



**PUBLIC SUMMARY  
THIRD SURVEILLANCE ASSESSMENT**

**AUDIT DATE : 8<sup>TH</sup> – 12<sup>TH</sup> APRIL 2013**

**PPB OIL PALMS BERHAD  
SAREMAS 2 CERTIFICATION UNIT**

**Sarawak, Malaysia**

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## SUMMARY

This third surveillance assessment report describes the level of continued compliance of the Saremas 2 (S2), one of the Certification Units (CUs) of the PPB Oil Palms Berhad (PBB) against the requirements of the RSPO Principles & Criteria (P&C) Malaysian National Interpretation (MY-NI):2008. This surveillance assessment was conducted on 8<sup>th</sup> -12<sup>th</sup> April 2013.

SIRIM QAS International Sdn Bhd (SIRIM QAS International) was contracted by PBB to conduct this surveillance assessment. SIRIM QAS International is the leading testing, inspection and certification body (CB) in Malaysia having provided its services to all sectors of the business and industry for over 30 years.

SIRIM QAS International, as an accredited certification body by the United Kingdom Accreditation Service (UKAS) and STANDARDS MALAYSIA provides a comprehensive range of management system certification services on quality, environment and health and safety.

SIRIM QAS International has wide experience in conducting assessments on palm oil mills and oil palm estates for certification of management system against the requirements of the ISO 14001 and OHSAS 18001. SIRIM QAS International was approved as a certification body by RSPO on 21 March 2008. Since then, it had conducted many assessments on RSPO sustainable production of palm oil in Malaysia.

This surveillance assessment had resulted in the issuance of three (3) major Non-Conformity Report (NCR), two (1) minor Non-Conformity Report (NCR) and nine (9) Opportunity for Improvements (OFIs). S2 had taken appropriate corrective actions to address the major NCR which had been verified by the assessor and therefore closed out. S2 had also submitted a corrective action plan to address these OFIs which had been accepted by the assessor. The verification on these corrective actions to address the OFIs would be under taken by SIRIM QAS International during the next surveillance audit.

Based on the evidences gathered during this surveillance, it could be concluded that S2 had continued to comply with the requirements of the RSPO MY-NI: 2008. The three major NCRs and 2 minor NCRs raised during this surveillance assessment has been adequately addressed and therefore closed out. In addition, all major and minor NCRs raised during the previous Surveillance audit had also been appropriately addressed and closed out. The assessment team therefore recommends that S2 to continue to be certified against the RSPO MY-NI: 2008.

### 1.0 SCOPE OF CERTIFICATION ASSESSMENT

#### 1.1 National Interpretation Used

The operations of the mill and their supply bases of oil palm fresh fruit bunches (FFBs) were assessed against the requirements of the Malaysian National Interpretation (MY-NI: 2008) of the RSPO Principles and Criteria: 2007.

#### 1.2 Certification Scope

This surveillance assessment covers the Saremas 2 Palm Oil Mill (S2POM), Saremas 2 Estate (Div 1, 2 and 3), Segarmas and Kamisky Plantation. The scope of certification is the sustainable production of crude palm oil and palm kernel from the S2POM with FFBs supplied by the mill's own estate; the Saremas 2, Segarmas and Kaminsky Plantation. As S2 had been fully developed, Principle 7 of the RSPO P&C was not applicable.

#### 1.3 Location and Map

Seramas 2 Palm Oil Mill and the estates are located in Miri District, Sarawak, Malaysia. Its operation office is located within the Saremas Sdn Bhd office Complex, at Saremas 1 estate. The official address of S2 is KM 18 off KM 115, Bintulu-Miri Road, Miri, Sarawak, Malaysia. The location map of S2 CU (mill and estates) is shown in **Attachment 1** while their coordinates are detailed in **Table 1** below.

There are other smaller offices within the estates. However, all correspondence is through the main office at S1. The location map of S2 CU (mill and estates) is shown in **Attachment 1** while their coordinates are detailed in **Table 1**.

**Table 1: Coordinates of S2 Certification Unit (Mill and Estates)**

Operating Unit	Latitude	Longitude
Saremas 2 Palm Oil Mill	3° 26'55.704" N	113 °46'11.821"E
Saremas 2 Estate	3 °30'22.422"N	113 °47'55.555"E
Segarmas Plantation	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 are for the offices of the palm oil mill and estates)

In the immediate vicinity of S2 are longhouses and other oil palm plantations. There are five longhouses namely Rumah Bunsu, Rumah Tapu, Rumah Gundi, Rumah Merudi and Rumah Rimbo. Outside S2, there are four longhouses 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 the Suai Plantation. Rumah Sabang, Rumah Akai and Rumah Ujuh are located on State land while Rumah Ringkai lies within another company's oil palm plantation (Alam Wasa).

It was noted that, Rumah Akai and Rumah Ujuh had been left empty since the last four years. Adjacent to Rumah Tapu is an *Acacia mangium* plantation that belongs to the Forest Department of Sarawak. There is one main river; the Batang Suai which passes through S2.

There are four living quarters (known as line site) within S2. The Saremas 2 Central line site houses employees from Saremas 2 Estate and Saremas 2 Palm Oil Mill. The other three line sites are located in the Suai Plantation.

(Note: The coordinates are for the offices of the palm oil mill and estates)

#### 1.4 Description of Supply Base (Fruit Sources)

Saremas 2 Palm Oil Mill continued to receive FFB supply from Saremas 2 Estate (except Division D), Segarmas, and Kaminsky Plantation and sometimes from associate estate of Saremas 2 CU (which is also RSPO Certified by SIRIM QAS) and the neighbouring smallholders. The average annual FFB contribution from each estate for the year 2012 and projected for 2013 is detailed in **Table 2**.

**Table 2: FFB Contribution of Each Estate to Saremas 2 Palm Oil Mill**

Estate undergoing RSPO certification	Actual FFB production		Estimated production	
	January 2012 –December 2012		January 2013 – December 2013	
	Tonnes	%	Tonnes	%
Saremas 2 (excl. Div D)	72,161.18	30.66	54,314	30.60
Segarmas	77,339.57	32.86	59,250	33.38
Kaminsky	85,081.57	36.15	63,928	36.02
Suburmas (Associate)	-	-	-	-
Saremas 1 (Associate)	247.91	0.11	-	-
Suai (Associate)	420.39	0.18	-	-
3 <sup>rd</sup> party*	130.58	0.06	-	-
<b>Total</b>	<b>235381.2</b>	<b>100.00</b>	<b>177492</b>	<b>100.00</b>

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

The total area and area planted with oil palms are shown in **Table 3**.

**Table 3**  
**Total Area and Plantation Planted**

Estate	Year of oil palm establishment	Area (ha)				Planted Area (%)	
		Total	Planted	Mature	Immature	Mature	Immature
Saremas 2 (excl. Div. D)	1990	4869.93	3117.70	3117.70	0	100.0	0
Segarmas	1994	4727.00	3338.99	3338.99	0	100.0	0
Kaminsky	1996	3988.00	3193.49	3193.49	0	100.0	0
<b>Total</b>		<b>113584.93</b>	<b>6311.19</b>	<b>6311.19</b>	<b>0</b>	<b>100.0</b>	<b>0</b>

### 1.6 Other Certifications Held

S2POM and the estates do not hold any other form of third-party certification of their management systems. Nevertheless, they had been implementing an internal management system which was based on the requirements of the ISO 14001:2004 and the Occupational Safety and Health Act (1994).

### 1.7 Organisational Information/Contact Person

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

**Address:**

PPB Oil Palms Berhad  
Sarawak Operations,  
Lot 964, 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 86 315 220  
+ 60 86 315 223/+60 86 315 221

### 1.8 Approximate Tonnages Claimed for Certification (CPO and PK)

The approximate tonnage of CPO and PK produced and claimed for certification, is shown in **Table 4** as follows:

**Table 4**  
**Approximate CPO and PK (Tonnage) Claimed for Certification (2013)**

Certification Unit	CPO	PK
S2	40,132.55	8,664.22

*Note: The amount claimed for certification excludes contribution from smallholdings and non-certified unit*

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

SIRIM QAS International is the oldest and leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally recognised standards.

Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC).

SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 and OHSAS 18001. SIRIM QAS International has also conducted pre assessments against RSPO Principle and Criteria and has been approved as a RSPO certification body on 21 March 2008.

### 2.2 Assessment Methodology (Program, Site Visits)

The ASA3 was conducted on 8<sup>th</sup> -12<sup>th</sup> April 2013 by a 5-member assessment team led by Lead Assessor with many years of oil palm industry experience. Other team members include local experts knowledgeable in oil palm best management practices, HCV, environmental and social aspects.

The main objectives of this surveillance audit were to (a) determine the continued compliance of S2 CU against the requirements of the RSPO MYNI: 2008 and RSPO SCCS 2011, (b) verify the effectiveness of the corrective actions being implemented by S2 CU to address the NCRs raised during the previous ASA 2 and (c) make appropriate recommendation on the continued certification of S2 CU based on the findings of this surveillance assessment.

The planning of this surveillance assessment 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 used. The mill, Saremas 2 Estate and Kaminsky Plantation were assessed.

The on-site assessment consisted of a systematic examination of documentation and management practices relating to the entire range of operations carried out in the mill and plantation unit being verified. This was conducted by visiting the field including replanting sites, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Random interviews were held with management, employees, contractors and other relevant stakeholders. Visits were also made to local communities to verify compliance to social requirements of the RSPO P&C. The details on the surveillance assessment programme are as in **Attachment 2**.

### 2.3 Assessment Team

The assessment team comprised five (5) auditors. The details on the auditors and their qualifications are presented below:

Member of the Assessment Team	Role/area of RSPO requirements	Qualifications
Mahzan Munap	Lead Assessor / Occupational Health and Safety, Environment & related legal issues	<ul style="list-style-type: none"><li>• CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.</li><li>• Occupational Safety and Health Trainer at INSTEP Petronas</li><li>• Successfully completed RSPO Lead Assessor</li></ul>

		<p>Course – 2008.</p> <ul style="list-style-type: none"> <li>• Successfully completed Lead Assessor Course for OHSAS 18001- 2000.</li> <li>• Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006</li> <li>• Successfully completed RABQSA accredited Lead Assessor training for ISO 14001- 2008</li> <li>• MBA, Ohio University.</li> <li>• B.Sc. Petroleum Engineering, University of Missouri, USA.</li> </ul>
Mohamed Hidir Zainal Abidin	Lead Assessor / Milling Operation, Occupational Health and Safety	<ul style="list-style-type: none"> <li>• experience in palm oil milling</li> <li>• Successfully Completed RSPO Lead Assessor Course – 2013</li> <li>• Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2012</li> <li>• Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2012</li> <li>• Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2012</li> <li>• B.Sc. (Hons) Chemical Engineering</li> </ul>
Khairul Najwan Ahmad Jahari	Assessor / ecology and environmental issues/ HCV / Forestry	<ul style="list-style-type: none"> <li>• working experience related to forest management, inventory, surveying, HCVF and logging operation.</li> <li>• Successfully completed accredited Lead Assessor training for ISO 14001: 2004, ISO 9001:2008 and OHS 18001:2000</li> <li>• Successfully completed RSPO Lead Assessor Course – 2011.</li> <li>• B. Sc of Forestry (Forest Management)</li> </ul>
Dr Rusli Mohd	Assessor / workers' & community issues and related legal issues	<ul style="list-style-type: none"> <li>• Ph. D in forestry specialising in forest policy.</li> <li>• Taught forest law, international forest law and labour laws to undergraduate and post-graduate students for nearly 20 years</li> <li>• Conducted research on social forestry and has published several publications on the topic</li> <li>• Prepared SIA reports for KPKKT and PESAMA</li> <li>• Passed lead auditor training on ISO 14000</li> <li>• Completed more than 90 man-days of RSPO auditing and 30 man-days of natural forest certification audit</li> <li>• Served as peer reviewer for more than ten natural forest certification reports</li> <li>• Attended RSPO Training</li> </ul>
Mohd Norddin Abd Jalil	Assessor / Good Agricultural Practices (GAP)	<ul style="list-style-type: none"> <li>• Thirty three years' experience in plantation management covering rubber and oil palm.</li> <li>• Attended a training on RSPO P &amp; C and certification requirements in December 2012</li> <li>• 5 days auditing experience in RSPO P&amp;C (observer)</li> </ul>

		<ul style="list-style-type: none"> <li>• Plantation Advisor to TDM Plantation Sdn. Bhd.</li> <li>• B.Sc. Agriculture (weed management)</li> </ul>
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## 2.4 Stakeholder Consultation and List of Stakeholders Contacted

The stakeholder consultation was carried out during the conduct of audit. In general no negative comment was raised by the stakeholder against Saremas 2 CU.

## 2.5 Date of Next Surveillance Visit

The next surveillance should be conducted within nine to twelve months from this audit.

## 3.0 Assessment Findings

### 3.1 Summary of findings

The findings for this surveillance assessment were highlighted and discussed during the on-site audit. This surveillance had resulted in the issuance of three (3) major NCRs, two (2) minor NCR and nine (9) OFIs. The details on the NCR and OFIs are as in **Attachment 3**.

The findings of this surveillance assessment are reported based on the format for the RSPO MYNI indicator. The detailed findings of this surveillance audit on S2's compliance to the requirements of the RSPO MY-NI are as follows:

### **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 under the S2 Certification Unit (CU) had maintained records on requests for information or documents that were related to the RSPO Criteria. See Photo 1, below. Sighting of record books showed that S2 thus far had received one request for such information from external stakeholders, Rumah Tapu ak Galis on 29 August 2012 and had on the same day responded to it.

HCV stakeholders such as Sarawak Forestry Corporation (SFC), Sarawak Forestry Department (SFD) and University Malaysia Sarawak (Unimas) also had been informed regarding the assessment of the HCV area. The latest communication was evident through meeting held dated 27 February 2013. The system is transparent and the record was well kept by the S2 HCV Manager and Document Controller.

#### **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:**

Saremas 2 CU had allocated office space to retain all relevant records and documentation, e.g. in the Estate Office as depicted in photo 2 and 3 above. All the documents listed in this Criterion can be found here. Similar arrangement was evident at other estate offices of the S2 CU visited. Also, land titles, policies of the company, licenses and organizational charts were put on display in those offices audited.

**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:**

Generally, S2 CU through its Legal Register had shown compliance to most of the applicable local, national and ratified international laws and regulations. All the relevant permits and licenses were checked in each of the estate and found to be in compliance with the conditions and the by-laws. These certificates, permits and licenses were displayed prominently in the office, among them, Written Approval for fuel burning equipment from DOE, FFB and CPO licences from MPOB, fire certificate from Fire Department, generation of electricity from Energy Commission and purchase of diesel and storage of fertilizer from the Ministry of Domestic Trade and Consumer Affairs

On the person in charge for internal combustion engine (ICE) raised as last year's Major NCR, the mill is still in the midst of hiring and upgrading the competency of person in charge (PIC). As to date, the current PIC has only obtained 2<sup>nd</sup> grade ICE licence whereby the regulation required 1<sup>st</sup> grade ICE driver to be in charge. On the other hand, licence to generate electricity which is required under Electricity Ordinance 2003 had yet to be complied. It was observed during this assessment, there were no licence obtained for the gensets at Saremas 2 POM and estates.

Other issues related to the legal non-compliances were: (a) Noise Exposure Regulations 1989, on the mill staff in respect of baseline audiometric test and positive noise exposure monitoring at Saremas 2 POM, and (b) Regulation 6, Scheduled Waste Regulation 2005 of the Environmental Quality Act 1974 wherein Scheduled Waste was stored more than 180 days. Therefore, **major NCR (MH1)** was raised on these issues.

**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:**

S2 CU right to use the land had been demonstrated, and was not legitimately contested by local communities with demonstrable rights. S2 CU continued to maintain the records of land ownership in the estate office. S2 CU is under Sawai Land District. Below is the list of land title and lease examined.

**Saremas Estates 1 & 2**

- Lease TRN 04-LCLS-030-000-0001 – 601 ha. Terminating in 2045
- Lease TRN 04-LCLS-030-000-0003 – 3,378 ha. Terminating in 2045
- Lease TRN 04-LCLS-030-000-0004 – 5,865 ha. Terminating in 2045
- Lease TRN 04-LCLS-030-000-00057 – 2,284 ha. Terminating in 2045

**Segarmas Estate.**

Lease TRN 04-LCLS-030-039-0001 – 4,727 ha. Terminating in 2053

**Kaminsky Estate**

Lease TRN14-LCLS-030-042-00001 – 3,988 ha. Terminating in 2054

**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 land within the estates being encumbered by customary rights

**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:**

S2 CU continued committed to long-term economic and financial viability. A 5 year term management plan of annual budget with projection to years 2018 had been prepared by each estate and mill. It is an on-going process where the cost of production were reviewed annually and compared against expenditure for each year.

For the estates, parameters monitored remained essentially unchanged. Records examined include projection of immature, replanting and matured area yield/cost/profit, capital expenditure and development cost for 2013 to 2018. Other than crop forecast the budget also covered the provision of allocation for sustainability implementation (environmental, social, occupational safety and health), infra-structure development (roads, houses, etc), operations, maintenance, and training.

The Assessment team had also referred to the monthly progress report for vertical monitoring.

S2 Palm Oil Mill CAPEX document for 2012/2013, Profit and Loss (P&L) projections on FFB yield/ha, CPO and PK production, targeted OER and KER, production cost and mill overheads were examined. Most of the budgets were on mill continual improvement program - modification and machine upgrades as well as the budget for safety and environment. For example, budget allocation on retaining wall for EFB storage was included for better dispatch area retention management; screw press CB P15 replacement, ripple mill CB 6MT and replacement of several worn out pump unit to improve process efficiency; and on water recycling project to recover / recycle turbine cooling water for process water.

**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 CU continued to use the established manuals' as a reference for all operations in the estates and Saremas 2 POM.. The operating procedure in S2 was found appropriately documented, consistently implemented and monitored.

For estates, they use

1. The Agriculture Manual (update from 2009 to 2011 Edition) – photo 8.;
2. Safe Standard Operation Procedure @ SSOP (update from 2009 to May 2013 Edition); and
3. Procedures on riparian buffer zone (up to date, revised on 13<sup>th</sup> July 2011)

On the other hand, the S2 Palm Oil Mill use:

1. Mill Operation Manual (updated from 2007 to 2011); and
2. Mill SSOP Manual, (revised in January 2103 to incorporate the RSPO supply chain procedure requirement on E-trace system and traceability of mass balance module on CSPO).

At both the estates and POM, assessors clearly saw that the SOP had been displayed at notice boards of workstations for the employees' information and to abide by them. The SOP had also been translated into Bahasa Malaysia.

Relevant employees had been briefed or trained on the SOP and SSOP by their respective supervisors. Through random interviews held with the staff and workers, it was observed that the level of their understanding on the contents of the SOP was found to be satisfactory

**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:**

S2 CU continued to apply the fertilizer inputs as per EMU recommendations. However it was observed that the application of MOP was in a band format in Saremas 2 Estate and not broadcasted as per the standard set in the Agricultural Manual and SOP. **This was raised as OFI 1.**

**Criterion 4.3**

Practices minimise and control erosion and degradation of soils.

**Audit findings:**

S2 CU continued practising soil erosion control by terracing its sloping hills. Apart from that S2 CU do have soil erosion monitoring plot to determine the amount of soil loss from its field. In Saremas 2, *Vertiver* grass was also planted in the linesite to control erosion.

**Indicator:**

4.3.2 Avoid or minimize bare or exposed soil within estates.  
Minor compliance

**Audit findings:**

S2 CU also continued to maintain good ground cover by planting *Mucuna bracteata* and *Neprolepis biserrata*. However, in some terraced areas of Kaminsky and Saremas 2, the assessors observed that they failed to maintain natural soft covers as per Agricultural Manual and SOP. **This was raised as OFI 2.**

**Criterion 4.4**

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

**Audit findings:**

S2 CU continued to protect the water courses and wetlands including maintaining and restoring the riparian buffer zone along all waterways within the estate. The assessors observed that the buffer zone had been identified including appropriate signboard erected and shown on Riparian Zone Map, REF-IRM02-2012-07-17-A2 as verified at Sg. Kop (Photo 16), and oil palm trees sprayed with red

paint at the trunk (Photo 17) to differentiate them with other non-riparian zone oil palm trees. The boundary marker for buffer was sufficiently maintained. This practice was in accordance with the Riparian Zone Management Guidelines (Sarawak Operations),

Records review showed that the Saremas 2 CU had a total 8 bund across all rivers passing through its property. The management had applied the permit to use the existing bund as source of water supply for domestic used from the Sarawak River Board, Kuching. Approval was granted via letter# LSS/HQ/RSH/26/Jld 12(220) dated 3 December 2012 with conditions attached as follows;

1. shall comply with Sarawak Rivers (Traffic) Regulations, 1993 and Sarawak Rivers (Cleanliness) Regulations, 1993.
2. the height of the bund must does not cause flooding and shall keep it clear of fallen trees and branches.

Additionally, the Miri Drainage & Irrigation Department had given its permission in a letter # DIE4D/15/01 (289) dated 29 January 2013 with conditions as below:

1. An undertaking letter to show should such mini bund has caused flood within the catchment area it shall be removed upon request by the authorities.
2. An undertaking letter to show should such mini bund has caused drought within the catchment area it shall be removed upon request by the authorities.

Saremas 2 CU had agreed to these conditions and an undertaking letter dated 1 February 2013 in response to the approval granted had been sighted by the auditor.

Both DID and Sarawak River Board had visited the bund on 23<sup>rd</sup> October 2013.

Assessor site visit at Kaminsky found that the bund was clean and free of debris. The water flowed freely across the bund.

There was no change to the Saremas 2 POM identified source of outgoing water from the mill that led into natural waterways. They remained to be run-offs of discharges from the effluent treatment plant (ETP) and monsoon drain. The monitoring of these discharges and the water quality of down streams was conducted quarterly as stipulated under "*Jadual Pematuhan*". All monitoring results were well within limits prescribed in the environmental permit and national regulations.

The estates of S2 CU also had continued to monitor outgoing water to natural waterways as required under terms and conditions of EIA report approval on quarterly basis. Quarterly monitoring was conducted by appointed consultant (ESI Sampling) for 2012 and 2013. There were 8 sampling point selected within Kaminsky Estate and Saremas 2 estate and it had been marked and mapped out. Water quality standard to be complied with is under Interim National Water Quality Standard (INWQS) 2006 for class IIB.

Quarterly analysis report and Environmental Monitoring Report (EMR) presented to the assessor showed that the monitoring was conducted as per stipulated frequency. Among the parameters tested in the analysis for surface water were pH, temperature, Dissolved Oxygen, BOD, COD, suspended & dissolved solids, Oil and Grease, Ammonical Nitrogen, Turbidity (NTU), Total Coliform Count and Total Feecal Coliform and Phosphate.

The results of the analysis (January-March 2013) showed that there were several occasion of non-compliance to surface water quality standard and also to WHO drinking water standard. Mitigation measure was not adequate and the affected estate had yet to develop environmental improvement plan to improve both surface and drinking water standard fit for human consumption. Therefore, **minor NCR (MH2)** was issued.

The established water management plan (Photo 21) for estates via batch installation of water tank to harvest rain water, immediate repair on leaks detection, water efficient landscape, ULV (ultra low volume) toilet continued to be implemented. Gutters, down comers and rain water collection tank (Photo 22) had been sighted at line sites.

All water supplied were treated and analysed prior to usage to ensure they were fit for human consumption.

At S2 Palm Oil Mill there was introduction of single Pass Cooling System (Turbine cooling & Press cooling system) and education to minimize the use of water during cleaning and rain water harvesting system.

**Criterion 4.5**

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

**Audit findings:**

IPM were effectively being managed using the Wilmar Agricultural Manual and SOP. Beneficial plants continued to be planted as preventive measures in all vacant areas and along road sides. They were also shown on estate maps against each type of plant (*Antigonon leptopus*, *Casia cobanensis* & *Tunera subulata*) planted.

Continuous IPM monitoring is on-going. No outbreak of major pest had been sighted and thus record showed zero incidence.

Since there was no outbreak of pest and diseases (P&D), there was no application of pesticides in Saremas 2 CU as yet. Nonetheless, monitoring of P&D is on-going. The application of pesticides will only be made when the incidences of attack had exceeded the accepted threshold level for such attack.

Saremas 2 CU continued to monitor herbicides usage. For 2012, a total of 13,424 litres of a.i. had been applied in the field in Kaminsky estate. No insecticides or fungicides had been used since there had been no occurrence of Pest and Disease outbreak.

**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:**

The use of all agrochemicals at Saremas 2 CU was guided by its Agricultural Manual and SOP where written justifications had been provided. The Manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names. Its application is based on the 'need to do basis' to enhance field operations. No Class I & II chemicals had been used and used of paraquat had been stopped since 2008.

If required the use of insecticides and rodenticides will only be applied when a threshold (minimum damage) level of 5% damage on the Fresh Fruit Bunch (FFB) had been exceeded and that no prophylactic use of such pesticides would be permitted.

Saremas 2 CU continued to use the agrochemicals that are registered under the pesticides Act 1974 (Act 149) and in accordance with USECHH Regulations 2000.

The hazards and risks of using agrochemicals had been recognized in the Hazard Identification, Risk Assessment and Risk Control (HIRARC) register and thus control measures had been identified and implemented. References had been made to Chemical Health Risk Assessment (CHRA), use of appropriate PPE, medical and health surveillance for those involved in handling them such as herbicide sprayers and pesticide sprayers, fertilizer applicator and storekeeper showed that their exposure to the agrochemicals were below the permissible limit.

Saremas 2 CU continued to store the pesticides in accordance to the OSHA 1994 (Act 154) and Pesticides Act 1974 (Act 149). All of its stores had met best practices requirements, including pad-locked security, spill containment, provision of spill kit, ventilation, lighting, labeling, separation by types of chemical, availability of MSDS, work instructions and PPE. PPE for handling these

chemicals were also available at the point of use. Only authorized personnel were allowed to enter the chemical and fertilizer stores.

There had been proper record keeping on the purchase, storage and use of agrochemicals as indicated in the Stock Statement Return which was presented during the assessment. An interview held with the chemical storekeeper had revealed that he had understood the hazards involved in the handling of chemicals as well as the required control measures.

Recycling program to save the environment is on-going. Empty used agrochemical containers were triple rinsed in accordance with the established Standard Safety Operating Procedure (SSOP). The containers were then pierced with at least three holes at the bottom to prevent misuse. Disposal or destruction of containers were in compliance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005. Registered recycler had been appointed to dispose the waste containers.

On-going annual medical surveillance as per CHRA for all its chemical handlers (field sprayers and S2 POM laboratory personnel) had been sighted. Kaminsky Estate had a schedule for health surveillance of its workers. The health surveillance was performed by the Estate Hospital Assistant. The surveillance reports showed that all the sprayers were healthy and suffered no detrimental effects as a result of their job.

In addition to the above, all the laboratory personnel and sprayers had to undergo annual medical surveillance carried out by Occupational Health Doctor. Workers Medical Surveillance by OHD – Biological Monitoring (Annually) Report 2012 as shown in Photo 25 was presented to the assessor. The results showed that their level of exposure were below permissible limits.

Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) had been kept for a minimum of 5 years using the bin card system (FIFO). For 2012 a total of 13,242 litres a.i were applied in the fields of Kaminsky Estate comprising of:

- a) Amine (2-4D dimethylamine 47.8%) @ 0.0001 a.i./ha.
- b) Glyphosate (glyphosate) @ 0.0715 a.i./ha.
- c) Garlon (Triclopyr) @ 0.0136 a.i./ha.
- d) BM Cergas (Metsulfuron methyl 20%) @ 0.004 a.i./ha.
- e) Blazer (Triclopyr) @ 0.0215 a.i./ha.

**Criterion 4.7**

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

**Audit findings:**

Saremas 2 CU continued to adopt the PPB Group's Occupational Health Safety policy dated September 2010, signed by top management. Inclusive of the subsidiary policy there were 8 policies in total. All the 8 policies were displayed in mill and estate offices and at strategic location in the workstation of the POM. To live up to the spirit of PPB's OSH Policy and demonstrate commitment to the statements contained in the policy, top management of S2 CU had established OSH plan and programs for the mill and individual estate to abide by. All the eight policies including OSH plan and programs had been communicated and implemented to all levels of the organization. Interviews with employees showed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements. The OSH plan sighted had been updated for continual improvement and continued to address among others issues related to hazard identification risk assessment and risk control (HIRARC), medical surveillance programme, safety committee meeting and workplace inspection and OSH training among staff.

EMU team from Sabah office continued to assist the S2 POM and estates in implementing the OSH plan and programmes. It was verified during this ASA 3 that there were records of (1) regular

meetings/communication between management and workers where concerns of workers health and safety were discussed, as noted, in the regular morning briefings and (2) the quarterly OSH Committee meetings. The minutes of these meetings had been maintained and Saremas 2 CU had taken the necessary actions to rectify issues as highlighted in the meetings. Overall, the corrective actions were found satisfactory.

All operations, both at mill and estates had been risk assessed. HIRARC register verified at Saremas2 CU showed that it was recently revised and updated on April 2013 after occurrence of the latest accident at the workplace, that is, routine maintenance activities involving shovel pre-check. Its Risk Rating and hierarchy of control had been revised, and, subsequently the new risk score and control measures had been communicated to the workers as evident through interview.

The CHRA for Saremas 2 POM, Kaminsky and Saremas 2 estate was reassessed on June 2012 due to expiry of the 5 years validity period. It was undertaken by a DOSH-registered competent Hygiene Technician 1. His certificate of competency, JKPP HIE 127/171-2(71) included in the report was sighted valid. All work units at mill and estate operation were risk assessed in terms of exposure to hazardous chemicals, fumes and inhalable dust. The results of CHRA were tabled in Form F of the report along with recommendation by assessor. All recommendation by CHRA assessor had been addressed accordingly.

As part of follow up from previous assessment, in 2012 chemical exposure monitoring at Saremas 2 POM had been carried out twice, for period Jan – June and July – December, for the following substances: n-hexane, barium oxide, sodium hydroxide and iron oxide fumes The exposure results were found below permissible exposure limit.

Other monitoring activities, such as testing and examination of engineering control equipment, in particular Local Exhaust Ventilation (LEV) as required under USECHH 2000 Regulation had yet to be carried out. It is planned to be conducted in 2013 and Saremas 2 POM was in the process of selecting the Consultant / Hygiene Technician. This monitoring report will be verified during the next surveillance audit. Although irregularly done the monthly checks on the LEV system by in-house technician had yet to be consistently implemented. Therefore, an OFI was raised on this issue.

Workers monthly health surveillance continued to be conducted by the Saremas Estate Hospital Assistant. Special attention was given to those workers who as part of their routine job were exposed to hazardous chemicals. Based on the result, all workers were found fit to work without any occupational disease that require medical removal protection programme.

Annual audiometric test was last conducted on 8 November 2012 for a group of 13 workers. Two of them were found having hearing impairment and the remaining workers were normal. The two affected employees had been given hearing protector to use and a year later they will repeat the audiometric test as required under Clause 22 of the FMA (Noise Exposure) Regulations 1989. As to date, there was no occurrence of STS (Standard Threshold Shift) reported. On the hearing conservation programme, Saremas 2 POM had yet to repeat the conservation programme every 2 years. Therefore, an OFI was raised.

Evidence of implementation of appropriate risk control measures was observed during the field and mill assessment, for examples:

- 1 Posting of warning signages at confined space area and high decibel area.
- 2 Display of SSOP at workplace.
- 3 Provision of PPE and employees were seen using them. Minimum standard of PPE required for workers from different job functions were based on the CHRA recommendation.
- 4 Records of PPE issuance and training were maintained. .

OHS training for staff and workers had been conducted as per the OSH plan and programme developed by the SHO that include Safe Work Practices, Safe Standard Operating Procedure, RSPO Awareness, PPE and MSDS, to name a few.

Workers interviewed showed that they understood the reason and the importance of wearing PPE and those who worked with chemicals knew the importance of material safety data sheet (MSDS), especially, the need on precautions attached to product to be observed at all times, and, safe work

practices based on chemical handling procedures.

**This was raised as OFI 3.** The OFIs had been raised on issues related to PTW (Permit-To-Work) as follows:

1. The implementation of PTW to be consistent with the SSOP, in particular, issuance of PTW to contractor working in the S2 CU premise.
2. More lines (rows) under the column for gas testing in PTW for Confined Space Entry to be provided for updating gas monitoring results and the PTW to be issued on daily basis.
3. Saremas 2 POM had yet to nominate employee(s) to attend training on Authorized Entrant and Standby Person in order to implement Confined Space Entry Programme.

Emergency procedures exist and instructions during emergency were understood by those workers interviewed. Saremas 2 POM displayed its Emergency Evacuation Map as shown in Photo 32 below. Emergency response plan had been tested for both mill and estate. An emergency fire evacuation drill had been conducted on 7 April 2013 at Saremas 2 POM. The objective of the drill was achieved including the targeted evacuation time. Saremas 2 POM had also implemented monitoring on the readiness of firefighting equipment such as hydrant, hose reel, nozzle and fire alarm system. They were inspected and tested monthly.

OSH performance was continuously monitored and accident cases were managed in accordance with NADOOPOD Regulations 2004. Accident records were kept and reviewed. An accident scoreboard was made available at the mill and estates and updated regularly to show the current OSH performance status. In 2012 there were 6 days of Lost Time Incident (LTI) recorded at the mill. For Saremas 2 estate, there were 60 Lost Time Incident (LTI) cases recorded for 2012. Accident investigation had been conducted by the OSH Committee and its findings were reported using PPBOP Berhad standardized format. Root cause of accident had been identified and appropriate control measures had been implemented. Revisit of Hazard identification, risk assessment and risk control (HIRARC) Register following each accident to assess risk and incorporate additional or improved mitigating measures, either engineering control, administrative control or the use of PPE had been duly updated. Formal reporting to DOSH, using JKKP 6 and JKKP 8 form was sighted submitted to DOSH in a timely manner. Although major accident investigation had been carried out the incident investigation for minor accident with LTI less than for 4 days had yet to be conducted.

**This was raised as OFI 4.**

The assessor had noted that Saremas 2 POM had their foreign workers covered by accident insurance under Etiqa Insurance Berhad, policy number CWL-LO118849-S2 with period of cover until December 2013. On the other hand, Malaysian employees were covered by SOCSO.

**Criteria 4.8**

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

**Audit findings:**

Saremas 2 CU had established their training needs and programmes for the year 2013. The objective of training was to improve RSPO Awareness, reinforce Safe Work Methods as per SOP and SSOP such as Working At Height, Confined Space Entry, Safety and Environmental compliance and increase staff skills.

All training needs analysis were led by the operating unit management and in consultation with the EMU. Training records for the S2 POM and estates were sighted and inspected. Amongst the training programs conducted at the mill were PPE Awareness and Maintenance (7/4/13), First Aid (19/2/13), Confined Space Entry (22/3/2013) and Fire Evacuation Drill (ERP) (7/4/13).

At Kaminsky Estate, records of training sighted showed that the training programs held include Chemical handling, RSPO Awareness, Induction Course, OSH at Workplace, Pest and Disease Management, Harvesting, Spraying, Manuring, Emergency Evacuation and Fire drill and Security Patrol for estates.

Attendance list on training and other training records were being kept by the respective Operating Unit. Based on random interviews with relevant staffs of mill and estate, it was concluded that they



generally understood the intent and importance of the training conducted and they too were able to demonstrate and applied the knowledge gained to their routine jobs. It was also verified that they knew their roles and responsibilities and importance in achieving conformity to procedures and the safety and health issues related to their tasks as well as the potential consequences of departure from specified procedures.

Contractors had usually been briefed on safety and also on RSPO, OSH and environmental requirements upon commencement of work. Interviews held with these suppliers and contractors (FFB transporters, who had been trained on matters related to safety and environment confirmed that they had a good awareness and understanding on these subjects.

## **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:**

Saremas CU had continuously reviewed and up-dated the environmental aspects and impacts risk assessment for activities relating to the estates and mill operations. A document *List of Identification of Environmental Aspects and Impacts and Evaluation of Significance for Saremas 2 POM and estate* was presented to the assessment team. There were some revisions in 2013 which were related to Effluent Treatment Plant at Saremas 2 POM. Although the identification and evaluation of EAI had been carried out, some of the pertinent areas and activities at Saremas 2 POM and estates were not adequately covered. It was sighted during site visit that biomass waste management was not identified in the EAI under normal, abnormal and emergency situation where it was found that leachates of EFB and decanter cake was flowing out to the nearby drain. On the handling and storage of scheduled waste, it was noted transportation of scheduled waste to the centralized storage was also not identified in the EAI register. Furthermore, activities at water catchment area and water treatment plant for surface and treated water had yet to be identified in EAI identification and evaluation exercise. Therefore, **major NCR (MH2)** was issued.

Apart from the non-conformance raised, the positive parts on the EAI exercise was the mitigation and management programme develop to mitigate the impacts on environment. Saremas 2 POM had continued using the of *Significant Environmental Aspects and Impacts Mitigation Method and Environmental Management Programme and Action* as mitigation measures and action plan for those identified activities. However, mitigation measure or environmental improvement plan for water quality monitoring and biomass waste management had yet to be developed. Therefore, **minor NCR (MH3)** was issued.

### **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 for S2 CU, PPB Oil Palms Berhad, Sarawak prepared by Envirologic Consultants Sdn Bhd on July 2008 had covered all the HCV areas, including the rare, threatened and endangered species (ERTs) for Saremas 2, Segarmas and Kaminsky Estate, including the management and action plan.

The auditor had verified that the S2 CU had maintained the HCV areas and the HCV map was available for all estates. The audit samples was conducted in Saremas 2 Div B and Kaminsky Estates

Site visit to the identified HCVs areas confirmed that it had been maintained, for example;

- Saremas 2 (Div B) estate had conserved the forested area near Bukit Durang and identified it as HCV4, that is, areas that provide basic services of nature in critical situations (erosion control), and water flow to Sg Linau and Sg Sebilak (Photo 38 & 39 below).
- Buffer zone had been identified and maintained along Sg sebilak in Saremas 2 and Sg Kop at Kaminsky estate, as mentioned in indicator 4.4.1
- Kaminsky estate also had maintained the Mud Pool and Salt Lick identified as HCV3 (Photo 40 & 41 below)

Saremas 2 estate has a total 15 monitoring station surrounding the conservation areas. The monitoring had been conducted on weekly basis, latest sighted were on 15<sup>th</sup> and 29<sup>th</sup> March 2013. The monitoring form had included the wildlife traces and trees condition. The ERTs poster also had been widely displayed within each estate, including in information hut and rest area

The HCV Management and Monitoring Plans for Saremas 2, Segarmas and Kaminsky Plantations 2012 were presented to the assessment team. The document had included the HCV habitats and the identification of ERT species through consultation made with wildlife section of the SFC.

Based on the management plan produced from the assessment, the S2 CU had developed the action plan and continued monitoring these significant HCVs areas on weekly basis as below;

1. The enrichment planting had been conducted at this area with local species such as Kelempayan, Durian (*Durio spp.*) Rambutans (*Nephelium spp*) and commercial timber trees such as Kapur (*Dryobalanops*).
2. Signboard was placed at various places, including along the HCV borders.
3. Traces of deer and wild boar were found during monitoring on 20 March 2013 at Saremas 1
4. Buffer zones had been marked with red paint and no manuring or spraying activities allowed in these areas.
5. Sample on monitoring reports for mud pool on 8 March 2013, Salt Lick on 21 February 2013 and buffer zone on 7 February 2013 sighted showed no encroachment at these areas, including no wildlife were sighted during the monitoring period (Photo 43 – 45 below).
6. New format of monitoring form had been created and used since August 2012

The communications with significant stakeholders also had been evident, as follows;

1. Consultation with stakeholder, SFC, on 2-4 April 2013, to inform the HCV conservation areas, seek technical advise and conduct the enrichment planting.
2. Request research agency e.g. FRIM, local universities to conduct studies and research at the conservation areas, especially at Bukit Durang Conservation Areas. Meeting with Unimas had been conducted on 8 February 2013.
3. Follow-up meeting was conducted at Miri with Unimas, SFD and SFC on 27 February 2013 to show commitment to conserve and maintained the HCV areas.
4. Camera Trap provided by WILMAR International (Singapore) had been installed to conduct the wildlife monitoring at these Conservation Area.

Based on evidence and site review, it was confirmed the S2 CU had maintained the HCV areas based on the Management Plan.

There were evidence of commitment by Saremas 2 CU to discourage illegal or inappropriate hunting fishing or collecting activities through erection of signboards in the field, and developing responsible measures to resolve human-wildlife conflicts.

Poaching and hunting was noted not allowed within the plantation. The warning boards and signages had been sighted placed at the entrances of each estate. Posters on protected animals were also observed being displayed at the guard posts, rest areas, and HCV hut. Interviews with two Assistant Managers, showed that they understood the importance to protect these wildlife animals, especially in the HCV conservation areas.

**Criterion 5.3**

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

**Audit findings:**

Saremas 2 CU continued to identify all waste products and sources of pollution arising from its operations and had documented them. The wastes were classified as (a) inorganic waste such as office waste, domestic wastes and schedule wastes (such as spent lubricant oil, spent oil filter, used batteries and empty chemical containers - generated from the maintenance activities of equipment and machinery in the estates or mill - spent or obsolete chemicals from mill laboratory), scrap metal, and (b) organic mill processes biomass/organic waste like fibre, shell, decanter cake, EFB and POME.

The management OF S2 CU had established a plan to reduce and dispose them in an environmentally and socially responsible manner. The Domestic Waste Records 2012 for the Kaminsky Estate was examined and found in good order.

Among the operational plan developed to encourage recycling of solid wastes to reduce pollution implemented were:

- a) Provision of waste recycles bins at appropriate sites such as workshop and linesite (Photo 52 and 53).
- b) Collecting domestic wastes from labour lines and disposed by burying them at designated landfill areas (Photos 53 and 54). Specific guidelines had been established for the construction of land fill sites.
- c) Recording of (i) disposal of Schedule waste as per EQA Regulation 2005 (Photo 56) and (ii) domestic waste recycle at Kongsu 58 (Photo 57)
- d) Collecting, washing and reuse of plastic containers/bags from manuring and spraying activities. Chemical containers that could no longer be reused were pierced and disposed in accordance with legal requirement.

All estates and mill had been operating their own Scheduled Waste store. They individually maintained their own records for scheduled waste that include waste identification, notification to DOE, generation, inventory, disposal consignment information, etc. The assessment team had visited the scheduled waste storage area. The construction of the Schedule Waste Store fitted with roof, containment bund, oil traps, good ventilation, spill kit and its housekeeping was found in accordance with Schedule Waste Regulation 2005.

The established list of scheduled waste sighted identified (2<sup>nd</sup> Schedule) had include SW 110, SW 102, SW 305, SW 306, SW 410, SW 408, SW 409, SW 417 and SW 429. Latest inventory for March 2013 was presented during the assessment for Saremas 2 POM, Kaminsky and Saremas 2 estate. All wastes generated were stored and disposed accordingly except for Saremas 2 POM. From the March 2013 inventory list at Saremas 2 POM was found storing SW409 exceeding 180 days allowable storage period. Therefore, **a major NCR (MH1)** was issued.

Through site visits and verification of scheduled waste records, room for improvements could be enhanced in labeling standards, documents related to identification and selection of registered competent disposal contractor and the verification of valid license against the type of waste collected (per contractor's "*Jadual Pematuhan*" issued by DOE). Other documents and records such as signed copy of waste consignment or 6<sup>th</sup> schedule and waste information (7<sup>th</sup> Schedule) had yet to be established at Saremas 2 CU. **This was raised as OFI 5.**

Wastes from the palm oil milling processes were disposed as follows; EFB and decanter cake were sent for mulching in the field, while mill process waste/residue/biomass i.e. fibre and shell were used as fuel in the boiler. The Department of Environment "*Jadual Pematuhan*" on EFB had yet to be properly managed where EFB and decanter cake storage period, due to over dumping, must not be permitted stored more than 1 week, which, otherwise would produce leachate. Better arrangement and coordination for evacuation from Saremas 2 POM had yet to be expedited in order to improve on EFB management. An OFI was thus issued. As a precaution, mitigation measure had been developed to prevent the source of water pollution to the monsoon drain. Point of rain water

discharge had been constructed with oil and silt trap as a final recovery if there is any spillage of oil or quenching water from production area.

While sources of pollution such as effluent from oil clarification plant and production floor washing activities or called (POME) will be treated in the effluent treatment plant and finally discharged into water ways with reference to written approval “*Jadual Pematuhan*” no: 000650 (granted by DOE, validity period 1 July 2013 to 30 June 2013). ETP had been designed to cater processing capacity of 45 ton FFB with Tertiary Treatment Plant (TTP) system to enhance aeration process to the targeted final discharge BOD limit at 20 mg/l. There was only one point of discharge being monitored at the TTP, that is, after sand filter and the final ultra-filter system (Photo 60 and 61). As required by “*Jadual Pematuhan*”, it was verified that POME final discharge to Sungai Suai (upstream and downstream) had also being monitored regularly on monthly basis.

**Criterion 5.4**

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

**Audit findings:**

Saremas 2 POM continued committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and linesites. The use of fibre and nut shell had been monitored and records maintained.

Fossil fuel and biomass fuel usage per ton CPO from financial year of 2011 to 2013 were tabulated as follows:

Year	FFB processed, mt	CPO production, mt	Energy use (Turbine) kwh	Energy use (Genset) kwh	Biomass fuel usage kwh/mt CPO
2011	229,714	48,231	2,167,510	319,424	44.94
2012	235,439	49,483	2,390,498	293,575	48.31
2013 (Jan-Mar)	47,775	10,401	462,270	89,490	44.44

Although, the usage of biomass energy had increased from 2011 to 2012 but it was still much dependent on the energy generation using fossil fuel.

**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:**

Saremas 2 CU continued to adhere to the Agricultural Manual and Standard Operating Procedure (SOP) that no burning being carried out in the estate and also in the replant area.

Saremas 2 CU continued to observe that all chipping from the previous crops were left to decompose naturally.

Saremas 2 CU continued to adhere to the Agricultural Manual and Standard Operating Procedure (SOP) that no burning of domestic waste and was enhanced by the clear signage prohibiting it.

**Criterion 5.6**

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

**Audit findings:**

Saremas 2 CU continued to initiate plan to reduce pollution such as:

- a) Trapping oil from workshop and genset.
- b) Domestic waste from linesite was collected 3 times a week and disposed to the landfill.
- c) Fertilizer were placed on pallets and waste collected.
- d) Provision of silt pits in the drain to collect sediment.
- e) No open burning at office, linesite and during replant.
- f) Prudent management of Scheduled Wastes in accordance to EQA 1974.
- g) Reduce, re-use and recycle of wastes.

The continuous mitigation measures used to reduce pollution and emissions were constantly monitored. The monthly and quarterly performance monitoring reports for mill effluent final discharge had been sighted submitted to DOE in a timely manner. Final discharge samples were sent to accredited 3<sup>rd</sup> party laboratory, ESI Laboratory Sdn Bhd for analysis. For 2012, there was no evidence of non-compliance and the final discharge BOD reported were below the allowable level of 20 mg/l. Additional monitoring of natural water stream was also carried out, that is, two points at upstream and downstream of Sung Suai as required in “*Jadual Pematuhan*” issued by DOE.

An online Continuous Emission Monitoring System (CEMS) to show real-time event to record and monitor smoke emission from boiler had been linked to DOE office, Kucing. The emission performance of the boiler is within acceptable limits. For the stack particulate monitoring, 3<sup>rd</sup> party consultant (Sekitar Ceria Environmental Services Sdn Bhd & ESI Sampling Sdn Bhd) was appointed to conduct the sampling twice a year for stack no.1 and no.2. The stack sampling result showed emission was below 0.4 g/Nm<sup>3</sup> at 12 % CO<sub>2</sub>. However, during site visit, it was observed that alarm system to trigger black smoke was not loud enough to cut the noise generated from boiler operation. **This was raised as OFI 6.**

**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:**

The SIA report entitled “Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates” prepared in 2008 was still the basis for managing social issues in Saremas 2 CU. The Report as had been previously mentioned in last audit reported was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighbouring long-house communities.

The issues raised by local communities include use of lands within the estates, FFB pricing, transportation for school children, work opportunities and tanks for water storage. The workers, on the other hand, raised concerns on the housing conditions, conditions of the crèche, drainage systems and trained and qualified medical officer.

The estates and mills are constantly monitoring the housing conditions, and making the necessary upkeep and maintenance works upon requests by the workers. Qualified medical officers have already been employed by the estates.

Discussions are still ongoing with the local communities on the issue of FFB pricing.

The previous audit report highlighted that, in addition to estate workers, representatives from five long-house communities, namely Bunsu, Gundi, Tapu, Sabang and Marudi participated in the assessment. The inputs from the participants were incorporated in the management plan.

A number of stakeholders’ consultations were held by the Saremas 2 CU to gather inputs in the

process of reviewing and updating the SIA report. Meetings were held with canteen operators on 12/3/13; with contractors, suppliers and workers on 17/3/13 and 18/3/13; and with longhouse representatives on 5/4/13.

Issues discussed with the canteen operators included pricing of items sold, check cashing charge, price tags, rent, rules of goods sold and cleanliness. The agenda for the meetings with contractors, suppliers and workers representatives were RSPO issues, safety and health and HCVF. FFB pricing was the main agenda in the meeting with longhouse community leaders.

The SIA mitigation plan for the Saremas 2 CU was appropriately updated with various action plans to address the various issues highlighted during the stakeholders' meetings. For examples, the Saremas 2 CU has arranged for a further meeting with longhouse representatives to clarify on current FFB pricing and has introduced a new pricing policy for controlled items in the canteens. In addition, the Saremas 2 CU has also discussed the New Wage Order implemented in January, 2013.

The estates and mills have had regular meetings with staffs and workers through the Social and Welfare Committee. These meetings have highlighted a few social issues which may not be peculiar to one estate but could be prevalent in the Saremas 2 CU. Such issues include gambling (reported in Suai) and drinking among the workers (reported in Kaminsky).

Believing that the issues are common to the estates and mill, it would be more effective if they are handled collectively by the Saremas 2 CU. It is therefore recommended that those issues be incorporated in the existing Social Impacts Action Plan of the Saremas 2 CU and appropriate mitigation measures are planned, implemented and monitored. By doing so, the Saremas 2 CU would also be responding to the requirement for the review and update the SIA Action Plan. **This was raised as OFI 7.**

**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:**

The previous audit has reported in some details the consultation and communication procedures used by the Saremas 2 CU in handling internal and external communications. The document concerned is labeled as Document No RSPO 6.2 which was prepared by the RSPO Unit of PPB Oil Palms Bhd.

The Saremas 2 CU has continued to use internal communication techniques, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been effected mainly through mail correspondence. Also, the Saremas 2 CU has started to use the Joint Consultative Committee to serve as a forum to discuss issues of interest to the estates, local government agencies and local communities.

Generally, the Saremas 2 CU has abided by its procedures in responding to internal and external communications. Evidence of compliance can be observed in the various files of correspondence, particularly with government agencies.

As spelled out in the communications procedure, the estate manager is the person appointed to handle communication matters. However, the job is often delegated to his subordinate through a letter of appointment. The appointment letter dated 15/3/13 to the chief clerk as in-charge of communication at Kaminsky estate.

The estate/mill continues to maintain stakeholder lists which comprise government agencies, contractors/suppliers (including FFB suppliers for mills), neighbouring estates and local communities. In the case of Kaminsky estate, for example, the list comprises 17 contractors, 3 estates and 18 government agencies. For Saremas 2, on the other hand, 12 government agencies, 5 neighbouring estates, 5 local communities, 12 contractors, 13 suppliers and 2 others were listed in the stakeholders list.

Evidence of communications with outside and inside stakeholders can be found in the various communication files kept by the estate/mill. Files on external communication are kept according to

the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment. and so forth. In addition, minutes of the various meetings held with internal and external stakeholders are kept for records and reference.

**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:**

In the event of a dispute, the Saremas 2 CU will manage it through the “Dispute and Resolution Procedure” (Document RSPO 2.2) dated 2/1/09. The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution is rejected, the dispute will be brought for third party arbitration. Grievance or dissatisfaction on the part of the employees can be conveyed through the “*Borang Aduan*” (Appended to Document RSPO 6.2). The complaint form has since been split into two to differentiate between “complaints” and “request for services.”

The CU reported that in the past there have not been any disputes, in any form. The domestic inquiry files were examined to find out whether or not the decisions of the panels of the enquiry have been contested. However, there was none. The workers interviewed also reported that no dispute has taken place in the Saremas 2 CU.

Housing complaints from the workers have been handled quite satisfactorily by the estate/mill. Interviews with workers revealed that they are quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.

The public can use the dispute procedure to channel their dissatisfactions. However, the grievance procedures are for internal use.

**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.

**Audit findings:**

In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled “Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation” which was adopted in November 2008. Essentially, the procedure describes how to check for legal status of the lands in question and lays out the criteria in deciding who should be compensated and the amount of compensation.

To date, there has been no issue of land claims involving the estates.

**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:**

A sample of four to five contracts of employment both for foreign and local workers was examined at every estate/mill and, as highlighted in previous audit report, all contain provisions on pay and conditions of work. It is a legal requirement for such contracts to be in written form. (Rule 2 of Labour Rules (Sarawak) 2005.). The contract states the wage rate, work days, overtime, annual leave, public holidays and contributions to SOCSO for local workers, among others.

The pay slips of a few workers were also seen at each estate/mill and each one was found to show

correctly their monthly earnings. The monthly pay also conforms to the requirements of the New Wage Order which specify that the basic pay should not be less than RM800.00.

The employment contract is both in Bahasa Malaysia and English. However, the pay slip is in English and its computations are quite complicated. The Saremas 2 CU has already translated the pay slip into Bahasa Malaysia as well as explained it to the workers.

The Saremas 2 CU still maintains its policies on housing, water and electricity supply as reported in the previous audit. Religious, medical, educational and child care facilities are still offered as before.

Housing inspections are carried out quite regularly by members of the health and safety committee. Their reports are presented to the main committee for information and actions, if necessary. Visits made to the line sites show that the houses and their environment are in respectable conditions.

The Saremas 2 CU has instituted a common system for dealing with complaints and requests from the workers. Two forms have been developed to be filled by the workers; for complaint and request, respectively.

The forms are useful for monitoring purposes as pertinent details are sought from the worker and the management. However, the forms do not provide information on when the complaints and requests have been completely responded. In the case of a repair job, for example, there is no information on the date the job was completed. Therefore, it is not possible to determine the time taken to handle the request.

It is recommended that the forms be improved by having an item indicating the date when the work was completed. By so doing, information is available on the time taken from the request is made until its completion. This information is useful for purposes of controlling as well as facilitates the process of auditing.

The document officer informed the auditor that, lately, the workers at Saremas II estate have been using only one form to make complaints and request. It is recommended that the management takes the necessary actions to inform the workers on the requirement to use separate forms for complaints and requests. **This was raised as OFI 8.**

**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:**

As reported in previous audit, the workers are not unionised. However, workers' representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet quite regularly. For example, the Social and Welfare Committee at Kaminsky estate met three times in 2012.

A published statement on freedom of workers to join union is available publicly in all estates/mill. The statement reads, among others, that the workers are allowed to join any registered organizations or associations and also foreign workers are not allowed to hold any positions in the organizations or associations. The statement is signed by the Estate's Manager.

**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:**

The Saremas 2 CU adheres to the child labour policy as espoused by the International Labour Convention which states, among others, that those under 18 years must not be employed to work in



hazardous jobs.

No worker below the age of 18 years was found to be recruited in the Saremas 2 CU.

**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:**

As reported in previous audit, the equal opportunity policy is publicly available in the estates/mill. The policy statements emphasise on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards for the understanding of the public and workers.

The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers and other stakeholders also revealed that the Saremas 2 CU has not discriminated its staffs and workers. Migrant workers receive similar pay, stay in the same house and enjoy similar medical benefits as their local counterparts.

**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:**

The Saremas 2 CU does have policies on sexual harassment which guide actions in the event of an incidence of sexual harassment case in the estates/mill. In addition, a manual entitled "Sexual Harassment in the Workplace" has been published and kept in all the estates and mill. The manual contains the grievance procedure to handle sexual harassment in the workplace. Also, "*Jawatankuasa Wanita dan Kanak-Kanak (JKWK)*" has been formed.

It was found that the "*Jawatankuasa Wanita dan Kanak-Kanak (JKWK)*" has not been active in organizing appropriate programmes and activities for their members. The records show that meetings have been regularly held, however, very few appropriate activities, if any, have been organized in the last few years.

In the interest of the members and the company as well, the management should strongly encourage the committee to immediately start planning and subsequently implement appropriate activities focusing on concerns of women. Such activities include awareness on sexual harassment, training on women rights and counseling for women affected by violence. The activities must be documented. **This was raised as OFI 9.**

For reasons of economics and practicality, the activities would have to be organized at the Saremas 2 CU level and not at the individual estate/mill level.

**Criterion 6.10**

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

**Indicator 6.10.1**

Pricing mechanisms for FFB and inputs/services shall be documented.

Major compliance

**Audit findings:**

Interviews were held with two canteen operators to learn their experience in dealing with the estate/mill. One of the canteen operators has been in business for more than 10 years while the other is new. The two FFB suppliers are oil palm smallholders in the vicinity of the estates. In addition to the interviews, a few long-term contracts were also examined.

Pricing mechanisms as well as other terms of business, such as job specifications and payment systems are spelled out in the contract. Shown below is the scheduled of prices for a stone

transportation contract.

The contractors and suppliers interviewed understand the major elements of the contract since they have been in business for a long time. A table with a different matrix of price variables would be found in a contract for FFB supplies. The table would show how pricing would vary with different FFB and current palm oil variables.

The smallholder FFB suppliers did not understand the price mechanism. These contracts are written in the English language. They are legal as both parties have put their signatures. The smallholder FFB suppliers interviewed were not too happy with the prices which they receive for their fruits which they claim were well below the current market price. However, the CU explained that the smallholders did not fully understand the mechanism by which FFB prices were calculated. In order to solve this problem a meeting has already been arranged for the CU to explain clearly the mechanism of price determination.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

**Audit findings:**

The Saremas 2 CU has played some roles in the socio-economic development of the local long-house communities. The estates/mill have provided some employment, medical services, school buses, roads, water tanks and oil palm seedlings to these communities. In addition, the estates have also given advisory services on the plantation and management of oil palm crops.

**PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTING**

The first estate that was established within the CU dated back to 1978 at Suai Plantations, then continued with Saremas 1 Estate in 1987 and finally Saremas 2 Estate, Division D, in 2000.

Since there was no new oil palm planting at the S1 CU November 2005, therefore RSPO P&C 7 is considered not applicable.

**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:**

Saremas 2 CU continued maintaining a programme of determining the threshold level of pest infestation before deciding on pesticides application. The use of pesticide is minimized / avoided by engaging Integrated Pest Management (IPM) technique through planting of beneficial plant such as *Antigonon leptopus*, *Cassia cobanensis* and *Tunera subulata*. So far no pesticide has been used in the estate.

The usage of herbicide has also been shown to reduce from 17485 litres (2011) to 13242 litres (2012).

S2 CU commits to demonstrate progressive improve on environmental impacts as follows:

1. Environmental monitoring had also been conducted according to the Environmental Management Plan for each estate. These reports had been submitted on time to the NREB.
2. Enhancement of HCVs areas from time to time. The enrichment planting was conducted on the river banks and at Bukit Durang Conservation Area. Kelempayan (*Neolamarckia cadamba*) had been planted at bare areas

3. Another small nursery had been built to diversify the planting species as Meranti (*Diterocarpus sp*), Kapur (*Dryobalanops sp*), Belian (*Eusideroxylon zwageri*) and some durian (*Durio sp.*) trees.

Mill's waste continued to be re-cycled and used as soil supplement and EFB used as fertilizer in the field had been closely monitored to track improvements on maximizing recyclables. Recycling bins were visible in the estates as well as the land fill sites and its use is widely encouraged.

A continuous improvement was the construction of a new labour line for the workers and their upkeep. Each unit of the labour line had been equipped with electricity and treated water supply. This had reduced the E. coli count in the supplied water. Proper sanitation facilities had also been provided. All the workers interviewed expressed happiness over the availability of these new facilities.

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

A mechanism to capture the performance and expenditure had been well established. It was not limited to social and environmental aspects but being extended to occupational safety and health and mill matters.

Among the significant 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.

At S2 POM, it included installation of the new press machine CB P15 to improve mill efficiency, CAPEX for machinery replacement and upgrades and staff quarters accommodation upgrades.

### **3.2 Status of NCRs Previously Issued**

The assessors have verified on the effectiveness of the corrective actions taken by S2 on the 1 major NCR raised during the previous surveillance. The assessors were satisfied that the corrective actions have been adequate to address the NCR and OFIs and had therefore closed them out. The details on the status of NCRs and OFIs raised during the previous Stage 2 are as in **Attachment 3**.

### **3.3 Detailed Identified Non- Conformities, Corrective Actions and Assessor's Conclusion**

The details on the NCR and OFIs raised during this surveillance and the assessors' verification of the corrective actions taken are as in **Attachment 4**. The 3 major NCRs and 2 minor NCRs raised during this surveillance audit had been satisfactorily closed out.

### **3.4 Noteworthy Positive Components**

The level of awareness among the workers on the RSPO implementation was found to be improving in area of waste management, housekeeping and knowledge related to occupational health and safety.

### **3.5 Issues Raised by the Stakeholders and Findings With Respect to Each Issue**

There were various stakeholders interviewed during this assessment comprising of workers, surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedback towards Saremas 2 CU.

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

MYNI. The corrective actions taken by the CU to address these opportunities for improvement would be verified during the surveillance assessment.

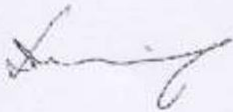
As the major NCR had been satisfactorily closed out, the assessment team therefore recommends that Saremas 2 Certification Unit be continued to be certified against the RSPO MYNI.

#### 6 ORGANIZATION'S 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: Mahzan Bin Munap

Signature:



Designation: Assessment Team Leader

Date: 14 March 2014

#### CERTIFIED ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY AND FORMAL SIGN-OFF OF ASSESSMENT FINDINGS

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

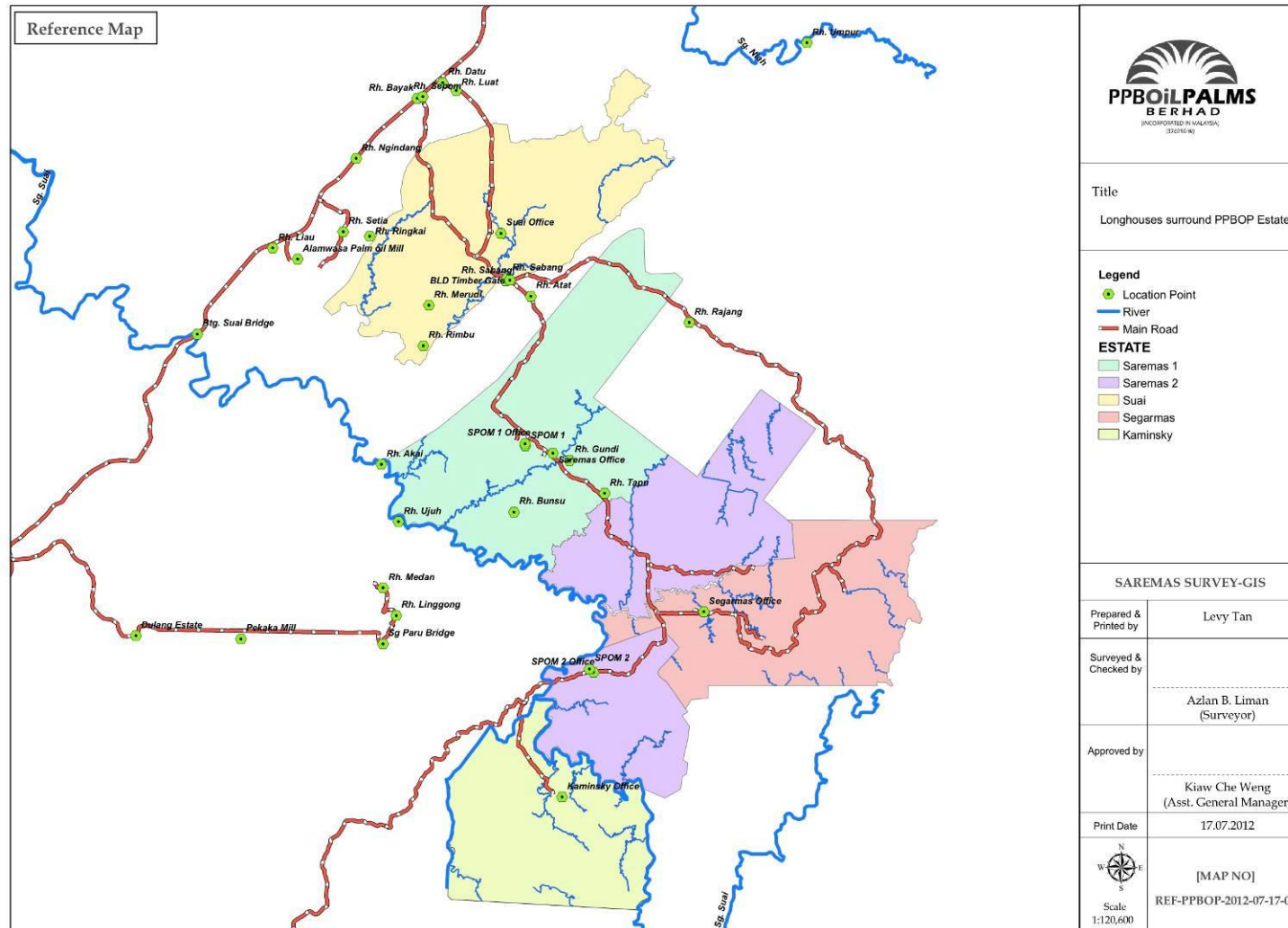
Name : Donald S. Jalani

Signature



Date


: 14 March 2014



Title  
Longhouses surround PPBOP Estates

- Legend**
- Location Point
  - River
  - Main Road
- ESTATE**
- Saremas 1
  - Saremas 2
  - Suai
  - Segarmas
  - Kaminsky

SAREMAS SURVEY-GIS

Prepared & Printed by	Levy Tan
Surveyed & Checked by	Azlan B. Liman (Surveyor)
Approved by	Kiaw Che Weng (Asst. General Manager)
Print Date	17.07.2012
 Scale 1:120,600	[MAP NO] REF-PPBOP-2012-07-17-03

<b>SURVEILLANCE ASSESSMENT PLAN</b>
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**1. Objectives**

The objectives of the assessment are as follows:

- (i) To determine PPB Oil Palms Berhad (PPBOB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

**2. Date of assessment** : 8<sup>th</sup> July to 12<sup>th</sup> April 2013

**3. Site of assessment** : **PPB Oil Palm Berhad**

1) Saremas POM 1 Certification Unit

- Saremas 1 Palm Oil Mill
- Saremas 2 Estate (Division D)
- Suai Plantation Sdn Bhd

2) Saremas POM 2 Certification Unit

- Saremas 2 Palm Oil Mill
- Saremas 2 Estate (except Division D)
- Kaminsky Plantation Sdn. Bhd

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

**5. Assessment Team**

	<u><b>Saremas 1 POM</b></u>	<u><b>Saremas 2 POM</b></u>
a. Overall Lead Assessor	Hj Mahzan Munap	Hj Mahzan Munap
b. Assessor	Khairul Najwan Ahmad Jahari. Mohd Hidhir Zainal Abidin Hj Mohd Nordin Abdul Jalil Dr. Rusli b Mohd	Khairul Najwan Ahmad Jahari. Mohd Hidhir Zainal Abidin Hj Mohd Nordin Abdul Jalil Dr. Rusli b Mohd

*If there 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

<b>Day 0: 7 April 2013 (Sunday)</b>				
Time	Activities / areas to be visited		Auditee	
4.30pm	Mahzan, Khairul Najwan, & Hidhir travel from Kuala Lumpur to Miri and onwards to Saremas Guest House		Management Representative	
<b>Day 1: 8 April 2013 (Monday)</b>				
Time	Activities / areas to be visited		Management Representative	
08.00am-09.15am	<p>Joint Opening Meeting with Saremas 1 CU &amp; Saremas 2 CU by team leader at Saremas 1 estate office;</p> <p>Audit team introduction and briefing on surveillance assessment objectives, scope, methodology, criteria and programmes by audit team leader at Saremas 1 estate office</p> <p>Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Annual Surveillance 2012 audit conducted 16<sup>th</sup> – 20<sup>th</sup> 2012</p> <p>Hj Nordin and Dr. Rusli travelling from Kuala Lumpur to Saremas Guest house</p>			
	<b>Mahzan</b>	<b>Hidhir</b>	<b>Najwan</b>	
10.00 am - 12.30 pm	<p><b>Suai Estate</b> (Core elements - EHS)</p> <p>Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• Storage, use and medical surveillance associated with agrochemicals</li> <li>• Occupational safety and health plan</li> </ul>	<p><b>Kaminsky Plantation</b> (Core elements - EHS)</p> <p>Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• Storage, use and medical surveillance associated with agrochemicals</li> </ul>	<p><b>Saremas 2 Estate</b> (Core elements - HCV)</p> <p>Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Legal ownership of land, history of land use and boundary stones.</li> <li>• List of stakeholders, workforce, HCV acreage including map, etc..</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing</li> </ul>	Auditee for each assessor



	<ul style="list-style-type: none"> <li>Records of training</li> <li>Environmental Aspect Impact documentation</li> <li>Handling of wastes and pollutants.</li> <li>Peat Soil</li> <li>River system including POME discharge</li> <li>Facilities at workplace (water treatment plant, generator set, etc.)</li> <li>Interview with workers.</li> <li>Energy and renewable energy used</li> <li>Plan to reduce pollutants and emissions</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<ul style="list-style-type: none"> <li>Occupational safety and health plan</li> <li>Records of training</li> <li>Environmental Aspect Impact documentation</li> <li>Handling of wastes and pollutants.</li> <li>Peat Soil</li> <li>River system including POME discharge</li> <li>Facilities at workplace (water treatment plant, generator set, etc.)</li> <li>Interview with workers.</li> <li>Energy and renewable energy used</li> <li>Plan to reduce pollutants and emissions</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<ul style="list-style-type: none"> <li>water at estates/mill</li> <li>Records of training</li> <li>Environmental Aspect Impact documentation</li> <li>Inspection of protected sites with HCV attributes</li> <li>Riparian zone</li> <li>Peat Soil</li> <li>River system including POME discharge</li> <li>Forested area</li> <li>Plantation boundary</li> <li>Open burning</li> <li>Interview with workers.</li> <li>New planting</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, C4.8, C5.1, C5.2, C5.5, P7, P8</p>		
12.30 pm-1.30 pm	Break				
1.30 pm - 5.30 pm	Continue with assessment	Continue with assessment	Continue with assessment		
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				

<b>Day 2: 9 April 2013 Tuesday</b>						
	Mahzan	Hidhir	Najwan	Hj Nordin	Dr. Rusli	
7.00 am - 12.30 pm	<b>Saremas 1 POM</b> (Core elements - OHS) Documentation review (including verification on action taken to address Annual Surveillance 2	<b>Saremas 2 POM</b> (Core elements - OHS) Documentation review (including verification on action taken to address Annual Surveillance 2	<b>Kaminsky Plantation</b> (Core elements - HCV) Documentation review (including verification on action taken to address Annual Surveillance 2	<b>Suai Plantation &amp; Line Site</b> (Core elements - GAP) Documentation review (including verification on action taken to address Annual	<b>Saremas 2 POM, &amp; Kaminsky Plantation</b> (Core elements - Social) Documentation review (including verification on action taken to	Auditee for each assessor

	<p>Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Use of water and water management plan at mill</li> <li>• Occupational safety and health plan – Policy, PPE and personal exposure monitoring, competent person, certificated machineries, OSH meeting, accident and emergency document, first aid, workers insurance, etc.</li> <li>• Records of training</li> <li>• Facilities at workplace (water</li> </ul>	<p>Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Use of water and water management plan at mill</li> <li>• Occupational safety and health plan – Policy, PPE and personal exposure monitoring, competent person, certificated machineries, OSH meeting, accident and emergency document, first aid, workers insurance, etc.</li> <li>• Records of training</li> <li>• Facilities at workplace (water</li> </ul>	<p>Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Legal ownership of land, history of land use and boundary stones.</li> <li>• List of stakeholders, workforce, HCV acreage including map, etc..</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• Records of training</li> <li>• Environmental Aspect Impact documentation</li> <li>• Inspection of protected sites with HCV attributes</li> </ul>	<p>Surveillance 2 Assessment findings) Assessment on</p> <ul style="list-style-type: none"> <li>• Compliance with legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Good Agricultural Practice- witness activities at site – (weeding/spraying/ harvesting/other maintenance activities) and Nursery (if any)</li> <li>• Soil fertility, control of erosion and degradation</li> <li>• Availability and quality of ground and surface water</li> <li>• IPM</li> <li>• Agrochemicals - storage, use, training , medical surveillance</li> <li>• POME, EFB mulching</li> <li>• Plantation on hilly/swampy area</li> <li>• Handling of used chemical containers.</li> </ul>	<p>address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Discussion with relevant management (CSR, community affairs)</li> <li>• Documentation review relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans</li> <li>• Interview with workers &amp; Union representatives</li> <li>• Facilities at workplace (rest area, etc).</li> <li>• Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp;etc)</li> </ul>	
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	<p>treatment plant, generator set, etc.)</p> <ul style="list-style-type: none"> <li>• Interview with workers.</li> <li>• Energy and renewable energy used</li> <li>• Continuous improvement</li> <li>• Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<p>treatment plant, generator set, etc.)</p> <ul style="list-style-type: none"> <li>• Interview with workers.</li> <li>• Energy and renewable energy used</li> <li>• Continuous improvement</li> <li>• Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<ul style="list-style-type: none"> <li>• Riparian zone</li> <li>• Peat Soil</li> <li>• River system including POME discharge</li> <li>• Forested area</li> <li>• Open burning</li> <li>• Interview with workers.</li> <li>• New planting</li> <li>• Continuous improvement</li> <li>• Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, C4.8, C5.1, C5.2, C5.5, P7, P8</p>	<ul style="list-style-type: none"> <li>• Open burning</li> <li>• River system</li> <li>• Peat Soil</li> <li>• Interview with workers.</li> <li>• Continuous improvement</li> <li>• Other areas identified during the assessment</li> </ul> <p>Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8</p>	<ul style="list-style-type: none"> <li>• Continuous improvement</li> <li>• Other area identified during the assessment</li> </ul> <p>Assessment on P1, P2 (C2.3), P3, P6, P8</p>		
12.30 pm-1.30 pm	Break						
1.30 pm - 5.30 pm	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Auditee 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						

<b>Day 3: 10 April 2013 Wednesday</b>						
	Mahzan	Hidhir	Najwan	Hj Nordin	Dr. Rusli	
7.00 am - 12.30 pm	<p><b>Saremas 1 POM</b> (Core element - Environmental) Documentation review (including verification on action taken to address Annual Surveillance 2</p>	<p><b>Saremas 1 POM</b> (Core element - Environmental) Documentation review (including verification on action taken to address Annual Surveillance 2</p>	<p><b>Saremas 2 Estate, Line Site &amp; Waste Burial site</b> (Core element - Environmental)</p> <ul style="list-style-type: none"> <li>• Compliance with all legal requirements</li> </ul>	<p><b>Saremas 2 Estate &amp; Waste Burial site</b> (Core element - GAP) Documentation review (including verification on action taken to address Annual Surveillance 2</p>	<p><b>Saremas 2 Estate &amp; Suai Plantation &amp; Line site</b> (Core element -Social) Documentation review (including verification on action taken to address Annual</p>	Auditee for each assessor

	<p>Assessment findings)</p> <ul style="list-style-type: none"> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at mill</li> <li>• DOE approval and monitoring</li> <li>• Accident and emergency document, etc.</li> <li>• Records of training</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• River system including POME discharge</li> <li>• Facilities at workplace (WWTP, Bio-polishing plant, boiler, generator set, etc.)</li> <li>• Interview with workers.</li> <li>• Energy and renewable energy</li> </ul>	<p>Assessment findings)</p> <ul style="list-style-type: none"> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at mill</li> <li>• DOE approval and monitoring</li> <li>• Accident and emergency document, etc.</li> <li>• Records of training</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• River system including POME discharge</li> <li>• Facilities at workplace (WWTP, Bio-polishing plant, boiler, generator set, etc.)</li> <li>• Interview with workers.</li> <li>• Energy and renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at estates/mill</li> <li>• DOE approval and monitoring</li> <li>• Accident and emergency document, etc.</li> <li>• Records of training</li> <li>• Monitoring of incoming and outgoing water at estates</li> <li>• River system including POME discharge</li> <li>• Generator set.</li> <li>• Interview with workers.</li> <li>• Energy and renewable energy used</li> <li>• Plan to reduce pollutants and emissions</li> <li>• Continuous improvement</li> <li>• Other areas identified during</li> </ul>	<p>Assessment findings) Assessment on</p> <ul style="list-style-type: none"> <li>• Compliance with legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Good Agricultural Practice- witness activities at site – (weeding/spraying/ harvesting/other maintenance activities) and Nursery (if any)</li> <li>• Soil fertility, control of erosion and degradation</li> <li>• Availability and quality of ground and surface water</li> <li>• Rainfall data</li> <li>• IPM</li> <li>• Agrochemicals - storage, use, training , medical surveillance</li> <li>• POME, EFB mulching</li> <li>• Plantation on hilly/swampy area</li> <li>• Handling of used chemical containers.</li> </ul>	<p>Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Discussion with relevant management (CSR, community affairs)</li> <li>• Documentation review relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans</li> <li>• Interview with workers &amp; Union representatives and families (at line site).</li> <li>• Facilities at workplace (rest area, etc).</li> <li>• Facilities provided at living quarters (i.e. humana, surau, community center, provision</li> </ul>	
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	<p>used</p> <ul style="list-style-type: none"> <li>Plan to reduce pollutants and emissions</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3,-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<p>used</p> <ul style="list-style-type: none"> <li>Plan to reduce pollutants and emissions</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<p>the assessment</p> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8</p>	<ul style="list-style-type: none"> <li>Open buring</li> <li>River system</li> <li>Peat Soil</li> <li>Interview with workers.</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8</p>	<p>shop &amp;etc)</p> <ul style="list-style-type: none"> <li>Continuous improvement</li> <li>Other area identified during the assessment</li> </ul> <p>Assessment on P1, P2 (C2.3), P3, P6, P8</p>		
12.30 pm-1.30 pm	Break						
1.30 pm - 5.30 pm	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Auditee for each assessor	

Day 4: 11 April 2013 Thursday					
	Mahzan	Hidhir	Najwan	Hj Nordin	Dr. Rusli
	<p><b>Saremas 2 Clinic &amp; Kaminsky Plantation</b> (Line Site &amp; Waste Burial Site) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Compliance with all legal requirements</li> <li>• Documented and implemented operating procedures</li> <li>• Occupational safety and health plan – Policy, PPE and personal exposure monitoring, OSH meeting, accident and emergency document, etc.</li> <li>• Waste disposal</li> <li>• Records of training</li> <li>• Interview with staff, workers and dependants.</li> <li>• Continuous improvement</li> <li>• Other areas identified during</li> </ul>	<p><b>Saremas 2 Estate</b> (Core element - OHS) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Compliance with all legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Occupational safety and health plan – Policy, PPE and personal exposure monitoring, competent person, certificated machineries, OSH meeting, accident and emergency document, first aid, workers insurance, etc.</li> <li>• Records of training</li> <li>• Interview with workers.</li> </ul>	<p><b>Suai Plantation</b> (Core elements - HCV) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with legal requirements</li> <li>• Legal ownership of land, history of land use and boundary stones.</li> <li>• List of stakeholders, workforce, HCV acreage including map, etc..</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Monitoring of incoming and outgoing water at</li> </ul>	<p><b>Kaminsky Plantation, Line Site &amp; Waste Burial site</b> (Core element - GAP) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Compliance with legal requirements</li> <li>• Long- term economic and financial viability</li> <li>• Documented and implemented operating procedures</li> <li>• Good Agricultural Practice- witness activities at site – (weeding/spraying/ harvesting/other maintenance activities) and Nursery (if any)</li> <li>• Soil fertility, control of erosion and degradation</li> <li>• Availability and quality of ground and surface water</li> <li>• Rainfall data</li> </ul>	<p><b>Saremas 1 POM &amp; Clinic</b> (Core element - Social) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</p> <ul style="list-style-type: none"> <li>• Records of request and responses with stakeholders</li> <li>• Management document made publicly available</li> <li>• Compliance with all legal requirements</li> <li>• Discussion with relevant management (CSR, community affairs)</li> <li>• Documentation review relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans</li> <li>• Interview with workers &amp; Union representatives</li> </ul>

	<p>the assessment</p> <p>Assessment on P2, P3, C4.1, I4.6.4, I4.6.5, C4.7, C4.8, C5.3, P8</p>	<ul style="list-style-type: none"> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P2, P3, C4.1, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, P8</p>	<p>estates/mill</p> <ul style="list-style-type: none"> <li>Records of training</li> <li>Environmental Aspect Impact documentation</li> <li>Inspection of protected sites with HCV attributes</li> <li>Riparian zone</li> <li>Peat Soil</li> <li>River system including POME discharge</li> <li>Forested area</li> <li>Open burning</li> <li>Interview with workers.</li> <li>New planting</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on P1, P2, P3, C4.1, I4.4.3, C4.8, C5.1, C5.2, C5.5, P7, P8</p>	<ul style="list-style-type: none"> <li>IPM</li> <li>Agrochemicals - storage, use, training, medical surveillance</li> <li>POME, EFB mulching</li> <li>Plantation on hilly/swampy area</li> <li>Handling of used chemical containers.</li> <li>Open burning</li> <li>River system</li> <li>Peat Soil</li> <li>Interview with workers.</li> <li>Continuous improvement</li> <li>Other areas identified during the assessment</li> </ul> <p>Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8</p>	<p>and families (at line site).</p> <ul style="list-style-type: none"> <li>Facilities at workplace (rest area, etc).</li> <li>Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &amp;etc)</li> <li>Continuous improvement</li> <li>Other area identified during the assessment</li> </ul> <p>Assessment on P1, P2 (C2.3), P3, P6, P8</p>		
12.30 pm- 1.30 pm	Break						
1.30 pm - 5.30 pm	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Continue with assessment	Auditee for each assessor	

<b>Day 5: 12 April 2013 Friday</b>						
	Mahzan	Hidhir	Najwan	Hj Nordin	Dr. Rusli	
7.00 am -	Verification on outstanding issues for Saremas 1 and Saremas 2 Certification Unit					Auditee for

10.00 pm	Assessor to inform auditee on the required document / records	each assessor
10.00 am- 12.00 p.m	Audit team discussion and preparation on assessment findings	
12.00 pm- 2.00 pm	Break and Friday Prayer	
2.00 pm - 3.15 pm	Discussion and acceptance on assessment findings	
3.15 pm – 4.00 pm	Closing meeting at Saremas 1 Estate Office – presentation of assessment findings	
4.00 pm	End of assessment & Travel to Miri (Overnight at Miri)	



### Non Conformity and Corrective Action Taken

P & C, Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
<p><b>Criterion 2</b> Indicator 2.1.1</p>	<p>Major</p>	<p>: Non-compliance to legal requirement</p> <p>i) <b>The Electricity (Amendment) Ordinance, 2003 (Cap A109) – Section 4 (5)</b> ; License is required for generation of electricity exceeding 5kW</p> <p>There was no license obtained for the generation of electricity for</p> <ul style="list-style-type: none"> <li>- 50 kVA and 3 unit of 75 kVA genset at Kaminsky Estate</li> <li>- 2 unit of 400 kVA and 187.5 kVA genset at SPOM2</li> <li>- 100 kVA and 62.5 kVA genset at Saremas 2 Estate</li> </ul> <p>ii) <b>Factory &amp; Machinery (Person In Charge) Regulation 1970 - Regulation 6(3)</b> (Requirement for &gt;100hp ICE)</p> <p>There was no competent person (1<sup>st</sup> Grade ICE driver) in-charge for the greatest horsepower 400kVA /320kW /430hp genset at SPOM2</p> <p>iii) <b>Factory &amp; Machinery (Noise Exposure) Regulation 1989 - Section 10</b>; Positive employee exposure monitoring was not conducted within a period of 6 month after additional noise monitoring taking place. Additional noise monitoring was last conducted on March 2011. <b>Section 21</b>; No valid baseline audiogram</p>	<p>To apply license for the operation of the said genset.</p> <p>To send candidate to sit for 1<sup>st</sup> grade ICE driver. This can only be done after the candidate who now hold a 2<sup>nd</sup> grade ICE driver certificate serve as 2<sup>nd</sup> grade driver for more than 18<sup>th</sup> month period.</p> <p>To conduct the positive employee exposure monitoring and baseline</p>	<p>Application letter to Ministry of public Utilities (MPU), Sarawak has been submitted on 11/6/13. Total of 25 unit of genset with more than 5 kW of power has been listed for the license application.</p> <p>Correspondence with MPU will be verified in the next assessment</p> <p><b>NCR status: closed.</b></p> <p>Application letter to DOSH dated 21/4/2013 for 1<sup>st</sup> grade and 2<sup>nd</sup> grade ICE driver examination with total of 17 candidates for all the estates and mill.</p> <p>Status of compliance will be verified in the next audit for those who have passed the ICE driver exam.</p> <p><b>NCR status : closed</b></p> <p>Global Green OSH Service Sdn Bhd has been appointed for the audiometric consultant for this term. Sighted work order (M2 00330) dated 21/6/13 under Saremas Sdn Bhd.</p> <p>Audiometric result will be verified in the next assessment.</p>

		<p>for all employees at SPOM2.</p> <p>iv) <b>Environment Quality(Scheduled Waste) Regulations 2005 - Regulation 6 ;</b>  Scheduled waste SW 409  Was stored more than 180 days (or 20 tons) without approval from DOE.</p>	<p>audiogram</p> <p>The SW 409 to be disposed by approved Scheduled waste contractor.</p> <p>To conduct schedule waste handling training to all person in charge.</p>	<p><b>NCR status : closed</b></p> <p>Wasteway (M) Sdn Bhd has been appointed as a disposal contractor for the said SW.</p> <p>Copy no.2 of 6<sup>th</sup> consignment to DOE has been submitted on 23/4/13. Verified signed copy of consignment and list of SW to be disposed.</p> <p>Scheduled waste training has been carried out on 26/4/13 for SW PIC at the estates and mill. Training module has been sighted from identification, storage and disposal.</p> <p><b>NCR status: closed</b></p>
<p><b>Criterion 5</b>  Indicator  5.1.1</p>	<p>Major</p>	<p>The documented aspects and impacts and impacts risk assessment was not adequately reviewed and updated.  The EAI did not adequately covered activities at mill and estates such as :</p> <p>i) Biomass waste management for EFB and decanter cake at SPOM2 (for normal, abnormal and emergency situation)</p> <p>ii) Scheduled waste handling and storage. (i.e. Transportation of waste to centralized storage – Saremas 2 estate)</p> <p>iii) Water treatment plant for treated water and water catchment area management for surface water</p>	<p>To review and revise the EAI for :</p> <ul style="list-style-type: none"> <li>- Biomass waste management (EFB &amp; Decanter Cake).</li> <li>- Schedule waste handling and storage</li> <li>- Water treatment plant &amp; water catchment area management surface water.</li> </ul>	<p>EAI for biomass (EFB and Decanter Cake), Schedule waste handling and storage, water treatment plant has been identified and evaluated. Those activities have been included in the EIA register.</p> <p>EMSP (environmental management system procedure)/mitigation method/SOP has been updated accordingly. Verified EMSP 17 (schedule waste), EMSP 43(water treatment plant ) EMSP 1-2 MIT/SOP ( waste management)</p> <p><b>NCR status : closed</b></p>
<p><b>Criterion 5</b></p>	<p>Minor</p>	<p>Environmental improvement plan to mitigate</p>	<p>A mitigation plan will be drawn –up and</p>	<p>Mitigation plan will be verified in</p>

<p>Indicator 5.1.2</p>		<p>the negative impacts was not developed for water quality monitoring activities and biomass waste management.</p> <ul style="list-style-type: none"> <li>i) Several occasion on off limit parameter on NWQS class IIB sighted in the EMR for water monitoring done by ESI The was no improvement plan/ management plan to mitigate the negative impact (quarterly results) for total coliform count, total feacal coliform and COD;</li> <li>ii) Results on treated water results 1<sup>st</sup> half and 2<sup>nd</sup> half of 2012 exceeded WHO drinking water standard.</li> <li>iii) Over dumping of EFB and decanter cake at SPOM2 which leads to emission of GHG and leachates to the nearby monsoon drain. There was no improvement plan being developed for the current situation.</li> </ul>	<p>implementation of the mitigation plan to be carry out. EFB and decanter cake storage area to be secure by building containment structure. This to prevent leachates.</p> <p>To coordinate with estate for transporting out the EFB to the estate.</p>	<p>the next audit.</p> <p>EFB leachate bund has been constructed. Coordination with the estate will be verified in the next audit.</p> <p><b>NCR status : closed</b></p>
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## Verification Of Previous Audit Findings

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor w.r.t to answering NCR	On-site verification by Assessor during ASA3
Indicator 4.4.2  NCR #: AAB2	Major  Area/Location: Sg Sebila, in Saremas 2, Div B	It was observed that there was construction of bund across the rivers/waterway of Sg Sebilak, in the estate, Saremas 2, Div B.	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 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	<p>It was noted the Saremas had total 8 bund across all the river. The management had applied the permit to use the existing bund as source of water supply for domestic used from the Sarawak River Board, Kuching on letter# LSS/HQ/RSH/26/Jld 12(220) dated 3 December 2012 with conditions as below;</p> <ol style="list-style-type: none"> <li>1. shall comply with Sarawak Rivers (Traffic) Regulations, 1993 and Sarawak Rivers (Cleanliness) Regulations, 1993.</li> <li>2. the height of the bund must does not cause flooding and shall keep it clear of fallen trees and branches.</li> </ol> <p>The Miri Drainage &amp; Irrigation Department also had given the permission in letter # DIE4D/15/01 (289) dated 29 January 2013 has been granted with conditions as below:</p> <ul style="list-style-type: none"> <li>• An undertaking letter to show such mini bund has caused flood within the catchment area shall be removed upon request by the authorities</li> <li>• An undertaking letter to show such mini bund has caused</li> </ul>	<p>Site visit has been conducted at Kaminsky and found the bund was clean and no any debris found. The water was freely flow across the bund</p> <p>References to register of legal and other applicable requirement found the Sarawak Rivers (Cleanliness) Regulations, 1993 was made available. However Sarawak Rivers (Traffic) Regulations, 1993 was seems not applicable to Saremas.</p> <p><b>Status of NCR : Closed</b></p>

				<p>drought within the catchment area shall be removed upon request by the authorities</p> <p>Both DID and Sarawak River Board had visited the bund on 23<sup>rd</sup> October 2013.</p> <p>An undertaking letter dated 1 February 2013 also has been sighted by the auditor, which is Saremas had agreed on the conditions.</p> <p>The letter of permission and permit given to Saremas has been also verified by the auditor. Therefore the Major NCR AAB2 has been closed. Site visit has been conducted at Kaminsky and found the bund was clean and no any debris found. The water was freely flow across the bund</p> <p>References to register of legal and other applicable requirement found the Sarawak Rivers (Cleanliness) Regulations, 1993 was made available. However Sarawak Rivers (Traffic) Regulations, 1993 was seems not applicable to Saremas.</p> <p><b>Status of NCR : Closed</b></p>	
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<b>OPPORTUNITIES FOR IMPROVEMENT</b>	
<b>Principle and Criteria</b>	<b>Details</b>
<b>4.2.1</b>	Monitoring of fertilizer inputs through annual fertilizer recommendations.  Fertilizer MOP was applied in a band in Saremas 2 Estate and not broadcasted as per the standard set ot in the Agriculture Manual.
<b>4.3.2</b>	Avoid or minimize bare or exposed soil within estates.  The management of Saremas 2 and Kaminsky Estate failed to maintain natural soft covers in some of the terraced areas as per Agriculture manual.
<b>4.7</b>	<b>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</b>  <ul style="list-style-type: none"> <li>• Hearing conservation programme has yet to be conducted for a period of every 2 years.</li> <li>• Engineering control equipment monitoring has yet to be conducted for in house check and yearly check by Hygiene Technician for the fume hood ventilation in the laboratory</li> <li>• PTW has been established for general work, hot work, working at height and confined space entry and yet to be extended for the contractors working in the mill</li> <li>• PTW for confined space can be further improved by updating the column for gas testing and issued on the daily basis.</li> <li>• SPOM2 has yet to nominate AE (authorized entrant) and Standby Person (SP) for the mill.</li> <li>• New sprayer at Saremas 2 and Kamensky Estate has yet to be sent for baseline health surveillance by registered OHD as recommended in the CHRA.</li> </ul> <p style="text-align: center;">Incident investigation has yet to be conducted for the minor accident cases (less than 4 days MC)</p>
<b>5.3.2</b>	<b>Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.</b> <ul style="list-style-type: none"> <li>• Some of the requirement in <i>Jadual Pematuhan</i> yet to be followed which related to : <ul style="list-style-type: none"> <li>- More laudable alarm system to trigger (high opacity) black</li> </ul> </li> </ul>

	<p>smoke has yet to be installed (SPOM2)</p> <ul style="list-style-type: none"> <li>- Proper arrangement of EFB evacuation to avoid over dumping and stored more than 1 week at SPOM2</li> <li>• Management of scheduled waste can be further improved for mill and estates on the : <ul style="list-style-type: none"> <li>- Labeling and signage standard format in accordance with 3<sup>rd</sup> schedule of the regulation.</li> <li>- Obtaining the signed copy of the consignment note (6<sup>th</sup> schedule)</li> <li>- Acknowledgment of 7<sup>th</sup> schedule (waste information) from schedule waste contractor has yet to be obtained.</li> </ul> </li> </ul>
<p><b>6.1.3</b></p>	<p><b>A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.</b></p> <p>The estates and mills have had regular meetings with staffs and workers through the Social and Welfare Committee. These meetings have highlighted a few social issues which may not be peculiar to one estate but could be prevalent in the CU. Such issues include gambling (reported in Suai) and drinking among the workers (reported in Kaminsky).</p> <p>Believing that the issues are common to the estates and mill, it would be more effective if they are handled collectively by the CU. It is therefore recommended that those issues be incorporated in the existing Social Impacts Action Plan of the CU and appropriate mitigation measures are planned, implemented and monitored. By doing so, the CU would also be responding to the requirement for review and update the SIA Action Plan.</p>
<p><b>6.2.2</b></p>	<p><b>Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.</b></p> <p>Saremas 1 POM and Suai Estate maintained lengthy lists of stakeholders. It is recommended that the list be revised by including only those who are directly affected by the estate / mill operations and those whom the estate / mill is very much dependent on. The lists should include neighboring estates and local communities.</p>