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PUBLIC SUMMARY REPORT

RSPO FOURTH ANNUAL SURVEILLANCE ASSESSMENT (ASA04)

SIME DARBY PLANTATION SDN BHD Management Unit PT SIA Sanggau District, West Kalimantan Province INDONESIA

Report Author

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TABLE of CONTENTS	page No
SUMMARY.....	1
Abbreviations Used.....	1
1.0 SCOPE OF SURVEILLANCE ASSESSMENT.....	1
1.1 National Interpretation Used.....	1
1.2 Certification Scope.....	1
1.3 Location and Maps.....	1
1.4 Description of Supply Base.....	1
1.5 Date of Plantings and Age profile.....	2
1.6 Other Certifications Held.....	2
1.7 Organisational Information / Contact Person.....	2
1.8 Time Bound Plan for Other Management Units.....	2
1.9 Area of Plantation.....	2
1.10 Approximate Tonnages Certified.....	2
1.11 Date Certificate Issued and Scope of Certificate.....	3
2.0 ASSESSMENT PROCESS.....	3
2.1 Certification Body.....	3
2.2 Qualifications of the Lead Assessor and Assessment Team.....	3
2.3 Assessment Methodology, Programme, Site Visits.....	4
2.4 Stakeholder Consultation and List of Stakeholders Contacted.....	4
2.5 Date of Next Assessment visit (Re-Certification).....	4
3.0 ASSESSMENT FINDINGS.....	4
3.1 Summary of Findings – Palm Oil Mill and Estates.....	4
3.2 Summary of Findings – Scheme Smallholder.....	11
3.3 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusion.....	16
3.4 Status of Nonconformities (Major and Minor) Previously Identified During ASA3.....	17
3.5 Noteworthy Positive Components.....	18
3.6 Issues Raised by Stakeholders and Findings with Respect to Each Issue.....	18
4.0 CERTIFIED ORGANISATION’S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY.....	18
4.1 Date of Closing Nonconformities (Major and Minor).....	18
4.2 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings.....	19

LIST of TABLES

1	Mill GPS Location	1
2	FFB Production Tonnage	1
3	Age Profile of Palms	2
4	Estates and Area of Palms.....	2
5	Projected FFB, CPO and PK Tonnages Certified for and actual production for ASA3.....	3

LIST of FIGURES

1	East Estate Layout Map.....	20
2	Sei Mawang Estate Layout Map.....	21

List of Appendices

A	Sime Darby Time Bound Plan.....	22
B	PT Sime Indo Agro RSPO Certificate Details.....	24
C	Assessment Programme.....	25
D	List of Stakeholders Consulted.....	26
E	Supply Chain Assessment for the Mills (Module E: Mass Balance).....	27

SUMMARY

BSi has conducted fourth annual surveillance assessment of PT Sime Indo Agro (SIA) operations comprising Bukit Ajong mill, three oil palm estates, scheme smallholders (Himado), support services and infrastructure. BSi concludes that PT SIA's operations and the Himado scheme smallholders comply with the requirements of RSPO Certification System: June 2007 (revised March 2011), Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

It is noted that the mill have implemented Mass Balance SCCS requirement to ensure traceability of the incoming and out-going certified palm product.

BSi recommends that PT SIA operation which consist of Bukit Ajong mill, West estate, East estate, Sei Mawang estate and the Himado Scheme Smallholder approved as a producer of RSPO certified sustainable palm oil and maintain the existing certificate.

ABBREVIATIONS USED

AMDAL	Analisis Mengenai Dampak Lingkungan
ASA	Annual Surveillance Assessment
B3	Chemical waste store
BOD	Biological Oxygen Demand
BPN	Badan Pertahanan Nasional
CD	Community Development
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DPPL	Dokument Pengelolaan dan Pemantauan Lingkungan Hidup (Environment management And monitoring document)
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERT	Endangered, Rare and Threatened
ESIA	Environmental Social Impact Assessment
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
GPS	Global Positioning System
HCV	High Conservation Value
HGU	Hak Guna Usaha
HO	Head Office
IPM	Integrated Pest Management
IUCN	International Union for Conservation of Nature
MSDS	Material Safety Data Sheet
NGO	Non Government Organisation
OER	Oil Extraction rate
OHS	Occupational Health and Safety
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PT SIA	PT Sime Indo Agro
R&D	Research and Development
RKL	Rencana Pengelolaan Lingkungan (Environmental Management Plan)
RPL	Rencana Pemantauan Lingkungan (Environmental Monitoring Plan)

SEIA	Social & Environmental Impact Assessment
SPSI	All Indonesian Workers Union

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and their supply bases of FFB were assessed against the requirements of RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

1.2 Certification Scope

The scope of Certification covers one palm oil mill and the supply base comprising three company owned oil palm estates and Himado Scheme Smallholder.

1.3 Location and Maps

The estates and mill are located in Sanggau District of West Kalimantan Province, Indonesia. The GPS location of the mill is shown in Table 1. Figure 2 and 3 shows the estates audited during the ASA4.

Table 1: Mill GPS Locations

MILL	Longitude	Latitude
Bukit Ajong (Capacity: 40mt/hr)	110° 29' 00"E	00°16'00"N

1.4 Description of Supply Base

Oil palm fruit is sourced from company owned and managed estates, scheme smallholders and from third party. The projected FFB productions (certified) for the financial year 2014/15 are listed in Table 2 as shown below. The projected figures show reduction compared to previous year's projection due to lower FFB forecast. The projection is also taken into the actual achievement last year.

Table 2: FFB Production Tonnage

Source	Projected ASA3	Actual ASA3	Projected for 2014/15
PT SIA Supply Base Estate			
East estate	40,076	32,162	34,000
West estate	60,523	45,200	51,000
Sei Mawang estate	7,271	5,233	9,390
Sub-total	107,870	82,595	94,390
Scheme Smallholders:			
Himado	106,858	101,781	102,597
Total Certified*	214,728	184,376	196,987
<i>Outside Supplier**</i>	<i>8,338</i>	<i>7,844</i>	<i>8,000</i>
GRAND TOTAL	223,066	192,220	204,987

* Certified Tonnage

** Non Certified

The palm oil mill is continued to use Mass Balance supply chain model due to the FFB sourced from non-certified independent suppliers.

1.5 Date of Plantings and age profile

PT SIA's own estates were planted between 1997 and 2009. The smallholder scheme was planted between 1997 and 1999. The scheme smallholder is managed as one cooperative (KUD) comprising 2,132 members with 4,264ha planted. PT SIA gives management advice on best practices through the scheme manager. This scheme was developed as a condition of PT SIA's project approval. All the palms are matured and in the first planting cycle. The age profiles of the palms are shown in Table 3.

Table 3: Age profile of Palms

Age (years)	% of Planted Area			
	East Estate	West Estate	Sei Mawang Estate	Smallholder (Himado)
26 - 30	-	-	-	-
21 - 25	-	-	-	-
11 - 20	38	100	-	100
4 - 10	62	-	100	-
Total	100	100	100	100

1.6 Other Certifications Held

Not applicable.

1.7 Organisational Information / Contact Person

PT SIA contact details as follows:

PT Sime Indo Agro
Bukit Ajong Palm Oil Mill,
Dusun Kopar,
Desa Dosan, Kecamatan Parindu,
Sanggau District,
West Kalimantan Province,
Indonesia.
Contact Person: Mr. Khairul Nizam
Phone: +62 8115734558
Fax: +62 212301120
Email: ptsia.east.estate@simeidarby.com

1.8 Time Bound Plan for Other Management Units

PT SIA's RSPO membership is through Sime Darby's RSPO membership. The RSPO membership number is 1-0008-04-000-00 (Old number 035-04).

Sime Darby Time Bound Plan is included as Appendix A. Sime Darby has achieved RSPO Certification for 34 of the Management Units in Malaysia and 19 in Indonesia. There was a change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT Mitra Austral Sejahtera (PT MAS). This was the result from the mediation meeting held on 22 July 2014. PT

MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB that assessed PT MAS is yet to issue the certificate. BSI has accepted the revision as justified revision due to the commitment shown by all parties involves resolving the community issue. This is also accepted by the CB that assessed PT MAS. Discussion was held with the CB that assessed the PT MAS and Sime Darby.

BSi has continued involvement with assessments of Sime Darby Management Units during the 2013/14 period. During this time, Sime Darby has kept BSi informed of any issues and claims made against it. No issues with partial certification were identified at the time of this report. 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.

1.9 Area of Plantation

The area of palms at company owned estates and smallholders are listed in Tables 4. There are no immature areas in estates and smallholders area. Total planted area at PT SIA is 7,154ha and scheme is 4,264ha. Total land area is 19,855.62ha. 2,683ha is set aside as biodiversity area.

Table 4: Estate and Area of Palms

Estate	Mature (ha)	Immature (ha)
East Estate	2,549	-
West Estate	2,768	-
Sei Mawang Estate	1,837	-
Sub-Total (Own Estate)	7,154	-
Smallholder (Himado)	4,264	-
Grand Total	11,418	-

1.10 Approximate Tonnages Certified

The approximate projected tonnages certified for the ASA4 and actual tonnage produced during the ASA3 is listed in Table 5.

There is some reduction in the projected FFB compared to last year due to poor fruit setting observed during the bunch census. This indirectly reduced the projected tonnage of CPO and PK. However, the management is aware that if there is an increase production, the management will inform BSi accordingly with relevant documents.

Table 5: Projected FFB, CPO and PK Tonnages Certified for 2014/15 and actual production for ASA3

Mill	CPO		
	Projected ASA3	Actual ASA3	Projected 2014/15
FFB Certified	214,728	184,376	196,987
CPO	49,924	41,312	45,799
PK	12,886	10,931	11,819

1.11 Certificate Details

Sime Darby RSPO Membership No: 1-0008-04-000-00
 [035-04(Old number)]
 BSi RSPO Certificate No: SPO 541399
 Initial Certification Assessment: 3 – 6 November 2008
 Date of Certification: 18/08/2010
 Date of ASA1: 6 – 8 June 2011
 Date of ASA2: 7 – 9 August 2012
 Date of ASA3: 10 – 13 September 2013
 Date of ASA4: 17 – 20 June 2014

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 Qualification 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 – Team Member

He holds MBA from University Utara Malaysia and a degree in Business Administration (Hons) Majored in Human Resource Development from the Open University Malaysia. 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 has completed RSPO (P&C) and RSPO (SCCS), ISO 14001 (Environmental Management System), OHSAS 18001 Lead Auditor Training and qualified as EICC auditor. He also completed the International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Course. 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 had assisted with conducting audits of oil palm plantation for more than 10 companies against the RSPO P&C in Indonesia and Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Environment, Safety, Estate Best Practices and workers welfare.

Haeruddin Tahir – Team Member

He holds Bachelor degree in Forest Management, graduated from Hasanuddin University on 1994. He has 16 years of work experience in forest concession, forestry industry and the latest is within Oil Palm Plantation in Indonesia. He experiences as auditor for several sustainability standard including FSC, UTZ, Organic Farming 4C, and RSPO. He completed the ISO 9001 Lead Auditor Course; ISPO Lead Auditor endorsed Course and RSPO Lead Auditor Course. He had been involved in RSPO auditing since November 2010 in more than various companies in Malaysia, Thailand and Indonesia. During this assessment, he assessed on the aspects of legal, estate best practices, and social community engagement and stakeholders consultation.

This summary report was reviewed by Mr. Aryo Gustomo. He is one of the BSi internal reviewers who has involved in report reviewing. He has completed RSPO Lead Auditor training. Certification decision was made independently by the BSi Indonesia's Operation Director.

2.3 Assessment Methodology, Programme, Site Visits

The 4th annual assessment (ASA04) was conducted from 17 - 20 June 2014 to assess the continuous compliance of the certification unit and its certified FFB supply base. The assessment program is included in Appendix C. This assessment was conducted using the requirements of RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

BSi Audit team conducted an assessment of the scheme smallholders' operation comprising one cooperative by sampling based on the RSPO sampling formula (0.8 √Y whereby Y is number of cooperatives). This sampling strategy was developed based on the RSPO sample size, the geographical location of the cooperatives and number of smallholder members to select 37 members. The RSPO sampling formula also used for the selection of members to be assessed.

The methodology for collection of objective evidence includes physical inspection of the operating units, facilities, infrastructures, interview with staff, workers smallholders, contractors and review of documents. The assessment was based on random sample and therefore nonconformity may exist which have not been identified.

2.4 Stakeholder Consultation and a List of Stakeholders Contacted

During the Annual Surveillance Assessment stakeholder consultation was conducted involving internal and external stakeholders through meeting which were held to discuss issues related to environment and social performance. Feedback on the performance of the company with respect to RSPO requirements and aspects that they consider need improvements were consulted during consultation. Stakeholders included those immediately linked with the operation of the company such as workers, staff, smallholders, contractors, government officials and interested parties whose activities covers same geographical area as the PT SIA. Stakeholder consultation took place in the form of meetings and interviews without the present of the management members of the company.

It is noted that during the ASA4 assessment there was no negative comments or complaints received. The list of stakeholder contacted is included as Appendix D.

2.5 Date of next assessment visit - Re-Certification

The next assessment visit (Re-Certification) is planned within 12 months of the certificate anniversary.

3. ASSESSMENT FINDINGS

The assessment findings are reported below covering the certified mill, estates and scheme smallholder. Section 3.2 is referring to the findings of the Scheme Smallholder assessment.

During this ASA4 there was a minor nonconformity and five observations were identified. The minor nonconformity and observations will be followed up during the re-certification assessment. Based on the findings during the Annual surveillance Assessment, BSi conclude that PT SIA – Bukit Ajong Certification Unit and certified supply base comply with the requirements of the RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

BSi recommends that PT SIA – Bukit Ajong Certification Unit to maintain the existing certificate.

3.1 Summary of Findings - Mill and Estates

Principle 1: Commitment to transparency

Criteria 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.

Respond to the stakeholder request are handled as per the existing SOP. It is handled by the Public Relation Officer and records are maintained. These records also incorporated with visitors' information and type of information given to them. Information request on availability of donation fund from the school dated 28/5/2014 was attended on the same day.

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.

Documents related to RSPO are except those commercially confidential are available for stakeholder for onsite inspection, when request submitted to the operating units. Copies of government related documents such as AMDAL, RKL, RPL and land ownership documents are available on request. Other documents include Social Impact Assessment, Safety and Health Plan and continuous improvement plans. These records

are maintained for a minimum of three years and government related documents maintained as per requirement of law.

Principle 2: Compliance with applicable laws and regulations

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

Sample of legal documents were checked in the mill and estates as well as at the scheme smallholder cooperative. Land ownership documents are valid and mill license and permits are renewed periodically prior to the expiry. There are no any changes in the HGU compare to the previous assessment.

Palm oil mill and estates comply with the applicable local and national laws. All permits are compliance with legal requirements. Renewed permit periodically prior expiry. Samples checked:

1. Izin Pemanfaatan Air Limbah no. 10, year 2011, dated 17 February 2011
2. Pengesahan Panitia P2K3 – OHS committee approved by Dinas tenaga kerja dan transmigrasi Kab. Sanggau no. 460/P2K3/I/2013.
3. Ijin pesawat uap – Stelizer no. 1, no 17/8.0.65, dated 2 Nopember 1999.
4. Izin Penyimpanan Sementara Limbah B3 (Hazardous waste temporary store permit) no. 439 Tahun 2010, dated 13 December 2010 and Persetujuan Waktu Peyimpangan limbah B3 lebih dari 90 hari (Hazardous waste stored more than 90 days) from Badan Lingkungan Hidup, Kebersihan, dan Pemadam Kebakaran, dated 13 January 2014. Izin penyimpangan penyimpanan limbah B3 terakhir dari Badan Lingkungan Hidup, Kebersihan dan Pemadam Kebakaran Kab. Sanggau No. 669/121/BLHKPK-A, dated 25 March 2014, which renewal permit until June 2014.
5. Izin Mendirikan Bangunan (IMB) no. 64/05/SUNGRAM/96 – 99, dated 6 May 1996.
6. Izin Penggunaan Air Permukaan No 549 Tahun 2013, dated 25 November 2013, valid until 25 November 2016.
7. Pengesahan pemasangan / pemakaian motor diesel no. 560/34/sosnakertrans, dated 21 November 2013.
8. Izin Turbin Uap, no. 17/E0.51.A, dated 20 November 1999 and 9K.17/E0.52, dated 2 November 1999.

Company legal department continue to carry out the tracking of any changes in the law and inform the relevant operating units if there is any changes related to the plantation operation. Beside the legal department, the sustainability department located in Jakarta monitors any changes in applicable law and informs the operating units.

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

PT SIA continues to hold the HGU which was checked and verified during the initial assessment. It was checked again during this ASA4 to confirm there are no changes.

During the field visit the boundary stones were inspected. It is found that the boundary stones are visibly maintained and records of inspection is maintained at the estate. There were no encroachment issues noted or highlighted by the stakeholders who were interviewed during the stakeholders' consultation.

Observation 1: (2.2 RSPO P&C INA-NIWG) - The company can consider to settle some of Land Certificate of plasma in BPN (Badan Pertanahan Nasional) where this land is part of PT. SIA's HGU which had been release to the plasma and it has been conducted cadastral as well as the final process in progress now. This will be followed up during re-certification.

No disputes were noted or highlighted by the stakeholders interviewed.

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.

It is noted that the land which was initially assessed during the initial assessment remain same. It was noted that the surrounding villagers are aware of the plantation development and they were given opportunity to take part in the plasma development. Now these plasma scheme smallholders have a close relationship with the PT SIA management.

Land compensation issues are dealt with FPIC concept and the surrounding communities are aware of the process as well. Document inspection and interview with local community reveal that FPIC concept is applied during the land compensation process which indicates that the local people are made aware of the company's intention prior to surrendering the land to the company.

Principle 3: Commitment to long-term economic and financial viability

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

As per the initial assessment, PT SIA has an approved annual budget and projection/forecast for a period of three years for the estates and mill. Annual budget is used as guidance by the manager to ensure management plans in the budget are implemented to achieve the economic financial outcome. The annual budget includes operational cost and revenue, production and target, cost of production, OER, capital

expenditure and allocation for the continuous improvement plans.

Replanting programme will commence after 2022. The replanting cycle is estimated to take place when the palm age reaches 25 years. The company is committed to zero burning during replanting through felling and chipping.

Principle 4: Use of appropriate best practices by growers and millers

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

Estates and mill are using the PT Minamas SOPs. The estates are using the PT Minamas Agriculture SOPs while the mill is using the Mill Processing SOPs. SOPs related to all the estate operations such as nursery, land preparation, planting, field maintenance, harvesting, FFB collection and transport. Palm Oil Mill has a separate manual which includes SOPs for each processing stations.

Implementations of the SOPs are monitored through field inspection by the estate managers, Agronomist, Plantation advisers, mill adviser and by RSPO internal audits. The most recent internal RSPO audit was carried out in April 2014. Planting Advisor visited the estates on 28-30/8/2013 last year. Planting adviser's visit for the year 2014 is scheduled in August 2014. Mill advisor visit was on 19 – 22 May 2014. Similar to last assessment, estates and mill carry out daily monitoring through field inspection records and mill inspection records. It is a routine that the estate and mill management prepare monthly reports and send to the company's head office for monitoring purpose as well.

Besides covering work related issues in the SOPs, all the SOPs also include safe working instructions for all type of work in the mill and estates.

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

The company's Agronomy continues to recommend fertilizer application. Leaf sampling was carried out on prior to recommendation. Annual leaf analysis is carried out by PT Minamas Research Centre in Riau. Agronomy visits the estates prior to the final recommendation. Field N309 block 87 and 88 was applied 26.6mt of MOP as per recommendation. Beside inorganic fertilizer, agronomy also makes recommendation for organic fertilizers such as EFB and POME. Fertilizer application records are maintained.

EFB is continued to be applied at the rate of 40 mt/ha per year on selected area with flat terrain and near to the mill to facilitate better application and control the transport cost. The EFB application area was visited and

verified. The area applies with POME remains same as previous assessment at 75ha. The BOD level is within the allowed level of 5000mg/L.

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

During field visit it was noted that only selective and circle herbicide spraying carried out. Soft grass and fern is maintained to minimize erosion during heavy rainfall. Erosion is also controlled through frond stacking along the contour to minimize the speed of the running surface water during heavy rainfall. It is also noted that silt pits are constructed at the road side to minimize erosion and surface run-off. Soil map is available at all the estate and scheme smallholder office. No peat soil. Soil analysis report dated 17/2/2014 No. 00797/BOEBAH, no peat or fragile soil.

Road maintenance is carried out internally. Operating units have their own road grader and compacter. Road maintenance includes road grading, compacting, pot-hole resurfacing, road side drain maintenance, culvert and bridge repairing.

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

All the operating units monitor the use of water and the effects of their activities on water resources and waterways. Water management includes monitoring of water usage for processing in the mill, domestic water usage, monitoring of water quality used for processing and domestic household, waste water management and monitoring. Average water usage for the year 2013/14 was 1.28m³, a slight reduction compared to last year.

Buffer zones are managed along the Segoli and Sepotong rivers. Incoming and outgoing river water quality is monitored to identify any pollution. Latest monitoring report dated 11/11/2013 Report Number: 06937/BCEBAG for Sepotong River shows the BOD level is 2.84mg/L and for the Segoli River was 1.45mg/L. The report indicates that there was no pollution. Enhancement of riparian zones is carried out with planting of traditional local tree species along the riparian. Signage to create awareness to protect river and riparian is visibly maintained. No any kind of agrochemical used along the riparian zone.

POME land application is monitored. BOD is below the allowable level of 5,000mg/L. BOD is analysed at external laboratory. Palm Oil Mill monitor the quantity of POME discharged into furrows in the field with fulltime staff taking care of the application area. No changes in the POME application area at field number S901. This area was re-visited and found that the furrows are well protected and away from waterways. Lab Analysis for effluent dated 23/4/2014 No. 02547/BOEBAH by Sucofindo BOD 217.96ppm, COD 1089.79ppm, oil & Grease 0.025ppm.

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

IPM is documented in SOP MINAMAS SOP 110/EST-ARM/08 page 11 Sec. 16.3.1 in the Agriculture manual. This SOP describes all the IPM techniques and methods to be used by the estate in managing oil palm pest. The techniques include prevention through planting beneficial plants such as *tunera subulata* and *cassia cabanensis* along the road side. Control measures are only decided based on early detection by conduction pest census by a team of trained staff and workers. Periodic census records were available during the assessment. Latest census was done on 16/4/2014. The MINAMAS Research Centre verifies the census data during the leaf sampling process.

Pesticide is only used when the threshold damage level exceed the threshold level. Staff and workers are given IPM training mainly of census methodology and identification of pest attack.

There is no pesticide usage noted during this assessment due to no outbreak. Agrochemical used mainly is herbicide for the circle and selective weeding.

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.

It is noted that only approved and registered agrochemicals which are permitted by the local relevant authorities are used. Agrochemicals used are monitored each time it is used. Records includes active ingredients used, area treated, quantity applied per hectare, type of equipment used and number of applicators involve.

To ensure that applicators are trained, daily briefing is given each time agrochemical application is arranged. Type of chemical to be used is recommended by the Sime Darby R&D Department.

Observation 2: (4.6.5 RSPO P&C INA-NIWG) - The company may wish to consider separating classes of agrochemicals in the chemical store appropriately.

Agrochemical waste materials and containers are collected and stored at the schedule waste store. Triple rinsing method is used before storing the empty containers in the schedule waste store. These containers are recycled for the same purpose to prepare pre-mixed agrochemical to be used in the field.

All the operating units ceased paraquat usage since 2007. There is no other Type 1A or Type 1B agrochemicals used. Stock records were checked and there is no any class 1 agrochemicals purchased by the operating units.

Health check was conducted on 6/6/2014 at Pusat Damai government clinic by doctor (SIP: 445/245/Dr/DINKES-D/2013) for 19 agrochemical applicators by Dr. Eddy Sinuraya. Records inspection on agrochemical applicators and interview with agrochemical applicators shows that no work with pesticides for pregnant and breastfeeding women.

Company policy on prohibiting pregnant or breast feeding female workers from agrochemical application is implemented continuously. Interview with female workers and medical records confirm that pregnant female workers are transferred to work without any agrochemical handling such as office helper and housing site cleaners.

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

OSH Plan, which includes a training programme and OSH plans with designated responsible person identified. All occupational hazards and risks have been assessed and identified.

Guidelines on accident and emergency procedures are available. Accident records are analysed by the Safety executive on site and target set is zero. There was no accident in the mill since last assessment. Only minor injuries such as thorn prick cases noted in the estate. No fatal accidents occurred. Accidents details reported to labour department periodically. Safety measures explained to workers and included in safety training. Interviews with workers confirmed knowledge of the plans and procedures and first aid training records were inspected and also confirmed by interview. Safe working environments observed in mill and places of work.

Drivers are compulsory to attend competency training conducted by safety executive and they are holding driving permits. Jamsostek insurance covers any accidents during travelling to work and during work related accidents. Latest premium payment record (Ref. No.: SIA/BAF/BV/06) dated 1/6/2014 covers all the workers.

Fire-fighting and Emergency Response Team is available in the estates and mill. Training is provided by internal safety executive and external trainers. Another separate risk assessment HIRARC conducted on 7/4/2014 by the OSH department covering all the operation chemical handling, workshop, field operation and other general work. Rating is given as low, medium or high. When the risk is high, preventive measures is developed to address the risk. Worksite inspection was conducted regularly. The latest inspection was on 17/05/2014.

However, at Bukit Ajong Mill, The risk assessment for Health and Safety is inadequate. Therefore, Minor non-conformity has been raised as below:

1065524N6: *Minor nonconformity against indicator 4.7.5 was raised. At Bukit Ajong Mill, Company policy number 707/TQEM-ESH/10 Rev.00 Sec.5.5 required Gas detector to be used before work in the confine space to measure the level of oxygen. However, the gas detector is not available and confirmed by the mill executives during the interview. Refer Section 3.3 for details.*

Observation 3: *(4.7.5 RSPO P&C INA-NIWG) - The company may wish to consider put stacking limitation of fertilizer in the fertilizer store.*

OSH meeting conducted on 4/4/2014. The minutes of meeting was sent to the labour department through letter ref. number: 001/SP/PT SIA-EE/SGU/IV/2014. The OSH committee was approved by the Labour Dept. on 10/2/2014 ref: 460/51/P2K3/P/VII/2014.

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

Annual training programme developed in early January 2014 is developed to cover all level of management, workers, smallholders and contractors. The training records are maintained at each operating units with details such as date, venue, topic, trainer's details and signed by the attendees. Mill, estate and smallholder scheme manager maintain all the training records and this was checked and verified through interview with the staff, workers, smallholders and contractors interview.

The trainings conducted include RSPO Supply Chain refresher training dated 14/6/2014; First Aid Training dated 28/1/2014; Fire Fighting and evacuation training for mill, estates and smallholders dated 23/1/2014; PPE Training dated 12/5/2014; herbicide spraying technique and safety training dated 10/3/2014, contractors training dated 21/5/2013, OSH training by PT Jomsostek dated 12/11/2013, 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 environmental aspect and impact identification was reviewed and updated for the year 2013/14. PT SIA prepares the periodic half yearly environmental management and monitoring reports and sends to the government authorities in the form of RKL/RPL. The report for the second period in 2013/14 was confirmed

received by the Environment Department through letter dated 5/6/2014. The RKL/RPL covers all the operating units including the scheme smallholders. Ambient air quality monitoring was done on 28/4/14 by Sucofindo Laboratory (Cert. No.: 00946/BOEBAH) shows in compliance with the approved limit.

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.*

As reported in the initial certification report, biodiversity area covering 2,683ha is continuously maintained. All the biodiversity area are monitored and managed to ensure it is protected as per SOP No. 724/TQEM-SPMS/09. All the conservation area are also protected and erected with signage to create awareness among staff, workers and community to protect this area. Visit to the Bukit Tunggul conservation area at Sungai Mawang estate found signages are erected and no encroachment was noted. Interview with workers and community confirm that they are aware that conservation areas exist and it is protected.

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

Waste products have been identified and documented. Plans to avoid pollution are in place to include careful mixing of agrochemicals, diesel tank bund, dedicated schedule waste stores, concreted and bunded workshops, oil traps and controlled household waste disposal. Line-site discharge is also included in the plans. Hazardous waste is stored in a dedicated schedule waste store (Permit number 128 Thn. 2010 valid until 2015). The schedule waste store in the mill is centralized store for all the operating units. Schedule waste storage limit has been extended for additional 3 months until September 2014 (Approval No.: 669/121/BLHKPK-A) dated 13 June 2014 due to absent of licensed collector.

Documented waste products includes used oil, old battery, used laboratory chemical, clinical waste, effluent, EFB, smoke, dust, fibre and shell, empty chemical container, boiler ash, scrap iron, used tire, line site waste, line site waste water. Operational waste products collected and stored in schedule waste store and disposed through authorised collector.

Observation 4: *(5.3.2 RSPO P&C INA-NIWG) –*
i.) The mill has appointed a contractor to do the desilting work and reconstructing the broken bund between effluent pond Number 3 and 4. The completion of the work will be followed up during re-certification visit.
ii.) The Company may wish to consider repair the small crack at the diesel tank bund and oil trap in lubricant storage.

Empty agrochemical containers reused for preparing pre-mixed diluted chemical for circle spraying. EFB recycled and applied in the field as organic fertilizer. Shell and fiber is recycled at mill as renewable energy source. Mill waste water POME is recycled for land application and complies with the permit regulation.

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

All energy used in the mill is monitored. Fossil fuel records are maintained and trends shown. Energy use records include accurate measurements of renewable energy use per tonne of CPO produced. Company already maximise the renewable energy use. All the shell and fibre is consumed internally. The energy generated through renewable source maintained at average of 0.70mt/mt CPO while the fossil fuel used was at average of 5.55Ltr/mt CPO.

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.

The company has procedures in place to assist in the event of fire in the field and facilities under Emergency Response Plan. Field visit, interview with workers, stakeholders, SOP's and manager interviews confirm that there is no open burning. No evidence of burning anywhere on any operating units found during field visit.

Training on fire fighting was carried out includes the scheme smallholders. Appropriate fire fighting equipment such as fire extinguishers, fire hydrant and mobile water tanks are available for the fire fighting purpose.

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

Management of wastes generated by operating units includes collection, storing and disposing through authorised collectors. Once the polluting activity is identified, it is mitigated or collected and kept in the schedule waste store and recycle wherever possible such as Shell, fibre, EFB, effluent is recycled.

The mill has identified the sources of pollution and emissions. Various and regular measurements are taken of the emissions and pollutants. Measurements of emissions obtained are used to develop strategies for improvement and reduce emission. POME is treated in a series of effluent ponds and the final discharge is regularly monitored for BOD levels before goes for land application. No discharge to watercourse.

Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and mills

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.

Documented and implemented social impact assessments prepared in participation with affected parties for the palm oil mill, plantations and scheme smallholders. There are no any changes in the PT SIA operation.

Initial Social Impact Assessment for PT SIA is available and conducted by external consultant. Positive and negative issues identified during SIA. Social Impact Assessment includes detail on positive and negative effects and documented affected parties. Stake holder consultation procedure is followed to further identify impacts. Stakeholder meeting record is available.

PT SIA prepares RKL/RPL reporting which related to the activities at PT SIA. The recent reporting for the 2nd half of the year 2014 includes more comprehensive information on social impacts besides the environmental impacts. The impact of the smallholders is included in the document.

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.

Open and transparent system of consultation and communication with local stakeholders and external stakeholders is available. An identified line of communication is developed for each operating units.

Policy and procedures of consultations with stakeholders is laid out. Records of communications and consultations are available. Stakeholder lists are available and are up dated. Minutes of meeting with stakeholders, record of request and action taken is recorded. Actions are taken in timely manner. Record of responses and follow up on social impact assessment documented. Public Relation officer at site communicates with the stakeholders.

The company conducts communication and consultation regularly, the last meeting was held on 05 June 2014, minutes meeting and attendances list (attended 12 participants) are available. Meeting was conducted regarding 'Kas Desa' plantation management for 2.88 ha to Desa Sei Mawang.

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.

Complaints and dispute resolution procedures which is demonstrably accepted by potentially affected parties is available. Procedure is fully available to all affected parties. This was confirmed by stakeholders during interview.

Complaint procedure for external and internal stakeholders includes flow chart of the procedure and this is displayed at all the notice board and has been informed to stakeholders. Complaint book available and records of all the complaints is recorded and updated with action taken. Complaints received by the manager and then send to the Public Relation Officer to handle the complaint if related to communities. Internal complaints are attended by the manager or the representative responsible for the issue.

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.

Procedure for identifying and negotiations for legal and customary rights and a procedure for identifying people entitled to compensation are available.

Standard Operating Procedure on Land Compensations including procedures on identifications, calculations, and compensations is implemented. Interview with community received compensation gave positive feedback about the system. The compensation payment records available for verification.

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.

Documented pay and conditions of employment is available for all employees on site at the operating units documented in "Daftar Gaji Besar". It was noted no any workers is paid below the minimum wages as regulated in "Keputusan Gubernur Kalimantan Barat" tentang Penetapan Upah Minimum Kabupaten (UMK) dan Upah Sektoral Kabupaten (UMSK) Kabupaten Sanggau, dated 21 November 2013' (Rp. 1,500,000). Circular letter from "Head Region Kal-Bar" no. 043/HRM-I3/II/2014, dated 4 February 2014" regarding minimum wages as regulated by West Kalimantan Governor.

Labour laws, union agreements and contracts of employment are in place and in the appropriate languages. Adequate housing, water supplies, medical, educational and welfare amenities are provided.

Documents show details of wages, allowances paid and working days. The pay is more than minimum wage rate. Collective agreement was posted in front of the mill and estate communication board. It was confirmed by the workers union leader that the collective agreement is implemented. The worker contract include every details of the worker, wage details, conditions relevant to local labour regulation and fringe benefits given by the company.

Company provide housing, electricity, water, medical facility, crèche, kindergarten, school, mosque, playground, community hall, field, ambulance, fire engine, school bus, organise family day and sundry shop. *Surat Perjanjian Kerja* (Working agreement) with external contractors including rights and obligation of both company and contractors, sanctions with annex Undang-Undang No.1 tahun 1970 regarding working safety.

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.

Published statement recognizing freedom of association is available. Interview with workers union representative confirm that they have freedom to join workers union. Workers are members of labour union. Minutes of meeting with trade unions and worker representatives dated 21/4/2014 attended by the MINAMAS Head of Sanggau Zone and union committee members was checked and verified. There were no any labour disputes noted.

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.

Similar to last assessment there is a documented and published company policy on workers age in accordance with national laws and still applicable. Company employs worker above the age of 18, document check on workers register reveal that the workers are above 18 years old.

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.

There is a publicly available equal opportunities policy. No evidence of discrimination. Workers are treated equally with regard to working opportunities. This was

confirmed by workers interview and feedback from stakeholder.

Policy on equal opportunity includes opportunity to get promoted, chance to work overtime etc. Equal opportunities policy based on Law no. 13 year 2003 sec. 31.

All employees has the same opportunities for promotions regardless of race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliations or age. Records of new employees show that the company accepts new employees based on their capabilities.

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 on sexual harassment and violence against women is documented under Environment, Social, Health and Safety Policy. The company has set up a specific gender committee to facilitate the grievance mechanism to address sexual harassment issues. Document review and interview with employees confirmed that the company paid for maternity leave, e.g. Mrs. Depilia (Weight-Bridge staff), leave on January 2014 and pay slip on January 2014 as evidence.

Policy on Sexual harassment and SOP on sexual harassment handling available and includes Policy on Gender committee. Policy and SOP on protection of reproductive rights for each mill and estate is available. Gender committee comprised by all level of workers and it is for gender issues. Allowing maternity leave before and after giving birth is proof implementing reproductive rights. Maternity leave records available. This was verified during interview with female employees.

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

The pricing mechanism for FFB and other services provided to the mill and the estates is documented. Current and past prices for FFB are publicly available at the mill and at the scheme managers' office.

Prices is publicly put on the notice board at the mill and available for any stakeholder interested on the information. Pricing is based on government controlled pricing. Contract agreement includes details on price determination. All the pricing mechanism is documented and recorded. Records of Work Agreement Letters for contractors and suppliers are available at estates and mill. This includes requirement of labour law and safety.

Interview with contractors and smallholders confirm that they understand the contract that they are signing. They also confirmed that payments are made promptly.

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

The company makes contributions for local development and records are maintained. Surrounding communities are given assistance such as cash money, construction items, teacher's salary, educational equipment to school etc.

Principle 7: Responsible development of new plantings

No new planting on any estate and scheme during this assessment. Principle 7 is not applicable because no new planting at the time of audit.

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.

PT SIA implemented social and environmental management initiatives by conducting the assessment every half year with all the results and follows the recommendation from the Department of Environment and public relation. Objectives and targets have been developed and an improvement plan prepared.

The company is committed in implementing best practice for the segregation of wastes at source into composts, recyclables and non recyclable for disposal at landfills. This program will enable to reduce the quantity of waste disposed in landfills.

Riparian zones are already being established at both sides of main rivers running through the plantation by planting jungle tress to enhance the biodiversity and act as a trap to capture any sediment from being discharged into the river.

3.2 Summary of Findings-Scheme Smallholder

The scheme smallholder was certified since ASA1 together with the PT SIA mill and estates. This scheme was named as KUD HIMADO because the scheme participated by three main Dayak tribes i.e. Hibun, Mayao and Dosan. The KUD was established in 1996 with total Of 2,132members. The scheme was established with agreement between PT SIA and KUD HIMADO No. 55/BH/KWK.14/I/996 dated 31 January 1996.

Principle 1: Commitment to Transparency

Criterion 1.1 Scheme Manager 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 on decision making.

Scheme smallholders provide informations on environment, social, legal issues that publicly available to stakeholders. Log book to record requests for information includes date, who request information, responsible person handled and what information given. Most of the request is for financial assistance.

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.

Management documents such as land use right, social and environmental impact assessment report, organizational structure information are publicly available. Land title information is in section 2.2 below.

Principle 2: Compliance with applicable laws and regulations.

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

Document audit and interviews with the PT SIA Scheme Manager, Scheme smallholders (cooperative) Manager confirmed compliance with applicable.

List of regulations (Daftar perundangan terkait) includes:

1. Badan Hukum (Cooperative Registratuion Approval no. 55/BH/X/1996, dated 31 January 1996.
2. Tanda Daftar Perusahaan (Cooperative registration): 140224700126 dated 22 11 January 2012, valid until 22 November 2016.
3. Surat Ijin Usaha Perdagangan (SIUP) no. 510/14.02/PM/ 001/2012
4. Surat Ijin Tempat Usaha dan Ijin Undang-undang ganguan No. 510/0680/EK. BANG dated 15/12/2011.
5. Tax payment (NPWP) no. 02.050.949.3-705.000.
6. Agreement between PT SIA and KUD No.55/BH/KWK.14/I/996 dated 31 January 1996.

Scheme manager will inform the scheme smallholders (cooperative) if there are any changes in laws. Scheme manager conduct meetings with the cooperative members to ensure they comply. Summary of permits and licenses checked and recorded in regulation record book.

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

Smallholders are able to show legal ownership of the land or land-use rights (land certificate). Maps are

available at the scheme smallholders (cooperative office) and the head of scheme understands the map. Scheme smallholders head keeps copy of the land title and individual members.

Boundary among farmers, cooperative level clearly identified and available in field. Smallholders are able to show the boundary during the field inspection and operate within their boundary.

Land Title is available in Cooperative's office, e.g. Mr. Yakobus Sulianto, no certificate 23 (16,375 M2) and Mr. Dolimin, No certificate 188 (18,864 m2) with term for the use of agriculture/oil palm. Document shows clear ownership.

Head of scheme smallholders' and Scheme Manager investigate to ensure that the land is free from any claim. No disputes noted or highlighted during the interview with smallholders and surrounding community.

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

Interview with the PT SIA Scheme Manager, Head of Scheme Smallholders and members revealed that the land does not diminish the legal or customary rights of other users without free prior and informed consent.

Principle 3: Commitment to long-term economic and financial viability.

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

Annual plan developed by the head of scheme smallholders and their team with assistance from PT SIA scheme manager with 5 years projection (2013-2017) on business plan covering FFB Production, cost of planting (seedling, fertilizing, maintenance, harvesting) and nett profit.

Annual report prepared by the head of the scheme and his team. The annual report is audited by independent third party to verify the expense and income account. This is also presented to all members during annual meeting.

Principle 4: Use of appropriate best practices by Scheme Manager.

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

Scheme smallholders has copy of the standard operating procedur (Agriculture Manual) to implement Good

Agriculture Practice. This includes nursery and seedling selection, fertilizing, spraying, pest control, IPM, harvesting, pruning, road maintenance and transport. PT SIA Scheme Manager also prepares another GAP manual which covers land preparation, planting, field maintenance, IPM, harvesting technique, fertilizer application technique, agrochemical handling etc.

Scheme Manager assisted by their own field assistant and assistant from PT SIA to conduct daily inspection and monitoring to ensure the procedures is implemented and there are records for fertilizing, spraying, census, etc.

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

Record of distribution of fertilizer from Scheme Manager to cooperative and further distributed to scheme smallholders/members through cooperative. Type of fertilizer and quantity (kg) is available. Fertilizer recommendation through annual leaf sampling and analysis. Application follows the recommendation. Record of application maintained in cooperative.

Production records for the past years available. Table 2 and 5 above shows the production for 2013 and projection for 2014.

Application of Empty fruit Bunch (EFB) is carried out when there is EFB supply from mill and it is recorded. Records include information on area applied and quantity. EFB applied on selected smallholder area at 35 mt/ha. SOP is available for EFB application and training given to members on the application method. Applied at inter row.

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

Re-planting will commence in 2023. Existing planting have terrace and “U” shaped frond staking to minimize erosion. There are no peat land in Scheme Smallholder. Road side drain construction assisted by the Scheme Manager to ensure rain water goes into the drain and no water log on the road.

Criterion 4.4 Practices maintain the quality and availability of surface and ground water.

Training programme includes training on soil and water conservation and training was conducted by the scheme manager. There are records, list of attendance and photograph that training was conducted. Trainings are listed under indicator 4.7 below.

There are terraces and “U” shapes frond stacking to reduce erosion in field. Ground cover maintained with soft weed to avoid water surface run off. No blanket

spraying. Road side drain and silt pit build along the road.

Monthly records of fertilizing and pesticides usage available with detail of balance stock, area applied, type and quantity (litre/gram). Fertilizer recommendation is provided by the scheme manager.

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

Census on leaf eating pest and rat was conducted by Assitant Manager from the scheme management and documented. The information is shared with the scheme smallholders. Beneficial plants are planted such as tunera subulata.

Observation 5 (4.5.2 RSPO P&C INA-NI-SHWG) - Scheme smallholder members interviewed were able to demonstrate on IPM such as beneficial plant. Beneficial plant planting at the field is very limited.

Criterion 4.6 Agrochemicals are used in such a way that does not endanger health or the environment. There is no prophylactic use, and 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.

Agrochemicals are registered and approved by the Department of Agriculture. There is no type 1A and 1B agrochemical used. No blanket spraying noted at the fields visited. Scheme smallholders using slashing method to control weed due to the agrochemical is expensive. There are time spraying is carried out by the scheme manager through the team from estate when requested by the smallholders.

Interview with scheme smallholders reveal that there is no toxicity cases in the past. Record of training available, conducted by PT SIA Scheme Manager. Record of spraying maintained by scheme manager includes detail of the plasma farmer, date of application, block number and quantity applied.

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

OSH guidelines are developed and prepared by the PT SIA Scheme Manager with on-site consulting the OSH Executive. Scheme smallholder management office (KUD) has this document which covers safe operating procedure, training, PPE implementation, awareness posters and signage.

Complete training records checked and verified at the scheme smallholder office. Interview with the members of the scheme and seasonal harvesters confirmed that they have attended trainings and able to explain the safe working procedures.

Training conducted by PT SIA includes representatives from the scheme smallholder. Training includes OSH to cover harvesting, pesticide application and emergency procedure. First-aid box available at the office and field workers have access to first aid assistance. Workers in the field understand the emergency and OSH requirement related to their work.

First Aid Awareness Training dated 3 June 2014 conducted for the smallholders; Smallholder RSPO and best practice refresher Training dated 2 June 2014; correct use of PPE Training dated 4/6/2014; Safety training for harvesters dated 9/6/2014.

Procedure and Emergency Response Plan was explained to the Smallholders by the PT SIA Scheme Managers and the smallholders able to explain and understand.

During inspection and interview with smallholders, it is noted that there is no major or fatal accident. Accident records from the clinic was checked and verified.

PPE provided by Cooperative and farmers group for all seasonal workers. Fire extinguisher and first aid box available at the office and store. First aid box is also taken to the field by the assistants. Smallholder cooperative have simple firefighting equipment such as knapsack sprayers and water drums to address any incidents in the field.

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

Training Program identified according smallholders' need which was arranged by both PT SIA Scheme Manager and Scheme Smallholders KUD. Training includes GAP, pesticide application, soil and water conservation, IPM, HCV, harvesting, OSH, first aid, socialization on AMDAL, ERP, fire fighting, zero burning technique for replanting etc. Training is documented and kept at the scheme smallholders/cooperative office.

Principle 5: Environmental responsibility and conservation of natural resources and biodiversity.

Criterion 5.1 Aspects of plantation and mill management 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.

Social-Environmental Impact Assessment (SEIA-AMDAL) incorporated with the estate documents and prepared

separate section for the scheme smallholders. Document of SEIA available in place, PT. SIA Scheme Manager explains about AMDAL through training to smallholders. Process of the SEIA involves scheme smallholders through consultation. Copy of the assessment (AMDAL) is kept at the cooperative office. RKL/RPL prepared by together with the estate. Latest RKL/RPL dated 29/1/2014 for the period of July – December 2013 includes Scheme Smallholder.

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.

Smallholders write down flora and fauna which has found and recorded in "Daftar temuan satwa liar- List of protected flora and fauna", that mention species, date, number of species and location. During interview found that smallholders have awareness to protect these flora and fauna. There is sign board showing protected species to create awareness among smallholders.

Scheme manager in cooperation with the KUD has appointed assistant and scheme smallholder representative to monitor protected species and smallholders able to demonstrate understanding.

Result of identification of protected species which found in the fields kept at the smallholders' organization. There was no HCV found within the smallholder area.

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

Agrochemical waste management plan developed by the PT SIA Manager and scheme smallholders. Waste management information is posted on the cooperative office notice board. Agrochemical empty containers collected and sent to the mill central collection store and disposed through licensed collectors. Scheme smallholders are able to explain clearly of measures to dispose hazardous chemical empty containers. Interview with smallholders and stakeholders found no complaint related to disposal of hazardous chemical.

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

Guidance to improve the efficiency of energy use is given by the Scheme Manager to the members of the scheme during the monthly meeting. Smallholders carry out their operational works manually and none mechanised except for the FFB transport.

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

Zero burning policy is available for the scheme smallholder and applicable for them similar to PT SIA. Members of the scheme understand the policy. No replanting in near future but the understanding and awareness of zero burning technique during replanting is already explained to the scheme members and they are able to explain during interview.

Emergency response procedure is available. All members were given briefing by the Head of smallholder group and Scheme Manager. Awareness and understanding is noted during interview with smallholders. Fire extinguishers are available within the scheme office and accessible to the members in the scheme office. Water pump is available at the cooperative to assist in any field accidental fire. There is no any fire incidents happened in the past. Fire fighting training was conducted by the Scheme Managers.

Training emergency responses procedure was conducted by PT SIA Scheme Manager and during interview with smallholders, they have awareness and understand the procedure. Fire extinguishers are available within the scheme office and accessible to the members.

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

Identification of pollution is carried out by the Scheme Manager with the participation of the scheme members. Copy of the identification is available at the scheme office. Pollutants identified are dust emission from the road and noise from transport and genset. The emission in the smallholders operation is mainly from the noise during FFB transportation by the truck. The drivers are advised and briefed to drive slowly when passing by the roads at the villages. Dust emission is identified during the drought season.

Principle 6: Responsible consideration of employees and of individuals and communities affected by scheme smallholders.

Criterion 6.1 Aspects of plantation and mill management 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 Assessment document is available and mentioned within frame references of AMDAL. All impact assessment conducted and referenced to the company's estates including monitoring of social impact

(RPL/RKL) of the scheme. Implementation timetable described in master plan of continual improvement.

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

Record of consultation and communication is documented in place, e.g. the last meeting was conducted on 02 June 2014, attended 24 participants from representative of Himado Cooperative, PT. SIA, Head of sub-village (Kepala Dusun), minutes meeting and attendances list is available and meeting on 16 June 2014, attended 38 participants regarding supply FFB to PT. SIA. Regular communication and consultation with local communities conducted by Smallholders organisation and recorded. Minutes of farmer group communication through forum, coordination meeting and annual meeting. Smallholders have a periodic meeting, known as annual general assembly. Smallholders organisation has a division which responsible on communication and consultation.

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.

A system for complaints is in place at the smallholder organisation. The system has been described in mechanism resolution flow chart. Records are kept in logbook, minutes of meeting and respond recorded in the complaint and grievances book. No complaint was noted during interview with the village community leader, head of village and shop owners.

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 stake holders to express their views through their own representative institutions.

There are no disputes on land acquisition and ownership because the land belongs to farmers and they have land certificate.

Criterion 6.5 Wage and conditions for employees and for employees of contractors always meet at least legal or minimum industry standards and are sufficient to meet basic needs of personnel and to provide some discretionary income.

No full time workers employed in the office. Field work and harvesting is carried out by the smallholders themselves and sometime by seasonal part time workers.

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.

Policy is available for freedom to join and form workers union. However interview with workers reveal that they did not form the union although they have the freedom to form and join trade union. There are two part time workers working. The rest of them are plasma smallholders.

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

No child labour noted during the fields inspection. It is also highlighted by the smallholders that education is the priority for their children and they prefer them to go for sport activities during school holidays.

Criterion 6.8 The employer shall not engage in or support discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.

No migrant workers are engaged by the smallholders. Amongst the scheme members, equal opportunity policy is similar to PT SIA. All the employees and scheme members are treated equally. Interview with employees and scheme members confirmed that they are treated equally and 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.

Prevention of Sexual Harassment policy is extended to the schemes by the management of PT SIA management and the information is briefed to the members by the Scheme Manager. Part time female employees in the office aware of the policy and confirmed they aware of the grievances procedure.

Criterion 6.10 Scheme Managers deal fairly and transparently with smallholders and other local businesses.

FFB Pricing is decided through the committee comprised by government Agriculture Department (Dinas Perkebunan), smallholder cooperative representatives and palm oil producers. Flow chart of the FFB pricing is available at the scheme smallholder office. The weekly

FFB pricing is posted on the notice board at the office and this information is available to all the scheme members. FFB pricing, calculation of the payment and summary of the payment by scheme manager is posted on the notice board and available to all the scheme members. Interview with the scheme members revealed that it is very transparent and easy to understand. Smallholder's contract is with the scheme manager who represent PT SIA and it is documented. Payment to individual group leaders is paid by the scheme group head. Scheme members confirm that they are paid promptly. Contract on FFB transport between the farmers group and transporter is available. Record of payment is consistent with the contract agreement. Payment records checked and verified. No payment of credit payment because all the farmers already settle their loan. Road maintenance is mainly organized by the scheme manager.

Criterion 6.11 Scheme Manager contributes to local sustainable development wherever appropriate.

Members of the scheme smallholder contribute monthly for welfare fund which is used for the surrounding local community development such as contribution to schools, mosque, and orphanage home and for the village social activities.

Principle 7: Responsible development of new plantings.

This principle is Not Applicable because there is no new planting at PT SIA concession area and there is no plan for expansion at the moment in the scheme area.

Principle 8: Commitment to continuous improvement in key areas of activity.

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

The continuous improvement plan includes training enhancement to the scheme members focusing on best agriculture management practices. The Scheme Manager in consultation with the scheme members developed improvement plan based on the social and environmental impacts. Main focus of the scheme is to increase productivity.

3.3 Detailed identified Nonconformities, Corrective Actions and Auditor Conclusions

There was a minor nonconformity identified during the ASA4. There are also five observations was raised. The management submitted corrective action plan for the minor nonconformity. The implementation of the corrective action plan and close out evidence for the

minor nonconformity will be followed up during the re-certification assessment.

MINOR NONCONFORMITY - ASA04

1065524N6: *Minor nonconformity against indicator 4.7.5 was raised. At Bukit Ajong Mill, Company policy number 707/TQEM-ESH/10 Rev.00 Sec.5.5 required Gas detector to be used before work in the confine space to measure the level of oxygen. However, the gas detector is not available and confirmed by the mill executives during the interview. Refer Section 3.2 for details.*

Corrective Action Plan:

The management found that the cause of the issue was because the gas tester is planned to be purchased during the 2014/2015 financial year. The management has already budgeted and the budget was verified by the audit team during the closing meeting. The implementation of the gas tester will be further followed up during the next assessment.

Observation for improvement – ASA4

There were five observations raised during the ASA4 assessment.

Observation 1: (2.2 RSPO P&C INA-NIWG) - The company can consider to settle some of Land Certificate of plasma in BPN (Badan Pertanahan Nasional) where this land is part of PT. SIA's HGU which had been release to the plasma and it has been conducted cadastral as well as the final process in progress now. This will be followed up during re-certification.

Observation 2: (4.6.5 RSPO P&C INA-NIWG) - The company may wish to consider separating classes of agrochemicals in the chemical store appropriately.

Observation 3: (4.7.5 RSPO P&C INA-NIWG) - The company may wish to consider put stacking limitation of fertilizer in the fertilizer store.

Observation 4: (5.3.2 RSPO P&C INA-NIWG) –

i.) The mill has appointed a contractor to do the desilting work and reconstructing the broken bund between effluent pond Number 3 and 4. The completion of the work will be followed up during re-certification visit.
ii.) The Company may wish to consider repair the small crack at the diesel tank bund and oil trap in lubricant storage.

Observation 5 (4.5.2 RSPO P&C INA-NI-SHWG) - Scheme smallholder members interviewed were able to demonstrate on IPM such as beneficial plant. Beneficial plant planting at the field is very limited.

3.4 Status of Nonconformities (Major and Minor) Previously Identified during ASA3

Corrective Actions for Minor Nonconformity identified during the ASA3 was effectively and consistently implemented and the nonconformity remains closed.

CAR reference: 967522N1

Indicator 4.5.2 RSPO P&C INA-NIWG: Monitoring extent of IPM implementation including training.

It was noted that at East and West estates there were no any IPM census records as per the requirement of MINAMAS SOP 110/EST-ARM/08 page 11 Sec. 16.3.1 (Barn owl census), page 4 Sec. 16.3 (Rat damage census), page 17 sec. 16.2 (Caterpillar census). The monitoring records were not available.

Corrective Action Plan:

1. Immediately carryout the all the required census as per the company SOP.
2. The Assistant Manager of each division to ensure the census is carried out and submitted the report.
3. Submit the completed records to auditors by January 2014.
4. To document and file all the records for the next surveillance assessment.

ASA4 Finding: Corrective action and implementation:

The management has conducted the census as per SOP. Latest census was done on 16/4/2014 and June 2014 for Barn Owl occupancy, Rat damage and Caterpillar. MINAMAS Research Centre has prepared a specific form for the census record and verifies the collected data during estate visit. The previous census was done on 16/2/2014. The nonconformity was addressed appropriately as per the corrective action plan and implemented. *The nonconformity was closed on 20 June 2014.*

Review of Progress with Observations/ Opportunities for Improvement Previously Identified

Three observations were raised during the ASA3. The observations were addressed by the management.

Observation 1: (4.7.8 RSPO P&C INA-NIWG) - The laboratory at the palm oil mill has an emergency shower. The management is planning to shift the emergency shower to another location. The progress will be checked during the next surveillance. At West estate's chemical store, the emergency shower water pressure was very low.

ASA4: *The mill has shifted the emergency shower into the nearest washroom. During the visit, the shower was in working condition. As for West Estate, the emergency shower water pressure has been improved through installation of new poly water tank.*

Observation 2: (4.1.1 INA-NI SHWG 2009) - Copy of the documented procedure or manual of Good Agriculture Practices (GAP) in key activities (use of superior seeds, fertilizer application, IPM techniques and harvesting) was misplaced at the KUD.

ASA4: Replacement copy of the GAP manual was given to the KUD on 20 September 2013. Document was submitted to KUD by the Plasma Manager Mr. Arsenius Arsen and acknowledge received by the Head of KUD Mr. Tillanus.S.E. During this visit, the copy of the GAP manual was sighted at the KUD office.

Observation 3: (4.7.5 RSPO P&C INA-NIWG) – It was highlighted by the Plasma Smallholder that sometime tractors are operated at night with single light and FFB stacked too high. During audit it was not seen. However it is raised as an observation.

ASA4: The management has replaced all the faulty tractor lights and regular preventive maintenance is being carried out. Tractor maintenance records at the workshop found the foreman has regularly checked and replaced faulty lights. The management also send a memo to all the FFB transporters on 20 September 2013 to follow the allowed limit. Security personnel are doing the monitoring of the FFB Lorries to ensure the limit is not above two layers.

3.5 Noteworthy Positive Components

PT SIA has brought the scheme smallholders under their management into the RSPO certified scope. The scheme smallholders were very happy that the company have helped them to be certified under the RSPO certification.

Riparian is continued to be managed well with trees planted along the riparian and checked during the assessment. It was noted that tree are now growing well.

During this assessment there was no any kind of disputes highlighted to the audit team. Interview with local community and government officials at the village further confirm that there is no any kind of disputes.

3.6 Issues Raised by Stakeholders and Findings with Respect to Each Issue

Majority of the stakeholder interviewed had positive feedback on PT SIA operations. Appendix D contains list of stakeholders contacted. Methodology used was group consultation and conducted by the audit team member with social auditing background. Stakeholders consultation attended by participants from community representatives, Scheme Smallholders and their head of cooperatives, religious leaders, contractors, suppliers and Workers Union Representatives.

Village representative: Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted. However need more frequent communication from company and community leader.

Management response: The management will discuss internally and plan for more communication and pay attention to this comment.

Auditor's findings: The progress will be followed up during next re-assessment.

Union representative (SPSI): No any unresolved disputes were highlighted. Meetings held to discuss work related issues.

Auditor's findings: Positive comments. Document check found that meeting between union and management was held on 21/4/2014 attended by the MINAMAS Head of Sanggau Zone and union committee members was checked and verified

Contractor and Suppliers: No issues on contract and payment. They also highlighted that the management is serious about safety at the work place.

Auditor's findings: Positive comments.

Smallholders: Good supports were received from PT SIA management and really appreciate the assistance which had upgraded their socio-economy.

Auditor's findings: Positive comments.

External FFB Supplier: The mill management has explained FFB pricing mechanism and they have access to pricing and other information.

Auditor's findings: Positive comments.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of closing Nonconformities (Major and Minor)

CAR Ref.	CLASS	ISSUED	STATUS
CR01 (4.7.1)	Major	06/11/2008	Closed (31/01/2009)
CR02 (5.3.2)	Major	06/11/2008	Closed (31/01/2009)
CR03 (7.1.1)	Major	06/11/2008	Closed (24/08/2009)
CR04 (7.3.1)	Major	06/11/2008	Closed (31/01/2009)
CR05 (7.3.2)	Major	06/11/2008	Closed (30/04/2009)
CR06 (4.4.2)	Minor	06/11/2008	Closed (30/04/2009)
CR07 (4.4.4)	Minor	06/11/2008	Closed (31/01/2009)
CR08 (5.2.5)	Minor	06/11/2008	Closed (31/01/2009)
CR09 (5.6.3)	Minor	06/11/2008	Closed (31/04/2009)
CR10 (6.1.2)	Minor	06/11/2008	Closed (30/09/2011)
CR11 (7.4.2)	Minor	06/11/2008	Closed (31/01/2009)
CR12 (2.1.1)	Major	01/06/2011	Closed (25/08/2011)
CR13 (4.4.1)	Major	01/06/2011	Closed (16/08/2011)
CR14 (5.1.2)	Major	01/06/2011	Closed (16/08/2011)
CR15 (5.3.2)	Minor	01/06/2011	Closed (16/08/2011)
CR16 (6.1.5)	Minor	01/06/2011	Closed (09/08/2012)
CR17 (2.1.1)	Major	09/08/2012	Closed (10/10/2012)
CR18 (4.7.1)	Major	09/08/2012	Closed (10/10/2012)
CR19 (6.1.5)	Minor	09/08/2012	Closed (13/09/2013)
CR20 (SCCS)	Major	09/08/2012	Closed (10/10/2012)
967522N1	Minor	13/09/2013	Closed (17/06/2014)
1065524N6	Minor	20/06/2014	"Open"

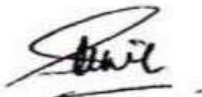
4.2 Acknowledgement of Internal Responsibility and Formal Sign-off Assessment Findings

Signed for on behalf of:
PT Sime Indo Agro



Mr. Khairul Nizam
SOU 15-PT SIA: Manager, East Estate

Signed for on behalf of
BSi Group Singapore Pte Ltd



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Senniah Appalasamy
Lead Auditor

Appendix A: Sime Darby Time bound Plan

TIME BOUND PLAN – Certification Units in Malaysia			
No.	MANAGEMENT UNIT		LOCATION
	P O M	Time Bound	
1	Sg Dingin	Certified 2010	Kedah
2	Chersonese	Certified 2011	Perak
3	Elphil	Certified 2011	Perak
4	Flemington	Certified 2011	Perak
5	Seri Intan	Certified 2011	Perak
6	Selaba	Certified 2011	Perak
7	Tennamaram	Certified 2011	Selangor
8	Bkt Kerayong	Certified 2011	Selangor
9	East	Certified 2010	Selangor
10	West	Certified 2010	Selangor
11	Bukit Puteri	Certified 2011	Pahang
12	Kerdau	Certified 2011	Pahang
13	Jabor	Certified 2011	Pahang
14	Labu	Certified 2011	N. Sembilan
15	Tanah Merah	Certified 2010	N. Sembilan
16	Sua Betong	Certified 2014	N. Sembilan
17	Kok Foh	Certified 2011	N. Sembilan
18	Kempas	Certified 2010	Malacca
19	Diamond Jubilee	Certified 2011	Malacca
20	Pagoh	Certified 2014	Johor
21	Chaah	Certified 2010	Johor
22	Gunung Mas	Certified 2010	Johor
23	Bukit Benut	Certified 2011	Johor
24	Ulu Remis	Certified 2011	Johor
25	Hadapan	Certified 2011	Johor
26	Sandakan Bay	Certified 2008. Recertification 2013 completed	Sabah
27	Melalap	Certified 2011	Sabah
28	Binuang	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
29	Giram	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
30	Merotai	Certified 2009. RSPO has granted eTrace extension until October 2014 to complete the recertification process.	Sabah
31	Lavang	Certified 2011	Sarawak
32	Rajawali	Certified 2011	Sarawak
33	Derawan	Certified 2011	Sarawak
34	Pekaka	Certified 2011	Sarawak

Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. RSPO has granted eTrace extension to 3 sites to complete the recertification process.

There was change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT MAS. This was the result from the mediation meeting held on 22 July 2014. PT MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB yet to issue the certificate.

Due to the present mediation process, PT Mitra Austral Sejahtera TBP was revised to 2015 by Sime Darby pending on the resolution and mediation process which is acknowledged by RSPO. The final decision of issuing the certificate is under the CB audited the PT MAS. BSI has contacted the CB and consultation was held. The CB that audited PT MAS accepted the revision of the TBP. BSI accepted the feedback from the CB that audited PT MAS as per the RSPO Certification System requirement "Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness". BSI understands that there are community issue still unresolved however the improvement is in progress and acknowledge by RSPO. Sime Darby has informed the Time Bound Plan progress. BSI has consider that Sime Darby still comply with the RSPO requirement for partial certification and has justified the revision to TBP made in end of July after the meeting with RSPO DSF on 22 July 2014.

Appendix A: Sime Darby Plantation Time bound Plan...*continue*

TIME BOUND PLAN – Certification Units in Indonesia			
No.	MANAGEMENT UNIT		LOCATION
	P O M	Time Bound	
1	Sekunyir (PT. Indotruba Tengah)	Certified 2010	Seruyan and West Kotawaringin District – Central Kalimantan
2	Manggala (PT. Tunggal Mitra Plantations)	Certified 2010	Rokan Hilir District – Riau
3	Bk. Ajong (PT. Sime Indo Agro)	Certified 2010	Sanggau District – West Kalimantan
4	Teluk Siak (PT Aneka Inti Persada)	Certified 2011	Pekanbaru, Siak District – Riau
5	Sungai Pinang (PT. Bina Sains Cemerlang)	Certified 2012	Musi Rawas District – South Sumatera
6	Sukamandang (PT. Kridatama Lancar)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
7	Pemantang (PT. Teguh Sempurna)	Certified 2011	Seruyan and East Kotawaringin District – Central Kalimantan
8	Alur Dumai (PT Lahan Tani Sakti)	Certified 2011	Rokan Hilir District – Riau
9	Teluk Bakau (PT. Bhumireksa Nusa Sejati)	Certified 2011	Indra Giri Hilir District – Riau
10	Mandah (PT. Bhumireksa Nusa Sejati)	Certified 2014	Indra Giri Hilir District – Riau
11	Angsana Mini (PT Sajang Heulang)	Certified 2011	Tanah Bumbu District – South Kalimantan
12	AngsanaPT Ladangrumpun Suburabadi	Certified 2011	Tanah Bumbu District – South Kalimantan
13	Mustika (PT Sajang Heulang)	Certified 2013	Tanah Bumbu District – South Kalimantan
14	Gunung Aru (PT Bersama Sejahtera Sakti)	Certified 2011	Kotabaru District – South Kalimantan
15	Bebunga (PT. Langgeng)	Certified 2011	Kotabaru District – South Kalimantan
16	Blang Simpo (PT Padang Palma Permai)	Certified 2013	Aceh Tamiang, Nangroe Aceh Darussalam
17	Pondok Labu (PT Paripurna Swakarsa)	Certified 2012	Kotabaru District – South Kalimantan
18	Selabak (PT Swadaya Andhika)	Certified 2012	Kotabaru District – South Kalimantan
19	Rantau (PT Laguna Mandiri)	Certified 2012	Kotabaru District – South Kalimantan
20	Betung (PT Laguna Mandiri)	Certified 2014	Kotabaru District – South Kalimantan
21	Ungkaya (PT Tamaco Graha Krida)	Certified 2012	Morowali District – Sulawesi Tengah
22	Ladang Panjang (PT Bahari Gembira Ria)	Certified 2012	Muaro Jambi District - Jambi
23	Rantau Panjang (PT Guthrie Pecconina Indonesia)	Certified 2012	Musi Banyuasin District – South Sumatera
24	MAS (PT Mitra Austral Sejahtera) The certification body for PT MAS has considered that Sime Darby Plantation still meets the requirements of the RSPO for Partial Certification and the report has been submitted for EB review. A verification audit was conducted by the Certification Body in early 2013 and Sime Darby Plantation will proceed with the next steps of certification upon satisfactory resolution of the matter. Regular discussions is ongoing between Sime Darby Plantation and the project affected communities.	2015**	Sanggau District – West Kalimantan
25	Lembiru (PT Sandika Nata Palma)	Certified 2014	Ketapang District – West Kalimantan
<p>Sime Darby has achieved RSPO certification for 34 management units in Malaysia and 24 Management Units in Indonesia. There are no any changes in the existing certified units in Malaysia. All units' certifications are valid. RSPO has granted eTrace extension to 3 sites to complete the recertification process.</p> <p>There was change of the Time Bound Plan (TBP) under Sime Darby Indonesia Operation due to the on-going mediation and DSF facilitation Process by RSPO DSF at PT MAS. This was the result from the mediation meeting held on 22 July 2014. PT MAS was audited as per the original TBP by RSPO accredited Certification Body in 2011. Due to the on-going mediation process, the CB yet to issue the certificate.</p> <p>Due to the present mediation process, PT Mitra Austral Sejahtera TBP was revised to 2015 by Sime Darby pending on the resolution and mediation process which is acknowledged by RSPO. The final decision of issuing the certificate is under the CB audited the PT MAS. BSI has contacted the CB and consultation was held. The CB that audited PT MAS accepted the revision of the TBP. BSI accepted the feedback from the CB that audited PT MAS as per the RSPO Certification System requirement "Where the Certification Body conducting the surveillance audit is different from that which first accepted the time-bound plan, the later Certification Body shall accept the appropriateness of the time-bound plan at the moment of first acceptance and shall only check continued appropriateness". BSI understands that there are community issue still unresolved however the improvement is in progress and acknowledge by RSPO. Sime Darby has informed the Time Bound Plan progress. BSI has consider that Sime Darby still comply with the RSPO requirement for partial certification and has justified the revision to TBP made in end of July after the meeting with RSPO DSF on 22 July 2014.</p>			

Appendix B: PT Sime Indo Agro RSPO Certificate Details

PT Sime Indo Agro
 Bukit Ajong Palm Oil Mill,
 Dusun Kopar,
 Desa Dosan, Kecamatan Parindu,
 Sanggau District,
 West Kalimantan Province,
 Indonesia.

Certificate Number: SPO 541399

Initial Certificate Issued Date: 18 August 2010

Standard: RSPO Principles & Criteria: November 2007, Indonesia National Interpretation Working Group (INA NIWG) Indicators and Guidance: 2008, INA-SWG (RSPO P&C NI for Indonesia Scheme Smallholder v.1 October 2009, Procedure for Annual Surveillance Assessment: October 2009 and RSPO Supply Chain Certification Standard: November 2011 Module E – CPO Mills: Mass Balance.

Bukit Ajong Palm Oil Mill and Supply Base		
Location	Sanggau District, West Kalimantan Province, Indonesia.	
Address	Bukit Ajong Palm Oil Mill, Dusun Kopar, Desa Dosan, Kecamatan Parindu, Sanggau District, West Kalimantan Province, Indonesia.	
GPS	Longitude: 110° 29' 00" E Latitude: 00° 16' 00" N	
CPO Tonnage Total Production (Certified)	45,799	
PK Tonnage Total Production(Certified)	11,819	
Company Estate FFB Tonnage(Certified)	East Estate:	34,000
	West Estate:	51,000
	Sei Mawang Estate:	9,390
	Total:	94,390
Scheme Smallholder FFB Tonnage(Certified)	102,597	

Appendix C: Assessment Programme

Date	Time	Subjects	Senniah	Haeruddin	Muhd Haris
Monday 16/6/2014	AM	Audit Team travelling to site.	√	√	√
Tuesday 17/6/2014 Bukit Ajong Palm Oil Mill	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	Bukit Ajong Palm Oil Mill 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.	√	-	√
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	√	-
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Bukit Ajong Palm Oil Mill: 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 18/6/2014	08.00 – 12.00	Sei Mawang & East Estate 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 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Sei Mawang & East Estate 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 19/6/2014	8.00 – 12.00	Scheme Smallholder Himado 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 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Continue Scheme Smallholder Assessment Field inspection and Document review	√	√	√
Friday 20/6/2014	8.00 – 11.30	Continue Scheme Smallholder Assessment	√	√	√
	11.30 – 12.30	Verify stakeholder feedbacks and any other outstanding issues. Preparation for closing meeting	√	√	√
	12.30 – 13.00	Closing Meeting	√	√	√
	13.00 – 2.00	Lunch & Friday prayer	√	√	√
	PM	Audit Team travel and overnight in Pontianak	√	√	√
Saturday 21/6/2014	AM	Audit Team travelling back.	√	√	√

Appendix D: List of Stakeholders Consulted

<p><i>Internal Stakeholders</i></p> <p>PT SIA Management team and Staff Mill General Manager Representative from Sustainability Department OHSE Executive Manager of the Stakeholder Relation Department Plasma Operation Manger and Assistants Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Male and Female workers Workers Union Representatives Housewives</p>	<p><i>Local Communities</i></p> <p>Village Sundry Shop Owners Hibun Village Community Leader Himado Smallholder Cooperative Independent smallholder</p>
<p><i>Smallholders</i></p> <p>Himado Smallholders and Cooperative Head Members of Himado Smallholders</p>	<p><i>NGO and Others</i></p> <p>Smallholder Representative Organisation Church at Dusun Sedoya</p>
<p><i>Government Departments</i></p> <p>Kopar Village Head Serosat Village Head School Teacher</p>	

Appendix E: Supply Chain Assessment for the Mill (Model: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Bukit Ajong mill have written documented procedures Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012 for the chain of custody with MB model covering certified and non certified FFB. The mill managers have the responsibility to ensure implementation.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Bukit Ajong mill have documented procedures Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012 for the incoming FFB, processing and outgoing palm products (CPO and PK). RSPO Supply Chain Certification Standard and Traceability for handling certified and non-certified FFB is under Appendix 15. Marking is made on the receiving documents to differentiate the certified and non-certified FFB received.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure. It is also included in the SOP (Reference 500/SIA-SPC-01/12 Rev. 00 dated 1 January 2012).
E.3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years in the SOP and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and Monthly report shows monthly inventory. No PKO and Palm kernel meal at this site.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents. Three monthly stock shows positive stock balance.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There is no sale of Certified Palm Product in eTrace. However the company have sales of GreenPalm certificate which cannot be traced back to this mill because it is sold as a group by the company.
(a) The name and address of the buyer	Name and address of buyer written on the invoice for conventional products.
(b) The date on which the invoice was issued	Date is written. Weighbridge ticket number 034433 was dated 3/6/2014; ticket number 034513 dated 13/6/2014.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	Quantity in kilogram for the weighbridge ticket number 034433 was 7,730kg and ticket number 034513 was 8,490kg.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references. Sample checked dated 3/6/2014 transport by tanker lorry number KB9545AL and dated 13/6/2014 transport by tanker lorry number KB9367AE.
E.5. Training	
E.5.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended training. Refresher training was conducted on 14 June 2014.

E.6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Actual Certified Palm Production – ASA3

MILL	CAPACITY	CPO (mt)	PK (mt)
Bukit Ajong Palm Oil Mill (Capacity: 40mt/hr)	40 mt/hr	41,312	10,931

Actual Sales of Certified Palm Products – ASA3

MILL	Certified CPO Sales (mt)	Certified PK Sales (mt)	Remarks
Bukit Ajong Palm Oil Mill	-	-	Inspection foe Trace records shows that no sales through eTrace.

Actual Certified FFB Received Monthly – ASA3

Month	East Estate	West Estate	Sei Mawang Estate	Scheme Smallholder	Total FFB/Month
August 2013	2,648	3,864	483	7,421	14,416
September 2013	2,672	3,708	411	7,819	14,610
October 2013	2,847	3,694	475	8,039	15,055
November 2013	2,658	3,858	401	9,128	16,045
December 2013	2,722	4,000	465	8,927	16,114
January 2014	2,897	3,733	411	7,765	14,806
February 2014	2,597	3,520	488	8,815	15,420
March 2014	2,579	3,643	483	7,724	14,429
April 2014	2,639	3,931	406	9,007	15,983
May 2014	2,644	3,732	458	9,941	16,775
June 2014	2,567	3,653	384	8,669	15,273
July 2014	2,692	3,864	368	8,526	15,450
TOTAL	32,162	45,200	5,233	101,781	184,376

