the last financial year. Rainfall data is used as a guidance to plan the water management including water shortage contingency plan. This includes minimising water usage for cleaning and ensures there is no wastage through any leakages.

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

The estates have implemented biological method of controlling pest in the plantation through IPM such introduction of barn owl by erecting barn owl boxes at rate of 1/20 ha to control rat damage. Recent census in CEP Niyor Estate indicates about 50% of occupancy.

All estates planted beneficial plants such as *Cassia cobanensis*, *Turnera subulata* and *Antigonon leptopus* as a preventive measure to control leaf eating pest. Major pest is bagworm and estate conduct census prior to justify any chemical treatment and obtain approval from Agriculture Department for any purchase of methamidphos. Last treatment at CEP Niyor was on 26/6/2014. Approval letter from Agriculture Department dated 28/5/2014 (No. JH/METHA (GL)/14/29) was obtained prior to purchasing the pesticide. Treatment record at CEP Niyor shows that methamidophos was used with records of field number, quantity, number of applicator, number of hours worked within 4 hours limit.

**Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.**

Purchasing of agrochemical controlled from head office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Latest register updated in June 2014 to ensure compliance as per the list obtained from the head office.

Visit to the main chemical store at Bukit Benut and CEP Niyor Estate confirmed that storage is secure and in accordance to OSH Act 1994 and follows the Pesticide

Act 1974. Stores have ventilation, required labelling, MSDS regarding the use of the chemical, hazard, trade name and in Bahasa Malaysia and English.

Medical surveillance is carried out once a year for all operators as per CHRA. The last medical surveillance at Bukit Benut Estate was done by OHD doctor (HQ/08/DOC/00/597) from clinic "Klinik Rengam" on 22 January 2014 and the result shows all confirmed fit for work. Interview with workers confirm that there is no work with chemical for confirmed pregnant and breast feeding women. Workers working as agrochemical applicators are male.

It is noted that Methamidophos is used when there is a bagworm incident. Estates conduct census prior to justify chemical treatment. Approval from Agriculture Department is obtained for any purchase of Methamidophos. No paraquat use since March 2004. There is no any aerial spraying.

Pesticide usage is recorded on the daily costing books and summarised at the end of the month.

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

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

The annual review of the HIRARC was carried out by safety officer onsite and compliance officers. Last review was done on 21 January 2014. Mill and estate have individual training program to address all the safety requirement and work procedures. Safety awareness is ongoing all the time through morning briefing which includes safety at work and records are maintained.

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

The Assistant Manager is the person responsible for any OSH issues and he communicates and updates the managers accordingly. OSH meetings are conducted quarterly. Latest meeting minutes dated 17/4/2014 for the first quarter 2014 was checked and found that there are no any pending issues. Meeting was attended by representative from all categories of workers.

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

Inspection reveals that first aid kits are available at work site and first aiders are train to handle any emergency situations. Accident reports are sent to DOSH as per requirement using form JKPP 6 and JKPP 8. Accident records are documented if there are any accidents and discussed during the OSH meeting. There is no fatal accident but minor common injuries are noted. Accident record of a minor injury was checked. Local workers and foreign workers are covered by accident insurance. Workers are covered with accident insurance. Locals covered with SOCSO and foreign workers through RHB Insurance (Policy number FW056262E04 valid until 30/6/2015).

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

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

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

Sample records of training verified was trunk injection training dated 15/5/2014, First Aid Training dated 14/6/2014 conducted by Civil Defense department, Agrochemical handling training dated 17/12/2013 and etc.

**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 Bukit Benut mill and all estates carry out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans with latest reviewed done for the new financial year 2014/15. 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.

**Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.**

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

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

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

Sime Darby has established a new guideline on river reserve management on April 2014 which includes the guidance on river reserve requirement, managing river reserve, signages and location of river reserve area and water quality analysis.

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

Similar to the last assessment, the mill and estates continue to identify waste products and sources of pollution in the Environmental Impact Assessment and Pollution Prevention Plan which was reviewed.

Domestic waste is collected twice a week and disposed at the landfill located away from housing and waterways. During this visit, it was noted that mill boiler area is well maintained and boiler ash is disposed at designated contained area. Bukit Benut nursery site was visited again and it was found that operational waste sent to schedule waste store to avoid any pollutants at nursery.

The company has continued to manage scheduled waste stores at the mill and each of the estates. Schedule waste is disposed through licensed collector Kualiti Alam (Consignment Note No.: 763415). Medical wastes, such as sharps are disposed through Pantai Medivest. Latest disposal was done on 21/4/2014 (Consignment Note No.: 502279).

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

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

Bukit Benut 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 due to the seasonal cropping and depending on the FFB supplied by the estates. Average of 4.50 renewable energy used Mt per CPO Mt for the 2013/14 financial year.

**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.

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

The Bukit Benut mill and all estates Pollution Prevention Plan was documented in the Environmental Impacts Identification and Improvement Plan. 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 (PAC Testing & Consulting Sdn. Bhd) approved by Department of Environment. The latest test result (Report Ref. No.: PAC-AE-140215) dated 18/2/2014 shows that all parameters were complied with the standard requirements.

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

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

**Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way and plans to mitigate the negative impacts and promote the**

***positive ones are made, implemented and monitored, to demonstrate continuous improvement.***

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

***Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.***

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

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

Updated stakeholder list is maintained at the mill and Bukit Benut estate with information on contact details and name of the representative. Communication is recorded as part of the stakeholder communication document. Stakeholder meeting at Bukit Benut Estate was conducted together with Mill on 19/10/2013 attended by 22 stakeholders. No any disputes or complaints were recorded.

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

Grievance procedure developed and communicated to all stakeholders during meetings. Complaint and grievances have been recorded in complaint book. Inspection of the records indicated that the systems to resolve all disputes are in a timely manner. Complaints on housing defects are attended by the same day or the complainant is informed on the status of the issue by next day. There are also cases where complaints were raised verbally to the staff and executives although workers are encouraged to record in the book. Even verbal grievances are attended promptly. This was confirmed by the workers and staff interviewed.

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

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

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

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

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

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

Mill and estate provide adequate housing to their employees and meets the government standard. At Bukit Benut estate new housing to replace old housing was completed. It is now occupied. Government water supply has been connected to all the housing and this eliminate the insufficient water supply issue highlighted during the initial assessment. This was confirmed by the workers union representative. Visit to the housing site found adequate water supply is being given by the company.

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

***Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.***

At operating unit's union meeting held with NUPW when required. Last meeting at CEP Niyor estate was held on 7/5/2014 attended by 8 workers representatives and management executives. At Mill, the latest meeting was held on 16/6/2014 attended by 5 members. This was

confirmed by the workers union representative. It was confirmed by the union secretary that there is no any unresolved labour issue. Similar to last assessment, the union representative highlighted that sometime NUPW representative at site meet with executives and manager to discuss verbally if there is any urgent issue to highlight to the management.

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

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

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

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

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

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

Sime Darby Plantation as a group 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 at CEP Niyor Estate was held on 17/2/2014, attended by 10 representatives. As for the mill, the latest meeting was held on 23/6/2014 attended by 10 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.**

Bukit Benut mill process FFB from company owned estates only. No FFB supply from smallholders.

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

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

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

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

Bukit Benut 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.**

Annual review of the continuous improvement plan and monitoring of the implementation is carried out annually. Improvement on environmental and social aspects beside reducing waste and pesticide use is included as well. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue besides further improving the workers housing. As stated during the ASA2, government water supply to workers housing has been completed which eliminate the previous water shortage issue.

Paraquat is completely eliminated. Pesticide is used only when there is outbreak and justified with census prior to application and approval from Agriculture Department is obtained prior to any treatment. IPM is continuously implemented as part of efforts to reduce pesticide usage and as a preventive measure. Recycling awareness is progressively implemented and awareness on recycling was communicated among employees.

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

There was a major nonconformity identified during this assessment. Corrective action plans with respect to the major nonconformities raised during the ASA3 have been reviewed and found to be effectively implemented and the NC was closed on 11 July 2014. There are no minor nonconformity identified during this assessment.

The details of the nonconformities are as follows.

#### Major Nonconformity

**1071995M0:** major nonconformity against indicator 2.1.1 was raised. It was noted that at Bukit Benut Estate Diesel Storage Permit as required by Control of Supplies Act 1974 (Akta Barang Kawalan) was expired.

#### Close out evidence:

Operating unit submitted the renewal application but the officer in-charge at the government department was transferred to another location. The store clerk followed up with the government department. The store clerk obtained the new permit on 10 July 2014. The copy of the permit was verified by the BSI audit team and accepted. The new permit for diesel storage from KPDN (Ref. No.: (39) BPGK.JH (KLU) 0624 SK) is valid until 7<sup>th</sup> July 2015. The nonconformity was closed on 11 July 2014.

### 3.3. Status of Nonconformities Previously Identified and observations

The nonconformities raised during ASA2 were followed up. Corrective action plans with respect to the nonconformities raised during the ASA2 found to be effectively implemented and the nonconformities remain closed. Four minor nonconformities and five observations for improvement were followed up.

The details of the implementation are as follows.

**938174N4:** Minor nonconformity was raised against indicator 6.5.2: It was noted that the deduction from the worker's salary was made. However there is no any consent letter from the workers giving permission for the deduction as per one of the term and condition of the "Permit Pemoangan dari Gaji Pekerja". "Permit Pemoangan dari Gaji Pekerja" from "Jabatan Tenaga Kerja" require the management to get the "Surat Persetujuan" from the workers before any deduction is made. This letter was not available during the audit.

#### ASA3 Findings:

*During the ASA3, it was noted that all the workers have signed a consent letter for deduction from their pay such as workers union fee as per one of the term and condition of the "Permit Pemoangan dari Gaji Pekerja". Interview with the workers and union representative found that they are aware on the deduction and agreed for the deduction. Therefore, the nonconformity was addressed appropriately and closed on 1 July 2014.*

**938174N5:** Minor nonconformity was raised against indicator 6.2.3 at Lambak estate because stakeholder list was not available and no stakeholder meeting was conducted. At CEP Niyor Estate interview with the SRJK (T) CEP Niyor Head Master confirmed that he was not invited for any meetings last year. Document audit reveal that there was no any records of stakeholder meeting neither any stakeholder list.

#### ASA3 Findings:

*During the ASA3, interview with the SRJK (T) CEP Niyor representative found that there were regular meetings held between estate management and school head master. Contributions such donations were given by the estate to the school. As for Lambak estate, the stakeholder list was updated on January 2014. Recent stakeholder meeting was conducted on 17/10/2013 attended by 9 persons. The nonconformity was addressed appropriately and closed on 1 July 2014.*

**938174N6:** Minor noncompliance against indicator 4.1.2 was raised because CEP Niyor estate did not retain the monitoring records for the minimum 12 months. It was noted during the document audit that the records of Permit to Work (PTW) for the Trunk Injection was not kept as per requirement of this indicator for 12 months. Trunk injection was carried out in March, April and June 2013. However, the PTW record was only available for 25 June 2013. The other records were not available during the audit.

#### ASA3 Findings:

*During the ASA3, it was noted that all the PTW were issued accordingly. Sample checked dated 26/4/2014, 3/5/2014 and 26/6/2014 were all issued with necessary permit to work. Interview with staff reveal that he understands the requirements and issuing of the permit to work. The nonconformity was addressed appropriately and closed on 1 July 2014.*

**938174N7:** Minor nonconformity against indicator 4.5.4 was raised. Document audit reveal that monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (a.i.) used/ tonne of oil was not available. The record only show the quantity used without any monitoring of the usage unit per hectare of the a.i. used.

#### ASA3 Findings:

*The monitoring of pesticide usage is recorded with the active ingredients calculation at all the estates. Average of 0.064 a.i./ha used for the period of July 2013 to May 2014. All operating units audited have regularly updating the records. The nonconformity was addressed appropriately and closed on 1 July 2014.*

#### Observation/Opportunity for improvement

There were five Observations/Opportunities for improvements were identified during ASA2. The progresses with the Observations/Opportunities for Improvement were also followed up during this ASA3. The Details are of below:



**OBS: 2.1.1** Lambak: The air compressor is having valid permit and well maintained. As an area for improvement, marking the PMT number on the air compressor permanently is a good practice.

**ASA3 Findings:**

*During the ASA3, it was noted that the PMT number had been permanently marked on the air compressor by using black paint.*

**OBS: 2.1.2** Legal and Other Requirement Register (LORR) is available and evaluation conducted in 2013 but the latest evaluation copy missing at CEP Niyor. The evaluation result should be available during assessment. Updating of Legal and Other Requirement Register is in progress of updating at the Head Office level.

**ASA3 Findings:**

*During the ASA3, the evaluation result dated 9/10/2013 was available. The Legal and Other Requirement Register (LORR) has been obtained from Head Office and sighted in the file.*

**OBS: 4.6.4** CEP Niyor and Lambak Estate: At CEP Niyor estate noted that re-cycled agrochemical containers and clean water containers marking fading off. At Lambak estate some workers taking home their apron and other spraying PPEs.

**ASA3 Findings:**

*During the ASA3, CEP Niyor estate has re-marked all the re-cycled agrochemical containers. No faded markings were sighted. As for Lambak estate, PPE's are being kept at the designated store and no workers are allowed to take home the PPE's. This is monitored daily by the field supervisor and storekeeper after the work.*

**OBS: (4.7)** Lambak Estate - Security and safety: The entrance gate at the old water catchment pond is opened which might allow illegal entry of workers.

**ASA3 Findings:**

*During the ASA3, it was found that the gate is permanently locked as the water supply from SAJ had been obtained.*

**OBS: 5.5.3** Lambak Estate: It was noted during the interview with school teacher that the awareness on the waste management for the School at Lambak estate is lacking. The school gardener disposed the waste into the estate field beside the school and admitted "sometime" used to burn. Teacher highlighted that the school expect assistance from estate management to dispose the waste in environmentally and socially responsible manner to avoid any burning of waste within the estate vicinity.

**ASA3 Findings:**

*During the ASA3, it was found that the estate has assisting the school to collect and dispose school waste at the estate landfill.*

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

Similar to last assessment, during this ASA3, the majority of stakeholders had positive comments about Bukit Benut Certification Unit. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

Interview with local and foreign workers reveal that there are no any disputes or grievances. The water supply shortage issue highlighted during the ASA2 has been resolved. This issue was also confirmed by the workers union representative.

Contractors and suppliers highlighted that payment is made promptly and no any disputes. Contracts with mill and estate management are transparent and payment made based on agreed amount and term.

Head of the nearby village and village representative confirmed that good relationship is maintained with the management and villagers. Estate has assisted during the drought season by supply water for the villagers. No any disputes or grievance was highlighted.

School teacher and representative confirmed that the management gives assistance whenever a request is sent to the mill and estate management in the form of materials, manpower and sometime cash donation such as for sports activities.

### **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 twelve months of this ASA3.

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

No	NC ref.	Type	Status
1	04/2009	Minor	Closed 27/9/2012
2	05/2009	Minor	Closed 27/9/2012
3	06/2009	Minor	Closed 27/9/2012
4	A787320/1	Major	Closed 23 November 2012
5	A787320/1	Minor	Closed 28 June 2013
6	A787320/2	Minor	Closed 28 June 2013
7	A787320/3	Minor	Upgraded to Major NC (938174M1)
8	A787320/4	Minor	Closed 28 June 2013
9	938174M0	Major	Closed 20 August 2013
10	938174M1	Major	Closed 20 August 2013
11	938174M2	Major	Closed 20 August 2013
12	938174N4	Minor	Closed 1 July 2014
13	938174N5	Minor	Closed 1 July 2014
14	938174N6	Minor	Closed 1 July 2014
15	938174N7	Minor	Closed 1 July 2014
16	1071995M0	Major	Closed 11 July 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 for on behalf of  
Sime Darby Plantation Sdn Bhd – SOU 22 Bukit Benut  
Certification Unit

SIME DARBY PLANTATION SDN. BHD.  
BUKIT BENUT OIL MILL

BAKHTIAR EFFENDY BIN KAMALUDIN  
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	21 Certification units	Total Certified: 55
Undergoing Certification Process	-	4 Certification Unit	Certification on-going: 4
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 22 Bukit Benut Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.  
 SOU 22 Management Unit (KKS Bukit Benut)  
 KM 12 Jalan Mengkibol, 86009 Kluang,  
 Johor, MALAYSIA

BSI RSPO Certificate No: SPO 591229

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>Bukit Benut Palm Oil Mill and Supply Base</b>	
<b>Location</b>	Kluang, Johor, Malaysia.
<b>Address</b>	SOU 22 Management Unit (KKS Bukit Benut), KM 12, Jalan Mengkibol, P.O. Box 513, 86009 Kluang, Johor, MALAYSIA
<b>GPS</b>	Longitude: 103° 19' 59" E Latitude: 1° 54' 42" N
<b>CPO Tonnage Total Production (Certified)</b>	32,472
<b>PK Tonnage Total Production (Certified)</b>	7,804
<b>Company Estate FFB Tonnage (Certified)</b>	147,246
<b>Estates FFB Tonnage (Certified)</b>	Bukit Benut Estate : 47,198
	Lambak Estate : 68,090
	CEP Niyor : 31,958

## Appendix C: 3rd Annual Surveillance Assessment Program

Date	Time	Subjects	Senniah	Kelvin Lim	Muhd Haris
Monday 30/6/2014	PM	Audit Team travelling to Bukit Benut, Johor. Meeting with union representative.	√	√	√
Tuesday 1/7/2014 <b>Bukit Benut Palm Oil Mill</b>	08.30 – 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 – 12.30	<b>Bukit Benut 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.	√	√	√
	12.30 – 13.30	Lunch	√	√	√
	13.00 – 17.30	<b>Bukit Benut 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, verify previous nonconformities, etc.	√	√	-
Wednesday 2/7/2014	08.30 – 12.30	<b>CEP Niyor 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 – 12.30	<b>Meeting with stakeholders</b> (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.30 – 13.30	Lunch	√	√	√
	13.30 – 17.00	<b>CEP Niyor 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).	√	√	√
	17.00-17.30	Audit team meeting.	√	√	√
Thursday 3/7/2014	8.30 – 12.30	<b>Bukit Benut 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.	√	-	√
	12.30 – 13.30	Lunch	√	-	√
	13.30 – 17.30	<b>Bukit Benut 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 4/7/2014	8.30 – 10.00	Verify any outstanding issues & Preparation for closing meeting	√	-	√
	10.00 – 11.30	Closing Meeting	√	-	√

## Appendix D: List of Stakeholders Contacted

<p><b>Internal Stakeholders</b></p> <p>Bukit Benut 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          NUPW secretary          AMESU Representative</p>	<p><b>Local Communities</b></p> <p>Kampung Pisang Village Representative          Kampung Bukit Benut Village Representative          Kampung Mengkibol Village Representative          Surrounding smallholder</p>
<p><b>Government Departments</b></p> <p>Labour Office          Agriculture Office          MPOB Office          Department of Environment</p>	<p><b>Contractors</b></p> <p>Housing contractor          FFB Transport contractor</p>

## Appendix E: Bukit Benut 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.	Bukit Benut 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.	Bukit Benut 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.
<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 Bukit Benut 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/SG 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	No sales of certified palm product sold through etrace. Greenpalm certificate sold as a group. The mill has system to carry out sales of certified palm products and makes traceability records as per RSPO requirement. The documents checked have the following information:
(a) The name and address of the buyer	Name and address of buyer written on the existing invoice.
(b) The date on which the invoice was issued	Date is written on all dispatch and relevant documents. Invoices for the month of May and June were checked.
(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. Product description written such as CPO/SG for certified product delivery.
(d) The quantity of the products delivered	Quantity is written in tone.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Sample document checked weighbridge ticket shows transport company's name.
<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.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Latest refresher SCCS training was conducted on 5/5/2014.
<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
Bukit Benut Palm Oil Mill	20 mt/hr	21,502	5,090

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

MILL	Certified CPO Sales	Certified PK Sales	Remarks
Bukit Benut Palm Oil Mill	NIL	NIL	No sales of certified palm products through eTrace.

**Actual Certified FFB Received Monthly - July 2013 – June 2014 (ASA2)**

Month	Bukit Benut Estate	Lambak Estate	CEP Niyor Estate	Total FFB/Month
July 2013	3,751	6,179	-	9,930
August 2013	3,758	5,862	-	9,620
Sept. 2013	3,782	5,971	-	9,753
Oct. 2013	3,718	6,348	101	10,167
Nov. 2013	3,239	5,400	-	8,639
Dec. 2013	2,962	4,527	85	7,574
January 2014	2,048	2,819	147	5,014
February 2014	2,293	3,356	335	5,984
March 2014	2,753	4,181	802	7,736
April 2014	2,608	3,877	906	7,391
May 2014	2,663	4,076	-	6,739
June 2014	2,613	4,301	1135	8,049
<b>Total</b>	<b>36,188</b>	<b>56,897</b>	<b>3511</b>	<b>96,596</b>