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PUBLIC SUMMARY REPORT

RSPO SECOND ANNUAL ASSESSMENT

SIME DARBY PLANTATION Sdn. Bhd Strategic Operating Unit (SOU 3) Elphil Palm Oil Mill Perak, Malaysia

Report Author:

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SUMMARY

BSi has conducted the Second Annual Assessment (ASA 2) of Sime Darby Plantation Sdn Bhd, Strategic Operating Unit 3 (Elphil palm oil mill and supply base), Elphil certification Unit located in Sungai Siput, Perak, Malaysia comprising one palm oil mill, three company owned oil palm estates, support services and infrastructure. The ASA2 was conducted on 9 – 12 April 2013. BSi concludes that Elphil Palm Oil Mill and supply base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) including Annex 4: Procedures for Annual Surveillance Assessment; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]

BSi recommends the approval of Elphil Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

AMESU	All Malayan Estates Staff Union
BOD	Biological Oxygen Demand
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
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
LTA	Lost Time Accident
MAPA	Malayan Agricultural Producers Association
MPOB	Malaysian Palm Oil Board
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation
NUPW	National Union of Plantation Workers
OSH	Occupational Safety & Health
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
R&D	Research and Development
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 IDENTITY OF CERTIFICATION UNIT

The Elphil Palm Oil Mill and three certified estates are located in the District of Kuala Kangsar, Perak, Malaysia. Figure 1, 2, and 3 shows the location of Elphil mill, Elphil estate and Kamuning estate which was assessed. The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Locations

MILL	Longitude	Latitude
Elphil Palm Oil Mill (Capacity: 45 mt/hr)	101°5'37" E	4°53'24" N

1.2 PRODUCTION VOLUME

The actual production tonnages for CPO and PK for the ASA1 period (01/04/2012 – 31/03/2013) and projected for the next twelve months (April 2013 – March 2014) are listed in Table 2

TABLE 2: PRODUCTION TONNAGES

Elphil Palm Oil Mill	CPO	PK
Estimate at ASA 1: 01/04/12 - 31/03/13	41,880* 32,904**	9,518* 7,478**
Actual at ASA 1: 01/04/12 - 31/03/13	37,352* 31,384**	9,078* 7,627**
Projected 01/04/13 - 31/03/14	39,052* 32,662**	9,754* 7,817**

Note: * Includes Outside Suppliers Production

** Certified production tonnage

1.3 CERTIFICATION DETAILS

Sime Darby RSPO Membership No: 1-0008-04-000-00
[035-04(Old number)]

BSi RSPO Certificate No: SPO 550180

Initial Certification Assessment: 11 and 12 March 2011

Date of Certification: 18/06/2011

Date of ASA1: 11 – 12 April 2012

Date of ASA2: 9 – 12 April 2013

1.4 DESCRIPTION OF SUPPLY BASE AND SUPPLY CHAIN

The Elphil Mill supply base is consist of three company own estates that supply the FFB processed at the Elphil palm oil mill. Beside own company's FFB, Elphil palm oil mill purchasing FFB from a FFB Trader. The trader does not have any plantation but buys FFB from smallholders.

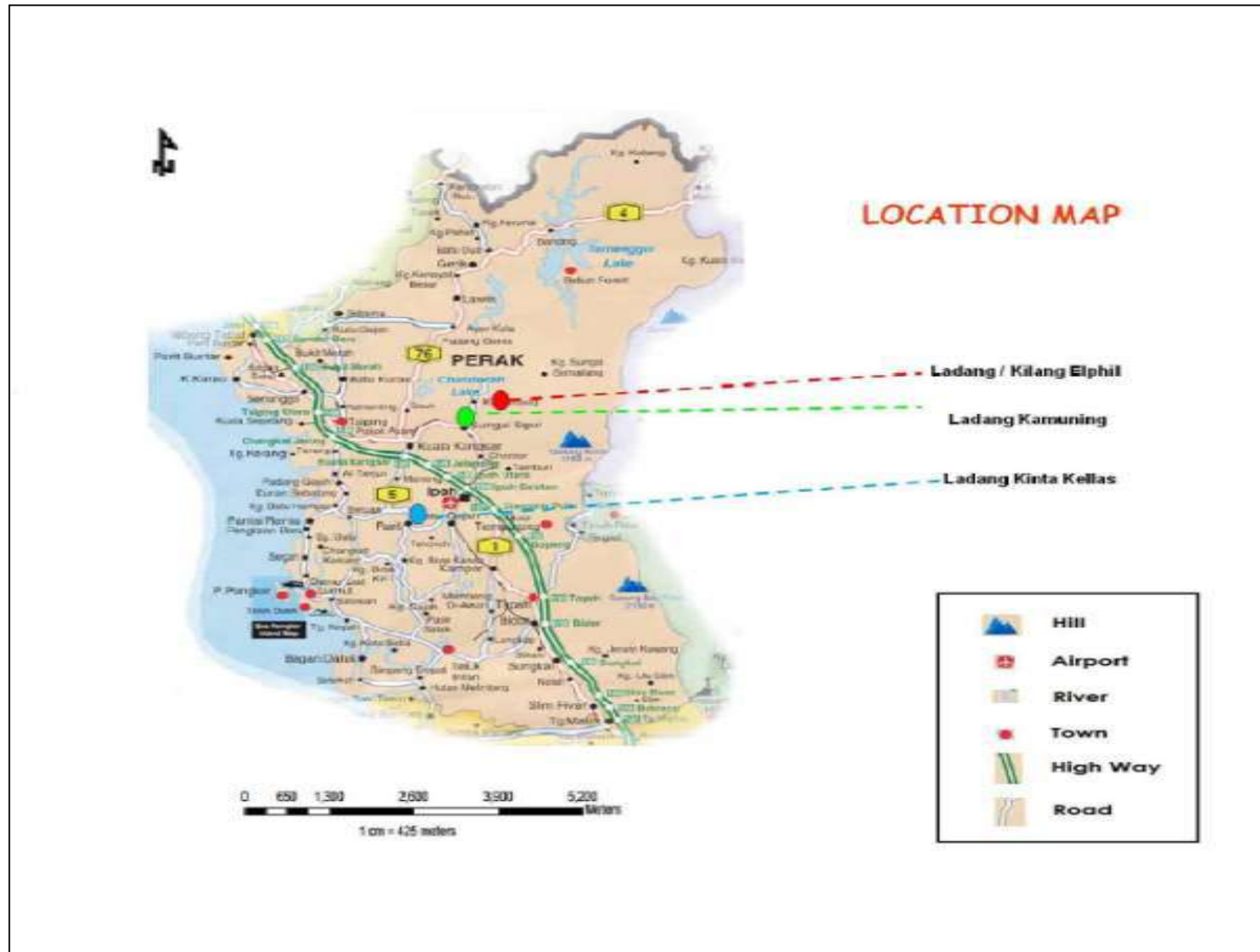
The FFB production from SOU3 Certification Unit's supply base estates and the FFB Trader that was processed at Elphil palm oil mill for the period 01 April 2012 – 31 March 2013 and projection for Financial Year 2013/14 are listed in Table 3.

Table 3: FFB Tonnages Processed

Source of FFB	Estimate (ASA1) 2012/13	Actual (ASA1) 2012/13	Projected (ASA2) 2013/14
Elphil Estate	39,714	45,738	46,928
Kamuning Estate	70,823	73,862	76,822
Kinta Kellas Estate	21,389	23, 513	20, 542
Sub Total	131,926	143, 113	144, 292
FFB Trader*			
Tang Tatt	30,000	27,214	30,000
GRAND TOTAL	161,926	170,327	174,292

Note: * Production from the FFB Trader is not included in the Certificate.

Figure 1: Elphil Mill and three certified estates



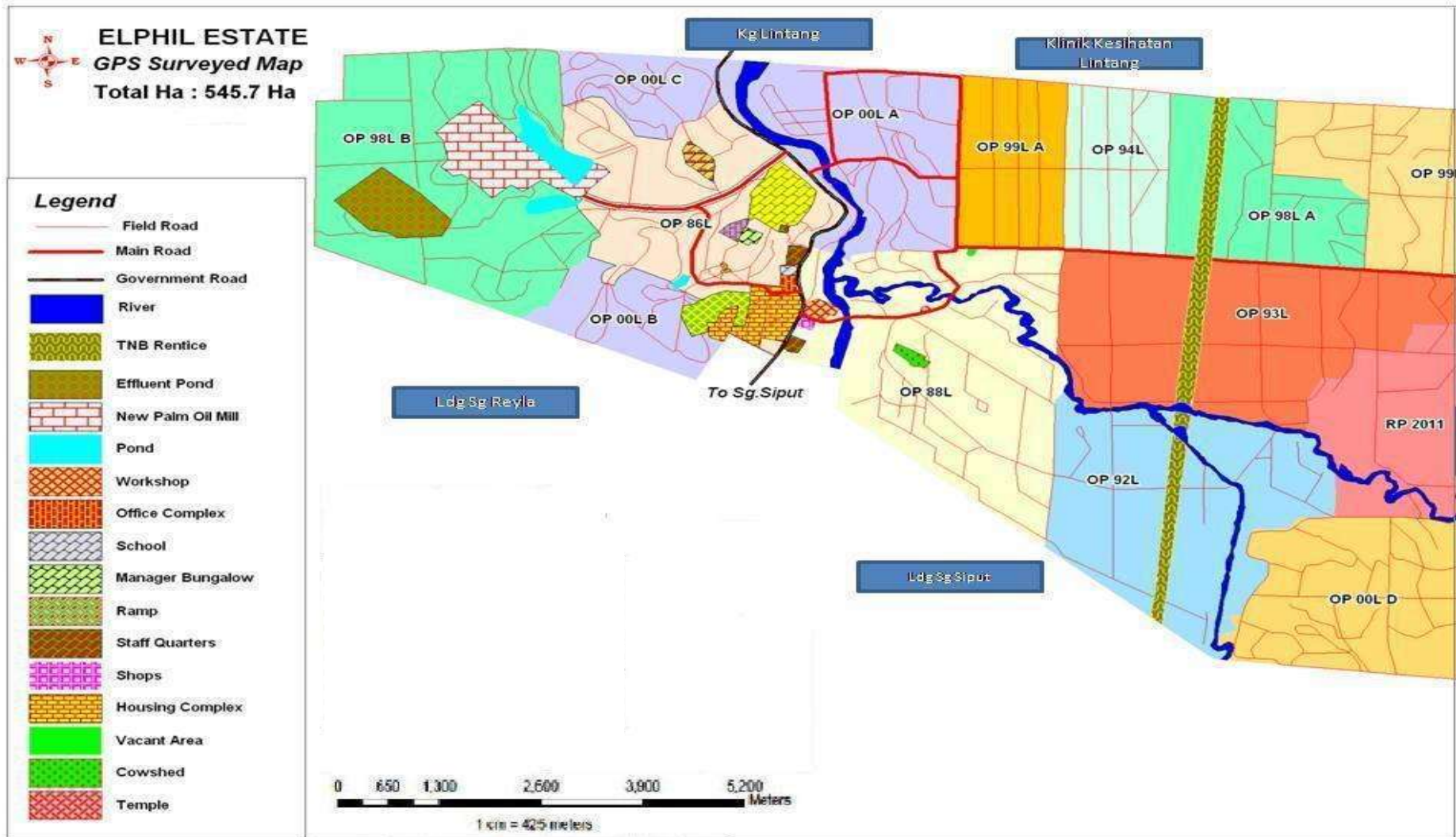


Figure 2: Elphil Estate Map



Figure 3: Kamuning Estate Map

The company owned Estates were developed and planted with Oil palms in 1986 and are in the 1st and 2nd cycles. The age profile of the palms is shown in Table 4a and the areas of mature and immature palms at SOU3 are detailed in Table 4b for each of the Estates.

Table 4a: Age Profile of Palms

<i>Estate</i>	<i>AGE (years)</i>	<i>% of PLANTED AREA</i>
Elphil	0-3	10.13
	4-8	0.19
	9-14	43.82
	15-18	21.93
	19-25	16.44
	25+	7.49
Kamuning	0-3	7.39
	4-8	0.39
	9-14	66.18
	15-18	14.85
	19-25	5.33
	25+	5.86
Kinta Kellas	0-3	14.05
	4-8	0.60
	9-14	56.01
	15-18	3.11
	19-25	17.62
	25+	8.61

Table 4b: Estates and Areas Planted

<i>Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>	<i>Total Planted Area (ha)</i>
Elphil	1,506	170	1,676
Kamuning	3,301	259	3,560
Kinta Kellas	816	134	950
TOTAL	5,623	563	6,186

Supply Chain

Elphil certification Unit (Elphil Palm Oil Mill) uses the Mass Balance (MB) supply chain model for the entire certified palm production. All deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the supplier, truck registration number, driver's name and the tonnage. The weighbridge system is computerised. FFB received and product (CPO and PK) despatch records are complete with supply chain model indicated on the deliveries and invoicing for shipments. Inspection of documents confirmed that Elphil Palm Oil Mill maintains all of the documentation required for verification of implementation of the RSPO Supply Chain Certification Standard: November 2011 and the requirements for Mass Balance Mechanism – Refer to Appendix E for details.

1.5 Organizational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU3
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Manager Elphil Mill

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1.6 Progress against Time Bound Plan

Sime Darby Time Bound Plan is included as Appendix A. Sime Darby has achieved RSPO Certification for 34 of the Management Units in Malaysia and 19 in Indonesia. There are two management units in Malaysia will undergo RSPO initial Certification due to newly commissioned mills. There are 6 certification units in Indonesia was audited and summary report is being RSPO peer reviewed. Upon certification of the remaining Management Units, Sime Darby will have achieved the Time Bound Plan.

Recently Sime Darby communicated that SOU 19 Nordanal Mill and SOU 25 Segaliud mill was decommissioned. However, a new palm oil mill was commissioned, Pagoh Palm Oil Mill and included in the Time Bound Plan. The Pagoh Certification Unit will be using SOU 19 as reference number. Sime Darby is planning to conduct the initial certification assessment in June 2013.

BSi has continued involvement with assessments of Sime Darby Management Units during the 2012/13 period. Sime Darby consistently has kept BSi informed of any emerging issues and claims made against it. At the time of preparation of this Report, BSi is not aware of any new issues involving:

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

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

1.7 Progress of Associated Smallholders/Out growers towards RSPO Compliance

Elphil Palm Oil Mill purchase FFB from a trader. There is no any FFB purchased from Smallholders. The FFB Trader is not an out-grower but purchase FFB from surrounding smallholders. The trader does not have a plantation. The crop from the FFB Trader is excluded in the Elphil Certification Unit's certified palm product.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy - Lead Assessor

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

Isman Yusoff – Team member

He holds Executive MBA from University Technology Mara and a degree in Electrical Engineering from University of Missouri, USA. He worked as an ISO 9001 Lead Auditor with SIRIM and as an ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor with Det Norske Veritas (DNV) for the past 6 years. He is also experience in Bio Mass CDM Projects. Currently he is a Lead Auditor with BSI for ISO 9001, ISO 14001 and OHSAS 18001. Isman Yusoff attended RSPO internal training on September 2012. He attended RSPO Certification Body workshop on October 2011, February 2012, June 2012 and Supply

Chain Training organised by RSPO Secretariat on February 2012. He has involved in auditing palm oil mills as well as wood industries. He has been involved in RSPO assessment since September 2012 as a team member covering assessment with RSPO P&C in Malaysia. During this assessment, he assessed on the aspect of legal, environment, safety and health and mill best practices.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and currently pursuing his Master's Degree in Business Administration from the University Utara Malaysia. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He will be attending the RSPO Lead Auditor Training in April 2013. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 3 years. During this assessment, he assessed on the aspect of Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

2.3 Assessment Programme

The ASA2 was carried out on 9 – 12 April 2013. The Assessment Programme is included as Appendix C. The Programme included assessments of Elphil Palm Oil Mill as the Certification Unit. Elphil and Kamuning Estates were sampled, and Kinta Kellas Estate was visited to verify the implementation of the finding and observations raised during ASA1. All the operating units were assessed against all of the RSPO P&C, Supply Chain Standard: 2011 CPO Mills – Module E: Mass Balance and applicable indicators

The Nonconformities that were assigned and the Observations that were identified during the ASA1 were followed up to check the effectiveness of corrective actions – refer Section 3.3 Page 12.

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. This report is structured to provide a summary for each Principle, together with details for selected indicators. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

Mr Aryo Gustomo, BSI RSPO Scheme Manager, has reviewed this report for conformance with BSI Procedures and the RSPO Certification System requirements.

2.4 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on SOU3: Elphil Palm Oil Mill and Supply Base's environmental and social performance and any issues or concern that they might have. External stakeholders were interviewed in private and they were invited to the Mill and estate for a private meeting. Those unable to attend were met at their premises. Internal stakeholders such as workers, their families, contractors, suppliers and staff were interviewed in groups in the workplace and at the housing site. A list of stakeholders contacted is included at Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 SUMMARY OF FINDINGS

During the ASA2, a minor nonconformity was raised against the RSPO P&C requirement. Along with this five observations for improvement were identified - Refer to Section 3.2 Page 11 for details. Elphil Certification Unit prepared a Corrective Action Plan for addressing the identified Minor Nonconformity, which was reviewed and accepted by the BSi audit team.

The minor nonconformities that were assigned during the First Annual Assessment and the six (6) Observations/Opportunities for Improvement identified were followed up to check the effectiveness of corrective actions. The minor non conformity was closed during the ASA2. Refer Section 3.3 Page 12 for details.

With the successful close out of the previous nonconformity and observations, BSi recommends continuation of Certification for Elphil Palm Oil Mill and supply base as a producer of RSPO Certified Sustainable Palm Oil.

BSi recommends continuation of Certification for SOU3 Elphil Palm Oil Mill and Supply Base estates as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU3 has continuously maintained the system for receiving and responding to stakeholder requests for information. The requests for information received over the past year were from external stakeholders such as MPOB, DOE, DOSH and SOU3 had replied in a timely manner. Documents such as company policies are available on request.

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

The Mill and Estates have maintained records on file of requests for information received from Government

Departments such as MPOB and other interested parties, together with the response. For example, DOSH visited the Mill on the 18 March 2013 to verify the current number of workers and safety aspects. The mill provided the workers details complete with the training details.

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.

Document review shows the Mill and Estate hold copies of each of the management documents listed under Criterion 1.2 and these are publicly available upon request by any stakeholders.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Legal compliance with statutory requirements are assessed annually to ensure compliance. Internal audits, mill and plantation advisor reports and visits by DOSH and DOE Officers further confirm that there is no any infringement against applicable law. The Mill and Estates have maintained all licenses and permits which are valid and these are displayed prominently in the Offices similar to last assessment. Land boundaries have been confirmed by survey and boundary markers are clearly demarcated and were confirmed during the field visit.

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

Compliance with legal requirements is also demonstrated by internal and external audit report findings and review of documents and records on site during this assessment. The Mill and Estates maintain copies of applicable Permits and Licences. Sample of permits inspected reveal that all valid. The most recent visit by DOSH on the 18 March 2013 did not found any issues related to safety and health regulations. Similarly, no issues raised by DOE during the visit to the mill.

Mill effluent BOD test results for January to March 2013 is range from 21ppm to 45ppm which are lower than approved limit of 100ppm are held on file.

Observation 1: At Elphil Estate and Kinta Kellas: It was noted that the renewal of the diesel permit is in progress of approval. The management should ensure that this process is completed. At the Elphil estate the application for expansion of the diesel storage on 19 Dec 2012 should be followed up to ensure the permit is obtained before using the new tank.

Similar to last assessment, the Sime Darby Standards and Compliance Unit provide legal updates on all applicable legislation throughout Sime Darby. Sime Darby Regional

Office provides legal updates on changes to labour laws and worker pay and conditions such as the minimum wage order and compliance was found during this assessment.

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

The Estates are on freehold land and they hold copies of Land Titles. The oil palm operations are consistent with the land title for agricultural purposes. Inspection of a sample of the boundary stones at Elphil and Kamuning Estate confirmed that steel pipes painted red and white have been installed beside the concrete boundary stones and were continuously maintained visibly.

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

There issue of the encroachment by 34 Indian settlers over 3-39 ha of land at Elphil Estate (Kamiri Division) was followed up during this assessment. As for the background of the issue, the occupied land was actually part of a line site and these workers were staying there before. The settlers were permitted to remain there by the previous company when the line site was demolished and shifted to the present location some 40 years ago. Some of the workers have passed away and their younger generation have continued occupying the area.

Sime Darby Land Department had a meeting on 28 March 2013 with Perak state government regarding this issue. The state government has agreed to build new housing for the settlers in government reserve land under village planning “Rancangan Perkampungan Tersusun” at Sungai Nyamuk district. Sime Darby has been requested to build a bridge to allow access to the new housing area by the state government and was agreed. This whole project is expected to be completed by end of 2015. Interview with the settler’s representative confirmed that the arrangement has been made and accepted by the settlers.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Elphil Palm Oil Mill and estates have made progress towards achieving their performance production targets for the current financial year. Sime Darby has continued its commitment to long term sustainability and improvements through a capital expenditure programme. Replanting of palms is being carried out progressively. Construction of new housing for the workers is also budgeted for the 2013/14 Financial Year.

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

The Estates and Mill have an Annual Operational Budget (2012/13 and for FY 2013/2014) and Capex Budget that are projected for the next five years. The budgets include performance objectives and targets related to production, efficiency and quality covering cost of production yield per hectare, OER, KER etc.

The Mill achieved average OER was 21.93% for the 2012/13 financial year and compared to the projection for 2013/14 of 22.4%. The mill is expected to improve on the process and aiming for higher OER. This will be followed up during the next surveillance.

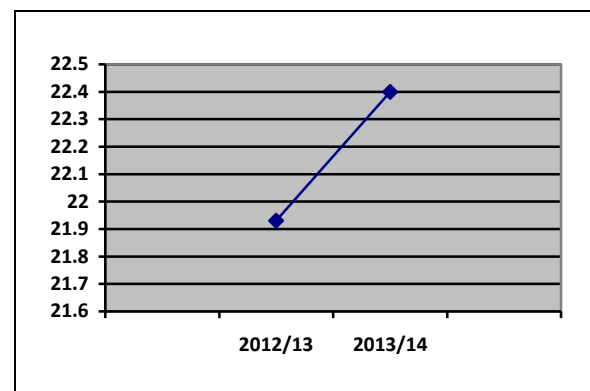


Figure 1: Average Annual OER (%)

The Estates have a Replanting Programme that is projected until 2020 and was revised in January 2013 for the new financial year. The replanting will take place in Financial Year 2013/2014 at Elphil and Kinta Kellas estates.

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

Elphil Mill and estates operates in accordance with the Sime Darby management systems and standard operating procedures. The practices consistently monitored by mill and plantation advisors and recommendations for improvements are given to maintain the sustainable practices.

The Sime Darby R&D Department has maintained an active interest in the management of soil fertility and optimisation of FFB yields. The establishment of beneficial plants and the implementation of IPM as a preventive measure to overcome pest attacks have continued with the aim of reducing the use of chemicals.

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

Sime Darby Standard Operating Procedures issued on 2 January 2008 as a standard agricultural reference for all estates. In addition, the Estates have work procedures in

local language for operational control for each of the main tasks, including safety issues.

The implementation of SOPs is checked during daily inspection by staff as well as by internal audits. Mill operators record operating parameters hourly on log sheets and the Mill Engineer and Shift Supervisor check these each shift and on a daily basis. The Mill Advisor recently visited on 25 March 2013 to monitor the mill operation.

The Plantation Advisor visits the Estates twice yearly, with the most recent visit to Kamuning Estate between 22 and 25 October 2012. The Estates hold copies of previous internal audit reports that include the Manager's response to issues raised and corrective action to be taken.

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 Research and Development Department conduct annual field inspection of the palms and leaf sampling to monitor palm nutrient status. Latest visit was carried out in December 2012 and the information is used for the annual fertiliser recommendation for the upcoming 2013/14 Financial Year which will begin in July 2013. Soil sampling was carried out in July 2010 and is scheduled to be repeated every 5 years and due in 2015.

It was noted that similar to last assessment, about 75 - 80% of EFB is converted to compost and the balance is applied as mulch to immature palms at the replanted areas. The Estates maintain records of the quantity of EFB received from the Mill and the oil palm blocks of immature palms to which it is applied. Agronomist visited the estates from 24 - 25 April 2012 and given the fertilizer recommendation dated 8 June 2012 for the present Financial Year 2012/2013 which covers the period July 2012 – June 2013.

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

It was noted that Jeranggau and Rengam are the two main soil types at the estates. Both are sandy mixed with small stones and well drained. Cover crop consisting of a mixture of *muccuna*, *Pueraria javanica* and *Centrosema muconoides* are established to prevent soil erosion during the replanting stages. Field inspections confirmed soil conservation practices generally were consistently implemented including silt pits to avoid surface run-off.

As a corrective action for the observation raised during ASA1, the mill has built concrete wall at the edges of the earthen drain to protect from erosion at the gabion baskets which stabilising the monsoon drain outfall.

Road maintenance programme for FY 2012/13 is available. Example of programme checked at Kamuning estate shows the map indicating road repairs and maintenance for the whole estate roads. Additionally, contractor payment record shows total of 2.5km roads has been repaired in the month of March 2013 includes grading, compacting and stone application to strengthen the road surface.

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

Both estates assessed has prepared map showing riparian buffer zones and demarcated the areas prior to replanting for all the estates. Field inspection at Kamuning Estate and Elphil Estate confirmed that the buffer zone beside the stream has been demarcated clearly.

Palm Oil Mill monitor water quality of Sg Kerdah upstream and downstream to identify any adverse effect from the mill activities. The laboratory analysis results indicate no significant difference in quality between upstream and downstream locations. Analysis report dated 21/01/2013 shows all the specifications are within the permitted level of 100ppm.

The rainfall probability reference manual used as a management tool for water management and the information is used for the scheduling of fertiliser application as well. Daily rainfall is measured at all three supply base states. The rainfall summary record shows 1,607mm rainfall for 2011 and 2,601mm rainfall for 2012 which is reasonably high rainfall in 2012. This is also the reason why the projected FFB for the year 2013 is higher for Kamuning and Elphil estates.

Water usage at mill is monitored daily and summarised monthly before reporting to Head Office. The water usage for the last two years was 0.98mt/mt FFB for 2010/11, 0.95mt/mt FFB for 2011/12 and 1.08mt/mt FFB for 2012/13 Financial Year. The mill almost achieved the target of 1.0mt water usage to process 1 mt FFB ratio.

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

Both estates assessed continue to establish planting of the beneficial plants such as *Turnera subulata* and *Cassia cobanensis* along main roadsides, office and housing sites for control of leaf-eating pest. It was noted that the roadsides at the replanted area was already established with beneficial plants as long term preventive measures. Both estates have maintained records of six monthly census of barn owls as per SOP which indicates records of the blocks where pesticide, such as rat baiting was carried out. Barn owl occupancy census shows that a total of 135 barn owl boxes have been placed with

occupancy rate of 34.07% as at August 2012 at Kamuning Estate.

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

Sime Darby Central Purchasing Department controls the purchase of pesticides. Inspection of the Pesticide Stores confirmed only pesticides registered by the Pesticides Board were held. Inspection of the Estates Pesticide Stores confirmed storage was in accordance with regulations with adequate security, ventilation, separation of chemicals and spill containment. All chemicals were labelled in Bahasa Malaysia. MSDS's were displayed in the Pesticides Store for each of the chemicals held in both Bahasa Malaysia and English. Sime Darby has developed Pictorial Work Instructions with text in Bahasa Malaysia for chemical mixing and spraying.

Both estates has a programme of conducting annual medical surveillance of all pesticide operators as per CHRA requirement done by assessors Shaari Chin (JKKP IH 127/171-2(124) and T. Norbrilliant Mokhtar (JKKP IH 127/171-2(257) dated July 2010. Approval to use generic CHRA dated 7 September 2010 with approval number JKKP K/M 127/454/5-16(10) as per USECHH, 2000 is available.

When a female pesticide operator is confirmed pregnant and wishes to continue working she is transferred to other duties and is not allowed to return to work as a pesticide operator until she has ceased breast-feeding. Inspection of the pesticide stores and purchase documents confirmed there was no Class 1A or Class 1B chemical bought or held at the Pesticide Stores during this assessment period.

Beside annual medical surveillance, quarterly health check for all pesticide operators is carried out by the Hospital Assistant, internally. Annual medical surveillance was carried out by a DOSH registered doctor at Bala Clinic. The medical check-up reports concluded that all agrochemical operators were fit for duty.

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

Sime Darby Management has maintained Health and Safety Policy since April 2008 that is displayed prominently on notice boards in English and Bahasa Malaysia. The OSH Manual dated August 2008 has been

revised on December 2012. This manual is used as guidance documents to address all aspects of safety and health at work.

The Mill HIRAC was reviewed for each of the workstations and was last updated December 2012. Revised training plan for the safe working and work instruction for the 2012-13 includes all the work station at mill and estates. The estates have prepared a Training Matrix that lists the OSH core competency training for Staff and Workers. The Mill and Estates hold training records, including details of the topic, trainer, list of attendees and signatures. Details are in indicator 4.8 below. It was noted that the mill is already applied for Fire certificate and waiting for approval from the government department.

Observation 2: The Elphil mill should follow up on the Fire Certificate applied on 9/4/2013.

Observation 3: The CEMS at the Elphil Mill was struck by lightning and was recorded in the DOSH log book on 18/7/2012. Service was done by contractor. It was noted that CEMS was struck by lightning again and send for servicing. It will be to the benefit of the mill to analyse the root cause of this repeating incidents for future improvement.

The mill and estates maintained up to date accident records in term of "Daftar Kemalangan, Kejadian Berbahaya, Keracunan Pekerjaan dan Penyakit Pekerjaan" using JKKP 6 and 8. Latest minor accident in the mill was on the 25 September 2012 involving worker Muhamad Ali recorded in the DOSH log book and JKKP 8.

All the workers are covered by the accident insurances where for Malaysian is covered by SOCSO or Perkeso (Pertubuhan Keselamatan Sosial); while for foreign workers are covered under RHB Insurance by Master Policy D08WFWC8606982KL/004 valid till 30/06/2014.

Inspections of the mill and estates visited indicated that safe work practices were being implemented and proper PPE's are in use by the workers. All operating units conduct quarterly Safety Committee Meetings with the most recent held on 13 March 2013 attended by 18 persons and 8 people absent with approval. The OSH Committees discussed accident reports, workplace inspections and issues raised by representatives. The topics discussed are communicated to workers at muster briefing and by the OSH Committee representatives.

Observation 4: All operating units: It will be to the benefit of the operating units to ensure that there is sufficient stock of PPE at all the time.

All operating units review the Emergency Response Plan. First Aid and Rescue Team training conducted on the 11 March 2013 by BOMBA and estate HA. An OSH Training was also conducted on the 28 February 2013 by Perak state DOSH. First Aid Kits are available in the Office and at Work Stations in the Mill. The Estates have issued First

Aid Kits to Supervisors and Mandors. A sample of Kits was inspected and these were found to be appropriately stocked.

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

The Mill and Estates have prepared an annual training plan for 2012/13 that details the training to be carried out for each work station. In addition, the Mill carries out informal on-the-job instruction to improve skill levels. The Mill and Estates maintain records of training for workers and staff. For example, Kamuning Estate has conducted chemical spraying training for sprayers on the 29 March 2013 that was done by the spray pump supplier, Mycrop Sdn. Bhd., fire drill on 18/1/2013, first aid training on 3/4/2013, tractor driver's training on 18/8/2012 involving all drivers from the SOU 3, harvesting training on 29/3/2013 for the new and existing harvesters, etc.

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

Elphil mill and supply base estates continue to ensure that environmental improvements are implemented consistently towards the reduction of waste, such as oil losses at the Mill and the efficient use of natural resources such as water. Riparian buffer are being reinstated during replanting and the company continued to make employees aware of the need to protect biodiversity areas. Inspection at Elphil Estate Field 2012A shows the riparian area has been demarcated. Scheduled wastes were well controlled.

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

The Mill and Estates carried out the annual review of environmental impacts in term of Environmental Impact Assessment management Action Plans and Continuous Improvement Plans. The last review was conducted in July 2012 with no any changes due to no any changes in the operation.

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

As reported during initial assessment and ASA1, estate lands were cleared during the original land development in the early 1920s and remnant vegetation is limited to small areas of steep limestone hills. HCV4 which was assigned to remnant vegetation and riparian buffer

zones are continuously maintained. At Kamuning estate, biodiversity/riparian area is 138ha, HCV 6 covering cemetery takes 0.83ha and un-plantable stone area of 6.80ha. Elphil estate have 73.87ha riparian whereas Kinta Kellas have 1.08ha HCV6 (Temple, Surau and Cemetery) and 7.18ha riparian.

Staff and workers were given briefing on company policies that prohibit disturbance of designated protected areas. Signages are maintained at the entrance to the estates prohibiting illegal hunting, fishing and the use of fire. Posters are displayed on the notice boards at muster areas.

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

Scheduled waste stores and stored materials well managed with appropriate label, segregation and the inventory is up-to-date. Authorised and licensed schedule waste collector engaged to dispose the schedule waste. For example, mill has send schedule waste through consignment Note: 040414-008 dated 17/12/2012 for Spent Hydraulic oil, Electrical waste and chemical container. As for Elphil estate, new contractor with DOE license No.002451 has been engaged to collect the schedule waste.

The Estates have developed landfills for disposal of non-recyclables domestic waste. Line site and land fill visits shows household waste are properly managed. Treated effluent is applied to the palms in furrows within Elphil Estate which is close to the mill and EFB have been applied in the fields at 35mt/ha on the flat area.

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

The Mill reports total renewable energy use monthly to Head Office. For example, comparison for the month of March was 0.76kwh/mt of FFB for March 2012 and 0.66 kwh/mt of FFB for March 2013 have been recorded as renewable energy used. Slight reduction was due to incorporating the lower crop season.

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.

All operating units avoid using fire for waste disposal as per company policy on zero burning. Recently replanted areas confirmed palms were felled, chipped and windrowed. No evidence of fire used for domestic waste found during the visit to the line site at all the operating units.

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

Pollution prevention plan has been updated on 3 March 2013. It includes planting of vetiver grass to protect slope earth erosion and to avoid sediments from going into waterways. Mill is focusing on improving the storage area for fibre and ash to avoid any leaching. The mill is consistently controlled water usage for processing to ensure waste water is reduced. The biogas feasibility study is still ongoing but no decision was made.

Observation 5: Kamuning estate was budgeted to build a new oil trap at the workshop as a result of internal pollution prevention plan review. The progress should be completed as per the budget.

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

All operating units are continuously maintaining good relationship with internal and external stakeholders. During this assessment it was noted that neither complaints nor disputes was raised. Anti-discrimination policy and equal treatment of male and female employees are well implemented. Interview with workers reveal that there is no any form of discrimination. Freedom to join workers union of their choice is implemented. The company makes contributions to local stakeholders such as mosque, temple, schools and local community activities.

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.

Mill SIA management action plan has been updated on 1st April 2013. As for Elphil estate, the SIA management plan has been revised on the 14 July 2012. It includes upgrading of facilities and subsidy for school children transport. Similarly Kamuning estate updated the SIA plan in July 2012. There were no any significant negative impacts were noted.

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.

Communication with local communities and other effected parties are carried out through meetings and informal gatherings at worshipping places. Stakeholder list is available and updated. This list includes local community leaders, representatives, suppliers, contractors, government departments and contacts

details. Interview with stakeholders confirm that there are regular meetings were conducted. Last meeting was held on 7/2/2013 which involved local land department and religious department. Another meeting was held on 4/4/2013, attended by 8 stakeholders.

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.

Complain procedure available and similar to the intial assessment procedure. No formal complaints noted. Most of the communication records shows request for assistance such as request for permission to use community hall. These records are written and maintained by all operating units.

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.

No any kind of disputes noted during this assessment. Stakeholder interview and meeting did not highlight any disputes as well.

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.

Workers contract and payment follow the MAPA/NUPW Agreement. Payslip and contract of mill workers and plantation workers are as per the contract signed by them and follow the NUPW and MAPA agreement. All the workers earn more than RM 900. Inspection on steriliser operator "Sashidass" for the month of March 2013 shows that pay is RM 950.00 which is more than the minimum wage of RM 900.00 set by the government. The contract agreement clearly stated that is in accordance with the MAPA / NUPW provisions. Interviews of staff and workers confirmed that they understood the terms and conditions of their contract of employment and received benefits accordingly.

The company provides a good standard of housing for its staff and workers and their families. Other facilities such as worship place, playground and community hall have been provided. For example, a new mosque is under construction at Elphil Estate.

Primary School is located approximately 1.5km distance and Secondary School at Sg Siput, approximately 8 km distance. Electricity and Water are supplied to Mill and Estates housing from the Government supply and piped directly to each house.

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.

Latest workers Union meeting in Mill was conducted on the 13 March 2013 attended by 10 representatives. Interview with the union representative confirm that there were regular meetings conducted and they are free to join the union. As for Elphil estate, the latest union meeting was conducted on the 25 January 2013 together with the Safety and health committee meeting.

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 Malaysian Labour Ordinance 1969. At time of hire age is checked by examination of ID card for local persons. Check of Passports of foreign workers is carried out prior to hire. Children and under-age workers were not observed at any of the Mill or Estate operational areas during the field visit.

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.

Inspection of pay record and contract of "Ismail Bin Arsad" and "Suriati Binti karia" (local workers) and "Bhajan Biswas" and "Biswajit Sarkar" (Foreign workers) together with interviews at the Mill and Estates did not identify any issues related to discrimination.

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

A statement to prevent sexual harassment and violence is documented in the Sime Darby Social Policy approved by Top Management in April 2008. Similar to the last assessment, interview of female Staff and Workers confirmed their knowledge of the Policy and as advised there were no outstanding issues.

Additional manual on Gender Policy implementation partnership with Tenaganita developed in June 2010. Latest gender committee meeting was conducted on the 22 March 2013 together for Elphil mill and estate attended by 14 members. Social activities, Committee T-shirt printing and committee fund raising are the issues discussed.

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

Interview with maintenance contractor Mr. Chen Lin Hing (BDC Sdn. Bhd) and FFB supplier Mr. Calveen Cheng confirmed that the payments are made on time. No disputes noted.

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

Infrastructure surrounding Elphil and Sungai Siput are well developed. Government facility and services are available all employees have access to these facilities. Elphil mill and estates contribute to local development through donations to local schools, temples and mosques, which are considered an appropriate form of assistance. More than RM 3000.00 has been donated for variety of social events for the FY 2012/2013.

However, during the stakeholder consultation, the village head at Kinta Kellas Estate highlighted that the village road used by the estate vehicle was not repaired despite writing letter to the estate management. It was recorded in the estate's consultation with the village head. However, the repair was not done. There is no sufficient evidence that the estate has made contribution to local community as per the result of consultation with local community. This was raised as minor nonconformity. Please see section 3.2 below.

Principle 7: Responsible Development of New Plantings

Supply base under Elphil certification unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Principle 7 is therefore not applicable to this assessment.

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

All operating units committed to continuously improve the efficiency of its performance as a grower and producer of palm oil. Budget for continuous improvement of houses is in place. Replacement of old pipeline is in progress at Elphil estate.

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 Mill has continued to look for ways to increase processing efficiency and reduce water usage. Similar to last assessment, recycling efforts are carried out wherever possible.

The company has an approved additional budget for construction of new houses and upgrading current

workers housing. Observations raised during ASA 1 has been rectified and recorded as continuous improvement plan under pollution prevention plan.

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

There was a nonconformity assigned to Minor Compliance Indicator 6.11.1 and Five (5) Observations/Opportunities for Improvement were identified.

NC Ref: 911210N0:

6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities.

During the stakeholder consultation, the village head at Kinta Kellas Estate highlighted that the village road used by the estate vehicle was not repaired despite writing letter to the estate management. It was recorded in the estate's consultation with the village head. However, the repair was not done. There is no sufficient evidence that the estate has made contribution to local community as per the result of consultation with local community.

Kinta Kellas Estate has prepared a Corrective Action Plan for addressing the identified nonconformity with the following action:

1. As agreed between Ketua Kampung Sri Jaya and Kinta Kellas Estate (Estate Manager/Asst Manager) during Meeting, 9th April 2013, Estate will repair the road as part of CSR and it is a one off repair as the road is under the government supervision.
2. Estate will conduct 6 monthly meeting with local Village's Head to build up good relationship with the local community and issue that has been agreed can be cross check regularly to avoiding outstanding issues. The progress towards closing this nonconformity will be followed up during the next surveillance assessment.

Observations/Opportunities for Improvement (ASA2)

Five (5) Observations/Opportunities for Improvement were identified. The progress with these will be checked during the next Annual Surveillance Assessment (ASA3).

1. *2.1.2: Elphil Estate and Kinta Kellas: It was noted that the renewal of the diesel permit is in progress of approval. The management should ensure that this process is completed. At the Elphil estate the application for expansion of the diesel storage on 19 Dec 2012 should be followed up to ensure the permit is obtained before using the new tank.*
2. *4.7.1: The Elphil mill should follow up on the Fire Certificate applied on 9/4/2013.*

3. *4.7.1(b): The CEMS at the Elphil Mill was struck by lightning and was recorded in the DOSH log book on 18/7/2012. Service was done by contractor. It was noted that CEMS was struck by lightning again. It will be to the benefit of the mill to analyse the root cause of this repeating incidents for future improvement.*
4. *4.7.1(i): All operating units: It will be to the benefit of the operating units to ensure that there is sufficient stock of PPE at all the time.*
5. *5.6.2: Kamuning estate was budgeted to build a new oil trap at the workshop as a result of internal pollution prevention plan review. The progress should be completed as per the budget.*

Noteworthy Positive Components

- The maintenance and upkeep of the oil palm was well implemented and consistent with the Sime Darby internal standards.
- Elphil palm Oil Mill has been awarded as the 1st Palm Oil Mill (office) certified for Quality Environment Management system by Malaysia Productivity Corporation.

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

Corrective Actions for Nonconformity identified during the ASA1 was effectively and consistently implemented and the nonconformity remains closed.

CRO2: 5.5.3 No evidence of burning waste (including domestic waste)

During the ASA1, a minor Nonconformity raised during the initial assessment was upgraded to major nonconformity reason being inspection showed the incidence of fire used for waste disposal had reduced, but had not been eliminated at Kamuning Estate Main Division housing. The Nonconformity was closed on 29/05/2012 during last ASA1 and followed up during the ASA2 to ensure it is remain closed.

ASA 2 Findings: *as per CAP provided to close out the ASA 1 NC, the Kamuning Estate Hospital Assistant inspects the line site on monthly basis and recorded in the line site inspection book. Line site visit shows proper waste management has been carried out and no sign of fire used for waste disposal found. Additional "No Open Burning" signage's has been placed at the residential area. The NC remains closed.*

CRO3: 5.3.2 having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution

An observation raised during the Initial Certification Assessment was upgraded to non-conformity during ASA 1 due to the management of domestic waste had not improved to the required standard and there were cases of litter discarded into drains, and lack of drain maintenance resulted in blockage and stagnant water at Main Division and Kamiri Division housing.

ASA 2 Findings: Field visit to both Main and Kamiri division found all the drainage has been cleaned and water was flowing smoothly. Hospital Assistants monthly line site inspection includes the drainage monitoring. Workers and housewives interview shows their awareness on the line site cleanliness. The monthly inspection ensures that waste is managed properly. BSi audit consider that the nonconformity was addressed as per the corrective action plan and the nonconformity was closed during the ASA2.

Review of Progress with Observations/ Opportunities for Improvement Previously Identified

01 (4.3.2) The Mill has installed gabion baskets to stabilise the monsoon drain outfall. The edges of the earthen drain could be protected from erosion by planting vetiver grass.

ASA 2 Findings: During the mill visit, it was noted that the Mill has built concrete wall at the edges of the earthen drain to protect from erosion at the gabion baskets which stabilising the monsoon drain outfall. Further vetiver grass planted on edges around the concrete wall.

02 (4.4.1) Elphil Estate had not demarcated the riparian buffer strip along a small stream prior to recent replanting and several palms had been planted within the designated 5 metre distance from the stream-bank. The Estate immediately revised the planting plan to include the streamside buffer-strip and transplanted the palms to the correct distance.

ASA 2 Findings: Field visit to the Elphil Estate shows proper riparian buffer zones have been demarcated along the stream with signage. Palms planted at the buffer zones previously were removed to ensure no any activities along the buffer zone.

03 (4.6.3) Kinta Kellas Estate pesticide store could be improved by upgrading the lighting and safety signage to show the required PPE.

ASA 2 Findings: Visit to Kinta Kellas pesticide store reveal that it was upgraded with safety signage showing the required PPE and lighting together with ventilation fan was installed.

04 (4.7.1) The chemical powder fire extinguishers had recently been serviced, but inspection showed some had been over-filled, indicating the equipment needs to be checked more closely before installing at the Mill.

ASA 2 Findings: Inspection of sample fire extinguishers found to be in good condition with the pressure meter indicating the pressure is at required level (within the green indicator) indicating correct amount has been refilled.

05 (4.7.1) Kinta Kellas maintenance workshops had the incorrect PPE for eye protection for oxy-acetylene welding. The Estate immediately purchased the correct PPE.

ASA 2 Findings: During the verification visit to Kinta Kellas workshop, the correct PPE for eye protection for oxy-acetylene welding was being used in the Kinta Kellas maintenance workshop. Interview with the workshop welder confirmed that he was given the eye protector immediately after the last surveillance audit.

06 (5.3.2) Kinta Kellas Landfill operations could be improved by installing an earth bund for excluding rainfall runoff and more attention given to waste separation.

ASA 2 Findings: A Proper earth bund has been build at the landfill at Kinta Kellas Estate to prevent rainfall runoff. Recent discussion has been held with local authority to send the waste to government landfill. Awareness on waste separation was given to employees. Improvement was noted during the visit to the landfill site whereby no plastic waste was found.

3.4 Issues Raised By Stakeholders (ASA 2)

Stakeholders interviewed, both internal and external, had mainly positive comments. There were six (6) issues raised during the ASA2 interview process. The details of stakeholders comment are follows:

1.) Kamuning Estate: There is a Mosque within the estate land managed by the nearby town community. The mosque committee highlighted that they are in the process of discussion with Sime Darby to allocate the land to the Mosque committee. The estate manager is aware of this issue. Meeting between Sime Darby Land department and Government Land Department was conducted on 7/2/2013 to discuss the request from the Mosque committee. The Mosque committee aware of this and was discussed on 4/4/2013 during the stakeholder meeting. It was noted that there is a process of consultation and resolution process which accepted by both parties. The progress will be followed up during the next surveillance.

Company Response: Sime Darby Land Department is in the process of discussion with Government land department to resolve this matter.

2.) Kamuning Estate: The Fire and Rescue Department suggested that the estate should consider a fire drill to address any fire in the field. Second suggestion was to have a fire hydrant at the housing site.

Company Response: The management agreed to discuss the first suggestion with Fire and Rescue Department. As

for the second suggestion, it is not possible at the moment because the water pressure is insufficient. This suggestion will be considered when the water supply is from the government water source with designated piping system.

3.) Kinta Kellas estate: The head of village complaint that the road at the village is being used by the estate and estate agreed to repair the road. However, he informed that the road was not repaired as agreed for more than a year. He also said that he wrote a letter to the estate management about this issue. **(This is raised as a NC Ref: 911210N0)**. This will be followed up during ASA3.

Company Response: The new manager agreed to address this issue.

4.) Kinta Kellas estate: During interview with the VMO, it was highlighted that the medicine stock is insufficient and no "Ubat Cacing" and nebulizer. This will be followed up during ASA3.

Company Response: The manager confirms that they are in the process of getting the quotation from "K Pharmacy" for the medicine supply and other medical items.

5.) Elphil estate (Kamiri Division): The village representative for the Indian Settlers at Kamiri Division confirms that the process of negotiation to provide them with the alternative area to move is being addressed by the government to move them to Sg. Nyamuk Village. This is accepted by the encroached settlers. This is expected to be completed by 2015 under "Rancangan Perkampungan Tersusun" from the government.

Company Response: The management will follow up with Sime Darby Land Department to resolve this issue accordingly.

6.) Kinta Kellas estate: Workers representative suggested that the estate should provide a simplified vest rather than the present vest which is uncomfortable to wear during harvesting.

Company Response: The management agreed with the suggestion and will look for the simplified vest.

Issues Raised by Stakeholders previously (ASA 1)

The issues raised during the ASA 1 and companies responds were verified during this assessment. The details are as below:

1.) The Mill/Elphil Estate Clinic Hospital Assistant stated as he treated many female patients it would be appropriate for him to have a female assistant.

Company responded that the Estate will hire a female assistant to work at the clinic.

ASA 2 findings: Female clinic assistant Pn. Ainil Rabiha has been appointed since May 2012 to assist the Hospital Assistant.

2.) Foreign harvesters at Kinta Kellas Estate raised issues in relation to the monthly bonus of RM200 as to why local workers receive theirs on a monthly basis but

foreign workers are required to wait until the end of tenure to receive the full amount.

Company Response: Head Office Policy states that payment is made at the end of the foreign worker contract as a retention incentive. This will be explained again to the workers.

ASA 2 findings: The monthly bonus has been waived since the minimum wages imposed by the government starting from January 2013. All workers are paid the minimum wage and fully understand the revised policy.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next annual surveillance Visit

The next Surveillance Assessment (ASA3) will be scheduled within twelve months of RSPO Certificate anniversary.

4.2 Date of Closing Nonconformities (Major and Minor)

CAR Ref.	CLASS	ISSUED	STATUS
CR01 5.3.2	Minor	12/03/2011	Closed on 12/04/2012
CR02 5.5.3	Minor Major	12/03/2011 Upgraded 12/04/2012	Closed on 29/05/2012
CR03: 5.3.2	Minor	12/04/2012	Closed on 11/04/2103
NC Ref: 911210N0:	Minor	12/4/2013	"open"

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

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

Signed for on behalf of
Sime Darby Plantation Sdn Bhd (SOU3)

Manager, Elphil Palm Oil Mill

Signed for on behalf of
BSI Group Singapore Pte Ltd

Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: Sime Darby Plantation Time bound Plan

certification Status	Malaysia	Indonesia	Time bound for certification	Status during ASA02
Certified	33 operating units	19 operating units	52 operating units	Total Certified: 52
Decommissioned	1 (Segaliud)	-	-	-
New mill added to Time bound Plan	2	-	2	Certification in 2013
RSPO EB Review	0	6 operating units	6 operating units	Ongoing peer review.
Total	35 operating units	25 operating units	60 operating units	-

Note: Status verified as of April 2013. Details are explained under section 1.5 of this summary report.

Appendix B: Sime Darby Plantation Sdn Bhd – SOU 3 Elphil Palm Oil Mill Certification Unit RSPO Certificate Details

Sime Darby Plantation Sdn. Bhd.
 SOU 3 Management Unit (Elphil Palm Oil Mill)
 Kilang Kelapa Sawit Elphil,
 31100 Sungai Siput (U),
 Perak,
 MALAYSIA

BSI RSPO Certificate No: SPO 550180

Date of Initial Certificate Issued: 18 June 2011

Date of Expiry: 17 June 2016

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

Elphil Palm Oil Mill and Supply Base	
Location	District of Sungai Siput, Perak, Malaysia.
Address	SOU 3 Management Unit (Elphil Palm Oil Mill), Kilang Kelapa Sawit Elphil, 31100 Sungai Siput (U), Perak, MALAYSIA
GPS	101° 5' 37" E; 4° 53' 24"N
CPO Tonnage Total Production	39,052
CPO Tonnage Total Production (Certified)*	32,052
PK Tonnage Total Production	9,754
PK Tonnage Total Production(Certified)*	7,817
Company Estate FFB Tonnage (Certified) *	144,292
Estates FFB Tonnage (Certified)*	Elphil Estate : 46,928
	Kamuning Estate : 76,822
	Kinta Kellas Estate : 20,542
Non Certified FFB tonnage (Excluded from Certificate)	30,000

* Certified production

Appendix C: Assessment Programme April 9th – 12th, 2013

Date	Time	Subjects	Senniah	Isman	Muhd Haris
Monday 8/4/2013	12.00 noon	Audit Team travelling to Elphil, Perak	√	√	√
Tuesday 9/4/2013 Elphil Palm Oil Mill	08.00 – 09.00	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation). 	√	√	√
	09.00 – 12.00	Elphil Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	√	-
	09.00 – 12.00	Meeting with stakeholders (Government, village rep, smallholders, Union Leader, contractor etc.)	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Elphil Palm Oil Mill: Document Audit, SOPs, Supply chain for CPO mill, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√	√
Wednesday 10/4/2013	08.00 – 12.00	Elphil Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc. And Document Audit.	√	√	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Elphil Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Thursday 11/4/2013	8.00 – 12.00	Kamuning Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc. And Document Audit.	√	√	-
	8.00 – 12.00	Kinta Kellas Estate Verify ASA 1 corrective action plans and implementation for the findings and observations.	-	-	√
	12.00 – 13.00	Lunch	√	√	√
	13.00 – 17.00	Kamuning Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√	√
Friday 12/4/2013	8.00 – 11.00	Auditor meeting & Preparation for closing meeting	√	√	√
	11.00 – 12.00	Closing Meeting	√	√	√
	12.30	Audit team travel back to KL	√	√	√

Appendix D: List of Stakeholders Contacted

Internal Stakeholders Managers and Assistants Male Mill Staff/Workers Female Mill Staff/Workers Foreign Worker Male and Female Estate workers Hospital Assistant Female Assistant at Clinic Union Representatives Gender Committee Secretary	External Stakeholders Head of the Village Mosque Committee Join Consultative Committee at village Indian Settlers at Kamiri Division
Contractors & Consultants Electrical Contractor General Supplier	
Government Departments School Labour Department Fire and Rescue Department	

Appendix E: Elphil Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Flemington palm oil mill have written documented procedures for the chain of custody with MB model covering certified and non certified FFB. The mill manager has the responsibility to ensure implementation. The MB model used because there are FFB purchased from two outside suppliers.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Flemington mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
E.3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non certified FFB. Records verified by internal and external audit.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. No PKO and Palm kernel meal at these sites. PK is sold to Sime Darby's subsidiary kernel crushing plant.
E.3.3 (b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	Only positive stock id delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Facilities use Mass Balance model and indicated on the relevant documents as RSPO CPO/MB.
E.3.5 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	There are no sales through UTZ and GreenPalm. However the mill is ready to carry out sales of certified palm products. Existing system is ready to cater for future sustainable palm product sales. Sample of existing sales documents were checked and found that:
(a) The name and address of the buyer	Name and address of buyer written on the invoice. Sample checked was conventional pal m oil send to Sime Futures Trading in March 2013.
(b) The date on which the invoice was issued	Date is written.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description and supply chain model is written. Mass balance model.
(d) The quantity of the products delivered	Quantity in tones. i.e. 30mt. written.
(e) Reference to related transport documentation	Weighbridge documents and D/O includes all the transport references.
E.5. Training	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Staffs in the weighbridge, inventory, storage and processing, document control have attended latest training in January 2013.
E.6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims made because the CPO is delivered/sold to downstream refineries.

Appendix E: Elphil Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance) ...Continue

Actual Certified Palm Production - 01 April 2012 - 31 March 2013 (ASA1)

MILL	CAPACITY	CPO	PK
Elphil Palm Oil Mill	45 mt/hr	31,384	7,627

Actual Sales of Certified Palm Products - 01 April 2012 - 31 March 2013 (ASA1)

MILL	Certified CPO Sales	Certified PK Sales	Remarks
Elphil Palm Oil Mill	NIL	NIL	No sales of certified palm products. Palm products are sold as normal palm products because buyers want only normal conventional palm products.

Actual Certified FFB Received Monthly - 01 April 2012 - 31 March 2013

Month	Elphil	Kamuning	Kinta Kellas	Total FFB/Month
April 2012	3,010	5,636	1,921	10,567
May 2012	3,277	5,266	2,044	10,587
June 2012	3,451	5,671	1,919	11,041
July 2012	4,590	7,261	2,434	14,285
August 2012	3,949	6,750	2,276	12,975
Sept. 2012	5,046	7,937	2,365	15,348
Oct. 2012	4,252	6,948	2,323	13,523
Nov. 2012	3,642	6,070	1,727	11,439
Dec. 2012	3,620	6,311	1,738	11,669
January 2013	3,772	5,875	1,644	11,291
February 2013	3,307	5,352	1,536	10,195
March 2013	3,822	4,785	1,586	10,193
Total	45,738	73,862	23,513	143,113

