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PUBLIC SUMMARY REPORT
ANNUAL SURVEILLANCE ASSESSMENT (ASA2)

SIME DARBY PLANTATION Sdn Bhd
Management Unit SOU19
Muar, Johor Darul Takzim, Malaysia

Report Author

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SUMMARY

BSi Group Singapore Pte Ltd (BSi) has carried out an Annual Surveillance Assessment (ASA2) of Sime Darby Plantation Sdn Bhd Strategic Operating Unit SOU19 (SOU19) comprising Nordanal Mill, supply base, support services and infrastructure. BSi concludes that SOU19 operations have maintained compliance with the requirements of RSPO Principles & Criteria : 2007; MY-NI Indicators and Guidance : 2010; and RSPO Supply Chain Certification Standard : November 2011 (Mass Balance Mechanism).

BSi recommends the continuation of the approval of SOU19 as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS

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
ERP	Emergency Response Plan
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
HIRAC	Hazard Identification Risk Assessment Control
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
OER	Oil Extraction Rate
OSH	Occupational Safety & Health
PK	Palm Kernel
PPE	Personal Protective Equipment
QMS	Quality Management System
R&D	Research and Development
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Identity of Certification Unit

The SOU19 Mill and Estates are located in Muar, Johor Darul Takzim, Malaysia (Figure 1). Additional maps showing details of Lanadron and Welch Estates are included (Figures 2 and 3). The GPS location of the Mill is shown in Table 1.

Table 1: Mill GPS Location

MILL	LONGITUDE	LATITUDE
Nordanal Mill (25t/hr capacity)	102° 44' E	2° 11' N

1.2 Production Volume

The production tonnages for CPO and PK for the 12 months prior to ASA2 (01 July 2011 to 30 June 2012) and projected for the next twelve months are listed in Table 2. The mill will process only certified FFB from Sime Darby Estates in 2012/13 and the production is projected to increase due to replanted palms reaching maturity.

Table 2: Production Tonnages

Nordanal Palm Oil Mill	CPO	PK
Estimate at Certification	25,287**	6,713**
ASA1 Actual 07/01/2010 – 06/01/2011	27,495**	7,133**
ASA2 Actual 01/07/11 – 30/06/12	26,610* 25,805**	6,403* 6,205**
ASA2 Projected 01/07/12 – 30/06/13	27,892**	7,115**

* Includes FFB Trader tonnage

** = Certified Production

1.3 Certification Details

Sime Darby RSPO Membership No: 035-04(O)
BSi RSPO Certificate No: SPO 548297
Initial Certification Assessment: 23 – 25 June 2009
Date of Certification: 7 January 2011

1.4 Description of Supply Base

The FFB processed at Nordanal Mill during 2011/12 was sourced from the three SOU19 Estates (96.8%) and an FFB Trader (3.2%).

Sime Darby is constructing a new mill of 45 tph capacity and Nordanal Mill will be decommissioned during the 2012/13 financial year. The FFB production from SOU19 Estates and an FFB Trader is listed in Table 3. SOU19 will not purchase any crop from the FFB Trader during 2012/13 and only FFB from Certified Sime Darby Estates will be processed.

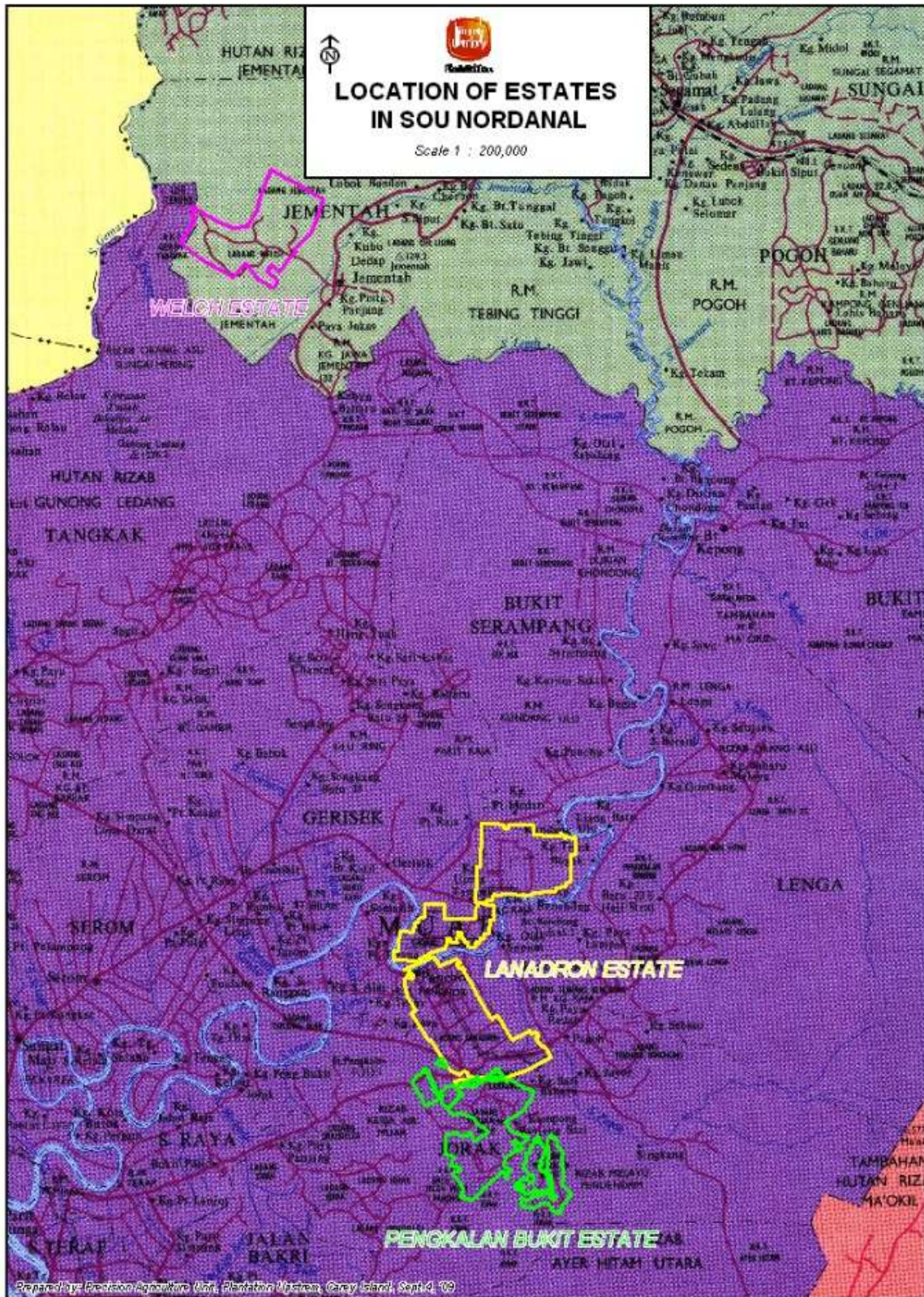


Figure 1: SOU19 Location Map

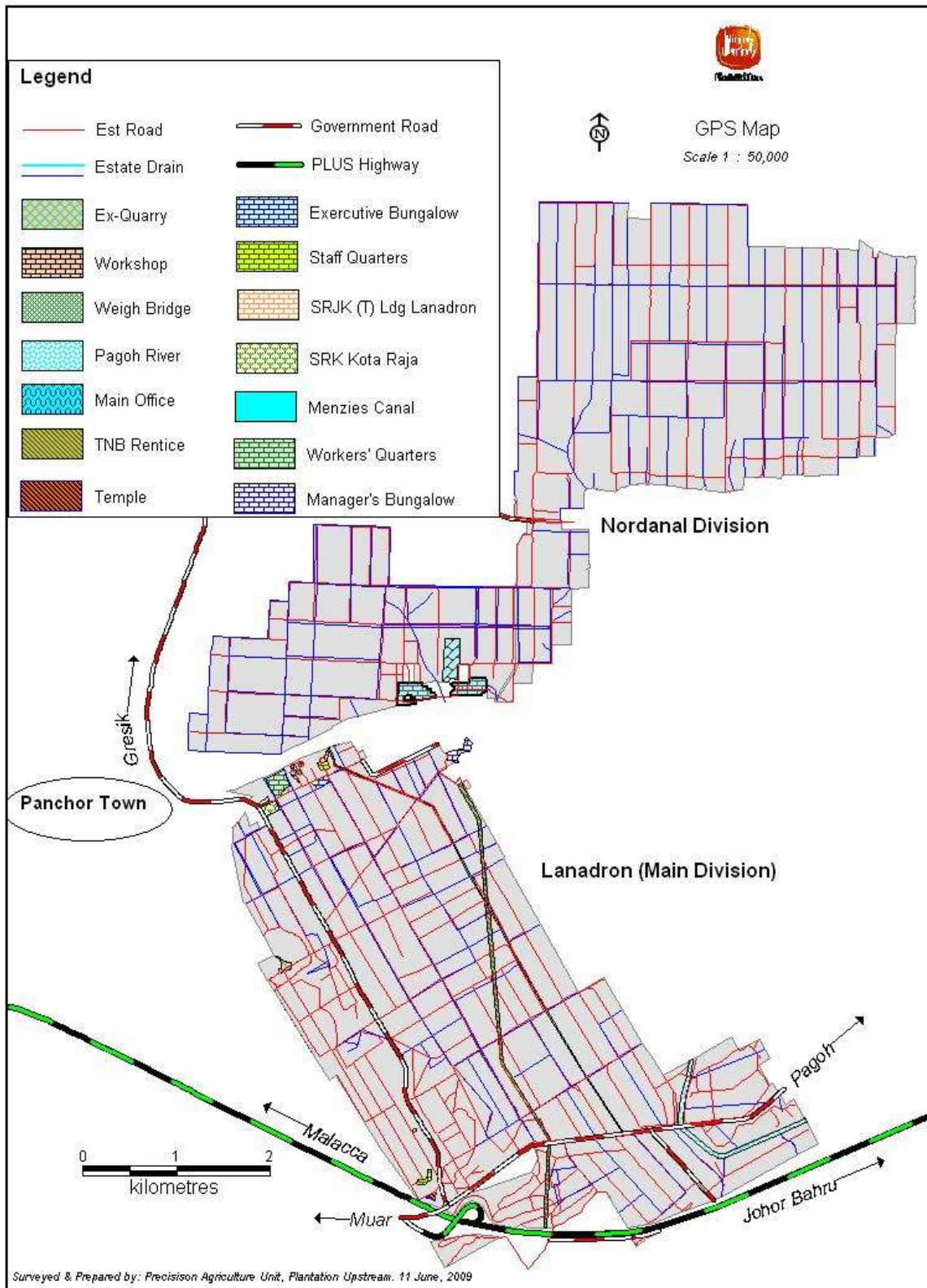


Figure 2: Lanadron Estate Layout

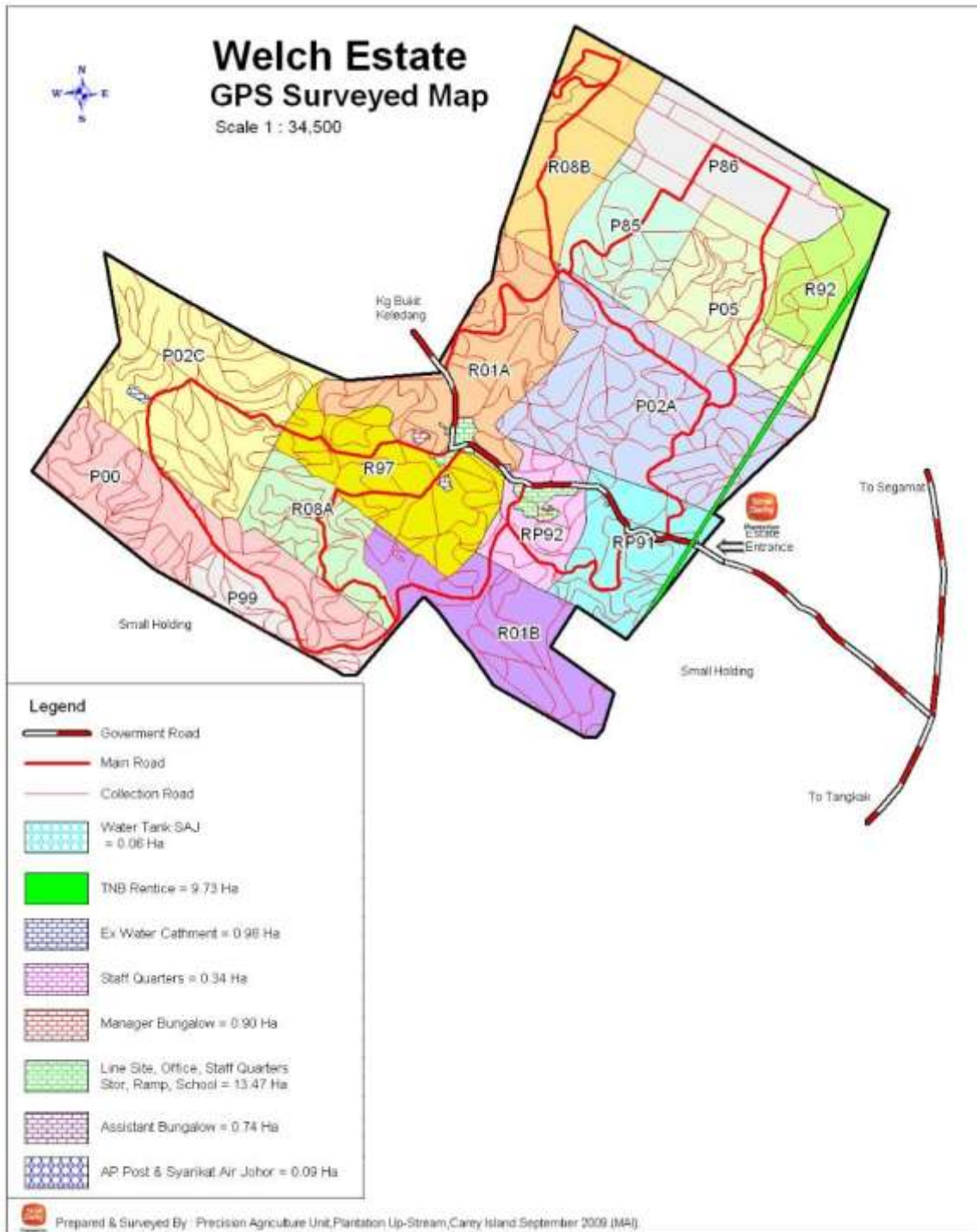


Figure 3: Welch Estate Layout

Table 3: FFB Tonnes Processed

Source	Estimate at Initial Certification	Actual 01/07/11 – 30/06/12	Projected 01/07/12 – 30/06/13
SOU19 Estates			
Lanadron	53,990	64,906	61,866
Pengkalan Bukit	35,304	45,243	55,119
Welch	8,688	7,893	12,382
Sub-total	97,982	118,042	129,367
Adjacent Sime Darby Estates			
Pagoh		58	0
Sub-total	25,626	58	0
FFB Trader*			
Chop Eng Joo	15,938	3,905	0
Sub-total	15,938	3,905	0
OVERALL TOTAL	139,546	122,005	129,367

* The production from the FFB Trader is excluded from the Certificate for SOU19

The company owned Estates were developed in the early 1900s, initially to rubber. Oil palms were first planted in the 1960s and are in their 2nd and 3rd cycles. The age profile of SOU19 palms is shown in Table 4a.

Table 4a: Age Profile of SOU19 Palms

ESTATE	AGE (years)	% PLANTED AREA
Lanadron	21 – 30	35.64
	11 – 20	28.58
	4 – 10	24.80
	0 – 3	10.98
Pengkalan Bukit	21 – 30	16.25
	11 – 20	43.19
	4 – 10	21.97
	0 – 3	18.59
Welch	21 – 30	20.16
	11 – 20	22.02
	4 – 10	57.82
	0 – 3	0

The areas planted are shown in Table 4b. There was no change to the area planted to that reported in the ASA1 Public Summary Report.

Table 4b: SOU19 Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total
Lanadron	2,707	334	3,041
Pengkalan Bukit	2,545	581	3,126
Welch	722	0	722
TOTAL	5,974	915	6,889

Supply Chain

SOU19 uses the mass balance 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, 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. Sime Darby Commodities Trading Marketing Department manages all sales of CPO and PK on behalf of Sime Darby Mills. The system is computerised and when the Mill inputs the code for a Buyer, the RSPO Supply Chain information is generated automatically for the despatch note and the sales invoice. During the previous 12 months there was no sale of either Certified Sustainable Palm Oil or Certified Palm Kernel from Nordanal Mill. Inspection of documents confirmed SOU19 maintains all of the applicable documentation required for verification of implementation of the RSPO Supply Chain Certification Standard : November 2011, for Palm Oil Mill, Mass Balance Mechanism – Refer to Appendix A for details.

1.5 Progress against Time Bound Plan

Sime Darby Time Bound Plan (updated July 2012) is included as Appendix B. Sime Darby has achieved RSPO Certification of all 39 of the Strategic Operating Units (SOU) in Malaysia, and 16 of the 23 in Indonesia. Sime Darby has completed the Initial Certification Assessments for the remaining 7 SOUs in Indonesia and the assessment reports are pending review by the RSPO. Upon certification of the remaining 7 SOUs, Sime Darby will have achieved the Time Bound Plan. Effective from July 2012, Sime Darby has closed Jeleta Bumi and Mostyn Mills and converted Sepang Mill to third party operation, which reduces the number of SOUs in Malaysia to 36.

BSi has continued involvement with assessments of 13 of the Sime Darby SOUs during the 2011/12 period. During this time, Sime Darby has kept BSi informed of issues and claims made against it. The issues raised previously by Serikat Petani Kelapa Sawit (SPKS) in Sanggau District Indonesia relation to plasma smallholders' claims against PTMAS were followed up between 07 and 09 August 2012. Information indicated the status quo has been maintained and PTMAS has continued to address the issues applicable to its operations.

At the time of preparation of this Report, BSi is not aware of:

- (1) any unresolved significant land disputes that are not in a process of resolution;
- (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

SOU19 ceased purchasing crop from the FFB Trader on 30 June 2012. Interview of the FFB Trader found that he did not have adequate knowledge of RSPO requirements and previous crop has not been included in the SOU19 Certificate.

1.7 Organisational Information / Contact Person

Sime Darby Plantation Sdn Bhd
Management Unit SOU19
84500 Panchor
Muar Johor Darul Takzim
MALAYSIA
Contact Person: Mr Bakhtiar Effendy Kamaludin
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Email: nordanal.mill@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

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

Noryati Hambali – Facilitator (Women and Families)

2.2 Assessment Programme

The ASA2 was carried out 9–10 July 2012. The Assessment Programme is included as Appendix C.

The Programme included assessments of Nordanal Palm Oil Mill, Pengkalan Bukit and Welch Estates against all of the RSPO P&C and applicable RPSO indicators, and the Supply Chain Standard : 2011 for Mass Balance Mechanism. The Estates were selected for assessment on the basis of alternate years.

The Nonconformities that were assigned during previous assessments CR01, CR02 and the Observations that were identified during ASA1 were followed up to check the effectiveness of corrective actions – refer Section 3.3 Page 14.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interview of staff, workers and their

families and external stakeholders, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information.

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 SOU19 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 is included at Appendix D.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

During this ASA2, nonconformities were assigned against Minor Compliance Indicators 5.2.3 (CR03) and 6.1.3 (CR04). One (1) Observation/Opportunity for improvement was identified – refer Section 3.2 Page 14 for details. SOU19 prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi reviewed and accepted. Refer Section 3.2 Page 13 for details of Nonconformities and Corrective Actions.

Review of the Nonconformities assigned during previous Assessments (CR01 and CR02) found the corrective actions were being effectively and consistently implemented and the nonconformities remain closed. The ten (10) Observations/Opportunities for Improvement identified during ASA1 were followed up to check the effectiveness of corrective actions. Refer Section 3.3 Page 14 for details.

BSi recommends continuation of Certification for SOU19 as a producer of RSPO Certified Sustainable Palm Oil.

PRINCIPLE 1: Commitment to Transparency

SOU19 has continued to maintain the filing system for retaining records of stakeholder requests for information and the response. SOU19 has responded to requests for information in a timely manner. The Mill and Estates have kept their filing systems updated with copies of company policies and management plans, which are available to the public 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 the filing system for receiving and responding to requests for information. Records held on file show that requests are responded in a timely manner, for example, an MPOB Survey on “Oil Losses & Oil Recovery Systems” was received by the Mill in April 2012 and replied on 11 May 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 Estates hold copies of the policies and other documents that are required by the RSPO to be publicly available.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Inspection of records confirmed that the Mill and the Estates visited 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. The Mill and Estates have maintained the systems for documentation, checking and assessment of legal compliance with applicable laws and regulations. The boundaries of the Estates are well defined by trenches and boundary stones are clearly marked. 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.

Compliance with legal requirements is demonstrated by audit report findings and review of documents and records on site. The Mill maintains copies of applicable Permits and Licences, which were displayed at the Mill Office. Checks of a sample of permits indicated all were current, for example MPOB Licence No 536104004000, expiry date 31 January 2013. The most recent DOE (31 May 2012) and DOSH (08 February 2012) site visit reports indicated there were no outstanding items that needed to be addressed. For example, during the February visit DOSH conducted hydrostatic tests on the steriliser and confirmed no leakage.

Mill effluent test results are held on file and are graphed to provide information on trend. The mill ceased discharging treated effluent off site in December 2012 and since that time all of the effluent is applied to the palms in furrows. The test results between July and December 2011 indicated the quality of treated effluent discharged to Sg Muar complied with the licence limit for all parameters, such as BOD (Figure 4).

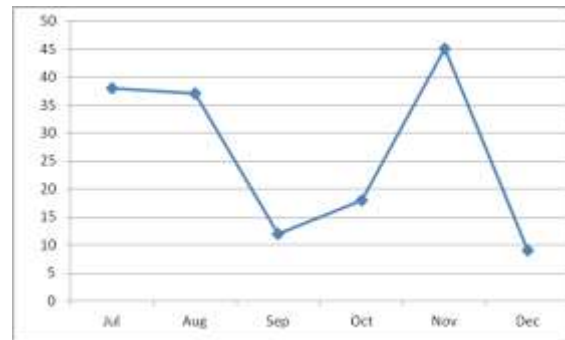


Figure 4: BOD (mg/L) of Treated Mill Effluent July – December 2011

Boiler emissions were tested by PAC Testing & Consulting on 16 March 2012 and the results (Report Ref No: PAC-AE-120313) were in compliance with regulation 25 of the Malaysian Environmental Quality (Clean Air) Regulations, 1978. The Mill boiler smoke density meters were calibrated by ST Tech Engineering Sdn Bhd on 04 July 2012. Continuous monitoring of boiler smoke emissions, using a smoke density meter confirmed compliance with regulatory requirements.

The Mill has an approval letter from Labour Department dated 22 November 2010 for extension of overtime hours current to 30 January 2013. Inspection of a sample of Mill and Estate pay records confirmed all overtime hours were within the approved limit.

The Mill and Lanadron Estate housing water supply is presently drawn from Sg Muar and undergoes treatment by the Mill. Water quality test results of samples from worker housing tested by Nalco on 26 June 2012 confirmed compliance with Malaysia Drinking Water Quality Standard (2009). The Estate engages a contractor to carry out monthly testing and servicing of the water treatment plants for supplies to housing. The most recent tests carried out confirmed suitability of water for domestic use. Welch Estate water supply is from the government reticulation system. Electricity is supplied to housing from the Government supply.

The Mill and Estates have a Legal Requirements Register that was reviewed 05 July 2012. The Register lists all applicable legislation, together with a summary of compliance requirements, a list of permits and their expiry dates.

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

Inspection of a sample of boundary stones, for example at Blocks 03A and 99C in Pengkalan Bukit Estate confirmed these continued to be maintained so they were clearly visible.

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 Estates and the Mill are on Freehold land and there are Government roads that pass through the Estates.

Sime Darby does not restrict access through the estates, except in relation to trucks, because of concerns for FFB security. There are presently no land claims that dispute Sime Darby's ownership of the land.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Sime Darby has continued to make improvements in performance at the Mill and Estates. For example, a new Mill is being built to replace the 50 year old Nordanal Mill. The housing improvement programme continued with existing houses being upgraded to 3 bedroom dwellings. In 2011/12 the Mill achieved 21.39% OER, which is very good considering the age of the Mill and is the result of improved FFB quality and better operational controls for processing the crop.

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

The SOU19 estates are undergoing significant replanting programmes and the average yields at Lanadron and Welch Estates fell sharply in 2011/12 due to replanting (Figure 5).

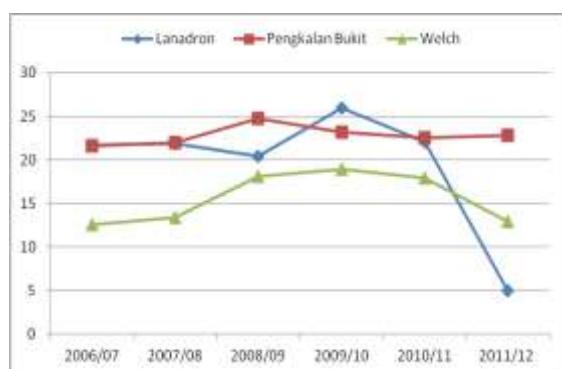


Figure 5: Average Annual FFB Yield (t/ha/yr) 2006 – 2012

The Mill OER has continued to increase from 20.3% in 2006/07 to 21.39 in 2011/12 (Figure 6) due to improved crop quality in terms of ripeness and recovery of loose fruit. The OER is very good considering the mill is 50 years old.

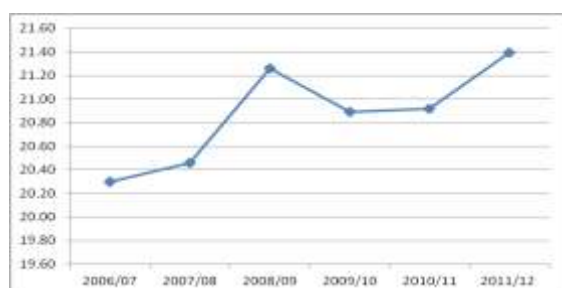


Figure 6: Average Annual OER (%) 2006-2012

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

Sime Darby has maintained the programme of internal audits by Mill Advisors and Plantation Advisors to check the implementation of corporate policies and SOPs. This has assisted the company to raise the level of performance across the operations in relation to productivity. Additional audits by the Plantation Sustainability Department have improved environmental protection. An example is the significant improvement has been made in reducing water usage from 1.07 t/t FFB to 0.74 t/t FFB.

The company gives high priority to ensure workers are trained to work safely and provides appropriate PPE. The Integrated Pest Management Programme has helped to reduce the number and quantity of pesticides used. Field inspection and interviews of workers confirmed they understood the safety hazards associated with their tasks and that they were working safely.

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

The Mill has maintained the Quality Management System although the company has withdrawn from the ISO 9001 Certification scheme. The mill holds copies of Standard Operating Procedures that are controlled documents under the QMS.

The Estates hold a copy of Sime Darby Standard Operating Procedures issued 2 January 2008. In addition, the Estates have work procedures in Bahasa Malaysia for operational control for each of the main tasks, which include safety requirements.

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 conducts site inspections quarterly with the most recent 02-11 May 2012. The Mill Manager has responded positively and completed the minor works to close out all of the issues raised by the Mill Advisor during the May 2012 visit.

The Plantation Advisor visits the Estates six-monthly and the most recent visit to SOU19 Estates was made in April 2012. A copy of the Advisor's Report and the Estate Manager's response to issues raised are held on file. The Mill and Estates hold copies of previous internal audit reports that include the Manager's response to issues raised and corrective action being 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 Agronomy Section of R&D Department makes annual recommendations for fertiliser applications. The Estate Managers check that fertiliser

application matches the recommendation. The current fertiliser recommendation was based on the site visit of October 2011. The fertiliser recommendation includes the quantity to be applied to each oil palm block.

Sime Darby Agriculture Policy (June 2009) requires soil sampling to be carried out every 5 years, and this was implemented at the SOU19 Estates in 2010 (Test Report No S57/2010).

The Estates maintain records of the quantity of EFB received from the Mill and the oil palm blocks to which it is applied on a daily basis. R&D Department monitors the nutrient status of palms using the results from the foliar sampling to advise on the annual fertiliser requirement to supplement EFB application.

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

The Estates hold copies of soil maps. The main soil type is from the Munchong Series, which is sandy and well drained. Immediately following replanting of palms, leguminous cover crop is planted to prevent soil erosion. Terraces at Welch and Pengkalan Bukit Estates were constructed with a back-slope and stop bunds placed at 20m intervals for water conservation. Field inspection confirmed soil conservation practices were consistently implemented at the replanted areas, such as Blocks 2011A and 2011B. Practices such as box stacking of pruned fronds also appeared well implemented at mature palms.

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

Inspection confirmed the Estates had continued to maintain the buffer zones set aside at replanting, such as at Sg Pagoh. Pengkalan Bukit has planted native tree species along a small stream at Block 2011B for reinstatement of the buffer zone.

The Mill reports total water usage monthly to Head Office. The average annual usage has decreased from 1.07 t/t FFB in 2006/07 to 0.74 in 2011/12 (Figure 7) due to control of the use of water for cleaning mill floors and ensuring any leaking pipes and valves are repaired. In addition the tonnage of FFB processed in the mill in 2010/11 and 2011/12 was higher than earlier years, which contributed to the reduction in water usage per unit of throughput.

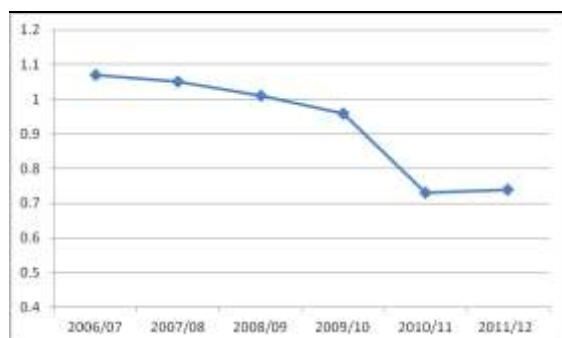


Figure 7: Annual Mill Water Usage (t/t FFB) 2006-2012

The Mill collects water samples monthly from Sg Muar upstream and downstream from the mill discharge. Sg Muar is a large river and the monitoring results indicated no significant difference in water quality between upstream and downstream samples.

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

The major palm pests are rats in mature palms and oryctes in young palms. Barn owls are used for control of rats. Extensive plantings of the beneficial plants *Turnera subulata*, *Antigonon leptopus* and *Cassia cobanensis* have been established along the sides of the newly constructed access road to the new mill within Sime Darby Pagoh Estate.

The Estates maintain records of six monthly census of barn owls. The beneficial plants (*Cassia cobanensis*, *Tunera subulata* and *Antigonon leptopus*) are an important component of IPM and chemical treatment has never been used for control of leaf-eating insects at Pengkalan Bukit and Welch Estates.

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 and inspection of the Pesticides Store confirmed only pesticides registered by the Pesticides Board were held. The Estates Pesticides Stores meet regulatory requirements with respect to spill containment, security, ventilation, separation and labeling of chemicals.

Inspection of the pesticides store confirmed all chemicals were labelled in Bahasa Malaysia. MSDSs were displayed in the Pesticides Store for each of the chemicals held.

CHRA medical surveillance was carried out by a DOSH registered doctor December 2011 for 24 pesticide operators. Review of the Report confirmed all were fit to work with pesticides.

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

The Mill and Estates have a Safety and Health Policy approved by Top Management April 2008 that is displayed prominently on notice boards. Information on safety is communicated to workers at muster briefings. Inspection of the Mill and Estates workplaces, observation of tasks being carried out and interview of workers indicated employees were aware of safety precautions. The standard of housekeeping at the Mill

remained good, with walkways clearly marked and safety signage prominent.

The Pengkalan Bukit Estate HIRAC was reviewed in January 2012, and the Mill HIRAC was reviewed in April 2012. The HIRACs were updated with additional issues and revised risk assessments, for example Pengkalan Bukit Estate HIRAC was amended for “carrying harvesting tools”.

The Mill and Estates have a Safety Training Plan 2012-13, that schedules the training for the year. Inspection of the training records confirmed Pengkalan Bukit Estate carried out training as scheduled, for example CPR and First Aid training. The Mill and Estates hold training records, including topic, trainer, list of attendees and signatures. Sprayer training was carried out on 02 February 2012 at Pengkalan Bukit for 12 operators and the scope included correct wearing of PPE, spray technique and equipment maintenance.

Inspection of spraying and interview of sprayers showed they were working safely and indicated they understand safe work practices.

Inspection of tasks confirmed appropriate PPE is supplied to all workers. The standard issue of PPE to Mill workers is safety shoes, helmet, and ear plugs. Additional PPE is provided for specific workstations, such as eye protection for oxyacetylene welding and “ear muffs” for high noise work stations. Inspection of spraying confirmed correct use of PPE, such as boots, apron, gloves, respirator and eye protection. The Mill and Estates hold records of PPE issued to each worker including the name of worker receiving PPE, date of issuance and signature of acceptance.

The Mill has appointed two safety coordinators, the Quality Assurance Supervisor and the Assistant Engineer. The Field Supervisor is responsible for safety coordination for the Estate.

The Mill and Estates presently conduct quarterly Safety Committee Meetings, for example the most recent held at Pengkalan Bukit Estate was on 25 May 2012 attended by 14 persons including union representatives and a contractor. Review of the OSH Committee Meeting Minutes showed the topics discussed included accident reports, workplace inspections and issues raised by representatives.

The Mill and Estates have all elements of an ERP included in a Master Plan that was reviewed and updated 20 July 2011. Emergency training and a fire drill were carried out in April 2012 at the Estates and the Mill, under the supervision of the local fire Brigade.

The Hospital Assistant conducted First Aid training on 22 July 2011 for 15 mill staff; 27 May 2011 for 15 Welch Estate staff and workers and at Lanadron Estate on 19 July 2011 for 10 participants.

First Aid Kits are available at Work Stations throughout the Mill and the Estates have issued First Aid Kits to Supervisors and Mandores. Inspection of a sample of Kits found these to be appropriately stocked.

Malaysian staff and workers are covered by Social Security Organisation (SOCSO) Insurance. Foreign workers are covered under RHB Insurance, Master Policy D08WFWC8606982KL current to 30 June 2013.

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

The Mill and Estates have prepared annual Training Plans for the 2012-13 that cover the competencies required for the various tasks in the Mill and the field. Training records are held including details of the topic, trainer, list of attendees and signatures. Training in work practices at the Estates is mostly by informal on-the-job instruction. Records of informal training are kept in the “Daily Report Book”, including the topic.

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

The SOU19 Estates were cleared and developed for agriculture almost 100 years ago and almost all of the vegetation was removed at that time. The Estates have continued to maintain small areas of remnant vegetation on steep hillsides and along the main Muar River.

The Mill and Estates have made improvements to the recycling of palm by-products to the field. The separation of wastes at housing has improved, especially in relation to reducing green garden waste disposed to the landfill.

The majority of energy used at the Mill is sourced from the steam turbine and the remainder is from the Government supply. Scheduled wastes generally were well controlled and disposed to a licenced contractor.

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

The Environmental Aspects and Impacts Register was reviewed and updated for the estates and the mill in January 2012 using a risk assessment process. No additional aspects were identified.

The Mill has focused on the reduction of water usage and has achieved 0.74 t/t FFB (Figure 6 Page 9), which is significantly below the Target of 1.0 t/t FFB. In addition, the mill ceased discharging POME off-site in December 2012.

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.

SOU19 has maintained the small areas of remnant vegetation such as on steep hills that were not cleared during the original land development almost 100 years

ago. The Estates are surrounded by smallholder and other privately owned oil palm estates. The Estates have maintained the signs posted at the entrance to the property prohibiting hunting, fishing and the use of fire. **CR03** – A Nonconformity was assigned because inspection of Welch Estate housing found one caged spotted dove, which was likely to have been captured in the field. Interview of harvesters indicated low awareness of the workers to the protection of wildlife in the Estate area – refer Section 3.2 Page 13.

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

The Mill and Estates have implemented segregation and storage of wastes for recycling where possible. Inspection showed that segregation of recyclables was well managed at workshops for materials, such as scrap metal and spent lubricating oil. The Mill and Estates have a small area dedicated to the storage of scrap metal which will be sold to a recycler. Inspection showed the scrap metal was stored in an orderly manner.

The Mill and Estates have scheduled waste stores and stored materials were labeled, segregated and the inventory up-to-date. The Mill and Estates have maintained an inventory listing all of the scheduled wastes stored on site. The Mill and Estates have engaged Kualiti Alam Sdn Bhd to collect, transport and dispose of scheduled waste. Copies of scheduled waste manifests are maintained, for example, Serial Number 0007888 collected from the Mill on 10 April 2012 by Lorry Registration Number NAD9760; and Consignment No 01032 for waste oil collected from Pengkalan Bukit Estate on 07 July 2012, Lorry Registration No WVJ8901.

The Estates have developed small landfills for disposal of non-recyclables. Inspection at Welch and Pengkalan Bukit showed the landfills were appropriately located and operated in accordance with applicable regulatory requirements.

Formal arrangements have been implemented for safe disposal of medical waste to an approved facility. For example, Welch Hospital Assistant transfers wastes to the Government Clinic at Segamat. Records are maintained with date of transfer, amount transferred with signature of nursing staff and government stamp confirming receipt.

The EFB loading area was well maintained and the Mill maintains weighbridge records of EFB tonnages transported to the field. The Estates maintain a book with daily records of the tonnage and location where EFB is applied. Priority for EFB application is the replanting areas.

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. The average electricity generated from renewable energy for the previous 5 years is shown in Figure 8. The renewable energy use increased during 2011/12 due to the high mill utilisation of 81.4% with

crop processed almost continuously and the steam turbine operated outside of processing hours.

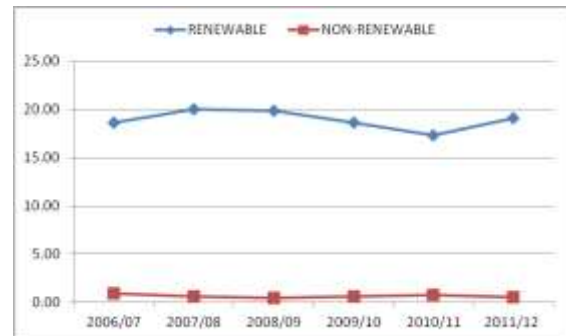


Figure 8: Mill Energy Usage (kWh/t CPO) 2006 – 2012

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

The company has a zero burning policy and inspection confirmed this is being consistently implemented. Inspection of replanting confirmed felled palms are chipped and windrowed. Inspection of SOU19 operating areas and housing confirmed no evidence of fire being used for waste disposal.

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

The Nordanal Mill is scheduled to be decommissioned in 2012 and there are no plans for greenhouse gas emission reduction specific to the existing Mill. However, a new mill that is currently under construction at Pagoh Estate will incorporate energy efficient design, such as vertical sterilisation.

The Estates have installed oil and sediment traps at vehicle washdown bays, workshops and refueling areas for control of point source pollutants. Actions also are being implemented to improve groundcover to minimise risk of soil erosion within palms, and sediment transported in rainfall runoff.

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

SOU19 has maintained the process of engaging with internal and external stakeholders and no issues were identified during the surveillance visit. The system for registering complaints and grievances has continued to operate effectively, although most of these again were related to requests for housing repairs. Inspection of records and interviews of workers confirmed pay and conditions complied with labour laws. A gender committee has been operating and there were no identified issues relating to discrimination or under-age employment. Interviews confirmed there is a good relationship with contractors and local communities.

Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.

The SIA carried out in 2009 remained current. Interviews of community representatives and inspection of records showed that meetings had been held with local communities. Social Action Plans have been updated (Mill 06/07/12; Pengkalan Bukit 22/06/2012; Welch 01/06/2012). **CRO4 – The Observation 09 identified during ASA1 was raised to a Nonconformity because the Mill and Estates Social Action Plans have been updated but they do not appear to include any issues raised during Stakeholder Meetings. For example, at Welch and Pengkalan Bukit Estates the Action Plans were updated prior to the Stakeholder Meetings being held. The Mill updated the Plan following the Stakeholder Meeting but did not include issues raised at the Meeting – refer Section 3.2 Pages 13/14.**

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.

SOU19 has maintained records of correspondence and communications with stakeholders. For internal stakeholders, these are mainly in the form of requests for repairs to housing, and for external the majority are requests for assistance and donations. A record was held of a recent stakeholder meeting held on 15 March 2012 with representatives of local Kampung Senduk, Grisek, and Hujung Tambak, contractors and an NGO.

The Stakeholder List was updated on 06 July 2012 and includes all relevant 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.

Review of records and interviews of staff and community representatives did not identify any disputes or grievances that have not been resolved.

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.

All of the land at SOU19 is on Government Leases and ownership is undisputed. There have been no claims for 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 the MAPA/AMESU Agreement and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement. Interview of staff and workers (local and foreign) indicated their understanding of pay and conditions. For Indonesian workers, socialisation on terms and condition is carried out prior to their recruitment and also during post arrival orientation programme in Sime Darby facility.

Inspection of housing found no issues and interviews of residents indicated they were happy to be living in the refurbished houses and appreciated the extra space. Electricity and water are supplied to housing. The company provides a crèche and kindergarten free to staff and worker children. A Community Hall is available for use by staff and workers' families. There is a Tamil school on site and a Primary school located approximately 7km distance. Secondary school is approximately 30km distance. **Observation 01 – There is no public transport available and during interview of workers it was stated that it is difficult when both parents are working and cannot take the children to school themselves – refer Section 3.2 Page 14.** The Company provides rice and cooking oil to each worker every two months.

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.

SOU19 maintains records of meetings with the NUPW, with the most recent held on 08 March 2012 and attendance included four management representatives and seven from the union.

Interview of staff and workers at the Mill and the Estates confirmed they understood and were free to join a Union if they so wished.

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.

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. Review of a sample of personnel files confirmed they met the requirement. Children and under-age workers were not observed at any of the Mill or Estate operational areas during ASA2.

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

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

Interview of staff and workers and inspection of a sample of pay records indicated there is no 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 on Sexual Harassment and Violence is included in the Social Policy approved by Top Management April 2008. Interview of Staff and Workers confirmed their knowledge of the Policy and stated there were no outstanding issues.

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

Review of documents showed the FFB pricing mechanism follows the MPOB FFB pricing model.

When interviewed, contractors indicated they understand the terms and conditions of engagement and consider the agreements are fair. Interview of contractors indicated that payments are made in a timely manner, and long term contractors did not identify any issues.

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

The Mill and Estates make donations to local places of worship and schools when requested and assist with provision of services in kind where appropriate, such as with the clean-up following the large flood, all of which are considered appropriate for the local socio-economic setting.

PRINCIPLE 7: Responsible Development of New Plantings

SOU19 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

SOU19 has made additional improvements to environmental and social performance since Initial Certification. Recent improvements include increase in Mill OER%, reduction of the Mill water usage and ceasing the discharge of treated mill effluent off-site. SOU19 also has made improvements to housing and it is continuing the replanting programme that was started several years ago.

The company has demonstrated legal compliance and it has improved engagement with the workforce and local communities.

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 company ceased using Paraquat approximately 5 years ago and Integrated Pest Management techniques are being applied to reduce pesticides usage.

Environmental improvements have been made in relation to reduction of mill water usage, reinstatement of riparian buffer zones, recycling of palm by-products and waste reduction, such as ceasing the treated mill effluent discharge. 100% of treated mill effluent is now applied to the palms in the land application system. A new Mill is being built, which will incorporate the latest technology for energy efficiency and pollution reduction.

The company has continued to make progress on housing improvements involving the upgrading of worker housing. Dialogue with stakeholders and greater emphasis on worker training and workplace safety have continued to be company priorities.

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

Nonconformities were assigned to Minor Compliance Indicators 5.2.3 and 6.1.3. One (1) Observation/Opportunity for Improvement was identified. SOU19 has prepared a Corrective Action Plan for addressing the identified Nonconformities, which BSi has reviewed and accepted.

CR03: 5.2.3 Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human wildlife conflicts

A Nonconformity was assigned because inspection of Welch Estate housing found one caged spotted dove, which was likely to have been captured in the field. Interview of harvesters indicated low awareness of the workers to the protection of wildlife in the Estate area.

Corrective Actions:

1. Morning briefing to all workers on awareness of the protection of wildlife in the estate area shall be carried out on a quarterly basis.
2. Linesite inspections will be scheduled monthly.

BSi Assessors considered the corrective actions satisfactory and appropriate and progress toward resolution of the issue will be followed up during the next Annual Surveillance Assessment (ASA3).

CR04: 6.1.3 A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.

The Observation 09 identified during ASA1 was raised to a Nonconformity against this Minor Compliance Indicator because the Mill and Estates Social Action

Plans have been updated but they do not appear to include any issues raised during Stakeholder Meetings. For example, at Welch and Pengkalan Bukit Estates the Action Plans were updated prior to the Stakeholder Meetings being held. The Mill updated the Plan following the Stakeholder Meeting but did not include issues raised at the Meeting.

Corrective Actions:

1. The Social Action Plan has been prepared as required by including all issues raised during Social Impact Assessment Visit and Stakeholder Meeting conducted.
2. All issues “closed” to be provided with evidence, such as photographs and description.

BSi Assessors considered the corrective actions satisfactory and appropriate and progress toward resolution of the issue will be followed up during the next Annual Surveillance Assessment (ASA3).

Observations/Opportunities for Improvement (ASA2)

- 01 (6.5.3)** There is no public transport available and during interview of workers it was stated that it is difficult when both parents are working and cannot take the children to school themselves.

Noteworthy Positive Components

- The Mill OER has increased over the past year and presently averages 21.4%.
- The Mill has maintained water usage to the present very low value of 0.74 t/t FFB.
- The Mill did not record a Lost Time Injury during the 2011/12 year.

3.3 Status of Nonconformities (Major and Minor) Identified during Previous Assessments

The Nonconformities that were identified and “closed” during previous assessments (CR01 and CR02) were followed up to check and confirm implementation of corrective actions had been maintained and both Nonconformities remain closed.

Observations/Opportunities for Improvement (Identified during ASA1)

- 01 (4.3.2)** At Welch Estate, groundcover vegetation was well maintained on the terraced areas, however overspraying had occurred at a flat area on Block 02C where CDA sprayers had been used.

ASA2 Findings: *Inspection of Block 02C indicated the Estate has ceased spraying and ground cover is beginning to re-establish at the flat sandy area.*

- 02 (4.4.1)** At Welch Estate, a riparian buffer zone for future reinstatement had been marked for a large stream, but a small flowing stream at Block 02C had not been identified as requiring demarcation.

ASA2 Findings: *Inspection confirmed the buffer strip along the small flowing stream has been delineated and marked for future replanting.*

- 03 (4.6.3)** At Welch Estate, pesticides that had been issued from the Main Pesticide Store were incorrectly stored in the General Field Equipment Store, which did not have spill containment. *This was corrected immediately.*

ASA2 Findings: *Inspection of the General Field Equipment Store confirmed that no pesticide was stored there.*

- 04 (4.6.3)** At Lanadron Estate housing two empty pesticide containers were found, which indicated inadequate control. These were removed immediately and placed in the Scheduled Waste Store.

ASA2 Findings: *Inspection of the housing at all Estates visited found no evidence of empty pesticide containers.*

- 05 (4.7.1)** At Welch Estate, spraying was being carried out, but a container of clean water and soap had not been taken into the field for sprayers to wash their hands, which indicated inadequate awareness of safe handling aspects of pesticides.

ASA2 Findings: *Confirmed during inspection the Estate provides sprayers with a container of clean water and soap.*

- 06 (4.7.1)** An Emergency Drill had not been carried out at the Mill and at Welch Estate for more than two years. This is important in order to test the workers’ understanding of emergency evacuation procedures.

ASA2 Findings: *An “emergency evacuation” was carried out at the Mill on 6 August 2011 with 51 participants and at Welch Estate 05 July 2012 after working hours at the housing area.*

- 07 (5.3.2)** At Welch Estate, the landfill had recently been closed, but some of the refuse was still partly exposed and placement of additional soil is required to completely cover the area.

ASA2 Findings: *Review of records and inspection confirmed the landfill had been closed adequately and the area was in good condition.*

- 08 (5.3.2)** Welch Estate Clinic does not have an appropriate “sharps” container to store clinic wastes. Presently, used “sharps” are stored in an open container prior to monthly transfer to Klinik Segamat.

ASA2 Findings: *Inspection confirmed that since 31 December 2011, the clinic has used appropriate “sharps” container to store clinic wastes.*

09 (6.1.3) Lanadron Estate and Nordanal Mill Social Action Plan had not been updated to include issues that had been completed. Although local communities were consulted records were not kept of discussions and the results were not used for updating the Action Plans.

ASA2 Findings: *The Mill and Estates Social Action Plans have been updated but they do not appear to include any issues raised during Stakeholder Meetings. For example, at Welch and Pengkalan Bukit Estates the Action Plans were updated prior to the Stakeholder Meetings being held. The Mill updated the Plan following the Stakeholder Meeting but did not include issues raised at the Meeting. **Observation 09 was raised to a Nonconformity against this Minor Compliance Indicator – refer Section 3.2 Page 14.***

10 (6.2.3) The Mill and Lanadron Estate List of Stakeholders could be improved by including relevant local Government contacts, Worker Union and NGOs.

ASA2 Findings: *Mill list was updated 06/07/2012, Lanadron Estate 03/07/2012, and includes all relevant Stakeholders.*

3.4 Issues Raised by Stakeholders

The issues raised by stakeholders during ASA1 were followed up during this ASA2 and found to have been actioned appropriately by the company.

Issues Identified during ASA2

The majority of stakeholders had positive comments about SOU19. For the situations where stakeholders raised issues, the company's response is stated below.

Tamil School Teachers stated that the company was very helpful after the 2011 floods and provided workers to assist in the clean-up process. As all scientific equipment was lost during the floods and a computer is also needed for children to use, they asked if the company could assist in any way.

Company Response: *SOU19 will raise the issue with Corporate Communications Department who handle CSR issues and may be able to assist with funding.*

The BSi Audit Team considered the SOU19 response to the issue raised to be appropriate. The issue will be followed up during ASA3 to check on progress and satisfactory resolution.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Visit

The next Surveillance Assessment (ASA3) will be scheduled within twelve months of RSPO approval of continuation of Certification.

4.2 Date of Closing Nonconformities (Major and Minor)

Table 5: Status of Nonconformities

CAR	CLASS	ISSUED	STATUS
CR01 4.3.2	Minor	25/06/2009	Closed 17/12/2011
CR02 6.5.2	Minor	25/06/2009	Closed 26/07/2011
CR03 5.2.3	Minor	10/07/2012	"Open"
CR04 6.1.3	Minor	10/07/2012	"Open"

4.3 Sign-off of Surveillance Assessment Findings

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of:
Sime Darby Plantation Sdn Bhd (SOU19)



Mr Bakhtiar Effendy Kamaludin
Manager Nordanal Palm Oil Mill
Date: 13/9/2012

Signed for on behalf of:
BSi Group Singapore Pte Ltd



Mr Charlie Ross
Lead Auditor

Date: 19/09/2012

Appendix “A”

Supply Chain Assessment

APPENDIX A – SUPPLY CHAIN ASSESSMENT REPORT – SOU19 – MASS BALANCE**NORDANAL OIL MILL****Certified Mill Production – 01 July 2011 – 30 June 2012**

MILL	CAPACITY	CPO	PK
Nordanal	25 t/hr	25,804.92	6,204.86

Sales of Certified Mill Products – 01 July 2011 – 30 June 2012

MILL	CPO	PK
Nordanal	NIL	NIL

Certified FFB Received Monthly - 01 July 2011 – 30 June 2012

Month	Lanadron	Pengkalan Bukit	Welch	Pagoh	Total FFB/Month
Jul-11	4,142.19	4,839.41	772.96	-	9,754.56
Aug	4,336.82	5,161.48	855.54	-	10,353.84
Sep	6,435.79	4,953.54	734.31	-	12,123.64
Oct	6,264.20	5,066.68	989.39	-	12,320.27
Nov	6,010.87	2,844.10	624.55	58.14	9,537.66
Dec	5,718.02	653.48	17.40	-	6,388.90
Jan-12	4,947.08	901.09	50.03	-	5,898.20
Feb	5,065.92	2,354.21	553.82	-	7,973.95
March	5,248.21	3,626.59	758.78	-	9,633.58
April	5,657.03	4,782.20	742.80	-	11,182.03
May	5,477.15	4,896.20	738.17	-	11,111.52
Jun	5,602.28	5,163.83	1,055.73	-	11,821.84
TOTAL	64,905.56	45,242.81	7,893.48	58.14	118,099.99

Certified Company Details

Sime Darby Plantation Sdn Bhd
Management Unit SOU19
84500 Panchor
Muar Johor Darul Takzim
MALAYSIA

Contact Person: Bakhtiar Effendy Kamaludin
Manager Nordanal Palm Oil Mill
Phone: +(6089) 247197
Fax: +(6089) 565625
Email: kks.Nordanal@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	Date of SCCS Certification Process	Certification Body	Certification Date
1	Unimills B.V.	Yes	Jan – March 2009	Control Union	Certified on 28 June 2011
3	SD Biodiesel	Yes	Jan – March 2010	SIRIM	Certified on 25 March 2011
4	SD Jomalina	Yes	Oct – Dec 2010	SIRIM	Certified on 10 March 2011
5	SD Kempas	Yes	Jul- Sept 2011	SIRIM	Certified on 19 Aug 2011.
6	SD Austral	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.
7	NURI – SD Jomalina	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.
8	Kernel Crushing Plant – Carey Island (KCP)	Yes	Jan – March 2012	SIRIM	Certified on 13 April 2012.

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
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Summary

Supply Chain assessment was made at Nordanal Mill that is owned and operated by Sime Darby. The assessment included site visits to Nordanal Oil Mill and Pengkalan Bukit and Welch Estates, review of records and interviews of staff. SOU19 did not sell any Certified CPO or Certified PK during the period 01 July 2011 – 30 June 2012. The assessor concluded SOU19 has implemented an appropriate management system for controlling the purchase of certified FFB, processing of same and sales. SOU19 maintains adequate records for confirming compliance with the RSPO supply Chain requirements as applicable to SOU19 Mill.

Conclusion

The SOU19 management system and records meet the requirements of the RSPO supply chain requirements, November 2011 for the Mass Balance mechanism.

Sime Darby Commodities Trading Marketing Department manages all sales of CPO and PK on behalf of the Sime Darby Mills. The system is computerised and when the Mill inputs the code for a Buyer, the RSPO Supply Chain information is generated automatically for the despatch note and the sales invoice. Inspection of documents confirmed that SOU19 maintains all of the applicable documentation required for verification of implementation of the RSPO Supply Chain Certification Standard : November 2011, for Palm Oil Mill, Mass Balance Mechanism.

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** *Not Applicable*
- (c) **On-Site Visits**
 - Visit Itinerary**

Monday 9 July 2012 – Nordanal Mill – Opening Meeting held at Mill Meeting Room; Weighbridge Station; examined weighbridge records; daily records of FFB deliveries, CPO and PK production; CPO Bulk Tank and PK Silo records; shipments of CPO and PK. Closing Meeting Tuesday 10 July.

People consulted: Bakhtiar Effendy Kamaludin (Mill Manager); K Balasandar (QA Supervisor); Weighbridge Operator.

Scope

The scope of the assessment covered the Nordanal Palm Oil Mill and the supply base of Sime Darby owned Lanadron, Pengkalan Bukit and Welch Estates. The Supply Chain mechanism used is Mass Balance. The SOU19 operations were assessed against the RSPO Supply Chain Standard : November 2011 requirements for Oil Mills and Mass Balance Mechanism.

Description of Operation's Management System

SOU19 uses the mass balance mechanism for the supply chain because it processed non-certified crop from an FFB Trader during the period 01/07/2011 – 30/06/2012. All consignments of FFB despatched from the Estate to the Mill are accompanied by a Consignment Note with a unique consecutive number and includes details of: Field Number Harvested; block Number; No of Bunches; Date Harvested; Estimated Tonnage; Vehicle Registration Number; Driver's Name and Bin Number.

All deliveries of FFB received at the Mill are issued with a Weighbridge Docket that records the Name of the supplier, Truck Registration No, 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, for example, Pengkalan Bukit 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 sends a Daily Production Report to Sime Darby Head Office that records the quantity of FFB received from the Estate; 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 Estate also report the above quantities monthly to Sime Darby Head Office.

Checks of records at the Mill confirmed there were no sales of RSPO Certified CPO and PK produced by Nordanal Mill during the preceding 12 months (01 July 2011 – 30 June 2012). Inspection of documents confirmed that SOU19 maintains the documentation required for supply chain verification (RSPO Supply Chain Standard November 2011).

Certified Volume Purchased and Claimed

The following certified FFB material was received from SOU19 Estates during the 01 July 2011 – 30 June 2012 year and processed at Nordanal Mill: 118,099.99 t/FFB

Main Report Details

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 respective areas of the operations.*
- 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. *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, 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 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 these were updated daily.*
- 3.2 Retention times for all records and reports shall be at least five (5) years. *Complies – Records are archived and stored for > 5 years.*
- 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. *Complies – these are updated monthly and reported to Head Office on the Monthly Production Report.*
- 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. *Complies, but Nil sales of Certified products.*
- c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. *Complies – The company had Nil sales of certified products and therefore did not exceed the Certified CPO or PK volumes during the 2011/12 year. Company policy is to only make sales of stocks of palm product held in storage.*
- 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. *Complies – The company uses the prefix MB on the Product Code.*
- 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. *Complies – The company does not out-source activities to Kernel Crushing Mills.*

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;
 - The date on which the invoice was issued;
 - A description of the product, including the applicable supply chain model (Segregated or Mass Balance)
 - The quantity of the products delivered;
 - Reference to related transport documentation.
- Complies – Although there were Nil sales of Certified palm products, all of these items (a-e) are included in the company's standard invoicing.*

5 Training

- 5.1 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. Interviews of Mill Staff confirmed knowledge of the Supply Chain requirements.*

6 Claims

- 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. *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

RSPO Certification Timebound Plan for Sime Darby Plantation (SDP)

Financial year (July – June)	Targeted	Achieved
June 2008	5 SOUs	Sime Darby Plantation has had all its SOUs (Malaysian & Indonesian) completing the RSPO Main Assessment.
2008/2009	20 SOUs (from Malaysia and Indonesia)	
2009/2010	20 SOUs (from Malaysia and Indonesia)	
2010/2011	17 SOUs (from Malaysia and Indonesia)	

Status	Malaysia	Indonesia	Total	Remarks
Certified	39*	16	55**	*Effectively only 36 SOUs (starting July 2012) : Jeleta Bumi POM and Mostyn POM have been closed down. Sepang POM has been converted to third party oil mill and not included in the RSPO Certification timebound plan. **Total SOUs certified 52 SOUs.
RSPO EB Review	0	7***	7***	<ul style="list-style-type: none"> Pending review by RSPO EB. *** Effectively only 6 SOUs as Tamiang POM had ceased operation & combined with Blang Simpo POM.
Total SOUs	39*	23	62****	**** Revised number of SOUs for SDP is 58 beginning FY 2012/2013.

Appendix “C”

ASA2 Programme

ASA2 PROGRAMME – 09–10 JULY 2012

TEAM: CR: Charlie Ross; RR: Robyn Ross; IN: Iman Nawireja; NH: Noryati Hambali

DATE	TIME	ACTIVITY	CR	IN	RR	NH
Monday July 09 TEAM 1 NORDANAL PALM OIL MILL	AM	Opening Meeting	√	√	√	√
		Inspect Mill, Effluent Ponds, Land Application, Stores, Workshop and Landfill	√			√
		Interview Male Mill Staff/Workers	√			√
		Interviews (Contractors/External Stakeholders)	√			√
	PM	Review Pay Documentation			√	√
		Interview Female Staff/Workers			√	√
		Document Review including Supply Chain and Weighbridge	√			
		Visit Mill Clinic and Interview Staff			√	√
		Inspect Housing and Interview Residents			√	√
		Closing Briefing	√		√	√
TEAM 2 WELCH ESTATE	AM	Inspect Estate, including Buffer Zones		√		
		Inspect Stores, Workshop, Landfill		√		
		Inspect Housing		√		
	PM	Visit any Local Communities		√		
		Document Review		√		
Closing Briefing			√			
Tuesday July 10 PENKALAN BUKIT ESTATE	AM	Inspect Estate, including Buffer Zones	√			
		Interview Fieldworkers (Male and Female)		√	√	√
		Interview (Contractors/External Stakeholders)		√		
		Visit any Local Communities		√		
		Inspect Stores, Workshop, Landfill	√			
		Interview Female Staff/Workers			√	√
		Review Pay Documentation			√	√
		Visit Clinic Interview Staff			√	√
	Inspect Housing Interview Residents			√	√	
	PM	Document Review	√	√	√	√
Prepare Visit Report and Closing Presentation				√	√	
Contact Government Departments, NGOs etc		√				
Closing Meeting	√	√	√	√		

Appendix “D”

List of Stakeholders Contacted

LIST OF STAKEHOLDERS CONTACTED

<p><i>Internal Stakeholders</i></p> <p>8 Female Mill Office Staff/Workers 5 Male Mill Staff/Workers 5 Pengkalan Bukit Daily Rated Workers (Male & Female) Group of Residents Pengkalan Bukit Housing</p>	<p><i>Internal Stakeholders</i></p> <p>Group of Residents Mill Housing 5 Female Staff/Workers Pengkalan Bukit Estate Hospital Assistant Pengkalan Bukit Estate 7 Foreign Harvesters Welch Estate 4 Foreign Harvester Pengkalan Bukit Estate 4 Foreign and 3 Local (all male) Sprayers Welch Estate</p>
<p><i>Contractors & Consultants</i></p> <p>Civil & Mechanical Works Mechanical Fabrication Equipment Supplier Outside FFB Supplier Contract Labour Supplier FFB Transporter</p>	<p><i>Local Communities</i></p> <p>Kg Bukit Kemedang Representative Kg Sri Meranti Representative Kg Paya Redan Representative</p>
<p><i>Government Departments</i></p> <p>Muar Labour Department Head Department of Lands and Survey Department of Occupational, Safety and Health</p>	<p><i>NGOs and others</i></p> <p>AMESU NUPW, Kluang Branch Secretary 2 Tamil School Teachers</p>