



PUBLIC SUMMARY REPORT
INITIAL RSPO CERTIFICATION ASSESSMENT

SIME DARBY PLANTATION Sdn Bhd
Management Unit SOU1
Kedah, Darulaman, Malaysia

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SUMMARY

Sime Darby Plantation Sdn Bhd owns and operates 61 palm oil mills for processing the crop from its 208 oil palm estates located in Malaysia and Indonesia, as well as the fruit that it purchases from outside suppliers.

The Initial Certification Assessment was conducted between 21 and 24 July 2009, but the submission of this Report to RSPO was delayed until May 2010 when the RSPO Executive Board agreed to the resolution of issues at Sime Darby properties in Indonesia that affected Partial Certification compliance requirements.

BSi Group Singapore Pte Ltd (BSi) has conducted an assessment of Sime Darby Plantation Sdn Bhd Management Unit SOU1 (SOU1) operations comprising One (1) mill, supply base, support services and infrastructure. BSi concludes that SOU1 operations comply with the requirements of RSPO Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2008.

BSi recommends, subject to the resolution of claims made regarding land tenure and loss of HCVs at properties in Indonesia, SOU1 be approved as a producer of RSPO certified sustainable palm oil.

ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
CAR	Corrective Action Request
CDA	Controlled Droplet Application
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
IPM	Integrated Pest Management
LTA	Lost Time Accident
MAPA	Malayan Agricultural Producers Association
MPOA	Malaysian Plantation Owners Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OHSAS	Occupational Health & Safety Assurance System
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
QMS	Quality Management System
R&D	Research and Development
SEIA	Social and Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

SOU	Strategic Operating Unit
SPKS	Serikat Petani Kelapa Sawit (Oil Palm Smallholders Association)
TQEM	Total Quality Environmental Management
TSS	Total Suspended Solids

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and its supply base of FFB were assessed against the Malaysian National Interpretation (MY-NI : 2008) of the RSPO Principles and Criteria : 2007.

1.2 Certification Scope

The scope of certification is the production from the Sungai Dingin Palm Oil Mill that is sourced from 7 company owned Estates at SOU1.

1.3 Location and Maps

The SOU1 Mill and Estates are located in Kedah, Darulaman, Malaysia (Figure 1). Additional maps showing details of Sungai Dingin, Padang Buluh and Jentayu Estates are included (Figures 2, 3 and 4). The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Sungai Dingin	100° 40'0 E	5° 24'0 N

1.4 Description of Supply Base

The majority (98.6%) of the Sungai Dingin Mill supply base is sourced from the SOU1 Estates and the remainder (1.4%) is from adjacent Sime Darby Estates (SOU2 and SOU3).

RSPO Certification Assessments have been carried out for the SOU2 and SOU3 Estates, but Initial Certifications have not yet been approved.

The FFB production from SOU1 Estates and adjacent Sime Darby Estates for the 01 July 2008 – 30 June 2009 reporting period is listed in Table 2.

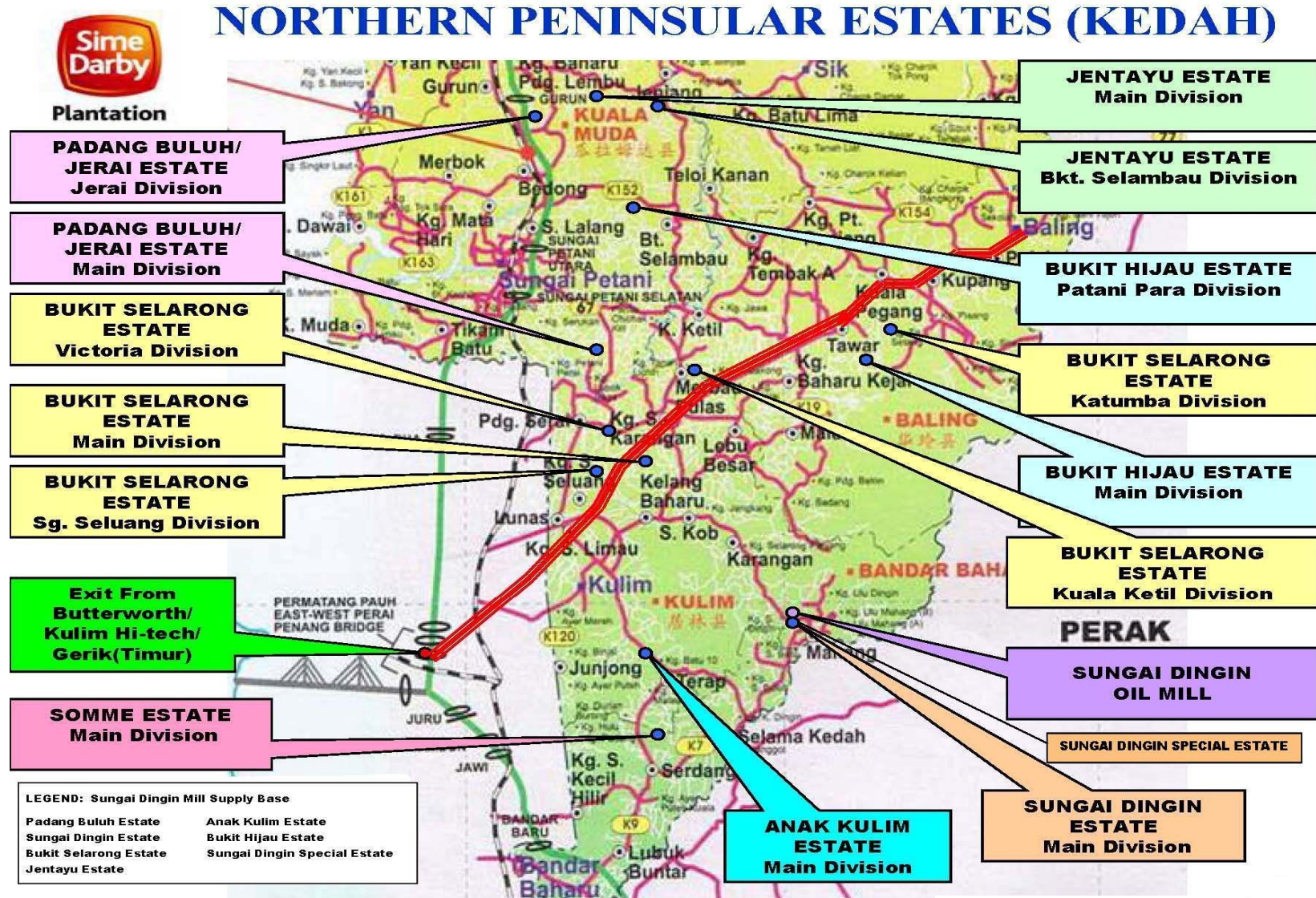


Figure 1: SOU1 Location Map

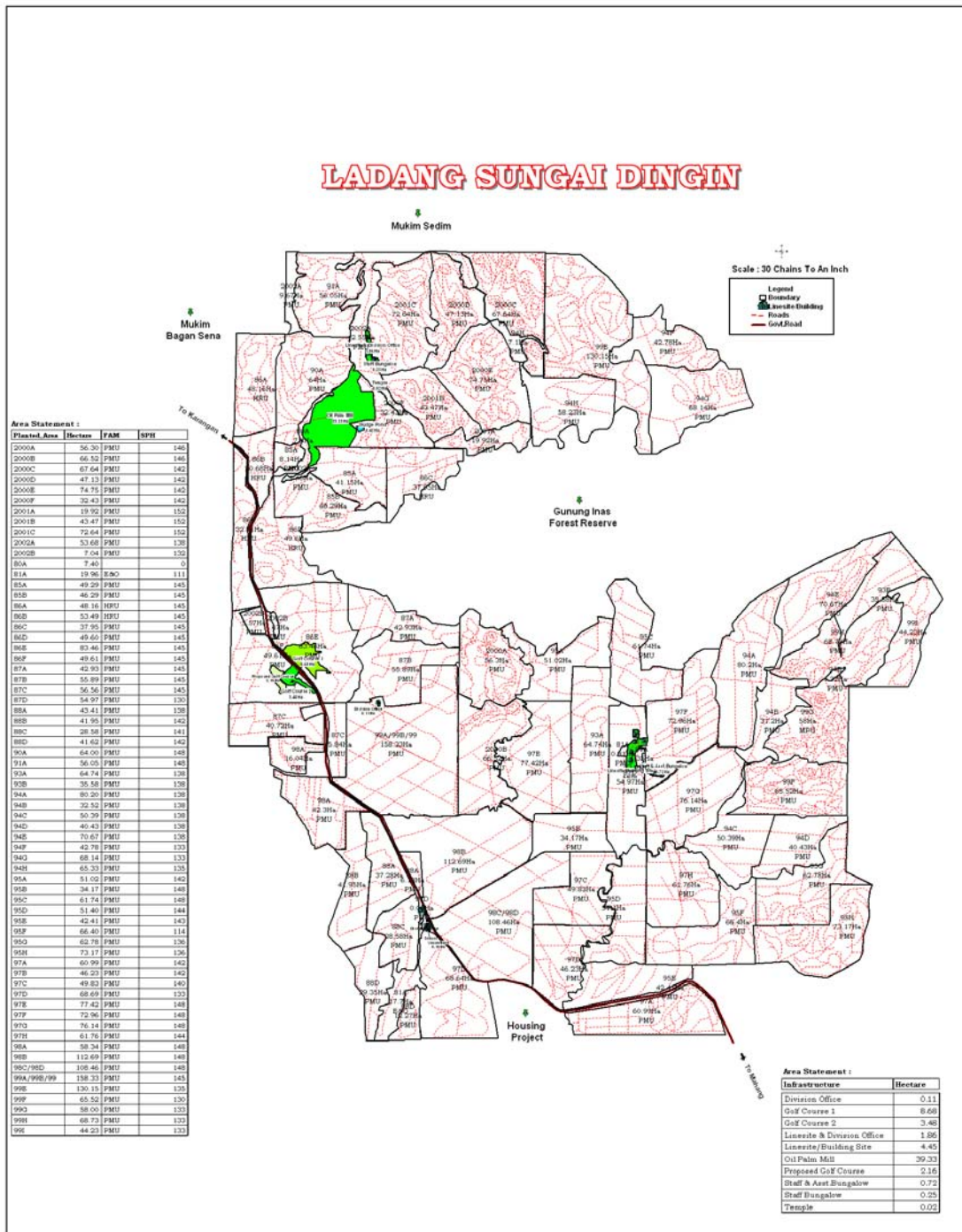


Figure 2: Sg Dingin Estate Layout

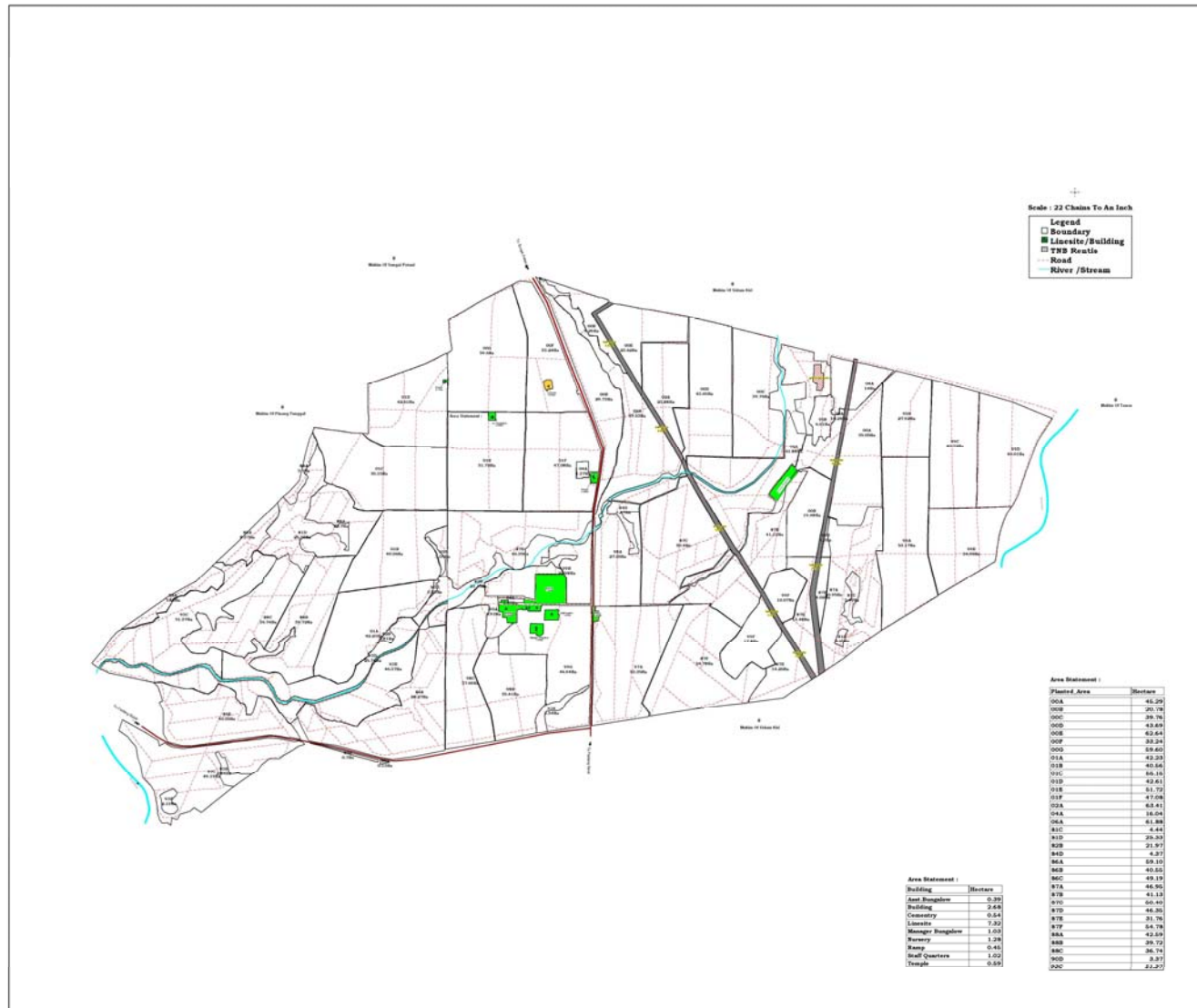


Figure 3: Padang Buluh Estate Layout

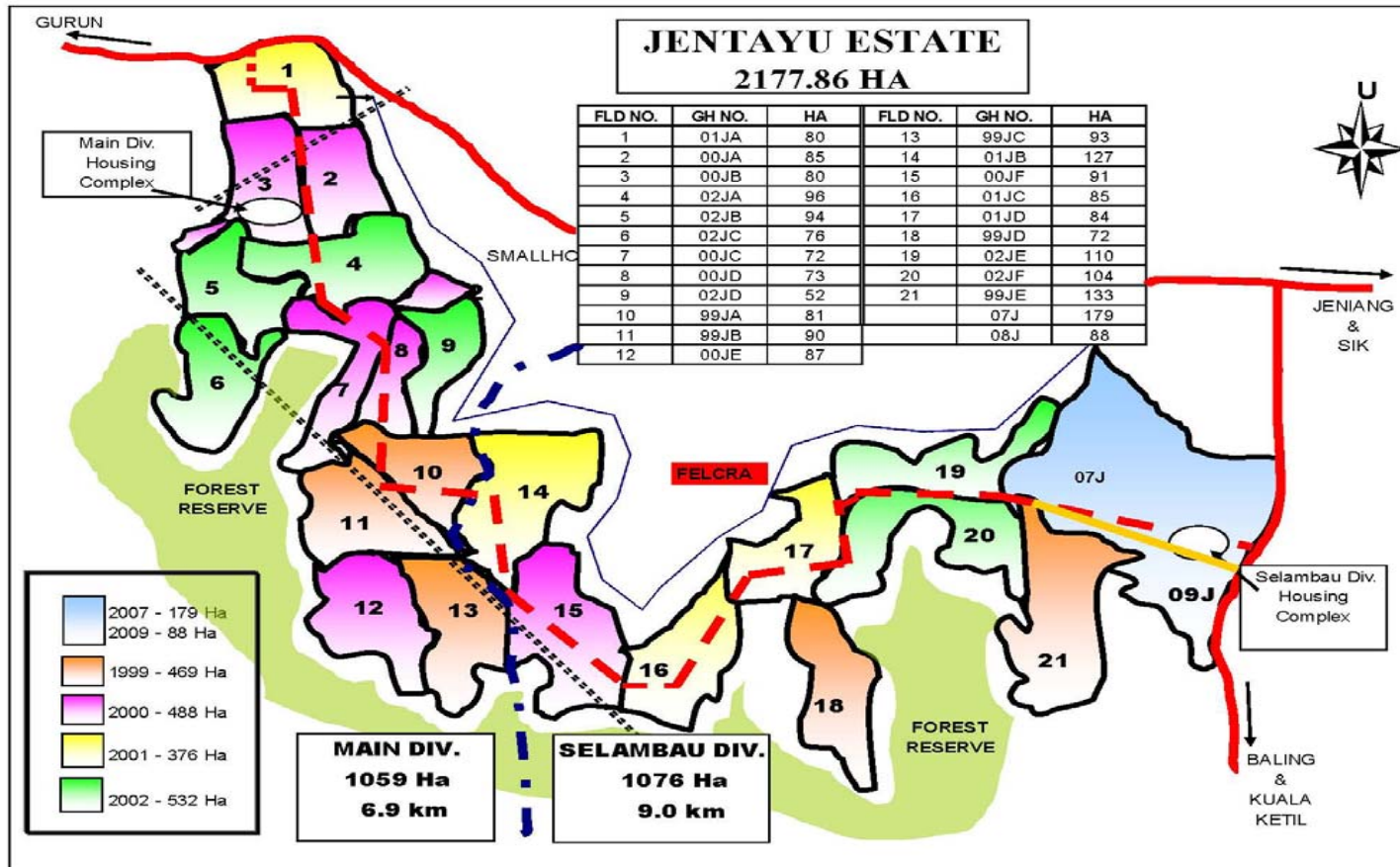


Figure 4: Jentayu Estate Layout

Table 2: Mill Supply Base

Source / Estate	FFB (t)
Padang Buluh	72,461
Sungai Dingin	60,782
Bukit Selarong	38,938
Anak Kulim	20,191
Bukit Hijau	34,913
Sungai Dingin Special	17,514
Jentayu	<u>25,810</u>
Total SOU1 Estates	270,609
Adjacent Sime Darby Estates*	
SOU 2 Holyrood	987
SOU 2 Sg Kerian	1,404
SOU 2 Somme	83
SOU 2 Tali Ayer	12
SOU 3 Changkat Salak	77
SOU 3 Kamuning	1,145
SOU 3 Kalumpung	<u>246</u>
Total Adjacent	3,954
OVERALL TOTAL	274,563

* The FFB production from the adjacent Sime Darby Estates is included in the Initial RSPO Certificate for SOU1.

1.5 Date of Plantings and Cycle

The company owned Estates were developed in the 1940s initially to rubber. Oil palms were first planted in the 1980s and are in the 2nd cycle. The age profile of the palms is shown in Table 3.

Table 3: Age Profile of Palms

AGE (years)	% of PLANTED AREA
21 – 30	11.0
11 – 20	28.2
4 – 10	57.0
0 – 3	3.8

1.6 Other Certifications Held

SOU1 holds no other Certifications.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU1
Ladang Bukit Selarong
09400 Padang Serai
Kedah Darulaman MALAYSIA

Contact Person: Mr S Manokaram
SOU Chairman/Estate Manager
Phone: +6044035233
Fax: +6044033135
Email: bsImgr@simedarby.com

1.8 Time Bound Plan for Other Management Units

Sime Darby Time Bound Plan (updated November 2009) is included as Appendix A. During the year, Sime Darby realigned three of the Management Units in Malaysia for strategic operating reasons. This reduced the total number of management units from 61 to 58.

In August 2009, Sime Darby and Kulim (Malaysia) Berhad reached agreement on the acquisition and disposal of one estate. Sime Darby acquired Sungai Simpang Kiri Estate from Kulim and at the same time disposed of Sungai Tawing Estate to Kulim. The Sungai Simpang Kiri Estate was certified by BSi in January 2009 when it was part of the Kulim Group.

In August 2009, Sime Darby disbanded SOU24a after the transfer of Sungai Tawing Estate to Kulim, re-alignment of Cenas Estate with SOU24 and closure of Sungai Tawing Mill. Sime Darby also disbanded SOU30a in September 2009 after re-alignment of Jeleta Bumi Estate with SOU28 and closure of Jeleta Bumi Mill.

Sime Darby has varied the previous Time Bound Plan by concentrating initially on achieving certification for all of the management units in Malaysia, followed by those in Indonesia. This enabled Sime Darby to bring forward the certifications of Management Units. By 30 June 2009, certification assessments had been completed for 67% of the Management Units, compared to the projected 45% in the 2008 Time Bound Plan.

BSi considers that the variation of the Time Bound Plan was reasonable to focus the training and implementation resources on the operations within a single jurisdiction. BSi recommends acceptance of the Time Bound Plan variation.

Sime Darby has advised BSi that no new land tenure issues have surfaced at any of its properties since the Initial Certification Assessment of SOU1. During 2009 progress was made on dialogue between Sime Darby's Management Unit PT MAS in West Kalimantan and the organisation SPKS that represents schemed smallholder interests. Sime Darby has agreed with SPKS for the local Dayak Leader (Adat Regional Head) to participate in meetings as mediator. Sime Darby met with Sawit Watch representatives at RT7 for discussions on land issues localised to one estate in West Kalimantan.

Sime Darby has advised BSi that there are no labour conflicts at any of its oil palm operations.

Sime Darby notified BSi that during 2009 it had engaged consultants who completed HCV Assessments at all of its operations in Indonesia that it acquired in November 2007 and where new development had been carried out since November 2005. The assessment indicated that land with HCV present had been cleared and developed to oil palm at Sukamandang and Pemanting SOUs in West Kalimantan. In May 2010, the RSPO notified Sime Darby that the RSPO Executive Board had reached agreement on Sime Darby's HCV offset for the affected area.

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

1.9 Area of Plantation

The areas of planted palms at SOU1 Estates are listed in Table 4.

Table 4: Estates and Area Planted

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Padang Buluh	3,403	131
Sungai Dingin	3,082	–
Bukit Selarong	4,139	279
Anak Kulim	1,235	–
Bukit Hijau	2,278	–
Sg Dingin Special	1,021	–
Jentayu	1,955	268
TOTAL	17,113	678

1.10 Approximate Tonnages Certified

The approximate tonnages certified on the basis of 01 July 2008 – 30 June 2009 production are detailed in Table 5.

Table 5: Approximate Tonnages Certified

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Sungai Dingin	67,492	14,870

1.11 Date Certificate Issued and Scope of Certificate

The scope of the Certificate is for the production from the Sungai Dingin Palm Oil Mill and the supply base from the seven SOU1 Estates. Certificate details are included as Appendix B.

The Certificate issue date will be the date of the RSPO approval of this Assessment Report.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

BSi Group Singapore Pte Ltd
3 Lim Teck Kim Road #10-02
Singapore Technologies Building
Singapore 088934

Product Manager: Mr Soon Leong Chia
Phone: +65 6270 0777 Ext 115
Fax: +65 6270 2777
Email: soonleong.chia@bsigroup.com

BSi is a leading global provider of management systems assessment and certification, with more than 70,000 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.

2.2 Assessment Methodology, Programme, Site Visits

BSi conducted a Stage I Certification Assessment 12 to 15 May 2009 against the RSPO MY-NI : 2008. The scope of the Stage I Assessment included Sungai Dingin Mill, Sungai Dingin and Padang Buluh Estates and support infrastructure and focussed on field inspections and a review of management systems and documentation. The Stage I Assessment identified a number of nonconformities. SOU1 prepared a Corrective Action Plan and has implemented corrective actions since May 2009.

BSi conducted the Stage II Certification Assessment 21 to 24 July 2009. The Certification Assessment Program is included as Appendix C.

The approach was to audit the Mill together with two Estates chosen from its supply base, such that a range of environmental and social factors were covered. These factors included consideration of topography, soils, age of palms and proximity to local communities and areas with HCVs. Sungai Dingin Estate was selected for the audit as it contained the Mill and the system for land application of treated POME. Padang Buluh Estate was selected as it contained a low-lying area that is subject to flooding. The BSi Technical Specialist Ecology visited Sg Dingin, Anak Kulim and Jentayu Estates that border Forest Reserves. The audit also checked the implementation of corrective actions since the May 2009 Stage I audit.

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

The assessment was based on random samples and therefore nonconformities may exist which have not been identified.

Mr Allan Thomas, BSi Lead Auditor EMS, QMS and OHSAS has reviewed this report for conformance with RSPO Certification System requirements and technical content.

Mr Soon Leong Chia, BSi Product Manager RSPO, has reviewed this report for conformance with BSi Procedures and the RSPO Certification System requirements.

2.3 Qualifications of the Lead Assessor and Assessment Team

BSi Group Singapore holds copies of educational qualifications, certificates and audit logs for each of the audit team members. BSi has evaluated the qualifications and experience of each audit team member and has registered the following designations for conducting RSPO Assessments.

Charlie Ross – Lead Assessor

B.App.Sc. M.Sc (Env.Studies)

Lead Auditor EMS RABQSA Cert N^o 14370

Iman Nawireja – Social Assessor

B.Ag.Sc. M.Sc. (Comm)

Jarwadi Hernowo – Technical Specialist, Ecology and Impact Assessment – B.Sc. M.Sc (Ecology)

Robyn Ross – Social Assessor

Betsy Sunga – Interviewer/Assistant

Charlie Ross is an independent environmental auditor who has extensive fieldwork experience in conducting environmental and social assessments of oil palm projects over the past 18 years in Indonesia, Malaysia, Nigeria, Papua New Guinea and Solomon Islands. He has participated in fieldwork for HCV assessments since 2004. He has completed lead auditor training in ISO 9001 Quality Management Systems, lead auditor training in OSHAS 18001 Occupational Health and Safety Assurance Systems, auditor training in Environmental Management, SA8000 Social Accountability and RSPO P&C. He has been involved in the RSPO process since RT1 and has conducted Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and PNG.

Iman Nawireja graduated with a Bachelor of Agricultural Science from the University of Bogor in 1997 and a Masters Degree in Communications from the University of Indonesia in 2002. He is a Lecturer in social statistics at the University of Bogor and has more than 10 years experience in conducting social impact assessments of agriculture, mining and forestry projects. He has assisted with field studies on the effect of resource development projects on farmer and community incomes, health status and household division of labour. He has completed Lead Auditor training in ISO 14001 Environmental Management Systems. He has assisted in conducting environmental and social assessments of oil

palm projects during the past 7 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

Jarwadi Hernowo graduated with a BSc in Forest Ecology from the University of Bogor in 1985 and an MSc in Wildlife Ecology from the Faculty of Forestry Science, Georg August Universitat, Geottingen, Germany in 1995. Jarwadi is a lecturer in ecology at the University of Bogor with more than 20 years experience in forest ecology and has carried out research on the habitats, distribution and population of wildlife. He has extensive fieldwork experience in the assessment of flora and fauna biodiversity and HCVs. He has assisted in conducting independent environmental assessments of oil palm projects during the past 7 years. He has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia and in Malaysia.

Robyn Ross has a background in company administration and supporting women with mental health and physical disabilities by assisting them to develop skills for living independently in the community. She has assisted with fieldwork in conducting environmental and social assessments of oil palm projects over the past 7 years in Indonesia and Nigeria. She has completed auditor training in SA8000 Social Accountability. She has assisted with conducting Certification audits of oil palm plantation companies against the RSPO P&C in Indonesia, Malaysia and Papua New Guinea.

Betsy Sunga is a Teacher with Borneo Child Aid Society and is fluent in Bahasa Malaysia, Sabahan and English. She assisted Robyn Ross during interview of female staff/workers and families.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved internal and external stakeholders. External stakeholders were notified by placing a copy of the Stakeholder Notification letter on the RSPO, Sime Darby and BSi websites. Letters were written to individual stakeholders and meetings were arranged to discuss SOU1 environmental and social performance.

During the stakeholder notification period, BSi did not receive any responses in writing from stakeholders. Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. Stakeholders included those immediately linked with the operation of the company such as employees, smallholders and contractors, as well as organisations that may have an interest in SOU operations or adjacent areas.

Stakeholder consultation took place in the form of meetings and interviews. The interviewer explained the purpose of the audit at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured interviews with male and female staff and workers were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. Separate visits were made to each of the nine local communities to meet with the village head, religious leader, and residents. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Company officials were not present at any of the stakeholder consultations.

A list of Stakeholders contacted/interviewed is included as Appendix D.

2.5 Date of Next Surveillance Visit

The next surveillance visit is planned before the first anniversary of the RSPO approval of the Initial Certification.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.2, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the relevant Estate. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each Indicator to support the findings of the assessment team.

Two (2) Nonconformities were raised against Minor Compliance Indicators. Eleven (11) Observations / Opportunities for improvement were identified. *Where a nonconformity/observation is assigned, reference is made at the end of the text of the Indicator to which it refers.* Details of the Nonconformities are given in Section 3.2 (Page 19).

SOU1 has prepared a Corrective Action Plan that was reviewed and accepted by BSi. Progress on implementation of corrective action will be checked during the Surveillance Audit scheduled to be carried out within twelve months of SOU1 receiving initial RSPO Certification.

BSi has conducted an assessment of the SOU1 operations comprising 1 mill, 7 oil palm estates, support services and infrastructure. BSi concludes that SOU1 operations comply with the requirements of RSPO

Principles & Criteria: 2007 and MY-NI Indicators and Guidance : 2008.

BSi recommends, subject to the resolution of claims made regarding land tenure and loss of HCVs at properties in Indonesia, SOU1 be approved as a producer of RSPO certified sustainable palm oil.

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

The Mill and Estates have implemented a system for receiving and responding to written communications, including requests for information. The Estates keep files of requests for information and responses, such as on operating statistics and requests from MPOB. The Mill maintains files with records of requests for information and responses, for example, MPOB Brief Survey on Biogas Utilisation received 9 April 2009 and responded same day by fax. (1.1.1)

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

The Estates hold copies of each of the management documents listed under Criterion 1.2 and these are publicly available upon request. The Estates hold copies of Freehold Land Titles as detailed for Indicator 2.2.1. (1.2.1)

A copy of the Health and Safety Policy signed by Top Management April 2008 is displayed on notice boards and is available to the public.

The Mill and Estates have an OSH Programme documented for the calendar year January-December 2009 and are in the process of implementing an OSHAS 18001 Management system with the aim of achieving certification by the end of 2009. (1.2.2)

The Estates and Mill have identified environmental aspects and impacts (April 2009) using a risk assessment process and a register is available. In addition, an Environmental Improvement Plan has been prepared for addressing the significant impacts. Sime Darby TQEM team carried out an SIA in May 2009 and a report is available that includes a Social Action Plan for Management of Social Impacts. (1.2.3)

The Mill has an Environmental Management Plan for 2008-09 that includes pollution prevention actions for management of palm by-products and effluents.

The Estates have prepared a Pollution Prevention Plan that takes into account the findings from the Stage I Assessment for control of Point Source Pollutants. (1.2.4)

The Estates and the Mill have implemented a log book system for recording verbal and written complaints. Records are also available for complaints raised at quarterly OSH Meetings. (1.2.5)

Negotiation Procedures are documented in the form of a flow chart in Appendix 5 of the Sustainable Plantations Management System Manual issued April 2008. A copy of the procedures is held on site. (1.2.6)

Improvements have been approved in the capital budget and are planned during the next financial year (2009/10). The Continuous Improvement Plan is made up of the Pollution Prevention Plan, Water Conservation Plan, Waste Management Plan and the Social Action Plan. (1.2.7)

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

Legal compliance can be demonstrated from audit reports, such as the Sime Darby Group Assurance Department Audit carried out in November 2008, and reference to documents and records held on site. The Mill and Estates maintain copies of all Permits and Licences on file. Inspection of a sample of permits, such as for compressors, showed these were current. The most recent DOSH visit for Padang Buluh Estate was 28 January 2009 with four items to be actioned and for Sg Dingin Estate on 23 February 2009. The action items identified have been rectified, for example, a guard cover for the water pressure jet for vehicle washdown at Sungai Dingin. On 27 April 2009 DOSH carried out the Mill annual inspection of sterilisers, overhead crane and water treatment. The most recent DOE visit was 14 May 2009 for audit of compliance and collection of effluent samples. DOE did not identify any corrective action items required to be carried out.

Mill effluent samples are tested monthly at Sime Darby Research Laboratory and review of the results confirmed compliance with land application limits for the previous twelve months.

Boiler emissions were tested 24 June 2009 and were in compliance with regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. Smoke density meters were serviced and calibrated by Sumber Sari Sdn Bhd 20 June 2009 and were operational at the time of the Certification assessment. Continuous monitoring of boiler smoke emissions confirmed compliance with regulatory requirements.

Noise levels have been measured at the mill and mapped to show areas >85dBa, where safety signs have been posted and wearing of hearing protection is mandatory. The mill supplies staff and workers with hearing protection that is required to be worn within the mill area.

The majority of housing is supplied with treated water direct from the Government supply to individual houses. Water from the Government supply is tested twice annually – last tested 21 January 2009 and was within compliance with Drinking Water Standard described in the Twenty-fifth Schedule, Regulation 394(1), Food Regulations 1985. The water supply to Sg Dingin Estate housing is obtained from a spring. Water was sampled and tested by Government Health Department 23 March 2009 at the Sg Dingin supply source and after treatment. The results confirmed suitability of the water for drinking and absence of pesticides residues.

Electricity is supplied to housing from the Government supply.

SOU1 has an extension of overtime hours for the Mill approved in a letter from Labour Department 29 January 2009 extension for the period 01-02-2009 – 31-01-2010. Inspection of pay records confirmed compliance with the Employment Act in relation to pay rates and overtime. Sime Darby Head Office arranges the recruitment of foreign workers. Checks of a sample of records held at SOU1 confirmed work permits were held for foreign workers.

Padang Buluh main division housing was constructed in the 1990s and meets the government standard. There is an approved budget to replace sub-standard housing at Jerai Division with 24 houses being built during 2009/10. Sg Dingin housing is scheduled to be replaced in 2009/10 and Labour Department Officers visited on 14 May 2009 to discuss and approve details of the Housing Replacement Plans.

Tractor drivers within the Estates are required to complete a defensive driver training course. The Estates have carried out spot checks to ensure FFB contractors have current drivers licenses. The Estates and Mill hold copies of motor vehicle registration for those vehicles that use public roads. The Mill holds copies of Operators Certificates, such as for the boiler operator – Certificate No PK35/95 issued 29 May 1995 at IPOH, PERAK, on file. (2.1.1)

Observation 01 – refer Section 3.2 Page 20 for details

The Mill and Estates have implemented a legal requirements system developed by Standards and Compliance Unit of Sime Darby TQEM Department. This includes a list of legislation, summary of legal requirements, licences and expiry dates. In addition, the Estates hold hard copies of relevant legislations, such as the Employment Act. (2.1.2)

Implementation of legal requirements is checked by internal audits and enforced by Corrective Action Plans. Sime Darby TQEM Mill Advisory and Plantation Advisory, Synergy and Transformation Department and the Safety and Health Unit conduct audits of the operations, which include applicable legal requirements. Sime Darby Group Corporate Assurance conducts annual Internal Audits that include assessment of legal requirements and implementation of Policies. The Plantation Advisor checks legal compliance aspects at the Estates. For example at Padang Buluh Estate the most recent Audit visit was 26–28 April 2009 and there were no legal compliance issues raised. The most recent Mill Advisory visit was 6–7 January 2009. An OSH assessment was carried out 17 April 2009. (2.1.3)

TQEM Standards and Compliance Unit provide legal updates on all applicable legislation throughout Sime Darby. In addition, MAPA, MPOA, AMESU, NUPW and Sime Darby Regional Office provide legal updates on changes to labour laws and worker pay and conditions. The most recent MAPA Circular was dated 19 June 2009. (2.1.4)

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

All of SOU1 land is on freehold title and copies of the titles are available on site. A sample of the titles was sighted during the audit, for example, Padang Buluh Estate, Hakmilik G11790 Lot 2399 Mukim Sidam Kiri issued 9 April 1991; Sg Dingin Estate, Hakmilik GRN240 Lot 592 Mukim Sedim, District of Kulim issued 1 June 1967. (2.2.1)

Following the merger of the three plantation companies to form Sime Darby, the company name is being changed on all Land Titles. Sime Darby Land Management Department advised 20 April 2009 that the Land Title transfer is in process. The Estates operations are consistent with the terms of the land title for “agriculture”. (2.2.2)

The Estates have maps showing the locations of boundary stones, which are marked with a post painted red and white. Inspection of a sample of boundary stones at Sungai Dingin and Padang Buluh Estates confirmed these were clearly marked with a red and white post. (2.2.3)

At the time of the Certification Assessment, the available information indicated there were no current or recent land disputes. All of the oil palm operations are on Freehold Title, which has not been disputed. Interview of local community leaders and enquiry with the Department of Land and Survey confirmed there are currently no land disputes at SOU1. (2.2.4)

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

All of the Estates operations are on Freehold land. The SOU does not restrict access through the Estates except for trucks transporting FFB, which are required to obtain permission. The estates are dissected by public roads that provide unrestricted access. (2.3.1)

All of the Estates operations are on Freehold land. There are no disputes. (2.3.2)

All of the Estate operations are on Freehold land and there are no negotiated agreements. (2.3.3)

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

The Mill and Estates have an annual operating and capex budget, prepared May 2009, that is projected for five years (2009/10 to 2013/14) in relation to production and performance indicators. For example, the Mill performance indicators include oil extraction rate, kernel extraction rate, free fatty acids, Mill throughput, utilisation and FFB processed. The mill has high capacity (80t/h) and processed 310,464t of FFB in 2008/09. (3.1.1)

The Estates have a replanting programme projected for ten years that was reviewed (Padang Buluh 9 May 2009) and (Sg Dingin 28 March 2009). (3.1.2)

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

The estates are implementing the Sime Darby Plantation Quality Management System that integrates elements of Quality, Environment and OSH. SOPs are documented in the Estate Quality Management System Manual issued November 2008. The Estate SOPs have been translated into Bahasa Malaysia and cover operations from replanting through to upkeep and harvesting. The Estates SOPs, including pictorials illustrating techniques, were displayed on notice boards at Sungai Dingin and Padang Buluh Muster areas.

Mill-specific SOPs are documented as “Pictorial Work Instructions” in Bahasa Malaysia for each work station. Inspection of the Mill confirmed the Work Instructions (issued April 2009) were displayed at each work station. At the Maintenance Workshop for example, Work Instructions were displayed for general tools and equipment, such as the electric arc welder. (4.1.1)

The Estates carry out checks on the implementation of SOPs during daily field inspections. Where deviation from an SOP is found, corrections are made immediately by verbal instructions passed to the Mandore and field workers. In addition, the Estate Manager carries out weekly inspections. Formal records of monitoring SOP implementation are available from Plantation Advisor internal audit reports of the Estates. Each Estate Manager is required to respond to the findings of audit reports and records are available of the corrective actions.

An Agricultural Audit is carried out approximately 6 monthly by the Plantation Advisor and the Sime Darby TQEM Team. At Padang Buluh Estate, the most recent audit by Plantation Advisor was 27-29 April 2009 and TQEM 29 April 2009; Sg Dingin Plantation Advisor audit 16-18 March 2009 and Sime Darby TQEM 27 April 2009. Reports are held for at least 5 years then archived.

The Mill Operators record operating parameters on log sheets for each work station, together with any abnormal conditions and equipment breakdowns. In addition, the Shift Supervisor notifies the Maintenance Workshop of any repairs required. The Mill Engineer monitors operations by carrying out physical inspections and review of log sheets. Inspection of the Mill indicated log sheets were being completed correctly. Internal audits by the Mill Advisor provide additional checks of SOP implementation. For example, records showed the most recent Mill Advisory visit was carried out 6-7 January 2009. (4.1.2)

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

Sime Darby Agronomy Section of R&D Department makes annual recommendations for fertiliser application. The Estate Managers check that fertiliser application matches the recommendation. The fertiliser recommendation includes details of the type and quantity to be applied to each oil palm block. (4.2.1)

Sime Darby Agronomy Section of R&D Department carries out annual visual inspection of the palms and leaf sampling to monitor palm nutrient status and the most recent fertiliser recommendation reports were available for Padang Buluh 17 December 2008 and Sg Dingin 23 January 2009. The Sime Darby Agronomy Section of R&D Department has recently revised the policy for soil sampling, which is scheduled to be carried out in the second half of 2009. The Estates hold a summary of the foliar sampling results on file and R&D Department keeps a copy of detailed records. (4.2.2)

The Estates maintain records of the quantity of EFB received from the Mill and applied to each block on a daily basis. R&D Department carries out monitoring of the palms that receive applications of EFB and treated POME and uses results from the foliar sampling and FFB yield to advise on the annual fertiliser requirement. (4.2.3)

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

Soil conservation practices are documented in the Sime Darby Agricultural Manual. The Estates hold copies of soils maps, which show the dominant soil types are (Padang Buluh – Laterite); (Sg Dingin – Laterite 40% of Estate area and Alluvial 30% of Estate area and the remainder is a mixture of minor soil types). All of the land at Padang Buluh is flat. Sg Dingin is flat to undulating with terraces on 30% of the area. Approximately 10% of Sg Dingin Estate is low lying and subject to seasonal flooding. Techniques for minimising soil erosion at the Estates include maintenance of groundcover vegetation, U-shaped stacking of pruned fronds, and water conservation pits at roadside drains. Field inspection confirmed that the soil conservation practices generally were consistently implemented. (4.3.1)

Observation 02 – refer Section 3.2 Page 20 for details

The Estates minimise the occurrence of bare soil by restricting the use of herbicides to the spraying of palm circles and for selective weeding. Inspection indicated relatively uniform groundcovers of vegetation consisting of leguminous cover crop in the immature and young palms and soft grasses in the older palms. (4.3.2)

A nonconformity was assigned this Minor Compliance Indicator – CR01 refer Section 3.2 Page 20 for details

The Estates have an annual budget for road maintenance and use a grader to maintain the road camber and drains for management of rainfall runoff. The Estates have a readily available source of laterite for re-surfacing roads. Inspection confirmed roads were well maintained with a durable laterite surface. (4.3.3)

There are no peat soils at SOU1. (4.3.4)

The soil maps of the Estates show there are no fragile or problem soils at any SOU1 Estates. (4.3.5)

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

During the original development for rubber, the land was cleared and planted to the edge of streams. The Estates have commenced a programme for re-instatement of buffer zones during replanting along streams, such as Sg Jerong and Sg Dingin (Plate 1). The Estates have prepared maps showing the locations of buffer zones for future re-instatement during replanting. Field inspections confirmed the buffer zones have been marked to show the palms for future removal. At these riparian areas herbicide spraying and fertiliser application have been ceased and the palm circles are maintained by manual weeding and raking. (4.4.1)

Observation 03 – refer Section 3.2 Page 20 for details



Plate 1: Riparian Buffer Strip Established at Replanting

There are no man-made structures across any waterways in the Estates. (4.4.2)

The Mill and Estates have recently (2009) commenced a programme to sample outgoing water into the main natural waterways. The 4 June 2009 results at Padang Buluh show Class 1 water quality in relation to pH, BOD, TSS, Ammonia and Phosphorous.

The Mill has implemented monthly sampling of water quality upstream and downstream of the Mill with the most recent water sampling 23 June 2009 showing Class 1 water quality. (4.4.3)

The Estates measure daily rainfall and records have been maintained for more than thirty years. Rainfall information is used for crop forecasting and timing of fertiliser applications. (4.4.4)

The Mill measures water usage and reports monthly against a target to Sime Darby Head Office. Water usage has exceeded 1.5 t/t FFB during the past twelve months due to the requirement for the boiler grate cooling system. The boiler grate cooling fan failed and a replacement is being shipped from Germany. In the interim, it is necessary to use raw water for cooling the boiler grate and this has increased water consumption. (4.4.5)

The Estates are mostly bordered by oil palm. Where forest reserves occur along the boundaries of Sg Dingin, Jentayu and Anak Kulim Estates, the forest reserves occur on hillsides above the Estates and drainage occurs from these protected areas into the Estates. There is no drainage from the Estates into protected areas. (4.4.6)

The Estates have prepared Water Management Plans that focus on water conservation practices in the field and include, for example, “roadside turnout drains” that discharge into “conservation pits”. At sloping areas, pruned palm fronds are stacked along the contour to reduce surface runoff and allow more infiltration of water. Rainwater harvesting has been installed at the roof catchments of workshops and is planned for the fertiliser stores and worker housing.

The Mill has a Water Management Plan that describes the sources, treatment and uses of water. The Mill has implemented recycling 20% of water from treated POME for hydro-cyclone dilution water and for floor cleaning. (4.4.7)

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

IPM is documented in the Sime Darby Agricultural Reference Manual – Section 15. IPM involves inspection and monitoring of field conditions prior to any treatment using chemicals for weed and pest control. (4.5.1)

The major palm pest is rats that are controlled using Barn Owls and, when necessary, baiting. Beneficial plants (*Turnera subulata*, *Cassia cobanensis* and *Antigonon leptopus*) have been established along 20% of the Estate roadsides for control of bagworm (Plate 2). Following the establishment of beneficial plants, chemical treatment has not been required at Padang Buluh since May 2006. At Sg Dingin Estate chemicals have not been necessary for control of bagworm. (4.5.2)



Plate 2: Beneficial Plants along Estate Road

Padang Buluh and Sg Dingin Estates hold records for each field where pesticides, such as rat baits, have been applied, with records available from the Stores Cost Book since 2004. (4.5.3)

The Estates have calculated pesticide usage for the past 5 years. The results (Figure 5) show the usage increased sharply during 2007 due to a program to control woody plants using “Ally” and then the usage decreased in 2008. (4.5.4)

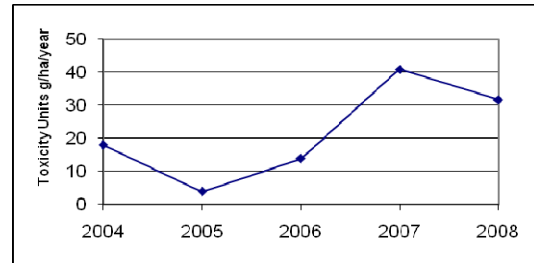


Figure 5: Pesticide Usage Toxicity Units 2004–2008

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 seeing to identify alternatives and this is documented.

The quantity of chemical and treatment required is documented in Section 16-5 of the Agricultural Reference Manual. The selection of the type and quantity of chemical to apply is based on inspection of field conditions prior to spraying. At SOU1, woody plants are controlled by manual weeding. Herbicides are used for spraying the circle at the base of palms. The quantities of chemicals to be measured for pre-mixing into 20 Litre containers are displayed as a Work Instruction (April 2009) at the Pesticide Store (Plate 3). (4.6.1)



Plate 3: A Well Designed Pesticide Mixing Area

Sime Darby Central Purchasing Department controls purchase of pesticides. Inspection of chemical stores confirmed that only pesticides registered by the Pesticides Board are held. For example at Sungai Dingin, only four chemicals were stored. (4.6.2)

Inspection confirmed the Pesticides Store meets regulatory requirements with respect to spill containment, security, ventilation, separation and labeling of chemicals. Containers of pre-mixed chemicals, such as any remaining unused spraymix are stored in a secure, locked enclosure adjacent to the Pesticide Store. (4.6.3)

Inspection of the chemical store and chemical mixing area showed chemical labels are in Bahasa Malaysia. MSDSs were displayed at the chemical store in both English and Bahasa Malaysia. (4.6.4)

CHRA medical surveillance has been carried out by a DOSH registered doctor on 20 June 2009 for 10 pesticide operators at Padang Buluh Estate and at Sg Dingin Estate on 18 May 2009 for 12 pesticide operators and 14 July 2009 for 8 pesticide operators. The medical reports findings concluded all pesticide operators were fit for duty. (4.6.5)

Observation 04 – refer Section 3.2 Page 20 for details

The Hospital Assistant confirmed that the Sime Darby policy has been implemented and female pesticide operators are transferred to other duties when pregnant or breast-feeding. Interview of female pesticide operators confirmed that if they wished to continue working when pregnant they were transferred to other duties and were not permitted to return to work as pesticide operators until they had ceased breastfeeding. (4.6.6)

At Padang Buluh, Methamidophos has been used for treatment of Bagworm infestation but only on the basis of pest census information and a permit from Agriculture Department. World Health Organisation Type 1A and Type 1B chemicals have not been used at Padang Buluh since May 2006. Inspection of the Chemical store and stock records confirmed no World Health Organisation Type 1A or Type 1B chemicals are held. Chemical treatment for Bagworm has not been necessary at Sg Dingin. Paraquat usage ceased at SOU1 in June 2007. (4.6.7)

Aerial spraying is not carried out at SOU1. (4.6.8)

Buyers have not requested CPO testing for chemical residues. (4.6.9)

Records (Stores Cost Book) are held for each field where pesticides have been used with records available for more than five years. (4.6.10)

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

(a) The Mill and Estates have a Safety and Health Policy that was approved by Sime Darby Top Management in April 2008. Inspection showed the Policy was prominently displayed on notice boards at offices and muster areas. The Policy is communicated to staff, workers and contractors during regular awareness sessions, such as morning muster at the Estates and at pre-shift meetings at the Mill. Inspections of workplaces at the Mill, Padang Buluh Estate and Sungai Dingin Estate, interviews of workers, observation of tasks and review of audit reports, indicated safety is a priority and the Policy is being implemented.

(b) Risk assessments (HIRAC) have been carried out for the field tasks at the Estates as well as the maintenance workshop and office. The Mill risk assessment covers the tasks and hazards at each

work station from Reception through to Product Despatch. HIRAC was carried out at Padang Buluh Estate November 2008 and revised June 2009; Sg Dingin Estate February 2009 and updated 23 June 2009; and the Mill February 2009.

(c) The Mill has an OSH Training Programme January – December 2009 that includes “tool-box” briefings on safety related to work stations.

The Mill operates a permit to work system for Mill maintenance workers and contractors, which requires safety briefings prior to commencement of any work.

The Estates have prepared an Annual Training Programme July 2009–June 2010 covering elements ranging from safety regulations through to safe driving techniques, work practices and reporting of incidents.

In relation to transport, all drivers (tractors, trucks and motorcycles) are required to be licensed and to undergo training in defensive driving. SOU1 has installed speed “humps” throughout the estates and near intersections to control speed. Road safety rules (wearing of helmets, seatbelts and speed limits) are displayed on notice boards at the entrance to the estates and at muster areas. The Estates monitor and enforce adherence to road safety rules by staff, workers, contractors and their families.

In relation to the use of pesticides, the Training Programme includes a schedule for PPE, spraying methods, spray equipment maintenance and triple rinsing and safe disposal of used containers.

i. Inspection of training records showed that pesticide operators have received training in the safe use of pesticides. Sg Dingin carried out training for 29 pesticide operators 23 June 2009 on use of PPE. Training at Padang Buluh Estate for pesticide operators was carried out 01 July 2009 in safety procedures for chemical mixing.

ii. Inspection of spraying operations in the field showed that pesticide operators were aware of the precautions associated with each of the products being used and that they were working safely.

(d) Inspection of Stores issue records and observation of tasks confirmed appropriate PPE is supplied to workers and was being worn correctly.

i. Appropriate PPE is supplied to field workers and staff. Pesticide operators are supplied with boots, apron, gloves, respirator, helmet and safety spectacles. Records are held of PPE issues made to individuals since January 2003 (Padang Buluh); June 2006 (Sg Dingin). The Mill supplies all workers with safety shoes, helmet, safety vest and hearing protection plus other relevant PPE specific to workstations.

(e) The Hospital Assistant is the person responsible for coordinating safety at Padang Buluh Estate. The Senior Assistant Manager is the OSH Coordinator at Sg Dingin Estate. The Senior Assistant Manager is the person responsible for safety coordination at the Mill.

(f) Safety Committee Meetings are held quarterly with the most recent (Padang Buluh Estate 8 May 2009

with 27 attendees including signatures); (Sg Dingin Estate 29 April 2009 with 10 attendees including signatures.) The outcomes of meetings are communicated to workers by the Assistant Manager at Muster Briefing, as well as by worker representatives. The Mill holds monthly safety committee meetings with the most recent 29 June 2009 attended by 17 persons.

- (g) The ERP for the Estates was revised in May 2009 with updated emergency contacts. Interview of Mandores indicated they understood the action to be taken in case of an emergency, such as an accident in the field. The Mill ERP was revised 15 June 2009 for fire, accident, CPO/effluent spills, and emergency contacts were updated. All Visitors to the Mill and Estates are required to undergo a safety briefing that includes emergency response procedure. Inspections of work places confirmed emergency exits and assembly areas were clearly marked. The Mill carried out a fire drill in April 2009 and the Safety Coordinator prepared a report on areas that required improving.
- h) First aid training was conducted at Padang Buluh on 8 May 2009 for 27 OSH Committee Members. Sg Dingin Estate carried out first aid training and Cardiopulmonary Resuscitation on 20 May 2009 for 31 staff and field supervisors.
- i) Inspection of Padang Buluh and Sg Dingin Estates confirmed first-aid-kits are issued to Workshops, Mandores, Main Office and Security Offices. The Mill has first-aid equipment located at 8 workstations. Inspection confirmed the first aid kits had recently been restocked. (4.7.1)

All accidents are investigated and reported immediately to the Sime Darby Regional Safety Officer. Summaries of accidents are reported monthly to Sime Darby OSH Department and to DOSH. Accidents are discussed and reviewed at monthly SOU meetings. At Padang Buluh, the last accident occurred 5 March 2009 and there were 3 LTAs in the 2008/2009 reporting period and a total of 28 lost days. Sg Dingin Estate has records for 2 years that show 5 accidents and 54 lost days in 2007/08 and 2 accidents with 11 lost days in 2008/09.

The Mill recorded 6 lost time accidents in 2008-09 with a total of 176 lost days. The large number of lost days recorded at the Mill in 2008/09 was due to two serious accidents that occurred during construction of a new boiler. Commencing in January 2009, the Mill has implemented a Permit to Work system and a Lock-Out-Tag-Out system in order to reduce the frequency of accidents. The Permit to Work applies to all work associated with confined spaces, electrical, mechanical valves, conveyors, height > 2m and “hot” work. Permits are issued daily for all new work as well as for on-going work. The Lock-Out-Tag-Out system applies to all electrical, confined spaces and mechanical valve work. (4.7.2)

Malaysian staff and workers are covered by SOCSO Insurance. Foreign workers are covered by “RHB Insurance Berhad”, Sg Dingin Estate: Policy No: FW011956, Padang Buluh Estate: Policy Number:

FW011985 Sg Dingin Mill: Policy number FW011975, with expiry for all Policies 30 June 2010. (4.7.3)

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

Sime Darby Head Office prepares a formal training programme for Executives and Staff. The Mill has prepared a Training Plan (January 2009) for each workstation that lists the topic and schedule. The Mill maintains records of training for individuals, including the results of competency assessment at completion of training. For example electrical training for chargin and wireman was carried out 7 July 2009 for 5 employees of Sg Dingin Mill and 12 from neighbouring Sime Darby Mills.

The majority of training at the Estates is informal “on-the-job” instruction that is based upon the need identified for particular tasks. For example, if an Assistant identifies the need for instruction for an aspect of harvesting during field inspection, then he will deliver the training “on-the-spot” to correct the situation. SOU1 has an overall Training Plan 2009/10 for the Estates, which details a schedule for skills training for the various field tasks. The Estates maintain records in a diary of the awareness training topic conducted during muster briefings. (4.8.1)

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.

Sg Dingin and Padang Buluh Estates have identified significant impacts using a risk assessment process that was completed 1 April 2009. The risk assessment process considered the positive and negative impacts and was facilitated by Sime Darby TQEM staff. For the impacts that were assessed as having a risk greater than a pre-determined risk score, an Environmental Improvement Plan was prepared.

The Mill also has identified environmental aspects and impacts using a risk assessment process and a register (28 November 2008) is available. The initial assessments will be due for review in November 2009 and April 2010 at the Mill and Estates respectively. (5.1.1)

The Mill has prepared an Environmental Management Plan. Improvements are identified in the 2009/10 capex budget, for example installation of an additional sterilizer condensate oil recovery tank. The Estates have prepared improvement plans based on the results of the risk assessment and the Stage I RSPO Assessment. Examples are the upgrading of chemical storage and mixing areas, vehicle washdown bay for control of sediment (point source pollutants). Inspections confirmed that the Mill and Estates have made significant improvements since the Stage I Assessment with respect to control of point source pollutants. (5.1.2)

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.

All of the arable land within the Estates has been cleared for agriculture during the early years of development. Sime Darby TQEM Department carried out a Biodiversity Assessment of the SOU1 Estates in May 2009. HCV was assessed using the guidance of the International HCV Toolkit. HCV 4 was identified at riparian areas and unplanted reserves. HCV 6 includes a graveyard at Padang Buluh Estate and places of worship. The TQEM Ecologist has met with Forestry Department Officers who have identified the possible presence of tigers at the Gunung Inas and Sungkup Para Forest Reserves that border the Estates. The Sime Darby TQEM Team assigned HCV 1 to these forest reserves.

Sg Dingin Estate shares a boundary with Gunung Inas Forest Reserve along a length of approximately 20km (Plate 4). Inspection showed this is a logged-over forest with Dipterocarp species present, such as *Shorea spp.* Interview with the Forest Department Ranger indicated the possible presence of tigers, with the most recent sighting by local people in 2007. During the inspection of Sg Dingin Estate, the BSi Technical Expert Ecology heard the call of the Great Argus (*Argusianus argus*).



**Plate 4: Gunung Inas Forest Reserve
Bordering Sg Dingin Estate**

Anak Kulim Estate adjoins the Gunung Bongsu Forest Reserve along a length of approximately 1km. This forest consists of secondary re-growth and planted species of Pine *Pinus insularis*. The BSi Technical Expert Ecology recorded only species common to disturbed habitat, such as Bulbul and Tailor birds at the Gunung Bongsu Forest Reserve.

Jentayu Estate adjoins the Sungkup Para Forest Reserve along a length of approximately 10km. This forest is undisturbed with the dominant species Dipterocarp, such as *Shorea spp.*, *Dipterocarpus spp.* and *Hopea spp.* In 2008, the Jentayu Estate Manager observed the tracks of a tiger at oil palm adjacent to this Forest Reserve. The Forestry Department has planted an area of 16ha of the Jentayu Estate land with indigenous and other tree species. (5.2.1)

Illegal logging at the Gunung Inas Forest Reserve is causing sedimentation of a Sg Dingin tributary. Other threats include the taking of fauna by intruders.

Sime Darby TQEM Ecologists have prepared a Management Plan for the conservation of HCV habitats that is considered appropriate. The Plan focuses on the protection of the Forest Reserves bordering the Estates from intrusion by outsiders by preventing access through the Estates. The SOU presently has an informal relationship with the Department of Forestry and contact generally is limited to the Estate notifying the Department when it becomes aware of situations of illegal intrusion into the Forest Reserve. The Management Plan also includes protection and enhancement of riparian buffer zones within the Estates. (5.2.2)

Observation 05 – refer Section 3.2 Page 20 for details

The Estates have installed signs at the main entrance roads prohibiting hunting, fishing and gathering. In addition, awareness has been conducted for staff and workers on the protection of fauna and flora. Interviews of workers confirmed understanding of the rules prohibiting hunting and fishing. (5.2.3)

Observation 06 – refer Section 3.2 Page 21 for details

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

Wastes and sources of pollution are identified in the Environmental Aspects and Impacts Registers for the Mill and the Estates. For example, the Aspects and Impacts Register considers the impacts of emissions to air, discharges of liquid effluents and disposal of solid wastes. In addition to the Aspects and Impacts Register, the Mill and Estates have prepared a Waste Management Plan. (5.3.1)

The Waste Management Plan lists each type of waste generated, the storage and disposal method and the person responsible for implementation. Palm by-products are the largest quantity of waste generated and these are recycled to the field where practical. Fibre and nut shell are used as fuel in the mill boiler and EFB is recycled to the field as mulch.

Inspection of the mill confirmed that appropriate bunkers had been constructed for temporary storage of solid wastes such as EFB, fibre and boiler ash. The Mill had installed drain covers to prevent spilled solids such as boiler ash from entering the monsoon drain system.

The Mill and Estates have constructed appropriate Scheduled Waste Stores that are secure and include spill containment. Inspection showed the scheduled waste stores were well maintained, with labeling of all stored materials, such as spent lubricating oils and used chemical containers, and the inventory was kept up to date. SOU1 has engaged the DOE licensed contractors Tex-Cycle Sdn Bhd (DOE licence No 000500) and Aliran Segar Sdn Bhd (DOE licence No 000395) for collection and disposal of scheduled wastes. (5.3.2)

Observations 7 & 8 – refer Section 3.2 Page 21 for details

Inspection confirmed that EFB and POME are recycled to palms. Pruned fronds are stacked along palm rows. (5.3.3)

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

The Mill monitors energy usage and reports information on renewable and non-renewable energy monthly to Top Management. The Mill is implementing an energy optimisation plan that is based on maximising the use of renewable fuel for electricity generation. For example, the steam turbine supplied 94% of electricity used at the Mill during peak crop in June 2009. (5.4.1)

The Mill and Estates monitor and report diesel fuel usage monthly to Top Management. Trend information showed diesel fuel supplied 6% of electricity at the Mill during peak crop and up to 20% during low crop. The electricity supply for housing at the Estates is obtained from the Government network. (5.4.2)

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 a zero burning policy, which is displayed on signboards at the entrances to the Estates and the Mill. (5.5.1)

Inspection of a replanted area at Padang Buluh Estate confirmed the previous crop had been chipped and placed at the palm inter-row for mulch. There are no recently replanted areas at Sg Dingin Estate. (5.5.2)

The areas inspected at the Mill, Estates and housing did not find any evidence of fire being used for waste disposal at the SOU. (5.5.3)

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

As outlined at Criterion 5.1, the Mill has an Environmental Management Plan for 2009-10 that includes pollution prevention actions related to waste management. Initially, the Mill and Estates have focused on pollution prevention from point sources. Improvements have been implemented, such as the installation of sediment and oil traps on drains. The next stage of pollution prevention is aimed at waste reduction. An example at the mill is the installation of an additional steriliser condensate oil recovery tank. Installation of this equipment should reduce oil loss to mill effluent. Sime Darby is presently evaluating the performance of biogas collection from mill effluent treatment at one of its mills and cogeneration of electricity. Depending upon the results of the evaluation, Sime Darby will consider implementation of biogas recovery at Sungai Dingin Mill for emission reduction. The Estates have prepared a Pollution Prevention Plan (May 2009) for control of point source pollutants from workshops, pesticide storage and mixing areas and waste disposal. (5.6.1)

The Mill and Estates Pollution Prevention Plans are reviewed annually as part of the budget process. (5.6.2)

There are no peat soils at SOU1. (5.6.3)

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.

TQEM carried out an SIA in May 2009 that involved interviews of stakeholders including Estate and Mill staff and workers, representatives of local kampungs, government officers, school teachers and police, contractors, suppliers and neighbouring small farmers. The SIA includes a summary of issues raised, attendance records and notes of the meetings. (6.1.1)

Observation 9 – refer Section 3.2 Page 21 for details

An attendance list was recorded including signatures for each of the SIA meetings, for example at Sungai Dingin, 44 persons were interviewed in meetings on 5 May 2009. When interviewed by BSi Assessors, staff, workers, kampung Leaders, religious leaders and local residents confirmed they were consulted during the SIA preparation process. (6.1.2)

SOU1 has prepared a Management Plan on Social Impact Assessment (May 2009) in consultation with the Mill and Estate Managers. The Plan includes a description of each issue raised by stakeholders, proposed mitigation measure, status of implementation, person responsible and target completion date. For example, the Kg Sg Dingin Imam suggested that the Mill should provide transport for all workers to attend Friday prayers at the Mosque. The Mill and Estates have responded by making transport available on request. (6.1.3)

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.

Sime Darby has documented procedures for internal and external communications. For example, the External Communication Procedure is documented in the form of a flow chart in appendix 5 of the Sime Darby Plantation Estate Quality Management System. Copies of the Procedure were available at the Mill and both of the Estates assessed. When interviewed, staff were found to be familiar with the communication procedures and the system for recording details. Interviews of Community Leaders indicated there is a close relationship and good two-way communication with the Estates, except in relation to Ulu Mahang that is farthest from the Estate Office. (6.2.1)

Observation 10 – refer Section 3.2 Page 21 for details

Managers and Assistants are responsible for communications related to their operating areas. Interviews of Community Leaders and Local Stakeholders indicated they are comfortable with approaching Managers to raise issues. (6.2.2)

The Mill and Estates have prepared a list of stakeholders (April 2009) for suppliers, contractors, government departments, and local kampung heads. Communications with Estate stakeholders are recorded in a book, together with details of actions taken. (6.2.3)

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.

Sime Darby has a documented Grievance Procedure in the form of a Flow Chart – Appendix 5 of the Sustainable Plantations Management System Manual. The Mill and Estates have implemented a Log Book system for recording complaints from Staff and Workers, the action taken and the date the issue was resolved. Inspection of the log books showed that entries mainly related to requests for minor repairs to houses and these were usually attended to within a week. (6.3.1)

Interviews of local leaders indicated there have been no recent disputes that have required negotiation or settlement through a formal process. To date, local stakeholders have raised complaints directly with SOU1 Management and have resolved issues through discussion. Staff and workers generally raise issues directly with their Supervisor and they are either resolved or referred to a Manager. (6.3.2)

Sime Darby Policy is to make the dispute resolution system available to any affected parties. (6.3.3)

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.

Sime Darby has implemented a procedure for handling land disputes, including boundary and squatter issues. The SOU1 operations all are on Freehold Land and there has not been any land dispute or acquisition of Customary Land. (6.4.1)

The land dispute procedure refers the compensation assessment to the Corporate Land Management and Legal Department of Sime Darby who assess and advise on compensation. (6.4.2)

SOU1 maintains detailed records of issues related to the land titles. (6.4.3)

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

Pay and conditions are documented in MAPA/AMESU Agreement 2006 and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement 2007. Copies of the Agreements were available on site. (6.5.1)

Interview of female staff and workers confirmed their awareness of Policies and entitlements, such as annual leave, sick leave and maternity leave. Staff and workers had signed a “Letter of Appointment” and understood Terms and Conditions and pay slips. Workers interviewed stated that correct remuneration was received for any overtime hours worked. (6.5.2)

Observation 11 – refer Section 3.2 Page 21 for details

The Mill linesite was built in 2005 and the houses have three bedrooms. Padang Buluh Linesite was constructed in the early 1990s and houses have only two bedrooms. There is an approved budget to replace sub-standard housing, with 24 houses being built during 2009/10. There is an approved budget to refurbish Sg Dingin Estate housing with some houses already completed. Commencement of refurbishing of the remainder will begin in 2009/10.

The Mill supplies electricity to the Mill housing with monthly usage above RM20 charged to individual residents. Electricity to the Estates housing is from the Government supply with usage above RM20 charged to residents.

Water supplies to Mill and Estates housing is from the Government supply. The exception is Sg Dingin domestic water supply, which is sourced from a spring and stored in tanks in the ceiling of individual houses. The Government Health Department tested the Sg Dingin water supply on 23 March 2009 at the source and after treatment at housing. The results confirmed the suitability of water for drinking.

Each Estate operates a medical clinic staffed by an experienced and trained Hospital Assistant and female Nurse. Interviews of female staff, workers and residents confirmed there were no issues associated with the operation of the clinics. Inspections of the clinics confirmed that adequate stocks of medicines were available and that medical treatment is available at the company clinic to all staff, workers and their families at no cost. If referral is given by the Hospital Assistant for specialist treatment at the Government Clinic/Hospital, SOU1 provides transport to the sick employee or dependant, and makes reimbursement for all costs, including transport where this is arranged by the employee. The Visiting Medical Officer attends SOU1 Clinics weekly and records of visits are held at the Clinics. Primary and Secondary schools are located at Mahang approximately 5 km distance from Sg Dingin Mill housing compound. Padang Buluh Estate has a Government run Tamil School on site with primary and secondary schools located 4km and 16km distance, respectively. Public transport is available for children to access schooling and SOU1 subsidises transport costs. (6.5.3)

A nonconformity was assigned this Minor Compliance Indicator – CR02 refer Section 3.2 Page 20 for details

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.

Sou1 holds copies of Minutes of Meetings with NUPW Kedah Branch Representatives. The NUPW became established within the Mill during 2008. The most recent meeting between SOU1 and the Union was 6 February 2009. In addition to formal meetings with the Union, issues are discussed at quarterly OSH Meetings and recorded in the minutes. For example, OSH Meeting at Sg Dingin Estate 29 April 2009 discussed one worker issue. (6.6.1)

Sime Darby has a statement on Freedom of Association that is documented in the Social Policy approved by Top Management April 2008. Copies of the Social Policy were displayed on notice boards at offices and muster areas. Interview of staff and workers confirmed they were free to join a Union if they so wish. The NUPW Kedah Branch also confirmed workers were allowed to join the Workers Union. (6.6.2)

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

The minimum working age is 18 under the Labour Ordinance. At the time of hire the Mill and Estates check the age of applicants from ID Card for local hires and Passports of foreign workers. Foreign workers are recruited centrally by Head Office and after processing of documentation through Department of Immigration are allocated to the Estates. Inspection of personnel records confirmed there are no underage workers. During the site inspections, children and underage workers were not observed at any workplace. (6.7.1)

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.

A statement on Equal Opportunities is included in the Sime Darby Social Policy approved by Top Management April 2008. Copies of the Policy are displayed on Notice Boards at the Offices and Muster areas at the Mill and Estates. (6.8.1)

Inspection of a sample of pay records and Interview of staff and workers confirmed there is no discrimination. (6.8.2)

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

A statement to prevent sexual harassment and violence is documented in the Sime Darby Social Policy approved by Top Management April 2008. Interview of female Staff and Workers confirmed their knowledge of the Policy and they stated there were no issues of concern. A Gender Committee has been formed and the first meetings were held: Mill 8 May 2009 with 14 Attendees; Padang Buluh 8 May 2009 with 12 Attendees; and Sg Dingin Estate 8 June 2009 with 9 attendees. (6.9.1)

The Social NGO Tenaganita has facilitated preparation of Sime Darby's Grievance Procedure. The Gender Policy Manual, which includes the grievance mechanism has been distributed to the Mill and Estates at SOU1. Interview of female staff and workers indicated they were aware of the Procedure for raising any issues of concern. (6.9.2)

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

SOU1 does not process any crop from smallholders or outside suppliers. (6.10.1)

SOU1 does not process any crop from smallholders or outside suppliers. (6.10.2)

Interviews of Contractors and Suppliers confirmed that they understand contractual agreements. A number of Suppliers of equipment and materials have worked with the company for more than 20 years and indicated they had a good relationship and were treated fairly. (6.10.3)

Interviews of contractors indicated that payments are made in a timely manner and they did not have any complaints. (6.10.4)

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

Infrastructure and Government Services are well developed and readily accessible in the area. There are 13 Tamil and 4 Malay primary schools located on the Estates of SOU1. The majority of the students are from neighbouring communities. SOU1 makes contributions to local schools for sports days and places of worship for religious festivals. If residents from surrounding Kampung attend company Clinics they will be treated and only charged for the medicines supplied. (6.11.1)

Principle 7: Responsible Development of New Plantings

SOU1 has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is not applicable to this Assessment.

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.

The SOU has implemented IPM techniques to reduce chemicals usage. World Health Organisation Type 1A and Type 1B chemicals have never been used at Sg Dingin Estate and have not been applied at Padang Buluh Estate since May 2006. At Padang Buluh chemical treatment of Bagworm infestation has been made only on the basis of pest census information and a permit from Agriculture Department. Paraquat usage ceased at the SOU in June 2007. (8.1.1)

The Mill and Estates have documented Environmental Management Plans and significant improvements are being implemented. The Mill has constructed a system to collect all drainage from the EFB stockpile area and transfer to the effluent treatment ponds. The Estates inspected are making progress on the reinstatement of riparian buffer zones before replanting and have ceased application of chemicals at the demarcated areas. (8.1.2)

An Operational Plan has been documented that lists each type of waste generated, storage and disposal method, for example, recycling, placement in a landfill or

consignment to a schedule waste contractor. Recycling of palm by-products is well implemented and records are available of the quantities applied to the Estates. The Mill and Estates have recently implemented segregation and recycling of schedule wastes to licenced contractors. (8.1.3)

The Mill and Estates have implemented systems for the collection and treatment of drainage from workshops and chemical usage areas to minimize the discharge of point source pollutants. (8.1.4)

SOU1 has prepared a Management Plan for addressing the social issues raised during the Social Impact Assessment. The Local community representatives commented that they appreciated being consulted on the social assessment conducted by the TQEM Team. Although local communities did not identify any major issues, SOU1 plans to hold subsequent meetings to build on the already good relations. (8.1.5)

The Sime Darby Management Review process shares information on best practices for performance improvement. TQEM has requested SOUs to record information on expenditure related to social and environmental aspects. (8.1.6)

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions

Two (2) Nonconformities were assigned to Minor Compliance Indicators 4.3.2 and 6.5.3

SOU1 has prepared a Corrective Action Plan for addressing the identified Nonconformities. The Audit Team has reviewed and accepted SOU1 Corrective Action Plan.

SOU1 has made a commitment to implement corrective action for addressing the Minor Nonconformities immediately following the Certification Assessment. The effectiveness of corrective action will be checked at the Surveillance Assessment that will be scheduled within twelve months of RSPO approval of the Initial Certification.

CR01: 4.3.2 Avoid or minimise bare or exposed soils within estates

A Nonconformity was assigned as field inspection showed that there is some overspraying with CDA sprayers as the technique differed from the work instruction. This resulted in enlarged palm circles, and reduction of groundcover vegetation.

SOU1 has prepared a Corrective Action Plan for addressing the identified nonconformity that involves: Training CDA (controlled droplet application) sprayers to spray correctly to ensure palm circle size is consistent with the work instruction. Training is to be conducted by staff and executives in the place of work followed by close supervision during spraying operation.

Progress toward resolution of the issue will be followed up by BSi Assessors at the Surveillance Assessment.

CR02: 6.5.3 Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).

A Nonconformity was assigned as inspection of a sample of houses at Sg Dingin Estate and interview of residents indicated that requests for repairs at the houses yet to be refurbished are not being carried out, such as missing handles/locks and broken hinges on entry doors, a leaking toilet cistern and a leaking water storage tank in ceiling.

SOU1 has prepared a Corrective Action Plan for addressing the identified nonconformity as follows:

The houses will be inspected and all repairs will be carried out and completed by 24 August 2009.

Progress toward resolution of the issue will be followed up by BSi Assessors at the Surveillance Assessment.

Observations/Opportunities for Improvement

Eleven (11) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the Surveillance Assessment visit scheduled in 2010.

01 (2.1.1) DOE has requested ambient air quality and boundary noise levels be tested following completion of upgrading of the Mill capacity.

02 (4.3.1) The terraces that were constructed for the 2000 replanting at Sg Dingin Main Division did not have a back-slope for water storage and control of rainfall runoff. Small erosion gullies have formed at points of runoff concentration on the outer faces of several of the terraces inspected. Improvement of control measures, such as greater attention to selective placement of pruned fronds, is required to prevent erosion.

03 (4.4.1) At selected locations along stream banks such as Sg Jerong, where presently only grasses and shrubs are growing, there is an opportunity to commence the reinstatement of the buffer zone by planting of native tree species.

04 (4.6.5) Sungai Dingin has scheduled the remaining 15 pesticide operators to have CHRA health checks during August 2009.

05 (5.2.2) Protection of the Forest Reserves could be strengthened by a closer relationship with Forestry Department, removing former logging roads that provide access into the Forest Reserves and implementing regular patrols and reporting on any illegal activities.

- 06 (5.2.3)** Specialist input should be sought from Department of Forestry on conducting awareness for staff, workers and local communities on protecting the forest reserves and avoiding human-wildlife conflict.
- 07 (5.3.2)** The Mill has installed covers on the monsoon drains to prevent fibre and ash from entering the drains and plans to replace the existing grates with covers around the remainder of the Press Station building.
- 08 (5.3.2)** Sg Dingin landfill location in an abandoned laterite quarry is appropriate but operational management could be improved by restricting the dumping of materials to a small section of the landfill to facilitate progressive covering of the discarded refuse.
- 09 (6.1.1)** The information contained in the SIA could be improved by providing more detail on the social setting of the local communities adjacent to the Estates, such as the history of the Kampung. This information could be obtained when visiting and interviewing Kampung Leaders and residents.
- 10 (6.2.1)** Ulu Mahang representatives commented they are not included in company activities and would like to have a closer relationship.
- 11 (6.5.2)** Interview of Foreign workers indicated that some did not understand full details of Terms and Conditions of their “Contracts”. For example, the recent Labour Department changes to the term of labour contracts. Periodic awareness sessions would be helpful to improve and reinforce understanding.

3.3 Noteworthy Positive Components

- The Mill effluent treatment plant is well managed with consistent achievement of target BOD <100mg/L. The Mill recycles 20% of water from treated POME for hydro-cyclone dilution water and floor cleaning. This reduces the amount of raw water required for Mill operation.
- Inspection of housing showed residents take pride in the linesite appearance as indicated by extensive flower gardens. Residents stated Management encouraged them to cultivate small vegetable gardens adjacent to the house. In addition, the company has implemented a “Green Book Project” that involves allocation of 500 square metres to each household for food gardens. The company also gives 1 fruit tree to each household. Not only does this beautify the linesite and provide shade to housing, most importantly, it is of great benefit in reducing workers daily living costs.



Plate 5: Padang Buluh Estate Worker Linesite

- The issue raised by residents during the SIA process of bats in the ceilings of some houses has been addressed with ceilings cleaned and access points sealed. Residents stated they are very happy this issue has been addressed.

3.4 Issues Raised by Stakeholders and Findings

with Respect to Each Issue

The majority of stakeholders had positive comments about SOU1. For the situations where stakeholders raised issues, the company’s response is stated below.

Internal Stakeholder Issues

Mill workers stated the toilets were located near the Office and not at the Mill building.

Company Response: Budget approved 2009/10 for new changing room, showers and toilets.

Residents at Sg Dingin Mill housing stated there was no Surau within close proximity.

Company Response: Mill proposes to budget for construction of a Surau 2010/11

Mill housing residents stated there was no Crèche or playground that families could access.

Company Response: Mill will carry out a survey to ascertain the number of children of eligible residents. A Playground will be developed.

External Stakeholder Issues

Local Communities

Local communities did not raise any issues of concern. A considerable number of local residents work in the Mill and the Estates and generally have a close relationship with the Company.

Government

The Department of Forestry confirmed they had a good relationship with the Estates but needed further support to prevent illegal logging.

The Department of Labour, Department of Environment and Department of Occupational Safety and Health did not raise any issues of concern.

NGOs and Others

World Wildlife Fund for Nature (WWF) Malaysia (Kuala Lumpur Branch) indicated the possible presence of Endangered, Rare or Threatened habitat at Forest Reserves adjacent to the Estates.

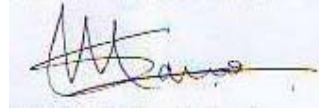
Company Response: *Although there have been no recent sightings to confirm Endangered, Rare or Threatened species, the Estates are working with the Department of Forestry by monitoring and restricting outsider's access and activities at the Estates that share a border with Forest Reserves.*

3.5 Acknowledgement of Internal Responsibility

SOU1 acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. SOU1 accepts the responsibility for addressing the opportunities for improvement detailed in the Assessment Report.

3.6 Formal Sign-off of Assessment Findings

Signed for on behalf of
Sime Darby Plantation Sdn Bhd (SOU1)



.....
Sime Darby Plantation Sdn Bhd (SOU1)
Mr Manokaram a/l Subramaniam
SOU1 Chairman
Manager Bukit Selarong/Kuala Ketil Estates

Date: 9th Oct. 2009

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Mr Charlie Ross
Lead Auditor

Date: 27 May 2010

Appendix “A”

Sime Darby Time Bound Plan

SIME DARBY TIME BOUND PLAN**Sime Darby Plantation RSPO Certification Status**

Financial year (July – June)	Status
June 2008	5 SOUs undergoing RSPO Main Assessment
2008/2009	<p><u>Malaysia</u> a. RSPO certified : 5 SOUs b. Awaiting RSPO Board: 13 SOUs c. Audited: 21 SOUs (3 SOU have been realigned due to strategic/business development)</p> <p><u>Indonesia</u> a. RSPO certified : 0 SOUs b. Awaiting RSPO Board: 2 SOUs c. Audited: 1 SOU</p>
2009/2010	<p><u>Malaysia</u> Currently undergoing RSPO audit assessment: 1 SOU</p> <p><u>Indonesia</u> Currently undergoing RSPO audit assessment: 10 SOU</p>
2010/2011	<u>Indonesia</u> To complete RSPO Certification for Indonesia Operation for 8 SOU
TOTAL SOU (Todate)	MALAYSIA: 37 SOU (38 OIL MILLS) INDONESIA: 21 SOU (23 OIL MILLS) TOTAL: 58 SOU (61 OIL MILLS)

Updated: 13 Nov 2009

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Appendix “B”

SOU1 RSPO Certificate Details

Certificate Number : SPO 550179
 Certificate Issue Date: (RSPO Approval Date)

Sime Darby Plantation Sdn Bhd
 Management Unit SOU1
 Ladang Bukit Selarong
 09400 Padang Serai
 KEDAH DARULAMAN MALAYSIA

Website: <http://plantation.simedarby.com>

Standards: RSPO Principles & Criteria : 2007; Malaysia National Interpretation : 2008

SOU1 RSPO CERTIFICATE DETAILS

SOU 1 Sungai Dingin Palm Oil Mill and Supply Base	
Location	Kilang Kelapa Sawit Sungai Dingin, 19700, Karangan, Kedah Darulaman, Malaysia
Address	PO Box 202, 09700 Karangan, Kedah Darulaman, Malaysia
GPS Location	5° 24'0 N 100° 40'0 E
CPO Tonnage Total	67,492
PK Tonnage Total	14,870
Estate FFB Tonnage	Padang Buluh: 72,461; Sungai Dingin: 60,782; Bukit Selarong: 38,938; Anak Kulim: 20,191; Bukit Hijau: 34,913; Sg Dingin Special: 17,514; and Jentayu: 25,810
FFB Tonnage supplied by other Sime Darby Estates	Holyrood Estate (SOU2): 987; Sg Kerian Estate (SOU2): 1,404; Somme Estate (SOU2): 83; Tali Ayer Estate (SOU2): 12; Changkat Salak Estate (SOU3): 77; Kamuning Estate (SOU3): 1,145; Kalumpang Estate (SOU3): 246
CPO Tonnage Claimed	67,492
PK Tonnage Claimed	14,870

The Tonnage Claimed is the total production from SOU1 Estates and adjacent Sime Darby Estates and is based upon the Reporting Period 01 July 2008 – 30 June 2009

Appendix “C”

Certification Assessment Program

CERTIFICATION ASSESSMENT PROGRAM

TEAM: CR: Charlie Ross; RR: Robyn Ross; JH: Jarwadi Hernowo; IN: Iman Nawireja; BS: Betsy Sunga						
DATE	TIME	ACTIVITY	CR	RR/ BS	JH	IN
Tuesday 21 July	AM	Opening Meeting	√	√	√	√
		Interview Male Workers				√
SUNGAI DINGIN MILL	PM	Interview Contractors/External Stakeholders				√
		Inspect Gunung Bongsu Forest Reserve & Anak Kulim Estate Buffer Zones			√	
		Mill Documentation	√			
		Interview Female Office Staff/Workers & Review Pay Documentation		√		
		Physical Inspection Mill/Effluent Ponds/Stores/Workshop	√			
		Inspect Mill Housing and Interview Families		√		
Wednesday 22 July	AM	Visit Mill Housing and Interview Male Foreign Workers (Fauna Protection)			√	
		Visit Local Communities				√
		Review SIA	√	√		√
		Review HCV Assessment and Monitoring Plans	√		√	
		Physical Inspection Estate/Interview Male Fieldworkers	√			√
		Physical Inspection Stores, Workshop, Landfill	√			
PADANG BULUH ESTATE	PM	Interview Female Fieldworkers		√		
		Interview Female Office Staff/Workers Review Pay Documentation		√		
		Visit Division Clinic and Interview Staff		√		
		Inspect Sungkup Para Forest Reserve and Jentayu Estate Buffer Zones			√	
Thursday 23 July	AM	Interview Contractors/External Stakeholders				√
		Estate Documentation	√	√		
		Inspect Housing and Interview Residents		√		
		Inspect Forest Reserve			√	
		Visit Local Communities				√
		Physical Inspection Estate/Interview Male Fieldworkers	√			√
SUNGAI DINGIN ESTATE	PM	Physical Inspection Stores, Workshop, Land Application, Landfill	√			
		Interview Female Fieldworkers		√		
		Interview Female Office Staff/Workers Review Pay Documentation		√		
		Visit Division Clinic and Interview Staff		√		
		Interview Contractors/External Stakeholders				√
		Inspect Gunung Inas Forest Reserve & Sg Dingin Estate Riparian Buffer Zones				√
Friday 24 July	AM	Collect any outstanding data/information/clarification	√	√	√	√
	1400	Preparation of IAV Report and Closing	√	√		
		Closing Meeting	√	√	√	√

Appendix “D”

List of Stakeholders Contacted

STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i> 6 Female Mill Staff/Workers 20+ Mill Housing Residents 2 Female Office Staff/Workers (Padang Buluh Estate) 5 Female Pesticide Sprayers (Padang Buluh Estate) Health Assistant and Female Assistant (Padang Buluh Estate) 6 Residents Padang Buluh Estate Housing</p>	<p><i>Internal Stakeholders</i> 10 Female Pesticide Sprayers (Sg Dingin Estate) Health Assistant Sg Dingin Estate Clinic 5 Female Office Staff/Workers (Sg Dingin Estate) 4 Residents Sg Dingin Estate Housing</p>
<p><i>Contractors & Consultants</i> Transport Contractors Mill Construction Contractors Labour Supply Contractor General Materials Suppliers</p>	<p><i>Local Communities</i> Kampung Sungai Dingin Residents Kampung Sri Bongsu Residents Kampung Jalan Baru Residents Kampung Tanah Licin Residents Kampung Jurung Residents Kampung Ulu Mahang Residents Kampung Sg Pasir Dalam Residents Kampung Sri Aman Residents FELDA</p>
<p><i>Government Departments</i> Elementary School Teacher Labour Department Forestry Department Department of Environment Department of Occupational Safety and Health Department of Land and Survey</p>	<p><i>NGOs and Others</i> World Wildlife Fund for Nature (WWF) Malaysia (Kuala Lumpur Office) Malaysian Nature Society Tenaganita NUPW Kulim Branch NUPW (SOU1 Worker Representatives)</p>