



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

File Ref. : ES11320002

**RSPO PUBLIC SUMMARY REPORT
SURVEILLANCE AUDIT**

CLIENT : Saremas 2 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 2	Saremas 2 Palm Oil Mill	3° 26'56" N	113 °46'12"E	18 KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Saremas 2 Estate (excluding Division D Estate)	3 °30'22"N	113 °47'56"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Segarmas Plantation	3 °28'8.21"N	113 °48'24"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Kaminsky Plantation	3 °24'27"N	113 °45'34"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak

MAP : See Attachment 1

AUDIT DATE : 16th – 20th 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 Identity Preserved Model

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

NO OF EMPLOYEES (Applicable to the scope of activities audited) : 1510

The following attachments form part of this report:

Non-conformity Report(s) 

List of additional site(s) 

Report by Audit Team Leader

Name : MOHD RAZMAN SALIM

Signature : 

Date : 3 August 2016

Acknowledgement by Client's Representative

Name : Edrin Moss

Signature : 

Date : 9th August 2016

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SUMMARY OF AUDITS

Recertification audit				
On-site audit date :	21-24/4/2015 and 28/4/2015		No. of auditor days :	15
Audit team :	Mohd Hafiz Mat Hussain (LA), Khairul Najwan Ahmad Jahari, Valence Shem, Mohd Razman Salim & Ismail Ibrahim			
No. of major NCR :	4	Indicator: 4.1.1, 5.1.1, 6.5.3, 6.12.3		Closing date : 24/5/2015
No. of minor NCR :	5	Indicator : 1.3.1, 2.1.3, 5.4.1, 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 :	Segarmas Estate, Saremas 2 Estate			

Annual Surveillance Audit 1				
On-site audit date :	16 th – 20 th May 2016		No. of auditor days :	15
Audit team :	Mohd Razman Salim, Mohd Zulfakar Kamaruzaman, Mohd Norddin Abd Jalil, Zulkefli Haron			
No. of major NCR :	1	Indicator: 4.1.1		Closing date : 18 July 2016
No. of minor NCR :	2	Indicator : 4.1.2, 5.3.3		
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)	
	-	√	√	
Supply base sampled :	Segarmas Estate & Kaminsky Estate			
Changes since the last audit :	The land area in Saremas 2 Estate has been increased to 4,365.04 ha due to realignment of the division within the estates (i.e. some area in Division D, which is under the Saremas CU 1 has been included in Division B).			

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

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

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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
MOA	Memorandum of Alliance or Agreement
MPOB	Malaysia Palm Oil Board
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
RSPO SC	RSPO Supply Chain Certification
SIA	Social Impact Assessment
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

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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 Razman Salim	Audit Team Leader / OHS & Environmental	<ul style="list-style-type: none">• Possessed .Sc.Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology. He is also a Lead Auditor for OHSMS.
Mohd Zulfakar Kamaruzaman	Auditor / Social	<ul style="list-style-type: none">• Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation. Successfully completed IRCA accredited Lead Assessor training for QMS, EMS and OHSMS.
Mohd Norddin Abd Jalil	Auditor / Good Agricultural Practices	<ul style="list-style-type: none">• Holds B.Sc. Agriculture (weed management) and had thirty seven years of working experience in plantation management covering rubber and oil palm.
Zulkefli Haron	Auditor / RSPO Supply Chain	<ul style="list-style-type: none">• Holds a B.Sc (Hons) in Forest Resources Management & M. Sc. Wood Industries Technology. He has successfully completed the RSPO-endorsed RSPO Supply Chain Certification Systems training course

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 Segarmas Estate & Kaminsky 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.

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) month from the date of last audit.

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2.0 SCOPE OF CERTIFICATION AUDIT

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

The Saremas 2 certification unit (CU) is under the Saremas Sdn. Bhd. (SSB), a wholly owned subsidiary of PPB Oil Palms Berhad (PPB Oil Palms). The S2 CU comprised of the Saremas 2 Palm Oil Mill, and three of its supply base; Saremas 2 Estate, Segarmas Plantation and Kaminsky Plantation. The CU was certified to RSPO P&C on 14 June 2010.

The Saremas 2 Palm Oil Mill commenced its operations in 2000 with a processing capacity of 30 metric tonnes (MT) of FFBs per hour and later has been upgraded to 45 MT of FFBs per hour.

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

The FFB is sourced from company owned estates that are included in the certification of this CU. Details of the FFB actual and projected contribution from each estate 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 2 (excluding Division D Estate)	48,182.18	24.56
Segarmas Estate	70,337.34	35.85
Kaminsky Estate	77,662.06	39.59
Total	196,181.58	100.00

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 2 (excluding Division D Estate)	36,000	20.54
Segarmas Estate	59,500	33.94
Kaminsky Estate	79,800	45.52
Total	175,300	100.00

Table 3: Actual FFB received and CPO & PK dispatch by Saremas 2 POM for the last reporting period (May 2015 – April 2016)

	Total (MT)
FFB Received	196,181.58
FFB Processed*	196,219.44
CPO Produced	41,950.80
PK Produced	9,101.76
Certified CPO sold as Identity Preserved	11,108.20
Certified PK sold as Identity Preserved	9,036.67

*Volume of FFB processed more than FFB received was due to processing of FFB spill over from December 2015

Table 4: Projected FFB received and CPO & PK dispatch by Saremas 2 POM of the next reporting period (May 2016 – April 2017)

	Total (MT)
FFB Received	175,300
FFB Processed	175,300
CPO Produced	37,690
PK Produced	8,765
Certified CPO sold as Identity Preserved	37,690
Certified PK sold as Identity Preserved	8,765

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Table 5 Planted and certified area of Saremas 2 CU

Estate	Planted (ha)	Certified (ha)
Saremas 2 Estate (excluding Division D Estate)	3,351.55	4,365.04
Segarmas Estate	3,337.64	4,727.00
Kaminsky Estate	3,193.49	3,988.00
Total	9,882.68	13,080.04

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 2 Estate (excluding Division D Estate)	1990 - 2016	2,157.03	1,194.52	3,351.55	64	36
Segarmas Estate	1994 - 2016	3,029.96	307.68	3,337.64	91	9
Kaminsky Estate	1996 - 2002	3,193.49	0	3,193.49	100	0
Total		8,380.48	1,502.20	9,882.68	84.8	15.2

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
Email	:	sipwoon.chang@my.wilmar-intl.com

3.0 AUDIT FINDINGS

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

There has been a change in the land area for Saremas 2 estate. An addition of 134.93 ha from Division D (which is under Saremas 1 CU certification) has been included in the Division B of the Saremas 2 Estate. This change was due to realignment of the division. The current total area for Saremas 2 Estate is 4,365.04 ha. With this addition, the amount of FFB sent to the Saremas POM has increased.

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

	Yes	No	If yes, state reasons/justifications
- 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.

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- 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. ☐ Yes ☒ No
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)
There was no complaints received by the CU. However, it was sighted that there is issue on the land claim which is currently awaiting for hearing in the court.

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) 2 List : MRS 01 2016, MN 02/2016

Total no. of major NCR(s) (details refer to Attachment 4) 1 List : MN 01/2016

- 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.

It is confirmed that all objective evidence and corrective actions plan for major and minor non-conformities had been provided, reviewed and accepted.

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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.

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

Audit Team Leader :

Mohd Razman Salim



3/08/16

(Name)

(Signature)

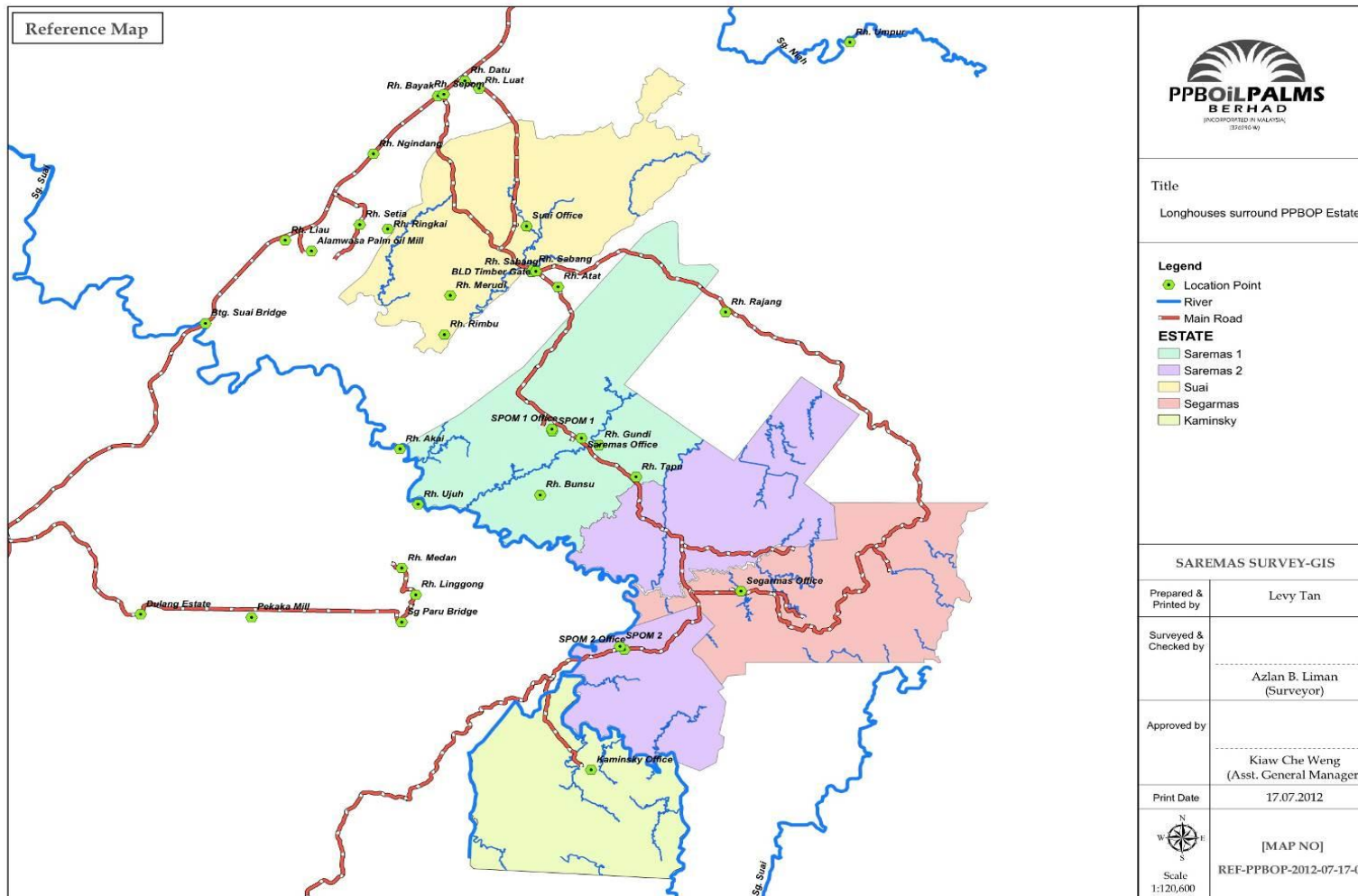
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Attachment 1

Map of Saremas 2 CU



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Attachment 2

RSPO Surveillance Audit Plan

1. Objectives

The objectives of the audit are as follows:

- (i) To evaluate Saremas 2 Certification Unit continued conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Requirements
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit.
- (iii) To make appropriate recommendations based on the audit findings.

2. Date of audit : 16 - 20 May 2016

3. Site of audit : Saremas 2 CU - Saremas 2 Palm Oil Mill, Segarmas Estate & Kaminsky Estate

4. Scope of Certification: Production of crude palm oil and palm kernel using identity preserved model

5. Reference Standard:

- a. RSPO P&C MYNI: 2014
- b. RSPO Supply Chain Standard, 2014
- c. Company's audit criteria including Company's Manual/Procedures

6. Audit Team : Mohd Razman Salim (Audit Team Leader)
Mohd Zulfakar Kamaruzaman (Auditor)
Mohd Norddin Abd Jalil (Auditor)
Zulkefli Haron (Auditor RSPO SC)

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

7. Audit Method

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

8. Audit Findings

Audit findings shall be classified as major and/or minor.

Major non conformities shall be addressed within 60 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 60 days, the certificate shall be terminated. Recurrence of major non-conformities on the same issues shall be recommended for immediate suspension. Minor non-conformities shall be upgraded to major non-conformities if the corrective actions taken are not satisfactorily and effective.

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For minor non conformities raised in the surveillance audit, corrective action plans shall be submitted within 60 days. Verification of implementation of corrective actions will be carried out during the next audit. If corrective action plans to address the minor non-conformity(ies) are not submitted within 60 days, the RSPO certificate will be recommended for suspension. If corrective action plans are not submitted within a further 60 days, the RSPO certificate will be recommended for termination.

9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain. In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

10. Conflict of interest

Auditors have not been employed by the organization concerned nor provided consultancy services relating to the development of its system in the past five years and next five years.

11. Working Language : English and Bahasa Malaysia

12. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 30 days
- d) Distribution list : Client file

13. Facilities Required

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

13. Audit Programme Details: As shown below

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Day 1: 16th May 2016 (Monday)

Time	Activities / areas to be visited		Auditee
0830-0900	<u>Opening meeting at Saremas 2 POM</u> The audit team leader to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes Organization Representative to brief on the following : <ol style="list-style-type: none"> 1) RSPO implementation at Saremas 2 CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palms Berhad 3) Significant changes on organization activities, machinery, supply bases capacity etc. 		Top mgmt & Committee Member Management Representative
0900-1200	Razman <u>Saremas 2 POM</u> Coverage of audit : P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	Zulfakar <u>Segarmas Estate</u> Coverage of audit: P1, P2, P5, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Inspection of protected sited with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	Guide/PIC
1200 – 1300	Break		
1300 – 1700	Continue audit		Guide/PIC

Day 2: 17th May 2016 (Tuesday)

Time	Activities / areas to be visited			Auditee
0830-1200	Razman <u>Saremas 2 POM</u> Coverage of audit: P1, P2, P4, P5, P7, P8	Zulfakar <u>Segarmas Estate</u> Coverage of audit: P1, P2, P4, P5, P6, P7, P8	Norddin <u>Segarmas Estate</u> Coverage of audit : P1, P2, P3, P4, P7, P8	Guide/PIC

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	<ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Inspection of protected sited with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	<ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	
1200 – 1300	Lunch Break			
1300 – 1700	Continue audit	<p style="text-align: center;">Kaminsky Estate</p> <p>Coverage of audit : P1, P2, P4, P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Inspection of protected sited with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	Continue audit	Guide/PIC

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Day 3: 18th May 2016 (Wednesday)

Time	Activities / areas to be visited			Auditee
0830-1200	Razman <u>Segarmas Estate</u> Coverage of audit : P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	Zulfakar <u>Kaminsky Estate</u> Coverage of audit : P1, P2, P4, P5, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Inspection of protected sited with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	Norddin <u>Segarmas Estate</u> Coverage of audit: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Guide/PIC
1200-1300	Lunch Break			
1300-1700	Continue audit	Continue audit	Kaminsky Estate Coverage of audit: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Guide/PIC

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Day 4: 19th May 2016 (Thursday)

Time	Activities / areas to be visited				Auditee
0830-1200	Razman <u>Kaminsky Estate</u> Coverage of audit: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	Zulfakar <u>Saremas 2 POM</u> Coverage of audit :P1, P2, P5, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	Norddin <u>Kaminsky Estate</u> Coverage of audit : P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Zulkefli Haron <u>Saremas 2 POM</u> Supply Chain Implementation including the model used <ul style="list-style-type: none"> • General Chain of Custody System Requirements for the supply chain • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims 	Guide/PIC
1200-1300	Lunch Break				
1300-1700	Continue audit				Guide/PIC

Day 5: 20th May 2016 (Friday)

Time	Activities / areas to be visited			Auditee
0830-1000	Razman <u>Saremas 2 POM</u> <ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues 	Zulfakar <u>Saremas 2 POM</u> <ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues 	Norddin <u>Saremas 2 POM</u> <ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues 	Guide/PIC
1000-1130	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)			
1130-1400	Break & Friday Prayer			Guide/PIC
1530 - 1630	Closing meeting			Top management & Committee member

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Attachment 3

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 2 Certification Unit (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. No request for information from the stakeholders received by Saremas 2 CU was observed.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	Saremas 2 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. During the audit at the mill and the estates, the auditor had verified records on the 'Complaint & grievance', DOSH logbook and DOE logbook.
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	Land titles documents for Segarmas Estate and Kaminsky Estate were available at the estate office.
		Occupational health and safety plans (Criterion 4.7);	Yes	Occupational Safety & Health programme for 2016 was sighted at the mill and the estates. It was noted that the CU is in the progress of implementing the OSH programme.
		Plans and impact assessments relating to environmental and social impacts;	Yes	The Environmental Management Plan, Environmental Aspect & Impact (EAI) and Mitigation Plan were made available at Saremas 2 POM, Segarmas Estate and Kaminsky Estate. Plans and impact assessment relating to social were publicly available. Cross refer to Criteria 6.1.
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	HCV documentation summary were available at the Segarmas Estate and Kaminsky Estate. The documents included the estate's activities, HCV area, riparian zone, map and the person in-charge.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Pollution prevention plan is made available at the Saremas 2 POM, Segarmas Estate and Kaminsky Estate.
		Details of complaints and grievances (Criterion 6.3);	Yes	Detail of complaints and grievances for Saremas 2 POM, Segarmas Estate and Kaminsky Estate were recorded in the Complaint Form and Request Form. The complaints and grievances can be channeled to the CU via stakeholders meeting with internal and external stakeholders, Joint Consultative Committee-Public Stakeholders, Social and Welfare Committee, Community Based Development Committee and the Women and Children Committee. All the documents were made available at the visited estates and mill.

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		Negotiation procedures (Criterion 6.4);	Yes	Saremas 2 CU has established standard procedures titled as 'Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation' and 'Dispute & Grievances Procedure' to handle complaints and grievances.
		Continual improvement plans (Criterion 8.1);	Yes	Continual improvement plans were made available at the Saremas 2 POM, Segarmas Estate and Kaminsky Estate. Cross refer to Criterion 8.1.
		Public summary of certification assessment report;		The public certification summary of Saremas 2 CU for the Recertification Audit had been published in SIRIM QAS International website: http://www.sirim-qas.com.my/attachments/article/442/2)%20RSPO-Saremas%202-RA%202015-Public%20Summary%20(Final%202).pdf
		Human Rights Policy (Criterion 6.13).	Yes	A Wilmar Human Right Policy dated June 2014 has been signed off by Group Plantation Head and is available at Segarmas Estate, Saremas 2 POM and Kaminsky Estate. The awareness among all levels of the workforce were conducted during the contract briefing, muster briefing and training. The attendance list and pictorial report were verified during the audit.
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. 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	Based on the records verified, it was evident that the CU has complied with most of the applicable local, national and ratified international laws and regulations. <u>Environment Quality Act 1974</u> <i>Section 49A – competent person for ETP, air pollution control and schedule waste</i> Saremas 2 POM has appointed a competent person for ETP. Certified Environmental Professional in the Treatment of Palm Oil Mill Effluent (CePPOME) certificate dated in Jan 2014 was sighted. Saremas 2 CU has appointed a competent person for managing the scheduled wastes. The PIC has attended course for certified environmental professional in scheduled waste management (CePSWaM) May 2016. <u>Environmental Quality (Prescribed Premise) Crude Palm Oil Regulations 1977</u> License from DOE for the mill operation is valid until June 2016. The requirement in the “ <i>Jadual Pematuhan</i> ” stipulated that treated POME is to be discharge to water ways and land application. Analysis shall be carried out and to be submitted to DOE. Review of the analysis results carried out in 2015 and up to April 2016, revealed that the BOD, total suspended solid, oil & grease,

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				<p>nitrogen ammoniacal, nitrogen, pH and temperature at Saremas 2 POM were within the regulatory limit.</p> <p><u>Air monitoring</u></p> <p>a) Black smoke – Auditor has verified ‘Jadual Pelepasan Asap Hitam’ from boilers until March 2016 as for permissible emission limit – Ringleman chart no. 2. Sample of online CEMS data was presented to the auditor. Black smoke emission results were verified.</p> <p>b) Dust emission, particulate < 0.4 g/Nm³ (Standard C) – Stack sampling has been carried out as per the required frequency. Results within limit.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	Yes	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.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	<p>Saremas 2 CU has documented systems for identifying and updating the changes of legal requirements and to monitor the status of legal compliance. There was evidence of compliance to legal requirements has been evaluated on an annual basis. These compliances were ensured through Internal & External Audits, PA visits, VA visits and by the RSPO Audits.</p> <p>Saremas 2 POM has conducted evaluation of compliance for all the applicable legal requirements including (i) Permit to work, (ii) qualified Authorised Entrance Standby Person (AESP), (iii) Authorised Gas Tester (AGT) and (iv) Refresher course every two years. Previous Minor NCR MRS 01/2015 was satisfactorily closed.</p>
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	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 association, attending seminar/conference, subscribing to the publisher of the law books and checking the government agencies websites. The legal register was updated in Dec 2015 with amendment of FMA (Person-incharge) Regulations and Environmental Quality (Clean Air) Regulations 2014.
<p>C 2.2</p> <p>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</p>	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	In Segarmas & Kaminsky Estates the right to use the land had been demonstrated and was not legitimately contested by local communities. Records of ownership were maintained at the estate office. The ownership of land title for Segarmas Estate was Segarmas Plantations Sdn Bhd. While Kaminsky Estate was Kaminsky Sendirian Berhad.

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	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	Segarmas estate is neighbouring to Hass Enterprise estate and Bintulu Lumber Development, while, Kaminsky estate is neighbouring to Hass Enterprise, Tanjung Tiara and Gayanis Estate, and KTS. Marking pegs found remain to identify boundary. Generally, the visited boundaries and reserves marking noted visibly maintained.
	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	There are land claims from the Penan Community since 2014. Two groups from the same origin wrote in a complaint in Sept & Dec 2014. It can be confirmed that the 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. Sighted the correspondence from the villager's lawyer dated April 2015 and reply by Wilmar in May 2015. As of to-date the issue is awaiting hearing in the court.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance	Yes	The requirements for acceptable conflict resolution process was implemented and accepted by the parties involved. Minutes of meeting showed that both the CU's and the Penan Community have agreed to resolve the issues in line with RSPO requirements. Several meeting were held by both parties on between Oct 2014, Jan and Feb 2015. Minutes of the meeting were reviewed by the auditor during the audit. To-date the issue is awaiting hearing in the court.
	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. Minor Compliance	Yes	The extent of the disputed area was mapped out in a participatory way with involvement of the Penan community assisted by a local NGO. To-date the issue is awaiting hearing in the court.
	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	There was no nearby communities with Segarmas Estate. There was no issue/conflict raised with other oil palm plantation companies as verified through Stakeholders Meeting. Segarmas Estate and Kaminsky Estate had employed watchmen in order to guard their workers, staffs, children life, their belongings and companies' property.

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<p>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.</p>	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major Compliance	Yes	Saremas 2 CU has mapped the claim area as claimed by the local communities. The map was kept at the Saremas 2 CU.
	2.3.2	<p>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:</p> <p>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;</p> <p>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;</p> <p>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.</p> <p>Minor Compliance</p>	Yes	The land claim was in process, therefore negotiated agreements detailing the process were in progress.

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	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	All the related documentation and records of meeting regarding the land acquisition was kept in Saremas 2 Office and was verified by the auditor.
	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	Minutes of meeting in Oct 2014, Jan & February 2015 showed that the Penan Community was represented by their representatives including a legal counsel. To-date the issue is awaiting hearing in the court.

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 2 CU continued to achieve long term economic and financial viability through documented management plan projected until year 2020. The management plan which include crop forecast, profit and loss, infra-structure development (roads and houses) covering the period of 2016 to 2020 had been prepared for all the estates and made available to the audit team. This plan had also included the replanting program, immature and mature area and the estimated FFB production per hectare for the period 2016 to 2020.
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	Yes	The replanting programme for the next five years had been prepared as sighted for both the estates. This programme is reviewed and incorporated in their annual financial budget. The programme was implemented as budgeted.

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,	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	No	Saremas 2 CU continued to use the established manuals that are Agricultural Manual and Standard Operating Procedure for Oil Palm (SOP). In addition, a Standard Safety Operating Procedure (SSOP) had also been established in both Segarmas and Kaminsky Estates. For environmental issues, the EMS Procedures are used in carrying out works with consideration of

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consistently implemented and monitored				the environmental aspects. Though the Agricultural Manual and Standard Operating Procedure for Oil Palm (SOP) provides guidance on oil palm nursery, oil palm replanting, field upkeep, Fresh Fruit Bunch (FFB) harvesting and collection, it was found that content in page 52 of the Agricultural Manual Chapter 3(1) item 4.4.1. and 4.4.5. were misleading. Therefore, a Major NCR MN 01/2016 was raised. <u>Saremas 2</u> POM – The management has addressed requirement in the Industry Code of Practice for Working in the Confined Space 2010 in their Confined Space Procedure as the SOP has been revised in May 2015. Therefore, previous Major NCR MRS 02/2015 was satisfactorily closed.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	No	Both estates had in place a mechanism to check consistent implementation of procedures. The checking mechanisms were carried out through internal audit, safety and health meeting and routine inspection (workplace inspection) by assistant manager, staff and hospital assistant. PA's reports on visits made in April 2016, RSPO & ISCC audit report in May 2015, Agronomic Reports and monthly reports by in-house environment were reviewed by the audit team. During the site visit to one of the fields in Segarmas Estate, the oil palm circles were full of weeds. This was against the company SOP - Chapter 6(2). Minor NCR MN 02/2016 was raised.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	Yes	Records of monitoring such as the Environmental Monitoring Report, inventory record of scheduled wastes, water analysis and usage records were reviewed during the audit at the estates. For the mill, records related to operation such as the weighbridge ticket, Grading Check Sheet and Daily Production Report were cited during the audit. All reports to the authorities (MPOB, DOE & DOSH) were send in timely manner.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	Yes	All FFB were sourced from the CU certified estates. Therefore, there was no record of third-party sourced FFB.
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	Saremas 2 CU continued to maintain and improve soil fertility to a level that ensures optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations as per the SOP. The use of fertilizer had followed the recommendation made by their corporate Eco Management Unit (EMU). The recommendation by EMU was based on annual leaf analysis. The auditors had referred the annual report prepared by EMU. The application of fertilizer had been done as recommended and scheduled.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Saremas 2 CU continued to maintain the records of the fertiliser inputs in the Monthly Fertiliser Returns 2016.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	Periodic foliar sampling were carried out in the CU. The result was used as the basis for recommendation on the application of the fertilizers. Foliar sampling were carried out in February & March 2016 in Segarmas Estate and Kaminsky Estate respectively. The analysis was carried out by competent entity. Soil maps were also made available to the auditors.
	4.2.4	A nutrient recycling strategy	Yes	The auditor observed that the application of EFB had been carried out in Kaminsky Estate and

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		shall be in place, and may include use of EFB, POME, palm residues. Minor Compliance		Saremas 2 CU had been adopting and implementing a zero burning policy.
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 in both the estates visited.
	4.3.2	A mgmt strategy shall be in place for plantings on slopes between 9&25° unless specified otherwise by the company's SOP. Minor Compliance	Yes	The CU practiced soil erosion control by constructing terraces in all sloping areas with bund at regular interval of 20 meters to retain water. The auditors visited the slope classification map of Segarmas Estate and Kaminsky Estate.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	Saremas 2 CU continued with its program on road maintenance. A schedule on the use/movement of the use of the heavy machinery for this purpose was cited. Excessive surface runoff were diverted through appropriate side drains.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	Yes	There are no peat soils in both estates.
	4.3.5	Drainability 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 estates.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	Yes	There are no other fragile and problem soils in both estates.
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	The CU continued to use water judiciously. A water management plan had been established by the estates. Programs to minimize water usage were conducted in the estates, evident through immediate repair on leaks detection, water efficient landscape, ULV toilet. The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Water supplied were treated prior to usage and fit for human consumption.
	4.4.2	Protection of water courses and wetlands, incl. maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance	Yes	It was observed that both estates continued to protect riparian buffer zones. No sign of spraying and manuring were observed.

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	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with nat. reg. Minor Compliance	Yes	The Saremas 2 POM's ETP is available to treat the POME. Review of DOE's license revealed that the approval allow the treated POME to be discharged into the waterways. The ETP is regularly maintained through desludging process to ensure efficiency. Final discharge samples were taken on monthly basis and sent to accredited laboratory for analysis. Through verification of reports, it can be concluded that the mill had complied with the standard stipulated by DOE.
	4.4.4	Mill water use/tonne of FFB shall be monitored. Minor Compliance	Yes	Saremas 2 POM has maintained records for water usage. The trend of the consumption were plotted in graph for easy monitoring.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using app. IPM technique.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	Yes	Saremas 2 CU continued to implement IPM in Segarmas & Kaminsky Estates as per Agricultural Manual and Standard Operating Procedure for Oil Palm. In order to minimize the use of pesticides, the estates had planted beneficial plants mainly with maps indicating areas planted.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Training related to IPM Implementation had been conducted in April 2015 (Segarmas) and June 2015 (Kaminsky). The training which was conducted by consultant and focused on good agriculture practices: Cultural Control, Biological Control, Physical Control and Chemical Control. It was observed that all training records had been properly maintained.
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 min. effect on non-target species shall be used where available. Major Compliance	Yes	Saremas 2 CU continued to use agrochem based on the Agricultural Manual and Standard Operating Procedure for Oil Palm for various fields operations. The manual has included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the "need to do basis" to enhance field operations. It was found that no Class I & II chemicals had been used. Additionally, paraquat had not been used since 2008.
	4.6.2	Records of pesticides use (incl. active ing. used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	Yes	Records showed that no pesticides were used in Segarmas Estate since there were no occurrence of outbreaks of pest and diseases. Segarmas only used herbicides for spraying activity and records were made available to the auditors including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications. Pesticides were used only when justified and areas used are recorded in stock cards and in chemical usage sheets.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in acc. with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	Yes	It has been the practice in Saremas 2 CU that pesticides were only used after a threshold level of 5% damage on the Fresh Fruit Bunch (FFB). This was also found to be in accordance with Integrated Pest Management (IPM) plans. No prophylactic use of such pesticides would be permitted.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam	Yes	During the audit, it was noted that Segarmas Estate and Kaminsky Estate had not use chemicals categorized by WHO as type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. Paraquat has not be used since 2008 and was replaced by a systemic herbicide and glufosinate ammonium such as Fosinate 135 (Class III), Kenlon (Class III), Supremo 41.0 (Class III), Palmol

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		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 Reg. (2000). Minor Compliance		GPI (Class IV) and Amatic 20C (Class III).
	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 acc. with the product label. App. safety and applic. eq. shall be provided and used. All precautions attached to the prod. shall be properly observed, applied, understood by workers. Major Compliance	Yes	Noted that in Segarmas Estate and Kaminsky Estate, no outbreaks of pest and disease occurred. Interviews with the workers handling chemical were carried out during the site visit. From their explanation, it was noted that they have been regularly trained and were aware of the safety standards and SOPs.
	4.6.6	Storage of all pesticides shall be according to rec. best practices. All pesticide containers shall be properly disposed of and not used for other purposes. Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Reg. and Orders, Pesticides Act 1974 (Act 149) and Reg. Major Compliance	Yes	During site visit at Kaminsky Estate and Segarmas Estate it was noted that the pesticides were stored in accordance with the requirements of the regulations. Emergency shower and eye-wash are available. All empty pesticide containers at Segarmas Estate and Kaminsky Estate were triple rinsed before disposed. The rinsed containers were send to a recycling company in Bintulu.
	4.6.7	Applic. of pesticides shall be by proven methods that min. risk and impacts. Minor Compliance	Yes	Workers are required to wear PPE to minimise risk and impacts based on HIRARC. The Agricultural Manual & Standard Operating Procedure have described the methods used for the applications of pesticides.

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	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Comm. shall be informed of impending aerial pesticide applic with all relevant information within reasonable time prior to application. Major Compliance	Yes	There was no evidence of any aerial spraying found in both estates.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and ass. s/holders on pesticide handling shall be demo or made available. Minor Compliance	Yes	Noted that in Segarmas Estate and Kaminsky Estate, no outbreaks of pest and disease occurred. From the random interviews with the workers who handle the chemical, noted that they were regularly trained and were found to be aware of safety standards and SOPs. Segarmas Estate and Kaminsky Estate has conduct training related to pesticide handling as explained in Indicator 4.6.5. There is no associated smallholders in the Saremas 2 POM supply base.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demo. Minor Compliance	Yes	Field inspection and observation confirmed that chemicals being applied were in accordance with the product safety precautions and workers of its risks. MSDS were made available at point of use. Domestic and Recycle waste were segregated by the collector and only domestic waste thrown at the landfill. Recycle material such as cans, glass bottle, plastic bottle and paper was sent to recycle area.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demo. Major Compliance	Yes	Segarmas and Kaminsky Estate have conducted medical surveillance for its workers. Medical surveillance was carried out for all sprayers by a register Occupational Health Doctor. The surveillance reports showed that all the sprayers were healthy and suffered no detrimental effects as a result of their job.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	Yes	For female workers, monthly pregnancy tests continued to be checked in the estate clinics. In the interest of their safety and health, all confirmed pregnant and breast-feeding women were prohibited to work as pesticides sprayers. There was no evidence of pregnant or breast-feeding women sprayers being used in the estates.
C 4.7 An occupational health and safety plan is doc., effectively comm. and impl. 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 doc. and impl. and its effectiveness monitored. Major Compliance	Yes	Saremas 2 CU continued to adopt the PPB Group's Occupational Health Safety policy, dated Sept 2010. Interviews with employees showed that they were aware of the OSH policy, objectives and programs and generally understood their requirements. The OSH plan sighted had been updated for continual improvement and continued to address among others issues related to hazard identification risk assessment and risk control (HIRARC), medical surveillance programme, safety committee meeting and workplace inspection and OSH training among staff.
	4.7.2	All op. where health and safety is an issue shall be risk	Yes	Segarmas and Kaminsky Estate had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk

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		assessed, and proc. and actions shall be doc. and impl. to address the identified issues. All precautions attached to prod. shall be properly observed and applied to the workers. Major Compliance		control (HIRARC) records (revised on Oct 2015), as well as CHRA records (valid until June 2017) were verified during this audit. As for Saremas 2 POM, HIRARC was revised in March 2015 with specific revision to boiler operation in June 2015 after an accident occurrence.
	4.7.3	All workers involved in the op. shall be adequately trained in safe working practices. Adequate and app. protective eq. shall be available to all workers at the place of work to cover all potentially haz. op. such as pesticide applic, machine op, and land preparation, harvesting and, if it is used, burning. Major Compliance	Yes	Chemical hazards were communicate to employees handling chemicals in the CU via awareness and and chemical handling training program. The objective was to ensure that all workers were trained in understanding of the MSDS, safe working practices and the correct use of PPE. Field inspection and observation of spraying tasks confirmed that chemicals were handled in accordance with the product safety precautions. MSDS were made available at point of use. Suitable PPE has been given to the workers suitable for their daily routine task. The PPE includes safety boots, safety harness, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks. Records of PPE issuance were maintained and were presented to auditor during the audit. During the site visit, it was observed that signage (to remind workers to wear suitable PPE) was posted at the appropriate places. Workers interviewed understood the reasons and importance why they were required to wear the PPE.
	4.7.4	The responsible persons shall be identified. There shall be records of reg. mtg. bet. the responsible persons & 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	Responsible persons at the respective units of the CU have been identified for handling the safety and health issues. Regular safety meetings between the responsible persons and workers where concerns of workers about safety and health were conducted. Minutes of Safety and Health Committee meetings were reviewed during the audit. Minutes of meetings cited – Feb 2015 (Kaminsky), Mar 2016 (Saremas POM & Segarmas) and Dec, Sept & June 2015 (all three).
	4.7.5	Accident and emergency proc. shall exist and instructions shall be clearly understood by all workers. Accident proc. shall be available in the app. language of the w/force. Assigned operatives trained in First Aid should be present in both field and other op, and first aid eq. shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	Yes	Each operating unit of Saremas CU has its own Emergency Response Team. They comprised of First Aiders, Fire Fighters and Search and Rescue Team. The CU had basic emergency kit such as stretcher, First Aid box, emergency eye wash and shower station. The CU has established an Accident and emergency procedures. Information to response to emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Instructions to respond to accident and emergency situation were tested and it was found to be clearly understood by all workers interviewed both at the mill and field. The first aid kit was also made available during site visit with the available trained first aid on site. To ensure the availability and readiness of first aid kit and also fire hydrant unit, periodic inspection was carried out. Saremas 2 POM has conducted a fire drill training in Feb 2016. The training also included training on the use of fire extinguishers. In 2015, there were 2 accidents occurred at Saremas 2 POM. Both accidents were with MC less than 4 days.

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	4.7.6	All workers shall be provided with med. care, and covered by accident ins. Minor Compliance	Yes	Foreign workers in Saremas 2 CU were covered with accident insurance a valid insurance company; valid until Feb & Mar 2018. For the Malaysian employees, they were covered by SOCSO.
	4.7.7	Occupational injuries shall be recorded using LTA metrics. Minor Compliance	Yes	There were 2 accidents occurred at Saremas 2 POM and both accidents were with MC less than 4 days. The record of LTI were in the JKPP 8 which were submitted to DOSH in Jan 2016. For Segarmas Estate, 14 accidents were occurred in 2015 and 7 accidents at Kaminsky Estate. The LTI were recorded in the JKPP 8 and had been submitted to DOSH in Jan 2016.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training prog. shall be in place that covers all aspects of the RSPO P&C, that includes regular assessments of training needs and documentation of the program. Major Compliance	Yes	Saremas 2 CU has conducted training needs on RSPO P&C related elements. Training needs had been identified by either the Mill or Estate Manager with the assistance of CSR @ EMU Department. The training programs for 2015 and 2016 for estates and mill were made available. Among the training program at Saremas 2 CU were : PPE, First Aid Kit, Confined space, Chemical handling, Firefighting, HIRARC, RSPO awareness, OSH, HCV Awareness, Sexual Harassment, Violence and Abuse and Reproductive right, Complaint and Grievance form and etc.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	Yes	It was observed that all training records had been properly filed 'Training Record'. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.

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 mgmtt, incl. replanting, that have env. 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	Method of identification of environmental aspect and impact was done by using the "Identification of EAI & Evaluation of Significance form. The mitigation measures were documented in "Significant EAI Mitigation Methods. <u>Saremas 2 Palm Oil Mill:</u> Air pollution: Dark smoke from boiler, Smoke from generator set, GHG emission from ETP. Water pollution: Accidental spillage of scheduled wastes, Leachate from EFB stockyard, Wastewater discharge from ETP, Water discharge from monsoon drain – the environmental aspect and impact has been identified and evaluated in May 2015. Therefore, previous NCR VS01/2015 was satisfactorily closed. Soil contamination: Scheduled wastes generation. <u>Segarmas Estate and Kaminsky Estate:</u> Leachate from application of EFB, Potential spillage from generator servicing & maintenance and machinery maintenance, recycle program, secure landfill (guideline of landfill) and pollution prevention plan.
	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	Yes	Environmental Management Plan was established at Saremas 2 CU with the Environmental Management Program and Action Plan for 2016 identified. Measures to mitigate negative impacts was addressed in the 'Mitigation Methods for Significant EAI FY2015'. Based on verification, it can be concluded that the management plan has been implemented as verified by auditor.

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		developed and implemented within a comprehensive action plan. The action plan shall identify the responsible persons. 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 min. every 2 years to reflect the results of monitoring and where there are operational changes that may have positive and negative env. impacts. Minor Compliance	Yes	Saremas 2 POM was using 'Implementation Plan' in the Environmental Management Program & Action Plan FY2016. The plan has monitored the effectiveness of the mitigation measures by annually. Segarmas and Kaminsky Estate have used 'Pollution Prevention Plan' in order to implement and monitor the effectiveness by annually with latest revision dated in Feb 2016.
C 5.2 The status of rare, threatened or endangered species other HCV 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	Info. shall be collated in a HCV assessment that incl. both the planted area itself and relevant wider landscape-level consideration. Major Compliance	Yes	The CU has conducted the HCV assessment in July 2008. 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.
	5.2.2	Where RTE / HCVs, are present or are affected by plantation or mill operations, app. measures that are expected to maintain and/or enhance them shall be impl. through an action plan. Major Compliance	Yes	The HCV Monitoring & Action Plan 2016 for Segarmas Estate and Kaminsky Estate were reviewed by the auditor. The HCV area, Bukit Durang Conservation Area had been maintained and monitored by management through their action plan and site monitoring.
	5.2.3	There shall be a program to regularly educate the w/force abt the status of these RTE species, and app. disciplinary measures shall be instituted in accordance with company rules and national law if any ind. working for the company is found to capture, harm, collect or kill these species. Minor Compliance	Yes	Program to regularly educate the employees about the RTE species are in place. In accordance 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 2 CU, including POM was made available during the audit.

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	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	Yes	There was no RTE identified during this audit. However, the HCV area had been monitored monthly by the HCV team to ensure no encroachment and no clearing of vegetation. Sighted reports from October to December 2015.
	5.2.5	Where HCV set-asides with existing rights of local comm. have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	Yes	The HCV or land with slope more than 25° set-asides was within the Segarmas Estate & Kaminsky Estate. The area does not affect the local communities land.
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 in "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	Consignment notes for the disposal of the scheduled wastes at Saremas 2 POM in Dec 2015 were verified. Segarmas & Kaminsky Estate are implementing the triple rinsing of all its empty agrochem. containers as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. The containers were collected by a recycling vendors. The wastewater from the triple rinsing is reused in chemical mixture. Disposal of empty pesticide containers have been carried out as explained in Indicator 4.6.6.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	No	The plan has included the sources of wastes/pollution, possible waste/pollution, effect onto the environment, mitigation, enhancement, date of issue and progress. Among the mitigations sighted at Saremas 2 POM were: Residual shell and fiber are used for firing in the boiler, Decanter cake is despatched to estate as fertilizer supplement, Wastewater is channeled to effluent pond, Used filters, used batteries, and used lubricants are disposed as scheduled waste, Biogas plant construction as power supply to reduce emission of methane gas. The plan has been implemented. At Segarmas and Kaminsky Estate, the following mitigations were reviewed : Immediately plant cover crop at specific site to minimize soil erosion during rain, Retention of buffer strip near stream bank, Keep and manage scheduled waste as per EQA requirement, Provide spill kit in case of accidental spillage.

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				<p>During the audit at the estates, these were sighted:</p> <p>1 - Containers of contaminated soil and oil filter were not closed at workshop and genset house.</p> <p>2 - Labelling of used lubricant oil, used oil filter and contaminated soil containers was not correctly;</p> <p>3 - The date of first generated of used lubricant oil, used oil filter and contaminated soil were not indicated. Thus, a Minor NCR MRS 01 2016 was raised on this issues.</p>
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 optimize renewable energy shall be in place and monitored. Minor Compliance	Yes	<p><u>Saremas 2 POM</u></p> <p>'Objective and target for optimizing / reducing on use of fossil fuel plan FY2016' was established. Among the programmes that have been implemented included minimum utilization of diesel generators, reduce mill breakdown, increase the FFB production, and construction of biogas plant.</p> <p><u>Segarmas & Kaminsky Estate</u></p> <p>Objective and target for FY2016 was set to reduce consumption of fossil fuel. Programs implemented were minimum utilization of diesel generator set, reduce machineries and vehicles breakdown.</p> <p>Saremas CU has addressed the plan as required, therefore, previous Minor NCR VS02/2015 was satisfactorily closed.</p>
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 ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	Yes	Based on the visit at the replanting area at Segarmas Estate, it is confirmed that there was no evidence of open burning found. There was no land preparation at Kaminsky 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 ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	Yes	Based on the field visit, it was confirmed that there was fire used in the land preparation for replanting at Segarmas Estate.
C 5.6 Preamble Growers and millers commit to reporting on operational GHG emissions. However, it is rec. that these significant emissions	5.6.1	An assessment of all polluting activities shall be conducted, including gas emissions, particulate/soot emissions and effluent (see Criterion 4.4).	Yes	All sources of pollution at Saremas 2 CU has been identified in the 'Pollution Prevention Plan 2016'. The environmental aspects on air pollution and soil pollution such as smoke, noise, dust and chemical wastes have been identified and mitigation measure/management plan has been established thereafter. The assessment on GHG emission from biogas plant has yet to be conducted due to the biogas plant still is under construction.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified,	Yes	Saremas 2 CU has identified significant pollutants that results in GHG emission. Plan to reduce or minimize the GHG emission has been included 'Pollution Prevention Plan 2016'. The calculation of the GHG was determined using the RSPO Palm GHG calculator. The plans for reduction were

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cannot be monitored completely or 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. Growers and millers commit to an impl. until the end of Dec 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. Plans to reduce pollution and emissions, incl. GHG are dev. implemented and monitored.		and plans to reduce or minimise them impl. Major Compliance		being implemented. This including the construction of the biogas plant which is still under construction and minimize the use of the fossil fuel.
	5.6.3	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. Minor Compliance	Yes	The CU has been using the RSPO's PalmGHG calculator for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat.

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 mgmt. that have social impacts, incl. replanting, are identified in a	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	Yes	The SIA report "Scoping SIA Saremas 1 & 2, Segarmas and Kaminsky Estates" prepared in 2008 was still the basis for managing social issues in Saremas 2 CU. The report was prepared combined with the Saremas 1 CU and with the participation of the relevant stakeholders.
	6.1.2	There shall be evidence that the assessment has been done with	Yes	It was evident, as above.

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<p>participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.</p>		the participation of affected parties. Major Compliance		
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be dev. in consultation with the affected parties, doc. and timetabled, incl. responsibilities for impl. Major Compliance	Yes	<p>A number of stakeholders' consultations were held by the CU to gather inputs during the process of reviewing and updating the Action Plan for Social Impact Assessment 2016. . Sighted the action plan for Segarmas which was updated in Mar 2016, Kaminsky in May 2016 and Jan 2016 for Saremas 2 POM.</p> <p>Among the issues highlighted by the stakeholders were drinking & gambling problem, price check on the estate canteen and operation hour, rubbish bin for workers housing, fogging, water supply, school transportation and recreation facilities such as badminton and sepak takraw courts to be build and provided with ping pong tables for workers.</p>
	6.1.4	The plans shall be reviewed as a min. once every 2 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 it incl. participation of affected parties. Minor Compliance	Yes	The plans was reviewed on yearly basis and updated as and when necessary. The SIA management action plan (External and Internal) was reviewed in Jan 2016 for Saremas 2 POM, Mar 2016 for Segarmas Estate and May 2016 for Kaminsky Estate. The reviews were conducted with the participation of affected parties such as the local communities and contractors.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	Yes	There was no smallholder schemes for Saremas 2 CU.
<p>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</p>	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	Consultation and Communication Procedure was established and prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU used internal communication techniques, such as morning 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. The CU has started to use the JCC-PS and CBDC meetings to serve as a forum to discuss issues of interest to the estates, local government agencies and local communities. In general, the CU has followed the procedure in responding to internal and external communications.
	6.2.2	A mgmt. official responsible for these issues shall be nominated. Minor Compliance	Yes	It was evident that there are PIC in charge of communications with the stakeholders for Saremas 2 CU.
	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	Yes	The stakeholders list for Sareams 2 CU were updated accordingly. Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders can tracks in the stakeholders meeting files which kept by the estate/mill. Files on external communication were kept according to the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment, and so forth. And, records of action taken had been

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		parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance		highlighted in the SIA Management Action Plan.
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 approp. manner, ensuring anonymity of complainants & whistleblowers, where req. Major Compliance	Yes	Any dispute and complaints are managed via Whistle Blowing Policy and Dispute and Grievances Procedure. Grievance or dissatisfaction and request for services on the part of the employees is communicated through the Complaints Form and the Borang Permohonan. PPB Oil Palms Berhad had established the Grievances and Complaint.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	Yes	The CU reported that in the past there had not been any disputes, in any form. The domestic inquiry files were also examined to find out whether or not the decisions of the panels of the enquiry had been contested. However, there was none. As for grievances from employees, there was no grievances/complaints recorded for Segarmas Estate, Kaminsky Estate and Saremas 2 POM since last RSPO audit. There were some request for house maintenance. The request from the workers have been handled satisfactorily by the estate/mill. Interviews with workers revealed that they were happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services. Noted that there were some complaints regarding the football field and volleyball court with many pothole and drainage system not working properly at workers quarters, workers selling grocery without the permission and lighting system. Actions taken appropriately.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	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 (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 proc. shall take into account: gender differences in the power to claim rights, ownership and access to land; diff. of trans migrants and long-established communities; and	Yes	The same procedure "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" which was adopted since November 2008 is used for calculating and distributing fair compensation (monetary or otherwise). Essentially, the procedure describes how to check for legal status of the lands in question and lays out the criteria in deciding who should be compensated and the amount of compensation.

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		diff. in ethnic groups' proof of legal vs communal ownership of land. Minor Compliance		
	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 was issue of land claims involving all Saremas Estates by the Penan community. The process and outcome of negotiated agreements and claims were documented with evidence of villager's representatives i.e. three persons for each village and one appointed leader. As at to date, the case is awaiting for hearing process from the court
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry min. std. and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	Yes	Pay slips for sprayer and harvester were checked and it can be confirmed that their wages had followed the minimum national wages. Sampled employee's pay slip were also verified. The local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours, overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and in Bahasa Malaysia.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a mgmt. official. Major Compliance	Yes	The employment contract is in Bahasa Malaysia for foreign workers and English for local workers. The letter stated the working hours, employee provident fund (for local only), annual leave, medical benefits and sick leave, insurance scheme, retirement, and etc. Interviews with the both the local and foreign workers revealed that they were understood the content of their contract of employment and pay slip statement. The pay slip is in English and its computations were quite complicated. The CU has explained the pay slip to the workers and has displayed the translation of pay slip in Bahasa. This was evident at the estates and mill noticeboard.
	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	Yes	The CU still maintains its policies on housing, water and electricity supply. The electricity and water consumption are subsidized. Surau, medical, educational, school and child care facilities are offered. Any maintenance and service for housing and facilities can be requests from mill and estates management with free of charge. Interviews with foreign field workers showed that they were really satisfied with the accommodation and facilities that provided by the estate. Housing inspections were carried out by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). It has also been sighted that during field visit tank for treated water (from WTP) is separated from the rain water harvesting tank and workers are satisfied with that. Therefore NCR#: KN02-2015 was closed.

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		public facilities are available or accessible. Minor Compliance		
	6.5.4	Growers and millers shall make demo. efforts to monitor and improve workers' access to adequate, sufficient & affordable food. Minor Compliance	Yes	The CU is monitoring the canteen and sundry shops at least once a year. Noted that for this year, the monitoring was carried out in Apr 2016.
C 6.6 The employer respects the rights of personnel to form/join trade unions of their choice and to bargain collectively. Where the right to freedom of ass. & collective bargaining are restricted under law, the employer facilitates parallel means of individual and free ass. & bargaining for all 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 in Bahasa 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 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 Saremas 2 CU workers are not unionized. However, workers' representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet regularly.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that min. age req. are met. Major Compliance	Yes	The child labour policy (Sep 2010) is publicly available at the visited estates and mill. 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 there are no underage workers 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 (Sep 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 incl local comm, women, 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 and other stakeholders also revealed that the Saremas 2 CU has not discriminated its staffs and workers. Foreign workers receive similar pay, stay in the same house and enjoy similar medical benefits as their local counterparts.

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	6.8.3	It shall be demo that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and med. fitness necessary for the jobs available. Minor Compliance	Yes	Saremas 2 CU has demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs was available in "Recruitment selection, Hiring and Promotion" for staff and "Recruitment of Workers" for workers dated in May 2015, NCR#: KN03-2015 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 impl 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. The policy had been communicated to all staffs and workers during morning muster and trainings in Apr 2016. Based on interview with female workers during site visit and at estate office, they were aware of the policy and had been briefed during Gender Committee Meeting.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be impl & comm 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.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented & communicated to all levels of the workforce. Minor Compliance	Yes	For handling of sexual harassment issue, an SOP titled 'Sexual Harassment – Complaint/Investigation Procedure' is available. The manager of the estates or mill is the appointed person responsible to receive any grievance, conduct investigation and take necessary actions. The Chairman of the Women and Children Committee is responsible to manage any raised issue on sexual harassment. The grievance mechanism is explained to the Women and Children Committee. A flowchart explaining the process of handling grievances had been displayed at the estate's and mill's noticeboard. Hence, NCR#: KN04-2015 was closed.
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. Minor Compliance	Yes	Saremas 2 POM does not buy outside crops or from the smallholders. Therefore, this indicator is not applicable.
	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 2 POM does not buy outside crops or from the smallholders. This was confirmed during the audit where from the review of the mill performance for year 2015, no transaction was recorded for outside crops.
	6.10.3	Evidence available parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	Yes	Interviews with the contractors and suppliers revealed that they had understood the elements of the contract since they have been in business for a long time. A table with a different matrix of price variables is found in the contract agreement with the transportation contractor at Saremas 2 CU. Contractors for housing also satisfied with the contractual agreements with Saremas 2 CU.

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	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	Interviews with transportation & EFB contractors and canteen operator found that the payment was made in timely manner. They have also commented that the payment term was better than before the RSPO was implemented at Saremas 2 CU.
C 6.11 Growers and millers contribute to local Sustainable dev. where appropriate.	6.11.1	Contributions to local dev. that are based on the results of consultation with local communities shall be demo. Minor Compliance	Yes	The CU has contributed to the socio-economic development of the local 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. These were confirmed through interviews with the workers and the contracts with the contractors.
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	Yes	There is no smallholders surrounding Saremas 2 CU.
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	There was no forced or trafficked labour used in the CU. This was verified through interview with several workers, verification of their passport, contract agreements and work permit for field workers. The workers informed that they were employed voluntarily and freely, without any threats of a penalty. Workers has the freedom/right to terminate the employment contract without penalty given by company within 28 days.
	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 2 CU. The activity or operation at the estates 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	A special labour policy and procedures titled as Recruitment of Workers dated May 2015 to employ foreign workers was established and implemented. Hence, NCR#: KN05-2015 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. Major Compliance	Yes	Saremas 2 CU has adopted the Wilmar Group Human Right Policy dated June 2014. The policy that has been translated to Bahasa Malaysia was displayed on the notice board at muster ground. The policy been communicated to all levels of workforce. The attendance list and pictorial report was verified during the audit.
	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	Yes	Community Learning Centre has been constructed near the Line Site to secure workers children access to education as moral obligation.

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		these children access to education as a moral obligation. Minor Compliance		
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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS - Saremas 2 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.

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	In general, the CU is committed to reduce the usage of pesticides by implementing IPM such as the increase in the planting of beneficial plant. Mill wastes such as EFB were used as fertilizer in the field. Other improvement plans to minimize chemical usage were by not practicing blanket spraying and soft vegetation were maintained in the field upkeep.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	The CU has reviewed the environmental aspects and impacts on annual basis. Regular monitoring of water quality, air emission as per the legal requirements have been carried out accordingly. All internal and external communication on environmental complaints had been handled in accordance with the established procedure. It was also noted that the CU had implemented greening program at the riparian zone and conservation area.
	c)	Waste reduction (Criterion 5.3);	Yes	The CU continues to make full use of the biomass waste to minimize waste such as POME, EFB decanter cake for estate usage.
	d)	Pollution and greenhouse gas (GHG) emissions;	Yes	The pollution prevention plan is reviewed at least annually. The mill is in the process of constructing a biogas plant to reduce the GHG emission.
	e)	Social impacts (Criterion 6.1);	Yes	The CU had reviewed recommendations from SIA report and record of complaints. Regular meetings with the stakeholders were held and periodical monitoring of their activities performances based on SIA Action Plan. Most of the monitoring were based on SIA Action Plan.
	f)	Encourage optimising the yield	Yes	As Saremas CU is part of a well-established organisation, PPB Oil Palms Berhad, the yield

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		of the supply base		performance has always been the top priority in ensuring long-term economic and financial viability. Various efforts had been made to optimise the yield of the plantation such as maximising crop recovery, optimum ripeness standard, soil fertility were maintained and planting only high yielding planting material such the clonal material.
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Attachment 4

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 Auditor
Indicator 4.1.1 NCR#: MN 01/2016	Major	The Agricultural Manual & SOP For Oil Palm of the Agriculture Manual item 4.4.1 and 4.4.5 were misleading.	The Agricultural Manual & SOP for Oil Palm was revised by the Wilmar's agronomist.	Auditor has received the revised Agricultural Manual & SOP for Oil Palm. Item 4.4.1 and 4.4.5 were accordingly. Status: Closed
Indicator 4.1.2 NCR#: MN 02/2016	Minor	The implementation of procedures in the SOP were inconsistent. It was found that in one of the fields of Segarmas Estate, the oil palm circle were full of weeds.	Segarmas Estate will obtain the chemical for circle spraying from other estate. Circle spray conducted on fields where oil palm circle were full of weeds.	Corrective action plan is acceptable. Effectiveness of the implementation will be verified during next surveillance audit. Status: Open
Indicator 5.3.3 NCR#: MRS 01 2016	Minor	<p>Segarmas Estate</p> <ol style="list-style-type: none"> 1. Container of contaminated soil and oil filter were not closed at workshop 2. Scheduled waste containers for used lubricant oil, used oil filter and contaminated soil was not correctly labelled with required labelled size 3. Date of first generated of used lubricant oil, used oil filter and contaminated soil were not available <p>Kaminsky Estate</p> <ol style="list-style-type: none"> 1. Container of contaminated soil was not closed at workshop and genset house 2. Scheduled waste containers for used lubricant oil, used oil filter and contaminated soil was not correctly labelled with required label size 3. Date of first generated of used lubricant oil, used oil filter and contaminated soil were not available 	Contaminated soil and oil filter to be closed immediately. Relabeling of all waste container according to the stipulated regulation. The date of scheduled waste generated will be clearly recorded.	Corrective action plan is acceptable. Effectiveness of the implementation will be verified during next surveillance audit. Status: Open

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Attachment 5

RSPO Supply Chain at the palm oil mill – Identity Preserved – Module D

Item No	RSPO Supply Chain Certification Standard, November 2014	Findings
D 3 D 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; b) The role 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's procedures for the implementation of this standard	(a) Saremas 2 POM continues to implement its Standard Operating Procedure in accordance with the requirements of the IP module of the RSPO Supply Chain Certification Standard, 21 November 2014. The SOP has prescribed the procedures on the handling of incoming RSPO-certified fresh fruit bunches (FFB), processing of the FFB, delivery 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 FFB being processed, the CPO and PK produced and their deliveries as well as on the stock levels. A copy of this SOP was made available to the auditor. (b) The Chief Clerk of Saremas 2 POM had continued as the person with overall responsibility on the implementation and maintenance of the RSPO supply chain and International Sustainability on Carbon Certification (ISCC) traceability systems.
D 3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The SOP has described the procedures on the handling of the incoming RSPO-certified FFB. Since Saremas 2 POM would be implementing the IP module, only RSPO certified FFB is processed. The Mill Security and the Weighbridge Clerk will only be allowing RSPO certified FFB from the CU's estate to enter the mill. The processing of RSPO certified FFB is carried out based on the fruits availability. Since the mill only processing RSPO certified FFB, it is therefore not necessary for Saremas 2 POM to physically segregate the certified FFBs during the receiving and processing. The production of certified CPO and PK are traceable through the daily production record which keep an account on the quantity of certified FFBs being processed and the CPO and PK being produced.
D.4 D.4.1	Purchasing and goods in The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received	During the intervening period since the last audit, Saremas 2 POM had received a total of 196,181.58 MT of certified FFBs. It had not received any non-RSPO FFB. All of the RSPO-certified FFB were supplied by the Saremas 2 estates namely the Saremas 2, Segarmas and Kaminsky Estates. The Daily Production Report (Saremas 2 POM) provides a detailed daily account on the receipt of FFB, production, delivery and stocks of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER). The certified status of the FFB was based on the 'List of RSPO Certified Estates' made available at the Mill Gate Security and the Weighbridge personnel. The dispatch chits accompanying the FFB have clearly indicated the name of the supplying estate and the quantity (number of bunches and weight in kg) of the FFB.
D 4.2	The site shall inform the CB immediately if there is a projected	The established SOP provided that the Mill Manager will inform the Group Sustainability Department

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	overproduction.	if there would be a projected overproduction of RSPO-certified CPO or PK. Such information shall also be sent to the certification body.
D.5 D.5.1	Record keeping 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 2 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 daily production data were found compiled into monthly reports and quarterly reports. The data collected was tracked and found correctly tallied/recorded in the reports. Saremas 2 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 through the Quarterly Report. For the period from 1 May 2015 to 30 April 2016, Saremas 2 POM had dispatched a total of 11,108.20 MT and 9,036.67 MT of RSPO certified CPO and PK respectively.
D.6 D.6.1	Processing The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	As Saremas 2 POM only processing RSPO certified FFB. It was not necessary for the POM to physically segregate the certified FFB during the receiving and processing. Agreements with the transporters were reviewed and it was confirmed that they comply with the intent and requirements of the RSPO supply chain certification standard.
D.6.2	The objective is for 100 % segregated material to be reached.	As Saremas 2 POM would only receive and process certified FFB from its own estates, there would be a 100% segregated for the incoming FFBs and the certified CPO and PK.

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Attachment 6

Status of Non-conformities Previously Identified

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

P & C Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditor
Indicator 1.3.1 NCR#: KN01-2015	Minor	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 2 CU.	The full version of code of ethical conduct and integrity was endorsed by the top management in May 2016. The policy included a commitment to a code of ethical conduct and integrity in all operations and transactions. The policy is made available at Segarmas Estate, Kaminsky Estate and Saremas 2 POM. Status: Closed
Indicator 2.1.3 NCR #: MRS01-2015	Minor	A mechanism for ensuring compliance shall be implemented. Auditor found that the evaluation of compliance was not carried out for working in the confined: I. Permit to work II. Qualified authorized entrance/standby person (AESP) III. Authorised gas tester (AGT) IV. Refresher course every two years	Saremas 2 POM has conducted evaluation of compliance for all regulations including Permit to work, Qualified Authorised Entrance Standby Person (AESP) and Authorised Gas Tester (AGT). The refresher course was carried out in Dec 2015. Status: Closed
Indicator 4.1.1 NCR#: MRS02-2015	Major	Saremas 2 POM did not addressed requirement in the Industry Code of Practice for Working in the Confined Space, 2010 in their Confined Space Procedure (SPOM2-SSOP-021): I. Appendix G: Health examination checklist for confined space II. Appendix H: Health fitness certificate by OHD III. Appendix I: Declaration of Health status	The SSOP for confined space had been reviewed in May 2015 to include the steps to be taken before entering the confined space as per ICOP. The evaluation of compliances had been conduct in May 2015. The management has addressed requirement in the Industry Code of Practice for Working in the Confined Space, 2010 in their Confined Space Procedure (SPOM2-SSOP-021) for (i) Health Examination Checklist for Working in Confined Space, (ii) Health Fitness Certificate by OHD and (iii) Declaration of Health Status with latest revision dated 7 May 2015. Status: Closed
Indicator 5.1.1 NCR#: VS01/2015	Major	Referring to the mill's Environmental Aspects & Impacts and Evaluation of Significance form, there is no environmental risk assessment for discharge water from monsoon drain.	The environmental aspect and impact for water discharge from monsoon drain has been identified and evaluated in May 2015. The mitigation methods for significant EAI (monsoon drain) was established. Status: Closed
Indicator 5.4.1 NCR#: VS02/2015	Minor	There was no evidence that plan for improving efficiency of the use of fossil fuels has been established at Segarmas and Saremas 2 Estate.	Saremas 2 CU has established 2016 Objectives & Target for optimizing/reducing on use of fossil fuel plan for the mill and all the estates. Status: Closed

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Indicator 6.5.3 NCR#: KN02- 2015	Major	<p>1. The inspection of workers' housing at Saremas 2 Estate and Saremas 2 POM was not conducted on weekly basis as corrective action taken was not effectively implemented.</p> <p>2. Unauthorized extensions or alterations are made to the buildings piping water at Saremas 2 Estate, and Div 2 & 3 at Segarmas Estate workers line-site. Treated water (from WTP) is connected to rain water harvesting tank and was used for consumption. No evidence to show that the tank water is fit for human consumption. Supply of potable piped water which filtered and treated was mixed with untreated rain-harvesting water.</p>	<p>Sighted records associated with the housing inspections at Segarmas Estate which were carried out by the Medical Assistant.</p> <p>Weekly cleanliness inspection at Kaminsky Estate and reported by the Assistant Manager.</p> <p>Weekly cleanliness inspection at Saremas 2 POM were carried out and reported by the JKKP representative. Records for Apr & May 2016 were sighted.</p> <p>It has been verified that the tank for Treated water (from WTP) is separated with rain water harvesting tank and workers are satisfied with that.</p> <p>Status: Closed</p>
Indicator 6.8.3 NCR#: KN03- 2015	Minor	The recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available at Saremas 2 CU was not evident.	<p>Procedure "Recruitment selection, Hiring and Promotion" for staff and "Recruitment of Workers" for workers are available. The procedure has included the process of recruitment, selection, hiring and promotion which will not base on race, caste, national origin, religion, disability, gender, sexual orientations, union membership, political affiliation or age.</p> <p>Status: Closed</p>
Indicator 6.9.3 NCR#: KN04- 2015	Minor	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 at Saremas 2 CU.	<p>Auditor has verified that Wilmar's has established an SOP titled 'Sexual Harassment – Complaint/Investigation Procedure with standard report form named 'Grievance/Complaint Form for Sexual Harassment'. The SOP has stated to respects anonymity and protects complainants where requested. Training on sexual harassment procedure has been conducted in April 2016 to all levels of the workforce.</p> <p>Status: Closed</p>
Indicator 6.12.3 NCR#: KN05- 2015	Major	A special labour policy and procedures have yet to be established and implemented at Saremas 2 CU.	<p>A special labour policy and procedure 'Recruitment of Workers' dated May 2015 to employ foreign workers was established and implemented.</p> <p>Status: Closed</p>