



SIRIM QAS INTERNATIONAL SDN. BHD.  
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,  
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : ES11320001

**RSPO PUBLIC SUMMARY REPORT  
SURVEILLANCE AUDIT**

**CLIENT** : PPB Oil Palms Berhad - Saremas 1 Certification Unit

**PARENT COMPANY** : PPB Oil Palms Berhad

**RSPO MEMBERSHIP No.:** 1-0011-04-000-00

**LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):**

(In the case of multisite certification, list additional sites in attachments) :

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Saremas 1	Saremas 1 POM	N3°31'32.10"	E113°44'38.86"	KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Saremas 1 Estate	N3°31'18.61"	E113°45'23.48"	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Suai Estate	N3°35'41.22"	E113°44'21.88"	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Saremas 2 (Div. 1) Estate	N3°30'22.42"	E113°47'55.56"	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak

**MAP** : See Attachment 1

**AUDIT DATE** : 16<sup>th</sup> – 20<sup>th</sup> May 2016

**DURATION** : 15 auditor days


**STANDARD** : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014

**SCOPE OF CERTIFICATION:** Production of Crude Palm Oil and Palm Kernel Using Mass Balance Model

**VALIDITY OF RSPO CERTIFICATE** : 14/6/2015 – 13/6/2020

**NO OF EMPLOYEES** (Applicable to the scope of activities audited) : 1579

The following attachments form part of this report:

Non-conformity Report(s) 

List of additional site(s) 

**Report by Audit Team Leader**

**Acknowledgement by Client's Representative**

Name

:

Mohd Hafiz Mat Hussain

Name

:

Edrin Moss

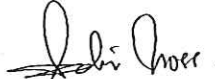
Signature

:

Signature

:



Date

:

1 August 2016

Date

:

1 August 2016

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### SUMMARY OF AUDITS

Stage 2 audit / Recertification audit				
On-site audit date :	27-30/4/15	No. of auditor days :	15	
Audit team :	Khairul Najwan B. Ahmad Jahari, Mohd Hafiz B. Mat Hussain, Valence Shem, Jagathesan a/l Suppiah, Ismail B. Ibrahim			
No. of major NCR :	2	Indicator: 4.7.2 , 6.12.3	Closing date : 28/5/15	
No. of minor NCR :	7	Indicator : 1.3.1, 4.8.2, 5.3.3, 5.4.1, 6.2.3, 6.8.3, 6.9.3		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	√	-	√	√
	Contract workers	NGOs	Govt. agency	Independent growers
	√	-	-	-
	Indigenous people	Contractor	Others (Please specify)	
	-	√	-	
Supply base sampled :	Saremas 1 Estate & Suai Estate			

Annual Surveillance Audit 1				
On-site audit date :	16 <sup>th</sup> – 20 <sup>th</sup> May 2016	No. of auditor days :	15	
Audit team :	Mohd Hafiz Mat Hussain, Khairul Najwan Ahmad Jahari, Selvasingam T Kandiah, Zulkefli Haron			
No. of major NCR :	-	Indicator: -	Closing date :	
No. of minor NCR :	2	Indicator :2.1.3 and 6.1.4		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	√	-	√	√
	Contract workers	NGOs	Govt. agency	Independent growers
	√	-	-	-
	Indigenous people	Contractor	Others (Please specify)	
	-	√	√	UNiMAS (via phone call)
Supply base sampled :	Saremas 1 Estate and Saremas 2 Division 1 Estate			
Changes since the last audit :	No significant changes since last audit			

Annual Surveillance Audit 2				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled	:			
Changes since the last audit	:			

Annual Surveillance Audit 3				
On-site audit date	:		No. of auditor days :	
Audit team	:			
No. of major NCR	:		Indicator:	Closing date :
No. of minor NCR	:		Indicator :	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Suppliers
		Contract workers	NGOs	Independent growers
		Indigenous people	Contractor	Others (Please specify)
Supply base sampled	:			
Changes since the last audit	:			

Annual Surveillance Audit 4				
On-site audit date	:		No. of auditor days :	
Audit team	:			
No. of major NCR	:		Indicator:	Closing date :
No. of minor NCR	:		Indicator :	
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Suppliers
		Contract workers	NGOs	Independent growers
		Indigenous people	Contractors	Others (Please specify)
Supply base sampled	:			
Changes since the last audit	:			

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### **Abbreviations:**

BOD	Biochemical Oxygen Demand
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Unit
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory Machineries Act
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organisation for Standardisation
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NADOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non Governmental Organisation
OCP	Outside Crop Purchase
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
PIC	Person-In-Charge
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
RSPO	Roundtable on Sustainable Palm Oil
SIA	Social Impact Assessment
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### 1.0 AUDIT PROCESS

##### 1.1 Certification Body

SIRIM QAS International Sdn. Bhd. is the leading certification, inspection and testing body in Malaysia. SIRIM QAS International provides a comprehensive range of certification, inspection and testing services which are carried out in accordance with internationally and nationally recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and accredited by ASI on 27 September 2014.

##### 1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Hafiz Bin Mat Hussain	Lead Auditor/ Occupational Safety & Health and Environment	<ul style="list-style-type: none"><li>• Possessed B.Sc. (Hons) in Plantation Management and Technology with about 4 years of experience in oil palm estate. The Lead Auditor is a qualified lead auditor for the RSPO, ISO 9001, ISO 14001, and OHSAS 18001 certification scheme.</li></ul>
Khairul Najwan bin Ahmad Jahari	HCV and Social Issues	<ul style="list-style-type: none"><li>• Possessed B.Sc. Forestry from Universiti Putra Malaysia with more than 16 years of working experience in the Forest Management, forest inventories, forest harvesting, Remote Sensing &amp; GIS. He has been trained as a RSPO P&amp;C lead auditor.</li></ul>
Selvasingam T. Kandiah	Good agricultural practices	<ul style="list-style-type: none"><li>• Holds a B. Sc. (Hons) Agriculture. Had work as a planter with Kumpulan Guthrie Berhad for more than 10 years) including one year in Liberia and 2 years in Estate Department of Kumpulan Guthrie Headquarters.</li></ul>
Zulkefli Haron	Supply Chain	<ul style="list-style-type: none"><li>• Holds a B. Sc. (Forest Resource Management) and M. Sc (UPM, Serdang, Selangor). He has more than 15 years of working experience related to wood related product. He has been qualified as RSPO SC auditor.</li></ul>

##### 1.3 Audit methodology

The audit covered the Saremas 1 palm oil mill and two of its supply base. The sampling of the number of the supply base was using the formula of  $0.8\sqrt{y}$ . The two supply base covered during the audit are Saremas 1 Estate and Saremas 2 Division 1 Estate. The audit included on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

1.4 Audit plan : Refer to Attachment 2

1.5 **Date of next audit** : The next surveillance audit will be conducted within nine (9) to twelve (12) months from the date of last audit.

## 2.0 SCOPE OF CERTIFICATION AUDIT

### 2.1 Description of the Supply Base (including the planting profile)

The Saremas 1 certification unit (CU) is under the Saremas Sdn. Bhd.(SSB), a wholly owned subsidiary of PPB Oil Palms Berhad (PPB Oil Palms). The CU comprised of the Saremas 1 Palm Oil Mill, Saremas 1 Estate, Saremas 2 Division 1 Estate (previously known as Saremas 1, Division D Estate) and Suai Estate. The first estate that was established within the CU was the Suai Estate and the last estate that was developed in 2000 is the Saremas 2, Division 1 Estate. All the estates are owned by PPB. The Saremas1 POM has a mill capacity of 60 mt/hr.

The total combined land area of the three estates (3) estates is 13,568.81 Ha of which 10,448.22 ha were planted with oil palm. There was no change in the combined land area for all the three estates. However, the hectareage of planted area for Saremas 2, Division 1 Estate was decreased by 98.14ha as the area was taken by Saremas 2 CU after a change in the name of all the division at Saremas 2 Estate.

### 2.2 Description of the Supply Base (including the planting profile)

The FFB is sourced from company owned estates that are certified and a small percentage from smallholders' crop. Details of the FFB actual and projected contribution from each source to the SOU are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period (May 2015-April 2016)

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 1 Estate	54,367.33	24.4
Suai Estate	98,603.57	44.2
Saremas 2 (Div. 1) Estate	30,949.82	13.9
Total	183,920.72	82.5
Certified Supplier (not within supply base)	780.58	0.40
Third party suppliers (Non-certified)	38,264.64	17.2
<b>Grand total</b>	<b>222,965.94</b>	<b>100.00</b>

Table 2: Projected FFB production by supply base for the next reporting period (May 2016 - April 2017)

CU own estates	FFB Contribution	
	Tonnes	Percentage (%)
Saremas 1 Estate	67,000	28.63
Suai Estate	90,500	38.68
Saremas 2 (Div. 1) Estate	36,500	15.60
<b>Total</b>	<b>194,000</b>	<b>82.91</b>
<b>Other Supply Bases</b>		
Third parties (non-certified)	40,000	17.09
<b>Grand Total</b>	<b>234,000</b>	<b>100.00</b>

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

Table 3: Actual FFB received and CPO & PK dispatch by Saremas 1 POM for the last reporting period (May 2015 – April 2016)

	Total (MT)
FFB Received	222,965.94
FFB Processed	222,961.73
CPO Production	49,251.67
PK Production	8,368.52
CPO delivered as Mass Balance	1,801.91
CPO delivered as non-RSPO certified	45,958.70
PK delivered as Mass Balance	6,950.61
PK delivered as non-RSPO certified	1,364.24

Table 4: Projected FFB received and CPO & PK dispatch by Saremas 1 POM of the next reporting period (May 2016 – April 2017)

	Total (MT)
FFB Received	234,000
FFB Processed	234,000
CPO Production	51,480
PK Production	9,594
CPO delivered as Mass Balance	42,680
CPO delivered as non-RSPO certified	8,800
PK delivered as Mass Balance	7,954
PK delivered as non-RSPO certified	1,640

Table 5 Planted and certified area of Saremas 1 CU

Estate	Planted (ha)	Certified (ha)
Saremas 1 Estate	4,611.35	6,009.18
Suai Estate	4,685.02	5,669.90
Saremas 2 (Div. 1) Estate	1,151.58	1,630.90
<b>Total</b>	<b>10,448.22</b>	<b>13,309.98</b>

Table 6 Planting profile for Saremas 1 CU

<u>Estate</u>	<u>Year of establishment</u>	<u>Mature (Ha)</u>	<u>Immature (Ha)</u>	<u>Planted area</u>	<u>% of planted area mature</u>	<u>% of planted area immature</u>
Saremas 1 Estate	1987	2,925.20	1,686.16	4,611.35	63.43	35.57
Suai Estate	1978	3,599.50	1,085.53	4,685.02	77.00	23.00
Saremas 2 (Div. 1) Estate	2000	1,151.85	-	1,151.85	100.00	-
<b>Total</b>		<b>7,676.53</b>	<b>2,771.69</b>	<b>10,448.22</b>	<b>73.47</b>	<b>26.53</b>

### 2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Mr. Chang Sip Woon
Position	:	Assistant General Manager
Address	:	PPB Oil Palms Berhad Sarawak Operations, Lot 964, Sublot 7, Taman Seaview Commercial Centre, Jalan Tanjung Batu, P.O Box 730, 97008 Bintulu, Sarawak MALAYSIA
Phone no.	:	+ 60 85 325 713/+60 86 333 286
Fax no.	:	+ 60 85 495 010/+60 86 315 220
	:	+ 60 86 315 223/+60 86 315 221

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### 3.0 AUDIT FINDINGS

##### 3.1 Changes to certified products in accordance to the production of the previous year

Total FFB received by Saremas 1 POM has increased from 200,768.17 MT in 2014/2015 to 225,965.94 MT in 2015/2016. Total planted area and certified area also were reduced from 2015 to 2016 as explained in 2.1- Description of the Supply Base.

##### 3.2 Time bound plans including changes and reasons for the changes see below

	Yes	No	<u>If yes, state reasons/justifications</u>
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

##### 3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed )

PPB owned and operates 6 palm oil mills in Sabah and 2 palm oil mills in Sarawak. The FFB for the 6 mills in Sabah are supplied by 13 of its oil palm estates while 5 estates supplied their FFB to their 2 oil mills in Sarawak. PPB has been on scheduled with the time bound plan for the certification of all the CUs. To-date, all the 8 CUs (palm oil mills) have been certified to the RSPO MY-NI P&C. SIRIM QAS International had been involved with the certification of five of the CUs.

##### 3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.

If no, please state reasons N/A as there is no associated smallholders supplying FFB to the CU.

##### 3.5 Any new acquisition which has replaced primary forests or HCV areas

☐ Yes ☒ No

##### 3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

No significant changes

##### 3.7 Status of previous non-conformities \*

☒ Closed ☐ Not closed

\* If not closed, minor non conformity will be upgraded to major non conformity

##### 3.8 Complaint received from stakeholder (if any)

No complaint received at the point of audit from stakeholder of Saremas 1 CU.



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### 4.0 DETAILS OF NON-CONFORMITY REPORT

##### 4.1 For P&C : (Details checklist refer to Attachment 3)

Total no. of minor NCR(s)  
(details refer to Attachment 4 )      List : 2      MH01/2016 and KN01/2016

Total no. of major NCR(s)  
(details refer to Attachment 4 )      List :      -

##### 4.2 For SC : (details refer to Attachment 5)

Total no. of minor NCR(s)      List : 0      -

Total no. of major NCR(s)      List : 0      -

#### 5.0 AUDIT CONCLUSION

The audit team concludes that the organization has established and maintained its management system in line with the RSPO P&C requirements of the standard and demonstrated the ability of the system to systematically achieve agreed criterion & requirements.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### 6.0 RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

☒

Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.

*Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .*

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.

☒

Recommended to continue certification.

☐

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

*Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.*

- 10 It is confirmed that all corrective actions plans provided on the minor non-conformities have been satisfactorily reviewed and accepted.

Audit Team Leader : Mohd Hafiz Mat Hussain

(Name)



(Signature)

1/08/16

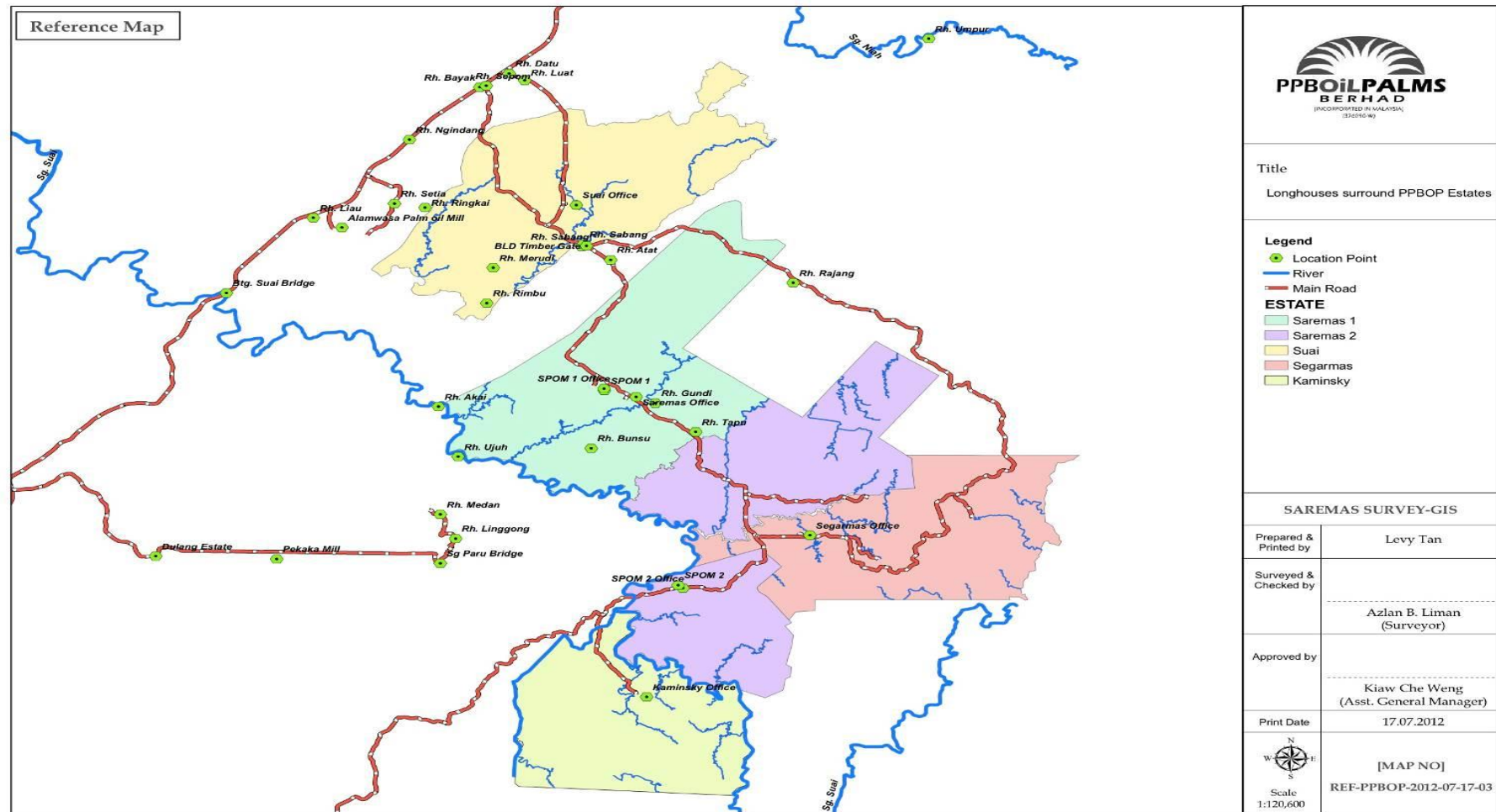
(Date)

# RSPO PUBLIC SUMMARY REPORT

## SURVEILLANCE AUDIT

### Attachment 1

#### Location map of Saremas 1 Certification Unit



# RSPO PUBLIC SUMMARY REPORT

## SURVEILLANCE AUDIT

### Attachment 2

#### RSPO Surveillance Audit Plan

#### Day 1: 16<sup>th</sup> May 2016 (Monday)

Time	Activities / areas to be visited			Auditee
0830-0900	Opening Meeting at Saremas 1 Estate, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes* by audit team leader			Top mgmt & Committee Member
0900-0930	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings) and progress of Time Bound Plan.			Management Representative
0930-1300	<b>MH</b> <b><u>Saremas 1 Estate</u></b> Site visit and assessment at <b>Saremas 1 Estate</b> relating to management plan, environmental and Safety & Health issues Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<b>KN</b> <b><u>Saremas 2 Estate (Div D)</u></b> Site visit and assessment at <b>Saremas 2 Estate (Div D)</b> relating to Social issues such as local community, SIA and management plans Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Interview workers, GPW, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	<b>SELVA</b>	Guide/PIC
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment		Guide/PIC

# RSPO PUBLIC SUMMARY REPORT

## SURVEILLANCE AUDIT

### Day 2: 17<sup>th</sup> May 2016 (Tuesday)

Time	Activities / areas to be visited			Auditee
0830-1300	<b>MH</b>	<b>KN</b>	<b>SELVA</b>	Guide/PIC
	<u><b>Saremas 1 Estate</b></u>  Site visit and assessment at <b>Saremas 1 Estate</b> relating to management plan, environmental and Safety & Health issues  Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Saremas 1 POM</b></u>  Site visit and assessment at <b>Saremas 1 POM</b> relating to Social issues such as local community, SIA and management plans  Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	<u><b>Saremas 2 Estate (Div D)</b></u>  Site visit and assessment at <b>Saremas 2 Estate (Div D)</b> relating to Good Agricultural Practice  Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• Replanting</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	
1300-1400	Lunch Break			
1400-1700	<u><b>Saremas 2 Estate (Div D)</b></u>  Site visit and assessment at <b>Saremas 2 Estate (Div D)</b> relating to management plan, environmental and Safety & Health issues	Continue assessment at <b>Saremas 1 POM</b>	Continue assessment at <b>Saremas 2 Estate (Div D)</b>	Guide/PIC

### Day 3: 18<sup>th</sup> May 2016 (Wednesday)

Time	Activities / areas to be visited			Auditee
0830-1300	<b>MH</b>	<b>KN</b>	<b>SELVA</b>	Guide/PIC
	<u><b>Saremas 2 Estate (Div D)</b></u>  Site visit and assessment at <b>Saremas 2 Estate (Div D)</b> relating to management plan, environmental and Safety & Health issues	<u><b>Saremas 1 POM</b></u>  Site visit and assessment at <b>Saremas 1 POM</b> relating to Social issues such as local community, SIA and management plans	<u><b>Saremas 2 Estate (Div D)</b></u>  Site visit and assessment at <b>Saremas 2 Estate (Div D)</b> relating to Good Agricultural Practice	

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	<p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<p>Coverage of assessment: P1, P2, P4, P5, P6, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities and stakeholders</li> <li>• Continuous improvement</li> </ul>	<p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• Replanting</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

#### Day 4: 19<sup>th</sup> May 2016 (Thursday)

Time	Activities / areas to be visited			Auditee
0830-1300	<p style="text-align: center;"><b>MH</b></p> <p style="text-align: center;"><b><u>Saremas 1 POM</u></b></p> <p>Site visit and assessment at <b>Saremas 1 POM</b> relating to management plan, environmental and Safety &amp; Health issues</p> <p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<p style="text-align: center;"><b>KN</b></p> <p style="text-align: center;"><b><u>Saremas 1 Estate</u></b></p> <p>Site visit and assessment at <b>Saremas 1 Estate</b> relating to estates boundary, HCV, local community issues and management plan</p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> </ul>	<p style="text-align: center;"><b>SELVA</b></p> <p style="text-align: center;"><b><u>Saremas 1 Estate</u></b></p> <p>Site visit and assessment at <b>Saremas 1 Estate</b> relating to Good Agricultural Practice</p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application Nursery (if any)</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• Replanting</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> </ul>	Guide/PIC

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		<ul style="list-style-type: none"> <li>Riparian zone</li> <li>Interview workers, GPW, local communities and stakeholders</li> <li>Continuous improvement</li> </ul>	<ul style="list-style-type: none"> <li>New planting</li> <li>Continuous improvement</li> </ul>	
1300-1400	Lunch Break			
1400-1700	Continue assessment			Guide/PIC

#### Day 5: 20<sup>th</sup> May 2016 (Friday)

Time	Activities / areas to be visited				Auditee
0830-1300	<b>MH</b> <b><u>Saremas 1 POM</u></b> Site visit and assessment at <b>Saremas 1 POM</b> relating to management plan, environmental and Safety & Health issues Coverage of assessment: P1, P2, P4, P5, P8 <ul style="list-style-type: none"> <li>Laws and regulations</li> <li>Occupational safety &amp; health practice – witness activities at site</li> <li>Environmental management – witness activities at site</li> <li>Waste &amp; chemical management</li> <li>Interview with workers, safety committee and contractors</li> <li>Facilities at workplace</li> <li>Training and skill development programmes</li> <li>Continuous improvement</li> </ul>	<b>KN</b> <b><u>Saremas 1 Estate</u></b> Site visit and assessment at <b>Saremas 1 Estate</b> relating to estates boundary, HCV, local community issues and management plan Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>Laws and regulations</li> <li>Land titles user rights</li> <li>Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>Complaints and grievances</li> <li>Consultation with relevant government agencies</li> <li>Inspection of protected sites with HCV attributes</li> <li>Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>Riparian zone</li> <li>Interview workers, GPW, local communities and stakeholders</li> <li>Continuous improvement</li> </ul>	<b>SELVA</b> <b><u>Saremas 1 Estate</u></b> Site visit and assessment at <b>Saremas 1 Estate</b> relating to Good Agricultural Practice Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>Laws and regulations</li> <li>Commitment to long-term economic and financial viability</li> <li>Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>EFB mulching, POME application Nursery (if any)</li> <li>Chemical store/fertilizer</li> <li>Plantation on hilly/swampy area</li> <li>Replanting</li> <li>IPM implementation, training and safe use of agro-chemicals.</li> <li>New planting</li> <li>Continuous improvement</li> </ul>	<b>ZULH</b> <b><u>Saremas 1 POM</u></b> Opening Meeting at Saremas 1 POM Assessment at <b>Saremas 1 POM</b> relating to Supply Chain implementation, which include: <ul style="list-style-type: none"> <li>General requirements</li> <li>Doc. procedures</li> <li>Purchasing &amp; goods in</li> <li>Outsourcing activity</li> <li>Sales &amp; goods out</li> <li>Processing</li> <li>Records keeping</li> <li>Registration</li> <li>Training</li> <li>Claims</li> <li>MB accounting</li> </ul>	Guide/PIC
1300-1400	Lunch Break				
1400-1630	<ul style="list-style-type: none"> <li>Verification on outstanding issues</li> <li>Audit Team discussion, preparation on audit findings and issuance of NCR (if any)</li> </ul>				Guide/PIC
1630	Closing Meeting				

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

Attachment 3

#### Surveillance Audit 1 (2016) Details of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator  <b>2.1.3</b>  NCR #: MH01/ 2016	<b>Minor</b>	<p><b>Indicator: 2.1.3</b> - A mechanism for ensuring compliance shall be implemented.</p> <p>The compliance check was carried out in 19<sup>th</sup> – 23<sup>rd</sup> January 2016 during RSPO Internal Audit, however some contractors were not included in the compliance check.</p>	<p>The internal audit team was not able to cover contractor due to lack of mandays.</p> <p>Action plan: The compliance check for contractor will be included during the next internal audit.</p>	<p>The action plan was found to be acceptable, however the effectiveness of the implementation will be verified during next surveillance audit.</p> <p><b>Status: Corrective action plan accepted</b></p>
Indicator  <b>6.1.4</b>  NCR #: KN01/ 2016	<b>Minor</b>	<p><b>Indicator 6.1.4</b> - The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties.</p> <p>The reviewed SIA plans (2015-2016) did not include the participation of affected parties in Saremas 1 CU.</p>	<p>Affected parties was not present during the revision of the SIA Plan.</p> <p>Action plan: Affected parties will be included during the revision of the SIA Plan.</p>	<p>The action plan was found to be acceptable, however the effectiveness of the implementation will be verified during next surveillance audit.</p> <p><b>Status: Corrective action plan accepted</b></p>



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

Attachment 4

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	Yes	The Saremas 1 CU continues to implement the procedure for responding to any communication as outlined in their RSPO System procedure. The procedure required the appointed person-in-charge to respond to all communication within a specified time frame. Action need to be taken to fulfil the request or for making decision. All communications are to be registered. Nearby longhouses were invited to view and comment on the environmental, social and legal information (related to RSPO criteria) at the Saremas 1 CU. Review of the Guest Book and Stakeholder Book revealed that there were no requests by the stakeholders during the 2015-2016.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	Saremas 1 Certification Unit (CU) continued to maintain records on requests for information. The CU continued to implement its communication procedure. Communications with workers were recorded in the request and complaints records. The record stated date of communication received, response and remarks. In both Saremas 1 Estate and in Saremas 2 Estate Division 1 noted that most of the records were related to request for repairs of the workers quarters.
C 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.	1.2.1	Land titles/user rights (Criterion 2.2);	Yes	Copies of all the documents listed under Criterion 1.2, including land titles were made available at the visited estates and mills.
		Occupational health and safety plans (Criterion 4.7);	Yes	Occupational Safety & Health program was sighted for 2016 and had been verified. The implementation of the program found to be satisfactory.
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Yes	It was noted that all the action was based on communication during the audit. Minutes of meeting and environmental impact assessments plan was verified during the audit.
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	HCV documentation summary including action plan 2015/2016 was made available during the audit.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Pollution prevention and reduction plans are publicly available and had been updated on 18/2/2016.
		Details of complaints and grievances (Criterion 6.3);	Yes	Detail of complaints and grievances for Saremas 1 POM, Saremas 1 Estate and Saremas 2 Div 1 Estate were recorded in the Complaint Form and Request Form. All the documents were made available at the visited estates and mill.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		Negotiation procedures (Criterion 6.4);	Yes	Saremas 1 CU has established standard procedures titled as 'Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation' and 'Consultation and Communications' for handling any complaints and grievances. Procedure for collective negotiations and resolution of disputes or grievances' was also available in the CU.
		Continual improvement plans (Criterion 8.1);	Yes	Continual improvement plans are publicly available. Cross refer to Criterion 8.1.
		Public summary of certification assessment report;		The public certification summary of Saremas 1 CU for Recertification Audit had been published in the SIRIM QAS International website.
		Human Rights Policy (Criterion 6.13).	Yes	Saremas 1 CU has established Human Right Policy dated June 2014. The policy has been communicated to all levels of its employees. The policy has been translated to Bahasa Malaysia and is displayed at the notice board at Saremas 1 POM and muster ground at each estates.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	Yes	A written policy committing to a code of ethical conduct and integrity in all operations and transactions is available during the audit. A memorandum to the management & staffs dated May 2015 was verified. This policy has been communicated to all employees during the awareness training at the POM (May 2016) and both Saremas 1 Estate and Saremas 2 Div 1 Estate (Feb 2016). Hence, the previous year NCR Minor NCR MH01- 2015 was closed.

### **Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	Yes	<p>The CU was comply with all of the applicable local, national and ratified international laws and regulations.</p> <p>The following were verified for Saremas &amp; Saremas 2 Estate (including Saremas 2 Div.1): Licence &amp; Permits, MPOB, Trading License, Diesel &amp; Petrol, CF for air compressor receivers. DOSH visit monitoring Log available and maintained.</p> <p>CHRA was conducted in June 2012 for Saremas 1 and 2 Estate. The CHRA was performed by competent consultant. The health surveillance recommendation for workers directly handling pesticide has been carried out accordingly. Monthly internal check by MA was also conducted appropriately. Medical surveillance for Saremas 1 &amp; 2 Estate was carried out in Feb 2016 by Klinik YEK.</p> <p>As for Saremas 1 POM, the CFs for machineries and equipment were checked and it has been verified that the DOSH visit monitoring log was available and maintained. The last visit by DOSH was in Feb 2016 to carry out annual inspection on the machinery.</p> <p>CHRA was conducted on June 2012 by competent consultant and additional CHRA was carried out for the biogas plant in April 2015 the same consultant. Chemical exposure monitoring for</p>

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

				<p>Hexane has been conducted on July 2015 and the result showed that the parameter was below the permissible exposure limit (PEL) and action level (AL).</p> <p>Audiometric test for employees were conducted on Aug 2015. Review of the report noted that some employees were found to have hearing impairment. A re-test for the affected employees was carried out on Nov 2015 and it has been confirmed that it was not occupational diseases.</p> <p>Based on records verification, compliance against relevant requirements in EQ (Prescribed Premises)(Crude Palm Oil) Regulation 1977 and EQ (Clean Air) Regulation 2014 were evident. The fire certificate from BOMBA is available and valid.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	Yes	<p>List of applicable legal and other requirements titled as the Register of Legal and Other Applicable Requirement for PBB Oil Palms Berhad (Sarawak Operation) was made available during the audit. The legal register was updated with the inclusion of the following :</p> <p>EQ (Clean Air) Regulations 2014 and FM (Person In-Charge)(Amendments) Regulations 2014.</p>
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	No	<p>Both sampled estates have a documented system (SOP/Legal/RSPO2.1.4/3 02(00)/1206) for identifying, tracking, updating the changes of legal requirements and to monitor the status of legal compliance. Each estate has developed its own Legal Register. Evaluation of compliance against the identified legal was carried out on annual basis. The latest compliance check was carried out in Jan 2016, during the conduct of the RSPO internal audit. The compliances were ensured by periodic reporting from operational units, on site visit/inspections/consultation, assessment/evaluation/audits and consultation with RSPO team and management.</p> <p>However, during the compliance check it was noted that some of the contractors carrying out the job for the estates were not included in the assessment. The NCR MH01/2016 was raised during this audit.</p>
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	<p>Changes to law and regulation are being monitored by the Sustainability Department at the HQ. A procedure titled as Mechanism for Ensuring Implementation of Law-System For Tracking Any Changes is available. Various sources were referred to in obtaining information about the updates of legal requirements. These includes interacting with the industrial associations, attending seminar/conference, subscribing to the publisher of the law books and checking the government agencies websites. The latest legal and other requirement register was updated on Dec 2015.</p>
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	Yes	<p>The copy of legal ownership of the land under the CU was verified. Both estates were confirmed to be legally owned by PPB.</p>

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	Yes	Physical markers are available and visibly maintained along the legal boundaries particularly adjacent to the long houses.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	Yes	<p>There are two issues of land claims at Saremas 1 CU's, which is from the Iban and Penan communities.</p> <p>1) There are "Land Claim" from Iban from Rumah Sugai, Sungai Lamaus, Ulu Niah for Tanah Adat Rumah Sugai Ulu Niah Miri Sarawak. Correspondence between the relevant parties were sighted and it was evident that the CU has followed their own procedure to handle this land claims appropriately.</p> <p>2) The second claim was from land claim from the Penan community of Jambatan Suai. Two groups from the same origin of Kampung Ugos, Kampung Long Suva'ak Kampung Mareng and Kampung Penan Muslim wrote a complaint letter with regards to the land claim.</p> <p>Saremas 1 CU has appointed legal representative through appointed legal firm (Loke, King, Goh &amp; Partners) and strongly deny both claims. There are no action or comment received from the the Iban &amp; Penan Communities for both cases until at the time of audit. Additional proof of legal acquisition of title and evidence of fair compensation were in progress, which is in line with RSPO guidelines and PPB Oils Palms (Wilmar) procedures.</p>
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	Yes	The requirements for acceptable conflict resolution process was accepted by all parties involved. The claims are still in the verification stage before the forming of a Task Force Committee for Iban. Minutes of meeting showed that both the CU and the Penan Community of Jambatan Suai have agreed to resolve the issues in line with RSPO requirements. Several meetings were held by both parties to discuss the issue. The minutes of the meeting were verified accordingly.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighboring communities and relevant authorities where applicable). Minor Compliance	Yes	This has been carried out accordingly and actions were as presented in Indicator 2.2.3.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	Yes	The claims are still in the verification stage before the forming of a Task Force Committee, as explained in Indicator 2.2.3.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighboring communities where applicable, and relevant authorities). Major Compliance	Yes	The claims are still in the verification stage before the forming of a Task Force Committee, as explained in Indicator 2.2.3.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;	Yes	The CU has conducted meetings with related parties. Correspondence and minutes of meeting between related parties were verified. Noted that the claims are still in the verification stage before the forming of a Task Force Committee, as explained in Indicator 2.2.3.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	Yes	SIA Assessment Report for Saremas 1 CU entitled "Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates" prepared in June 2008 is still used as the basis for managing social issues in the Saremas 1 CU. The report was prepared with the participation of the relevant stakeholders, such as the estate workers and neighboring long-house communities. It was conducted an Independent Sustainability Advisor. The issues raised by local communities include use of lands within the estates, maintenance of roads to their Long Houses, safety and construction material for their houses and shed/hut for school children's. The workers, on the other hand, raised concerns on the price of goods at the canteen.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	Yes	The land claimed issues are still in the verification stage before forming a Task Force Committee. In general, the CU has followed on their own procedure to handle this land claims accordingly.

### **Principle 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	Saremas 1 CU is committed to long-term economic and financial viability. They had annual budgets for the financial year 2016 and projections up to financial year 2024. Related documents were sighted and verified.
	3.1.2	An annual replanting programme projected for a	Yes	In Saremas 1 Estate, annual replanting programme had been reviewed yearly replanting for identified areas were scheduled in 2017 and 2018.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		minimum of five years, with yearly review, shall be available. Minor Compliance		In Saremas 2 Estate Division 1, the oldest planting was planted in 2000. Thus there was no replanting scheduled for the next 5 years.
--	--	--	--	---

#### **Principle 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS**

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	Yes	Saremas 1 Estate has continued to adopt and used the Safety and Health Manual which was updated in April 2015 and the Safe and Standard Operating Procedure (SSOP) Oil Palm Plantations i.e. updated in February 2016. For Saremas 1 POM, the mill continued to maintain the Safety & Standard Operating Procedures, the following SSOPs reviewed : FFB Reception-Weighbridge, Sales & Dispatch, Loading Area - FFB Grading, Sterilization, Threshing, Press, Oil Room and Laboratory Activities. As for all the PPB Oil Palm Berhad estates both Saremas 1 Estate and Saremas 2 Estate Division 1 continued to use the following documented Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 3/2011 and Financial Manual - Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist 2013. The agriculture manual provided guidance on pre-development survey, assessment and planting, oil palm nursery, oil palm replanting practices, land clearing, establishment and maintenance of legume covers, oil palm planting, upkeep, FFB harvesting and etc
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	Yes	Mechanism to ensure consistency was carried out through various supervisions activities such as the Environmental, Safety & Health Audit and quality checking on field operations, mill operation, etc. Noted that internal audits for the CU has been carried out in March 2016 (estates) and May 2016 (POM) by the SHOs. For GAP, both estates had in place the mechanism to check consistent implementation of the procedures. Both estates had list of SOPs and monitored good agricultural practices as per SOPs by on-site visits, inspections and discussions with relevant personnel and by conducting Assessments and audits like internal audits, PA visits and Agronomist/Head R&D visits and the RSPO Audits. Some of the records made available and sighted were the Head R&D report, Group VA's report, PA's report and reports by the Environment, Safety and Health officer.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	Yes	Records of monitoring and the actions taken by both the estates were maintained and kept for a minimum of 12 months. Monthly Costing and Annual Reports on monitoring of all activities were made available. Among those records sighted at the estates included Work Program Sheets, Bin cards, Monthly Progress & Report Account, rainfall data, pest census, the records from Environmental, Safety & Health audit in Dec 2014 and Feb 2015.
	4.1.4	The mill shall record the origins	Yes	The Mill maintained records of the origin of all third- party sourced FFB. Verified the summary of

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance		FFB received, the stakeholders list referencing the 3 <sup>rd</sup> party FFB suppliers – MPOB License and hectareage.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	Yes	Fertiliser application was of paramount importance for maintenance of soil fertility and the estates continued to apply fertilisers as per recommendations made by the Head of R&D Department. In addition, both Saremas 1 Estate and Saremas 2 Estate Division 1 continued to manage soil fertility as per the SOPs in the Agriculture Manual. The palms in these estates were from the year between 1995 and 2014 and soil fertility had been managed by recycling of bio-mass like frond stacking and EFB application, water management in low lying areas, maintenance of soft weeds, Leguminous cover crops and <i>Nephrolepis biserrata</i> in the interline. The annual Fertilizer recommendations were made based on the annual foliar sampling. Fertilizer application program was monitored accordingly.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Records of programs and applications of fertilisers were made available to the auditors. Records sighted showed that actual applied in 2015 was in line with the program.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	From the Agronomist/Head R&D reports it was established that the estates continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status. The last foliar sampling done was carried out in March and April 2016. The results of the sampling would be used as basis for the formulation of the fertiliser recommendation for 2017. Soil maps were made available to the auditors which were made based soil analysis conducted in December 2007 in both Saremas 1 Estate and Saremas 2 Estate Division 1. Analysis of soil organic carbon was carried out in accordance with International Sustainable Carbon Certification (ISCC) requirement. It was last done in March 2011 for both Saremas 1 Estate and Saremas 2 Estate Division 1.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	Yes	Both Saremas 1 Estate and Saremas 2 Estate Division 1 had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose and by EFB application. There was no pome applied in both estates.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	Yes	There were no fragile/marginal soils. Based on the soil maps available, the soil series in both Saremas 1 Estate and Saremas 2 Estate Division 1 were Bedup, Bekenu, Buso, Derawan, Durian, Gong Chenak, Kechor, Kuah and Semerak.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	Yes	The management strategy for plantings on slopes has been defined in the Agriculture Manual & Standard Operating Procedure for Oil Palm. Among the practice which shall be carried out are establishment of riparian reserve at natural waterways, establishment of cover crop, construction of terrace and construction of bunds at 20 m intervals along the terrace.
	4.3.3	A road maintenance programme	Yes	During the field visit, it was noted road conditions were good and well maintained. Regular



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		shall be in place. Minor Compliance		maintenance programme (which included the road resurfacing, grading, compacting and culvert maintenance) was in place to ensure that the road is accessible. The financial support for these programmes were sighted in the annual budgets.
	4.3.4	Subsidence of peat soils shall be minimized and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	Yes	There are no peat soils in both Saremas 1 Estate and Saremas 2 Estate Division 1.
	4.3.5	Drain ability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	Yes	There are no peat soils in both Saremas 1 Estate and Saremas 2 Estate Division 1.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	Yes	There are no other fragile and problem soils in both Saremas 1 Estate and Saremas 2 Estate Division 1.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	Yes	Water Management Plans 2016 for both the estates were made available to the audit team. The document was prepared and reviewed on yearly basis. The plan included workers awareness and education programme, ensuring piping system is in good condition, water requirement, current water consumption and drought contingency plan. Rainwater harvesting has been implemented in some of the workers quarters and the water is used for washing. Rainfall records based on rain gauge reading were available on site. Records of rainfall data, for the last 10 years were maintained to assist in the water management plans.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance	Yes	It was observed that Saremas 1 and Saremas 2 (Div 1) Estate continued to protect riparian buffer zones. No sign of spraying and manuring were observed.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance	Yes	Based on the effluent final discharge analysis, all the parameters have been complied with. Analysis was done once a month and submitted to the DOE on quarterly basis. The quarterly reports to DOE were reviewed and sighted during the audit.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		with national regulations. Minor Compliance		
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	Yes	Water consumption per tonne of FFB is being monitored. The water consumption data were verified.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	Yes	Both Saremas 1 Estate and Saremas 2 Estate Division 1 had in place documented IPM plans which covered monitoring of pest, control of pest population levels at below threshold levels by using cultural, biological, physical/mechanical and use of pesticides. Monthly detection and observation of leaf eating pests, mammalian pests and diseases like Ganoderma was carried out. Monthly census records for Rhinoceros Beetle attack in the immature areas and some rat damage census were sighted. Records showed no outbreak had been taken place.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Training on IPM implementation has been conducted. The latest training was carried by the Manager EMU R & D department for both Saremas 1 Estate and Saremas 2 Estate Division 1 in April 2015 and March 2016. Attendance records showed that the training was attended by the junior staffs and workers.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	Yes	Justification of all pesticides used had been demonstrated. The use of selective products that are specific to the target pest, weed or disease had been provided in: SPO Manual Justification in SOPs on the use of Agrochemicals, Agriculture Manual Upkeep and maintenance of oil palm and SSOP on safe handling of pesticides.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	Yes	Both estates continued to record areas where pesticides had been used. Pesticides are only used when justified and areas used are recorded in store issue chits, bin cards, program sheets, SAP system, costing records and progress reports. Records of pesticides used by area, quantity used, hectares applied and Ai/Ha from 2011 were made available to auditors. The LD50 was available in the MSDS. Except for the oil palm nursery no pesticides were used to control leaf eating pest and other insect pests, mammalian pest and rats in the last few years in both estates. Pesticides used were only for control of weeds.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in	Yes	Both estates as per their IPM plan continued to manage pests, other than weeds, at below threshold levels. In order to minimise pesticide usage, the estates do not carry out calendar baiting of rats. Rat baiting would only be done as and when required and only in areas where census showed damage above threshold level. In order to minimize the use of weedicide, only spraying of circle and paths were carried out. EFB and compost were applied in single layers and were not dumped in large amounts to prevent breeding of Rhinoceros Beetles in order to minimise pesticide

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		specific situations identified in industry's Best Practice. Major Compliance		use. Prophylactic use of pesticides was not observed in both Saremas 1 Estate and Saremas 2 Estate Division 1.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. 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). Minor Compliance	Yes	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). The chemical register has been established and was reviewed on April 2016. It was confirmed that there was no chemical from Class 1A or 1B or listed by the Stockholm or Rotterdam Conventions were used in the estates.
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	Yes	Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS/CSDS of the pesticide. As mentioned under Indicator 4.6.1 both estates had established SOPs for safe-handling of pesticides. Appropriate safety and application equipment were provided and used as per the CHRA recommendation. The employees such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS/CSDS training. It was also noted that MSDS/CSDS were available at all sites during the audit. Trainings on spraying which included the safety aspects and usage of PPE when handling pesticides was carried in February 2015 and April 2016 in Saremas 1 Estate and at Seramas 2 Estate Division 1 in February, March and April 2016. Records of training were available for verification.
	4.6.6	Storage of all pesticides shall be according to recognize best practices. All pesticide containers shall be properly	Yes	The chemical store in Saremas 1 Estate was observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. The chemical and fertiliser stores were well secured and keys were held only by the storekeeper and attendant. The stores were well ventilated (equipped with exhaust fans) and

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance		secured. Only authorized personnel were allowed to handle the chemicals. All the chemicals were stored and segregated accordingly and fertilizers were well stacked. Relevant MSDS/SDS were available in the store. Adequate 'Safety Signage' have been placed at the store area. Proper pre-mixing area, eye wash facilities and bathing area were provided. It was noted that wastewater from washing of empty chemical containers and PPE, and chemical mixing was pumped to a storage tank for reuse in chemical mixing. Triple rinsing activities was continually implemented for empty pesticide containers. The rinsed containers were pierced and stored prior disposing. Records of e purchase, storage and use had been properly maintained.
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	Yes	Pesticide applications were guided by the company established document such as SPO Manual & Agriculture Manual. The CHRAs on both Saremas 1 Estate and Saremas 2 Estate Division 1 were reviewed on July 2012 by competent consultant.
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	Yes	Aerial spraying was not practiced at all PPB estates and there was no evidence to show that any had been carried out in both Saremas 1 Estate and Saremas 2 Estate Division 1.
4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance	Yes	The employees such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and how the chemicals should be used in a safe manner. Records of trainings sighted and verified.
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	Yes	The CU has established a procedure for handling empty agrochemical containers. Accordingly, triple rinsing of all its empty agrochemical containers is used as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. Saremas 1 Estate has disposed the empty containers to a DOA-approved recycle contractor.
4.6.11	Specific annual medical surveillance for pesticide operators, and documented	Yes	CHRA was conducted on June 2012 by a competent consultant. The recommendation for health surveillance for workers directly handling pesticide was carried out accordingly. Monthly internal check by MA was also carried out. Medical surveillance which has been carried out competent

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		action to treat related health conditions, shall be demonstrated. Major Compliance		consultant and the medical surveillance reports for the 'Spraying Operators' were verified.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	Yes	The relevant policy had been complied with in both the estates. There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women. This was confirmed by the interviewing the field workers.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	Yes	Saremas 1 CU continued to maintain the OHS Policy which was dated Sept 2010. The policy is endorsed by the Group Plantation Head and approved by the Group CSR Head. Both the estates have established the Occupational Safety & Health Plan for 2016. The plan was reviewed accordingly.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	Yes	Saremas 1 POM - HIRARC has been established. The latest review was carried out in June 2016 by the mill competent person. All hazards and risks associated with the mill's operations have been identified. The latest amendment was made on the hazards and risks related to the sterilizer. Medical surveillance was carried out in Jan 2016 and the 'Lab Operators' medical surveillance report were reviewed. For the workshop operator and boiler man, the health surveillance was conducted in May 2016. Saremas 1 Estate and Saremas 2 Estate (Div 1) - HIRARC has been established. The latest review carried out on May 2015 by the estates' competent person. All hazards and risks associated with the estate's operations have been identified. The HIRARC for ferrying the school children using modified lorry transport has been identified on 1 <sup>st</sup> June 2015. Hence, the previous audit major NCR JS01-2015 was satisfactorily closed. The Chemical Exposure Monitoring Programme was carried out on Feb 2016 for the welders. The results indicated below the permissible exposure limits (PEL).
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land	Yes	Saremas 1 and Saremas 2 (Div 1) - Training and briefing on the operations were provided to all employees to educate them on safe working practices and to ensure applicable precautions are adhered. Training for employees are conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. Employees were provided with appropriate PPE and replaced when damaged. PPE issuance and replacements records were verified by the auditors. During the audit, it was observed that PPE was used by workers working in the fields. Saremas 1 POM - Based on the HIRARC and SSOP the types of PPE for the various station were identified and verified.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		preparation, harvesting and, if it is used, burning. Major Compliance		
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	Yes	Safety and Health Committee organization chart dated March 2016 (estates) and Jan 2016 (POM) was reviewed by the auditor. Further confirmation was made through interview with the estates' PIC. Quarterly Safety & Health Committee meetings were held and minutes were verified.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	Yes	The Emergency Response Plan (ERP) has been revised in March 2014. The procedure was addressed on the incident reporting, action to be taken when bund breakage, suicide attempt & prevention, bush fire, fire breakout in the mill, chemical spillage, flood, poisoning and workplace violence. The first aid box are available at the Saremas 1 & 2 Estate. The first aid boxes are checked on a quarterly basis and replenished by the Medical Assistant. The first aid box at various stations were checked /verified for the content adequacy and found adequate. Internal training on first aid was also conducted on Jan 2016 (estates) and Aug 2016 (POM).
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Yes	Local workers are covered by SOCSO and some of the workers 'Jadual Caruman Bulanan' were sampled and verified. Foreign workers are covered by the Workmen Compensation provided as per Compensation Act 1952 through an insurance company. It has been verified that the policy is valid until 2018 (Saremas 1 & Saremas POM) and 2017 (Saremas 2).
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Yes	Accident statistics records for both estates were maintained and reviewed on quarterly basis during the 'Health and Safety' committee meeting. The minutes of the meeting were reviewed and the accidents happened in 2016 were noted. For all the accidents, internal investigation was carried out and the proposed corrective action had been implemented accordingly. There was no case of accident that more than 4 days of medical leaves for 2015 and 2016 (to-date). JKPP 8 was completed accordingly. As for Saremas POM, accident statistics have been reviewed on quarterly basis during the 'Health and Safety' committee meeting. The minutes of the meeting were reviewed and an accident due to fall from height was noted. Total loss man-days was 39 days and investigation was carried out on

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

				SHO. The corrective action proposed was implemented and JKPP 6 was submitted to DOSH accordingly.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	Yes	The CU formal training programs for 2016 (estates and POM) that covered all aspects of the RSPO Principles and Criteria, with regular assessments of training needs were presented to auditors.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	Yes	The training records were available and being maintained at the respective sites. The following training for Saremas 1 Estate and Saremas 1 POM was reviewed : Chemical handling/Triple rinsing/MSDS, harvesting, manuring, SOP and confined space.

#### Principle 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Clause	Indicators		Comply Yes/No	Findings
C 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 continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	Yes	<u>Saremas 1 and Saremas 2 Estate</u> The EAI form was reviewed in Feb 2016 by the PIC. Some of the identified environmental aspect are leachate from application of EFB, soil erosion from replanting, potential oil spillage from the maintenance of generator and machinery and pollutants to land from solid wastes. <u>Saremas 1 Palm Oil Mill</u> The EAI form was reviewed in April 2015 by the Mill Manager. The mitigation measures are documented in "Significant EAI Mitigation Methods. Among the environmental aspects identified by the mill are: 1 – Air pollution: Dark smoke from boiler and Smoke from generator set. 2 – Water pollution: Accidental spill of scheduled wastes e.g. during maintenance of the machinery, Leachate from EFB stockyard and Wastewater discharge from ETP. 3 – Soil contamination: Scheduled wastes generation.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons.	Yes	It has been verified that there is no impact required change of the current practice for both mill and estates. Nonetheless, mitigation measures were developed in order to minimize the negative impacts. Among the mitigation measures developed were SOP, working instructions and engineering controls.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		Minor Compliance		
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	Yes	There is no identified impact that requires changes in current practice.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	Yes	The CU has conducted the HCV assessment in July 2008. The report entitled as "HCVF Scoping Assessment of S1 CU" was prepared by competent HCV consultant. The assessment had covered all the HCV on RTEs species within the residual forested areas of the estates. The report also included the management and action plan. The auditor had verified that the Saremas 1 Estate had identified, maintained and monitored the HCV4. It had conserved 116.28 ha of forest patch area that provide basic services of nature water flow control as mention in indicators 4.4.1. At Saremas 2 Estate, Div 1 had identified the same HCV4, conserving and enriched wildlife corridor which conserved a total area of 401.54 ha of the Bukit Durang. The HCV map was also made available. Saremas 1 CU has co-operated with researchers from Universiti Malaysia Sarawak (UNIMAS) in order to improve their monitoring effort on the living flora and fauna especially on the endangered, rare and threatened species within the oil palm plantation and forested area (Bukit Durang Conservation Area located within Saremas 2 Estate and Segarmas Estate). A survey of the terrestrial mammals and birds using camera trapping method was carried out from Nov 2013 to Jan 2014.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	Yes	Saremas 1 Estate and Saremas 2 Estate Div 1 have listed their HCV monitoring and management action plan for 2016 with the collaboration project with UNIMAS on the baseline inventory and wildlife identification and monitoring. It was noted 37 employees including 10 persons from nearby long houses was appointed as qualified Wildlife Honorary Ranger since March 2015. The effort of appointed ranger shows Saremas 1 CU commitment for conservation was evident.
	5.2.3	There shall be a programme to	Yes	Program to regularly educate the employees about the RTE species are in place. In accordance



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		regularly educate the w/force about the status of these RTE, and appropriate disciplinary measures shall be instituted in accordance with comp. rules and national law if any individual working for the comp. is found to capture, harm, collect or kill these species.Minor Compliance		with the company rules, appropriate disciplinary measures will be taken to any employees found to capture, harm, collect or kill these species. Yearly Work Plan 2016 for Saremas 1 CU, including POM was made available during the audit. The roadblock activities were conducted in March 2016 at Saremas 1 Estate roads by the Wildlife Honorary Ranger to ensure all measures were followed by the employees.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	Yes	An Action plan for 2016 was established and on-going monitoring and awareness activities were conducted on monthly basis. Below were cited: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that affected by Saremas 1 Estate and Saremas 2 Estate Div 1 was documented and reported.</li> <li>Maintenance of pegs to mark the HVC area and boundaries was carried out</li> <li>Setting up camera traps as part of monitoring RTEs in conservation area</li> <li>Monitoring to ensure no encroachment</li> <li>Awareness training on RTEs &amp; flora, socialization an buffer zone</li> <li>Riparian monitoring and rehabilitation continuously</li> <li>Collaboration project with University of Malaysia Sarawak</li> <li>Honorary ranger road block exercise</li> <li>Repainting or clearing ferns around to mark the buffer zone</li> </ul>
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	Yes	There is no HVC area set-asides with existing right of local communities.
C 5.3 Waste is reduced,recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	Yes	Identification of wastes was carried out and mitigation plan had been established. This had been documented in the company's "Pollution Prevention Plan (Waste Identification and Mitigation Plan)". Among the wastes identified were domestic waste from household, scrap iron, empty chemical containers, scheduled wastes and mill wastes such as boiler ash, POME, EFB, fibre & shell, decanter cake, etc.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	All empty chemical containers were triple rinsed & punctured and sent to recycle vendor. It can be confirmed that the CU has disposed empty chemical containers to a DOA-approved contractor i.e. a collector of used pesticides containers.
	5.3.3	A waste management and	Yes	Among the disposal plan established and implemented were application of mill wastes as fertiliser,

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance		sending the recyclable wastes to recycling centers and disposal of scheduled wastes through authorized vendors. The handling on the scheduled waste was found acceptable and followed their own established procedure. The disposal was done through approved contractors. The method of handling domestic wastes landfill at Saremas 1 Estate was guided by "Guidelines for Landfill Establishment for Domestic Wastes in PPBOP Sarawak Operations. NCR VS01/2015 that was raised during last audit was closed accordingly.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimized.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	Yes	Noted that the plan to improve the efficiency of fossil fuel usage was established and approved by top management in May 2016 (estates) and Jan 2016 (POM). Saremas 1 POM
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance	Yes	Based on the field visit, it can be confirmed that there was no replanting area at Saremas 1 Estate and Saremas 2 Estate.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance	Yes	Based on the field visit, it was confirmed that there was no replanting area at Saremas 1 Estate and Saremas 2 Estate.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	Yes	The assessment of all polluting activities had been conducted through the Environmental Impact Assessment and Environmental Aspect & Impact Evaluation (see Indicator 5.1.1). The environmental aspects for air pollution have been identified and mitigation measure/management plan has been established thereafter. The assessment reviewed to include the GHG emission from the mill and estates activities.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Yes	Saremas 1 POM had constructed and commissioned a biogas plant in May 2014 at the ETP. The methane gas from the ETP ponds is captured and used at the biogas plant as fuel to generate electricity. With the capturing of the methane in the biogas, the GHG emissions has been significantly reduced. As for the estates, the objective and target established is for the reduction of diesel consumption which has been set based on the average values of the baseline year.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

<p>measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions.</p> <p>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</p> <p>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>	5.6.3	<p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	Yes	<p>The CU has been using the RSPO's PalmGHG calculator for calculating its GHG emission. They have submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG).</p>
--	-------	---	-----	--

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, 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 continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	Yes	SIA Assessment Report for Saremas 1 CU entitled "Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates" was prepared in June 2008 was used as the basis for managing social issues in the CU. The report was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighbouring long-house communities, conducted by an Independent Sustainability Advisor.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	It was evident that the representatives from five long-house communities participated in the assessment. The inputs from the participants were incorporated in the 'Action Plan for Social Impact Assessment 2016'.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	Yes	A number of stakeholders' consultations were held by the CU to gather inputs in the process of reviewing and updating the Action Plan for Social Impact Assessment 2015-2016. Action Plan for Social Impact Assessment 2015-2016 for Saremas 1 CU was established as listed below: i) Explained on the company recruitment policy do not discriminate, transparent and fair. ii) Introduction of company controlled items (Control Item Pricing-10 item which is under price control foods & provisions sold at canteen) iii) Native land claim by Penan and Iban Community iv) To conduct the gotong royong at worker quarters
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	No	The reviewed SIA plans (2015-2016) did not include the participation of affected parties in Saremas 1 CU. Therefore Minor NCR KN01/2016 was raised.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme).	N/A	Not applicable for Saremas 1 CU as there is no smallholder schemes in the unit.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		Minor Compliance		
C 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	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	Document No: RSPO 6.2–Consultation and Communication Procedure was established and prepared by the RSPO Unit of PPB Oil Palms Bhd. This procedure is used by the CU in handling internal and external communications. The CU used internal communication techniques, such as daily assembly, internal circulars and memos, notice board and posters, suggestions boxes and complaint forms. External communication were mainly carried out via email, Public Information Request (PIR), complaint and grievances form and requisition form. In general, the CU has followed the procedure in responding to internal and external communications.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	As defined in the communications procedure, only the appointed persons are responsible to handle communication matters. The appointment of management officials were evident.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	Yes	The estates/mill maintained stakeholder lists which comprised of government agencies, contractors/suppliers (including FFB suppliers for mills), neighboring estates and local communities. General Stakeholder List for Saremas 1 CU dated 2016 was available during the audit. Noted that for 2015, Saremas 1 CU did not communicate on the confirmation of receipt for the previous minutes of meeting to the committee members (committee from long house). Therefore NCR MH02- 2015 was raised. During this audit, the acknowledgement receipts were sighted and verified. Therefore, NCR MH02- 2015 was closed
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	Yes	The CU has established a mechanism for handling any dispute. The mechanism has been defined in the “Dispute and Grievances Procedure”. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through the “Borang Aduan (Complaints Form)”.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	Yes	No issue of dispute until May 2016 at Saremas 1 CU.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	Yes	In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled “Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation” which was adopted in Nov 2008. The procedure has defined how to check for legal status of the lands in question and laid out the criteria in deciding who should be compensated and the amount of compensation.
	6.4.2	A procedure for calculating and distributing fair compensation	Yes	There were issues raised by Iban and Penan communities who had asked for compensation from the CU for trespassing on their land. However, the process for land claim from Iban and Penan

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		(monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of trans migrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		communities is still in progress. The land claim process were still in the early process and the task committee has yet to be developed. However, there is no any further action or comment received neither from the Penan nor Iban Communities until at the time of audit, as explained in Indicator 2.2.3
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	Yes	There were land claims raised by the Penan communities and the Iban Communities. These claims are still in the investigation process and now awaiting for reply from the communities before deciding the next action. The flow/progress of the compensation claim raised were according to the procedure. Refer to indicator 2.2.3
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	Yes	A sample on contracts of employment for both foreign and local workers were checked at the Saremas 1 CU. Under the Labour Rules (Sarawak) 2005, it is a legal requirement for such contracts to be in written form. The contract states the wage rate, work days, overtime, annual leave, public holidays and contributions to SOCSO for local workers, among others. The pay slips of a workers were also checked at each estates/mill. From the review of the pay slips, it can be confirmed that each and every one of the sampled employees had received their monthly earnings correctly. The monthly pay also conformed to the requirements of the Minimum Wages Order 2012.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	Yes	The employment contract and pay slips are in English. The CU had taken additional efforts to explain to the workers in Bahasa. A sample of employment contract for local and foreign workers stated the working hours, employee provident fund, annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc. as explain in indicator 6.5.1.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, 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. Minor Compliance	Yes	The Saremas 1 CU established its policies on housing, water and electricity supply. Religious, medical, educational and child care facilities are also offered to workers. Housing inspections are carried out on weekly basis by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). Their reports were presented to the main committee for information and actions, if necessary. Visits made to the line sites at Saremas 1 POM, Saremas 2 Estate Div 1 and Saremas 1 Estate show that the houses and their environment are in respectable conditions.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	Yes	The CU has made efforts to monitor on their canteen operators through regular meeting. The latest JCC Meeting - Public Stakeholder for canteen operator, contractors and suppliers was conducted in April 2016 to discuss among others on the ten controlled item prices and cheque clearing rate. All the canteen operators at the Cu have attended the meeting and confirmed during the consultation with them during the audit.
C 6.6 The employer respects the rights 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.	6.6.1	A published statement in local languages recognizing freedom of association shall be available. Major Compliance	Yes	A written statement on the freedom of association by the employees was established and approved by the AGM of the Sarawak Operations. The statement is written Bahasa Melayu and languages understood by the workers. The statement is displayed at the public places at all the estates/mill. The statement included among others that the workers are allowed to join any registered organizations or associations and foreign workers are not allowed to hold any positions in the organizations or associations. The workers are not unionised and is informed on freedom of association during signing of employment contract. The worker's representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both committees meet held regular meetings. The workers whom were consulted had confirmed that they were aware of their rights to join a union.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	The minutes of meetings were available during this audit. It has been reviewed accordingly.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	Yes	The child labour policy (Sept 2010) is publicly available at the visited estates and mill. The policy statements emphasise on child under 18 years must not be employed to work in hazardous jobs. This policy is displayed on notice boards for public viewing. Masterlist of workers for 2016 was reviewed, employment cards and copies of the passports for the foreign workers confirmed that

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

				there are no under age workers(i.e. under 18) been hired in the CU.
C 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.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	Yes	A policy statement on equal opportunity (Sept 2010) is publicly available at the visited estates and mill. The policy statements emphasis on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is displayed at notice boards for employees and public viewing.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Yes	The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers at the Saremas 1 POM, Saremas 2 Estate Div 1 and Saremas 1 Estate revealed that the CU has not discriminated its staffs and workers. Foreign workers received similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	Yes	During this audit, the training, awareness and competency procedure was verified. The procedure was revised in June 2015 which included the process of recruiting, selection, hiring and promotion which will not base on race, caste, national origin, religion, disability, gender, sexual orientations, union membership, political affiliation or age. Hence, last year audit finding NCR MH03 -2015 was closed.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	A policy on Sexual Harassment, Violence and Abuse, Reproductive Rights (dated June 2014) was available during the audit. The policy is displayed at notice boards in the office of the estates and mill. Briefing on sexual harassment at workplace and reproductive right was also discussed during the Women & Children Committee Meeting. The minutes of meetings were verified. (refer indicator 6.6.2)
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	A policy on Sexual Harassment, Violence and Abuse, Reproductive Rights (dated June 2014) was available during the audit. The policy is displayed at notice boards in the office of the estates and mill. Briefing on sexual harassment at workplace and reproductive right was also discussed during the Women & Children Committee Meeting. The minutes of meetings were verified. (refer indicator 6.6.2)
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	Yes	The CU has established an SOP for dispute and grievances (PPB/RSPO 6.3 (2.2)/(1)). The procedure was updated on on 11/5/15 to include the need to ensure confidentiality requirement if deem necessary or requested by the complainant. Briefing on complaint and grievances form, RSPO Principal and Criteria, including HCV awareness to workers and staff was conducted on 15 April 2016. Pictorial report and attendance list was verified during the audit. Hence, last year audit finding NCR MH04-2015 was closed.



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for FFB shall be publicly available.	Yes	Saremas 1 POM is displaying the current (2016) and past year FFB prices at the notice board near to the weighbridge.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	Yes	Saremas 1 POM has publicly displayed the FFB pricing mechanism at the notice board. Their smallholders (local community) can refer to the notice board if they query on the FFB price. Review of the CBDC meeting minutes, and consultation with nearby smallholders, it can be confirmed that the smallholders were satisfied with offered FFB price from the POM. Interview with the contractors also confirmed that the pricing and the payment mechanism of the job provided are stipulated in the contract agreement
	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	Yes	Some contractors for Saremas 1 CU were sampled during the audit and it can be confirmed that all of the contractors were aware of the pricing mechanisms, job specifications and payment systems. These contracts are written in the English and signed by both parties.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	Based on interview with contractors from Saremas 1 Mill, Saremas 1 Estate and Saremas 2 Div 1 Estate, the payments to supplier and contractor were made in accordance with the contract term, i.e. payment is made from 20 <sup>th</sup> to 25 <sup>th</sup> of the month.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Yes	<p>The CU has contribute to the socio-economic development of the local long-house communities via employment opportunities, medical services, school buses, roads, water tanks and oil palm seedlings. In addition, the CU had also given advisory services on the plantation and management of oil palm crops. The following were cited:</p> <ol style="list-style-type: none"> <li>1) Employed 18 local people from long houses (Suai Estate)</li> <li>2) Employed 69 local people from long house (Saremas 1 Estate)</li> <li>3) Donation for Gawai Festival celebration for 2015</li> <li>1) Offer pre-school (kindergarten) educations</li> <li>2) Provide school bus (transport).</li> <li>3) Maintenance of access road at the estate and local communities' (Rumah Bra'in, Tapu, and Golan) area from their house (main road) to their farm/palm oil estate.</li> <li>4) Roofing donation for waiting hut for workers and school children at Rumah Golan</li> <li>5) Oil Palm Plantation talks and awareness to Rumah Robert Antas (11 March 2016)</li> <li>6) Selling oil palm seedlings at subsidized rate and provide agriculture advisory (training &amp; site visit)</li> <li>7) Buy their FFB on cash term basis payable twice a month at comparable price.</li> <li>8) Provide IPAS training sponsorship (if interest candidates available)</li> <li>9) Free charge for using company's tractor during burial event</li> </ol>
	6.11.2	Where there are scheme smallholders, there shall be	Yes	Saremas 1 CU has make an efforts to improve the smallholder productivity by providing agriculture advisory; trainings and also carry out site visit. This was confirmed during the

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance		consultations with selected shareholders.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	Yes	Saremas 1 CU has established policy named "No Deforestation, No Peat, No Exploitation Policy" dated Dec 2013. The policy was explained well on the child labour, forced and bonded labour.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	There is no contract substitution occurred at Saremas 1 CU. The activity or operation at the estate was done by their own workers. It was confirm during the consultation with the workers, staff, contractors and local communities during the audit.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	Yes	During the last recertification audit (2015), a special labour policy and procedure have yet to be established and implemented. Therefore NCR MH05-2015 was raised. However, in this audit, the special labour policy and procedure has been verified. Therefore NCR MH05-2015 was closed.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Yes	Saremas 1 CU has established Human Right Policy (dated June 2014) and it was evident that it has been communicated to all levels of workforce and operations. The policy that has been translated to Bahasa Malaysia was displayed on the notice board at muster ground.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	Yes	Saremas 1 CU has provided a school named Community Learning Centre to the worker's children. The CLC is managed by management of Saremas 1 Estate. The CU has also provided buses to transport the children to the CLC. For the local workers, the children are schooling at nearby government primary school.

#### **Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS**

Saremas 1 CU has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### Principle 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	Yes	<ol style="list-style-type: none"> <li>Both Saremas 1 Estate and Seramas 2 Estate Division 1 continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize the use of insecticides, the estate had planted beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>.</li> <li>The estates were committed to reduce the use of the chemicals and now have implemented and will continue to only spray Circles and paths and while noxious weeds were mainly slashed. Spraying was carried only as when required. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows.</li> <li>EFB was applied in single layers and was not dumped in large amounts to prevent breeding of Rhinoceros Beetles.</li> <li>VOPs were manually removed.</li> </ol>
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	Environmental Impact. Cross refer to C5.1
	c)	Waste reduction (Criterion 5.3);	Yes	Maximizing recycling and minimizing waste or by-products generation. Cross refer to C5.3
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	Pollution prevention plan. Cross refer to 5.6
	e)	Social impacts (Criterion 6.1);	Yes	<ul style="list-style-type: none"> <li>New housing for workers - 2 units of Type H (eight door). Contract of WSJ Enterprise was verified. Site preparation has been done and verified.</li> <li>To reduce the prices of 10 control items at Saremas CU Canteen for workers and staff.</li> <li>Women &amp; Children awareness activities (Blood Donation Campaign) on April 2016.</li> <li>Cultural event with long houses for Gawai Celebration on June 2016.</li> </ul>
	f)	Encourage optimizing the yield	Yes	As Saremas 1 CU is part of a well-established organisation, the yield performance has always

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

		of the supply base		been the top priority in ensuring long-term economic and financial viability. In general, various efforts have been done to optimize the yield of the plantation such as minimizing crop losses, ensuring the soil fertility is maintained in good level and maintaining transportation facilities in good condition. Apart from that, the company is always keep itself updated with possible technological options especially in mechanization and better planting material.
--	--	--------------------	--	--

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

#### Attachment 5

#### **Module E – CPO Mills: Mass Balance**

Item No	Requirement	Findings
E.3 E.3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements;	Saremas 1 POM has continued to implement its updated Standard Operating Procedure in accordance with the requirements of the MB module of the RSPO Supply Chain Certification Standard, 21 November 2014. The SOP has described the procedures on the mechanism and implementation of an MB supply chain system with respect to the incoming RSPO-certified fresh fruit bunches (FFBs) and the tracing of the RSPO certified crude palm oil (CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified and non-certified FFBs being processed, the CPO and PK produced and their deliveries as well as on the stock levels. This SOP was made available for auditors' verification during the audit including other related documents.
	b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.	The Supply Chain Clerk had been appointed as the new person having overall responsibility on the implementation of the RSPO supply chain system. The appointment letter was made available and shown to the auditor. She had replaced the Chief Clerk who had previously been in charge on the system. Based on the discussions held with the PIC, it was found that she had a good knowledge on the requirements of the RSPO Supply Chain Certification Standard specifically that related to the MB module and on the implementation of Saremas 1 POM supply chain system. She had also attended the previous training held relevant to the RSPO Supply Chain Certification Standard.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Saremas 1 POM had established documented procedures which had described the procedures on the implementation of an MB supply chain system with respect to the incoming RSPO-certified fresh fruit bunches (FFBs), tracing of the RSPO certified crude palm oil (certified CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified and non-certified FFBs being processed, CPO and PK produced and their deliveries as well as on the stock levels.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	Upon receiving of the FFBs (certified and non-certified), the Mill Gate Security will check on the incoming FFB and its accompanying dispatch note issued by the supplying estate before allowing entry. This will be followed by checking and verification by the Weighbridge Clerk to determine details on the dispatch note tallied with the incoming FFB such as supplying estate and weight (volume). Determination on status of the supplying estate is based on the 'List of RSPO Certified Supply Base' provided. Data on volume of RSPO certified and non-certified are separately recorded in the daily production record. Randomly selected FFB dispatch chits for incoming RSPO-certified FFBs and non-certified FFBs were verified during the audit. The certified status of the incoming FFBs was found based on the 'List of RSPO Certified Estates' made available to the Weighbridge personnel. The dispatch chits accompanying the FFB was found clearly indicating the name of the supplying estate and the quantity (number of bunches and weight in kg) of the FFBs. The Daily Production Report (Daily CPO and PK Production Record) provides a detailed daily account on the receipt of FFBs, production, delivery and stocks of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER). Non-RSPO certified FFBs were sourced from the out growers and small holders in the surrounding areas. The list of non-RSPO certified FFB suppliers was also sighted.
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The SOP on 'Record Keeping and Monitoring' address this requirement. The Mill Manager will inform Sustainability Department for a projected overproduction of RSPO-certified CPO or PK. Such information shall also be conveyed to the relevant certification body.
E.5 E.5.1	Record keeping a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	Saremas 1 POM had continued to maintain the 'Daily Production Report' to keep an 'account' on the quantity of FFBs it received, processed and production of RSPO certified CPO and PK, actual oil extraction rate (OER) and kernel extraction rate (KER), delivery and stocks of certified FFBs, CPO and PK. The Daily Production Report ensures that the quantity of CPO and PK being delivered had not exceeded that produced by the mill. The POM had used a fixed inventory period of 3 months to ensure the quantity of the certified FFBs being processed and the CPO and PK being dispatched were in balance. For the period from 1 March 2014 to 31 March 2015 Saremas 1 POM had dispatched a total of 1,801.91 MT and 6,950.61 MT of RSPO MB CPO and PK respectively. The bulk of the CPO was dispatched as an ISCC certified oil.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

	b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.	Based on the 'Daily Production Report (Daily CPO and PK Production Record)' the volumes of of palm oil and palm kernel oil delivered were found correctly recorded and calculated as required by RSPO.
	c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock.)	Saremas 1 POM produces quarterly reports for both CPO/MB and PK/MB which include details on FFB intake, production and despatch. From these reports, all deliveries were found to be sales from a positive stock.
E.5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing was carried out for palm kernel crush.

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

Attachment 6

#### FOLLOW UP PREVIOUS NON-CONFORMITY REPORT

#### Recertification Audit (2015) Detail of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
Indicator <b>1.3.1</b> NCR #: MH01-2015	<b>Minor</b>	<b>Indicator: 1.3.1</b> - There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. A written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations was not available at Saremas 1 CU.	The full version of code of ethical conduct and integrity was endorsed by the top management on the 13 May 2015. The process of communicating the policy will be completed by October 2015. Verification during ASA 1: During this surveillance audit the written policy committing to a code of ethical conduct and integrity in all operations and transactions, were documented and communicated to all levels of the workforce and operations. The Memorandum to the management & staff dated 13 May 2015 was verified. This policy is communicated with the workers during the awareness training in May 2016 (POM) and Feb 2016 (for both Saremas 1 Estate and Saremas 2 Div 1 Estate). <b>Status: Closed</b>
Indicator <b>4.7.2</b> NCR #: JS01-2015	<b>Major</b>	<b>Indicator: 4.7.2</b> - All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. A transport lorry from Saremas 1 was modified to ferry primary school children of the workers to the government school. This operation has not undergone a proper HIRARC.	The hazard identification, risk assessment and risk control for the usage of modified lorry to transport school children's has been carried out in 1st June 2015. The record was verified. Verification during ASA 1: HIRARC has been established and latest review was carried out in Oct 2015. Operations have been risk assessed and documented. The latest amendment on aspects related to harvesting. <b>Status: Closed</b>
Indicator <b>4.8.2</b> NCR#: JS02-2015	<b>Minor</b>	<b>Indicator: 4.8.2</b> Records of Training for each employee shall be maintained. Training records were reviewed and found not updated in a timely manner.	Lack of monitoring from the management. And no specific personnel to monitor the implementations. The management has decided to assign training officer to ensure all training records (internal and external) been updated in employee personal file. Verification during ASA 1: It has been verified that the training records were available and being maintained at the site for each employee. <b>Status: Closed</b>
Indicator <b>5.3.3</b>	<b>Minor</b>	<b>Indicator 5.3.3</b> - A waste management and disposal plan to avoid or reduce pollution shall be	Lack of management control on the implementation of the SOP. Saremas 1 shall look for suitable place for domestic waste dumping site. Method



## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

NCR#: VS01/2015		documented and implemented. Referring to the Guidelines for Landfill Establishment for Domestic Wastes in PPBOP Sarawak Operations [Trench with sandwich cover method], it was found that the method of handling domestic wastes landfill at Saremas 1 Estate was not in accordance with the referred document.	of covering will be based on the company guidelines for landfill establishment for domestic waste. A specific personnel is assigned to manage the landfill. Verification during ASA 1: The new domestic landfill was established and guided by Guidelines for Landfill Establishment for Domestic Wastes in PPBOP Sarawak Operations (Sandwich and trench method). <b>Status: Closed</b>
Indicator 5.4.1 NCR#: VS02/2015	Minor	<b>Indicator 5.4.1</b> - A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. There was no evidence that plan for improving efficiency of the use of fossil fuels has been established at Saremas 1 and Suai Estate.	Plan for improving efficiency of the use of fossil fuels was not part of the 2015 Environmental Objective and Target. However, the Saremas 1 CU has established 2016 objective and target for the required. Verification during ASA 1: The plan to improve the efficiency of fossil fuel usage was established and approved by the AGM. The objective established is to reduce diesel consumption by 1% from the average of the baseline year. <b>Status: Closed</b>
Indicator 6.2.3 NCR#: MH02-2015	Minor	<b>Indicator: 6.2.3</b> - A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Saremas 1 CU did not communicate on the confirmation of receipt for the previous minutes of meeting to the committee members' i.e. long house.	The secretary of the said meeting was not informed by the chairman for the minutes of the meeting to be acknowledged by the committee members. Committee secretary will ensure that the acknowledgement is carried out accordingly. Verification during ASA 1: During this audit, the acknowledgement receipt dated 21 April 2016 from the committee members were verified. It was also confirmed during the consultation with the selected stakeholders. <b>Status: Closed</b>
Indicator 6.8.3 NCR#: MH03-2015	Minor	<b>Indicator 6.8.3</b> - It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. It was not evident that the recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available at Saremas 1 CU.	The procedure was developed but not included in the prohibition of discrimination. PPB was solely guide by the existing Wilmar Equal Opportunity Policy. 1. To revised the Training, Awareness and Competency procedure which to include the prohibition of discrimination. 2. To develop the recruitment, selection, hiring and promotion as a guide for the operations. Verification during ASA 1: During this surveillance audit, the training, awareness and competency procedure was verified. The procedure was revised on June 2015, and includes the process of recruiting, selection, hiring and promotion which will not be based on race, caste, national origin, religion, disability, gender, sexual orientations, union membership, political affiliation or age. <b>Status: Closed</b>

## RSPO PUBLIC SUMMARY REPORT

### SURVEILLANCE AUDIT

Indicator <b>6.9.3</b> NCR#: MH04-2015	<b>Minor</b>	<p><b>Indicator 6.9.3</b> - A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>A specific grievance mechanism which respects anonymity and protects complainants where requested has yet to be established, implemented, and communicated to all levels of the workforce.</p>	<p>The SOP for dispute and grievances was reviewed and will includes the standard requirement.</p> <p>Verification during ASA 1: The SOP for dispute and grievances was verified and it includes the confidentiality requirement if deem necessary or requested by the complainant. Briefing on complaint and grievances form, RSPO Principal and Criteria, including HCV awareness to workers and staff was conducted in April 2016. Pictorial report and attendance list was verified during the audit.</p> <p><b>Status: Closed</b></p>
Indicator <b>6.12.3</b> NCR#: KN05-2015	<b>Major</b>	<p><b>Indicator 6.12.3</b> - Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>A special labour policy and procedures have yet to be established and implemented at Saremas 1 CU.</p>	<p>The special labour policy and procedure was established on 22/5/15.</p> <p>Verification during ASA 1: During this audit, the special labour policy and procedure was established and implemented.</p> <p><b>Status: Closed</b></p>