

	SIRIM QAS INTERNATIONAL SDN. BHD. Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor, Malaysia.	File Reference: ES11320001 ES11320002
RSPO ASSESSMENT REPORT		
CLIENT : PPB OIL PALMS BERHAD		
ADDRESS OF SITE :		
PALM OIL MILL :		
1. SAREMAS PALM OIL MILL 2. SAREMAS 2 PALM OIL MILL		
SUPPLY BASE :		
1. SAREMAS 1 ESTATE 2. SUAI PLANTATION 3. SAREMAS 2 ESTATE 4. KAMINSKY PLANTATION 5. SEGARMAS PLANTATION		
ADDRESS : KM 115 BINTULU-MIRI ROAD, MIRI, SARAWAK, MALAYSIA.		
ASSESSMENT DATE :		
STAGE 1 : 17th - 19th JULY 2008		DURATION : 4 AUDITOR DAYS
STAGE 2 : 27th NOVEMBER - 2nd DECEMBER 2008		DURATION : 24 AUDITOR DAYS
SITE VERIFICATION : 28th - 29th SEPTEMBER, 7th OCTOBER & 7th NOVEMBER 2009		DURATION : 4 AUDITOR DAYS
STANDARD : RSPO MYNI:2008		
SCOPE OF CERTIFICATION ASSESSMENT :		
SAREMAS AND SAREMAS 2 PALM OIL MILLS AND THEIR SUPPLY BASE		
<u>Report by Audit Team Leader</u>		<u>Report Reviewed by Senior General Manager</u>
Name : SABARINAH MARZUKY	Name : PARAMA ISWARA SUBRAMANIAM	
Signature 	Signature 	
Date 28/4/10	Date : 28 th April 2010	

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NOTE: Abbreviation used

AIM	Asian Institute of Management
ASEAN	Association of Southeast Asian Nations
APEC-EPU	Asia Pacific Economic Cooperation-Economic Planning Unit
BCT	Borneo Conservation Trust
BLD	Bintulu Lumber Development
BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
BRIMAS	Borneo Resources Institute Miri, Sarawak
CDP	Community Development Plan
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
CHRA	Chemical Health Risk Assessment
CSDS	Chemical Safety Data Sheet
CIMAH	Control of Industrial Major Accident Hazards
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EFB	Empty Fruit Bunch
EHA	Estate Hospital Assistant
EPF	Employee Provident Fund
ERT	Endangered, Rare and Threatened Species
EARA	Environmental Auditors Registration Association
FFB	Fresh Fruit Bunch
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
HCV	High Conservation Value
HACCP	Hazard Analysis and Critical Control Point
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organization for Standardization
IRCA	International Register of Certificated Auditors
IUFRO	International Union of Forest Research Organizations
INSTEP	Petronas Petroleum Technology Institute
JCC	Joint Consultative Committee
M.E	Master of Engineering
MBA	Master of Business Administration
MDP	Management Development Programme
MIS	Management Information Services
MoU	Memorandum of Understanding
M.Phil	Master of Philosophy
MAIC	Mechanically Assisted Infield Collection
MPOA	Malaysian Palm Oil Association
MPOB	Malaysia Palm Oil Board
MS GAP-OP	Malaysian Standard Good Agricultural Practice – Oil Palm
MTCC	Malaysian Timber Certification Council
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NCR	Native Customary Rights
NGO	Non Government Organisation
NREB	Natural Resources and Environment Board
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
OHSAS	Occupational Health and Safety Assessment Series
OHSMS	Occupational Health and Safety Management System
Pic.	Picture
PK	Palm Kernel
PAN AP	Pesticide Action Network Asia Pacific
Ph.D.	Doctor of Philosophy

PPE	Personal Protective Equipment
POME	Palm Oil Mill Effluent
PACOS	Partners of Community Organizations
PERKESO	Social Security Organization
RSPO	Roundtable on Sustainable Palm Oil
S1	Saremas 1
S2	Saremas 2
SS	Suspended Solid
SHO	Safety and Health Officer
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SSB	Saremas Sdn. Bhd.
SERI	Socio – Economic and Environmental Research Institute
SADIA	Sarawak Dayak Iban Association
SLDB	Sarawak Land Development Board
TAHABAS	Sarawak Native Customary Land and Rights Network
SUHAKAM	Human Rights Commission of Malaysia
USA	United States of America
WADESA	Rural Women's Association of Sarawak
WWF	World Wide Fund for Nature

RSPO ASSESSMENT REPORT

1.0 Introduction

1.1 Description of The Certification Unit (Estate and Mill)

The certification units which were assessed are Saremas 1 (S1) and Saremas 2 (S2). S1 and S2 make up Saremas Sdn. Bhd. (SSB), which is a wholly-owned subsidiary company of PPB Oil Palms Berhad. SSB consists of Saremas Plantation, Suai Plantation, Kaminsky Plantation, Segarmas Plantation, Saremas Palm Oil Mill and Saremas 2 Palm Oil Mill. Both units underwent the RSPO assessment by SIRIM QAS International Sdn. Bhd. simultaneously.

S1 consists of Saremas Palm Oil Mill, company-owned estates viz. Saremas 1 Estate, Suai Plantation and Saremas 2 Estate (Division D) and smallholdings. However, the assessment did not cover the smallholdings.

As for S2, it includes Saremas 2 Palm Oil Mill, company-owned estates viz. Saremas 2 Estate, Kaminsky Plantation and Segarmas Plantation and one smallholding. The smallholding was also not assessed for this certification assessment.

Saremas Palm Oil Mill commenced operations in 1992 with a processing capacity of 60 metric tonnes of fresh fruit bunches (FFB) per hour. Saremas 2 Palm Oil Mill commenced operations in 2000 with a processing capacity of 30 metric tonnes of FFB per hour. On 13th August 2009, S2 obtained approval by Department of Environment (DOE) to increase the processing capacity to 45 metric tonnes of FFB per hour.

Both S1 & S2 are fully developed area and hence principle 7 of the RSPO Principles & Criteria is not applicable.

The total workforce for S1 and S2 are 1347 and 1353 respectively and about 90 % of them are migrant workers from Indonesia.

1.2 Time Bound Plan for Other Management Units and Justification

Apart from SSB, PPB Oil Palms Berhad (PPBOP) operates in Sabah, Malaysia. PPB Oil Palms has six other certification units with a total area of 36 437 ha. However, not all areas are planted.

PPB Oil Palms Berhad has established a plan to certify all its units by the end of 2010. The time frame specified in the plan is realistic. In accordance with the plan, most of the units were assessed in 2008. Three of the units were assessed and certified by Control Union, whilst the assessment of certification units S1 and S2 were carried out by SIRIM QAS International in November/December 2008. Two units are to be assessed and certified in 2009 and the remaining unit will be assessed in 2010.

PPBOP Oil Palms Berhad is also managing land in other parts of the world, belonging to its parent company, Wilmar International. However, as PPB Oil Palms is a subsidiary of Wilmar International, the time bound plan is not applicable to Wilmar International's operations. Both PPBOP Oil Palms Berhad & Wilmar International are members of RSPO.

1.3 Location of Mill and Estates

Both S1 and S2 are located in Miri District, Sarawak, Malaysia. S1 and S2 can be accessed by turning into the BLD Road from the Bintulu-Miri Road. The other access is through JKR road from Simpang Jawa through Rumah Datu and Suai Plantations and link back to BLD Road.

In the immediate vicinity of certification units S1 and S2 are longhouses and other oil palm plantations. There are five longhouses within S1 namely Rumah Bunsu, Rumah Tapu, Rumah Gundi, Rumah Merudi and Rumah Rimbo. There are also four longhouses outside SSB namely Rumah Sabang, Rumah Ringkai (Rumah Layang), Rumah Akai and Rumah Ujuh. Rumah Sabang is located at the Southern edge while Rumah Ringkai is at the North West end of Suai Plantation. Rumah Sabang, Rumah Akai and Rumah Ujuh are within state land while Rumah Ringkai is within other oil palm plantation (Alam Wasa). It was noted that, Rumah Akai and Rumah Ujuh was left empty since the last three years. Adjacent to Rumah Tapu is an Acacia Mangium plantation that belongs to the Department of Forestry. There is one main river; Batang Suai passes through both S1 and S2.

There are four living quarters (known as line site) within S1. Saremas 1 Central line site houses employees from Saremas 1 Estate and Saremas Palm Oil Mill. The other three line sites are in Suai Plantation.

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

S1 and S2 are administered by an office located in S1. The official address for both S1 and S2 address is Km 115, Bintulu-Miri Road, Miri, Sarawak, Malaysia. Other smaller offices are located within the estates. However, all correspondence is through the main office at S1.

The location of S1 and S2 is shown in Attachment 1a – 1b while its coordinates are detailed in Table 1.

Table 1: Location of mills and estates

Operating Unit	Latitude	Longitude
Saremas Palm Oil Mill	3° 31'29.561" N	113 °44'50.147"E
Saremas 2 Palm Oil Mill	3° 26'55.704" N	113 °46'11.821"E
Saremas 1 Estate	3 °31'18.611"N	113 °45'23.484"E
Suai Plantation	3 °35'41.223"N	113 °44'21.884"E
Saremas 2 Estate (Division D)	3 °30'22.422"N	113 °47'55.555"E
Saremas 2 Estate	3 °31'18.611"N	113 °45'23.484"E
Kaminsky Plantation	3 °24'27.156"N	113 °45'33.8"E
Segarmas Plantation	3 °28'8.21"N	113 °48'23.864"E

The coordinates stated are for the offices.

1.4 Description of Supply Base

Saremas Palm Oil Mill receives FFB supply from Saremas 1 Estate, Suai Plantation, Saremas 2 Estate (Division D) and smallholdings. Saremas 2 Palm Oil Mill receives FFB from Saremas 2 Estate, Kaminsky Plantation, Segarmas Plantation and one smallholding. (Occasionally, Suburmas Plantations deliver its crop to S1. This happens whenever their mill broke down. Suburmas Plantations is not a regular supplier of S1 and therefore is omitted from the certification).

The average annual FFB contribution from each estate for the past three years (2005 to 2007) is detailed in Table 2a and Table 2b.

Table 2a: FFB Contribution to Saremas Palm Oil Mill

Estate	FFB Production	
	Tonnes	Percentage (%)
Saremas 1 Estate	109 639	47.10
Suai Plantation	101 970	43.80
Saremas 2 Estate (Division D)	7 995	3.43
* Segarmas Plantation	1 195	0.51
* Kaminsky Plantation	1 203	0.52
* Suburmas	273	0.12
Smallholdings	10 511	4.52
Total	232 786	100.00

* non-regular FFB supplying estate

Table 2b: FFB Contribution to Saremas 2 Palm Oil Mill

Estate	FFB Production	
	Tonnes	%
Saremas 2 Estate (excluding Division D)	72 536	34.18
Kaminsky Plantation	72 263	34.05
Segarmas Plantation	62 403	29.40
Smallholding	5 029	2.37
Total	212 230	100.00

Average CPO production is 48,409 tonne (for 2005 to 2007) for Saremas Palm Oil Mill & 47,421 tonne for Saremas 2 Palm Oil Mill.

The details of the year of establishment of the estates, and their respective total and planted areas, are given in Table 3, while table 4 showed the percentage of planted area in each estate by age and planting cycle. All areas are in the first generation of their planting cycle except for Suai Plantation. Suai Plantation has started to undergo replanting as planned by PPB Oil Palms Berhad.

Table 3: Areas of plantation

Operating Unit	Year of establishment	Total Area (ha)	Planted Area (ha)
Saremas 1 Estate	1987	6 033	4 790
Suai Plantation	1978	5 674	5 069
✓ Saremas 2 Estate (Division D)	2000 ✓	1 456	1 456
Saremas 2 Estate	1990	4 690	3 331
✓ Kaminsky Plantation	1996	3 988	3 488

✓ Segarmas Plantation	1994	4 727	3 655
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Table 4a: Percentage of planted area in Saremas 1 Estate by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
21	1 st generation	515	10.75
20	1 st generation	1 329	27.75
19	1 st generation	1 312	27.39
18	1 st generation	319	6.66
17	1 st generation	327	6.83
13	1 st generation	411	8.58
12	1 st generation	508	10.61
9	1 st generation	5	0.10
8	1 st generation	37	0.77
4	1 st generation	27	0.56
Total		4 790	100.00

Table 4b: Percentage of planted area in Suai Estate by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
20	1 st generation	141	2.78
16	1 st generation	1 055	20.81
15	1 st generation	1 068	21.07
14	1 st generation	736	14.52
10	2 nd generation	318	6.27
9	1 st generation	12	0.24
9	2 nd generation	35	0.69
8	2 nd generation	321	6.33
7	2 nd generation	305	6.02
6	2 nd generation	302	5.96
5	2 nd generation	270	5.33
4	2 nd generation	252	4.97
3	2 nd generation	174	3.43
2	2 nd generation	80	1.58
Total		5 069	100.00

Table 4c: Percentage of planted area in Saremas 2 Estate (Division D) by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
8	1 st generation	167	11.47
6	1 st generation	282	19.37
5	1 st generation	197	13.53
4	1 st generation	254	17.45
3	1 st generation	230	15.80
2006 2	1 st generation	237	16.28
2007 1	1 st generation	89	6.10
Total		1 456	100.00

Table 4d: Percentage of planted area in Saremas 2 Estate by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
18	1 st generation	819	24.58
17	1 st generation	925	27.77
16	1 st generation	324	9.73

13	1 st generation	425	12.76
12	1 st generation	838	25.16
Total		3 331	100.00

Table 4e: Percentage of planted area in Kaminsky Plantation by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
12	1 st generation	1 620	46.44
11	1 st generation	1 685	48.31
6	1 st generation	183	5.25
Total		3 488	100.00

Table 4f: Percentage of planted area in Segarmas Plantation by age and planting cycle

Age of palm	Planting cycle	Planted area (ha)	Percentage of planted area (%)
14	1 st generation	1 089	29.80
13	1 st generation	1 737	47.52
10	1 st generation	15	0.41
8	1 st generation	174	4.76
7	1 st generation	185	5.06
6	1 st generation	194	5.31
5	1 st generation	140	3.83
4	1 st generation	88	2.41
2	1 st generation	33	0.90
Total		3 655	100.00

1.5 Other Management System Certifications Held

Both the mills and all the estates do not hold any other form of third-party certification of their management systems. Nevertheless, they are all implementing an internal system which is based on the requirements of the ISO 14001:2004 and the Occupational Health and Safety Act.

1.6 Organizational Information / Contact Person

PPB Oil Palms Berhad has a regional office in Bintulu, Sarawak, which is responsible for overseeing S1, S2 and other management units in Sarawak. The correspondence address and contact person are as detailed below:

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

Contact person:

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

1.7 Approximate Tonnages Offered for Certification (CPO and PK)

The approximate tonnage of CPO and PK claimed for certification, are as follows:

Table 5: S1 & S2 – Approximate CPO and PK tonnage claimed for certification

Certification Unit	CPO Tonnage claimed for certification: (tonne)	PK Tonnage claimed for certification: (tonne)
S1	52,266	10, 921
S2	52, 284	11,571

The amount claimed for certification excludes contribution from smallholdings & non certified unit (Suburmas Plantations).

As the younger areas from the supply base are reaching its prime, crop productions is expected to increase in the years ahead. Hence there is an anticipated increase of 10% and 15% in FFB production for S1 and S2 respectively.

2.0 Assessment Process

2.1 Assessment Methodology (Program, Site Visits)

The assessment for certification was carried out in two stages, namely Stage 1 and Stage 2. The Stage 1 assessment was conducted to determine the adequacy of the established documentation in addressing the requirements of RSPO MYNI: 2008, as well as to identify the relevant stakeholders. The Stage 1 assessment was conducted from 17th to 19th July 2008. It covered Saremas Palm Oil Mill, Saremas 2 Palm Oil Mill, Saremas 1 Estate, Saremas 2 Estate and Kaminsky Plantation. At that point of time, S1 and S2 did not want to include Suai Plantation and Segarmas Plantation in the certification exercise. The findings from the Stage 1 assessment were used for planning of the Stage 2 assessment.

The Stage 2 assessment was conducted from the 27th November to 2nd December 2008. Its main objective was to verify conformance to RSPO MYNI: 2008. Planning for the Stage 2 assessment was guided by the RSPO Certification Systems Document. However, the sampling formula of $0.8\sqrt{y}$ was not used for determination of estates to be assessed for certification. Both the mills and all the estates (Saremas 1 Estate, Suai Plantation, Saremas 2 Estate, Segarmas Plantation and Kaminsky Plantation) were assessed. The decision not to use the sampling formula was because there are significant issues in each of the estates which are different. For instance, the HCV area is located within Segarmas Estate whilst the longhouses are situated in Suai Estate. However, as is normal in any assessment, activities within each of the estates were sampled.

The assessment was conducted by visiting the field, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Interviews with management, employees, contractors and other relevant stakeholders were also conducted. Apart from the above, records as well as other related documentation were also evaluated. Details of the Stage 2 assessment programme are in Attachment 2.

The assessment findings were highlighted and discussed on site. Two same non-conformities were raised for both S1 and S2. Both S1 and S2 have acted on the nonconformities. Evidences of corrective actions taken were submitted to the assessment team in stages. Verification assessment on-site was conducted on 28th & 29th September 2009. This exercise was carried out to verify the implementation of the corrective actions. SSB has also met with DOE on 7th October 2009 to discuss on their corrective actions. This meeting was witnessed by SIRIM QAS as part of site verification.

Site verification was conducted on 7th November 2009 to verify a complaint on S1 from the local community (smallholders). This verification was conducted to gather information on the matter. Two nonconformities were raised as a result of this verification. Details of the non-conformity reports and the corrective actions taken are detailed in Attachment 3.

2.2 Date of Next Surveillance Visit

The first surveillance audit will be conducted twelve months from the date of the certification.

2.3 Assessment Team

Assessment Team	Role/area of RSPO requirement	Qualification
1. Sabarinah Marzuky	Assessment Team Leader/ environmental issues	<ul style="list-style-type: none"> • Member of MYNI-WG • Over 830 days of auditing experience, having audited to the following standards / requirements: ISO 14001 (over 50 days for palm oil milling & oil palm plantation), RSPO (over 50 days) & MS GAP-OP (20 days) • Involved in Environmental Impact Assessment Studies related to agriculture including oil palm plantation. • Completed RSPO Lead Assessor Course - 2008 • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2007 • Successfully completed IRCA accredited Lead Assessor training for OHSAS 18001-2005 • Successfully completed EARA approved Lead Assessor training for ISO 14001-1999 • M.E Civil Engineering (Environment) • B.Sc. (Hons) Urban and Regional Planning
2. Khoo Khay Jin	Assessor / community issues	<ul style="list-style-type: none"> • 56 days of auditing experience, having audited to the FSC and MTCC (Forest Certification) • Committee member of Sarawak Development Institute on minority indigenous group • Associate, Socio-Economic & Environmental Research Institute (SERI), Pulau Pinang, Malaysia. • M. Phil., Anthropology • B. Sc. Mathematics <p>Consultancies</p> <ul style="list-style-type: none"> • APEC-EPU study on preparing human resources for the new economy • Master plan for the development of new villages in Peninsular Malaysia • Feasibility and development plan study on the establishment of new rural growth centre in Sarawak • Social Impact assessment in Malaysia • Area development plan for Sukau

		<p>resettlement, Sarawak</p> <p>Research</p> <ul style="list-style-type: none"> • Inequality, human security and ethnicity (an International research project coordinated by Oxford University) • Sarawak development indicator (funded by University Malaysia Sabah) • Minority indigenous groups, Sarawak (collaboration with Sarawak Development Institute)
3. Dr. Yap Son Kheong	Assessor / HCV habitats & ecology	<ul style="list-style-type: none"> • Over 285 days of auditing experience, having audited to the following: ISO 14001, FSC Forest Management requirements & RSPO • Completed RSPO Lead Assessor Course - 2008 • Successfully completed EARA approved lead Assessor course for ISO 14001- 2001 • Ph. D. (Forest Biology) under the University of Aberdeen (Scotland) and University of Malaya Fellowship in Tropical Rain Forest Project. • B.Sc. Hons. Second Class Upper (Botany) <p>Professional Organizations:</p> <ol style="list-style-type: none"> 1. Member of the IUFRO Working Party on Seed Problems. Nominated as one of the candidates for the Co-Chairman of Working Party in 1986. 2. Project Leader for Project 8 of the Reproductive Biology of Tropical Trees of the ASEAN-Australian Tree Improvement Programme. 1986. Given the role to develop research activities on reproductive biology within ASEAN countries with sponsorship from Australia. 3. Elected member of the Committee on Forest Tree and Shrub Seeds of the International Seed Testing Association. 1989 to 1992. 4. Vice Chairman of the Working Group on Seed Origin and Genetic Resources of the ASEAN Canada Forest Tree Seed Centre. 1990 to 1995. Responsible in coordinating research activities on genetic resources within the ASEAN countries. 5. Project leader on Impact of Acid Precipitation on Forest working in conjunction with researchers from China, Indonesia, Japan and Thailand.
4. Mahzan Munap	Assessor / Occupational safety and health issues	<ul style="list-style-type: none"> • Over 150 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (46 days for palm oil milling & 6 days for oil palm plantation).

		<ul style="list-style-type: none"> Completed RSPO Lead Assessor Course – 2008. Successfully completed Lead Assessor Course for OHSAS 18001-2000. Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006 CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997. Occupational Safety and Health Trainer at INSTEP Petronas. MBA, Ohio University. B.Sc. Petroleum Engineering, University of Missouri, USA. <p>Professional Organizations:</p> <ol style="list-style-type: none"> Member of Board of Engineers, Malaysia. Member of National Institute of Occupational Health, Malaysia.
5. Hj Abd Aziz Abu Bakar	Technical specialist on Good Agricultural Practices (GAP) and workers issues	<ul style="list-style-type: none"> Member of MYNI-WG Thirty one years experience in plantation management, covering rubber and oil palm. <p>Working Experience:</p> <ul style="list-style-type: none"> Plantation Advisor to Farmers' Association, Perak Technical Advisor to Bio-Industry Solution Sdn. Bhd. Involved in feasibility study of palm oil development of 20,000ha in Pekan Baru, Riau Indonesia Head of Special Project (M) Kumpulan Guthrie Bhd.- to conduct independent assessment on GAP and estates cost management President Director of Minamas Plantation, Kumpulan Guthrie, Indonesia. – 2005 Official retirement Director of Management Information Services (MIS) & Knowledge Management of Kumpulan Guthrie Bhd - covering Malaysia and Indonesia plantations. Plantation Advisor and Quality Assurance, Kumpulan Guthrie Bhd. Estate Manager, Kumpulan Guthrie Bhd. Management Development Programme (MDP), Asian Institute of Management (AIM), Philippine. Diploma in Agriculture, Universiti Pertanian Malaysia.
6. Mohd Azlisham Shaari	Trainee Assessor / worker issues & plantation practices	<ul style="list-style-type: none"> 50 days of auditing experience, having audited to the following standards / requirements: ISO 14001 (18 days for oil palm milling & 3 days for oil palm plantation)

		and RSPO (23 days) <ul style="list-style-type: none"> • Seven years experience in oil palm plantation management • Successfully completed IRCA approved Lead Assessor training for ISO 14001. • B.Sc. (Hons) Plantation Technology & Management • Diploma In Planting Industry And Management
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2.4 Stakeholder Consultation

Stakeholder consultation was initiated with the announcement in the RSPO web site and SIRIM QAS web site on 28th October 2008. Apart from that, letters were also sent to relevant stakeholders, including government agencies and NGOs, and these were followed-up with telephone calls. Whenever the need arose, meetings were arranged at the premises of NGOs and the relevant authority.

All enquiries received prior to the Stage 2 assessment were responded to, and for any comments made, consideration was given in the planning for the Stage 2 assessment.

Among the stakeholders consulted during the Stage 2 assessment were employees, government agencies, non-governmental organizations, local communities, FFB suppliers, contractors and other interested parties. The consultations took place in the form of meetings and interviews.

Consultation with the employees, FFB suppliers and contractors involved random sampling from each group in each of the areas (e.g. mill operators, harvesters, general workers and sprayers from the different estates). Each session lasted between an hour to an hour and a half. The consultations included issues relevant to principle 4, 5 and 6. The consultations were conducted in certification unit S1 and S2.

The consultations with local communities were carried out at their premises/grounds. The sessions were carried out at times convenient to the stakeholders. The intention was to solicit their views on the impact of certification unit S1 and S2 on their economic and socio-cultural life.

In the case of authorities and NGOs, extensive consultation was conducted with the Department of Environment and SADIA. In-depth discussions were deemed necessary as these two bodies had expressed their concerns over the operations of S1 and S2.

Consultation with DOE was conducted at the DOE Miri Branch on 2nd December 2008. Follow up through telephone calls and letters to DOE Kuching Branch were also made. A session with SADIA was conducted at their office in Kuching on 26th November 2008.

The S1 and S2 management representatives were not present in any of the consultation sessions except with the local community. As such, the stakeholders were able to present their views in a frank and open manner.

Stakeholder consultation during the verification assessment on the complaint against S1 was conducted in a closed session involving the affected parties and community representatives.

Details of the stakeholders consulted are listed below:

Government Agencies/Service Providers/Association

1. Department of Occupational Safety & Health (DOSH), Sarawak, Malaysia.
2. Department of Environment (DOE), (Kuching Branch, Miri Branch and Bintulu Branch), Sarawak, Malaysia.
3. Labour Department, Bintulu, Sarawak, Malaysia.
4. Natural Resources and Environment Board (NREB), Sarawak, Malaysia.
5. Environment Protection Department, Sabah, Malaysia.
6. Forestry Department, Bintulu, Sarawak, Malaysia.
7. Malaysian Palm Oil Board (MPOB), (Miri Branch and Bintulu Branch), Sarawak, Malaysia.
8. Drainage and Irrigation Department, Kuching, Sarawak, Malaysia.
9. Immigration Department (Bintulu Branch and Miri Branch), Sarawak, Malaysia.
10. District Office Subis, Bekenu, Bintulu, Sarawak, Malaysia.
11. Social Security Organizations (PERKESO), Sarawak, Malaysia.
12. Employee Public Fund (EPF), Kuching Branch and Bintulu Branch), Sarawak, Malaysia.
13. Hospital Bintulu and Hospital Miri, Sarawak, Malaysia.
14. Batu Niah Clinic, Miri, Sarawak, Malaysia.
15. Suai Clinic, Miri, Sarawak, Malaysia.
16. BOMBA, Miri Branch and Bintulu Branch, Sarawak, Malaysia.
17. Police Bintulu Branch and Miri Branch, Sarawak, Malaysia.
18. Secondary School; (Suai and Bandar Bintulu), Sarawak, Malaysia.
19. Primary School; (Subis, Islam religious school), Bintulu, Sarawak, Malaysia.

Non-Governmental Organizations

1. Sahabat Alam Malaysia.
2. World Wide Fund for Nature (WWF), Malaysia.
3. Sarawak Dayak Iban Association (SADIA), Kuching, Sarawak, Malaysia.
4. Dayak Association Miri, Miri, Sarawak, Malaysia.
5. Pesticide Action Network (PAN) Asia and Pacific, Malaysia.
6. Borneo Conservation Trust (BCT), Kota Kinabalu, Sabah, Malaysia.
7. SUHAKAM (Sarawak Branch), Kuching, Sarawak, Malaysia.
8. Sawit Watch, Bogor, Indonesia.
9. Borneo Resources Institute (BRIMAS), Miri, Sarawak, Malaysia.
10. Wetland International, Selangor, Malaysia.
11. Partners of Community Organizations (PACOS Trust), Sabah, Malaysia.
12. Borneo Aids Society.
13. Aidenvironment, South East Asia.
14. Malaysian Palm Oil Association (MPOA), Sarawak, Malaysia.
15. East Malaysia Planters' Association, Sabah, Malaysia.

Local Communities

1. Rumah Bunsu
2. Rumah Gundi
3. Rumah Tapu
4. Rumah Merudi
5. Rumah Sabang
6. Rumah Rimbo
7. Rumah Ringkai (now Rumah Layang)
8. Mr. Siew Choon Siak – spokesperson for the complaint raised by smallholder against S1. (representative from TAHABAS)
9. Madam Punai ak Beriak - one of the name that appear in press release on complaint against S1(member of WADESA)
10. Affected smallholders (complainants against S1) – (Mr. Angking ak Chundai, Mr. Durung ak Entika, Mr. Bandang ak Uda)
11. Community leader –Tuai Rumah Tapu Galis

Other Interested Parties

1. Mr Baru Bian, Advocate & Solicitor
2. Saremas Palm Oil Mill - canteen operator
3. Saremas Palm Oil Mill - Workers' representative
4. Suai Estate - Workers' representative
5. Saremas Palm Oil Mill - FFB suppliers
6. Saremas 1 - Provision shop operator
7. Suai - Provision shop operator
8. Saremas 2 Palm Oil Mill - Workers' representative
9. Segarmas - Workers' representative
10. Saremas 2 estate - Workers' representative
11. Segarmas - Chairman of Women and Children Committee
12. Segarmas - Labour line contractor
13. Bintulu Lumber Development Sdn. Bhd. (BLD) - Senior Manager

3.0 Assessment Findings

The findings for the assessment are reported based on RSPO MYNI indicator.

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

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

Indicator 1.1.1 : Records of requests and responses must be maintained.
Major compliance

Guidance : Growers and millers should respond constructively and promptly to requests for information from stakeholders

Audit findings

PPBOP has established a system to respond to any request from their stakeholders on environmental, social and legal related issues. The assessment has verified the records of communication.

Among the records sighted were correspondences with the government agencies such as the Department of Forestry, the Natural Resources & Environment Board of Sarawak, the Department of Environment, FFB suppliers and representatives of longhouses. Records of communications with neighbouring plantations relating to the conservation of biodiversity were also maintained.

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)

Guidance: Examples of commercially confidential information include financial data such as costs and income, and details relating to customers and/or suppliers. Data that affects personal privacy should also be confidential.

Examples of information where disclosure could result in potential negative environmental or social outcomes include information on sites of rare species where disclosure could increase the risk of hunting or capture for trade, or sacred sites, which a community wishes to maintain as private.

Audit findings

S1 and S2 have notified the stakeholders via letter of the requirement of C1.2. The documents that are made available for public viewing at the estate and mill offices are copies of land titles, licenses issued by authorities, company annual report, monthly production records, area statement of estate, map of estates in relation to major rivers and villages, company policies, Agriculture and Mill Standard Operating Procedure, organization chart of estate and mill management, air emission and effluent discharge reports and other documents permitted under company's communications policy.

Among the stakeholders informed were Rumah Tapu, the Niah District Office, the Department of Environment and the Department of Occupational Safety & Health. Reply slips were enclosed to ensure receipt of the letter. However, as at the date of the assessment, no request for this type of information had been received.

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

Indicator 2.1.1 : Evidence of compliance with legal requirement

Major compliance

Indicator 2.1.2: A documented system, which includes written information on legal requirements.

Minor compliance

Indicator 2.1.3: A mechanism for ensuring that they are implemented.

Minor compliance

Indicator 2.1.4: A system for tracking any changes in the law.

Minor compliance

Audit findings

S1 and S2 have established a documented system for the purpose of ensuring legal compliance. This includes a documented procedure and written information on legal requirements. The procedure addresses the mechanism to identify related legal requirements and the method to track changes and for monitoring compliance. However, it is felt that the procedure should be enhanced to include the person responsible for identifying changes in legal requirements, especially changes in Sarawak legal requirements.

The identified legal requirements applicable to S1 and S2 operation were recorded in the legal register. Among the identified legal requirements are the Environmental Quality Act and Regulations, 1974, the Factories and Machinery Act and Regulations, 1967, the Occupational Safety and Health Act, 1994 and the Worker' Minimum Standards of Housing and Amenities Act, 1990. Enhancement is needed as there are regulations under the Occupational Safety & Health Act which had not been identified.

S1 and S2 are committed to legal compliance as demonstrated by the evidences of compliance to the applicable legal requirements sighted during the assessment. Licenses and permits issued by the relevant government agencies were available and valid. Licences displayed were those for the purchase and storage of diesel, the purchase and storage of CPO and PK and the approval condition for mills operation.

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

During on-site assessment, it was noted that appropriate PPE were provided to workers, first aid boxes

were located at several strategic locations at the mills and were also provided to each of field mandores. It was also noted that machines which have moving parts were well guarded and pollution control/monitoring equipment such as the boiler smoke emission recorder were in good condition.

Consultation with the Department of Occupational Safety & Health (DOSH) Sarawak revealed that S1 and S2 are complying with the Occupational Safety & Health Act and its Regulations. The only feedback received was on the monitoring of the action plan resulting from the CHRA. S1 and S2 are aware of this requirement and the action plan was submitted to the assessment team for verification.

However, there are areas of concern where improvement is needed. Although the audiometric test and health surveillance for identified employees were available, S1 and S2 needs to ensure all affected employees, especially those working in the laboratory and in noisy areas undergo these tests. The test result also needs to be communicated to workers whose exposure to noise level is at or above the threshold level.

Apart from that, S1 and S2 also need to fulfil the requirement for competent persons in accordance to the Factories and Machinery (Person-In-Charge) Regulations 1970. It was noted that the persons in charge of steam boilers in the mills in both S1 and S2 only possessed competency certificates for 2nd Grade Steam Engineer. It is to be noted that with the current approved processing capacities, both mills required 1st grade steam engineers.

S1 and S2 also require competent personnel for the following functions: Electrical Chargeman and Engine Driver. It was noted that S1 and S2 did not have Engine Drivers and Electrical Chargemen with the necessary qualifications on all the shifts as required by the regulations. A major non-conformity was raised against S1 and S2 on this matter.

S1 and S2 have taken the necessary corrective actions by (1) advertising for the positions of Mill Manager with 1st Grade Steam Engineer certificate and Engine Driver & Electrical Chargeman with the required levels of competency, (2) taking steps to upgrade the competency of existing staff to the required level and (3) immediate transfer of a Mill Manager with 1st Grade Steam Engineer from another operating unit to S1. All these measures have been discussed with DOSH. Details of the corrective actions taken are described in Attachment 3.

Consultation with the DOE revealed that S1 and S2 have had difficulty in consistently meeting the specified limit for effluent discharges. Records assessed showed that S1 and S2 had been discharging effluent with Biochemical Oxygen Demand (BOD) and Suspended Solid (SS) levels which were higher than the allowable limit. A non-conformity was raised on this matter as the action taken to mitigate the condition was not adequate.

It was also noted that both S1 and S2 were charged in the Miri Court in April 2008 and May 2009 for effluent discharges which exceeded the specified requirement during the period from 2005 to February 2007. S1 and S2 were fined for the offences (Refer Attachment 4a – 4c).

In order to ensure the above matter is resolved, both S1 & S2 have taken appropriate corrective actions with DOE's approval. The latest meeting with DOE on this matter was held on 7th October 2009 (refer attachment 4d). The corrective actions taken were: 1) extending the retention time for effluent treatment by providing additional ponds to the existing system. Both mills have constructed additional ponds (five in S1 and four in S2) to enhance the treatment process. The capacity of the ponds have now increased two-fold as the new ponds can hold up to 139 844 m³ (S1- 6.03 ha) and 141 530 m³ (S2 – 5.24 ha). It is to be noted that at the current rate of filling of the ponds with effluents, no discharge into the waterways will take place until February/March 2010. Details of the construction of ponds and filling up process are in attachment 4f.

2) In addition to the new ponds, aerators and mixers have been installed in the existing ponds to increase their efficiency (8 aerators & two mixers for S1 and 4 aerators and two mixers for S2). S1 has also desludged the existing pond Number 4 with the aim of increasing its efficiency.

3) S2 has taken a further step in its commitment to ensure compliance by installing a new tertiary treatment plant. The construction of the plant has started and is expected to be completed in March/April 2010. S2 has obtained approval from DOE for the installation of the treatment plant and to discharge treated effluent with BOD of more than 20ppm until May 2010, in the event of the tertiary treatment plant not performing optimally during the first few months of its operation (refer attachment 4e).

It was also noted that S1 has budgeted for a tertiary treatment system in 2010 should it become necessary.

Consultation with NREB revealed that S2 is complying with the EIA requirements. This requirement is only applicable to Kaminsky Estate.

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

Indicator 2.2.1: Evidence of legal ownership of the land including history of land tenure.
Major compliance

Indicator 2.2.2: Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2]
Major compliance

Indicator 2.2.3: Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.
Minor compliance

Specific Guidance: Growers should attempt to comply with the above indicator within 15 months from date of announcement of first audit. Refer to State Land Office for examples of other reserves.

Indicator 2.2.4: Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. CF 2.3.3, 6.4.1 and 6.4.2.
Minor compliance

Guidance:

1. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way.
2. Where there is a conflict to the condition of land use as per land title, growers must show evidence that necessary action has been taken to resolve the conflict with the relevant authorities.
3. Ensure a mechanism to solve the dispute (Refer to C 6.3 and C6.4)
4. Evidence must be demonstrated that the dispute has been resolved.
5. All operations shall cease on land planted beyond the legal boundary.

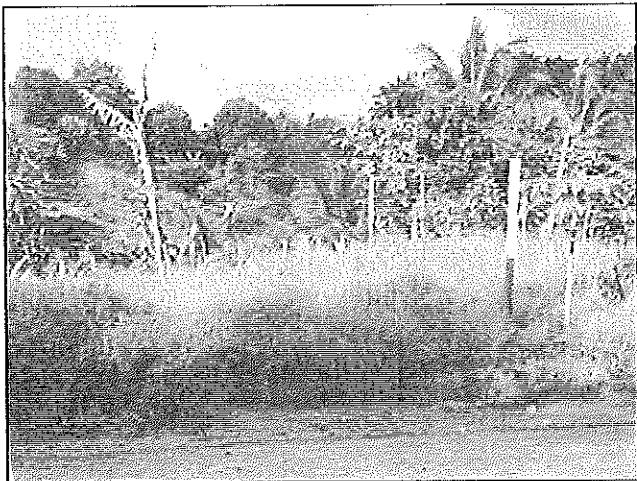
Audit findings

S1 and S2 have a 99 year lease except for Segarmas Plantation which has a 60 year lease on the land from the Sarawak State government. They have the relevant evidence of legal ownership. Copies of land titles were sighted and it was also evident that they were complying with the terms of the land title. On-site assessment also confirmed that S1 and S2 had managed to locate their boundary stones. Consultation with the forestry Department also revealed that they have no comments on S1 and S2 operation.

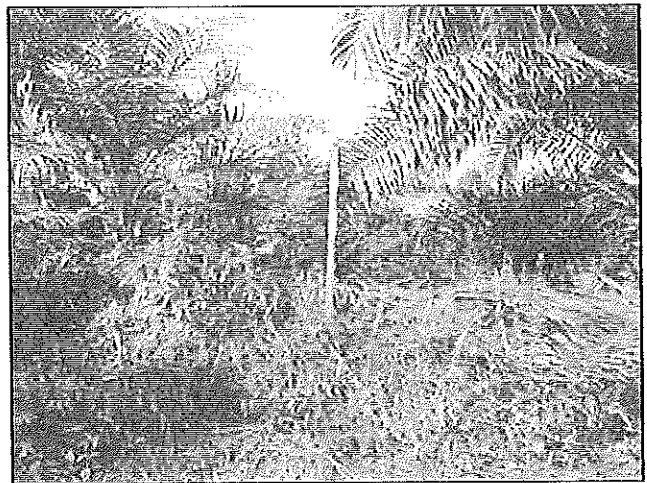
However, there are five longhouses within S1 i.e. Rumah Bunsu, Rumah Tapu, Rumah Gundi, Rumah Merudi and Rumah Rimbo and one longhouse bordering Suai Plantation i.e. Rumah Sabang. These settlements were established before S1, mainly in the 1970s, with the earliest from the early 1960s, by persons re-locating from elsewhere in Sarawak. All five longhouses within S1 all are Iban communities.

Boundary marking as in the form of marked poles demarcating the border of S1 and Rumah Tapu were clearly seen.

As for other longhouses, the areas used by them including the burial ground were also mapped out (cross refer to 2.3). Consultation with SADIA, BRIMAS and Mr. Baru Bian (Advocate & Solicitor) revealed that this area is not within the native customary rights (NCR) land and no dispute had been filed so far.



Pic 1: Yellow-White marking poles indicates participatory mapping (Saremas 1 Estate and Rumah Tapu)



Pic 2: Red-White marking poles indicates official government marking (Saremas 1 Estate and government land)

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.

Indicator 2.3.1 : Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show the extent of these rights.
Major compliance

Indicator 2.3.2 : Map of appropriate scale showing extent of claims under dispute.
Major compliance

Indicator 2.3.3 : Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6).
Minor compliance

Guidance : Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with Criteria 6.4, 7.5 and 7.6.

Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.

This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements.

Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members. Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

Audit findings

S1 is fully aware that even though it has legal rights over its property, there are longhouses established within the area.

It has adopted a policy of "live-and-let-live" with regards to land use by communities within its boundary and on its periphery, i.e., whatever the communities had opened up at the point of establishment of the estates or of purchase of the estates has been left for their use, and there has been no encroachment into the estate area.

Following the decision to pursue RSPO certification, S1 decided to formalize the situation by signing an Memorandum of Understanding (MoU) with the five communities completely within its boundaries, namely Rumah Bunsu, Rumah Gundi, Rumah Tapu, Rumah Merudi and Rumah Rimbo,.

At the time of the assessment, three of the five communities had signed the MoU and, based on interview, it was verified that this was with free and informed consent. The MoU states that the land in question is within SSB's lease and that the communities will continue to have use of the land for as long as SSB has the lease, subject to some conditions restricting the initiation of joint ventures with third parties.

The three houses namely, Rumah Bunsu, Rumah Gundi & Rumah Tapu do not assert NCR land claims, acknowledging that they are using state land or land under lease to PPBOP.

The remaining two communities, Rumah Merudi and Rumah Rimbo, have not signed the MOU. During the consultation with Tuai (village head) Rumah Merudi, in the presence of members of the longhouse, the Tuai stated that his objection to the MoU was the statement that the land in question is within SSB's lease, i.e., belonging to SSB. He claimed that they had been told by the previous licensee, the Sarawak Land Development Board (SLDB) that the land was theirs. However, there is no documentation of this. This community has plans to request the alienation of the land to them from the relevant authorities. However, he indicated that he would be willing to sign the MoU with the omission of that clause.

In the consultation with Tuai Rumah Rimbo, she expressed suspicion of PPBOP's intentions. A member of the longhouse explained that this suspicion was prompted by the fact that S1 was now seeking a formal agreement after many years of non-interference, leading them to wonder whether this was first step by S1 before taking away the land in question. Rumah Rimbo is a splinter from Rumah Merudi.

S1 and the three longhouses which signed the MoU have a participatory map of their area.

S2 has no issue on C2.3.

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.

Indicator 3.1.1 : Annual budget with a minimum 2 years of projection
Major compliance

Specific Guidance : Annual budget may include FFB yield/ha, OER, CPO yield/ha and cost of production that is not required to be publicly available.

Indicator 3.1.2 : Annual replanting programme projected for a minimum of 5 years with yearly review.
Minor compliance

Audit findings

Annual budget for 2008 and cash flow projection for 2009-2014 were available. The budget/cash flow includes allocation for operations, maintenance and social services such as upgrading of workers quarters and other amenities. At Saremas 2, Segarmas and Kaminsky, the budget has also included construction of new water treatment plant.

Through discussion with Accounting Manager, it was noted that, the allocation for upgrading of effluent treatment plant at the Saremas and Saremas 2 Palm Oil Mills had also been highlighted.

However, enhancement is needed to ensure that the budget covers the plan for the conservation area and management of riparian zone. It was informed that this budget would not be from S1 and S2 and hence, it needs to be clearly shown as part of continual improvement.

The replanting programme for Suai Plantation was available and executed accordingly. S2 has no replanting programme planned within the next five years.

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

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

Indicator 4.1.1 : Documented Standard Operating Procedures (SOP) for estates and mills
Major compliance

Indicator 4.1.2 : Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.
Minor compliance

Audit findings

S1 and S2 have established documented procedures for the estates and mills' operation. The Agriculture Manual and Mill Operation Manual were established since 1990's and recently in 2007 both manuals have been revised to address current practices. Apart from that, Safe Operating Procedures (SOP) was also established in 2007.

The agriculture manual includes guidance on oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection. As for the mill, among the SOPs (i.e. Safe and Standard Operating Procedure) were those relating to oil palm processing, boiler operation, effluent treatment plant, products analysis method, workshop activity and chemical and waste handling procedure.

The manual and procedures had been distributed to all levels of Executives for their reference. Briefings had also been conducted to all relevant employees. Interviews with workers and staff revealed that they understood the requirements of the manual and SOPs.

During site assessment at Suai Plantation, it was noted that, mechanical-assisted-infield collection (MAIC) are used. The infrastructure for MAIC need to be enhanced especially on the grading of the track. A procedure for the infrastructure preparation would be of help in ensuring its consistency.

It was also observed at Segarmas, the practice of loading and unloading of FFB at field ramp can be enhanced to ensure the operators safety in carrying the job.

Records demonstrating implementation of procedures were sighted. Among the records sighted were those relating to manuring and spraying programmes, agrochemicals usage and vehicle logbook. For the mill, operation records such as, oil and kernel losses, downtime, throughput, oil and kernel extraction rate, machine operation hours were available and maintained accordingly.

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

Indicator 4.2.1 : Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

Indicator 4.2.2 : Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor compliance

Indicator 4.2.3 : Monitor the area on which EFB, POME and zero-burn replanting is applied.
Minor compliance

Audit findings

S1 and S2 have adopted many best practises in ensuring soil fertility. The main reference is the manuring recommendation made by the Eco-Management Unit. Site assessment and records verification revealed that fertilizers application were made as per the recommendation.

However, it was noted that the current manuring practise of *Kieserite* application can be further improved by providing appropriate tools such as pails to carry the fertilizer and cups to ensure consistency of its application. This activity was observed at block 9802 of Suai Estate.

Based on interview and records assessment, it was noted that the recommendation for fertilizer application was based on leaf sampling and soil sampling analysis. The latest soil sampling was conducted in December 2007 by an external consultant and next sampling will be carried out in middle of 2009. The leaf sampling was carried out annually by Eco-Management Unit and the current report was available based on sampling carried out in February 2008 until April 2008.



Pic 3: Manuring team is being interviewed in Saremas 1 Estate

S1 and S2 is also applying EFB in accordance with the recommendation. The recommended rate of application is 40 ton/ha and placed in between the palms. However, during the on-site assessment, it was noted that the EFB was not properly applied as there were heaps of it by the roadside at some area. It was also observed that some of it was applied quite near to the staff houses and the football field in Suai Plantation. This practise should not be encouraged as it will emit odour and attract flies to surrounding neighbourhood.



Pic. 4: Mulching with EFB at Saremas 1 Estate



Pic. 5: Heap of EFB sighted during site review

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

Indicator 4.3.1 ; Documented evidence of practices minimizing soil erosion and degradation (including maps).
Minor compliance

Specific Guidance: Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2)

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).

For Sabah, slopes 25 degree and steeper are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Protection (Prescribed Activities)(Environment Impact Assessment) Order 2005] and approved by the Environmental Protection Department (EPD).

Slope determination methodology (slope analysis) should be based on average slope using topographic maps or topographical surveys.

Indicator 4.3.2 : Avoid or minimize bare or exposed soil within estates.

Minor compliance

Specific Guidance : Appropriate conservation practices should be adopted.

Indicator 4.3.3 : Presence of road maintenance programme.

Minor compliance

Indicator 4.3.4 : Subsidence of peat soils should be minimised through an effective and documented water management programme

Minor compliance

Audit findings

Site assessment as well as records verification showed that S1 and S2 are implementing practices that minimize soil erosion. Among the practices is maintaining natural vegetation i.e. soft grasses and *Neprolepis biserrata* and cover crop such as *Mucuna bracteata*. The natural vegetation was observed at tall palm and hilly area while cover crop was planted along the road side and at young palm area. In addition, S1 and S2 are also implementing circle weeding.

Apart from that, biomass recycling such as EFB mulching and frond stacking were applied. Diversion of runoff from the field roads into silt pits was implemented at certain areas.

A detailed map on slopes of different gradients was presented during the inspection of S1 and S2. Areas above 25 degrees were demarcated and from the map, only Saremas 2 and Segarmas Estate have steep slopes of more than 25 degrees. These areas constitute 4.2% of the Saremas 2 and Segarmas Estate. However, only 0.6% of these areas are planted with oil palm. Site review at these areas showed that at certain area, slope failures were observed. SSB has a policy on excluding this area for replanting as documented in a memorandum from the top management dated 6 April 2007. Currently it was noted that the highest point of these area are presently left with residual forest.

S1 and S2 have also established a road maintenance programme. However, this was done without proper guidance. Hence, the harvesting roads in the plantations inspected were found to have sections which were water-logged resulting in deep gullies. This could be enhanced through maintenance of side drains to channel water away from the road surface. They have taken immediate corrective action by developing a procedure on road maintenance. Its implementation and effectiveness will be verified in the next surveillance audit.



Pic. 6: Water logging



Pic. 7: Silt pit constructed

Criterion 4.4

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

Indicators:

4.4.1 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.

Major compliance

Specific Guidance:

Riparian buffer zones: Reference to be made to relevant national regulations or guidelines from state authorities e.g. Department of Irrigation and Drainage (DID), whichever is more stringent.

4.4.2 No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate.

Major compliance

4.4.3 Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to C 5.1 and 8.1).

Major compliance

4.4.4 Monitoring rainfall data for proper water management.

Minor compliance

4.4.5 Monitoring of water usage in mills (tonnage water use/tonne FFB processed).

Minor compliance

Specific Guidance:

Data trended where possible over 3 years to look into resource utilization

4.4.6 Water drainage into protected areas is avoided wherever possible.

Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.

Minor compliance

4.4.7 Evidence of water management plans.

Minor compliance

Audit findings

Assessment on site confirmed that riparian belts along the major rivers were maintained and demarcated with appropriate signage. These markings were, however, not observed along small streams in the estates.

A standard procedure for protecting these buffers area is also available. However, during the assessment, signs of weeded circle were still apparent due to restoration works has only started a few months before the assessment.



Pic. 8: Riparian buffer with marker pole

Site assessment throughout S1 and S2 confirmed that there was no construction of bunds/weirs/dams across the main rivers or waterways in the estates. Both the mill and estates were monitoring the rainfall data as well as their water consumption as required by RSPO criteria & indicator. Consultation with Department of Drainage and Irrigation revealed that they have no issue with S1 and S2 operation.

S1 and S2 are committed in ensuring that the water used and discharged is sustainable. There were evidences of water management plans at the mill and estates. Saremas Palm Oil Mill uses rain water that is collected in a man-made pond while Saremas 2 Palm Oil Mill is tapping water from Batang Suai. The water is treated prior to usage.

S1 Central line site is tapping water from river; Sungai Simbau. Suai Central line site is also tapping water from river; Sungai Sawai while Suai 1 and Suai 2 line sites are harvesting rain water. Water tapped from the river will be treated for supply. For rain water harvesting, every house is equipped with its own rain water collection tank.

Saremas 2 line sites are currently harvesting rain water but still depend on Sungai Sebilak and Sungai Linau for washing and bathing. Segarmas main line site is tapping water from tributary of Sungai Linau, while the other 2 line site is currently harvesting rain water.

Kaminsky main line site is currently tapping water from Sungai Kop. While the other 2 line site are currently harvesting rain water.

All the above rivers sourced for water supply (Sungai Sawai, Sungai Simbau, Sungai Sebilak, Sungai Linau and Sungai Suai) are tributaries of Batang Suai.

The management of S1 & S2 has decided to build water treatment **plant** for all line sites.

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

Indicator 4.5.1: Documented IPM system.
Minor compliance

Indicator 4.5.2: Monitoring extent of IPM implementation for major pests.
Minor compliance

Specific Guidance: Major pests include leaf eating caterpillars, rhinoceros beetle and rats.

Indicator 4.5.3: Recording areas where pesticides have been used.
Minor compliance

Indicator 4.5.4: Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (ai) used / tonne of oil.
Minor compliance

Audit findings

S1 and S2 are practicing IPM specifically for controlling leaf eating caterpillar by the planting of beneficial plants along the roadside. Documentation on this practice is in the Agriculture Manual and SOP for the estates. As there has been no record of any serious pest outbreak, other IPM techniques have not been implemented. Visit to the chemical store confirmed that only rat bait is stored for site specific damage control.



Pic. 9: Beneficial plants (*Tunera species*) at Segarmas Estate

The assessment also verified the records of pesticide usage including active ingredients, areas treated, amount applied per hectare and the number of applications. These records were well maintained by the estate.



Pic. 10: Chemical store complete with chemicals safety data sheet (CSDS)

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.

Indicator 4.6.1 : Written justification in Standard Operating Procedures (SOP) of all Agrochemicals use.
Major compliance

Indicator 4.6.2 : Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).
Major compliance

Specific Guidance: Reference shall also be made to CHRA (Chemical Health Risk Assessment)

Indicator 4.6.3 : Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.
Major compliance

Specific guidance : Unless participating in established recycling programmes or with expressed permission from the authorities, triple rinsed containers shall be pierced to prevent misuse. Disposal or destruction of containers shall be in accordance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005.

Indicator 4.6.4 : All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level.
Major compliance

Indicator 4.6.5 : Annual medical surveillance as per CHRA for plantation pesticide operators.
Major compliance

Indicator 4.6.6 : No work with pesticides for confirmed pregnant and breast-feeding women.
Major compliance

Indicator 4.6.7 : Documentary evidence that use of chemicals categorised as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.
Minor compliance

Indicator 4.6.8 : Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant

authorities.
Major compliance

Indicator 4.6.9 : Evidence of chemical residues in CPO testing, as requested and conducted by the buyers.
Minor compliance

Indicator 4.6.10 : Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.
Minor compliance

Audit findings

S1 and S2 are using chemicals that are registered under the Pesticide Act 1974. The chemicals listed are mainly in the class III category. The main chemicals are herbicides such as Roundup, Dewana, Starane, Amine, Diurone, Garlon, Basta and Starmix. Paraquat is not used in the estates.

Other agrochemicals in the store were rodenticides, insecticides and fungicide (for use in the nursery and the golf course). The storage of these chemicals was found to be in accordance to the related legal requirements. The store is locked and specific persons-in-charge have been assigned to attend to it. The appropriate PPE for handling these chemicals were also available at the point of use.

S1 and S2 have provided written justification for all the agrochemicals used in the Agriculture Manual and Standard Operating Procedure for the estates. These documentations include a chemical register list which indicates the purpose of chemical usage (intended target), hazards signage, trade and generic names.

Interview with the chemical storekeeper revealed that he understood the hazards involved and the required control measures. Records of the purchase, storage and use of agrochemicals were properly documented in the Stock Statement Return. Empty chemical containers are triple rinsed and if not required for use in the field are pierced to prevent misuse. Disposal or destruction of empty chemical containers was found to be in accordance with legal requirements.

S1 and S2 have a schedule for medical surveillance of its workers. The medical surveillance is conducted by Estate Hospital Assistant for estate sprayers whose nature of work exposes them to chemicals. 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 sprayers had also undergone annual medical surveillance carried out by Occupational Health Doctor. The exercise was carried out from June to September 2008. The results showed that the workers are fit to work.

S1 and S2 have also adopted a policy on restricting pregnant women to work with pesticide. Interviews with the female spraying gang confirmed that they were aware of this policy. The EHA also played an important role in confirming this matter through the monthly physical medical check up.

S1 and S2 have not used aerial application of agrochemicals and to date, it has not received any request from buyers to test for chemical residue in the CPO.

Consultation with SADIA revealed that, they have received complaint from the local communities surrounding S1 and S2 that they were not properly informed on the safe usage/handling of chemicals. The complaint made during a workshop organized by PAN AP with SADIA and Tenaganita. However, verification on S1 and S2 records revealed that these communities were not engaged by S1 and S2 in their estates.



Pic. 11: Spraying team at Saremas 1 Estate is being interviewed

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

Indicator 4.7.1 : Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act139).

Major compliance

The safety and health (OSH) plan shall cover the following:

- a. A safety and health policy, which is communicated and implemented.
- b. All operations have been risk assessed and documented.
- c. An awareness and training programme which includes the following specifics for pesticides:
 - i. To ensure all workers involved have been adequately trained in a safe working practices (See also C4.8)
 - ii. All precautions attached to products should be properly observed and applied to the workers.
- d. The appropriate personal protective equipment (PPE) are used for each risk assessed operation.
 - i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning.
- e. The responsible person (s) should be identified.
- f. There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed.
- g. Accident and emergency procedures should exist and instructions should be clearly understood by all workers.
- h. Workers trained in First Aid should be present in both field and mill operations.
- i. First Aid equipment should be available at worksites.

Indicator 4.7.2 : Records should be kept of all accidents and periodically reviewed at quarterly intervals.

Major compliance

Specific Guidance : Record of safety performance is monitored through Lost Time Accident (LTA) rate.

Indicator 4.7.3 : Workers should be covered by accident insurance.

Major compliance

Audit findings

S1 and S2 have adopted PPB's Occupational Safety and Health Policy, plan and programme. The

plan is documented, communicated and implemented to all levels of the organization. Hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment.

The HIRARC carried out covered activities in the estates and mill. Among the activities identified were chemical mixing and spraying, harvesting and FFB collection in the estates. As for the mill, the identified activities were FFB sterilization, kernel extraction and oil extraction and clarification and others.

Based on the risk assessment, S1 and S2 have identified significant hazards and risks and determined appropriate risk control measures. However, the HIRARC need to be reviewed. It was noted that, no HIRARC reassessment made after accident occurred on 29th August 2008 and 1st September 2008. Apart from that, HIRARC also need to cover S1's operations such as housing construction and harvesting in certain parts of Suai estate which are hilly and where terracing has not been provided.

During site assessment at Saremas 1 Estate, it was observed that the sprayers had to walk a long distance to get their spraying chemical replenished. This will result in sprayers working longer hours to complete their piece-rated job for the assigned area of the day. This situation has arisen due to change in the S1 system whereby the premixed chemical is now sent to a place using a water trailer instead of jerry cans. However, there are not enough tractors to tow the trailer. Hence, the need for identifying hazards and risks prior to any change or modification in current system is very important.

It was also noted at Segarmas Estate that harvesters are using hook/*ganchu* method of evacuating bunches from field to the loading platforms. This is only confined to selected area. Consideration should be given to use of wheelbarrow whenever possible.



Pic. 12: Harvester using hook/*ganchu* to evacuate FFB at Segarmas Estate

Another improvement that could be considered is the provision of face masks and goggles, in addition to the gloves and aprons provided, for kieserite broadcasting. It was noted that PPE including face masks and goggles were also given to workers handling other types of powdered fertilizers. Apart from that, records of PPE issuance could be improved to capture details such as the date of issuance

and replacement, quantity issued and reason for replacement.

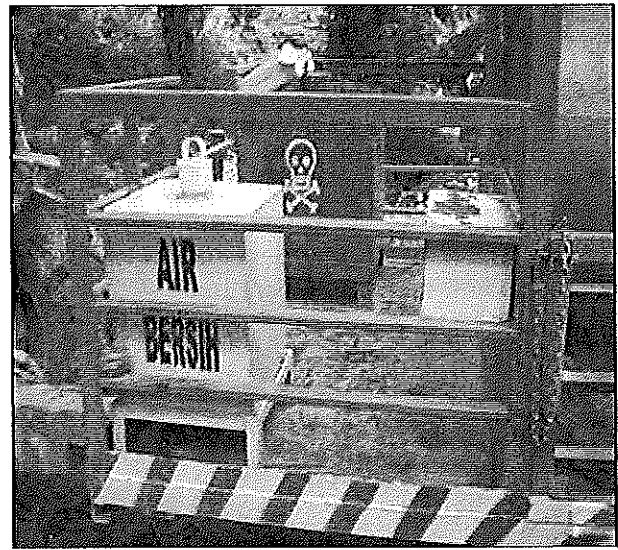
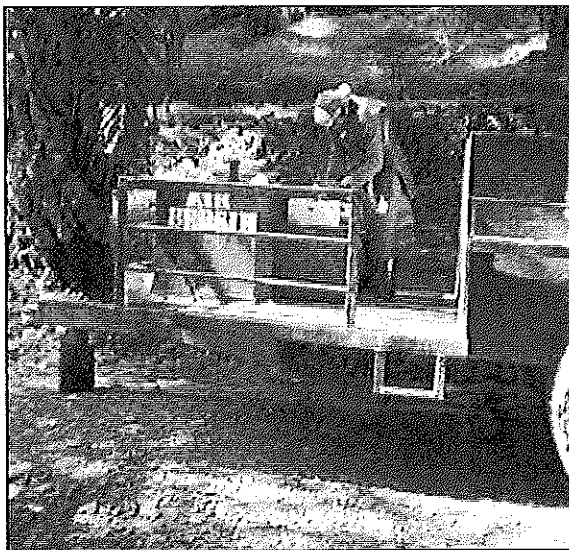
Evidence of implementation of appropriate risk control measures was observed during the field and mill assessment where employees had been provided with and were seen to be using the appropriate PPE. Nevertheless, signages indicating confined space and areas with high noise levels were also noted. Staircases and platforms were fitted with appropriate railings and machine moving parts were properly guarded. In the estate, it was noted that clean water was provided and transported to the field for use by the sprayer team.



Pic. 13: Signboard indicating hazard sign and PPE at the S1 and S2 mills



Pic. 14: Spraying team at Segarmas Estate with appropriate PPE



Pic. 15: Trailer for the spraying team equipped with clean water at Saremas 1 and Segarmas Estate

S1 and S2 also provide facilities for various types of emergencies that had been identified. At the mill, an 'Emergency Room' equipped with basic facilities (i.e. stretcher, First Aid kit, emergency eye wash and shower station) is provided. However, S1 and S2 need to ensure the readiness of its emergency equipment. It was found that water hydrants and hoses were available at several locations in the mill. However, it was noted that some of the water hoses were not in a state where they could be readily used as they had not been fitted with nozzles. It is also recommended that S1 provides an emergency alarm to alert all employees in the event of an emergency.

S2 has conducted fire drill. However, the post mortem report highlighting weaknesses and strength of the drill was not documented. It is also recommended that S2 establish a procedure for emergency

response to hornet stings and snake bites to the workers in the field.

First Aid boxes were provided and maintained at several locations in the S1 and S2 mill's office, stores and workshop. First Aid kits were also made available at Laboratory, workshop and engine room. Interviews with First Aiders found that they were aware of their duties and responsibility. It is also ensured that a qualified first aider is available on every shift.



Pic. 16: S2 mill laboratory – First aid box complete with contents of its list and instruction manual

For the estate, each mandore had also been provided with the First Aid box. However, it was found that some first-aid boxes were not equipped with eye-drops to address any eye irritation.



Pic. 17: Estate mandore been provided with the first aid box.

A Safety and Health Officer (SHO) has been appointed to be responsible for the OSH implementation in the mill and estates. It was verified during the assessment that there are records of regular meetings/communication between management and workers as noted in the regular morning briefings, OSH Committee meetings and Sub-Committee meetings. The minutes of meetings were established and maintained and S1 has taken necessary action to rectify issues highlighted in the meetings.

The assessor also visited the Suai Clinic (government-operated) and the S1 clinic. It was observed that a quite number of cases of diarrhea had been reported throughout S1 and S2. There is a need for S1 and S2 to further investigate and determine the root cause of the problem and ensure no recurrence.

OHS training for staff and workers had been conducted as per the OSH plan and programme developed by the SHO. Among the training identified in the OSH plan were safe operating procedure, first-aid, proper handling of chemicals, understanding of CSDS and the use of PPE. It is felt that OSH training could be further enhanced with the use of pictograms to graphically display correct /acceptable and incorrect/unacceptable practices.

Other OSH plans are workplace inspection/OSH audit, meetings and monitoring programmes. It was also verified during the assessment that accident records were kept and the relevant reports were submitted to the Department of Occupational Safety and Health (DOSH) by the SHO.

S1 and S2 have also ensured that all workers are covered by accident insurance where 'Jerneh Insurance' underwrites to cover all workers in the mill and the estates.

<p>Criteria 4.8 : All staff, workers, smallholders and contractors are appropriately trained.</p>
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<p>Indicator 4.8.1 : A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.</p> <p>Major compliance</p>

Audit findings

S1 and S2 have established a generic process for the identification of training needs which focuses mainly on the job and on OSH-related issues. Linkages from training need identification to training programmes need to be enhanced.

Among the training identified apart from OSH related (refer C4.7) were, waste management, mill and field practices.

Trainings were conducted according to the schedule. Training records are maintained at the estate and mill office. During the assessment, S1 and S2 was still in the process of conducting refresher training mainly focusing on environmental and safety issues to all of the employees.

Apart from the above, pamphlets on the RSPO criteria were also distributed to all employees as part of the awareness programme.

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

<p>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.</p>
<p>Indicator 5.1.1 : Documented aspects and impacts risk assessment that is periodically reviewed and updated. Major compliance</p>
<p>Indicator 5.1.2 : Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. Minor compliance</p>

Audit findings

S1 and S2 have conducted the environmental aspects and impacts risk assessment for activities relating to the estates and mill operation. Records of risk assessment relating to the oil clarification process, kernel separation process, boiler operation, effluent treatment plant and waste management at the mill were sighted. The records of assessment for the estates covered the water catchment area, spraying and manuring activities, the nursery and waste disposal. Periodic review was carried out to capture any changes in the activities or legal requirements. The latest review was conducted on 15 November 2008.

Environmental improvement plans to mitigate the negative impacts had been developed and was being implemented. Among the improvement plans were improving the quality of effluent discharged from the mills, reduction of fuel consumption and increasing the 3Rs initiatives (cross refer to 5.3 and 5.6).

<p>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.</p>
<p>Indicator 5.2.1 : Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings. Major compliance</p>
<p>Indicator 5.2.2 : Management plan for HCV habitats (including ERTs) and their conservation. Major compliance</p>
<p>Indicator 5.2.3 : Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts. Minor compliance</p>

Audit findings

A consultant's report on the survey of ERT species within the residual forested areas of the 5 estates (Saremas 1 Estate, Saremas 2 Estate, Suai Plantation, Segarmas Plantation and Kaminsky Plantation) was sighted. It reported the absence of these sensitive species within the plantations. The report recommended that the residual forest along the ridges in Segarmas Plantation and Sarames 2 Estates are important as a conservation area. This continuous forest belt had been identified as a HCV site.



Pic. 18: Signboard for HCV at Bukit Durang, Segarmas Plantation

Other sites with HCV are the salt lick (Block 9716) and mud pool in Kaminsky Plantation. Both consisted of outlets for hot springs with water oozing out from the mud. As the water contains high levels of minerals, animals are attracted to them. The mud pool was, however, inundated with freshwater as the outlet was clogged with overgrown weeds. To protect these sites and to encourage animal to use them, a buffer zone could be provided around them.



Pic. 19: Salt lick in Kaminsky Plantation



Pic. 20: Mud Pool demarcated HCV site at Kaminsky Plantation

HCV management plan 2008 for Saremas, Segarmas and Kaminsky Estates were presented. These plans could be enhanced with the inclusion of short term, medium-term and long term objectives together with a schedule of work to be conducted.

A more coordinated monitoring mechanism among all the estates for all the HCV sites will assist in data gathering and greater efficiency. Training of selected personnel who have interest in the maintenance of the biological diversity of the HCV areas to form a core team will further improve the protection of these sites. Pooling of resources among the different estates will further improve the efficiency of the monitoring process.

The assessor was informed that poaching was not allowed within the plantation and that SSB was committed to discouraging any illegal or inappropriate hunting. Signages were placed at the entrances of each of the estates and posters on protected animals were also observed at the guard posts. The signage could be further improved by specifying the consequences of infringing the Wildlife Act.



Pic. 21: Signboard banning hunting at Kaminsky Estate

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

Indicator 5.3.1 : Documented identification of all waste products and sources of pollution.

Major compliance

Indicator 5.3.2 : Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

Minor compliance

Specific Guidance : Scheduled wastes to be disposed as per EQA 1974 (Scheduled Wastes) Regulations, 2005. Reference to be made to the national programme on recycling of used HDPE pesticide containers.

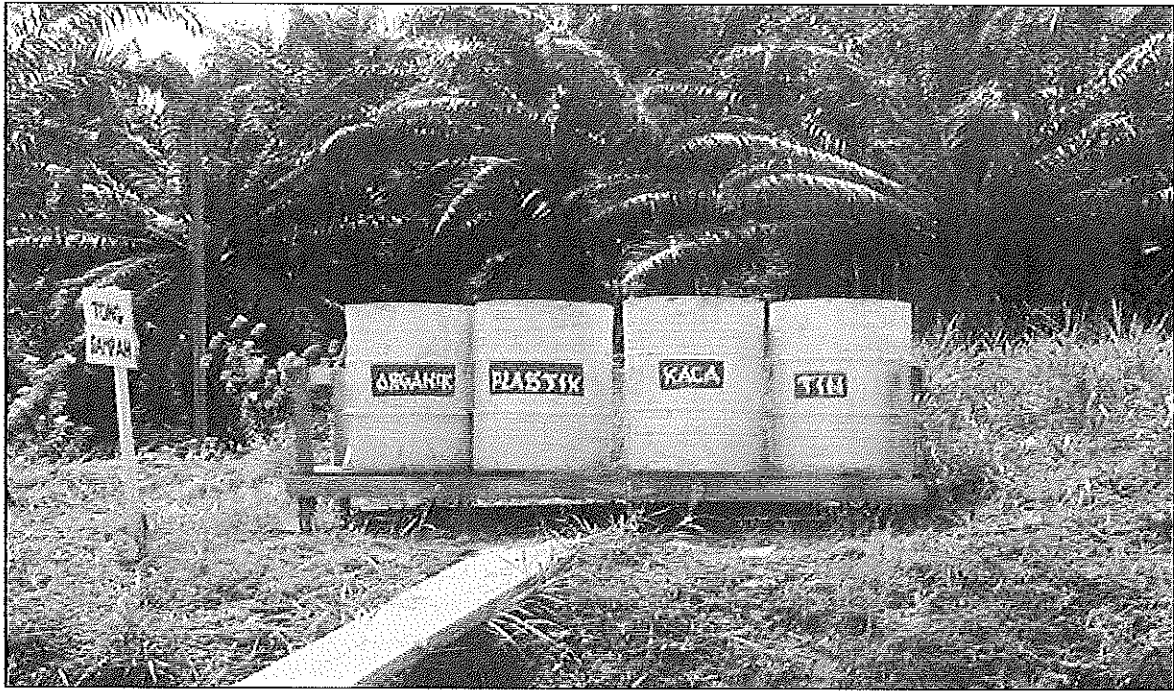
Municipal waste disposal as per local authority or district council in accordance to the Ministry of Health guidelines (i.e. specifications on landfills, licensed contractors, etc) or Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).

Indicator 5.3.3 ; Evidence that crop residues / biomass are recycled (Cross ref. C4.2).

Minor compliance

Audit findings

S1 and S2 have established a waste management plan that covers the identification of waste and the plan to reduce and dispose off the waste in an environmentally and socially responsible manner (cross refer to 5.1). Among the identified wastes and sources of pollution are general waste from the line site and offices. These wastes are generally bio degradable and non hazardous. Most of these wastes are recyclable and S1 and S2 have put in place infrastructure to support the 3R initiatives. The segregated waste bins i.e. plastic, glass and general waste, were placed at several locations within the estate and mill compound. Site assessment at line site and waste disposal area, as well as interviews with workers confirmed the implementation of the recycling initiative.



Pic. 22: Recycle bin provided at Kaminsky line site

Most of the collected recyclable waste was plastic waste. This is sold to vendors from Bintulu/Miri town.

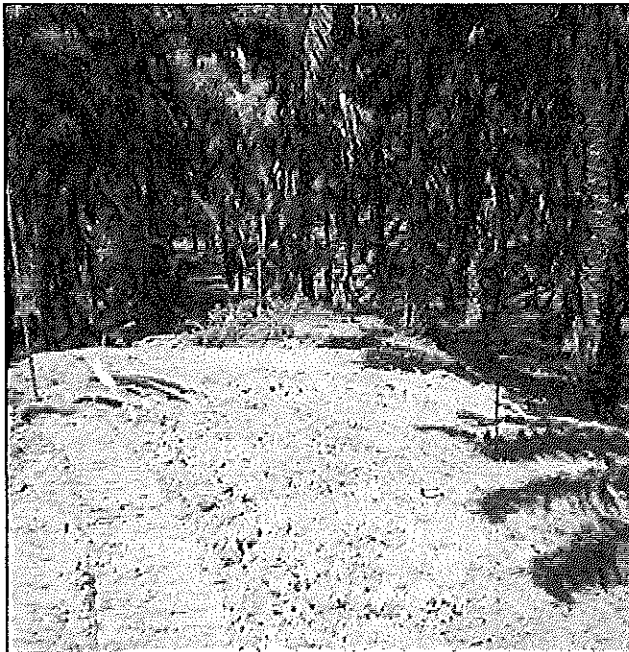
The non-recyclable wastes are disposed by burying them at a designated area. Each area consists of many pits that are active for around one month. The pit is covered with layer of soil at weekly interval as required by their SOP to prevent breeding of flies. The photographs below show the active sites visited.



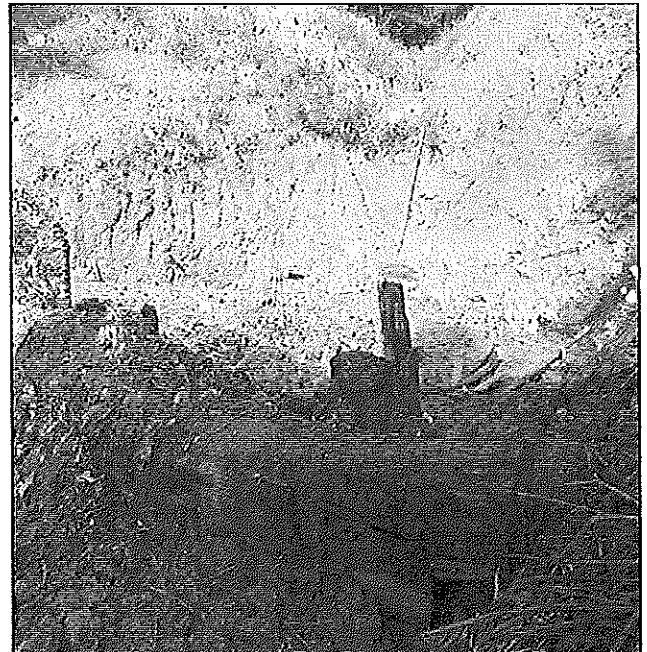
Pic. 23: Signboard indicating designated area for waste disposal at Suai Plantation



Another signage for disposal site at Saremas Estate.

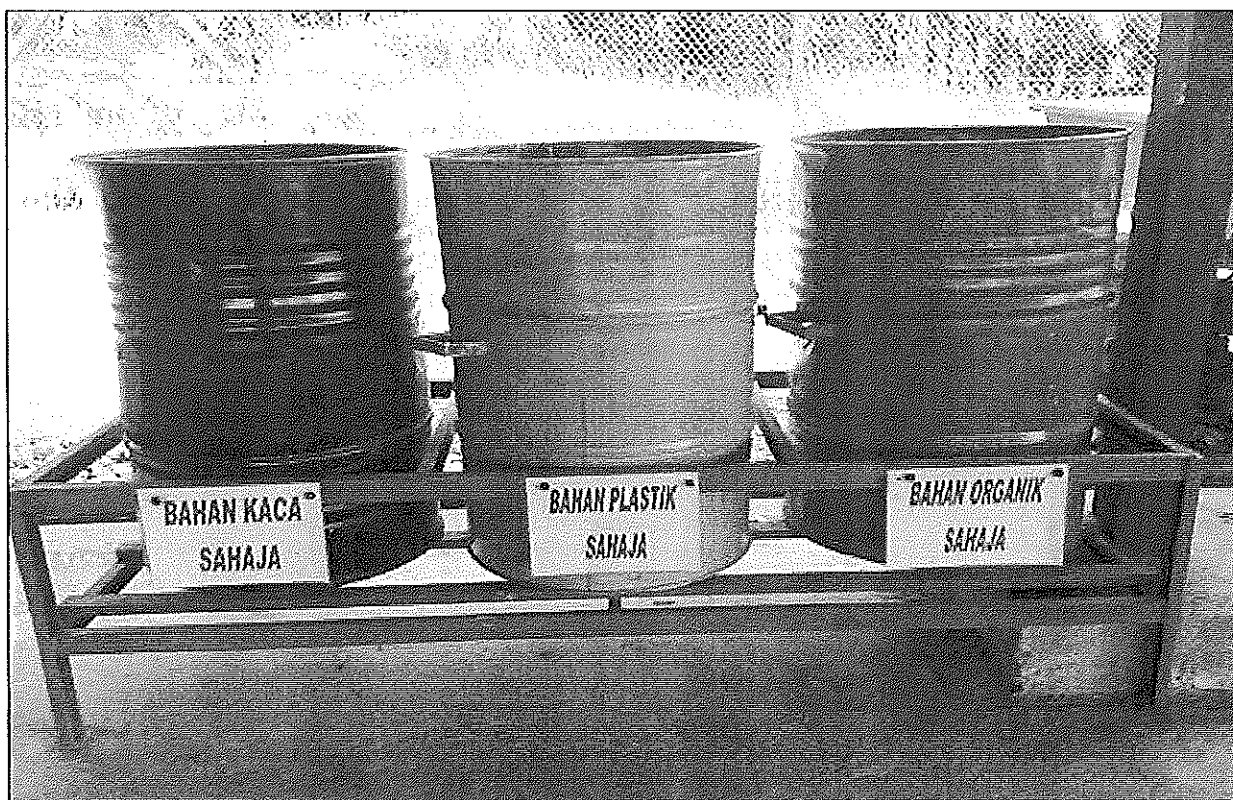


Pic. 25: Old pit being covered with earth and closed



Pic. 26: A new pit is established

Other than general waste, plastic containers/bags from manuring and spraying activities were also collected and reused. Used chemical containers that were triple rinsed were also used as rubbish bins and some were used for field distribution of pre-mixed herbicides. These containers were appropriately labeled to highlight safe use. Chemical containers that can no longer be reused are disposed in accordance with legal requirement.



Pic. 27: Waste bins placed at Segarmas Estate workshop

Wastes from the palm oil milling process are disposed as follows: EFB and decanter cake are sent for mulching in the field, while crop residue/biomass i.e. fibre and shell are used as fuel in the boiler. Palm oil mill effluent (POME) is treated in the effluent treatment plant with final discharge into the waterways.

Other waste generated from maintenance activities of equipment and machinery in the estates or mills are scrap metal and scheduled wastes such as glove contaminated with chemical and used lubricating oil. Assessment team has visited the scrap metal and scheduled waste storage area. Scheduled wastes were managed in accordance with Environmental Quality (Scheduled Wastes) Regulations 2005. S1 and S2 have submitted to DOE the notification of scheduled wastes generation. The waste inventory records/scheduled waste bin card for used lubricating oil and glove contaminated with chemical were maintained. However this practice can be enhanced to ensure waste being track accurately.

The scrap metal is sold to a vendor for recycling while scheduled wastes are disposed through a licenced contractor as required by the authority. The scheduled waste disposal note/consignment note for Saremas 2 Palm Oil Mill dated 20 August 2008 and Suai dated 14 November 2008 were sighted. However S1 and S2 need to ensure all information required in the document to be filled-up.

Generation of the identified wastes are recorded and monitored on a monthly basis.

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

Indicator 5.4.1 : Monitoring of renewable energy use per tonne of CPO or palm product in the mill.
Minor compliance

Indicator 5.4.2 : Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill).
Minor compliance

Audit findings

S1 and S2 are committed to using renewable energy in the mills. Fibre and shell are used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and line site. The usage of this renewable energy is monitored and record was maintained.

Monthly monitoring of fossil fuel usage as per tonne of CPO was also available.

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.

Indicator 5.5.1 : No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.

Major compliance

Indicator 5.5.2 : Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched.

Minor compliance

Specific Guidance : A special dispensation from the relevant authorities should be sought in areas where the previous crop or stand is highly diseased and there is a significant risk of disease spread or continuation into the next crop.

Indicator 5.5.3 : No evidence of burning waste (including domestic waste).

Minor compliance

Audit findings

It was verified during the assessment through site visits, interviews and records that no open burning had been carried out. Records for Suai Plantation replanting revealed that the palm were felled, chipped/shredded and left to decompose within the replanting area.

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

Indicator 5.6.1 : Documented plans to mitigate all polluting activities (Cross ref to C5.1).

Major compliance

Indicator 5.6.2 : Plans are reviewed annually.

Minor compliance

Specific Guidance : Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance.

Audit findings

S1 and S2 have established plans to reduce pollution and emissions. Among the planned actions are the reduction of effluent and improvement of the quality of effluent discharge (cross refer to 2.1).

Another improvement plan is aimed at emission reduction and fuel and chemical consumption reduction. This is implemented by phasing out estate vehicles which have been identified as having high emission of black smoke and high fuel consumption.

Records of the plans and evidence of implementation were sighted. The action plans are also reviewed during regular operations meetings.

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.

Indicator 6.1.1

A documented social impact assessment including records of meetings.

Major compliance

Specific Guidance:

Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

Indicator 6.1.2

Evidence that the assessment has been done with the participation of affected parties.

Minor compliance

Specific Guidance:

Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.

Indicator 6.1.3

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

Minor compliance

Guidance:

Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:

1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport /communication or arrival of substantial migrant labour force.

Audit findings

As SSB has been operating for about twenty years, social impact assessments, in the usual sense of the term, have not been conducted as the impacts from the establishment of plantations have occurred over the years. What is needed now is an assessment of the current situation of the local communities, as a retrospective SIA, and an appraisal of their needs, with a plan and schedule to meet the needs, ranked by urgency.

A scoping assessment report dated 17th September 2008 and a final report dated 29th November 2008 prepared by a consultant engaged by S1 and S2 were sighted. These were based on field work carried out from March 2008, July 2008 and August 2008 by the consultant. The assessment focused on decent wages and on local communities with an emphasis on those on the periphery or just beyond the boundary.

While it was evident that employees and communities were interviewed for the assessment, the degree of participation could be increased, and the consultations enhanced to encourage initiative from the communities in self-assessment, monitoring and evaluation.

Through interviews with the Secretary of local CSR Committee, Social & Welfare Committee and Joint Consultative Committee (JCC), it was revealed that SSB intends to proceed with developing with the

local communities. Hence, relevant village profiles that will provide an entry point into a 'needs assessment' and the starting point of a Community Development Plan (CDP) were gathered.

SSB provides services to the communities encapsulated within their area of operations, e.g., transport for school-going children, maintenance of access roads, assistance with water supplies during periods of severe drought, a kindergarten, and access to their clinics for a fee. However, SSB should consider bringing down the fee to the same level as that of the public clinics in the district.

Apart from the above, there were requests for assistance with water storage tanks and roofing materials, or to be connected to SSB's electricity supply, and to purchase fertilizer by leveraging on SSB's bulk purchasing.

There are, however, some immediate needs pertaining to clean water supply during droughts especially to Rumah Sabang which taps water from the river downstream of SSB. Nevertheless, this is an issue that affects SSB itself during extended droughts.

During the recent site verification on 7th November 2009, it was noted that SSB, and in particular S1, had not conducted any SIA on its decision to dig trenches between them and the smallholdings. Hence, information on the current access route and the smallholders' conflict with the neighbouring plantation (Mega Jutamas) was not known. This has resulted in the complaint lodged by the smallholders to BRIMAS – who later published it in an independent blog 'broken shield' (attachment 5a). A major nonconformity was raised on this matter.

SSB has taken action to correct the nonconformity by conducting the SIA and action plans for further improvement. (refer attachment 5b)

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.

Indicator 6.2.1

Documented consultation and communication procedures.

Major compliance

Indicator 6.2.2

A nominated plantation management official at the operating unit responsible for these issues.

Minor compliance

Indicator 6.2.3

Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.

Minor compliance

Specific Guidance:

Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/ formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

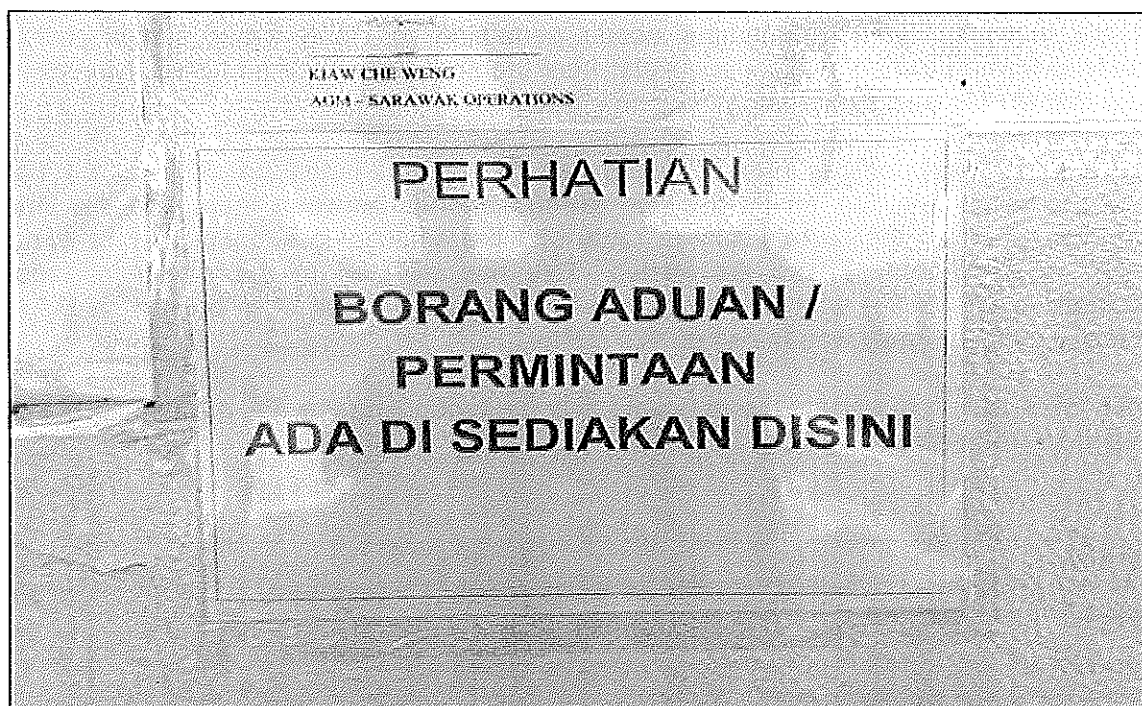
Audit findings

Generally, there are open and transparent methods for communication and consultation between SSB, local communities and other affected or interested parties. A procedure to register requests, complaints or grievances has been established and a corporate social responsibility (CSR) committee at SSB level has also been formed. This committee is made up of the Assistant General Manager

(Sarawak Operations) as the chairman, SSB's Human Resource Manager as the secretary, and includes the managers of the mills and estates.

SSB need to enhance its procedure especially on channels and mechanisms of communication with the communities and indigenous people. It was noted that, as the local cultures remain significantly oral, much of the transmission of complaints, etc. is done in face-to-face oral communication. There is a need to officially record such oral communications.

During the recent site verification, it was noted that this practice still continues.



Pic. 28: Notice to inform 'Complaint form' are available in the estate & mill office

SSB also needs to improve the mechanism for responding to requests received and providing feedback to the communities. Documents and records sighted revealed that requests for assistance received in February 2008 had yet to be decided upon. Discussions with SSB personnel indicated that this is a function of the centralized decision-making process in the organization of which SSB is a component. This can also be enhanced by streamlining the system, with a specific person or persons assigned with the responsibility.

SSB maintains a list of stakeholders that they consulted. However, it is recommended that they determine the criteria for the inclusion of stakeholders (especially the communities) in the list. It was noted that one of the communities which is not within S1 but is in the neighbouring Alam Wasa Plantation was covered by the scoping assessment i.e. Rumah Layang / Ringkai (cross refer to 6.1). Failure to do so may result in SSB taking on the social responsibility for communities that should be under the provenance of the neighbouring plantation companies. Rumah Layang / Ringkai were also visited during this assessment.

The recent complaint raised by the smallholders was a result of the above concern. The affected smallholders were not listed as SSB stakeholder as they were not categorized as direct stakeholders. Direct stakeholders, as currently defined by SSB, are the community of long houses within SSB, contractors/suppliers to SSB and smallholdings that sell FFB to SSB. Hence, SSB needs to redefine the list of stakeholder. A minor nonconformity was raised against indicator 6.2.3 on the maintenance of the list of stakeholders. .

During the site verification assessment, interviews with the affected smallholders who had lodged a complaint against SSB revealed that they were not aware of the grievance procedure established by SSB. The secretary of SSB CSR committee confirmed that this procedure had not been extended to this smallholders group as they have not been identified as stakeholder. .

Nevertheless, SSB have communicated their intention to dig the trenches to the affected smallholders. An official meeting was held on 13th July 2009 which was attended by the affected smallholders and community representatives (cross refers 6.3).

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.

Indicator 6.3.1

Documentation of the process by which a dispute was resolved and the outcome.

Major compliance

Specific Guidance:

Records are to be kept for 3 years.

Indicator 6.3.2

The system resolves disputes in an effective, timely and appropriate manner.

Minor compliance

Indicator 6.3.3

The system is open to any affected parties.

Minor compliance

Guidance:

Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

Audit findings

S1 and S2 have a system for dealing with complaints and grievances. The system is used in managing differences between S1 and the long houses. Relevant records of the process are maintained.

For resolving complaints or grievances internally i.e. from its own workers, SSB uses the complaint form as a mechanism to record the complaint/grievance (cross refer to 6.2). This is then be taken up by the JCC or any other relevant committee such as the CSR committee or the Women and Child committee.

Assessment of complaint and request records revealed that SSB has been managing these in accordance with the established system with the identified stakeholders.

In the case on the recent complaint by the smallholders, SSB uses the CSR committee as the avenue to resolve the dispute.

Details of the meeting minutes, chronology of the events and related documents demonstrating the resolution of the matter are in attachment 5c- 5g.

SSB is also monitoring the action plans as highlighted in their SIA which include communicating of their procedure to the affected community to ensure no further occurrence of any dispute.

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.

Indicators 6.4.1

Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.

Major compliance

Indicator 6.4.2

A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.

Minor compliance

Indicator 6.4.3

The process and outcome of any compensation claims is documented and made publicly available.

Minor compliance

Specific Guidance:

This criterion should be considered in conjunction with Criterion 2.3.

Audit findings

The procedure for identifying legal and customary rights and for identifying people entitled to compensation was established on 28th November 2008. It is regrettable that in a meeting with Rumah Merudi over the MoU, Tuai Rumah Merudi's expression of a desire to refer the matter to a lawyer was discouraged. However, it was noted that in meetings in longhouses, indigenous people are allowed to express themselves through their representatives as well as directly.

(As mentioned earlier, the three houses namely, Rumah Bunsu, Rumah Gundi and Rumah Tapu do not assert NCR land claims, acknowledging that they are using state land or land under lease to PPBOP).

To date, there have been no claims for loss of legal or customary rights over land. There is no procedure for determining fair compensation. However, it is understood that PPBOP adopts the state's method of determining NCR land, as specified by the Land Code 1958, and the state also has a method of determining land values in the event of land acquisition. Nevertheless, the Malaysian Courts, in a number of decisions since 1996, have established a more extended view of NCR. Hence, SSB management, especially those dealing with local communities, should acquaint themselves with these decisions.

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.

Indicator 6.5.1

Documentation of pay and conditions.

Major compliance

Indicator 6.5.2

Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Minor compliance

Indicator 6.5.3

Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).

Minor compliance

Guidance:

Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

Audit findings

The pay and conditions of employment are documented in the Employment Contract, Rule 2 of Labour (Content of a Contract) Rules (Sarawak) 2005. The agreement stated the details of the terms and conditions of employment and minimum wage rate of RM14 per day.

Most field workers such as sprayers, workers for manuring and harvesters are paid on a piece-rated basis according to their work activities. Other workers including mandores and drivers are daily rated.

Interviews with harvesters revealed that they need to be better informed about the details of payment for work done. They highlighted that the payroll slip is not transparent (enough) for them to ensure that they are being paid what is due to them. Amount from various fields appeared as a total and codes which they did not understand were being used. There was no indication of bunch rates for each block or the productivity performance records being exhibited for them to cross-check against.

SSB provides housing, water supply, electric supply and medical services free of charge (except family planning medicine). Other welfare amenities such as a hall, football field, children's playground, crèche, mosques and chapel were also provided.

However, improvement is clearly needed as there are certain areas in the line site which were not provided with piped (treated) water supply. Assessment of records showed that SSB is very much aware of this condition. Budget has been allocated to replace old housing and, all amenities will be upgraded accordingly. This is, however, being done in stages and is expected to be completed at the end of 2009.

On top of the above, SSB is also committed to provide infrastructure whenever practical. This has led to cooperation with an NGO i.e. Borneo Child Aid Society, to provide a school for the children of immigrant workers. The school known as HUMANA has been built and was expected to start operation at the beginning of the new school term. Consultation with Borneo Child Aid Society revealed that they had good cooperation from SSB.

SSB have also provided transport to send local workers' children to school outside their area.

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.

Indicator 6.6.1

Documented minutes of meetings with main trade unions or workers representatives.

Major compliance

Indicator 6.6.2

A published statement in local languages recognizing freedom of association.

Minor compliance

Guidance:

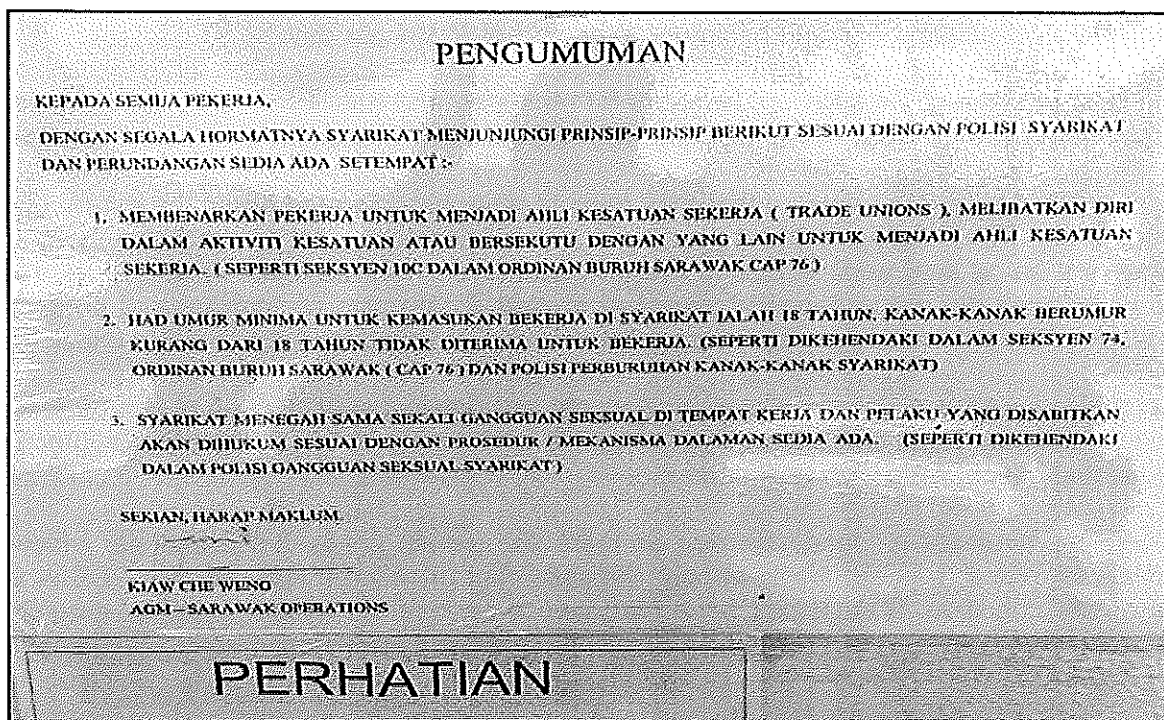
The right of employees and contractors to form associations and bargain collectively with their employer should be respected. Documented company policy recognizing freedom of association.

Labour laws and union agreements or in their absence, direct contracts of employment detailing payments and other conditions are available in the languages understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Audit findings

S1 and S2 respect the rights of its personnel to join any trade union of their choice and to bargain collectively. This is evident through the official published statement in Bahasa Melayu recognizing freedom of association.

Documented minutes of meetings between the management with workers' representatives were also available. Interviews with employees and workers representatives revealed that they understood the requirement of C 6.6.



Pic. 29: Published statement in Bahasa Melayu displayed in the mills notice board

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.

Indicator 6.7.1

Documented evidence that minimum age requirement is met.

Major compliance

Guidance:

Growers and millers should clearly define the minimum working age, together with working hours. Only workers 16 years and older may be employed, with the stated exception of family farms. Smallholders should allow work by children only if permitted by national regulations.

The minimum age of workers should be not less than 16 years, or the minimum school leaving age, or the minimum age permitted under national regulations, where higher.

Audit findings

S1 and S2 have established a policy which prohibits the use of child labour. Its implementation was evident through verification of employment records which showed the minimum age requirement under Sarawak Labour Ordinance section 74 (CAP 76) was being complied with.

Site assessment confirmed that there were no children working in S1 and S2. Interviews with workers also revealed that they were aware of the requirement.

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.

Indicator 6.8.1

A publicly available equal opportunities policy.

Major compliance

Indicator 6.8.2

Evidence that employees and groups including migrant workers have not been discriminated against.
Minor compliance

Guidance:

The grievance procedures detailed in 6.3 apply. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements

Audit findings

S1 and S2 have established an equal opportunities policy and have been implementing it. This policy is displayed in notice boards.

There was also no evidence to show that employees, including migrant workers, have been discriminated against. For instance, all workers were provided with the same housing facilities irrespective of their origin. Interviews with workers revealed that there was no incidence of discrimination.

Criterion 6.9

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

Indicator 6.9.1

A policy on sexual harassment and violence and records of implementation.
Major compliance

Indicator 6.9.2

A specific grievance mechanism is established.
Major compliance

Guidance:

There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.

A committee specifically to address concerns of women may be required to comply with the criterion. This committee will consider matters such as; training on women's rights, counselling for women affected by violence and child care facilities to be provided by the growers and millers. The activities of the committee should be documented.

Audit findings

S1 and S2 have published a policy prohibiting sexual harassment. This policy has been made available to the employees and to the public.

The grievance mechanism for handling sexual harassment issues is also available. A Women and Children committee has been established by S1 and S2 to handle sexual harassment and children-related issues. Interviews with the committee members revealed that they were aware of their roles and responsibilities.

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

Indicator 6.10.2

Current and past prices paid for FFB shall be publicly available.
Minor compliance

Indicator 6.10.3

Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.

Minor compliance

Indicator 6.10.4

Agreed payments shall be made in a timely manner.

Minor compliance

Guidance :

Transactions with smallholders should consider issues such as the role of middlemen, transport and storage of FFB, quality and grading. The need to recycle the nutrients in FFB (under 4.2) should also be considered; where it is not practicable to recycle wastes to smallholders, compensation for the value of the nutrients exported might be made via the FFB price.

Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middlemen are involved.

The need for a fair and transparent pricing mechanism is particularly important for out growers, who are contractually obliged to sell all FFB to a particular mill.

If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.

Audit findings

Saremas Palm Oil Mill has eight FFB suppliers. All of them are from the longhouses surrounding the S1 complex. Their contribution amounted to 4.52% of FFB processed. Three of the suppliers were interviewed during the assessment.

The Interviews revealed that there are areas of improvement to be made. The supplier did not understand the computation of FFB price based on CPO and PK discount, sales tax, MPOB cess and OER rate. This is due to the fact that payment is made on a monthly basis and they were not aware of the current price. Hence, they felt that the deductions on the payment are not transparent.

Apart from that, some of them informed that they were not aware of the increase of processing cost in July 2008 from RM35/tonne to RM 40/tonne.

Even though they had agreed with the monthly payment terms, they were still unhappy with the terms. As a result, many of them are sending their FFB to other mills as far as thirty kilometers away, as the mills pay on a delivery basis.

Saremas 2 Palm Oil Mill received 2.37% of FFB from one smallholding- Hass Plantation.

The pricing mechanisms for FFB were well documented at both Saremas and Saremas 2 Palm Oil Mill. The contract agreements were sighted and the pricing mechanism was stated in it. Assessment of records showed that payment was made on monthly basis as per the agreement.

Both mills have displayed the past prices paid for FFB on the notice board. However the current FFB price was not available. A minor non-conformity was raised on this matter.

Both mills have taken necessary corrective action by putting up the current FFB price on the notice board. They also have conducted briefing to the FFB suppliers regarding FFB computation and terms of payment in ensuring that this matter will no longer exist.

SAREMAS PALM OIL MILL 1
DOKUMENTASI KEGIATAN METRIK BUKAN S. 10/11
FAKOR PERHIMPATAN

BULAN MARCH 2009				BULAN APRIL 2009			
NO	Uraian	Unit	Harga	NO	Uraian	Unit	Harga
1	FFB	ton	1.100	1	FFB	ton	1.100
2	FFB	ton	1.100	2	FFB	ton	1.100
3	FFB	ton	1.100	3	FFB	ton	1.100
4	FFB	ton	1.100	4	FFB	ton	1.100
5	FFB	ton	1.100	5	FFB	ton	1.100
6	FFB	ton	1.100	6	FFB	ton	1.100
7	FFB	ton	1.100	7	FFB	ton	1.100
8	FFB	ton	1.100	8	FFB	ton	1.100
9	FFB	ton	1.100	9	FFB	ton	1.100
10	FFB	ton	1.100	10	FFB	ton	1.100
11	FFB	ton	1.100	11	FFB	ton	1.100
12	FFB	ton	1.100	12	FFB	ton	1.100
13	FFB	ton	1.100	13	FFB	ton	1.100
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15	FFB	ton	1.100	15	FFB	ton	1.100
16	FFB	ton	1.100	16	FFB	ton	1.100
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22	FFB	ton	1.100	22	FFB	ton	1.100
23	FFB	ton	1.100	23	FFB	ton	1.100
24	FFB	ton	1.100	24	FFB	ton	1.100
25	FFB	ton	1.100	25	FFB	ton	1.100
26	FFB	ton	1.100	26	FFB	ton	1.100
27	FFB	ton	1.100	27	FFB	ton	1.100
28	FFB	ton	1.100	28	FFB	ton	1.100
29	FFB	ton	1.100	29	FFB	ton	1.100
30	FFB	ton	1.100	30	FFB	ton	1.100

Pic. 30: Current FFB price displayed on Saremas Palm Oil Mill notice board

Apart from the FFB supplier, interview with the canteen operators highlight their concern on risks transfer to them due to SSB current payment system of using cheque. Workers usually change their cheque when they buy provisions at shop. The provisions shop operator will then pay the change with cash. Hence the risks of bringing cash into the plantation are now on the provision shop operator.

SSB is aware of this matter and discussions have been initiated at PPBOP level. This matter will be verified again in the next surveillance audit.

Criterion 6.11

Growers and millers contribute to local sustainable development wherever appropriate.

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

Guidance:

Contributions to local development should be based on the results of consultation with local communities. See also Criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation and should encourage communities to identify their own priorities and needs, including the different needs of men and women.

Where candidates for employment are of equal merit, preference should always be given to members of local communities in accordance to national policy. Positive discrimination should not be recognized as conflicting with Criterion 6.8.

Audit findings

PBB OP personnel have taken the RSPO process seriously and have sought to develop a new engagement with the local communities beyond the previous "live-and-let-live" approach supplemented with occasional welfare assistance. It is unfortunate that because the primary mode of previous engagement with these communities as communities, as distinct from individual members of these communities as employees, contractors or independent smallholders, has been structured around a welfare basis, the attempt to develop a new engagement remains trapped within the same basis. This is not sustainable in the long run.

Besides welfare-type assistance, a sustainable community-driven development, with community-based

monitoring and evaluation, has yet to be established. It is strongly recommended that a truly consultative CDP committee be established with clear Terms of Reference and tasked to establish a plan of action with goals and benefits clearly stated, setting out priorities to be acted upon, and provided with a broad budget.

Refer C 8.1.

Part of these initiatives can be providing opportunities for enhanced employment of members of local communities in higher level jobs, e.g., by tracking members of those communities who are taking up diploma or degree courses, etc., and by establishing a scholarship scheme, tied to service, for certain fields, possibly through access to the Kuok Foundation, which was set up by the Kuok family, which controls the PPBOP Group.

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.

MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

Indicator 8.1.1

Minimize use of certain pesticides (C4.6)

Major compliance

Indicator 8.1.2

Environmental impacts (C5.1)

Major compliance

Indicator 8.1.3

Maximizing recycling and minimizing waste or by-products generation.

Major compliance

Specific Guidance

To work towards zero-waste (C5.3)

Indicator 8.1.4

Pollution prevention plans (5.6)

Major compliance

Indicator 8.1.5

Social impacts (C6.1)

Major compliance

Indicator 8.1.6

A mechanism to capture the performance and expenditure in social and environmental aspects.

Minor compliance

Guidance

Specific minimum performance thresholds for key indicators should be established. (See also Criterion 4.2, 4.3, 4.4, and 4.5).

Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information and throughout the workforce.

Audit findings

Generally, S1 and S2 have established a system to regularly monitor and review their key activities at the mill and estates, and then initiate action plans for continuous improvement.

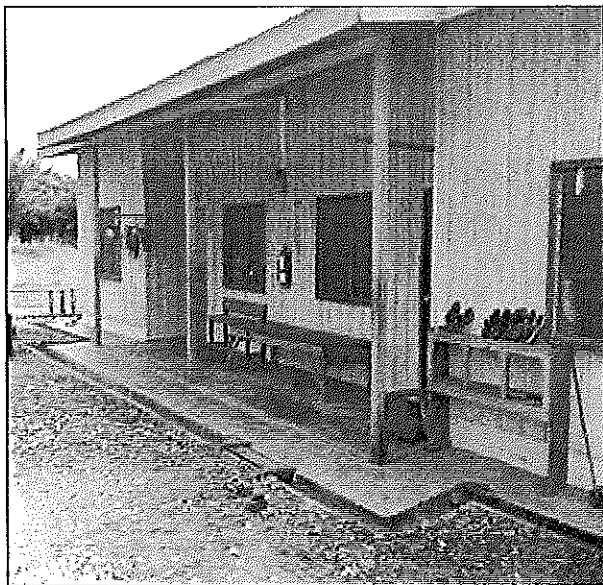
Evidence sighted included the commitment to minimize the use of certain pesticides by implementing IPM. Other improvement plans include the commitment to zero waste by not only using by-products such as EFB & POME in the fields but also increasing the awareness of workers on 3R's initiatives (i.e. reduce, reuse, recycle) as part of their work culture.

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

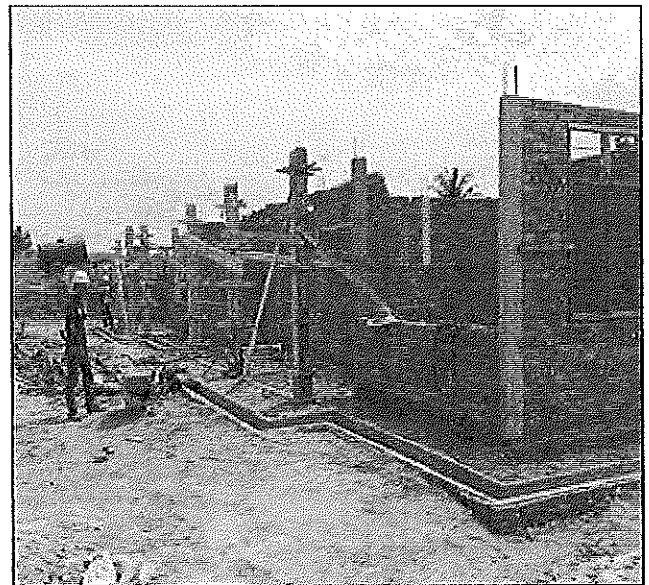


Pic. 31: Bathroom / changing room for sprayer at Segarmas Estate

It was also observed old workers' quarters at S1 and S2 line site are gradually being demolished and replaced with new houses. The upgrading also includes the replacing of wooden ramps with concrete ramps. S2 has allocated certain amount in budget 2009 for construction of new water treatment plant.



Pic. 32: Wooden house



Pic. 33: New houses under construction



Pic. 34: Wooden ramp



Pic. 34: Concrete ramp

4.0 Assessment Recommendation

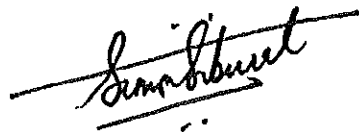
Based on the evidence gathered, it can be concluded that **PPB Oil Palms Berhad, Saremas 1 Certification Unit (S1) and Saremas 2 Certification Unit (S2)** have conformed to the requirements of the RSPO MYNI. All major nonconformities have been closed out through verification of corrective action records and site visits.

The audit team recommends **PPB Oil Palms Berhad Saremas 1 Certification Unit and Saremas 2 Certification Unit** for certification against RSPO MYNI.

5.0 Organization's Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

I, the undersigned, representing Saremas 1 Certification Unit and Saremas 2 Certification Unit, acknowledge and confirm the contents of the assessment report and findings of assessment.

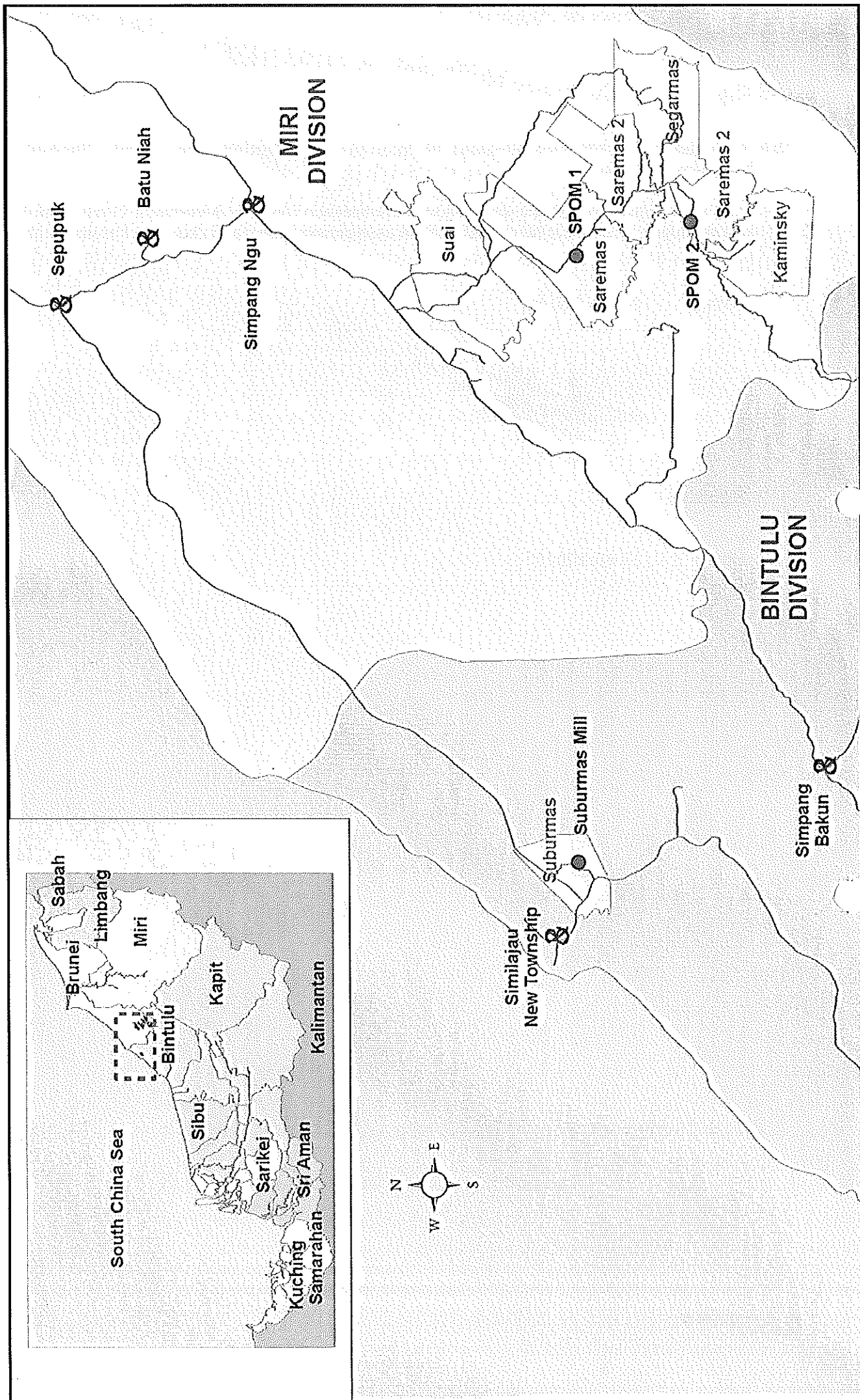
Name : Simon Siburat

A handwritten signature in black ink, appearing to read 'Simon Siburat', is written over a horizontal dotted line.

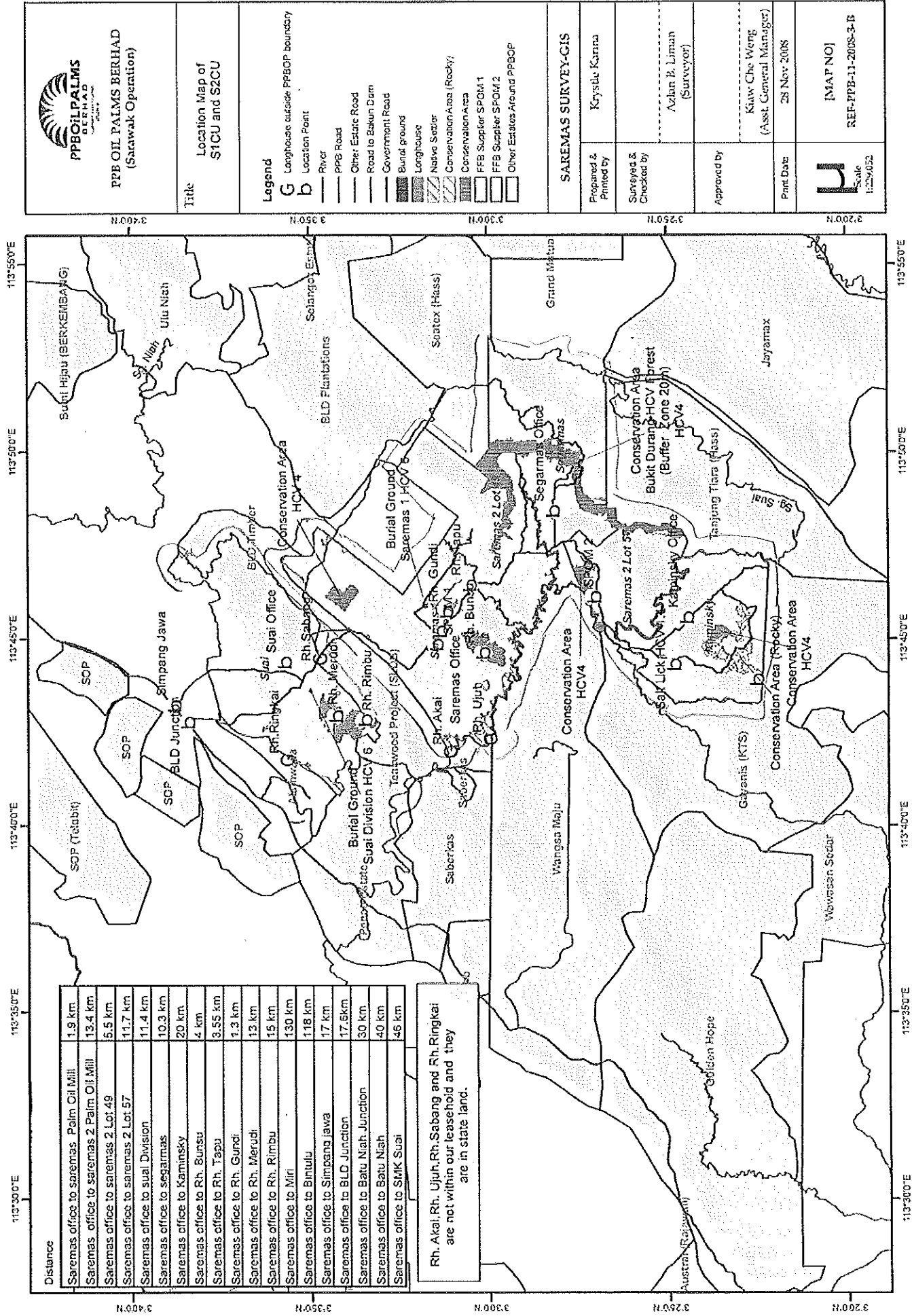
Signature :

Date : 28 April 2010

LOCATION MAP FOR SAREMAS 1 AND SAREMAS 2 IN SARAWAK, MALAYSIA



LOCATION MAP FOR SAREMAS 1 & SAREMAS 2 IN NEIBOURING CONTEXT



ASSESSMENT PROGRAMME

SIRIM QAS INTERNATIONAL SDN. BHD.
Food, Agriculture & Forestry Certification Section

RSPO MAIN ASSESSMENT PLAN

1. **Objectives**
The objectives of the assessment are as follows:
 (i) To determine PPB Oil Palms Berhad (PPOB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
 (ii) To make appropriate recommendations based on the assessment findings.

2. **Date of assessment** : 27 November – 2 December 2008

3. **Site of assessment** : PPB Oil Palms Berhad
 Saremas 1 Palm Oil Mill,
 Saremas 2 Palm Oil Mill,
 Saremas 1 Estate,
 Saremas 2 Estate,
 Suai Division,
 Kaminsky Plantation Sdn. Bhd.
 Segarmas Plantation Sdn. Bhd.
 KM 115 Bintulu –Miri Road,
 Miri, Sarawak.

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

5. **Assessment Team**
 a. **Lead Assessor** : Sabarinah Marzuky
 b. **Assessor** : Dr. Yap Son Kheong
 Mr. Khoo Khay Jin
 Mr. Mahzan Munap
 Trainee Assessor : Mohd. Azlisham Shaari
 Technical Specialist : Hj. Abd. Aziz Abu Bakar
 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	:	Sixty 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 group

11. Assessment Programme Details : As below

Day one : 26 November 2008 (Thursday)

Activities /areas to be visited	Sabarinah	Khoo Khay Jin	Auditee
03.00 – 04.00 pm	Stakeholder consultation - Meeting with SADIA		

Day two : 27 November 2008 (Thursday)

Activities /areas to be visited	Sabarinah & Hj. Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
08.00-08.15 am	Opening Meeting, Audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader.				Top mgmt & Committee Member
08.15-08.30 am	Briefing on the organization background and implementation of RSPO (including action taken to address stage 1 assessment findings)				Management Representative
08.30-12.00 pm	<p>Site visit and assessment at plantation area Saremas 1 & Suai Estate:</p> <ul style="list-style-type: none"> Nursery (if any) chemical store/fertilizer scheduled waste store workshop general waste disposal area EFB mulching Plantation on hilly/swampy area witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) 	<p>Site visit and assessment at environmentally area of concern:</p> <ul style="list-style-type: none"> Area of more than 25° Riparian zone River system including POME discharge Forested area Plantation boundary Water bodies Source of water supply EMU project Salt lick (lot 9705 of Kaminsky estate) Mud pool (Lot 9641 of Kaminsky Estate) Other area identified during the assessment 	<p>Site visit and assessment at Saremas 1 Palm Oil Mill:</p> <ul style="list-style-type: none"> Administration department Facilities at workplace (rest area, etc) Utilities (gen-set, boiler, etc.) Production area Chemical store Workshop Waste store Interview with union representative Living quarters 	<p>Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as EIA, SIA, HCVs assessment and management plans.</p> <p>Visit and assessment at:</p> <ul style="list-style-type: none"> Saremas 1 longhouses (schedule according to their convenience: Management to please inform longhouses of the assessment and obtain times convenient to longhouses) e.g. Rumah Bunsu, Rumah Gundi and Rumah Tapu 	Guide/PIC
12.00-02.00 pm	Break				
02.00-04.30 pm	<ul style="list-style-type: none"> Assessment on P2 (C2.1, C2.2- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5, P8 	<p>Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3- 5.3.3, 5.4, 5.6), P8</p>	<p>Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	<p>Assessment on P1, P2-C2.1- 2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8</p>	Guide/PIC

	• Assessment on records related to the earlier assessment			
04.30-07.30pm		Break		
07.30-10.00pm		Audit Team discussion		
10.00 pm		End of Day 1		

Day three : 28 November 2008

Activities/areas to be visited	Sabarinah & Hj. Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
08.00-12.00 pm	<ul style="list-style-type: none"> Site visit and assessment at plantation area Saremas 2 & Segarmas Estate: • Nursery (if any) • chemical store/fertilizer • scheduled waste store • workshop • general waste disposal area • EFB mulching • Plantation on hilly/swampy area • witness activities at site (weeding/ spraying/other maintenance activities/ harvesting) 	Continue with the previous day assessment	Site visit and assessment at Saremas 1 Estate & Suai Division: <ul style="list-style-type: none"> • Administration department • Facilities at workplace (rest area, etc) • Chemical store/fertilizer • Workshop • Waste store • Interview with union representative • Living quarters • Crèche • Dispensary • Government clinic (Batu Niah) 	Continue visits and assessment at: <ul style="list-style-type: none"> • Saremas 1 longhouses e.g. Rumah Akai and Rumah Ujuh (arrangements as above) • Kampung Sri Jaya • Humana School 	Guide/PIC
12.00-02.00 m		Break			
02.00-03.30 pm	<ul style="list-style-type: none"> • Assessment on P2 (C2.1, C2.2- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5., P8 • Assessment on records related to the earlier assessment 	Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.41, 4.4.2, 4.4.6) P5 (C5.2, C5.3- 5.3.3, 5.4, 5.6), P8	Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2-C2.1- 2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide /PIC
03.30-05.30pm		Interview with employees (mill & plantation for Saremas 1).			Guide/ Identified employees
05.30-08.00pm		Break			
08.00-10.00 m		Audit team discussion			
10.00pm		End of Day 2			

Day four : 29 November 2008

Activities/areas to be visited	Sabarinah & Hj. Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
08.00-12.00 pm	Continue with the previous day assessment	Continue with the previous day assessment	Site visit and assessment at Saremas 2 Palm Oil Mill: <ul style="list-style-type: none"> Administration department Facilities at workplace (rest area, etc) Utilities (boiler, gen-set) Chemical store/fertilizer Workshop Waste store Interview with union representative Living quarters 	Visits & assessment at: <ul style="list-style-type: none"> Suai division longhouses (schedule according to their convenience: Management to please inform longhouses of the assessment and obtain times convenient to longhouses) e.g. Rumah Rimbu and Rumah Merudi, (arrangements as above) Discussion with NGOs e.g. BRIMAS, SADIA and Sahabat Alam (either 29 or 30th as per their availability)	Guide/PIC
12.00-02.00pm	Break				
02.00-03.30 pm	<ul style="list-style-type: none"> Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5., P8 Assessment on records related to the earlier assessment 	Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3- 5.3.3, 5.4, 5.6), P8	Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2-C2.1- 2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide /PIC
03.30-05.30pm	Interview with employees (mill & plantation for Saremas 2).				
05.30-08.00pm	Break				
08.00-10.00pm	Audit team discussion				
10.00pm	End of Day 3				

Day five : 30th November 2008

Activities/area to be visited	Sabarinah & Hj. Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
07.30-12.00pm	Verification on any outstanding issue & report writing	Discussion on findings & end of assessment	Site visit and assessment at Saremas 2 & Segarmas Estate:	Continuation of visits & assessments at: <ul style="list-style-type: none"> Suai division longhouses 	

		<ul style="list-style-type: none"> Facilities at workplace (rest area, etc) Chemical store/fertilizer Workshop Waste store Interviews with plantation workers (if needed) 	e.g. Rumah Sabang and Rumah Ringkai (arrangements as above)	
12.00-02.0 pm	Break			
02.00-03.30 m		Assessment on P1, P2, C4.7		Guide /PIC
03.30-04.30pm	Audit Team Discussion			
04.30-05.30pm	Discussion on Hj. Aziz, Mahzan & Khoo Kay Jin's Findings			
05.30 pm	End of Day 4			

Day six : 1st December 2008

Activities/area to be visited	Sabarinah	Azlisham	Auditee
07.30-12.00 m	Site visit and assessment at Saremas 1 Palm Oil Mill: <ul style="list-style-type: none"> Production area (receiving to storage) Utilities (gen-set, boiler, ETP, etc.) General waste disposal area 	Site visit and assessment at Saremas 2 & Segarmas Estate: <ul style="list-style-type: none"> Administration department Interview with union representative Living quarters 	
12.00-02.00 m	Break		
02.00-04.30pm	<ul style="list-style-type: none"> Assessment on P1, P2, P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8 for Saremas 1 & 2. Verification on plan for other management unit & smallholder certification 	Assessment on P1, P2, P3, P6 (6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 for Saremas 1 & 2	Guide /PIC
04.30-05.30pm	Audit team discussion		
05.30 pm	End of Day 5		

Day seven : 2nd December 2008

Activities/area to be visited	Sabarinah	Azlisham	Auditee
07.30-10.00pm	Site visit and assessment at Saremas 2 Palm Oil Mill: <ul style="list-style-type: none"> Production area (receiving to storage) Utilities (gen-set, boiler, ETP, etc) General waste disposal area 	Verification on any outstanding issue	

10.00-11.00 am	Audit Team Discussion		
11.00-12.00 pm	Discussion on audit findings		Committee member
02.00-04.00 pm	Travel to Miri		Guide
04.00-05.00 pm	Stakeholder consultation – meeting with Department of Environment (DOE) , Miri		

ACTUAL ASSESSMENT PROGRAMME

SIRIM QAS INTERNATIONAL SDN. BHD.
Food, Agriculture & Forestry Certification Section

RSPO MAIN ASSESSMENT PLAN

1. **Objectives**
The objectives of the assessment are as follows:
 (i) To determine PPB Oil Palms Berhad (PPBOPB) conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI).
 (ii) To make appropriate recommendations based on the assessment findings.

2. **Date of assessment** : 27 November – 2 December 2008

3. **Site of assessment** : PPB Oil Palms Berhad
 Saremas 1 Palm Oil Mill,
 Saremas 2 Palm Oil Mill,
 Saremas 1 Estate,
 Saremas 2 Estate,
 Suai Division,
 Kaminsky Plantation Sdn. Bhd.
 Segarmas Plantation Sdn. Bhd.
 KM 115 Bintulu –Miri Road,
 Miri, Sarawak.

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

5. **Assessment Team**
 a. Lead Assessor : Sabarinah Marzuky
 b. Assessor : Dr. Yap Son Kheong
 Mr. Khoo Khay Jin
 Mr. Mahzan Munap
 Mohd. Azlisham Shaari
 c. Trainee Assessor :
 Technical Specialist : Hj. Abd. Aziz Abu Bakar
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	:	Sixty 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 group

11. Assessment Programme Details : As below

Day one : 26 November 2008 (Thursday)

Activities /areas to be visited	Sabarinah	Khoo Khay Jin	Auditee
03.00 – 04.00 pm	Stakeholder consultation - Meeting with SADIA		

Day two : 27 November 2008 (Thursday)

Activities /areas to be visited	Sabarinah & Hj. Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
08.00-08.15 am	Opening Meeting, Audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes by audit team leader.				Top mgmt & Committee Member
08.15-08.30 am	Briefing on the organization background and implementation of RSPO (including action taken to address stage 1 assessment findings)				Management Representative
08.30-12.00 pm	<p>Site visit and assessment at plantation area Saremas 1:</p> <ul style="list-style-type: none"> Witness activities & assessment at site i.e. harvesting, spraying, manuring & EFB Mulching gangs. chemical store/fertilizer scheduled waste store workshop general waste disposal areas 	<p>Site visit and assessment at environmentally area of concern at Kaminsky Estate.</p> <ul style="list-style-type: none"> Riparian zone Steep area HCV forest Water sampling points Salt lick (lot 9705 of Kaminsky estate) Mud pool (Lot 9641 of Kaminsky Estate) Water bodies 	<p>Site visit and assessment at Saremas Palm Oil Mill:</p> <ul style="list-style-type: none"> Administration department Utilities (gen-set, boiler, etc.) Production area Chemical store Workshop Waste store Interview with worker & union representative Living quarters 	<p>Discussion with relevant management (CSR, community affairs) and preliminary viewing of documentation relating to local community and indigenous peoples issues such as MoU, SIA, training records and minutes of JCC meeting</p> <p>Visit and assessment at:</p> <ul style="list-style-type: none"> Saremas 1 longhouses i.e. Rumah Bunsu, Rumah Gundi and Rumah Tapu. 	Guide/PIC
12.00-02.00 pm	Break				
02.00-04.30 pm	<ul style="list-style-type: none"> Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5., P8 Assessment on records related to the earlier assessment 	<p>Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3- 5.3.3, 5.4, 5.6), P8</p>	<p>Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8</p>	<p>Assessment on P1, P2-C2.1- 2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8</p>	Guide/PIC
04.30-07.30pm	Break				
07.30-10.00pm	Audit Team discussion				

10.00 pm	End of Day 1				
Day three : 28 November 2008					
Activities/areas to be visited	Sabarinah & Hj.Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
08.00-12.00 pm	Site visit and assessment at Suai Division: <ul style="list-style-type: none">• Witness activities & assessment at site i.e. harvesting, spraying, manuring & EFB Mulching gangs.• In field-Mechanization workshop• general waste disposal area• EFB mulching• Harvesting on hilly/swampy area	Site visit and assessment at Segarmas Estate: <ul style="list-style-type: none">• Bukit Durang• Buffer zone• Water bodies• Estate Boundary	Site visit and assessment at Suai Division: <ul style="list-style-type: none">• Chemical store/fertilizer Workshop• Schedule waste store• Interview with worker & representative workers• Living quarters• Land fill• Witness activities & assessment at site i.e. spraying gang.• Dispensary, Interview with EHA.	Continue visits and assessment at: <ul style="list-style-type: none">• Saremas 1 longhouses i.e. Rumah Merudi and Rumah Sabang	Guide/PIC
12.00-02.00 m	Break				
02.00-03.30 pm	<ul style="list-style-type: none">• Presentation by PPB Sarawak Operation accounting Manager• Assessment on P2 (C2.1, C2.2- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5., P8• Assessment on records related to the earlier assessment	<ul style="list-style-type: none">• Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3-5.3.3, 5.4, 5.6), P8	<ul style="list-style-type: none">• Presentation by PPB Sarawak Operation accounting Manager• Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	<ul style="list-style-type: none">• Presentation by PPB Sarawak Operation accounting Manager• Assessment on P1, P2- C2.1-2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide /PIC
03.30-05.30pm	Interview with employees (mill & plantation for Saremas 1).				
05.30-08.00pm	Break				
08.00-10.00 m	Audit team discussion				
10.00pm	End of Day 2				

08.00-12.00 pm	Site visit and assessment at Segarmas Estate <ul style="list-style-type: none"> • Witness activities & assessment at site i.e. harvesting, spraying, manuring & EFB Mulching • Interview with workers & Sundry shop as well contractor for labour line 	Site visit and assessment at Saremas Estate: <ul style="list-style-type: none"> • Sungai Sawai • Sungai Simbau • Estate Boundary • Buffer zone 	Site visit and assessment at Segarmas Estate & Saremas 2 Palm Oil Mill: <ul style="list-style-type: none"> • Witness activities & assessment at site i.e. harvesting, spraying, manuring & EFB Mulching • Dispensary • Interview with workers & worker representative • Administration department • Facilities at workplace (rest area, etc) • Utilities (boiler, gen-set) • Chemical store/fertilizer • Workshop • Waste store • Living quarters 	Visits & assessment at: <ul style="list-style-type: none"> • Suai division longhouses i.e. Rumah Rambu and Rumah Ringkai 	Guide/PIC
12.00-02.00pm	Break				
02.00-03.30 pm	Assessment on P2 (C2.1, C2.2.- 2.2.1, 2.2.2, 2.2.3), P3, P4 (C4.1, 4.2, 4.3, 4.5, 4.6), C5.5., P8 Assessment on records related to the earlier assessment	Assessment on P1, P2 (C2.1- 2.1.1, C2.2-2.2.3, P3, P4(C4.4- 4.4.1, 4.4.2, 4.4.6) P5 (C5.2, C5.3- 5.3.3, 5.4, 5.6), P8	Assessment on P1, P2-C2.1- 2.1.1, C4.7, P6 (6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8	Assessment on P1, P2-C2.1- 2.1.1, P6 (6.1, 6.2, 6.3, 6.4) P8	Guide /PIC
03.30-05.30pm	Interview with employees (mill & plantation for Saremas 2).				
05.30-08.00pm	Break				
08.00-10.00pm	Audit team discussion				
10.00pm	End of Day 3				

Day five : 30th November 2008

Activities/area to be visited	Sabarinah & Hj.Aziz	Dr. Yap S.K	Mahzan & Azlisham	Khoo Khay Jin	Auditee
07.30-12.00pm	Verification on any outstanding issue & report writing	Verification on any outstanding issue & report writing	Site visit and assessment at Saremas 1 Estate:	Continuation of visits & assessments at: <ul style="list-style-type: none"> • Suai division longhouses 	

			<ul style="list-style-type: none"> Facilities at workplace (rest area, etc) Chemical store/fertilizer Workshop Waste store 	e.g. Rumah Sabang and Rumah Ringkai	
12.00-02.0 pm	Break				
02.00-03.30 m			Assessment on P1, P2, C4.7		Guide /PIC
03.30-04.30pm	Audit Team Discussion				
04.30-05.30pm	Discussion on Hj. Aziz, Mahzan & Khoo Kay Jin's Findings				
05.30 pm	End of Day 4				

Day six : 1st December 2008

Activities/area to be visited	Sabarinah	Azlisham	Auditee
07.30-12.00 m	Site visit and assessment at Saremas 1 Palm Oil Mill: <ul style="list-style-type: none"> Production area (receiving to storage) Utilities (gen-set, boiler, ETP, etc.) General waste disposal area Interview with the workshop mechanic at Saremas 1 Estate. 	Interview workers at Saremas Estate 1 & 2 and Saremas Palm Oil Mill: <ul style="list-style-type: none"> Interview with Plantation workers & Gender committee for Saremas Estate 1 & 2. Interview with the FFB suppliers, canteen owner & Gender committee for Saremas Palm Oil Mill. 	
12.00-02.00 m	Break		
02.00-04.30pm	<ul style="list-style-type: none"> Assessment on P1, P2, P4 (C4.4-4.4.3, 4.4.4, 4.4.5, 4.4.7, C4.8), P5(C5.1, C5.3-5.3.1, 5.3.2, C5.4, C5.6), P8 for Saremas 1 & 2. Verification on plan for other management unit & smallholder certification 	Assessment on P1, P2, P3, P6 (6.1, 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.11), P8 for Saremas 1 & 2	Guide /PIC
04.30-05.30pm	Audit team discussion		
05.30 pm	End of Day 5		

Day seven : 2nd December 2008

Activities/area to be visited	Sabarinah	Azlisham	Auditee
07.30-10.00pm	Verification on outstanding issue	Verification on outstanding issue	

10.00-11.00 am	Audit Team Discussion	
11.00-12.00 pm	Discussion on audit findings	Committee member
02.00-04.00 pm	Travel to Miri	Guide
04.00-05.00 pm	Stakeholder consultation -- meeting with Department of Environment (DOE) , Miri	

DETAIL OF NON-CONFORMITY & CORRECTIVE ACTIONS TAKEN

P & C, Indicator	Specification Major/Minor	Detail of Non-conformities	Corrective Action	Verification by Assessor								
Criterion 2.1 Indicator 2.1.1	Major	Assessment of records and input from stakeholder revealed that Saremas Palm Oil Mill and Saremas 2 Palm Oil Mill have been discharging effluent with levels of BOD and SS that are exceeded the limit specified by the authority on several occasions.	<p>To have a meeting with DOE, Miri</p> <p>a)Interim measure:</p> <ul style="list-style-type: none">- To install surface aerators at the facultative ponds <p>b)Long term measure</p> <ul style="list-style-type: none">- ponds desludging- construct new additional ponds- installing tertiary plant to treat the effluent prior to final discharge. <p>Other corrective action plan with a permanent solution aimed at preventing recurrence of the issue is listed in letter to DOE attachment 4c.</p>	<p>Series of discussion and correspondence with DOE Miri & DOE Kuching were held to get agreement and approval for the followings:</p> <p>a) Installation of 11 + 2 surface aerators and mixers. this corrective action was completed on 30th September 2009</p> <p>b) Desludging at pond 4 Saremas palm Oil Mill. This corrective action was completed on 28th August 2009</p> <p>Schedule for desludging in the next five years for both mills are available and have been submitted to DOE.</p> <p>c) Providing additional ponds to the existing system in order to prolong the retention time. The longer retention time will assist in degradation and result in lower BOD and SS level. Five additional ponds for Saremas palm Oil Mill and four additional ponds for Saremas 2 Palm Oil Mill are under construction. As of October 2009, the completed ponds are being filled up and there has been no discharge to the waterways. It is expected that no discharge to waterways for both mills until February 2010 for Saremas palm oil mill and April 2010 for Saremas 2 palm oil mill</p> <p>d) Installation of tertiary plant in Saremas 2 Palm Oil Mill. The construction work has started and expected to be completed in April 2010.</p>								
The mills do not have adequate competent Persons-In-Charge as required by Factories and Machinery Act 1967.			i- The current personnel have the relevant experience. Their competence will be confirmed by requiring them to undergo the DOSH competency assessment.	Summary of corrective action for item i & ii as of 27 th September 2009 :								
				<table><tr><th>Mill</th><th>Job Category</th><th>No. required</th><th>Status</th></tr><tr><td>Saremas</td><td>1st Grade steam engineer</td><td>1</td><td><ul style="list-style-type: none">A manager has been transferred from other operating unit since 23rd</td></tr></table>	Mill	Job Category	No. required	Status	Saremas	1 st Grade steam engineer	1	<ul style="list-style-type: none">A manager has been transferred from other operating unit since 23rd
Mill	Job Category	No. required	Status									
Saremas	1 st Grade steam engineer	1	<ul style="list-style-type: none">A manager has been transferred from other operating unit since 23rd									

					April 2009. <ul style="list-style-type: none">• Vacancies were advertised for Mill Managers with 1st grade steam engineer certificate• Two interview sessions have been conducted with nine shortlisted candidates.• An offer letter has been extended to one of the candidates as of 8th September 2009.
			Engine driver 2 nd grade steam boiler certificate	1	<ul style="list-style-type: none">• One of the five candidates sent for Engine driver 2nd grade steam boiler certificate assessment by DOSH has qualified for the position since 17th August 2009.• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.
			Electrical Chargeman	1	<ul style="list-style-type: none">• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.• Currently, a visiting electrical chargeman has been appointed.
		Saremas 2	1 st Grade steam engineer	1	<ul style="list-style-type: none">• The current mill manager has undergone the recent 1st grade steam engineer examination. Awaiting result of the assessment from DOSH.

	engineer 2- Engine driver with steam boiler certificate for each shift 3- Electrical chargeman for each shift	<p>Mill managers and engine drivers have submitted applications to DOSH for the forthcoming DOSH competency assessment .</p> <p>As part of the succession plan, mill engineers have also submitted applications to DOSH to sit for the forthcoming steam engineer examination.</p> <p>ii- To advertise in local newspaper for the positions of mill managers with 1st Grade Steam Engineer, Engine Driver and Electrical Chargeman</p>	
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engineer
2- Engine driver with steam boiler certificate for each shift
3- Electrical chargeman for each shift

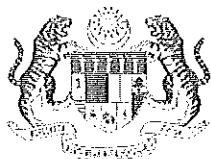
Mill managers and engine drivers have submitted applications to DOSH for the forthcoming DOSH competency assessment.

As part of the succession plan, mill engineers have also submitted applications to DOSH to sit for the forthcoming steam engineer examination.

ii- To advertise in local newspaper for the positions of mill managers with 1st Grade Steam Engineer, Engine Driver and Electrical Chargeman

Criterion 6.1 Indicator 6.1.1	Major	SSB has not conducted SIA on its decision to dig trenches between them and the smallholdings at	Conduct SIA and provide recommended action plans to: 1) Improved communication and engagement.				<table><tr><td></td><td></td><td></td><td><ul style="list-style-type: none">• Vacancies were advertised for Mill Managers with 1st grade steam engineer from DOSH.• Two interview sessions have been conducted with nine final shortlisted candidates.</td></tr><tr><td></td><td>Engine driver 2nd grade steam boiler certificate</td><td>2</td><td><ul style="list-style-type: none">• Candidates have been sent for assessment by DOSH. However, they were not successful in the first attempt. They are awaiting confirmation from DOSH on the date for the next assessment.• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.</td></tr><tr><td></td><td>Electrical Chargeman</td><td>1</td><td><ul style="list-style-type: none">• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.• Currently, a visiting electrical chargeman has been appointed.</td></tr></table>				<ul style="list-style-type: none">• Vacancies were advertised for Mill Managers with 1st grade steam engineer from DOSH.• Two interview sessions have been conducted with nine final shortlisted candidates.		Engine driver 2 nd grade steam boiler certificate	2	<ul style="list-style-type: none">• Candidates have been sent for assessment by DOSH. However, they were not successful in the first attempt. They are awaiting confirmation from DOSH on the date for the next assessment.• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.		Electrical Chargeman	1	<ul style="list-style-type: none">• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.• Currently, a visiting electrical chargeman has been appointed.	Status of nonconformity: Closed.	
			<ul style="list-style-type: none">• Vacancies were advertised for Mill Managers with 1st grade steam engineer from DOSH.• Two interview sessions have been conducted with nine final shortlisted candidates.																		
	Engine driver 2 nd grade steam boiler certificate	2	<ul style="list-style-type: none">• Candidates have been sent for assessment by DOSH. However, they were not successful in the first attempt. They are awaiting confirmation from DOSH on the date for the next assessment.• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.																		
	Electrical Chargeman	1	<ul style="list-style-type: none">• Vacancies were advertised and interview sessions have been conducted on 19th March & 4th September 2009.• Currently, a visiting electrical chargeman has been appointed.																		
SIA has been conducted on 10 th -15 th November 2009 with the participation of the affected parties. Action plans were also recommended. However, the effectiveness of the recommended action plans and its monitoring will be further verified in the next assessment.																					

Criterion 6.2 Indicator 6.2.3	Minor	Saremas 1 Div. E	<p>2) Ensure that access roads are well maintained and both parties adhere to the agreed decision.</p> <p>3) Review communication and consultation as well as complaint and grievance procedures.</p> <p>4) Trained staff and create awareness among stakeholder on the procedures</p> <p>1) Revisit stakeholder identification criteria and management guidelines.</p> <p>2) Conduct SLA (where applicable) on newly identified Stakeholder</p>	<p>Status of nonconformity: closed.</p> <p>SSB has established a guideline on identifying stakeholder. This guideline has been communicated to the relevant person-in-charge.</p> <p>Status of nonconformity: closed.</p>
Criterion 6.10 Indicator 6.10.2	Minor	Both mills have not made publicly available the current FFB price	To display FFB current price at Saremas and Saremas 2 Palm Oil Mill notice board	<p>Verification through photograph showed that the current FFB price was displayed on the notice boards of the mills.</p> <p>Status of nonconformity: Closed.</p>



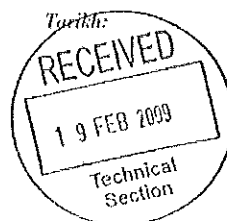
JABATAN ALAM SEKITAR
(NEGERI SARAWAK),
KEMENTERIAN SUMBER ASLI DAN ALAM SEKITAR,
TINGKAT 7, 8 DAN 9, WISMA STA,
26, JALAN DATUK ABANG ABDUL RAHIM,
93450 KUCHING,
SARAWAK.

Telefon : 082-482535/339535/342354
Faks : 082-480863

Ruj. Tuan:

Ruj. Kami:

AS(SWK)(B)91/110/
606/011 Jilid 9 (15)
13 Februari 2009



Sustainability Co-ordinator
Corporate Social Responsibility Department
PPB Oil Palms Berhad
Lot 1A, KM 15, Jalan Labuk
Locked Bag 34
90009 Sandakan
SABAH
(U/P: En. Simon Siburat)

Faks: 089 - 670260

Tuan,

PENILAIAN PENSIJILAN RSPO UNTUK KILANG SAWIT SAREMAS I DAN SAREMAS II

Saya merujuk kepada perkara di atas.

2. Di atas nasihat Timbalan Pendakwaraya Sarawak, kertas siasatan berikut akan diteruskan untuk tindakan mahkamah.

BIL	PREMIS	TARIKH KESALAHAN
1	Saremas I	23/02/06
2	Saremas II	29/5/06
3	Saremas II	15/2/07

Sekian, terima kasih.

"BERKHIDMAT UNTUK NEGARA"

"PEMULIHARAAN ALAM SEKITAR, TANGGUNGJAWAB BERSAMA"

Saya yang menurut perintah,

(HAJI ISMAIL BIN ITHNIN)
Pengarah
Jabatan Alam Sekitar Negeri Sarawak

s.k.

1. Ketua Pengarah Alam Sekeliling
Jabatan Alam Sekitar
Aras 1 – 4, Podium Blok 2 dan 3
Lot 4G3, Presint 4
Pusat Pentadbiran Kerajaan Persekutuan
62574 PUTRAJAYA
2. SIRIM QAS International sdn. Bhd.
SIRIM Complex
No.1, Persiaran Dato' Menteri
Section 2
P.O. Box 7035
40911 Shah Alam
SELANGOR
(u.p. Pn Sabariah Marzuky)
3. Ketua Cawangan
Jabatan Alam Sekitar Cawangan Miri
Tingkat 8, Yu Lan Plaza
Jalan Raja
98000 MIRI
4. Fail Punca Saremas Palm Oil Mill 1
5. Fail Punca Saremas II Palm Oil Mill
6. Fail Timbul





Ref : Sustainability/Ext/01/2009

19 Feb 2009

Tuan Haji Ismail Ithnin

The Director
Department of Environment-Sarawak
Ministry of Natural Resources and Environment
Level 7, 8 and 9 Wisma STA
26, Jalan Datuk Abang Abdul Rahim
93450 Kuching
Sarawak

Dear Sir,

Evaluation of Saremas Palm Oil Mill 1 and 2 for RSPO Certification

This refers to your letter 13 February 2009 regarding the above subject. We acknowledge and accept your decision unreservedly; and will take this opportunity to better ourselves pursuant to our commitment to corporate social responsibility.

We regret our past action for not complying with the legal limit for Biological Oxygen Demand (BOD) for POME discharge. We will take immediate remedial actions as demonstration of our will and determination to quickly resolve these issue, we are diligently working towards implementing our mitigation plans that will include:

- 1) Constructing more and bigger polishing ponds for both oil mills. Our current pond capacities for Saremas mills 1 and 2 are 158,481 cu m and 171,600 cu m respectively. With your kind approval we plan to double their capacities by another 178,800 cu m for Mill 1 and 176,600 cu m for mill 2. This will increase the hydraulic retention time and hopefully will lower their BOD levels at the final discharged to the desired limit. We have just gotten an approval to construct a pond of 45,000 cu m and we will commenced work immediately.
- 2) Adopting the best available technology on Tertiary treatment of POME.
- 3) Installing a closed-tank anaerobic biodigester system for methane capture and biogas utilization. We are planning to install such systems in our mills in Malaysia and Indonesia. This biodigester system is able to lower both BOD from 26,000 mg/L to

PPB Oil Palms Bhd, Locked Bag 34, 90009 Sandakan Sabah. Tel 089-670208. Fax 089-670260

1,000 mg/L and COD from 55,000 mg/L to 10,000 mg/L. This means that by maintaining the present open ponds system post-anaerobic digestion, the existing POME treatment system will have greater capacity (in terms of volume and overall retention time) to further reduce the BOD/COD to levels that will comply with regulatory guidelines.

4) Conducting regular desludging of existing ponds to improve their holding capacities, allowing longer retention period before discharge.

PPB Oil Palms Bhd is pursuing RSPO certification for all its mills and plantations and hopes to achieve this in 3 years. We have obtained the necessary approval for all of the above mitigation plans, at an investment value of about RM 10 million.

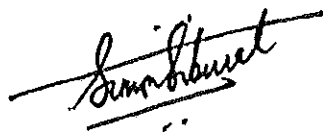
We will be submitting the technical drawings and documentations to Department of Environment of Kuching for the necessary approval within these two months. It is our hope that your esteemed department will grant us your timely support and approval so that we can execute the plan without any further delay.

We too hope that the legal prosecution can also proceed promptly as we believe it is in both our interests to have this resolved soonest possible.

We view the DOE as an important stakeholder in this process and we look forward to working closely with you towards successful closure of this issue.

Thank you.

Yours faithfully



Simon Siburat
Sustainability Co-ordinator

Copy:

- 1) Managing Director – PPB Oil Palms Bhd
- 2) Plantation Head – PPB Oil Palms Bhd – East Malaysia
- 3) General Manager of Mills
- 4) Group Head – CSR, Wilmar International Limited, Singapore
- 5) Ketua Pengarah Alam Sekeliling

PPB Oil Palms Bhd, Locked Bag 34, 90009 Sandakan Sabah. Tel 089-670208. Fax 089-670260

Jabatan Alam Sekitar
Aras 1 – 4 Podium Blok 2 dan 3
Lot \$G 3, Presint 4
Pusat Pentadbiran Kerajaan Persekutuan
62574 Putrajaya

- 6) SIRIM QAS International Sdn Bhd
SIRIM Complex
No.1 Persiaran Dato Menteri
Section 2
P.O Box 7035
40911 Shah Alam
Selangor
(UP Puan Sabarinah Marzuky)
- 7) Ketua Cawangan
Jabatan Alam Sekitar Cawangan Miri
Tingkat 8, Yu Lan Plaza
Jalan Raja
9800 Miri
- 8) Mill Managers – Saremas Mill 1 and 2

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 1014Z FROM JOINTED COMSECION TO 089670769 P.01

- 26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

- 26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

26- OCT - 2003 101723 FROM JOINTED COMSECION TO 089670769 P.01

minggu untuk setiap kolam ataupun secara keseluruhan selama 200 hari (6 ½ bulan). Dengan bertambahnya masa penahanan selama setengah tahun, diharapkan pengurangan effluen akan menjadi lebih baik dan dapat mencapai tahap kepekatan oksidgen biokimia di bawah 20 ppm dan kepekatan pepejal terampal di bawah 100 ppm.

- b. Semenjak bulan Jun hingga ke penghujung Disember 2009, pihak kilang memaklumkan tidak ada pengaliran effluen dari kolam effluen pada masa tersebut. Oleh itu, pengaliran daratan effluen akan dilakukan semula pada Januari 2010.

3. Kilang Saremas 2

- a. Untuk kilang 2, JAS telah memberi kebenaran bertulis (Ruj ABS AS (SWK) (S) : 31/152/000/021.JLD.5 bertarikh 11 Mei 2009) untuk membina 4 buah kolam effluen untuk menambahkan kapasiti kolam yang sedia ada. Setakat ini, kolam effluen no. 11 telah siap di bina dan 3 buah kolam lagi sedang dan akan dibina secara berperingkat. Dianggarkan ketiga-tiga kolam tersebut akan siap di bina pada penghujung bulan Disember 2009. Dengan adanya penambahan 5 kolam ini, masa penahanan effluen di dalam kolam akan bertambah selama 4 hingga 6 minggu untuk setiap kolam ataupun secara keseluruhan selama 200 hari (6 ½ bulan). Dengan bertambahnya masa penahanan selama setengah tahun, diharapkan pengurangan effluen akan menjadi lebih rendah. Mulai bulan Oktober 2009, pihak kilang memaklumkan tiada aliran effluen akan keluar dari kolam effluen dan ini akan berlaku sehingga bulan Januari 2010.
- c. Oleh itu, pengaliran daratan effluen akan dilakukan semula pada Mac 2010.
- d. Kerja pembinaan loji rawatan effluen (ETP) telah bermula pada bulan September dan di jangka akan siap pada bulan Februari 2010. ETP tersebut di jangka akan beroperasi pada Mac atau April 2010. Dengan adanya alat ETP dan juga kolam penunggunan effluen yang begitu besar, maka kami berharap pengurangan effluen akan bertambah baik dan dapat mencapai tahap kepekatan oksidgen biokimia di bawah 20 ppm dan kepekatan pepejal terampal di bawah 100 ppm.
- e. Kilang Kelapa Sawit Saremas 2 melalui Jururunding Sekitar Carta sedang dalam proses memohon untuk "Contravention License". Permohonan itu

(L-116 1433 19-17) MS. 2

09/06/2009 10:24 FROM JABATAN SEKITAR

TO 09/06/2009

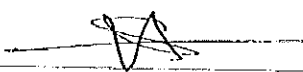
11:03

telah di kemukakan ke Jabatan Alam Sekitar Kuching pada 18 September 2009 dan masih dalam proses pertimbangan.

Pihak JAS boleh membuat pemeriksaan secara rawak untuk memastikan dalam jangka waktu iaitu dari Oktober 2009 hingga Februari 2009, Kilang Kelapa Sawit Saremas 1 dan 2 tidak akan melakukan pengaliran daratan effluen dari kolamnya.

Dari masa kesemasa, pihak kilang Saremas 1 dan 2 akan sentiasa memberikan maklumat terkini kepada Jabatan Alam Sekitar, Cawangan Miri.

Minit ini telah dibincangkan bersama dengan kehadiran:-

 7/12/09.
To Hj Ismail bin Ithnin,
Pengerah Jabatan Alam Sekitar, Negeri Sarawak

Chin Tain Sung
Mill Controller- PPB Oil Palms Bhd

Simon Siburat
Sustainability Co-ordinator - PPB Oil Palms Bhd

Perbincangan ini disaksikan oleh

Sabarudin Marzuki
RSPO Lead Auditor - SIRIM QAS International Sdn Bhd.

MS. 3

TUKE P.115

**APPROVAL FROM DOE ON DISCHARGES VALUE FOR THE NEW TERTIARY EFFLUENT
TREATMENT PLANT AT SAREMAS 2 PALM OIL MILL**

23-OCT-2009 10:13

FROM JABATAN ALAM SEKITAR

TO 089670269

P.02



JABATAN ALAM SEKITAR
(NEGERI SARAWAK),
KEMENTERIAN SUMBER ASLI DAN ALAM SEKITAR,
TINGKAT 7, 8 DAN 9, WISMA STA,
26, JALAN DATUK ABANG ABDUL RAHIM,
93450 KUCHING,
SARAWAK.

Telefon : 082-482535/339535/342354
Faks : 082-480863

Ruj. Tuan:

Ruj. Kami: AS(SWK)(B) 31/152/000/

Tarikh:

021 Jld. 6 (06)

19 Oktober 2009

Pengurus
Saremas Sdn. Bhd
(Saremas II Palm Oil Mill)
Lot 964, Sub Lot 7,
Taman Seaview Commercial Center,
Jalan Tanjung Batu,
97008 BINTULU

Tuan,

PERMOHONAN LESEN PERLANGGARAN KILANG KELAPA SAWIT SAREMAS 2

Saya merujuk kepada surat tuan yang diterima oleh Jabatan ini pada 18 September 2009 mengenai perkara di atas. Taklimat dan perbincangan berkaitan progres tindakan Saremas I dan II mematuhi peraturan pelepasan effluen kelapa sawit pada 7 Oktober 2009 adalah berkaitan.

2. Setelah meneliti permohonan lesen pelanggaran (LP) di bawah skop pelepasan effluen kilang kelapa sawit bagi tujuan peningkatan keupayaan sistem rawatan effluen (SPE) maka didapati tiada peruntukan khusus di bawah Peraturan-Peraturan Kualiti Alam Sekeliling (Premis Yang Ditetapkan)(Minyak kelapa Sawit Mentah) 1977 kecuali dibawah Peraturan-Peraturan Kualiti Alam Sekeliling (Kumbahan dan Effluen-Effluen Perindustrian) 1979. Dalam hubungan ini, Jabatan berpendapat tiada keperluan pihak tuan memohon LP.

3. Dengan mengambilkira beberapa langkah kawalan dan pembinaan kolam baru yang telah dan sedang dalam proses pembinaan serta jaminan pihak tuan bahawa tiada pelepasan effluen dari Saremas II dalam tempoh peningkatan keupayaan SPE, maka Jabatan ini **BERSETUJU** untuk memberikan kelonggaran terhadap standard pelepasan (jika berlaku pelepasan) seperti di bawah:

- a. Kepekatan Oksigen Biokimia (BOD) yang diperlukan selama 3 hari (BOD₃) mestilah **TIDAK MELEBIHI 100 mg/l** di takat akhir. Lain-lain parameter akan dikaji dari masa ke semasa standard pelepasan yang telah ditetapkan di dalam Jadual Pematuhan (No. Jadual Pematuhan: **JPKKS 000650A**).
- b. Tempoh kelonggaran (grace period) yang dibenarkan adalah sehingga 31 Mei 2010.

3. Laporan BULANAN kemajuan (progress report) perlu dihantar ke Jabatan Alam Sekitar Sarawak dan JAS Cawangan Miri untuk penguatkuasaan dan pemantauan.

25-10-2019 10:14 FROM: JABATAN PERSEKUTUAN

TO: 0896700250

P.03

Sekian,

"BERKHIDMAT UNTUK NEGARA"

Saya yang mematuhi perintah,

(HAJI ISMAIL BIN ITUNIN)

Pengarah

Jabatan Alam Sekitar, Negari Sarawak

6 k Feli Puncu
Feli Puncu
JAS Cawangan Mit

TOTAL: P.03

Photo and Documentations on Progress of Additional Ponds Construction

Mitigation Measures For Effluent Treatment in Saremas Mill 1 and 2

Chin Tain Sung- Mill Controller
Simon Siburat – Sustainability co-ordinator



*Presentation to
Director of Department of Environment
Kuching Branch,
7 Oct 2009, Kuching*



PROGRESS OF SAREMAS MILL 1 POND CONSTRUCTION



Cleared area to construct another 2 new ponds 11 and 12 with 35, 297 m3 each



Cleared area adjacent to Pond 11



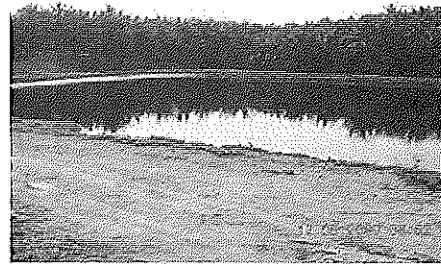
As of 11 Aug 09



PROGRESS OF SAREMAS MILL 1 POND CONSTRUCTION



One of the 2 existing oxidation pond



One of the 2 newly constructed oxidation pond No. 9 filled up with effluent (22,173 m3)



Pond 10 is partially filled. Can accommodate effluent discharged for another 2 months



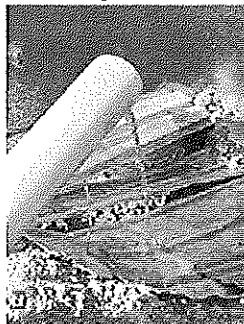
One of the 2 newly constructed oxidation pond No. 11 with a huge capacity of 35,297 m3

4

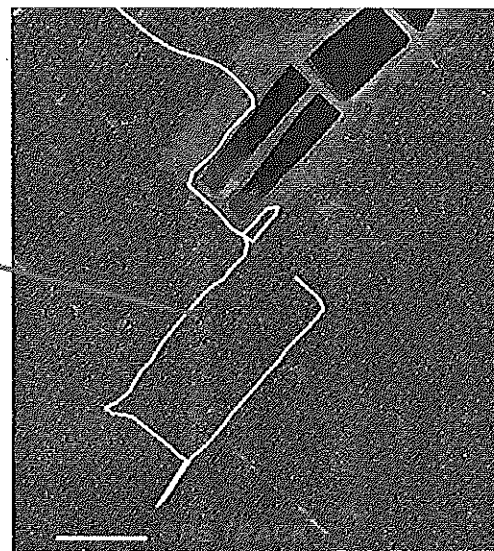
PROGRESS OF SAREMAS MILL 1 POND CONSTRUCTION



Partially filled Pond 11 – Evident of Zero discharged in water courses for next 6 months



Mill Effluent being pumped into the new pond. Therefore zero discharged.



As of 11 Aug 09

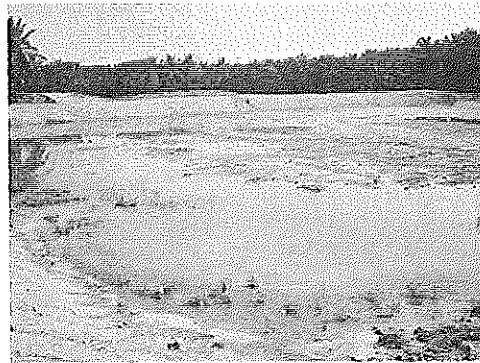
willmar

PROGRESS OF SAREMAS MILL 1 POND CONSTRUCTION

As of 30 Sept 09



Pond 11 Almost full in October 09



Pond 12- Almost ready (95%) to contain effluent for another 2 months

wilmar

6

PROGRESS OF SAREMAS MILL 1 POND CONSTRUCTION

As of 30 Sept 09



Pond 12- Under construction; estimated completion 12 Oct 09.
Can contain Effluent till December - January 2010

wilmar

7

Water Utilisation for Saremas Mill 1					
2009	Actual		2009	Estimate	
	FFB Processing mt	Water Utilisation Liter		FFB Processing mt	Water Utilisation Liter
Jan	20,438	11,356	Aug	21,500	12,470
Feb	17,283	9,915	Sep	25,000	14,500
Mar	18,424	10,067	Oct	24,900	14,442
Apr	19,025	10,960	Nov	23,920	13,874
May	15,343	9,120	Dec	23,081	13,387
Jun	14,937	9,837	Total	118,401	68,673
Jul	19,697	10,793	Average	23,680	13,735
Total	125,147	72,048	Aug - Dec 2009		
Average	17,878	10,293	Estimated Water utilisation + Sludge = (68,673 + 16280) lit		
Water/L of FFB			Total water utilisation including sludge = 82,811 lit		
Steriliser Sludge			New Pond Capacity		
Total Water Utilisation			Pond No. Volume (m3) Status		
			Pond 9	11780	Completed and Filled up
			Pond 10	22173	Completed and Filled up
			Pond 11	35297	Filling up
			Pond 12	35297	Completed
			Pond 13	35297	Under construction
			Total	139844	
Rujukan No. AS (SWK)(B) : 31/152/000/001 Jld 5			Volume = effective volume approved by DOE		
Date : 19 Jan 2009. Pond 9 and 10					
Rujukan No. AS (SWK)(B) : 31/152/000/001 Jld 6			Total capacity available for further storage 106891 m3		
Date : 9 Jun 2009. Pond 11, 12 and 13					

8

Extra Retention Days of Effluent with Additional Pond Construction

Effluent Pond no.	Effluent Vol Cu m	Retention Days
9	11,780	16.8
10	22,173	31.6
11	35,297	50.4
12	35,297	50.4
13	35,297	50.4
Total	139,844	199.6

200 days or 6.5 months additional retention time.

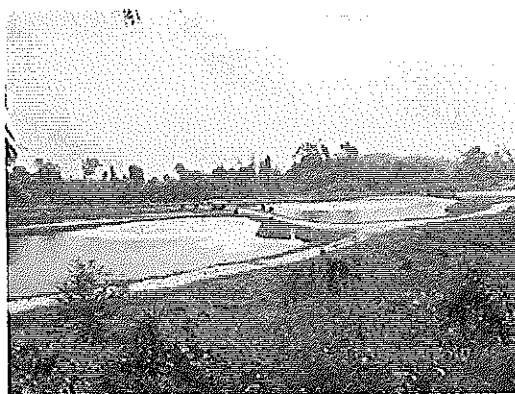
Effluent Pond no.	Effluent Vol Cu m	Retention Days
1	2,700	3.8
2	31,236	44.6
3	27,816	39.7
4	27,360	39.1
5	27,360	39.1
6	27,360	39.1
7	13,500	19.3
8	13,500	19.3
Total	170,832	244

Total no. of days for effluent retention is 404 days. More than 1 year



9

PROGRESS OF AERATORS INSTALLATION IN SAREMAS MILL 2 POND



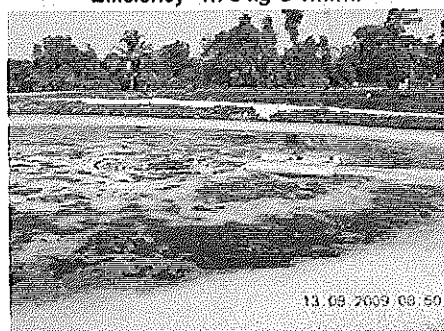
Overview of Surface aerators in Facultative Pond 2 and 3 of Saremas Mill 2

In order to improve the BOD level of the current effluent treatment, the mill has installed 3 additional units of surface aerators. So currently there are 4 units running and another 7 units are going to be delivered in September. The new version of aerators has a better aeration efficiency by 15% than the older model.

As of 11 Aug 09



Watermech Surface Aerator (FA 1010)
Efficiency 1.76 kg O₂/kw/hr



Tornado Surface Aerator
Efficiency 1.50 kg O₂/kw/hr

PROGRESS OF SAREMAS MILL 2 POND CONSTRUCTION



As of 11 Aug 09

Clearing of second site in Block 9118 in Div C of Saremas 2

Two Ponds will be constructed at this site.

At least one should be completed by Mid Sept.

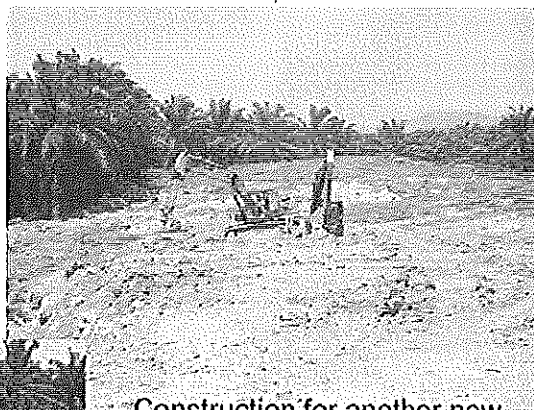


wilmar

PROGRESS OF SAREMAS MILL 2 POND CONSTRUCTION

As of 30 Sept 09

Newly constructed Pond No. 11 almost complete by end of September.



Construction for another new pond in Saremas Mill 2

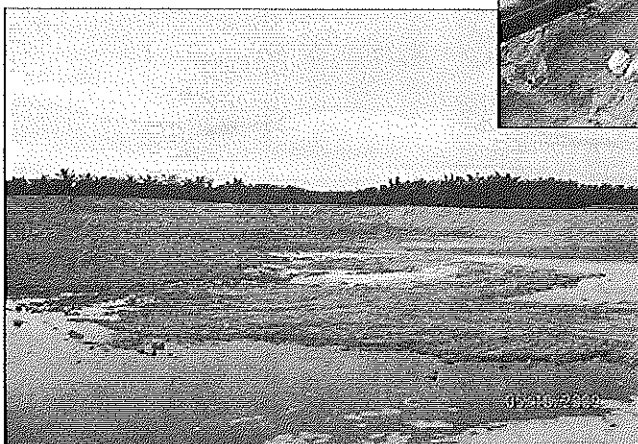
wilmar

12

PROGRESS OF SAREMAS MILL 2 POND CONSTRUCTION

As of 5 Oct 09

Pond 11 is now completed. Pumping of effluent has commenced and therefore zero discharged. .



This 1 ha pond with a capacity of 34,300 cu m can easily contain the effluent over the next 2 months. Hence zero discharged for Mill 2.

wilmar

13

PROGRESS OF SAREMAS MILL 2 POND CONSTRUCTION



Additional area that is adjacent to the present cleared area.



Site for the balance of two other ponds .

Suggested that estate to clear the palms by early September.

Its easier to chip the standing palms when there are as against when its stacked and dry.

As of 11 Sept 09



14

As of 30 Sept 09

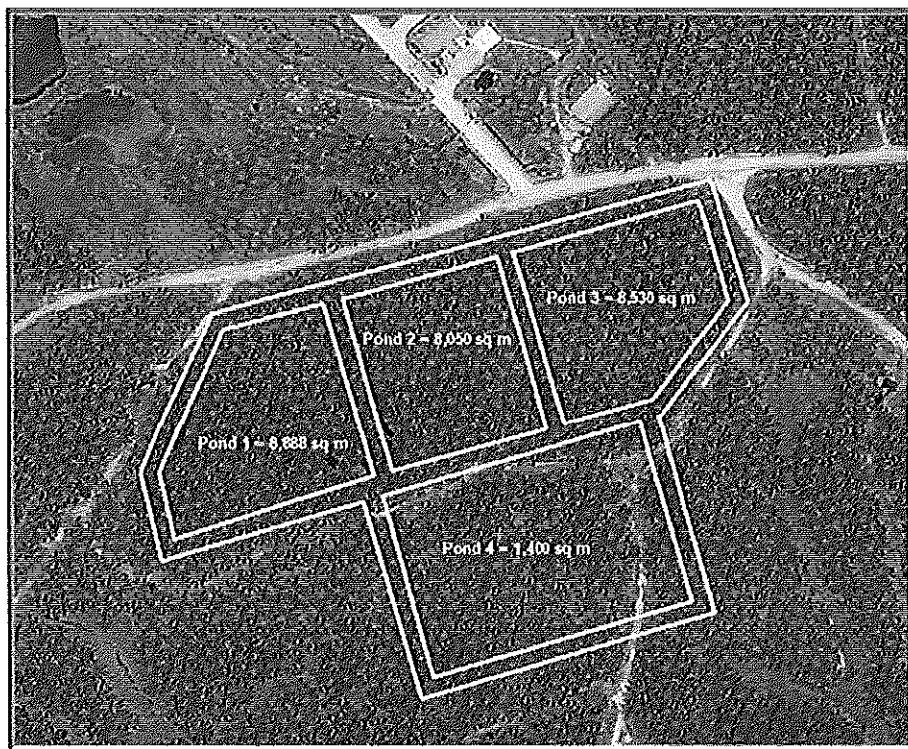


Another 2 ha site for pond construction. With these 3 additional ponds, Saremas mill 2 will have an additional capacity of $34,300 \times 3 = 102,900$ cu m. Once this is operational, there will be no discharged until end of January 2010.



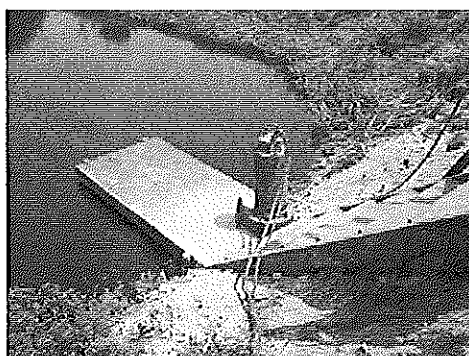
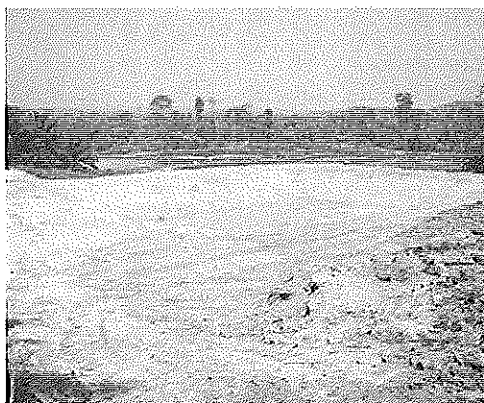
15

PROGRESS OF AERATORS INSTALLATION IN SAREMAS MILL 2 POND



16

PROGRESS OF EFFLUENT TREATMENT PLANT IN SAREMAS MILL 2



17

Water Utilisation for Saremas Mill 2					
2009	Actual		2009	Estimate	
	FFB Processing mt	Water Utilisation liter		FFB Processing mt	Water Utilisation liter
Jan	18,311	11,840	Aug	22,700	14,755
Feb	16,309	9,960	Sep	25,400	16,510
Mar	16,848	11,590	Oct	28,100	18,265
Apr	17,233	11,090	Nov	30,400	19,760
May	16,041	10,970	Dec	29,070	18,896
Jun	18,293	11,970	Total	135,670	78,689
Jul	15,658	9,900	Average	27,134	15,738
Total	118,693	77,320	Aug - Dec 2009		
Average	2,237	1,414	Estimated Water utilisation + Sludge = (78,689 + 16280) lit		
Water/t of FFB 0.65			Total water utilisation including sludge = 94,969 lit		
Steriliser Sludge 0.12			New Pond Capacity		
Total Water Utilisation 0.77			Pond No.	Volume (m3)	Status
Rujukan No. AS (SWK)(B) : 31/152/000/001 Jld 5			Pond 10	30722	Completed
Date : 11 May 2009, Pond 10 to 13			Pond 11	28685	Under construction
			Pond 12	50400	Under construction
			Pond 13	31723	Under construction
			Total	141530	
			Volume = effective volume approved by DOE		
			Total capacity available for further storage 141,530 m3		



18

Extra Retention Days of Effluent with Additional Pond Construction in Saremas Mill 2

Effluent Pond no.	Effluent Vol Cu m	Retention Days
11	30,722	42.7
12	28,685	39.8
13	50,400	70.0
14	31,723	44.1
Total	141,530	196.6

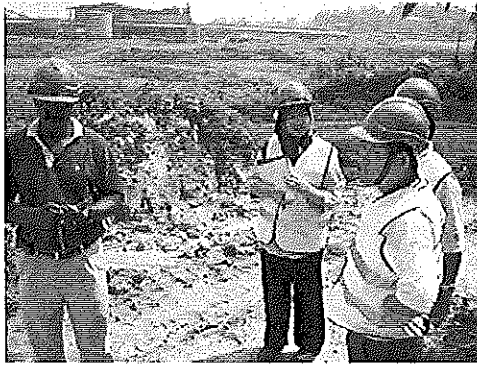
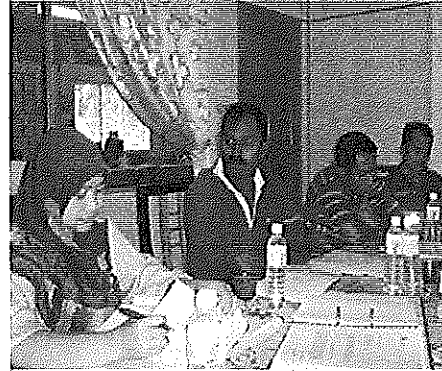
197 days or 6.5 months additional retention time.

Effluent Pond no.	Effluent Vol Cu m	Retention Days
1	1,368	1.9
2	24,000	33.3
3	15,200	21.1
4	12,897	17.9
5	14,208	19.7
6	17,920	24.9
7	30,950	43.0
8	12,289	17.1
9	22,080	30.7
10	14,208	19.7
Total	165,121	229.3

Total no. of days for effluent retention is 425 days. More than 1 year



19



Site verification on compliance of
progress of work and
documentation by SIRIM RSPO
Lead auditor, Puan Sabarinah
Marzuki 29 Sept 2009

wilmar

20

THANK YOU FOR YOUR ATTENTION



*Presentation to
Director of Department of Environment
Kuching Branch,
7 Oct 2009, Kuching*

wilmar
We Invest • You Harvest

Details of Community Complaint in BRIMAS –Broken Shield Website

Press Release

Villagers' farm road dug up and broken by Saremas

14 August 2009 – Around 24 smallholder oil palm farmers from Ulu Suai in Niah are asking Saremas 1 to immediately repair the road that they had dug up, rendering it unusable for almost a month. The road, they said, leads from the main road directly to their farms and they use this road to transport their harvested oil palm to the nearby mill.

The farmers are from the following longhouses: Rumah Rajang, Rumah Atat, Rumah Umpur and Rumah Tapu. Because of Saremas's actions in destroying the road, they are now unable to transport their oil palm harvests and sell their fruits. Their lives and primary source of income has now been disrupted.

Syarikat Saremas (PPB Oil Palm Sdn Bhd) is a company that also owns oil palms in the Ulu Suai, Niah area. On 14 July, the company started digging up and cutting off the farm road in question.

The villagers feel that they have suffered many losses. On 14 July, the village headman, Tuai Rumah Tapu, also a farmer, made a police report in Batu Niah against the company. They have also appealed to the company however the company has refused to entertain their appeal. They say that the manager initiated the action on a directive from the top management, which suspects the villagers of stealing from the company's plantations.

According to Siew, one of the farmers' representatives, "Saremas may have been acting all this while together with another oil palm company, Megajutamas to pressure the village people into giving up and selling their land to that said company."

"But we did not suspect that Saremas was connected with this land case until our gardens were destroyed and our livelihoods lost.

"The villagers themselves tried to fill in and repair the road on 13 August 2009 but on 14 August 2009, the heartless Saremas dug up the road again", he said.

Village head, Tuai Rumah Rajang, appealed to government representatives and other authorities to help them resolve the issue between the company and the villagers. According to him, "If the problem is not resolved quickly, the livelihoods and daily income of the longhouse would be affected as this is our only source of income."

Punai anak Beriak of Rumah Umpur and a committee member of the Rural Women's Association of Sarawak (WADESA) also expressed her dissatisfaction with the company's action. She appealed to the company to not be so cruel and destroy the lives of the villagers. She said, "This is the only money from the smallholding that allowed our families to send our children to school."

Jelita anak Bum from Rumah Atat said, "This whole month we were not able to harvest our fruit and all our hard work and income was destroyed because they destroyed the road."

Amy Alus from Rumah Tapu hoped that the government or top representatives would be able to solve this problem quickly. She was concerned that this oppression by the company would result

in a repeat of Ulu Niah history. She did not think the longhouse villagers would be problematic but they were now getting desperate.

According to them, a few months before, Megajutamas had also closed the road of the longhouses in the Ulu Suai area.

Siew, who is also a committee member of the Sarawak Native Customary Land Rights Network (TAHABAS), said that the prior land conflict with Megajutamas started in 2005 and has still not been resolved until today. He said that Saremas deliberately instigated a new problem for the villagers and villagers feel that they do not respect their native rights.

Siew also feels that the problem is not being handled sensitively by a government that carries the PM's slogan '1Malaysia, Nation first'. Government representatives are aware that the community does not want the commercial oil palm company to enter into their communal land area because the company does not respect their rights as indigenous peoples (Orang Asal). "We want our rights to be respected. We are against all suppression of our rights."

Press Statement was released by:

Siew Choon Siak

Rumah Rajang, Suai

H/P: 0198657076

Social Impact Assessment on Long House Community Affected by Trenching in
Saremas 1 Div E

**Social Impact Assessment
on Long House Community
Affected by Trenching in
Saremas 1 Div E**



Simon Siburat & Ricky Godwin
10 – 15 Nov 2009

Chronology of event on complaint by Community

Chronology of event on complaint by smallholders against Saremas Sdn. Bhd. on 'Farm Road Dug Up and Broken by Saremas'.

March/April 2009 - SSB started verbally informing the smallholder on their decision to dig trenches between the SSB & smallholdings due to FFB theft cases in SSB estates.

May 2009 - SSB completed informing all the smallholdings bordering Saremas 1 Division E (that would be affected) on their intention to dig the trench.

July 13th, 2009 - Official meeting between SSB, four affected smallholders, long house community member and the community representative – Mr. Siew Choon Siak (spoke person for the community) and Tuai Rumah Tapu Galis.

SSB explained the reasons behind their decision to dig the trench. With the digging of the trench, the smallholders would be given limited access to their properties as they would only be allowed to use only the main and boundary road for accessing to their property. They were also given opportunity to provide feedback in writing.

The local community however voiced their concern on having difficulty in evacuating their produce as they have to carry it manually to the end of their property that borders SSB during this meeting. No written complaint was forwarded to SSB on this matter. It was also agreed that the trench will be dug after the next due harvesting cycle.

Meeting minutes is in attachment 5d i.

July 14th, 2009 - Community made a police report on this matter

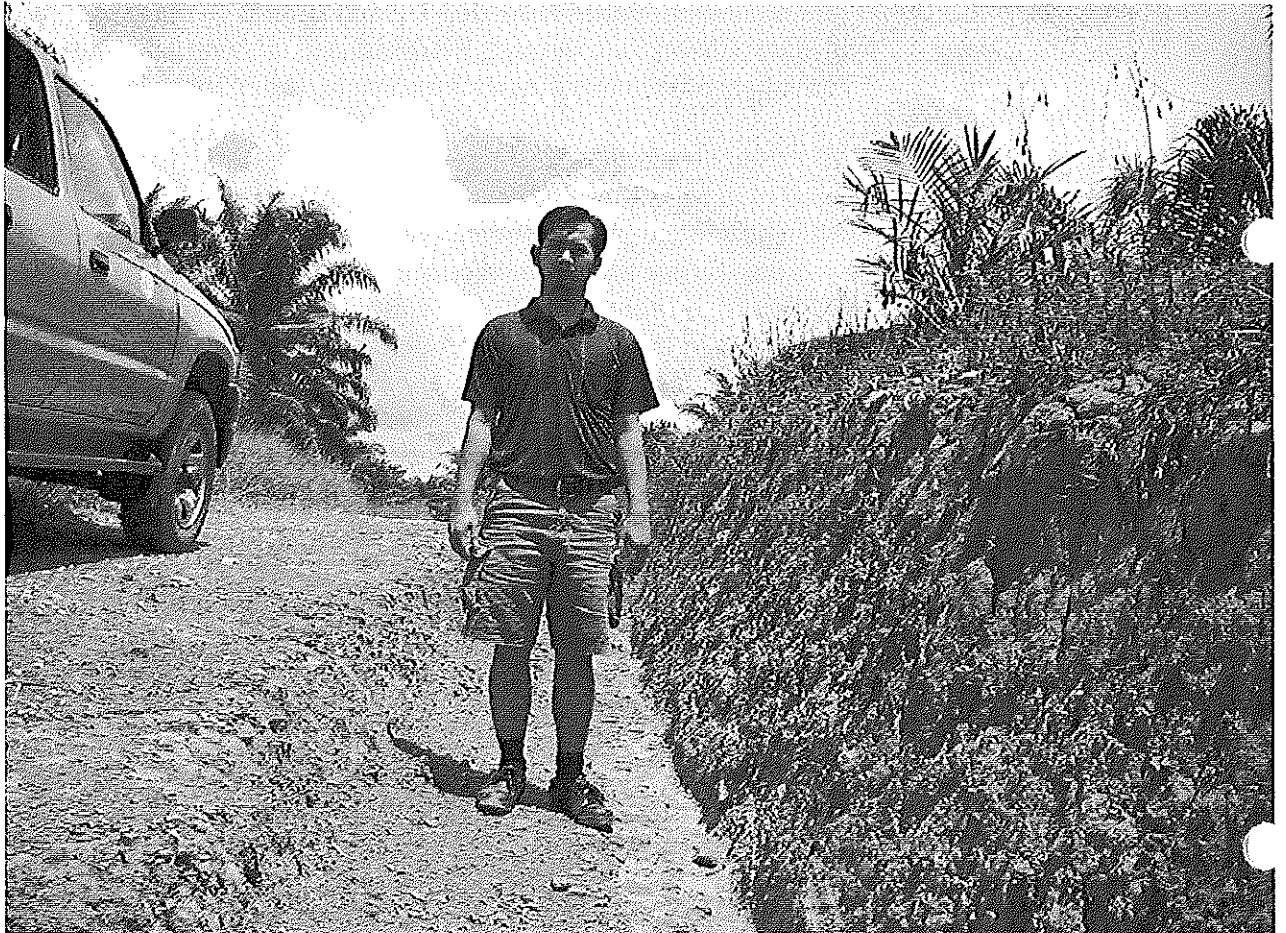
July 15th, 2009 - SSB was called by the police for explanation

July 20th, 2009 - SSB dug 2.5 feet wide trench along the borders of four smallholdings. The trench was dug inside SSB property (attachment 5e).

August 13th, 2009 - The communities filled the trenches and connect the road to their property.

- August 14th, 2009 - The communities made verbal police report on the current situation. SSB once again dug the filled trench on the same day while the community was at the police station.
- August 20th, 2009 - The communities get together (gotong-royong) in evacuating FFB from their property.
- August 22nd, 2009 - Press release on 'Farm Road Dug Up and Broken by Saremas' by Mr. Siew Choon Siak through BRIMAS and this was later published in an independent blog-The Broken Shield. (refer attachment 5a).
- August 24th, 2009 - SSB called for another meeting with the community. The community agreed to use the allocated road and will assist SSB in curbing FFB theft. The community representative- Mr. Siew wrote in to SSB requesting for the road to be reconnect (refer attachment 5f). SSB agreed to fill the trench, allow the community to use the main & boundary road leading to their properties. (Refer attachment 5d ii for meeting minutes).
- October 30th, 2009 - SSB issued a letter to the community representative informing the official agreement that the community will be allowed to use agreed route for access to their property (refer attachment 5g).
- November 2nd, 2009 - the community representative – Mr. Siew on behalf of the affected community sent an official letter to SSB agreeing to the content of SSB letter and considers that the issue is resolved (refer attachment 5h & 5i).

PHOTO OF TRENCHES



Letter from Community Requesting for Reconnection To Their Properties

Rayuan untuk membaiki pulih
jalan kebun telah diputus . 24/08/2009

Kami seperti nama-nama yang dibawah
 ingin memohon kepada pihak Syarikat Saremas
 (PPB) supaya jalan yang menghubungkan
 jalan kebun kami diperbaiki semula, dan
 kami berjanji akan memberi kerjasama se-
 penuhnya pada pihak Syarikat demi untuk
 kesenangan bersama.

Dengan itu, kami dahului dengan ribuan
 terimakasih atas perhatian pihak Saremas
 untuk memperbaiki jalan kami.

Dibawah adalah senarai nama-nama yang
 menggunakan jalan tersebut.

1

UMU

2) Rend

3) D U R O N G

Reserve, " Detijh
 24/8/2009

SEKELAH SUT 545 112 010
 11/08/2009 11:00 AM
 11/08/2009 11:00 AM

Munca anak Sengkaling @ T.T W
 Rk Atad. Sy Sembawang
 ulu Suci

② Boudang anak uda
 Rk umpu
 Lubok Numpu
 ulu Nial
 ② T.T Bask

③ Durong anak Bilitas
 Rk umpu
 Lubok Numpu
 ulu Nial
 ③ T.T. DURONG

Received. Setijah unjuk, 3 nama yang
 tercatat diatas.

20/8/2009

REKAM DAN BUKU KARTU
 KEMENTERIAN KESEHATAN
 MALAYSIA

Letter from SSB agreeing to community request



**SAREMAS
SDN BHD**
(Company No. 139190-M)

REGISTERED OFFICE:
17th Floor Wisma Jeneh, 38 Jalan Sultan Ismail,
50250 Kuala Lumpur, Wilayah Persekutuan.
Tel: 03-21441503 Telex: MA32662 Fax: 03-21410491

BIUTULU OFFICE:
Lot 964, Sublot 7,
Taman Seaview Commercial Centre,
Tanjung Batu Road, P.O. Box 730,
97008 Bintulu, Sarawak.
Tel: 086-315287, 315288
Fax: 086-315221, 315223

30th October 2009

Mr. Siew Choon Siak
(Local Community Representative)
Rumah Umpor
Lubok Lumpu
Ulu Niah.

Dear Sirs,

Access Road for Local Community

Reference is made to our meeting on 13th July 2009 and subsequently on 24th August 2009.

Further to the consensus made and recorded in the minutes of meeting, the management agreed to grant the affected local community (1. En. Durong Entika, 2. En. Muncha Sengkalang, 3. En. Bandang Uda, 4. En. Angking) the access road for them to transport their crop based on the agreed route as per map attached, with the understanding that the local community agreed to assist the company to monitor any illegal activities such as FFB theft in the area.

The local community is required to erect their own gate to restrict access to the road that connects their properties to Saremas.

Thank you.

Yours faithfully,

for Saremas Sdn Bhd

Kiat Che Weng
Assistant General Manager
Sarawak Operations.

c.c. The Plantation Head
PPBOP, East Malaysia Operations

Received by

Siew Choon Siak

640617-13-5593

2/11/2009

Letter from Community agreeing to SSB on road reconnection and dispute settlement

02nd November 2009

To

The Assistant General Manager
Saremas Sdn Bhd
Km 102, Miri Bintulu Road
Miri.

Dear Sir,

Access Road

Reference to your letter dated 30th October 2009, I on behalf of all the affected local community (1. En. Durong Entika, 2. En. Muncha Sengkalang, 3. En. Bandang Uda, 4. En. Angking) would like to thank the management of Saremas Sdn Bhd for the co-operation and understanding on this matter.

We agreed with the content of the letter pertaining to the approved access roads, assisting the company to monitor any illegal activities such as FFB theft in the area and to erect our own gate at our property connecting to Saremas.

We appreciate all the efforts taken by the management in solving our problem and rest assured that there will be no more issues pertaining to the access road and called this case as resolved.

Thank you.

Yours Sincerely



Siew Choon Siak
(Local Community Representative)

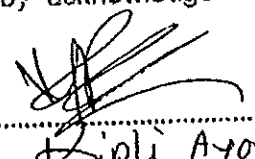
<u>SAREMAS ESTATE</u>	
I/We hereby acknowledge receipt	
	
Name :	Dipli Ayom
Date :	02/11/09

PHOTO OF RECONNECTED ROAD AND GATE



COMMENTS FROM STAKEHOLDER

List of Stakeholders	Comment highlighted	Verification
A : Government Agencies/Service Provider		
Department of Occupational Safety & Health (DOSH), Sarawak, Malaysia.	S1 & S2 complied with OSH ACT.	Verification on record confirmed that S1 & S2 are compliance with OSHA.
Department of Environment (DOE), (Kuching Branch, Miri Branch and Bintulu Branch), Sarawak, Malaysia.	ETP discharges exceeded regulatory limit.	S1 & S2 have committed to reduce BOD level below 20 ppm by established a number of mitigation plans. Among the plans include desludging of existing treatment pond, construction of additional ponds and installation of the tertiary plant.
Labour Department, Bintulu, Sarawak, Malaysia.	No issue	None
Natural Resources and Environment Board (NREB), Sarawak, Malaysia.	No issue	None
Environment Protection Department (EPD), Kota Kinabalu, Sabah, Malaysia.	Complied with EIA's requirement in Sabah.	None
Forestry Department, Miri, Sarawak, Malaysia.	No issue	None
Malaysian Palm Oil Board (MPOB), (Miri Branch and Bintulu Branch), Sarawak, Malaysia	Complied with MPOB's regulation.	None
Drainage and Irrigation Department, Kuching, Sarawak, Malaysia.	No issue	None
Immigration Department (Bintulu Branch and Miri Branch), Sarawak, Malaysia.	No issue	None
District Office Subis, Bekenu, Bintulu, Sarawak, Malaysia.	No issue	None
Social Security Organizations (PERKESO), Sarawak, Malaysia.	Complied to Social Security Act 1969	None
Employee Public Fund (EPF), Kuching Branch and Bintulu Branch), Sarawak, Malaysia.	No issue	None
Hospital Bintulu and Hospital Miri, Sarawak, Malaysia.	No issue	None
Batu Niah Clinic, Miri, Sarawak, Malaysia.	No issue	None
Suai Clinic, Miri, Sarawak, Malaysia.	No issue	None
BOMBA, Miri Branch and Bintulu Branch, Sarawak, Malaysia.	No feedback	None
Police Bintulu Branch and Miri Branch, Sarawak, Malaysia.	No feedback	None
Secondary School; (Suai and Bandar Bintulu), Sarawak, Malaysia.	No feedback	None

Primary School; (Subis, Islam religious school), Bintulu, Sarawak, Malaysia.	No feedback	None
B : Non-Governmental Organizations/Association		
Sahabat Alam Malaysia.	No feedback	None
World Wide Fund for Nature (WWF) Malaysia.	Provided general comments on oil palm plantation and palm oil milling to be considered during Stage 2 assessment e.g. availability of riparian zone.	All relevant comments were verified.
Malaysian Palm Oil Association (MPOA), Sarawak, Malaysia.	No issue	None
English Malaysia Planters' Association, Sarawak, Malaysia.	No issue	None
Sarawak Dayak Iban Association (SADIA), Kuching, Sarawak, Malaysia.	Informed that a fact finding mission on pesticide usage for communities in Bintulu including those surrounding SSB was conducted by them in collaboration with PAN AP and Tenaganita. SADIA would like to share the information.	Consultation done on 26 th November 2008. Verification done during stage 2 and found that that the issue is not applicable to SSB as the member of the communities are not working in SSB.
Dayak Association Miri, Miri, Sarawak, Malaysia.	No issue	None
Pesticide Action Network (PAN) Asia and Pacific, Malaysia.	Refer to SADIA's comment.	Refer to SADIA's verification.
Borneo Conservation Trust (BCT), Kinabalu, Sabah, Malaysia.	No feedback	None
SUHAKAM (Sarawak Branch), Kuching, Sarawak, Malaysia.	No feedback	None
Sawit Watch, Bogor, Indonesia.	No feedback	None
Borneo Resources Institute (BRIMAS), Miri, Sarawak, Malaysia.	No issue	None
Wetland International, Selangor, Malaysia.	No issue	None
Partners of Community Organizations (PACOS Trust), Sabah, Malaysia.	No issue	None
Borneo Aids Society.	Received positive cooperation from PPB	Interviewed the teacher and visited the school. Comment reconfirmed.

Aidenvironment, South East Asia.	1) Request for list of stakeholder. 2) Submit a few suggestions for enhancement of stakeholder consultation announcement.	Send on 1/12/08. Comment noted and will be incorporated in the next announcement.
Tenaganita Sdn. Bhd., Kuala Lumpur, Malaysia.	Refer to SADIA's comment.	Refer to SADIA's verification.
C : Local Communities		
Rumah Bunsu	No issue	None
Rumah Gundi	No issue	None
Rumah Tapu	No issue	None
Rumah Merudi	They are not willing to sign the MoU for usage of Land within SSB leased area.	Consultation with the NGO i.e. BRIMAS, SADIA and Mr. Baru Bian revealed that MoU was a solution for both parties.
Rumah Sabang	No issue	None
Rumah Rimbo	They are not willing to sign the MoU for usage of Land within SSB leased area.	Consultation with the NGO i.e. BRIMAS, SADIA and Mr. Baru Bian revealed that MoU was a solution for both parties.
Rumah Ringkai (now Rumah Layang)	No issue	None
D : Other interested parties		
Mr Siew Choon Siak (TAHABAS) Madam Punai ak Beriak (WADESA) Mr Angking ak Chundai Mr Durung ak Entika Mr Bandang ak Uda Tuai Rumah Tapu Galis	Complaint against Saremas 1 on trenches dug between Saremas 1 and their property. The complaint was published in BRIMAS "Broken Shield"	Consultation with three out of four affected smallholders and the Community Representatives (TAHABAS & WADESA) as well as Tuai Rumah Tapu Galis revealed that the complaint has been resolved.
Mr Baru Bian, Advocate & Solicitor	Confirmed that there are no disputes on NCR land related to the long houses within SSB.	Consultation with the NGO i.e. BRIMAS and SADIA revealed that MoU was a solution for both parties.
Saremas Palm Oil Mill - canteen operator	Voiced the issue of risks to bring cash into the plantation area. This need to be done as all workers are paid using cheque system	Interviewed the mill manager. Comment reconfirmed. This matter will be verified in the next surveillance audit.
Saremas Palm Oil Mill - Workers' representative	No issue	None
Suai Estate - Workers' representative	No issue	None

Saremas Palm Oil Mill - FFB suppliers	They are unhappy with the current payment system.	Interview with the supplier revealed that they did not understand the computation of FFB price and terms of payment. SSB had conducted briefing to the FFB suppliers.
Saremas 1 - Provision shop operator	Refer to Saremas Palm Oil Mill – canteen operator comment.	Refer to Saremas Palm Oil Mill – canteen operator verification.
Suai - Provision shop operator	No issue	None
Saremas 2 Palm Oil Mill - Workers' representative	No issue	None
Segarmas - Workers' representative	No issue	None
Saremas 2 estate - Workers' representative	No issue	None
Segarmas - Chairman of Women and Children Committee	No issue	None
Segarmas - Labour line contractor	No issue	None
Bintulu Lumber Development Sdn. Bhd. (BLD) - Senior Manager	No issue	None

