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PUBLIC SUMMARY REPORT
ANNUAL SURVEILLANCE ASSESSMENT (ASA3)

SIME DARBY PLANTATION Sdn Bhd
Management Unit SOU9
Carey Island, Selangor, Malaysia

Report Author

Charlie Ross – Prepared March 2013

emandm@bigpond.net.au

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has conducted the third Annual Surveillance Assessment (ASA3) of Sime Darby Plantation Sdn Bhd Management Unit SOU9 (SOU9) operations comprising West Oil Mill, West Estate, support services and infrastructure. BSi concludes that SOU9 operations comply with the requirements of RSPO Principles & Criteria: 2007; the MY-NI Indicators and Guidance : 2010; and the RSPO Supply Chain Certification Standard : November 2011, Module D – CPO Mills : Segregation.

BSi recommends the continuation of the approval of SOU9 as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS

AMESU	All Malayan Estates Staff Union
CHRA	Chemical Hazard Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EMS	Environmental Management System
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Values
HIRAC	Hazard Identification and Risk Assessment
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 Procedures
SOU	Strategic Operating Unit

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The scope of the assessment is SOU9 West Oil Mill and West Estate, located at Carey Island, Selangor, Malaysia (Figure 1). Additional maps are included (Figures 2 and 3) showing the West Estate location, layout and infrastructure. The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
West Mill (50 t/hr capacity)	101° 20' 60"	2° 55' 0"

1.2 Production Volume

The production tonnages for CPO and PK from the start of the Certificate (19/05/2010 – 31/03/2011) and projected for the next twelve months are listed in Table 2. During the 2012-2013 year, the quantity of FFB processed at the mill is projected to increase because of greater production from the replanted palms at West Estate.

Table 2: Production Tonnages

West Palm Oil Mill	CPO	PK
At Certification	41,626	11,108
Actual ASA1	35,596	8,831
Actual ASA2	44,093	10,356
Actual 01/02/2012 – 31/01/2013 (ASA3)	45,974	10,163
Projected 01/02/2013 – 31/01/2014	49,540	12,719

1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)
BSi CSPO Certificate No: SPO 543594
Initial Certification Assessment: 28 – 30/01/2009
Date of Certification: 19/05/2010

1.4 Description of Fruit Supply Base

The supply base is mainly from West Estate. Additional supply is from the adjacent East Estate that is part of SOU8, with minor quantities diverted from nearby Sime Darby Estates. West Estate supplied 54.3% of the FFB processed at West Mill in 2012 and this is projected to increase to 62.1% in 2013. The FFB production is listed in Table 3.

Table 3: FFB Production

Source	At Initial Certification	Actual 01/02/12 – 31/01/13	Projected 01/02/13 – 31/01/14
SOU9 Estate			
West	100,343	121,099	145,090
Adjacent Sime Darby Estates			
East	95,607	100,601	88,677
Dusun Durian	3,201	329	–
Sepang	–	432	–
Sub-total	98,808	101,362	88,677
OVERALL TOTAL	199,151	222,461	233,767

LOCATION MAP FOR SOU 9

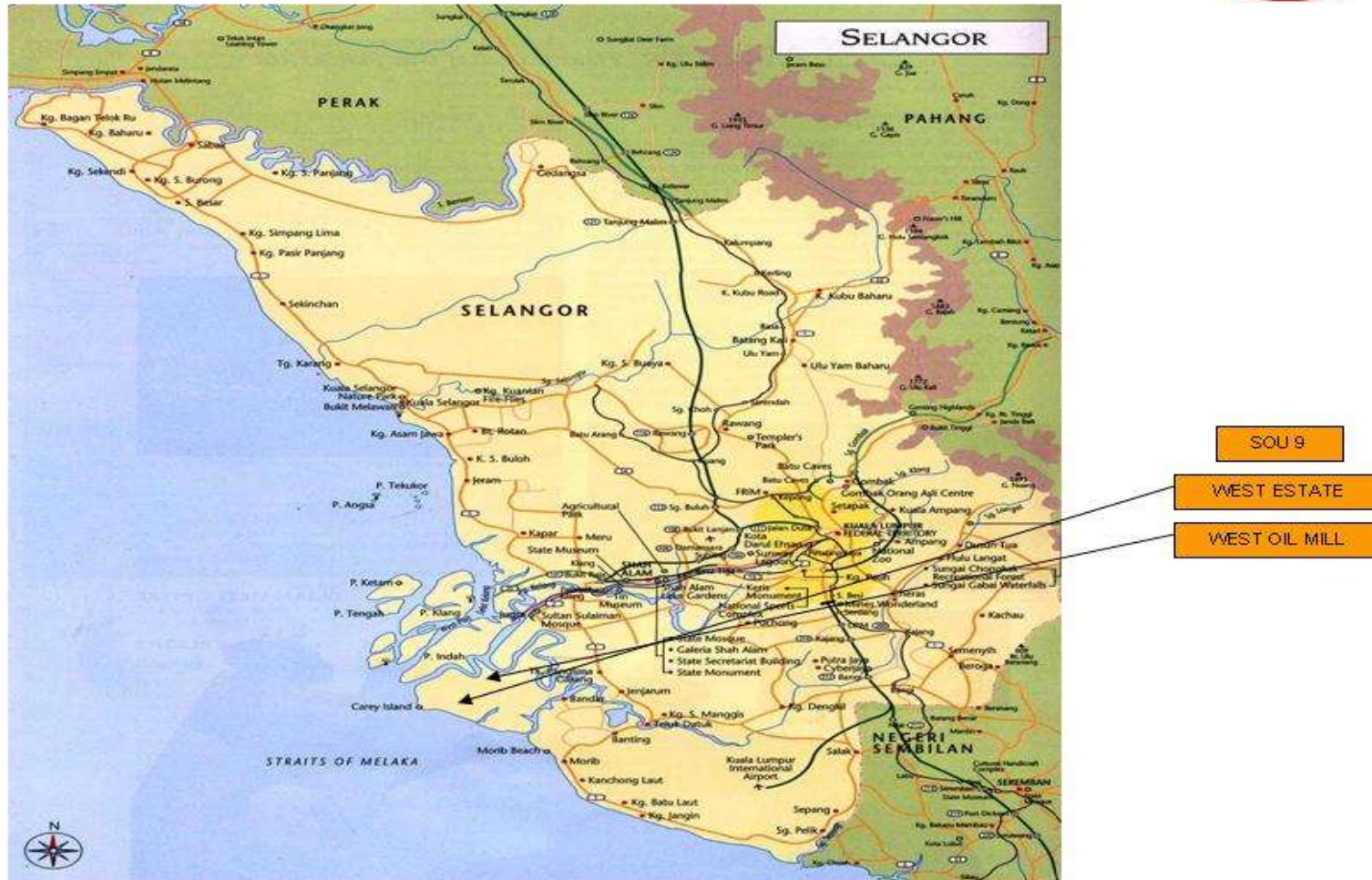


Figure 1: SOU9 Location Map



Figure 2: West Estate Location Map

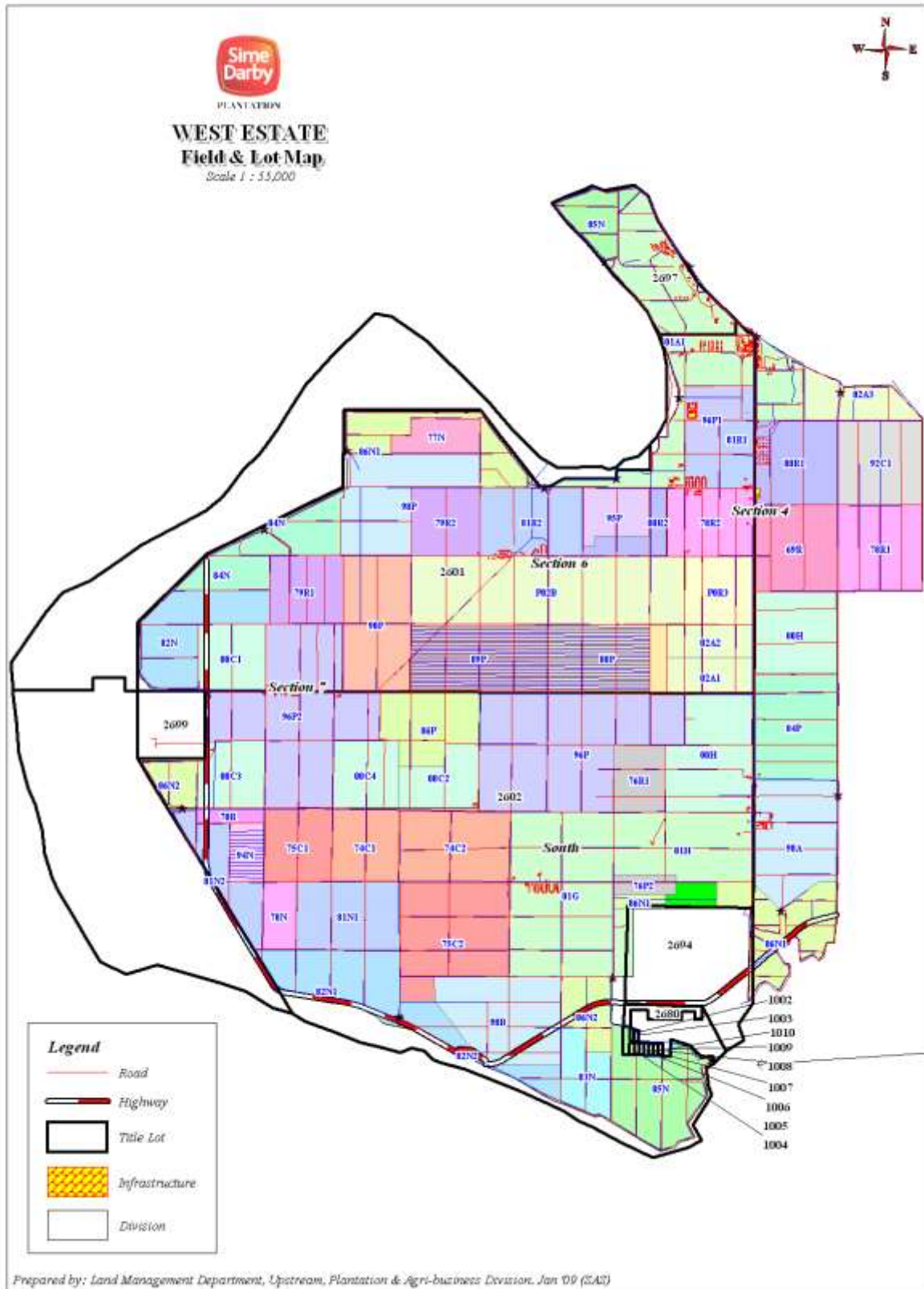


Figure 3: West Estate Layout

West Estate was developed in the 1940s and planted to rubber and cocoa. Oil palms were first planted in the 1950s and are in the second and third cycle. The age profile of the palms is shown in Table 4a.

Table 4a: Age Profile of SOU9 Palms

AGE (years)	% of PLANTED AREA
21 – 35	5
11 – 20	45
4 – 10	40
0 – 3	10

The areas planted are shown in Table 4b.

Table 4b: SOU9 Estate and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total
West	4,527	490	5,017

Supply Chain

SOU9 processes only certified FFB from Sime Darby Estates and uses the segregation mechanism for the supply chain. All deliveries of FFB to the Mill are issued with a weighbridge docket that records the details of the supplier, the field and block where it was harvested, the date of harvest, the number of bunches, truck registration number, driver's name and the tonnage. The weighbridge system is computerised and the FFB delivery and product despatch records are used as the basis for payment for deliveries and invoicing for shipments, respectively. Inspection of documents confirmed that SOU9 maintains all of the documentation required for verification of traceability and implementing the RSPO Supply Chain Certification Standard : November 2011, Module D – CPO Mills : Segregation – Refer to Appendix A for details.

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated January 2013) is included as Appendix B. Sime Darby has closed down two of its mills – Sg Samak and Jeleta Bumi and due to strategic realignment has converted two mills (Sepang and Mostyn) to third-party operation and excluded these from Certification. This has reduced the total number of Strategic Operating Units to 36 in Malaysia and 22 in Indonesia. Sime Darby has achieved RSPO Certification of all 36 of the Management Units in Malaysia, and 19 of the 22 in Indonesia. Initial Certification Audits have been completed for the remaining 3 Management Units in Indonesia and the assessment reports are pending review by the RSPO. Upon certification of the remaining 3 Management Units, Sime Darby will have achieved the Time Bound Plan.

BSi has continued involvement with assessments of 13 of the Sime Darby Management Units during the 2011/12 period. During this time, Sime Darby has kept BSi informed of issues and claims made against it, as indicated in Appendix B. Sime Darby is addressing the claims and issues through consultation and mediation as appropriate and is keeping

the RSPO Secretariat informed of progress. At the time of preparation of this Report, BSi is not aware of:

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

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

1.6 Progress of Associated Smallholders/ Outgrowers towards RSPO Compliance

West Oil Mill does not process any crop from smallholders or outgrowers.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
 Management Unit SOU9
 Carey Island Selangor Malaysia
 Ladang West
 42960 Carey Island
 Selangor Malaysia
 Contact Person: Mr Fadzil Othman Merican Idris
 Senior Manager West Estate
 Phone: 03-3122 0528
 Fax: 03-3122 0526
 Email: west.estate@simedarby.com

2.0 ASSESSMENT PROCESS

2.1 Assessment Team Members

Charlie Ross – Lead Assessor RSPO
 B.App.Sc. M.Sc (Env.Studies)
 Lead Auditor EMS RABQSA Cert N^o14370
 Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability, Supply Chain

Iman Nawireja – Assessor RSPO
 B.Ag.Sc. M.Sc. (Comm)
 Topics assessed: Legal, Environment, Agricultural Practices, Social, Sustainability

Robyn Ross – Social Assessor RSPO
 Topics assessed: Legal, Social, Women and Families, Sustainability

Dian Ekowati – Facilitator (Women and Families)

CV for Ms Ekowati, a new team member, is included at Appendix C.

2.2 Assessment Programme

The ASA3 was carried out 4 and 6 February 2013. The Assessment Programme is included as Appendix D.

The Programme included assessments of West Palm Oil Mill and West Estate against all of the RPSO P&C and applicable indicators, Supply Chain Standard: 2011 and the Supply Chain requirements for Segregation.

The Nonconformities that were assigned during previous assessments and the Observations that were identified during ASA2 were followed up to check the effectiveness of corrective actions – refer Section 3.3 Page 13.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews 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 ASA3 findings are detailed in Section 3.2 Page 13.

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.

2.3 Stakeholder Consultation

Internal and external stakeholders were consulted to obtain their views on SOU9 environmental and social performance and any issues of concern that they may have. External stakeholders were interviewed at their premises where practical or they were invited to the Mill or the Estate. Internal stakeholders were interviewed in groups in the workplace or at their housing. Company officers were not present at any of the meetings. A list of stakeholders contacted and interviewed is included at Appendix E.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During ASA3, no new Nonconformities were assigned. Four (4) Observations/Opportunities for improvement were identified – refer Section 3.2 Page 13 for details.

Review of the nonconformities (CR01 – CR03) assigned during previous Assessments found the corrective actions were being effectively and consistently implemented and the nonconformities remain closed. In addition, the five (5) observations that were identified during ASA2 were followed up to check the effectiveness of corrective actions. Refer Section 3.3 Page 13 for details.

BSi recommends continuation of Certification for SOU9 as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU9 has continued to make information available to the public on request. SOU9 received requests for information only from government departments and the responses were found to be done in a timely manner.

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 Estate and the Mill maintain separate files for receiving requests for information as well as copies of the responses.

The Mill received a request from MPOB dated 26 March 2012 for a survey of palm oil production costs that was replied in April 2012.

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

The Mill and Estate maintain a copy of policies, for example Environment, Quality and Occupational Health and Safety policies were displayed on notice boards and SOU9 makes these available to the public on request.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Compliance with regulatory requirements was evaluated by checking the monitoring and audit results against the Permits held by the company. The Mill Advisor and the Plantation Inspector assess legal compliance during internal audits. Inspection of records confirmed that the Mill and the Estate have maintained legal compliance with statutory requirements, such as the Factories & Machinery Act 1967, the OSH Act 1994, the Environmental Quality (Clean Air Regulation) 1978 and the Employment Act 1955. Inspection of a sample of boundary stones confirmed these were clearly marked and maintained. Interview of local community representatives did not identify any land tenure issues.

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

The most recent DOSH visit was 07 January 2013 for an electrical inspection of the steam turbine and there are no outstanding actions required. The Mill boiler stack emissions were tested by UiTM A&A Scientific Resources Sdn Bhd three-monthly in 2012, with the most recent sampling completed on 26 December 2012. The Mill boiler dust emissions for all of the quarterly samplings complied with Regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. The boiler smoke density meter was calibrated by TepatCon Engineering Sdn Bhd on 14 January 2013 and inspection confirmed it was operating. Continuous monitoring records confirmed compliance with smoke density regulations. The DOE carried out a visit to the Mill on 21 January 2013 and collected a sample of treated mill effluent. Mill effluent is treated in digester tanks then recycled to the palms by land application in furrows. The monthly BOD (Figure 4) complied with the DOE land application licence limit of 5,000 mg/L over the past year.

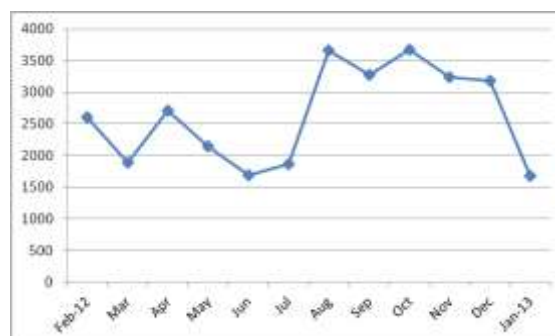


Figure 4: BOD (mg/L) of Treated Mill Effluent February 2012 – January 2013

SOU9 has started a programme for replacing the older housing with 26 houses completed and occupied and another 18 under construction. Drinking water is supplied to housing from the government reticulation system and the quality is suitable for domestic use. Electricity is supplied to housing from the Government system.

The Department of Labour has issued the mill with an extension for working overtime. Inspection of Mill pay records showed that overtime hours worked were consistently within the permitted approval level. **Observation 01 – West Mill Labour Department approval of extension to the number of overtime hours worked each month will expire on 30.11.2013. It is important to ensure sufficient time to complete the renewal process – refer Section 3.2 Page 12.**

The Mill and Estate hold copies of relevant legislations, eg Pesticides Act, Labour Laws, Industrial Relations Act. In addition, Sime Darby Plantation Sustainability Department maintains an up to date “Legal and Other Requirements Register” that was last updated on 09 August 2012.

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

The company operations are on Freehold land. Field inspection confirmed boundary stones are maintained as a concrete marker painted red. Interview of local community representatives confirmed there have been no disputes over SOU9 land boundaries.

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.

The SOU9 operations are all on Freehold land, which is undisputed and there are no negotiated agreements.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Sime Darby has well-established management systems that include regular monitoring and reporting of performance against production, quality and financial targets. The company has a large Research & Development Department and laboratories located on Carey Island which is adequate demonstration of the commitment to the industry and sustainability. The company also has an Academy on the island for training graduate cadets and staff.

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

The Estates and the Mill have an annual budget for the current 2012-13 year with projections of production and costs for three years. The Mill has capex approved for carrying out upgrading of the FFB ramp in 2013. The replanting programme is reviewed annually, during the budget preparation process, with the last review in June 2012, with the final planting of 136 ha scheduled in 2015.

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

The company performance is reviewed through a programme of regular internal audits by Mill Advisors and

Plantation Inspectors and Agronomists. The Mill has implemented and maintained ISO 9001:2008 Quality Management System Certification with the recertification visit carried out on 19 June 2012 and the Certification #AR0867 is current to 09 August 2015. The Mill OER (Figure 5) has increased in 2012 due to the inclusion of loose fruit in the processing at the Mill. In 2010 and 2011, loose fruit were not processed at West Mill because of the emphasis on producing premium quality oil with low free fatty acids, which requires a different ripeness standard.

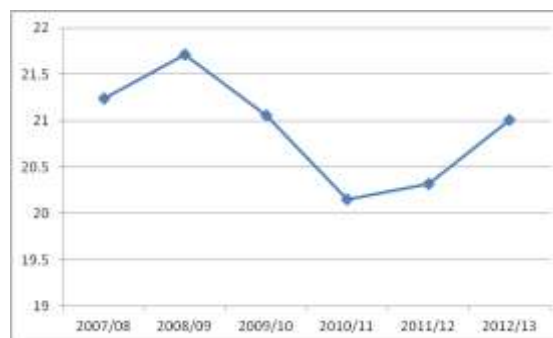


Figure 5: Average Annual Mill OER(%)

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

West Mill produces Premium Quality oil with FFA<1-2%. This is achieved by processing FFB separately from loose fruits. The West Mill OER declined to approximately 20% in 2010 as a consequence of excluding loose fruits from processing and applying a different ripeness standard since 2009. Mill OER (Figure 5) has increased in 2012 due to the inclusion of loose fruit in the processing at the Mill.

The Mill Manager and Assistant Engineers carry out daily checks on Work Instruction implementation. The Mill Advisor carries out inspections approximately six monthly with the most recent 20 and 21 November 2012. In addition, internal quality management system audits are carried out annually, with the most recent in December 2012. The Plantation Advisor carries out six monthly inspections together with recommended corrective action. Most recent visit was held on 26 July 2012 – report held on file together with Estate Managers response for implementing improvements. The FFB yield (Figure 6) has increased from 25 t/ha/year in 2007/08 to 29.72 t/ha/year in 2012/13 due to replanted palms reaching maturity and good crop recovery.



Figure 6: Average Annual FFB Yield (t/ha/yr)

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 R&D Department carries out visual inspection of palms and leaf tissue sampling each year, with the most recent visit report August 2012. The results are used for assessment of palm nutrition and fertiliser recommendation. Soil sampling was carried out in March 2010 by R&D Department, and the results reported in May that year.

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

Field inspection confirmed the Estate has continued to maintain groundcover vegetation at mature as well as replanted areas through a programme of using rotary slashers for harvesting path maintenance and spraying only palm circles. Estate roads were well maintained and all areas visited were readily accessible.

The company continues to manage the acid sulphate soils by maintaining water levels above the pyrite layer using a system of tide gates, screw gates, sluice gates and weirs. SOU9 achieves consistently good FFB yields from the estate, which is confirmation of the water management program effectiveness for preventing stress of the palms during dry periods.

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

The Sime Darby R&D Department is collaborating with the Mangrove Research Centre on research associated with mangrove stabilisation of foreshores to prevent erosion. The joint programme has not yet successfully overcome the significant wave action which adversely affects the mangrove establishment rate along the seashore.

Observation 02 – At West Estate, *Mucuna bracteata* had encroached the riparian buffer zone and there was a significant risk of smothering the trees. The Estate took action immediately and removed the *Mucuna* vines – refer Section 3.2 Page 12.

West Estate monitors the water quality of outflows from the main drains and tests for pH and conductivity, which are the important parameters for assessment of acidic drainage from acid sulphate soils. The results are entered progressively into a spreadsheet and checked for any significant changes to water quality. Water monitoring data showed similar quality between drainage water sampled from acid sulphate soil management areas and that sampled from non-acid sulphate soils.

Fresh water is obtained from the Government reticulated water supply and minimising usage is an important cost consideration. Mill water usage is monitored daily and reported monthly against the target of 0.9 t/t FFB. The water usage decreased by about 10% from 1.04 t/t FFB in 2011/12 to 0.94 t/t FFB (Figure 7) during the current year due to sweeping the mill floors instead of using water for hosing of floors.

The Estate Water Management Plan involves storage of water in drains during dry periods and release following rainfall and dilution in order to minimise potential effects of acidic drainage. Rainfall runoff from the Mill steriliser and

boiler areas is collected and stored in a pond for recycling and use for Mill floor cleaning.

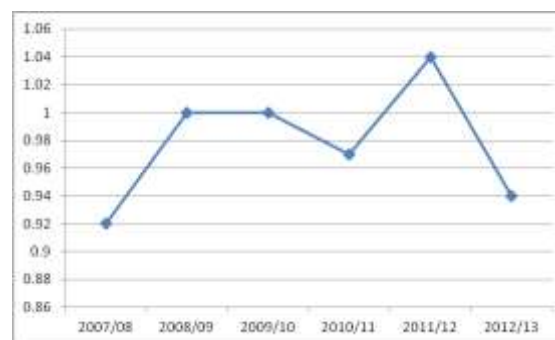


Figure 7: Annual Mill Water Usage (t/t FFB)

The Mill Water Management Plan is a component of the Environmental Management Programme and was revised in November 2012. The Plan focuses on the reduction of water consumption and recycling of water. The Mill Advisor has recommended the investigation of the feasibility of supplying water to the mill from groundwater, by drilling a tube well, because of the high cost and unreliability of the government water supply.

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

West Estate has continued to implement the IPM program that includes monitoring of pest numbers and the use of triggers for initiation of control measures. The Estate also uses Pheromone traps for control of *Oryctes* in immature palms. The Estate has extensive plantings of *Turnera subulata*, *Cassia cobanensis* and *Antigonon leptopus* along roadsides. Barn Owls have been introduced for control of rats and the census in December 2012 showed 75% occupancy of the nesting boxes.

Bagworm is the major palm pest and census is carried out monthly, but more frequently if there is any outbreak. Beneficial plants are being expanded from 10 m to 20 m per hectare to assist with control of bagworm. Census for rat damage is carried out three monthly. Census information is used in relation to triggers to decide whether chemical treatment is necessary.

Pesticide usage and active ingredient per hectare have been calculated since 2007. Methamidophos was used for trunk injection to control an outbreak of bagworm at three blocks, and 85.27 ha required treatment.

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.

SOU9 has followed the Sime Darby policies for management of pesticides, which are based on IPM principles. The Estate obtained approval from the Pesticide Board prior to the purchase and use of Methamidophos, for example

SG/METHA(GL)/12/036 dated 16 August 2012 for a total purchase of 600 litres.

Inspection of the main pesticide store confirmed pesticides are stored safely and in accordance with Government regulations.

All chemicals are labelled in Bahasa Malaysia. Work Instructions and safety signage use pictorial symbols to illustrate precautions and safe work practices. Interview of spray operators and observation of spraying confirmed workers understood and were implementing product precautions and safe handling practices.

Monthly checks for pesticide operators are carried out by a visiting VMO at each division. A CHRA medical surveillance was carried out by Klinik Hartati on 30 September 2012 for 8 operators. Inspection of the Report indicated 2 operators were found unfit to work with pesticides and were subsequently transferred to other duties.

The Estate ceased the use of Paraquat in 1990. Inspection of the store confirmed nil stock of Paraquat. Usage of other Class 1 chemicals, such as Methamidophos, is strictly on the basis of pest census data.

The quantity and area where chemical has been applied are recorded in the daily cost book. Records are held for more than ten years.

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

The OSH Policy approved by Top Management April 2008 is displayed prominently at Offices and Muster areas.

West Estate carried out a HIRAC for all tasks at the Estate and updated the register on 12 December 2012. The Mill carried out an HIRAC for all work stations and tasks and was last updated 02 February 2012, with revised risks identified for the movement of steriliser cages. The Mill has a Permit to Work System and Lock-Out-Tag-Out system that includes a risk assessment and safety requirements, including wearing of PPE prior to commencement of any tasks.

The Estate prepared an OSH Training Plan 2012-13 on 1 July 2012. Maintenance of Spray Pump training was carried out by a spray pump supplier on 13 September 2012 for 33 participants. The Mill has a documented Training and Awareness Plan 2012/13 to individual worker level. The Mill OSH Training Plan (2012/13) describes the schedule for safety briefings, training and safety committee meetings. The Mill provides a safety and environmental briefing to contractors at the start of each shift.

Interview of spray operators and observation of tasks confirmed implementation of safe work practices and adherence to product precautions.

The company provides appropriate PPE for each task, for example, Harvester (helmet, sickle cover, gloves, rubber boots); Sprayers (cap, safety glasses, N95 respirator, nitrile gloves, apron, long sleeved shirt, rubber boots); Mill employees (helmets, safety shoes and ear plugs are compulsory for all mill workers). In addition, high visibility vests are provided to workers at locations where mobile plant and equipment are used and for those who travel to work by motor cycle or bicycle. Two Assistant Managers

have been appointed responsible for OSH at the Estate. The Mill Trainee Assistant Engineer is the designated Safety Coordinator.

The Estate and the Mill hold OSH Meetings quarterly – most recent 10 November 2012, attended by 24 staff, worker representatives and contractors. The topics discussed included safety briefing, action items from previous meeting, accident investigation and training. The Mill held the required number of OSH Meetings (quarterly) over the past year and the most recent was on 10 January 2013, attended by 25 staff and worker representatives and one contractor.

The Estate Accident and Emergency Procedures include a detailed plan for each Division Office and Housing area for the main emergencies that potentially could occur. The Mill has a documented ERP that covers the major emergencies that may occur and was reviewed on 25 January 2013 and the emergency contact list updated for changes to phone numbers. The Plan includes a description of action to be taken, call out list and a site plan. The Mill carried out an emergency drill on 09 June 2012 for fire. The response time for complete assembly of 3 minutes was a significant improvement on the previous one.

First Aid Training was carried out by the Hospital Assistant on 19 November 2012 for 16 staff and workers from West Estate and on 23 January 2013 for 30 Mill staff and workers.

First Aid Kits have been supplied to Estate supervisors. Inspection of a sample of first aid kits at the Mill and the Estate confirmed stocked First Aid Kits were available.

The Mill and the Estate maintain records of all accidents, including investigation and follow-up preventive action. Records held on file. The most recent LTA at the Estate occurred on 01 December 2012, resulting in 4 lost days, due to injury from a falling palm frond.

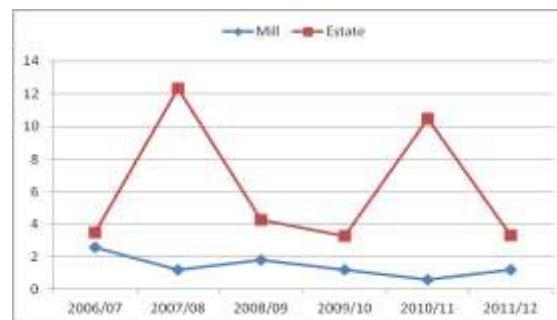


Figure 8: LTA Rate Mill and Estate

Malaysian staff and workers are covered by Social Security Organisation (SOCSO) Insurance. All foreign workers are covered by RHB Insurance under Master Policy D08WFWC8606982KL current to 30/06/2013.

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

The Estate and Mill revise their Training Programme each year for staff and workers using information from a training needs assessment, including safety and quality. Training records are kept of the training course, list of attendees and assessment of their competence and understanding of the training topic.

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

The Mill Environmental Improvement Plan has focussed on reducing the usage of water. The Estates Improvement Plans included expansion of biological controls, such as barn owls and beneficial plants in the IPM Programme, with the aim of preventing bagworm outbreaks. The Mill has commissioned a biogas plant for generation of electricity for standby power, but this has only operated intermittently because of technical issues. All Mill and Estate vehicles use biodiesel produced at the Sime Darby Refinery on Carey Island.

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 Estate carried out an EIA using a risk assessment method that was facilitated by Sime Darby Plantation Sustainability Department and revised in January 2011. The Mill reviewed the ISO EMS Aspects and Impacts Register on 27 October 2012, but did not make any changes.

The Mill and Estate have updated Environmental Improvement Plans (December 2012) with IPM the main priority for the Estate. The Mill completed the sealing of the access road for dust control in May 2012. An improvement in 2013 is the construction of a new boiler ash bunker and screens for minimising dust emission. Water conservation remains the main environmental improvement priority for the Mill.

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 land within the Estate boundaries was cleared during the early years of development. However part of the Estate is bordered by mangroves, which were assigned HCV 4, while HCV 6 occurs for Orang Asli grave sites. Sime Darby has continued to support the Mangrove Research Centre at West Estate. Sime Darby R&D Department is collaborating with the University of Malaya on research associated with mangrove stabilisation of foreshores to prevent erosion.

The monitoring program is aimed at protecting the mangrove habitat from disturbance and involves daily checks by the water management bund operators.

Signboards prohibiting the disturbance of vegetation, hunting and lighting of fires are located near entrances to the Estate and at mangrove areas. Interview of workers confirmed awareness of the company rules relating to protection of fauna and that information has been communicated to them at Muster briefings.

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

There was no improvement in the management of wastes, such as separation of wastes at source to reduce the amount needed to be disposed in a landfill.

Observation 03 – The disposal of mill and estate refuse at the landfill area could be improved by ensuring:

- refuse is placed in only one cell at a time until filled, before disposal in adjacent cells.
- green waste is not buried in the landfill cells, but is placed on the composting row at the adjacent area – refer Section 3.2 Page 12.

DOE licensed contractors are engaged to collect and dispose of pesticide and workshop wastes. West Mill has continued to use contractor (Kualiti Alam Sdn Bhd) DOE Licence Number 000211-000218 issued 28 April 2004 to remove scheduled waste. An example of a recent manifest was 10 August 2012 Serial No 5001612072 for removal of spent lubricant from the Mill. Monthly stock-takes of scheduled wastes were kept up to date, as required under the Environmental Quality Act (1974) and the Environmental quality (Scheduled Wastes) Regulations 2005.

Medical waste from all SOU8 and SOU9 Clinics is transferred to the company “Group Hospital” and stored in clearly labelled “sharps container” and “medical waste storage bags” for onward transfer to Clinic Sentosa with records held on file for the chain of custody of the wastes. Spent lubricating oil was removed by Alivirgo Sdn Bhd on 2 October 2012.

SOU9 has continued to recycle EFB to the field to immature and mature palms. Treated POME is applied to mature palms in furrows. Inspection confirmed land application is well managed. Fibre and nut shell are used as fuel for the Mill boiler, with excess shell sold as fuel.

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

Renewable and Non-renewable energy use (Figure 9) are monitored and reported monthly to top management. A constraint has been the cost of feedwater that is obtained from the government supply. The Mill maximises the use of the steam turbine to generate electricity and supplements this when required by purchasing stand-by electricity from the government supply.

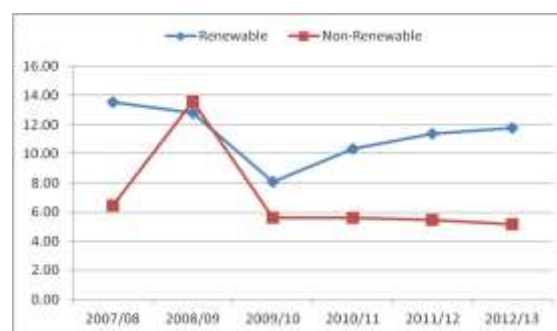


Figure 9: Mill Energy Usage (kWh/t FFB)

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 consistently implemented the zero burn policy in relation to the replanting of palms and waste disposal. Felled palms are chipped and placed in a closed end conservation trench for mulching.

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

Sime Darby has constructed a plant to generate electricity from biogas captured from anaerobic digestion of West Mill effluent. There have been problems with monitoring and control of the system and the plant has been used only intermittently, producing 200 kW of electricity. When electricity is not being generated, the biogas is flared. The biogas plant reduces the emission of methane and other greenhouse gases associated with anaerobic digestion of Mill effluent. The flaring of biogas reduces the impact of the methane that otherwise would have been emitted.

At the time of the site visit, the biogas co-generation plant was not operating due to repairs being carried out on the effluent digester tank gas containment system. The co-generation plant has a capacity to produce approximately 200 kW of electricity to supplement the 1.0 MW Mill steam turbine supply.

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

SOU9 has continued to maintain good relationships with local communities. West Estate has maintained the status quo and allows local people to harvest oil palm on company land which they had overplanted, until the issue is finally settled.

The company has made some improvements for workers' housing and has made good progress on a programme to replace the older timber houses. The company continues to recognise freedom of association and workers are represented on the Joint Consultative Committee that meets quarterly and they also can raise issues through their representatives on the Safety committee.

SOU9 has an active Gender Committee and inspections of payroll records did not find any evidence of discrimination. Interviews of workers and their families indicated they are treated fairly and there were no issues related to discrimination.

Contractors stated they had a good relationship with the company and that dealings were fair.

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.

SOU9 has reviewed and updated the Social Action Plans for the Mill and the Estate on 17 January 2013 and included consultation of internal and external stakeholders. The action plans for the Mill continued to have customer focus, which is related to the quality management system. The Estate concerns were broader and included maintaining good relations with the nearby community of Sg Kurau.

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.

Interview of local community representatives confirmed they had a good relationship with SOU9 and communication was adequate. The Estate and Mill have kept the list of stakeholders up to date by reviewing contact persons and phone numbers.

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.

Enquiry found there was progress in resolving the overplanting of 1.29 ha of Sime Darby Land by Kampung Sungai Kurau residents. West Estate has maintained the status quo and allows local people to continue to harvest the oil palm in the area until a decision is made by Sime Darby Land Department. The Mill has maintained the system for recording and investigation of Customer Complaints under the ISO9001 Quality Management System, although there has not been a complaint received since 20 July 2010.

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.

The Estate has managed to progress the resolution of the above land issue, but the final settlement is now dependent on the compensation assessment by the corporate land management department of Sime Darby who assess and advise on compensation.

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 NUPW/AMESU and MAPA Agreements and inspection of pay records confirmed payments complied with the current agreements. Similar to previous assessments, interviews of Mill and Estate male and female staff and workers confirmed they understand terms and conditions of employment.

New houses are being constructed for staff and workers with 26 now occupied and construction of a further 18 almost completed. **Observation 04 – Some “verbal” requests for repairs to Mill worker houses may not be recorded and therefore miss being actioned. – refer Section 3.2 Page 12.** Water is supplied from the Government reticulation system and is free to all residents. Electricity is from the government supply. Government Primary and Secondary schools are close by – three schools within the Estate – four schools total on the island.

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.

The Mill and Estate have continued the practice of maintaining minutes of meetings with Union officials and representatives. SOU9 management held a meeting on 06 November 2012, attended by 30 SOU9 representatives. Issues discussed included allocation of new houses for

Division 6 workers, Merging of 6 & 7 Gang, and Cattle rearing.

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.

Age checks are made at the time of hire and confirmed by national ID Card (Malaysia) and by passport (foreign Workers). No children were observed at any of the locations visited during the ASA3.

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.

Interviews of staff and workers and checks of payroll records found no issue regarding discrimination between workers on the basis of ethnicity, religion or gender.

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.

The Gender Committee remains active and interviews of female Staff and Workers confirmed awareness of the Sexual Harassment Grievance mechanism, and similar to previous assessments, advised they had not had necessity to apply it.

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

The West Mill processes only crop from company owned Estates.

The terms and conditions of contracts are explained to contractors and suppliers before signing. Contracts include requirements to comply with OSH Act and Environmental Quality Act. Interviews of Contractors confirmed there were no issues and that payments are made in a timely manner.

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

The local communities are well provided with government infrastructure and services, water, electricity supplies, all-weather access roads and schools. The Estate makes contributions to local schools and places of worship in the form of monetary donations and in kind when requested.

Principle 7: Responsible Development of New Plantings

SOU9 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.

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

The Mill and Estate have reviewed and updated the Environmental and Social Action Plans to provide targets for performance improvements. SOU9 has continued to make gains in relation to the control of point source pollutants and

also in conservation of resources. Social aspects have focussed on improving the condition of worker housing and facilities.

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 Estate has expanded the establishment of beneficial plants for reducing the quantity of pesticides applied. It was necessary to apply the Class 1 chemical, Methamidophos, to control an outbreak of bagworm.

The implementation of the biogas plant at the Mill was affected by damage to a digester tank and there was limited operation during the year.

The Mill Environmental Management Programme continues to focus on waste reduction and control of point source emissions.

The Social Action Plan continued to focus on improvements to worker housing.

3.2 Identified Nonconformities and Noteworthy Positive and Negative Observations (ASA3)

No new Nonconformities were assigned during ASA3.

Observations/Opportunities for Improvement

Four (4) Observations/Opportunities for Improvement were identified. The progress with the Observations/Opportunities for Improvement will be checked at the next Annual Surveillance Assessment (ASA4).

- 01 (2.1.1)** West Mill Labour Department approval of extension to the number of overtime hours worked each month will expire on 30.11.2013. It is important to ensure sufficient time to complete the renewal process.
- 02 (4.4.1)** At West Estate, *Mucuna bracteata* had encroached the riparian buffer zone and there was a significant risk of smothering the trees. The Estate took action immediately and removed the *Mucuna* vines.
- 03 (5.3.2)** The disposal of mill and estate refuse at the landfill area could be improved by ensuring:
 - (a)** refuse is placed in only one cell at a time until filled, before disposal in adjacent cells.
 - (b)** green waste is not buried in the landfill cells, but is placed on the composting row at the adjacent area.
- 04 (6.5.3)** Some “verbal” requests for repairs to Mill worker houses may not be recorded and therefore miss being actioned.

Noteworthy Positive Components

- FFB yields have increased to 29.7 t/ha/yr
- OER has increased to 21%
- A high level of engagement with Internal and External Stakeholders.

3.3 Status of Nonconformities (Major and Minor) Previously Identified

Corrective Actions for the Nonconformities (CR01 – CR03) assigned during previous Assessments have been effectively and consistently implemented and the nonconformities remain closed.

Review of Progress with Observations/ Opportunities for Improvement Identified (during ASA2)

01 (4.6.4) Seven of the twelve MSDS were in English and may not be understood by the workers.

ASA3 Findings: Inspection of the chemical store at the Mill and the pesticide store at the Estate showed all MSDS were in Bahasa Malaysia.

02 (4.7.1) The identification during the audit inspection of a Fall Hazard at the boiler ash storage bunker indicated inadequate attention paid to Hazard Identification and rectification.

ASA3 Findings: Inspection of the mill area did not identify any un-marked hazards.

03 (4.7.1) The wearing of hearing protection at the Mill was not consistent and enforcement is recommended to ensure compliance with company policy.

ASA3 Findings: The wearing of appropriate PPE was consistent at all of the workstations during the mill area inspection.

04 (6.1.3) The Mill and Estate Social Action Plans have been reviewed and updated but input from local stakeholders has not been taken into account. The Action Plans could be improved by including more details of the completion of actions from the previous year Plan.

ASA3 Findings: On 07 March 2012 a meeting between estate and local community representative was held in Bangkong Division office and attended by 18 participants (9 Sg Kurau and Judah village representatives). Information from this Meeting was used to prepare the Social Action Plan revision and update (January 2013). No new issues were raised by stakeholders during the meeting but the community requested assistance with maintenance of road access.

05 (6.2.3) The Mill Complaints Register does not show the actions taken or completion date for issues raised.

ASA3 Findings: Review of the Register found entries mainly related to requests for repairs to housing with no complaints registered by either internal or external stakeholders.

The Assessment Team concluded SOU9 had implemented appropriate and effective improvements for each of the Observations identified during ASA2.

3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during ASA2 were followed up during this Assessment and found to have been actioned appropriately by the company.

Stakeholders interviewed during ASA3, both internal and external, had mainly positive comments. Issues raised

during the interview process and the Company's responses are detailed below.

Mill Workers advised that their salary is credited directly into their bank accounts and the nearest ATM/Bank is Telok. They stated the Company previously provided transport each pay day but no longer does so and now workers, especially foreign workers, are finding it difficult to access their money.

Company Response: Currently looking at options as to how to resolve this issue – this is not isolated to SOU9 but is common to other management units. One option is to approach Mobile Banking to provide a service for the Mill and Estates.

A Mill worker who resides at West Estate Division 4 housing advised that the electricity supply to houses is problematic as only two lights can be operated at any one time and "flicker" continuously.

Company Response: The future plan is to replace the overhead line from the mill with direct supply from TNB and individual metering of houses.

Mill Foreign workers asked why they have been advised that a "one off" annual deduction from their salary will be introduced shortly to cover renewal of their Work Permit.

Company Response: Workers will be advised this is a Government initiative and workers will now pay the cost for renewal of their Work Permits.

The Assessment Team considered the above responses appropriate and will follow up during the next visit (ASA4).

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next Surveillance Assessment (ASA4) will be scheduled within twelve months of RSP0 approval of continuation of Certification.

4.2 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

CAR	CLASS	ISSUED	CLOSED
CR01 5.3.2	Minor	28/01/2009	08/04/2011
CR02 4.4.7	Minor	08/04/2011	Closed 21/03/2012
CR03 5.3.2	Minor	08/04/2011	Closed 21/03/2012

4.3 Sign-off of Surveillance Assessment Findings


SOU9 acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. SOU9 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 (SOU9)



.....
Mr Fadzil Osman Merican Idris
Senior Manager West Estate
Date: 14/03/13

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Mr Charlie Ross
Lead Auditor
Date: 21/03/2013

Appendix “A”

Supply Chain Assessment

APPENDIX A – SUPPLY CHAIN ASSESSMENT REPORT – SOU9 – SEGREGATION**WEST OIL MILL****Certified Mill Production – 01 February 2012 – 31 January 2013**

CAPACITY	CPO	PK
50 t/hr	45,947	10,163

Physical Sales of Certified Mill Products (UTZ) – 01 February 2012 – 31 January 2013

CSPO	CSPK
NIL	NIL

**Sales Certified CPO (GreenPalm Certificates)
01 February 2012 – 31 January 2013**

Month	BUYER (CPO)	Tonnes/ Certificates
Feb-12	GreenPalm Certificates	21,515
Mar	GreenPalm Certificates	35,263
Apr	GreenPalm Certificates	197,319
May	GreenPalm Certificates	35,088
Jun	GreenPalm Certificates	218,694
Jul	GreenPalm Certificates	32,065
Aug	GreenPalm Certificates	11,263
Sep	GreenPalm Certificates	134,406
Oct	GreenPalm Certificates	14,537
Nov	GreenPalm Certificates	52,165
Dec	GreenPalm Certificates	59,525
Jan-13	GreenPalm Certificates	22,660
TOTAL		834,500*

**Sales Certified PK (GreenPalm Certificates)
01 February 2012 – 31 January 2013**

Month	BUYER (PK)	Tonnes/ Certificates
Feb-12	GreenPalm Certificates	1,000
Mar	GreenPalm Certificates	7,130
Apr	GreenPalm Certificates	20,000
May	GreenPalm Certificates	1,700
Jun	GreenPalm Certificates	34,085
Jul	GreenPalm Certificates	25
Aug	GreenPalm Certificates	0
Sep	GreenPalm Certificates	15,077
Oct	GreenPalm Certificates	595
Nov	GreenPalm Certificates	18,715
Dec	GreenPalm Certificates	8,633
Jan-13	GreenPalm Certificates	3,228
TOTAL		110,188*

* GreenPalm Certificates are the total overall for the 58 Sime Darby Mills. Certificates are not allocated to individual Mills

Sime Darby Commodities Trading and Marketing Department sold GreenPalm Certificates on behalf of all the company mills, but these were not recorded against the individual mills. The monthly sales of CSPO and CSPK are summarised in the tables below. The total numbers of GreenPalm Certificates sold for CSPO and CSPK did not exceed the total production of CSPO and CSPK.

WEST MILL SUPPLY BASE**Certified FFB Received Monthly - 01 February 2012 – 31 January 2013**

Month	West	East	Dusun Durian	Sepang	Total FFB/Month
Feb-12	8,277.13	6,853.80	-	-	15,130.93
Mar	8,690.27	7,380.50	-	-	16,070.77
Apr	9,595.69	8,269.63	187.70	382.44	18,435.46
May	9,411.62	8,842.43	-	-	18,254.05
Jun	9,869.17	9,466.42	-	-	19,335.59
Jul	11,734.63	10,055.35	-	-	21,789.98
Aug	10,625.37	8,227.18	-	-	18,852.55
Sep	12,180.72	9,365.62	-	-	21,546.34
Oct	10,015.08	7,757.62	-	-	17,772.70
Nov	11,107.78	8,130.45	141.66	49.85	19,429.74
Dec	9,941.47	8,230.75	-	-	18,172.22
Jan-13	9,866.21	8,020.81	-	-	17,887.02
TOTAL	121,315.14	100,600.56	329.36	432.29	222,677.35

Certified Company Details

Sime Darby Plantation Sdn Bhd
Management Unit SOU9
Carey Island Selangor Malaysia
Ladang West
42960 Carey Island
SELANGOR MALAYSIA

Contact Person: Mr Fadzil Othman Merican Idris
SeniorManager West Estate
Phone: 03-3122 0528
Fax: 03-3122 0526
Email: west.estate@simedarby.com

RSPO Membership No: 035-04(O)

RSPO Supply Chain Certification System for Sime Darby Plantation (SDP)

No	Business Unit	RSPO SCCS Certification Y/N	Trading Option	Certification Body	Date of Certification
1	Unimills B.V., Netherlands	Yes	SG, MB	Control Union (CUC)	Interim self-assessment in March 2009. Certified by CUC on 28 June 2011. Annual Surveillance Audit May 2013
2	SD Biodiesel, Malaysia	Yes	SG, MB	SIRIM	Interim self-assessment in March 2010. Certified by SIRIM on 25 March 2011. Annual Surveillance Audit February 2013
3	SD Jomalina, Malaysia	Yes	SG, MB	SIRIM	Certified by SIRIM on 10 March 2011. Annual Surveillance Audit February 2013
4	SD Kempas, Malaysia	Yes	MB	SIRIM	Certified by SIRIM on 19 Aug 2011. Annual Surveillance Audit July 2013
5	SD Austral, Malaysia	Yes	MB	SIRIM	Certified by SIRIM on 13 April 2012. Annual Surveillance Audit March 2013
6	NURI Edible Oil Refinery, Malaysia	Yes	MB	SIRIM	Certified by SIRIM on 13 April 2012. Annual Surveillance Audit March 2013
7	NURI Edible Oil Kernel Crushing Plant, Malaysia	Yes	SG, MB	SIRIM	Certified by SIRIM on 13 April 2012. Annual Surveillance Audit March 2013
8	Hudson & Knights Boksburg, South Africa	Yes	MB	-	Certified on 14th December 2012. Annual Surveillance Audit November 2013
9	SDEPL, Singapore	No	-	-	Planned for Certification in FY 12/13
10	Morakot, Bangkok, Thailand	Yes	MB	-	Certified on 10th September 2012. Annual Surveillance Audit August 2013
11	GH Nhabe, Ho Chi Minh City, Vietnam	No	-	-	Planned for Certification in FY 12/13.
12	Emery, Selangor Malaysia	Yes	MB	SIRIM	Certified on October 2012. Annual Surveillance Audit September 2013

Certification Body Details

BSi Group Singapore Pte Ltd
(Co. Reg. 1995 02096-N)
3 Lim Teck Kim Road #10-02
Genting Centre
SINGAPORE 088934

Contact Person: Mr Aryo Gustomo
BSi RSPO Scheme Manager
Phone: +65 6270 0777
Fax: +65 6270 2777
Email: Aryo.Gustomo@bsigroup.com

Summary

A Supply Chain assessment was made at West Oil Mill that is owned and operated by Sime Darby. The assessment included site visits to West Oil Mill and the West Estate, review of records and interviews of staff. The assessor concluded SOU9 has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and sales of CSPO and CSPK. SOU9 maintains adequate records for confirming compliance with the RSPO supply Chain requirements for Segregation and staff were able to demonstrate an appropriate knowledge of the requirements.

Conclusion

The SOU9 management system and records meet the requirements of the RSPO supply chain requirements, November 2011, Module D – CPO Mills : Segregation.

Certificate Details

Background to the Report

(a) Report authors

Assessor

Mr Charlie Ross, BSi RSPO Lead Auditor

CB Management Representative

Mr Aryo Gustomo, BSi RSPO Scheme Manager

(b) Previous assessments ASA2

(c) On-Site Visits

Visit Itinerary

Monday 4 February 2013 – West Oil Mill – Opening Meeting held at Mill Meeting Room; Inspected Weighbridge Station; examined weighbridge records; daily records of FFB deliveries, CPO and PK production; CPO Bulk Tank and PK Silo records; shipments of CSPO and CSPK. Closing Meeting Wednesday 6 February 2013.

People consulted: Nordin bin Mad Hashim (Mill Manager); Mohd Pahmie Ibrahim (Assistant Manager); Weighbridge Operator.

Scope

The scope of the assessment covered the West Oil Mill and the supply base of Sime Darby owned Estates. The Supply Chain mechanism used is Segregation. The SOU9 operations were assessed against the RSPO Supply Chain Standard : November 2011, Module D – CPO Mills : Segregation.

Description of Operation's Management System

SOU9 uses the segregation mechanism for the supply chain. All deliveries of FFB to the Mill are issued with a weighbridge docket that records details of the supplier, the field and block where it was harvested, the date of harvest, the number of bunches, truck registration number, driver's name and the tonnage. The weighbridge system is computerised and delivery records are used as the basis for payment for FFB deliveries. A sample of weighbridge dockets was checked at the Mill against the summaries of FFB deliveries from West Estate. This confirmed the details of the source and quantity of FFB were recorded accurately and could be verified by tracking. The source of the FFB can be traced back to the Estate and the oil palm block from which it was harvested. The Mill summarises and reports daily to Sime Darby Head Office: the quantity of FFB received from the Estates; the tonnage of FFB processed; the tonnages of CPO and PK produced; shipment tonnages; and the quantities of materials held in storage. The Mill and Estates also report the above quantities monthly to Sime Darby Head Office.

Checks of records confirmed 100% of the RSPO Certified CPO produced by the West Mill during the preceding 12 months (01 March 2011 – 29 February 2012) was sold to the Sime Darby owned Golden Jomalina Food Industries Sdn Bhd Refinery. During the same period, 100% of the RSPO Certified PK produced by the West Mill was sold to the Sime Darby owned Kernel Crushing Plant at Carey Island. Inspection of documents confirmed that SOU9 maintains all of the documentation required for supply chain verification (RSPO Supply Chain Standard November 2011, Module D – CPO Mills : Segregation).

Certified Volume Purchased and Claimed

The following certified FFB material was received from SOU9 and Sime Darby Estates during the 01 February 2012 – 31 January 2013 year and processed at West Mill: 222,677.35 t/FFB

1 Documented Procedures

- 1.1 The facility shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:
- Complete and up to date procedures covering the implementation of all the elements in these requirements. *Complies – Procedures are current and include all elements of the Supply Chain for controlling the receipt, sale and dispatch of palm products. For example, SPMS: 2012 Draft/ Appendix 15 - Standard Operating Procedure for Traceability and RSPO Supply Chain Certification System.*
 - The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. *Complies – The Mill Manager has responsibility for the Supply Chain aspects of FFB receipts, processing and shipping of palm products. Interview confirmed his knowledge of the RSPO Supply Chain requirements for the Mill area of the operations.*
- 1.2 The facility shall have documented procedures for receiving and processing certified and non- certified FFBs. *Complies – the Mills Weighbridge SOP covers the receiving of FFB and recording details of the Supplier and Transporter. All deliveries of FFB are subject to verification of documentation and quality checks. For example, the following SOPs apply to this requirement: MQMS/V1:2008/Level 3/Standard Operating Procedure/Station No. 1/Reception Station/1.3.1:Weighbridge MQMS/V1:2008/Level 3/Standard Operating Procedure/Section V:Introduction/Crop Quality Standards.*

2 Purchasing and Goods In

- 2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received. *Complies – the Mill records tonnages received at the weighbridge and these are reported daily to Head Office on the Daily Production Report.*
- 2.2 The facility shall inform the CB immediately if there is a projected overproduction. *Complies – the company has a mechanism for advising the CB of production variations, which are monitored internally.*

3 Record Keeping

- 3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. *Complies – Inspection of records at the Mill confirmed the FFB tonnages received, tonnage processed and quantities of CPO and PK held in storage were updated in the Daily Production Report.*
- 3.2 Retention times for all records and reports shall be at least five (5) years. *Complies – Records archived and stored for >5 years.*
- 3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. *Complies – these are updated monthly and reported to Head Office.*
- 3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated. *Complies – The company uses the prefix SG on the Product Code.*

4 Sales and Goods Out

- 4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:
- The name and address of the buyer; *Complies*
 - The date on which the invoice was issued; *Complies*
 - A description of the product, including the applicable supply chain model (Segregated) *Complies*
 - The quantity of the products delivered; *Complies*
 - Reference to related transport documentation. *Complies – all of these items (a-e) included in company's invoices to buyers*

5 Processing

- 5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material, up to 5 % contamination, is allowed. *Complies – West Mill processes only crop sourced from Sime Darby Estates, all of which are RSPO Certified.*
- 5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material. *Complies - the Estate Delivery Docket system enables the FFB received at the Mill to be traced back to the Field and the Oil Palm Block where it was harvested.*
- 5.3 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 operator conforms to these requirements for segregation *Complies – The Mill does not outsource any activities.*
 - The crush is covered through a signed and enforceable agreement *Complies – The Mill does not outsource any activities.*

6 Training

- 6.1 The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. *Complies – The company maintains records of training. Sime Darby PQMS Team provided training on Supply Chain Traceability to Mill staff in January 2013. Interviews of Mill Staff confirmed their knowledge of the Supply Chain requirements.*

7 Claims

- 7.1 The facility shall only make claims regarding the use of or support of RSPO certified palm oil that are in compliance with the RSPO Rules for Communication and Claims. *Complies – To the best of the Assessor's knowledge, the company has not made claims outside of the RSPO rules for Communications and Claims.*

Appendix “B”

Sime Darby Time Bound Plan

Table 1: Time Bound Plan and Summary of RSPO Certification Status as at 31 Dec 2012

Financial year (July –	Targeted	Achieved/Status	Attachments
Jun-08	5 SOUs	Sime Darby Plantation has had all its SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment.	Details please refer to Worksheet below (Table 2) for SDP - RSPO Certification Status for <u>Malaysia</u> and <u>Indonesia</u> .
2008/2009	20 SOUs (from Malaysia and Indonesia)	CSPO: To date (as at 31 Dec 2012) 55 SOUs have been certified with RSPO (36 Malaysian SOUs and 19 Indonesian SOUs). Refer to Table 2: RSPO Certification Status as at 31 Dec 2012.	
2009/2010	20 SOUs (from Malaysia and Indonesia)	The total number of SOUs have been revised from 62 SOU to 58 SOUs with effect from 1st July 2012 due to strategic alignments/closure of mills.	
2010/2011 (End Dec 2011)	17 SOUs (from Malaysia and Indonesia)		

Table 2: Details of RSPO Certification Status as at 31 Dec 2012

Status	Malaysia	Indonesia	Total	Remarks
Certified	36*	19	55	* Effectively only 36 SOUs: Sg Samak and Jeleta Bumi POM has been closed down. Due to strategic alignment, there are mills (Mostyn, Sepang POM) converted to third party oil mill and not included in the RSPO Certification timebound plan.
RSPO EB Review	0	3	3	• Pending review by RSPO EB. * Tamiang POM ceased operations and combined with Blang Simpo POM
Total SOUs	36	22	58	Note: Revised number of SOUs for SDP is 58 beginning July 2012.

Sime Darby Plantation's (SDP) Status in Compliance to Land/Social Issues

Please find below the updates of the previous grievance cases filed against SDP which have been addressed and the necessary actions taken by SDP to resolve the matters. All cases/issues are progressing as planned also reported to the RSPO Secretariat accordingly.

	Issues/Background	Status
1	<p>A) Indonesia Operations</p> <p>1.1 PT MAS has been facing fourteen claims made by the Project Affected Community (PAC) since 2007 and a few remain relevant currently.</p> <p>1.2 The PAC has requested for a meeting with Sime Darby management (31st October 2012) facilitated by Sawit Watch in the 10th RSPO Roundtable Meeting (RT 10, 29 Oct – 2nd Nov 2012), and the Secretary General of RSPO was also present during the meeting.</p> <p>1.3 After the meeting with the PAC, a complaint was officially filed by the PAC to RSPO on the unresolved claims. SD has responded to RSPO on 7 December 2012 in regards to the letter of complaint filed on 5th November 2012 to the Secretary-General of RSPO against PTMAS by the PAC through the RSPO Grievance mechanism.</p> <p>1.4 SDP has officially responded to RSPO on 7 December 2012 in regards to the letter of complaint filed to the Secretary-General of RSPO against PT MAS by the PAC through the RSPO Grievance mechanism.</p>	<ul style="list-style-type: none"> • SDP carried out a full Social Impact Assessment (SIA) in November 2009. It was followed by a review on the claims through a Social Management Planning by LINKS in May 2011, with recommendation to formulate a strategy on resolving social claims by SPKS and to establish an SOP in social engagement. • Engagement of LINKS was extended into the 2nd phase of Social Management Plan in August 2012 on Social Engagement Facility with a timeframe of 12 months. • Subsequent from the complaint, a series of meeting held on 22 Nov 2012 and 19 Feb 2013 was conducted between SD and the PAC. • OXFAM has also requested for a meeting with Sime Darby on 3rd November 2012. Both meetings highlighted result of a study by Asep Yunan Firdaus on PT MAS fourteen claims made in 2007. SDP has engaged LINKS to conduct similar study. Findings from both studies are comparable and recommendations especially from LINKS have been considered in producing action plan for moving forward. • As an outcome of the meeting, Sime Darby has agreed to send progress reports on the matter to RSPO on a quarterly basis. • RSPO Main Assessment report for PT MAS is currently under the review by RSPO EB pending RSPO certification.

	Issues/Background	Status
2	<p>B) Liberia Operations</p> <p>2.1 SDP received comments by Forest People's Programme on Parcel 2 – 20,000ha at Bopolu District, Gbarpolu County in July 2011(during NPP public consultation period). Following that, SDP has:</p> <p>2.1.1. Conducted the necessary investigation</p> <p>2.1.2. Provided a response to the RSPO on the complaints made</p>	<ul style="list-style-type: none"> • NPP completed. • In January 2013, Forest Peoples Program officially informed RSPO that in its opinion SDPL made good progress in addressing PAC's grievances, although the remedial activities could be conducted more expeditiously; in response to the above, RSPO requested SD to provide additional, detailed information on the status of negotiations between PAC and SDPL and supporting documents, all of which was forwarded to RSPO.
3	<p>C) Others</p> <p>3.1 For responses/clarification on media reports/releases for the period 2011-2012, please refer to the following websites:</p> <p>3.1.1 http://www.simedarbyplantation.com/False_and_Inaccurate_Reports_on_Liberian_Operations.aspx</p> <p>3.1.2 http://www.simedarbyplantation.com/Sime_Darby's_Response_to_New_York_Times_Article.aspx</p> <p>3.1.3 http://www.simedarbyplantation.com/Sime_Darby_Plantation's_Response_To_Oxfam's_Press_Release.aspx</p>	<ul style="list-style-type: none"> • Media reports/releases have been clarified and responses are published in the Sime Darby Plantation website.

SDP is committed to conform to the RSPO requirements for partial certification, and during the period under review, SDP management has not identified any new/outstanding issues related to the following (besides the above reported cases):

- (1) unresolved significant land disputes;
- (2) replacement of primary forest or loss of HCVs;
- (3) labour disputes that are not being resolved through an agreed process;
- (4) evidence of non-compliance with any law at any of the landholdings.

Appendix “C”

CV for New Team Member

DIAN EKOWATI**ADDRESS**

Ciomas Cluster Residence, Jalan Gabus 5, Blok A No. 3A
 Rt. 6/10, Kelurahan Padasuka. Kecamatan Ciomas, Kabupaten Bogor
 Phone +62 812 2219 162

Personal Email: dee.ekowati@gmail.com

EDUCATION BACKGROUND

- 2012 Graduate Degree: Bogor Agricultural Institute Graduate School (Master Level), Faculty of Human Ecology, Rural Sociology Study Program, Majoring in Gender and Social Demography. Thesis: Fertility and Gender Relation in Neglasari Village, Jasinga, Bogor, West Java.
- 2006 Bachelor Degree: Bogor Agricultural Institute, Communication and Community Development Study Program. Thesis: Community Empowerment in Ecotourism Development; Pesisir Krui, West Lampung.

PROFESSIONAL HISTORY

- 2010 - now Facilitator for British Standards Institution (BSI) auditors in conducting RSPO (Roundtable on Sustainable Palm Oil) audits.
- 2011-2012 Research on Landless Farmers Livelihood in West Java rural areas, Neglasari Village, Jasinga Sub-District, Bogor, West-Java, Sajogyo Institute (SAINS).
- 2011-2012 Research on Gender Relation and Women's Decision on the Number of Children, Neglasari Village, Jasinga Sub-District, Bogor, West-Java. Rural Sociology, IPB Graduate School.
- 2011 Co-researcher on research; Farmers Movement to Defend their Land, Atenco, Mexico. SEPHIS.
- 2010-2011 Desk Study on Indonesian Land Reform Initiative – SAINS, Asian NGO Association and International Land Coalition.
- 2010 Study on Women Participation in Government Program aimed for Women Empowerment (Program Pemberdayaan Wanita Keluarga Sehat Sejahtera), Research Institution of IPB, Bogor District, West Java.
- 2010 Impact Study of Government Assistance on Farmers: Superior Rice and Corn Seedlings, Chemical and Organic Fertilizer, Pasuruan and Situbondo Districts, East Java, Indonesia. IPB Research Center.
- 2010 Agrarian Systematic Research; "HGU and its Implications: Tajau Pecah Village, Batu Ampar Sub District, Tanah Laut District and Hayup Village, Haruai Sub District, Tabalong District, South Kalimantan Province. Sajogyo Institute and

- National Land Academy.
- 2009-2010 Research on Community Satisfaction on PT Antam Tbk's Community Development Program. Bogor. West Java. IPB Research Center.
- 2009 Agrarian Systematic Research; "Agricultural Institution of Production and Distribution in Rural Households Post Land Reform in Gender Perspective: a Case Study in Banjaranyar and Pasawahan Village, Ciamis, West Java." Sajogyo Institute and National Land Academy.
- 2008 Study on Adaptation and Ecological Conflict: Kasepuhan Sinar Resmi (Abah Asep), Sirna Resmi Village, Cisolok Sub District, Sukabumi District, West Java. Rural Sociology Study Program, IPB Graduate School.
- 2008 PT. Aqua Transportation Impact in Social Economic Aspect of the Community, Part of PT. Aqua CSR Research, Sukabumi, West Java.
- 2007 Facilitating community to manage program from the government in PPK-IPM project (West Java Provincial Government Program to Increase the People's Human Development Index).
- 2005 Research on the Potency to Develop Community Based Ecotourism as an Effort in Empowering Rural-Agro forest Community, Lembaga Alam Tropika Indonesia (LATIN), West Lampung.
- 2005 Research on Local Participative Technology, Petungkriyono Sub District, Pekalongan District, Central Java, LATIN.
- 2004 Facilitating community to establish and manage their own Community Radio, LATIN NGO (Lembaga Alam Tropika Indonesia), West Lampung.
- 2003 Research on Rural Community's Social Economic Potency, Pamijahan Sub District, Bogor, IPB.

TRAINING AND FELLOWSHIP

- 2011 Tailor Made Short Course Agrarian Transition For Rural Development in Institute of Social Studies (ISS), Erasmus University The Netherland - a cooperation of ISS and Sajogyo Institute.
- 2010 International Workshop on Agrarian Transition in Indonesia, Department of Anthropology, Faculty of Cultural Science, Gadjah Mada University, Jogjakarta.
- 2009 Workshop on Methodology and Public Lecturer with Tania Muray Li and Ben White - SAINS - Agrarian Research Center of IPB and STPN
- 2008 Training on Analyzing Village Potency Data, Sajogyo Institute.
- 2007 Workshop on Character Building - Teacher Institute, Sampoerna Foundation, Jakarta
- 2004 Facilitator Techniques Training, LATIN NGO, WALHI (Wahana Lingkungan Hidup Indonesia) and West Lampung Government.

PAPER PRESENTED IN CONFERENCES

- 2010 "Negotiating Space of Critical Collaboration" Presented in Yale International Forum: Interdisciplinary Conference, Social Justice and Rule of Law: Addressing the Growth of a Pluralist Indonesian Democracy, Diponegoro University and Yale University, Semarang, Indonesia.
- 2010 "Gender and Fertility in Plantation". Presented in the International Workshop on Agrarian Transition in Indonesia, Department of Anthropology, Faculty of Cultural Science, Gadjah Mada University, Yogyakarta.
- 2009 "Return to Local Knowledge to Achieve Resilient Agriculture to Climate Change". Presented in the International Seminar on Achieving resilient-agriculture to climate change through the development of Climate-Based Risk Management Scheme, on November 2009, held by Indonesian Association of Agricultural Meteorology.
- 2009 "Poverty and Disparity between Upland and Lowland; Indonesian Case". Presented in the 2nd IRSA (Indonesian Regional Science Association) International Institute (July 2009), held By IRSA and IPB.
- 2005 "The Potency to Develop Community Based Ecotourism; Pekon Pahlungan, Krui, West Lampung" Presented in the Meeting of Petani Repong Damar (P2RD), West Lampung Government.

BOOK CHAPTERS IN BAHASA INDONESIA

- 2010 "Membaca Ulang Keberadaan Hak Guna Usaha dan Kesejahteraan Rakyat". (Second Author) in Pengembangan Kebijakan Agraria Untuk Keadilan Sosial, Kesejahteraan Masyarakat dan Keberlanjutan Ekologis. Yogyakarta, Indonesia: SAINS dan STPN Press.
- 2009 "Kelembagaan Produksi-Distribusi Pasca Okupasi dalam Perspektif Gender, Studi Kasus Dua Desa di Kabupaten Ciamis". (First Author) in Memahami dan Menemukan Jalan Keluar dari Problem Agraria & Krisis Sosial Ekologi. Yogyakarta, Indonesia: SAINS dan STPN Press.

ARTICLE IN NATIONAL JOURNAL

- 2009 "Poverty and Disparity between Upland and Lowland Communities". (First Author) in Economic Journal of Emerging Markets. Special Edition on Regional Economics. Yogyakarta: Faculty of Economics, Universitas Islam Indonesia.

Appendix “D”

ASA3 Programme

ASA3 Programme SOU9 – 04 and 06 February 2013

TEAM: CR: Charlie Ross; RR: Robyn Ross; IN: Iman Nawireja; DE: Dian Ekowati

DATE	TIME	ACTIVITY	CR	RR	DE	IN
Monday 4 February 2013	AM	Opening Meeting	√	√	√	√
		Mill Documentation including Supply Chain	√			
		Interview Contractors/Suppliers	√		√	
		Interview Male Workers		√	√	
		Interview Female Office Staff/Workers		√	√	
	TEAM 1 WEST MILL			√	√	
	PM	Inspect Mill, Effluent Ponds, Landfill, Land Application, Workshop, Stores	√			
		Visit Clinic and Interview Staff (SOU 8 & 9)		√	√	
		Inspect Mill and Estate Housing and Interview Residents		√	√	
		Closing Briefing	√	√	√	
TEAM 2 WEST ESTATE	AM	Inspect Estate including any Buffer Zones				√
		Interview Male Fieldworkers				√
		Interview Female Fieldworkers				√
		Inspect Workshop, Stores, Landfill				√
		Interview Contractors/Suppliers				√
Contact Government Offices DOSH, DOE, Labour Department, NUPW Regional Office, AMESU, NGOs				√		
PM	Visit Local Communities associated with both Mill and Estate				√	
	Estate Documentation				√	
	Closing Briefing				√	
Wednesday 6 February 2013	PM	Closing Meeting (combined with SOU8)	√	√	√	√

Appendix “E”

Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED SOU9

<p>Internal Stakeholders</p> <p>37 Local and Foreign Male Mill Workers 5 Local and Foreign Female Mill Workers Hospital Assistant (Group Hospital)</p>	<p>Internal Stakeholders</p> <p>Residents (Mill and Estate Housing) 2 Foreign Male Harvesters 3 Foreign Male Pesticide Operators</p>
<p>Contractors</p> <p>Mill FFB Transport Contractor 2 Mill Equipment Suppliers Mill Engineering Services 2 Estate FFB Transport Contractors Estate General Contractor</p>	<p>Local Communities</p> <p>Kampung Sungai Judah Representatives</p>
<p>Government Departments</p> <p>Department of Labour Lands and Survey Department Department of Environment Department of Occupational Safety and Health</p>	<p>NGOs and others</p> <p>AMESU NUPW, Selangor</p>