



**PUBLIC SUMMARY
FIRST SURVEILLANCE ASSESSMENT**

AUDIT DATE : 20 to 24 June 2011

**PPB OIL PALMS BERHAD
SAREMAS 2 CERTIFICATION UNIT
Sarawak, Malaysia**

Prepared by:

Food, Agriculture and Forestry Section
SIRIM QAS International Sdn Bhd
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2
P.O. Box 7035, 40700 Shah Alam, Selangor,
MALAYSIA
Tel : 603-5544 6440
Fax : 603-5544 6763
Website: www.sirim-qas.com.my

TABLE OF CONTENTS

1.0 SCOPE OF SURVEILLANCE ASSESSMENT

- 1.1 Introduction
- 1.2 Description of the Certification Unit (Estates and Mill)
- 1.3 Location of Mill and Estates
- 1.4 Description of Supply Base
- 1.5 Date of Plantings and Cycle
- 1.6 Other Certifications Held
- 1.7 Organisational Information/Contact Person
- 1.8 Approximate Tonnage Offered for Certification

2.0 ASSESSMENT PROCESS

- 2.1 Assessment Methodology (Programmes, Site Visits)
- 2.2 Date of Next Surveillance Visit
- 2.3 Assessment Team
- 2.4 Stakeholder Consultation

3.0 ASSESSMENT FINDINGS

- 3.1 Summary of Findings
- 3.2 Detailed Identified Non-Conformities
- 3.3 Status of NCR Previously Issued
- 3.4 Noteworthy Positive Components
- 3.5 Issues Raised by Stakeholder and Findings With Respect To Each Issue
- 3.5 Acknowledgement of Internal Responsibility and Formal Sign-Off of Assessment Findings

List of Tables

- | | |
|---------|--|
| Table 1 | Location of Mill and Estates |
| Table 2 | FFB Contribution to Saremas 2 POM |
| Table 3 | Total Plantation and Area Planted |
| Table 4 | Approximate CPO and PK Tonnage Claimed for Certification |

List of Attachments

- | | |
|--------------|--|
| Attachment 1 | Map of Saremas 2 Certification Unit |
| Attachment 2 | Surveillance Audit Programme |
| Attachment 3 | Details of NCRs and Corrective Actions Taken |

1. SCOPE OF SURVEILLANCE ASSESSMENT

1.1 Introduction

This public summary provides the general information on the Saremas 2 Certification Unit (S2 CU), the assessment process, the finding of the third surveillance, non-conformity reports (NCRs) and opportunity for improvements (OFIs), verification of corrective actions on the minor NCRs and OFIs raised during the previous surveillance as well as the decision on the continued certification of the CU against the requirements of the RSPO Principles and Criteria for Sustainable Palm Oil Production, Malaysian National Interpretation Working Group (RSPO MYNI: 2010).

This surveillance assessment was conducted on **20 to 24 June 2011**. The focus of the assessment team was to determine S2's continued conformance against the RSPO P&C MYNI as well as to verify the actions taken on the previous assessment findings.

1.2 Description of the Certification Unit (Estates and Mill)

The certification unit (CU) assessed was the Saremas 2 (S2) which constituted the Saremas Sdn. Bhd. (SSB), Segarmas Sdn Bhd and Kaminsky Sdn Bhd all of which are wholly-owned subsidiary companies of the PPB Oil Palms Berhad. Within the S2 certification unit are the Seramas 2 Estate, Segarmas Estate and Kaminsky Plantation, Saremas 2 Palm Oil Mill (S2 POM) and one smallholding. The smallholding was not assessed during this assessment.

This CU first underwent the RSPO assessment by SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) and was certified in April 2010. S2 POM commenced operations in 2000 with a processing capacity of 30 metric tonnes (MT) of FFB per hour. On 13 August 2009, S2 POM obtained the approval from the Department of Environment (DOE) to increase the processing capacity to 45 MT of FFB per hour. As S2 was a fully developed estate, Principle 7 of the RSPO Principles & Criteria (RSPO P&C) was not applicable.

1.3 Location of Mill and Estates

S2 POM and estates are located in the Miri District, Sarawak, Malaysia. They can be accessed by the Bintulu-Miri Road. The other access is through the Jabatan Kerja Raya (JKR) or the Public Works Department road from Simpang Jawa through the Rumah Datu long house and Suai Plantations which is linked back to the Bintulu-Miri Road.

In the immediate vicinity of the S2 CU are longhouses and other oil palm plantations. There are five longhouses within S2 CU namely Rumah Bunsu, Rumah Tapu, Rumah Gundi, Rumah Merudi and Rumah Rimbo.

There are four longhouses located outside the S2 CU namely Rumah Sabang, Rumah Ringkai (Rumah Layang), Rumah Akai and Rumah Ujuh. Rumah Sabang is located at the southern edge while Rumah Ringkai is at the north west end of Suai Plantation.

Rumah Sabang, Rumah Akai and Rumah Ujuh are located on stateland while Rumah Ringkai is in another oil palm plantation (Alam Wasa). It was noted that, Rumah Akai and Rumah Ujuh had been left empty since the last three years.

Adjacent to Rumah Tapu is an *Acacia mangium* plantation that belongs to the Sarawak Forest Department. There is one main river; the Batang Suai which passes through S2.

There are eleven line sites in S2. Five of them are within the Saremas 2 Plantation and three each in Kaminsky Plantation and Segarmas Plantation.

The S2 CU is administered by an office located in Saremas 1 Estate. The official address for S2 is KM 115, Bintulu-Miri Road, Miri, Sarawak, Malaysia. There are other smaller offices which are located within the estates. However, all correspondence is made through the main office at S1. The map of the S2 CU (POM and estate) is shown in **Attachment 1** while their positions (coordinates) are detailed in **Table 1**.

Table 1
Location of Mills and Estates

Operating Unit	Latitude	Longitude
Saremas 2 Palm Oil Mill	3° 26'55.704" N	113 °46'11.821"E

Saremas 2 Estate (Division D)	3 °30'22.422"N	113 °47'55.555"E
Segarmas Estate	3 °28'8.21"N	113 °48'23.864"E
Kaminsky Plantation	3 °24'27.156"N	113 °45'33.8"E

Note: The coordinates stated are the offices of the POM and estates.

1.4 Description of Supply Base (Fruit Sources)

The S2 POM receives FFBs from the Saremas 2 Estate, Segarmas Estate, Kaminsky Plantation and one smallholding.

The average annual FFB contribution from each estate for the past year is detailed in **Table 2**.

Table 2
FFB Contribution to Saremas 2 POM

Estate	FFB Production (2010)	
	Tonnes (MT)	Percentage
Saremas 2	94,919.82	38.8
Segarmas	73,351.11	30.1
Kaminsky Plantation	76,060.12	31.1
Total	244,331.05	100.00

1.5 Date of Plantings and Cycle (Total Plantation Area and Area Planted)

The plantation area and the area planted with oil palms are shown in the following **Table 3**.

Table 3
Total Plantation and Area Planted

Estate	Year of Establishment	Total Area (ha)	Planted Area (ha)
Saremas 2	1990	4 690	3 331
Kaminsky Plantation	1996	3 988	3 488
Segarmas	1994	4 727	3 655

1.6 Other Certifications Held (ISO etc)

The POM and all the estates did not hold any other form of third-party certification of their management systems. Nevertheless, they have been implementing an internal system which was based on the requirements of the ISO 14001:2004 and the Occupational Health and Safety Act.

1.7 Organisational Information / Contact Person

PPB Oil Palms Berhad has a regional office in Bintulu, Sarawak, which is responsible for overseeing S2 and other management units in Sarawak. The correspondence address and contact person are as detailed below:

Address:

PPB Oil Palms Berhad
Sarawak Operations,
Lot 967, Sublot 7,
Taman Seaview Commercial Centre,
Jalan Tanjung Batu, P.O Box 730,
97008 Bintulu, Sarawak
Malaysia.

Contact Person:

Mr. Kiaw Che Weng
Assistant General Manager
Phone : + 60 85 325 713 / + 60 86 333 286
Fax : + 60 85 495 010, +60 86 315 20, +60 86 315 223, +60 86 315 221

1.8 Approximate Tonnages Offered for Certification (CPO and PK)

The approximate tonnage of CPO and PK claimed for certification are as in the following **Table 4**:

Table 4
Approximate CPO and PK Tonnage Claimed for Certification

Certification Unit	CPO Tonnage Claimed for Certification: (tonne)	PK Tonnage claimed for certification: (tonne)
S2	244,331.05	12,094.39

The amount claimed for certification excludes contribution from the smallholding and non certified unit (Suburmas Plantations).

1.0 ASSESSMENT PROCESS

2.1 Assessment Methodology (Program, Site Visits)

This surveillance assessment was conducted on **20 to 24 June 2011**. The main objectives of this surveillance audit were to:

- (a) determine the continued compliance of S2 CU's against the requirements of the RSPO MYNI:2008,
- (b) verify the effectiveness of the corrective actions being implemented by S2 to address the NCRs raised during the first surveillance audit and
- (c) make appropriate recommendation on the continued certification of the S2 CU based on the findings of this surveillance audit.

The planning of this surveillance audit was guided by the RSPO Certification Systems Document. The sampling formula of $\sqrt{0.8y}$, where y is the number of estate in S2 CU was not used as each supply base has its own issues related to the requirements of the RSPO MYNI. Therefore, all of the estates namely the Saremas 2 Estate, Segarmas Estate and Kaminsky Plantation as well S2 POM were assessed.

The audit was conducted by inspecting the mill, planted areas, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Random interviews were held with management, employees, contractors and other relevant stakeholders.

Apart from the above, records as well as other related documentation were also evaluated. The details on the surveillance audit programme are presented in **Attachment 2**.

2.2 Date of Next Surveillance Visit

Next surveillance assessment will be conducted within nine to twelve months from this audit.

2.3 Qualifications of Lead Assessor and Assessment Team

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Dr. S.K. Yap	Assessment team leader/ estate environmental issues and HCV habitats	<p>Academic qualifications:</p> <ul style="list-style-type: none">• Ph. D. (Forest Biology) University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project.• B.Sc. Hons. Second Class Upper (Botany), University of Malaya <p>Audit experiences:</p> <p>Over 400 auditor days of auditing experience in Malaysia, India, Indonesia and China, under the following:</p> <ul style="list-style-type: none">• ISO 14001, MTCS MC&I and FSC forest management certification & RSPO (2001-2012)• Technical expert for ISO 9001 (2008)• Completed RSPO Lead Assessor Course - 2008• Successfully completed EARA approved lead Assessor course for ISO 14001: 2001

		<p>Memberships in Professional Organizations:</p> <ul style="list-style-type: none"> • Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986. • Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-Australian Tree Improvement Programme. 1986. Given the role to develop research activities on reproductive biology within ASEAN countries with sponsorship from Australia. • Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association (1989 to 1992). • Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the ASEAN Canada Forest Tree Seed Centre (1990 to 1995). Responsible in coordinating research activities on genetic resources within the ASEAN countries. • Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.
Mr. Mahzan Munap	Auditor /Occupational Health and Safety & related legal issues	<ul style="list-style-type: none"> • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997. • Occupational Safety and Health Trainer at INSTEP Petronas • Successfully completed RSPO Lead Assessor Course – 2008. • Successfully completed Lead Assessor Course for OHSAS 18001-2000. • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006 • MBA, Ohio University. • B.Sc. Petroleum Engineering, University of Missouri, USA.
Professor Datuk Abdul Rashid Abdullah	Auditor /Community issue /social criteria and national legislation	<ul style="list-style-type: none"> • Attended training on RSPO Principle & Criteria and RSPO certification requirements on 16 November 2010 • Current position as Director, Institute of East Asian Studies, Universiti Malaysia Sarawak • Appointed as the Vice Chancellor Universiti Malaysia Sarawak (Academic Affairs) from 1 February 2005 to end February 2008 • Appointed as the Deputy Vice Chancellor (Academic Affairs) of Universiti Malaysia Sarawak from December 2000 to January 2005 • Lecturer and founding Dean of the faculty of Social Sciences, Universiti Malaysia Sarawak • Ph.D in Social Anthropology, Hull University. • M.Sc. in Development Studies, Cornell University. • Some of the research projects: <ul style="list-style-type: none"> • Masyarakat Pesisir Sarawak Barat Daya • Centre-Periphery Relation: Its implications on the Smallholders in Sarawak • Socio-cultural Change in the Melanau Community in Wing.A (ed) Kaum Melanau • Current research projects: <ul style="list-style-type: none"> • Engaging the Market: Peripheral Communities of Belaga District (Project Leader: 2008-2010)

		<ul style="list-style-type: none"> The Iban Diaspora: Iban Communities in Tawau and Brunei Darulsalam (Research team) 2009 – 2011
Akim Kaji	Auditor/ environmental management system	<ul style="list-style-type: none"> 1976-1978: Engine Room Maintenance Technician at Malaysia International Shipping Corporation As Lead Auditor for environmental management system audit and had conducted EMS certification audits for over 10 years Attended ISO 14000 Advanced EMS Auditing Training, 2001 Attended OHS Lead Assessor Course ISO 18001, 2009 Attended RSPO Lead Assessor Course in April 2011 CPE International Diploma in Occupational Safety and Health, Queensland University of Technology 1997.
Mr. Yap Nyoke Yong, Raymond	Auditor / Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> 36 years of experience in plantation management, covering rubber and oil palm Diploma in Agriculture, University of Malaya <p>Working Experiences:</p> <ul style="list-style-type: none"> Estate Manager, Kuala Lumpur Kepong Berhad External Planting Advisor, Kumpulan Guthrie Berhad Rubber Inspector, RISDA Pahang, Malaysia. <p>Involvement in professional organizations</p> <ul style="list-style-type: none"> Associate member of Incorporated Society of Planters Chairman MPOA (Negeri Sembilan Branch) Vice-Chairman MPOA (Negeri Sembilan Branch) Vice Chairman of Pahang Planters Association Chairman of ISP West Pahang Branch

2.4 Stakeholder Consultation and List of Stakeholders Consulted

Stakeholder consultations with staff, field workers and local communities were conducted during the annual surveillance.

3 ASSESSMENT FINDINGS

3.1 Summary of Findings

The assessment was conducted as planned using the methodology as described in Section 2.1. Findings against each of the RSPO MY-NI indicator are reported below.

A total of 2 NCRs (1 major and 1 minor) were raised against the S2 CU as shown in Attachment 3. The CU had taken necessary corrective actions in order to close the major NCR.

In addition, all the minor NCRs raised during the previous audit had also been satisfactorily closed out following verification of the implemented corrective actions. The assessment team had reviewed and verified all the action plans and found them to be adequate in addressing these NCRs. The details on these NCRs and their status are shown in Attachment 4.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criterion 1.1

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

Audit Findings:

All the estates inspected had continued to maintain records of requests for documents that were related to RSPO. From the record books, it was noted that there were no requests for information from external stakeholders.

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.

This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that **must** be publicly available include, but are not necessarily limited to:-

- 1.2.1 Land titles / user rights (C 2.2)
- 1.2.2 Safety and health plan (C4.7)
- 1.2.3 Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3)
- 1.2.4 Pollution prevention plans (C 5.6)
- 1.2.5 Details of complaints and grievances (C 6.3)
- 1.2.6 Negotiation procedures (C 6.4)
- 1.2.7 Continuous improvement plan (C 8.1)

Audit Findings:

All the documents listed in the Criterion were still made available in the offices of all the estates inspected. Land titles, policies of the company, licenses and organizational charts were put on display in the offices.

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criterion 2.1

There is compliance with all applicable local, national and ratified international laws and regulations

Audit Findings:

All relevant permits and licenses were inspected in each estate and found to be in compliance with conditions and by-laws. These certificates, permits and licenses were still being displayed prominently in the office. Licenses and permits issued by the relevant government agencies were available and still valid.

An EIA Report for Kaminsky Estate had been conducted and approved by the Natural Resources and Environment Board (NREB) Sarawak. Approval conditions were made available and monitoring at intervals of every three months had been conducted with the reports submitted to the NREB. For other estates, Environmental Management Plans were presented. These were also approved by NREB and quarterly monitoring reports had been submitted with the assistance of a consultant Chemical Laboratory (Malaysia) Sdn. Bhd. For Saremas 2 Estates the complete set of monitoring reports for 2009 and 2010 were reviewed.

A legal register was presented during the assessment. The organization had obtained written approvals pertaining to all pollution prevention equipment from the relevant authority with specified conditions. It was, however, noted during the assessment that some of the applicable conditions specified for all the estates and mills were not registered in the legal register. Annual compliance monitoring against all applicable conditions had been conducted but some of the results recorded were not comprehensive or accurate. An **OFI** was raised.

Evidences such as the record of periodic inspection by the Department of Occupational Safety & Health (DOSH) on boilers, pressure vessels and hoisting machines were also available and found satisfactory. Other records verified were records of the issuance and acceptance of Personnel Protective Equipment (PPE), workplace inspection records and minutes of the safety committee meetings. Records relating to pollutants monitoring such as boiler emission and effluent discharges were also available and it was noted that these had been communicated to the authority as scheduled.

Sighting of the log book filled by DOSH Officers of Sarawak after each visit revealed that Saremas 2 was complying with the Occupational Safety & Health Act and its Regulations. Where comments were made, corrective actions to rectify them were seen taken and found to be effective.

It was observed during the Stage 2 assessment that the person in charge of steam boilers only possessed competency certificate for 2nd Grade Steam Engineer when a 1st Grade Steam Engineer was required and

therefore a non-conformity finding was raised. This was temporarily resolved by engaging an external visiting engineer and at the same time sending the current 2nd Grade Steam Engineer to sit for the 1st Grade Steam Engineer examination. This problem had reoccurred during this surveillance and therefore the previous NCR issued remained outstanding.

Further, the Engineer in-charge for boiler and steam engine at S2 POM was not assisted at every shift by 1st and 2nd Grade Boiler/Steam Engine Driver. Also, the Gensets were not attended as per the legal requirement by a 2st Grade Internal Combustion Engine Driver but was instead manned by a non-competent person. In addition, on the electrical front, the Visiting Electrical Engineer only visited the mill once in three months instead of monthly. A Major NCR was therefore raised.

The Safety and Health Officer had continued to track any changes in the law.

Criterion 2.2

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

Audit Findings:

All the estate land was leased from the state government for 60 years and the condition of that lease was for 'Agriculture Purpose'. Land titles were made available at all the estates. All the estates inspected were still in compliance with that condition for agriculture use as stated in their land leases.

During the site inspection conducted in all the 2 estates, distinct red and white wooden boundary markers were still being observed. The positions of these markers were labeled and recorded on the maps made available at the Ecological Management Unit (EMU) in Seramas 1 Estate.

There had been no conflict or dispute over the land per se. The boundaries of the five communities were clearly mapped. The S2 CU had continued to use the established mechanism in the form of the Community-based Development Committee with membership comprising all relevant headmen/woman and the estate management who acted as a forum to resolve conflicts and disputes between the longhouse communities and the company. This committee met at least 3 times a year. Through this committee, community improvement projects were discussed and implemented and grievance, conflict, and dispute resolved.

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.

Audit Findings:

There was no customary right-encumbered land involved, however the area made available for use by the five local communities had been clearly mapped and the local people were well-informed of the boundaries. The local communities still had full access to this land. The estate management had prepared a MoU document to clarify their guarantee of giving uninterrupted access to the land. Three longhouses had signed and other two were still studying the document.

PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY

Criterion 3.1

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

Audit Findings:

A Management Plan including crop forecast, profit and loss, infra-structure development (roads, houses etc) covering the period of 2011 to 2016 had been prepared for all the estates. This Plan also included a replanting program for the same period. The monthly progress report for vertical monitoring was also reviewed.

PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

Criterion 4.1

Operating procedures are appropriately documented and consistently implemented and monitored.

Audit Findings:

S2 had continued to follow the Agriculture Manual and Standard Operation Procedure. (2011 Edition). The monitoring of compliance with these SOPs was within the documented management hierarchy.

Ripeness standard and chemicals usage were understood by the field workers during field operation as shown during the interviews conducted in the field. Crop quality checking was still done by the Eco-Management Audit Unit.

Monthly Progress Reports and Annual Reports monitoring all these activities were still being made available during the assessment. These reports were also being displayed on the offices' notice boards.

Criterion 4.2

Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield. MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

Audit Findings:

Annual Agronomic foliar analysis had continued to be conducted in all the estates and the results formed a basis to ascertain soil fertility and for fertiliser recommendation.

Empty fruit bunches (EFB) were still being distributed and used as organic fertilizer for the oil palms in all the estates inspected. EFB application was done mainly in the young planting and along roadsides (3-5 rows of palms from both sides of the roads).

Criterion 4.3

Practices minimise and control erosion and degradation of soils.

Audit Findings:

Slope classification maps for the estates were provided showing steep slopes above 25 degrees. Terraces were constructed in all sloping areas with regular bunds at an interval of 20 meters to retain water and erosion control.

Soil erosion monitoring plots were laid out on 3 terrain types 1-flat, 2- undulating, 3-steep were inspected. Vertiver grass planting was still being done to control erosion and land slide of steep slope.

EFB application had continued to be done in the young planting and along roadsides (3-5 rows of palms from the road). Road condition was still satisfactory and water runoff was adequate. Rain water had continued to be drain into the terraces and lower shop. In mature area, frond stacking was still being done with one stack in 4 palms.

The estates inspected were generally being protected by natural vegetation without being exposed to soil erosion. Circular weeding was still being implemented. Ground cover had continued to be a standard requirement with the cover crop *Mucuna bracteata* extensively planted in exposed slopes. The fern cover consisting of *Neprolepis biserrata* was observed to occur sporadically. An OFI was raised to encourage growth of this fern by using sequential usage of herbicides (rotating chemicals used to avoid on excessive application of one herbicide).

In mature planted area, it was observed that frond stacking with one stack within 4 palms was still being done. This had further reduced the incidences of erosion.

Criterion 4.4

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

Audit Findings:

Riparian belts along the major rivers in all the estates inspected had been demarcated with appropriate signage.

It was observed that there was no construction of bunds/weirs/dams across the main rivers or waterways in the estates.

Water sampling had continued to be conducted at specified sampling points along the main rivers in all the estates as specified under the approval conditions of Environmental Management Plans. The reports were submitted at quarterly intervals by all estates to NREB.

Systematic monitoring on water and air qualities had continued to be done by the estates and mills. This process would be more beneficial if the data obtained be reviewed and followed by appropriate mitigation actions. An OFI was raised.

Rainfall data had continued to be collected by the estates. Records from 2006 to 2011 were examined. Procedures for creating awareness to minimize water usage were still being implemented in all the offices, mills and estates. Rain harvesting had continued in line sites and estate complex.

The amount of water used by the mills and the estates was still being monitored. Records of mill daily water use (litres of water per ton of FFB) as well as monthly and daily water consumption in the estates were maintained.

Procedures for creating awareness to minimize water usage were implemented in all the offices, mills and estates. The Saremas Sdn. Berhad Water Management Plan January 2008 was examined. Rain harvesting was constructed in line sites and estate complex. All water obtained from the rivers was still being treated before being consumed. For rain water harvesting, every house had been equipped with its own rain water collection tank.

Criterion 4.5

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

Audit Findings:

The Integrated Pest Management had continued to be implemented in the estates by establishing beneficial plants along road sides and vacant areas.

Beneficial plants were planted along road sides and vacant areas in all estates. The species used were *Antigonon leptopus*, *Cassia cobanensis* and *Tunera subulata*. The Cover Crop Planting of Beneficial Plants (LCC Planting Program 2011) was reviewed.

Pesticides had still not being used as there was no outbreak of pest attack at the present moment. Chemical application was only implemented when the incidences of attack exceeded the accepted threshold.

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.

Audit Findings:

All chemicals usage had continued to be based on need to do basis to enhance field operation. There had been no Class I and II chemicals being used.

Insecticides and rodent baits had continued to be used only after a threshold (minimum damages) level was exceeded and no prophylactic practices had been permitted. These specifications were stated in the SOP.

S2 had continued to provide written justification for all the agrochemicals used in the Agriculture Manual and Standard Operating Procedure for the estates. These documentations include a chemical register list which indicates the purpose of chemical usage (intended target), hazards signage, trade and generic names.

S2 has continued to adopt PPB's Occupational Safety and Health Policy, plan and programme. The plan had continued to be communicated and implemented to all levels of the organization. Hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were being verified during the assessment.

The storage of these chemicals was still found to be in accordance to the related legal requirements. The store was still being locked and specific persons-in-charge had been assigned to attend to it. The appropriate PPE for handling these chemicals were also made available at the point of use.

The chemical storekeeper had shown understanding of the hazards involved and the required control measures. Records of the purchase, storage and use of agrochemicals had continued to be properly documented in the Stock Statement Return. Empty chemical containers had continued to be triple rinsed and if not required for use in the field were pierced to prevent misuse. Disposal or destruction of empty chemical containers was found to be in accordance with legal requirements. MSDS instructions were still being displayed.

S2 had continued to conduct medical surveillance on the chemical sprayers by the Estate Hospital Assistant. The medical surveillance reports had shown that all the sprayers were healthy and suffered no detrimental effects as a result of their job. In addition, all the sprayers had to undergo annual medical surveillance carried out by Occupational Health Doctor (OHD). Workers Medical Surveillance by OHD – Biological Monitoring (Annually) 2009/2010 was presented during the assessment.

Monthly tests were still being conducted in the estate clinics and all pregnant and breast-feeding women were not allowed to work as pesticides sprayers.

There was no evidence to indicate that 'paraquat' had been used in any of the estates. There had been no aerial spraying being conducted in all the estates. The mill had not received any request to conduct tests on chemical

residues in CPO.

For 2010, a total of **2.2632** litres a.i. (active ingredients) per ha had been applied in the field. A bin card system for the issuance of agrochemicals (FIFO) had continued to be practised in the chemical store.

Criterion 4.7

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

Audit Findings:

S2 had continued to adopt the PPB's Occupational Safety and Health Policy, plan and programme. The plan had continued to be communicated and implemented to all levels of the organization. Hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment.

Although S2 POM had identified significant hazards and risks and determined appropriate risk control measures in their HIRARC Register it had revisited and updated its HIRARC Register following an accident on 9 October 2010.

Evidence of implementation of appropriate risk control measures was observed during the field and mill assessment where employees had been provided with and were seen to be still wearing the appropriate PPE. Sprayers and workers responsible for fertilizers application had continued to wear suitable PPE and had adequate tools to perform their works.

Records were kept in 'PPE Distribution to Harvester Items-Harness 2011' and being presented during the assessment. Fruit harvesters had continued to be provided with hard hats. First aid boxes were observed being placed at several strategic locations at the mills and also provided to each of the field supervisors. They were conversant with First Aid practices for minor injuries. It was also observed that machines which have moving parts had continued to be well guarded. In the estate, clean water was still being provided and transported to the field for use by the sprayer team. Bath rooms and wash area for clothing were made available near the chemical stores.

Safe Standard Operating Procedures (SSOP), Materials Safety Data Sheet (MSDS) and Laboratory Fume Hood were among the information communicated and equipment used by the staff of S2 POM.

S2 had continued to provide facilities for various types of emergencies that had been identified. Ambulance was still on 24 hours call with duty officer to cater for the emergency cases. A midwife who was also an employee had to cater for emergency cases.

Information on response to emergencies had continued to be disseminated. This included site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Emergency Response Team comprising of first aiders, fire fighters and search and rescue team was still available at both mill and estate levels. At the mill, an 'Emergency Room' equipped with basic facilities (i.e. stretcher, First Aid kit, emergency eye wash and shower station) was still being provided.

First Aid Kits were provided to the offices and in the fields and the content of these First Aid Boxes could be standardized throughout all estates and mills in accordance to DOSH First Aid Guidelines, 2nd Ed. Some First Aid Kit were found without triangular bandage, splint and insect bite cream, The First Aiders interviewed at the field were aware of their duties and responsibility.

Although S2 had conducted fire and evacuation drill at mill and line site, this could be improved with more credible scenarios including "fainting", "injured victims" including emergency response drill at night be simulated to test the team's preparedness. An OFI was raised.

The appointed Safety and Health Officer (SHO) was still responsible for the OSH implementation in the mill and estates. It was verified during this assessment that there were still records of regular meetings/communication between management and workers as noted in the regular morning briefings, the quarterly OSH Committee meetings and Sub-Committee meetings. The minutes of meetings had continued to be prepared and maintained and S2 has taken the necessary action to rectify issues highlighted in the meetings.

OHS training for staff and workers had continued to be conducted as per the OSH plan and programme developed by the SHO. For improvement and the benefits of those illiterate, the OSH training could be further enhanced with the use of pictograms to graphically display correct /acceptable and incorrect/unacceptable practices.

Other OSH plans were workplace inspection/OSH audit, meetings and monitoring programmes. It was also verified during the assessment that accident records were still being kept and the relevant reports including JKPP 8 had continued to be submitted timely to the DOSH by the SHO.

Accidents were still being recorded by the Safety Officer and displayed as LTA on the notice board of each

office.

All foreign workers had continued to be covered by group insurance as required by the Workmen Compensation Act 1992. The insurance certificate was issued by Etiqa No. 040940914 expiring on 29 June 2011 was examined. An insurance card had been issued to each worker.

Criteria 4.8

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

Audit Findings:

During the field interviews held with the workers in various work sites, they were found to be knowledgeable on safety usage of PPE and first aids. The contractors had usually been briefed on safety and also on RSPO, ESH, OSH requirements upon commencement of work.

There was still a joint consultative committee for all stake holders and the minutes of meeting of the Joint Consultative Committee meeting on 28.9.09 was presented.

Annual Training Programme and Syllabus (Staff Individual Training) for S2 for 2008 to 2010 was reviewed during the assessment. This training schedule was drawn up at the beginning of the year for implementation. Training was done once in every 3 months due to the high turnover of workers.

PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Criterion 5.1

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

Audit Findings:

S2 had continued to review and up-date the environmental aspects and impacts risk assessment for activities relating to the estates and mill operation. However, the evaluation exercise on some activities in the mills and estates to determine its significance level was not conducted in accordance to the level of significance according to established criteria. An OFI was raised.

Environmental improvement plans to mitigate the negative impacts had continued to be implemented. Among the improvement plans were improving the quality of effluent discharged from the mills, emission of methane converted to energy production, reduction of fuel consumption and increasing the 3Rs initiatives in domestic waste management.

Criterion 5.2

The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists 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.

Audit Findings:

The HCVF scoping assessment on the estates had been completed in July 2008 with HCV 4 sites being identified. In addition, there was another HCV site, a salt lick which was a natural thermal spring that attracted animals. Reports by the consultant on HCVF Scoping Assessment of Saremas 1 & 2 Estates of PPB Oil Palm Berhad had documented ERT species within the residual forested areas of the estates.

The company had continued to implement the monitoring programme to maintain these sites for protection with a clear demarcation and map.

HCV Management and Monitoring Plan for Saremas 2, Segarmas and Kaminsky Estates 2011 were presented. The document had included the HCV habitats with consultation with wildlife section of the Sarawak Forest Department on identification of ERT species.

Poaching was still not being allowed within the plantation with signage continued to be place at the entrances of each estate. Posters on protected animals were also observed at the guard posts.

Criterion 5.3

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

Audit Findings:

Domestic Waste Records based on number of trips to the landfills was still being maintained in each division of the estates. There were recycling bins in all the offices and line sites. In addition at all the landfill sites, recycling bins were also made available for the sorted domestic wastes brought in from the estates. Aluminum cans, plastic bags and papers were still being re-cycled from domestic waste.

Mill waste EFB had continued to be used as organic supplements in the fields and EFB mulching done in all new plantings and along roadsides.

Scheduled wastes were disposed through a licensed contractor Wasteway (Malaysian) Sdn. Bhd. in accordance to Schedule Waste 2005. Invoices and consignment notes were presented during the assessment and found to be in good order.

Criterion 5.4

Efficiency of energy use and use of renewable energy is maximized.

Audit Findings:

Fiber and shells from the mill had continued to be used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and line site. The usage of this renewable energy was still being recorded and monitored.

Monthly monitoring of fossil fuel usage per tonne (MT) of CPO was also made available. Data on diesel consumption for S2 POM for 2009, 2010 and 2011 (up to May) were presented. Similar data were also made available for Kaminsky Estate.

Monthly consumption of diesel was documented in all estates and mill. For the Kaminsky Estate, the amount of diesel consumed was 6.45 litres (ℓ) per MT of FFB. For S2 POM, the consumption was from 2.45 to 4.16 ℓ per MT of FFB.

Criterion 5.5

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

Audit Findings:

It was observed that there was no open burning being carried out during the assessment as this was not allowed under the law and not permitted under any circumstances as clearly stated in the SOP. There was also no burning for all replanting works.

It was observed that there was no replanting during the assessment. The assessor was informed that all old palms would be felled and chipped for mulching.

The burning of domestic wastes had continued to be disallowed as specified under the management SOP. It was observed that there was a clear signage been erected at the line side on this prohibition.

Criterion 5.6

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

Audit Findings:

Pollutants and emissions had been identified in the Aspects and Impacts Register. Proper procedures in accordance to national regulations and guidance had continued to be implemented to reduce pollution and emission.

There was no peat soil in the estates.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS**Criterion 6.1**

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

Audit Findings:

An SIA document *Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates of PPB Oil Palm Bhd.* had

been produced. This SIA document provided limited information on critical issues that could provide a more concrete basis for mitigation and plan for continuous improvement of the local communities.

There was an additional SIA document prepared to address the problem raised by a local community following the trenching along the boundary with the community and neighboring estates dated 19 September 2010. This SIA which focused on the "boundary trench" issue could serve as a basis for designing future revision of the SIA. A great deal of new measures had been introduced and projects implemented. This more systematic documentation of these measures had highlighted the linkage between identified impacts-plan of action-implementations. Evidence of mitigation plan, implementation, and continuous improvement were found both on field-visit and discussions with stakeholders/longhouse communities and in documented form (*Community-based Development Committee Files and Management Review After Audit Files*).

Evidence of participation of local communities was shown in the mitigation plan, their implementation and continuous improvement. These were found both on field-visit and discussions with stakeholders/longhouse communities and in documented form (*Community-based Development Committee Files and Management Review After Audit Files*).

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.

Audit Findings:

S2 had continued to implement the policy and procedures on communication and consultation with stakeholders. The Standard Operating Procedure for Consultation and Communication (SOP-CC); Joint Consultative Committee and the Community-based Development Committee had also continued to provide forums for communication and consultations.

Various modes of management to staff/workers communication – daily assemblies, internal circulars and memos, notices, posters, environmental and social campaigns, management walk had continued to be used.

The Social and Welfare Committee had been formed. This committee was made up of the Assistant General Manager (Sarawak Operations) as the chairman, Saremas's Human Resource Manager as the secretary, and the managers of the mills and estates.

A list of stakeholders consulted had been maintained. There was an established internal and external communication procedure within the estates.

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.

Audit Findings:

S2 had continued to use the complaint and grievance form and compiled a monthly summary of all complaints and grievances captured by the form. Resolution of complaints and grievances was still being guided by the SOP for grievance and complaint (SOP-GC).

Besides these specific instruments, grievance and complaint had also be dealt through the Joint Consultative Committee and The Social and Welfare Committee (Standard Operating Procedures and Continuous Improvement Plan 2008. Minutes of meetings of the above-mentioned committees were sighted.

The system had provided opportunities to all affected parties to voice out their complaints and grievances.

Criterion 6.4

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Audit Findings:

The Community-based Development Committee had still served as a forum for dispute and grievance resolution pertaining to the local indigenous communities. This platform was used to initiate the resolution of the grievances between some local communities and the company with regard to the trenching of boundaries. The dispute had

been resolved amicably.

The promotion of better understanding between the company and the five longhouse communities in the plantation area was also being nurtured through the activities of the Community-based Development Committee.

There was no customary right-encumbered land involved, however the area made available for use by the five local communities had been clearly mapped and the local people were well-informed of the boundaries. The local communities had full access to this land and a MoU had been prepared for signing with the local communities within the estates.

As stated above there was no customary right claim on land and mutually agreed conditions on continuous use of the land occupied by local communities through a MoU had been drawn up.

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.

Audit Findings:

Wage rates and conditions of work had continued to follow industry standard and meet all legal requirements (these are documented in contract document).

Free housing and basic amenities (electricity and water) were still being provided. About 95 percent of workers were housed in type H housing (conforming to legal requirement). The construction of more similar housing-units was underway to house all remaining workers in type H houses.

Workers had continued to have free access to basic health services provided through company-run clinics. The company had also provided pre-school by way of the Humana schools for foreign workers' children and transportation to near-by government schools for children of local workers and staff.

Provision shops in each estate offers basic household goods (mainly food items) and prices were monitored through the Social and Welfare Committee.

Employment Contract Rule 2 of Labour (Contents of a Contract) Rules (Sarawak) 2005 was still being adhered to when workers were taken in to work. The personal particulars, details of terms and conditions of employment (RM15 per day), overtime rate, working hours and rest day per week were clearly spelt out.

The estate did not differentiate between foreign and local workers in terms of pay and conditions of work. The salary scheme for the workers, either local or foreign, was similar. All the foreign workers had to fulfill the legal requirements before they could work in the estate.

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.

Audit Findings:

S2 had continued to use the documented procedure on collective negotiation and resolutions of dispute or grievances (compiled in standard operating procedure and continuous Improvement Plan, 2008).

Labour laws were still in the English language. However, the estate manager had informed that he would arrange for the new contract to be explained to the workers in groups when the time comes.

Statement in Bahasa Melayu recognizing freedom of association was still being displayed in appropriate places.

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.

Audit Findings:

There was a documented statement on the policy of not employing under-age individuals. This policy statement was also displayed for public knowledge in appropriate places.

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.

Audit Findings:

Equal opportunities policy statements were still being displayed in appropriate places. The foreign workers interviewed were also happy with the working and pay conditions in the estates.

The workforce was a multi-cultural and multinational population living and mixing on the jobs and places of residence. Generally there was no apparent dissatisfaction. Pay and benefits for foreign and local workers were similar.

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.

Audit Findings:

A policy against sexual harassment and violence against women was still in place. Awareness programs about sexual harassment and violence against women had continued to be conducted periodically. Sexual harassment was a standing agenda of the Committee for Women and Children Meeting.

The estate management respected the rights of its personnel to join any trade union of their choice and to bargain collectively. This was shown by official published statement in Bahasa Melayu recognizing freedom of association. Documented minutes of meetings between the management with workers' representatives were also available. Interviews with employees and workers representatives revealed that they understood their rights.

Criterion 6.10

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

Audit Findings:

Prices of FFB were still clearly displayed at the palm oil mill and oil palm prices and pricing were discussed in Joint Consultative Committee meeting. Oil palm prices were also being discussed with smallholders in the Community-based Development Committee. A mechanism to enable smallholders to be paid instant cash upon sale of FFB was been developed through discussion and consultation in this committee.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

Audit Findings:

Through the Community-based Development Committee the Company had continued to implement several quality of life related projects and livelihood enhancement initiatives such as:

- Supply of water tanks to the needy members of the longhouses
- Improving convenience by installing communal water pipes
- Giving materials for house-repairs to the needy households
- Making oil palm planting material available at below market price.
- Giving access to plantation roads
- Employment opportunities to the local communities

PRINCIPLE 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY**Criterion 8.1**

Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

Audit Findings:

The management of the estates and mills had continued to monitor and review activities for continuous improvement. The estates had maintained a programme of determining threshold of pest infestation before pesticides application. During the assessment, pesticides had not been applied in the estates. Integrated Pest management programme had also been practiced in all estates through planting of beneficial plants. GAP practices had been satisfactorily maintained within industrial norm.

Mills waste had continued to be re-cycled and used as soil supplement. EFBs were used as fertilizer in the field.

A management and monitoring programme had been established for the HCV areas identified within the 2 estates. Specific monitoring points were identified and mapped. Both maps and monitoring records were presented during the assessment.

Environmental monitoring had continued to be conducted according to the Environmental Management Plan for each estate. These reports had been submitted on time to the Natural Resources and Environmental Board (NREB).

New chemical stores made of concrete had been constructed in all estates. Each had proper lock and key system controlled by storekeeper. Appropriate safety posters had been placed at the entrance. Washing facilities for clothing, bath rooms and first aid boxes were noted.

Programmes on recycling and minimizing waste as well as by products generation had been established. Recycling bins, proper management of schedules wastes and bio-gas POME Methane Recovery Plant had been installed and undergoing commissioning during the assessment.

The major improvement was the new labour line for the workers. Each unit was equipped with electricity and treated water supply. This had reduced the E. coli count in the supplied water. Proper sanitation facilities were also noted. All the workers interviewed expressed happiness over the new facilities.

Other improvements in the fields included greater awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle) as part of their work culture. Recycle bins were placed at appropriate sites including at the sorting area at the landfill sites.

A mechanism to capture the performance and expenditure was well established. It was not limited to social and environmental aspects but also extended to Occupational Safety & Health matters. Among the improvements made was the provision of a changing room for sprayers to ensure no contamination to their family and the changing of the system of carrying the spraying chemical in jerry cans to tanker.

3.2 Detailed Identified Non-Conformities

The details on the NCRs and OFIs raised and the assessors' verification of the corrective actions taken are as in **Attachment 3**. The major NCRs raised during this surveillance audit had been closed out.

3.3 Status of NCRs Previously Issued

The assessors had verified on the effectiveness of the corrective actions taken by S2 on the NCRs and OFIs raised during the previous surveillance. The assessors were satisfied that the corrective actions taken were adequate to address the NCRs and OFIs and had therefore closed them out.

3.4 Noteworthy Positive Components

S2 had made further improvements on their compliance against the requirements of the RSPO P&C Malaysian National Interpretation (MY: NI). This was evident in terms of improvements being made on criteria related to safety and social issues.

It was also evident during this surveillance that S2's top management had continued to demonstrate their firm commitment in their effort to complying with the requirements of the RSPO P&C and in maintaining the certification.

3.5 Issues Raised by the Stakeholders

Issues raised by the stakeholder were verified during the conduct of audit. Record were maintained by S2 CU.

3.6 Acknowledgement of Internal Responsibility and Formal Sign-Off of Assessment Findings

I, the undersigned, representing SIRIM QAS International Sdn. Bhd., acknowledge and confirm the content of the assessment report and findings of assessment.


Name: Dr. Yap Son Kheong

Signature: 

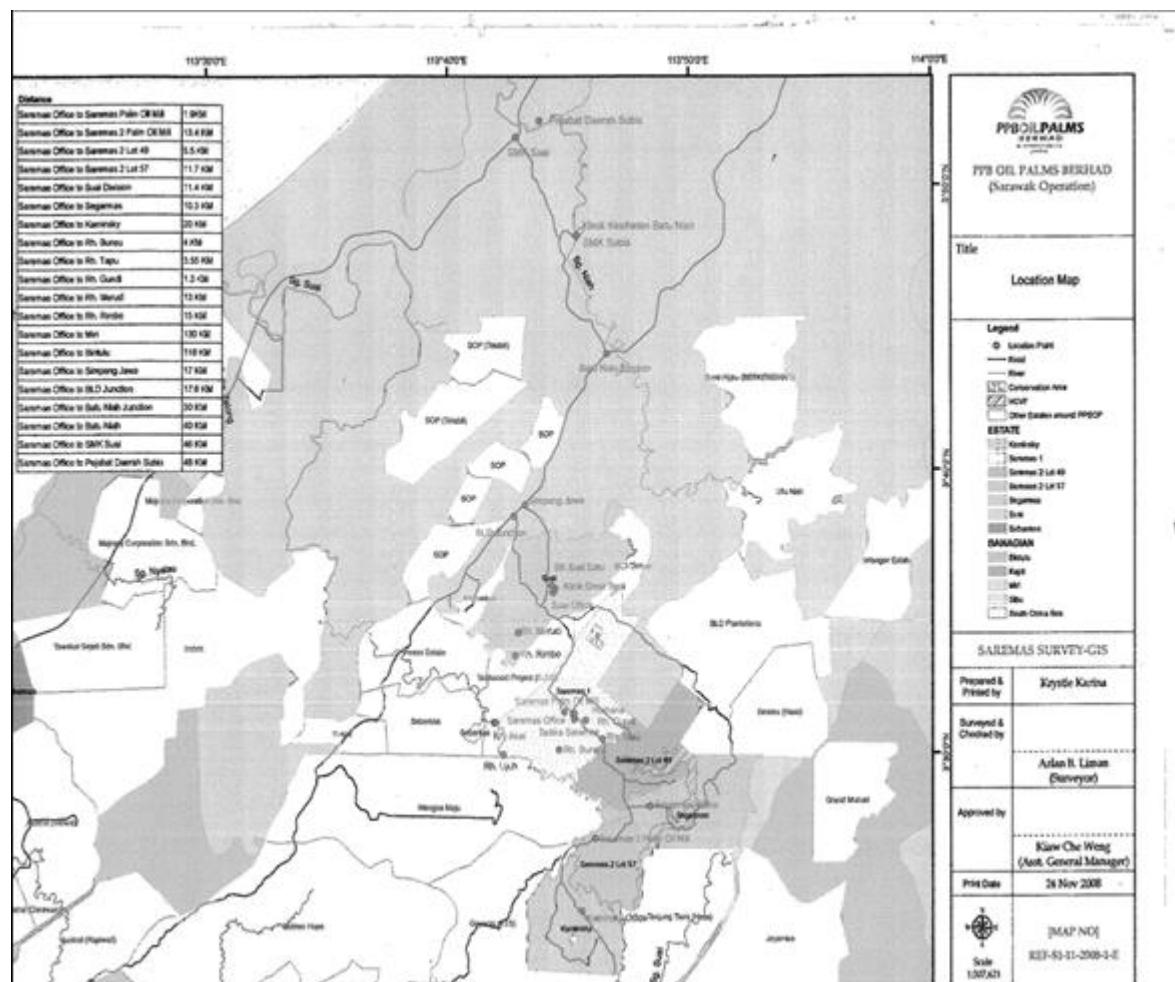
Designation : Assessment Team Leader

I, the undersigned, representing Saremas 2 Certification Unit acknowledge and confirm the content of the assessment report and findings of assessment.

Name : Simon Siburat

Signature : 

Location Map of Saremas 2 Certification Unit



SIRIM QAS INTERNATIONAL SDN. BHD.

**RSPO SURVEILLANCE AUDIT
PROGRAMME**

Objectives

The objectives of the assessment are as follows:

- (i) To evaluate PPB Oil Palms Berhad (PPBOPB) conformance against the RSPO Principles & Criteria Malaysian Nation Interpretation (MYNI)
- (ii) To make appropriate recommendations based on the assessment findings

Date of assessment : 20 June to 24 June 2011

Site of assessment : PPB Oil Palm Berhad
Saremas Certification Unit

- Saremas 1 Palm Oil Mill
- Saremas 2 Palm Oil Mill
- Saremas 1 Estate
- Saremas 2 Estate
- Suai Division
- Kaminsky Plantation Sdn. Berhad
- Segamas Plantation Sdn. Berhad

Reference Standard : RSPO P&C MYNI
Company's audit criteria including Company's Manual/Procedures

Assessment Team

- a. Lead Assessor : Dr. Yap S. K.
- b. Assessor : Professor Datuk Abdul Rashid Abdullah
Raymond Yap Nyoke Yong
Mahzan Munap
Akim Kaji

is any objection to the proposed audit team, the organization is required to inform the Lead Auditor/RSPO Section Manager.

6. Audit Method

Site audits including observation of practices, interviews with interested parties (employees, nearby population, etc.), documentation evaluation and evaluation of records.

7. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

8. Working Language : English and Bahasa Malaysia

9. Reporting

- | | | | |
|----|------------------------|---|--|
| a) | Language | : | English |
| b) | Format | : | Verbal and written |
| c) | Expected date of issue | : | Thirty days after the date of assessment |
| d) | Distribution list | : | client file |

10. Facilities Required

- a. Room for discussion
- b. Relevant document and record
- c. Personnel protective equipment if required
- d. Photocopy facilities
- e. A guide for each assessor

11. Assessment Programme Details : As below

Day 0: 19 June 2011

Time	Activities / areas to be visited
4.45 pm	Travel from Kuala Lumpur to Miri

Day one: 20 June 2011 Monday

Time	Activities / areas to be visited					Auditee
6.30 am-10.00 am	Travel to Saremas 1 Estate Opening Meeting by team leader; Audit team introduction and briefing on surveillance assessment objectives, scope, methodology, criteria and programmes by audit team leader at Saremas 1 estate office Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Stage II audit)					Management Representative
10.15 am-11.30 am						
11.30 am - 12.30 pm						
	Dr. Yap S. K.	Raymond	Prof. Datuk Abdul Rashid	Akim	Mahzan	
	Documentation review at Saremas 1 Estate (including verification on action taken to address Stage 2 assessment findings)			Documentation review at Saremas 1 Palm Oil Mill (including verification on action taken to address Stage 2 assessment findings)		Guide for each assessor
12.30 pm-1.30 pm	Break					
1.30 pm - 5.30 pm	Inspection of Saremas 1 Estate On environmentally area of concern: <ul style="list-style-type: none">Area of more than 25°Inspection of protected sites with HCV attributesBoundary and land use of the different estates	Inspection of Saremas 1 Estate <ul style="list-style-type: none">Good Agricultural Practice-witness activities at site (weeding/spraying/other maintenance activities/harvesting)Nursery (if any)	Saremas 1 Estate and Oil Mill. Discussion with relevant management on staff welfare Visit and assessment at: <ul style="list-style-type: none">Saremas 1 longhouses i.e. Rumah Bunsu, Rumah Gundi and Rumah Tapu.	Inspection of Saremas 1 Oil Mill <ul style="list-style-type: none">Safety & Health practice – witness mill activities such as operation, boiler, water treatment & workshopChemical managementInterview with workers & safety committee		

	<ul style="list-style-type: none"> Riparian zone River system including POME discharge Forested area Plantation boundary Water bodies Source of water supply general waste disposal area <p>Other area identified during the assessment</p>	<ul style="list-style-type: none"> chemical store/fertilizer EFB mulching Plantation on hilly/swampy area IPM <p>Other area identified during the assessment</p>		<ul style="list-style-type: none"> Interview with FFB suppliers and other contractors 	
8.30 pm– 10.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records				

Day two: 21 June 2011 (Tuesday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap S. K.	Raymond	Prof. Datuk Abdul Rashid	Akim	Mahzan	
7.00 am- - 12.00 pm	<p>Site visit and assessment at Saremas 2 Estate On environmentally area of concern:</p> <ul style="list-style-type: none"> Area of more than 25° Inspection of protected sites with HCV attributes Boundary and land use of the different estates Riparian zone River system including POME discharge Forested area Plantation boundary Water bodies 	<p>Site visit and assessment at Saremas 2 Estate:</p> <ul style="list-style-type: none"> Good Agricultural Practice- witness activities at site (weeding/spraying/other maintenance activities/harvesting) Nursery (if any) chemical store/fertilizer EFB mulching Plantation on hilly/swampy area IPM 	<p>Site visit at Saremas 2 Estate and Saremas 2 Oil Mill. Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans.</p> <ul style="list-style-type: none"> Interview with workers & Union representatives Facilities at workplace 	<p>Site visit at Saremas 2 Palm Oil Mill:</p> <ul style="list-style-type: none"> Safety & Health practice – witness mill activities such as operation, boiler, water treatment & workshop Chemical management Interview with workers & safety committee Interview with FFB suppliers and other contractors 	Mahzan	Guide for each assessor

	<ul style="list-style-type: none"> Source of water supply general waste disposal area <p>Other area identified during the assessment</p>	Other area identified during the assessment	<p>(rest area, etc)</p> <ul style="list-style-type: none"> Living quarters Facilities provided at living quarters (i.e. humana, surau, community center, provision shop & etc) <p>Other area identified during the assessment</p>		
12.00 pm-1.00pm	Break				All
1.00 pm-5.30 pm	Assessment on P1, P2 (C2.1-2.1.1, C2.2-2.2.3, P3, P4(C4.4-4.4.1, 4.4.2, 4.4.6) C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2, C4.3, C4.4, C4.5, C4.7, C4.8, C5.1, C5.3, C5.5, C5.6, P8	Continue visits and assessment at: Saremas 1 longhouses i.e. Rumah Merudi and Rumah Sabang	P1 (C1.1-1.2), C2.1, C4.1, C4.6, C4.7, C4.8,	Assessment on P1, P2-C2.1-2.1.1, C4.7, P6 (6.5, 6.6, 6
8.30 pm – 10.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records				Guide for each assessor

Day three: 22 June 2011 (Wednesday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap S. K.	Raymond	Prof. Datuk Abdul Rashid	Mahzan	Akim	
7.00 – 12.00 pm	<p>Site visit and assessment at Suai Division:</p> <p>On environmentally area of concern:</p> <ul style="list-style-type: none"> Area of more than 25° 	<p>Site visit and assessment at Suai Division:</p> <ul style="list-style-type: none"> Witness activities & assessment at site i.e. harvesting, spraying, 	<p>Site visit at Suai Division:</p> <p>- Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues</p>	<p>Site visit and assessment at Suai Division:</p> <ul style="list-style-type: none"> Safety & health practice – witness activities at site Facilities at 	<p>Site visit at Suai Division:</p> <ul style="list-style-type: none"> Production area Effluent treatment plant Boiler house 	Guide for each assessor

	<ul style="list-style-type: none"> Inspection of protected sites with HCV attributes Boundary and land use of the different estates Riparian zone River system Forested area Plantation boundary Source of water supply <p>Other area identified during the assessment</p>	<ul style="list-style-type: none"> manuring & EFB Mulching gangs. In field-Mechanization workshop general waste disposal area EFB mulching Harvesting on hilly/swampy Area store/fertilizer EFB mulching <p>Other area identified during the assessment</p>	<ul style="list-style-type: none"> such as EIA, SIA, assessment and management plans. Interview with workers & Union Representative Facilities at workplace (rest area, etc) Living quarters Facilities provided at living quarters (i.e. humana, surau, community center, provision shop & etc) <p>Other area identified during the assessment</p>	<ul style="list-style-type: none"> workplace (water treatment plant, clinic & etc) Chemical store/fertilizer Workshop <p>Other area identified during the assessment</p>	<ul style="list-style-type: none"> Waste management Site visit at Sri Kamusan estate Waste management including disposal site Recycling activities Diesel generator set (if any) <p>Other area identified during the assessment</p>	
12.00 – 1.00 pm	Break					
1.00 pm- 5.30pm	P2 (I2.2.3), C4.1, C4.4, C4.8, C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2, C4.3, C4.4, C4.5, C4.8, C5.1, C5.3, C5.5, C5.6, P8	P1, P2, P6, C8.1	P1 (C1.1-1.2), C2.1, C4.1, C4.6, C4.7, C4.8, P8	C2.1, C3.1, C4.1, C4.4, C4.6, C4.7, C4.8, C5.1, C5.3, C5.4, C5.5, C5.6	Guide for each assessor
8.30 pm - 10.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records					

Day four: 23 June 2011 (Thursday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap S. K.	Raymond	Prof. Datuk Abdul Rashid	Mahzan	Akim	
7.00 am - 12.00 pm	<p>assessment at Segarmas Estate and Keminsky on environmentally area of concern:</p> <ul style="list-style-type: none"> • Area of more than 25° • Inspection of protected sites with HCV attributes • Boundary and land use of the different estates • Riparian zone • River system • Forested area • Plantation boundary <p>Other area identified during the assessment</p>	<p>Site visit and assessment at Segarmas Estate and Keminsky Estate</p> <ul style="list-style-type: none"> • Good Agricultural Practice- witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) • Nursery (if any) • chemical store/fertilizer • EFB mulching • Plantation on hilly/swampy area • IPM 	<p>Visits & assessment at:</p> <ul style="list-style-type: none"> • Suai division longhouses <p>i.e. Rumah Rambu and Rumah Ringkai</p>	<p>Site visit and assessment at Segarmas Estate and Keminsky Estate</p> <ul style="list-style-type: none"> • Safety & health practice – witness activities at site • Facilities at workplace (water treatment plant, clinic & etc) • Chemical store/fertilizer • Workshop 	<p>Site visit at Segarmas Estate and Keminsky Estate</p> <ul style="list-style-type: none"> • Waste management • Recycling activities • generator set (if any) • Interview with contractors and contract workers • Source of water supply • general waste disposal area 	Guide for each assessor
12.00 – 1.00 pm	Break					
1.00 pm- 5.30pm	P2 (I2.2.3), C4.1, C4.4, C4.8, C5.1, C5.2, C5.3, P8	C2.1, C2.2, C3.1, C4.1, C4.2, C4.3, C4.4, C4.5, C4.8, C5.1, C5.3, C5.5, C5.6, P8	P1, P2, P6, P8	P1 (C1.1-1.2), C2.1, C4.1, C4.6, C4.7, C4.8, P8	C2.1, C3.1, C4.1, C4.4, C4.6, C4.7, C4.8, C5.1, C5.3, C5.4, C5.5, C5.6	Guide for each assessor

8.30 pm - 10.30 pm	Assessment team discussion and verification on any outstanding issues Note : Assessor to inform auditee on the required document / records	
-----------------------	---	--

Day five: 24 June 2011 (Friday)

Time	Activities / areas to be visited					Auditee
	Dr. Yap S.K.	Raymond	Prof. Datuk Abdul Rashid	Mahzan	Akim	
7.00-10.00 am	Verification on outstanding issues for Seramas Certification Unit Assessor to inform auditee on the required document / records					Guide for each assessor
10.00-12.00pm	Audit Team Discussion and preparation on assessment findings					
12.00 pm – 2.00 pm	Break & Friday Prayer					All
2.00 pm-3.30 pm	Discussion and acceptance on assessment findings					All
3.30 pm-4.30 pm	Closing meeting at Seramas 1 Estate Office – presentation of assessment findings					All
4.30 pm	End of assessment & Travel to Miri					

Non Conformity and Corrective Action Taken

P & C Indicator	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p>Indicator 2.1.1</p> <p>NCR #: MM2</p>	<p>There is compliance with all applicable local, national and ratified international laws and regulations</p> <p>a) The following acts had not been identified in the legal register:</p> <ol style="list-style-type: none"> 1. Animal Act 1953 2. Fire Services Act 1988 3. Communications and Multimedia Act 1998 (Communications And Multimedia (Spectrum 2000) Regulations) 4. Confine Space Code of Practice 5. All the above Acts and Code of Practice were not listed in the register. 6. The mill does not have Fire Certificate. <p>b) The 3 mill Gensets (2x300Kw and 1x163Kw) and estates' Gensets were currently operated by non-competent person against the requirements of Factory and Machinery Act 1967 (Person-In-Charge) Regulations 1970.</p> <p>The Gensets were operated by 2nd Grade ICE driver.</p>	<ol style="list-style-type: none"> 1. In view that the Animal Act 1953 does not apply to Sarawak, an alternative regulation covers livestock animal in Sarawak will be registered, that is, Veterinary Public Health (Amendment) Ordinance, 2002. 2. To register all working buffalo to Veterinary Department of Sarawak 3. The Fire Services Act 1988, Communication and Multimedia (Spectrum 2000) Regulations and Confine Space COP will be registered in our legal and at other applicable requirement registry. 4. Application of Fire Certificate for Saremas Mill 2. 5. To register and send candidates for Steam and ICE Driver Grade 1 & 2 examination. 	<p>The supporting evidences – a copy of legal register incorporating the missing Acts, registration letter to register buffalo, application letter to Bomba Sarawak for Mill Fire Certificate and letter to DOSH Sarawak to register ICE Driver for examination had been sighted. Will verify the Correction Action taken during the next Surveillance Audit.</p> <p>Status of NCR : Closed</p>
<p>Indicator 4.4.2</p> <p>NCR #: AAB2</p>	<p>It was observed that there was construction of bund across the rivers/waterway of Sg Sebilak, in the estate, Saremas 2, Div B.</p>	<p>The estate had applied to Jabatan Pengairan & Saliran (JPS) Bahagian Miri-Bintulu for damming the river water and permission was subsequently granted for Sg. Sebila</p>	<p>Will verify the Correction Action taken during the next Surveillance Audit.</p> <p>Status of NCR : Closed</p>

		only. It was approved on a case-by-case basis on condition that an undertaking letter by S2 Management to JPS Miri to remove it when so instructed by JPS be filed with the Miri JPS. This undertaking letter was given to the assessor to close the NCR	
Indicator 5.1.1 NCR #: HMMS2-1	<p>Aspect and Impact in both Mill and Estate did not adequately capture and identify the aspect and impact of one of the activities i.e. supplying treated water for domestic use in the Water Catchments Area Management.</p> <p>The documented aspects and Impacts risk assessment is not adequately reviewed and updated. The documented Environmental</p>	<ol style="list-style-type: none"> 1. To update and review the Environmental Aspect and Impact assessment. 2. To assess the Environmental Aspect and Impact of supplying treated water for domestic use. 3. To conduct training for identification of environmental aspect and impact assessment. 	Updated the Environmental aspect & impact record
Indicator 5.1.2 NCR #: HMMS2-2	<p>Records of water monitoring in both mill and estate showed the Bacteriological Characteristic i.e. Total Coliform Count and Total Faecal Coliform consistently exceeded NWQS Class IIB limit but no plan to mitigate the impact being developed and implemented.</p> <p>Environmental improvement plan to mitigate the negative impacts is not developed and implemented for the monitored quality of water.</p>	<ol style="list-style-type: none"> 1. To develop the environmental improvement plans to mitigate the deteriorating water quality. 1. To find the source ad pollution and conducting mitigation measure. 1. Reporting of water quality examination result to be extended to all managers for immediate mitigation measures. 2. The water quality monitoring result to be discussed in monthly management meeting to ensure immediate actions are to be implemented. 3. Periodically review the environmental improvement plan. 	Improvement plan was developed to address the water quality issues

<p>Indicator 6.1.3</p> <p>NCR #: RM2</p>	<p>The timetable on mitigation measures to manage the social issues identified in the social impacts assessment was not reviewed.</p> <p>The timetable on mitigation measures to manage the social issues identified in the social impacts assessment conducted in 2008 was not reviewed but only partially updated (for Saremas 1 and 2) or not updated at all (Segamas).</p> <p>In the case of Segamas Estate, all the mitigation measures were completed in the year 2008 itself and no further review was done to find out whether or not the issues have been solved or otherwise.</p> <p>In the case of Seramas 1 and 2, the progress and current status of certain mitigation measures were not presented. In addition, the table did provide information on the person-in-charge (PIC) of the various mitigation measures as required by the standard.</p>	<p>The SIA will be reviewed and updated and PIC will be appointed to ensure the social mitigation measures are periodically updated and reviewed.</p>	<p>To verify corrective action taken during nest surveillance audit.</p> <p>Status of NCR: Closed</p>
--	--	---	--