


CONFIDENTIAL

	SIRIM QAS INTERNATIONAL SDN. BHD. Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri, Section 2, 40700 Shah Alam, Selangor, Malaysia.	File Ref. : ES11320001
	RSPO AUDIT REPORT	

CLIENT : PPB Oil Palms Berhad – Saremas 1 Certification Unit

PARENT COMPANY : PPB Oil Palms Berhad

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

LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):
 (In the case of multisite certification, list additional sites in attachments) :

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

MAP : See Attachment 1

AUDIT DATE : 10 – 13 April 2017

DURATION : 16 auditor days

TYPE OF AUDIT :

☒

Annual Surveillance Audit No. 2

☐

Recertification Audit

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

SCOPE OF CERTIFICATION: Production of Sustainable Crude Palm Oil and Palm Kernel Using the Mass Balance Supply Chain Model

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

The following attachments form part of this report:

Non-conformity Report(s)

☒

List of additional site(s)

☐

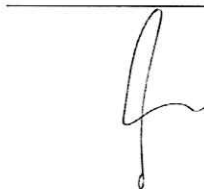
Report by Audit Team Leader

Acknowledgement by Client's Representative

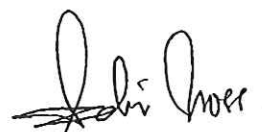
Name : Mohd Razman Salim

Name : Edrin Moss

Signature :



Signature :



Date : 20 July 2017

Date : 25 July 2017

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SUMMARY OF AUDITS

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

Annual Surveillance Audit 1					
On-site audit date	:	16 th – 20 th May 2016		No. of auditor days : 15	
Audit team	:	Mohd Hafiz Mat Hussain, Khairul Najwan Ahmad Jahari, Selvasingam T Kandiah, Zulkefli Haron			
No. of major NCR	:	-	Indicator: -	Closing date : 10/8/2016	
No. of minor NCR	:	2	Indicator : 2.1.3 and 6.1.4		
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Suppliers
		√	-	√	√
		Contract workers	NGOs	Govt. agency	Independent growers
		√	-	-	-
		Indigenous people	Contractor	Others (Please specify)	
		-	√	√	UNiMAS (via phone call)
Supply base sampled	:	Saremas 1 Estate and Saremas 2 Division 1 Estate			
Changes since the last audit	:	No significant changes since last audit			

Annual Surveillance Audit 2					
On-site audit date	:	10 – 13 April 2017		No. of auditor days : 16	
Audit team	:	Mohd Razman Salim, Mohd Ab Raouf Asis, Rahayu Zulkifli, Amir Bahari & Zulkarnain Abdullah			
No. of major NCR	:	2	Indicator: 2.1.1 & 6.5.2	Closing date : 05 June 2017	
No. of minor NCR	:	2	Indicator : 4.6.10 & 6.2.3		
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Suppliers
		√	-	√	√
		Contract workers	NGOs	Govt. agency	Independent growers
		√	-	-	-

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	Indigenous people	Contractor	Others (Please specify)
	-	√	-
Supply base sampled :	Suai Estate & Saremas 1 Estate		
Changes since the last audit :	Since 1 February 2017, the Saremas 2 (Div. 1) Estate had been removed from this certification unit.		

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

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SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period	March 2015 – February 2016	May 2016 – April 2017	April 2017 – March 2018		
Certified Area (Ha)	13,568.81	13,309.98	11,679.08		
Planted Area (Ha)	-	-	9,190.35		
Production Area (Ha)	7,480.94	7,676.53	6,894.73		
HCV Area (Ha)	517.82	517.82	324.95		
Certified FFB Processed (MT)	200,753.98	183,920.72	164,875.00		
Production of Certified CPO (MT)	43,731.75	51,480	42,814.75		
Production of Certified PK (MT)	7,841.10	9,594	7,536.25		
REMARKS	The total combined land area of the three estates (3) estates was 13,568.81 Ha of which 10,551.83 ha were planted with oil palm. There was no change in the combined land area for all the three estates but an exclusion from title area of 23.86 ha (from plantable area) at Saremas 1 Estate due to acquisition from the government for cross country Petronas Gas Pipeline Project during December 2011 replanting.	The hectarage of planted area for Saremas 2, Division 1 Estate was decreased by 98.14ha as the area was taken by Saremas 2 CU after a change in the name of all the division at Saremas 2 Estate.	Saremas 2 (Div. 1) Estate has been excluded this CU since 1 February 2017. Therefore, the certified area has been reduced. Current HCV area for Saremas 1 CU is 324.95 ha which come from Saremas 1 Estate (225.24 ha) and Suai Estate (99.71 ha). In the last report, the riparian was not included in as HCV area. Starting 2017, the riparian was fully surveyed and had been included in the area statement.		

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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) and the International Automotive Task Force (IATF). 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 / social issues, HCV and related legal	Possessed B. Sc. Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology.
Mohd Ab Raouf Asis	Good agricultural practices	Holds a B.Sc. (Hons) in Management Technology. He had more than 6 years of experience in the managing the oil palm estates.
Rahayu Zulkifli	Social Issues	Holds an Degree in LLB (Hon), who was a practising lawyer before joining WWF-Malaysia and RSPO as a Dispute Settlement Facility Manager. She left RSPO in May 2015 and is now working a freelance RSPO auditor.
Amir Bahari	Occupational Safety & Health and Environment	Holds B.Sc. (Hons) Chemistry & Diploma in Palm Oil Milling Technology. He has more than 30 years of experience in the oil palm estates and pal oil mills.
Zulkarnain Abdullah	Supply Chain scope	Holds B. Sc. Forestry. Had more than 17 years of working experience related to wood related product. He has successfully completed the accredited Lead Assessor training for RSPO SC in 2014 and 2015.

1.3 Audit methodology

The audit covered the Saremas 1 palm oil mill and two of its supply base. The sampling of the number of the supply base was using the formula of $0.8\sqrt{y}$. The two supply base covered during the audit are Saremas 1 Estate and Suai Estate. The audit included an on-site audit to the estates, mill, linesite, local communities, contractors and suppliers 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 12 months but not sooner than 9 months from this audit.**

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The Saremas 1 certification unit (CU) is under the Saremas Sdn. Bhd. (SSB), a wholly owned subsidiary of PPB Oil Palms Berhad (PPB Oil Palms). The CU comprised of the Saremas 1 Palm Oil Mill, Saremas 1 Estate and Suai Estate. All the estates are owned by PPB. Prior to this Surveillance Audit, the management of the CU had notified the audit team of the changes made in the CU. The Saremas 2 (Division 1) had been removed from this CU leaving only Saremas 1 Estate and Suai Estate. The total combined land area of the two (2) estates is 11,679.08 ha of which 9,296.37 ha were planted with oil palm.. Current HCV area for Saremas 1 CU is 190.92 ha which come from Saremas 1 Estate (116.28 ha) and Suai Estate (74.64 ha). The Saremas1 POM has a mill capacity of 60 mt/hr.

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

The FFB is sourced from company owned estates and some from smallholders. Details of the FFB actual and projected contribution from each source to the mill are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period (April 2016 to March 2017)

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 1 Estate	68,930.88	30.04
Suai Estate	84,751.17	36.93
Saremas 2 (Div.1) Estate	27,723.40	12.08
Total	181,405.45	79.05
Third party suppliers (non-certified smallholder)	48,080.59	20.95
Grand total	229,486.04	100.00

Table 2: Projected FFB production by supply base for the next reporting period (April 2017 to March 2018)

CU own estates	FFB Contribution	
	Tonnes	Percentage (%)
Saremas 1 Estate	83,575.00	38.86
Suai Estate	81,300.00	37.80
Total	164,875.00	76.66
Third parties (non-certified smallholder)	50,200.00	23.34
Grand Total	215,075.00	100.00

Table 3: Actual FFB received and CPO & PK dispatch by the Mill for the last reporting period (April 2016 to March 2017)

	Total (MT)
FFB Received	229,486.04
FFB Processed*	229,989.01
CPO Production	50,074.33
PK Production**	7,692.94
CPO delivered as Mass Balance	13,185.19
CPO delivered as non-RSPO certified	36,794.61
PK delivered as Mass Balance	6,152.98
PK delivered as non-RSPO certified	1,564.58

*FFB processed more than FFB received about 502.97 Mt of FFB due to left over stock from prior period, April 2016.

**Total of PK delivered more than PK production about 24.62 Mt due to left over stock from prior period, April 2016.

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Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period
(April 2017 – March 2018)

	Total (MT)
FFB Received	215,075.00
FFB Processed	215,075.00
CPO Production	53,858.76
PK Production	9,509.24
CPO delivered as Mass Balance	42,814.75
CPO delivered as non-RSPO certified	11,044.00
PK delivered as Mass Balance	7,536.25
PK delivered as non-RSPO certified	1,973.00

Table 5 Planted and certified area of the CU

Estate	Planted (ha)	Certified (ha)
Saremas 1 Estate	4,611.00	6,009.18
Suai Estate	4,579.35	5,669.90
Total	9,190.35	11,679.08

Table 6(a): Planting profile for Saremas 1 Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1995	1 st Generation	Mature	376.80	8.17
1996	1 st Generation	Mature	456.76	9.91
1999	1 st Generation	Mature	5.30	0.11
2000	1 st Generation	Mature	28.59	0.62
2004	1 st Generation	Mature	49.27	1.07
2010	2 nd Generation	Mature	884.77	19.19
2011	2 nd Generation	Mature	307.73	6.67
2012	2 nd Generation	Mature	815.64	17.69
2013	2 nd Generation	Mature	1108.39	24.04
2014	2 nd Generation	Immature	577.75	12.53
Total			4611.00	100

Table 6(b): Planting profile for Suai Estate

Year of planting	Planting cycle (Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1992	1 st Generation	Mature	760.09	16.60
1994	1 st Generation	Mature	40.12	0.88
1998	1 st Generation	Mature	322.16	7.04
1999	1 st Generation	Mature	46.92	1.02
2000	1 st Generation	Mature	295.75	6.46
2001	1 st Generation	Mature	267.07	5.83
2002	1 st Generation	Mature	271.17	5.93
2003	1 st Generation	Mature	251.49	5.49
2004	1 st Generation	Mature	224.42	4.90
2005	1 st Generation	Mature	161.74	3.53
2006	1 st Generation	Mature	75.62	1.65
2012	1 st Generation	Mature	144.33	3.15
2014	2 nd Generation	Immature	419.31	9.16
2015	2 nd Generation	Immature	586.08	12.80
2016	2 nd Generation	Immature	589.13	12.86
2017	2 nd Generation	Immature	123.35	2.69
Total			4,579.35	100

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2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

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

Saremas 2 (Division 1) Estate has been removed from this CU. Hence, the HCV area for Saremas 1 CU was reduced from 517.82 ha to 116.28 ha.

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

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

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

PPB owned and operates 6 palm oil mills in Sabah and 2 palm oil mills in Sarawak. The FFB for the 6 mills in Sabah are supplied by 13 of its oil palm estates while 5 estates supplied their FFB to their 2 oil mills in Sarawak. To-date, all the palm oil mills and all the estates 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

3.5 Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)
No significant changes.

3.7 Status of previous non-conformities *

Closed ☒ Not closed ☐

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

3.8. Complaint received from stakeholder (if any)

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

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) (details refer to Attachment 4) List : 2 MRS 02/2017, RZ 03/2017

Total no. of major NCR(s) (details refer to Attachment 4) List : 3 MRS 01/2017 (2.1.1) , RZ 01/2017 (2.1.1) & RZ 02/2017 (6.5.2)

4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s) (details refer to Attachment 5) List : NA

Total no. of major NCR(s) (details refer to Attachment 5) List : NA

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5.0 AUDIT CONCLUSION

The audit team concludes that the organization has / ~~has not~~* 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.

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.

7.0 IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P & C CERTIFICATION.

Audit Team Leader : Mohd Razman Salim

(Name)

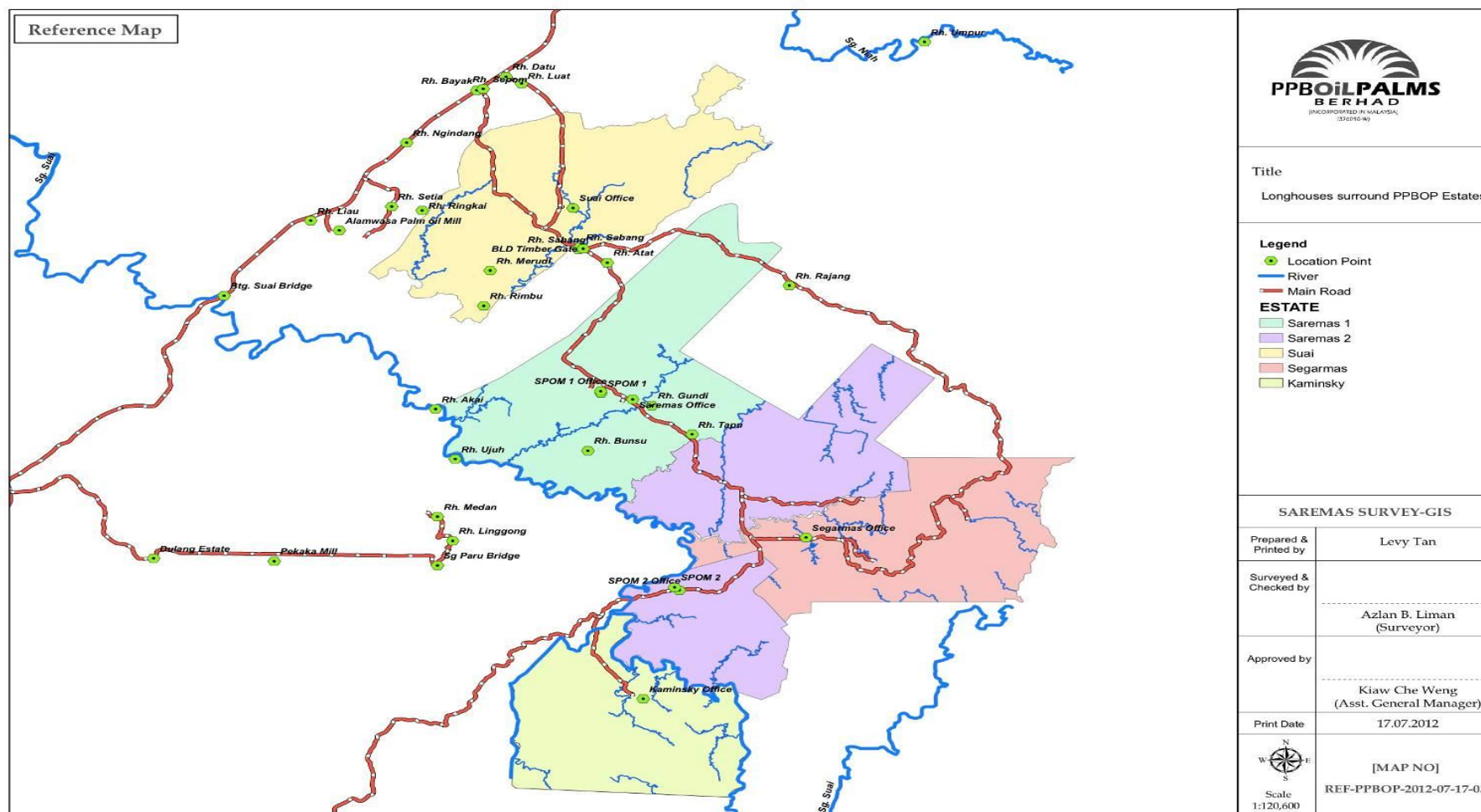


(Signature)

5/06/2017

(Date)

Map of Saremas 1 Certification Unit



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Attachment 2

RSPO Surveillance Audit Plan

Day 1: 10 April 2017 (Monday)				
Time	Activities / Areas to be visited			
8.30 – 9.00 am	<u>Opening meeting at Saremas 1 Estate</u> Lead Auditor 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 CU (i.e. mill & supply base) including changes 2) Time bound plan 3) Significant changes on organization activities, machinery, supply bases capacity etc. 4) Potential issue such as land conflicts, new planting etc. 			Top mgmt & Committee Member
	Razman	Raouf	Rahayu	
9:00 – 1:00 pm	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Inspection of protected sites with HCV attributes • Riparian zone • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Interview with workers and contractors • 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 • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 POM</u> Coverage of assessment: P1, P2, P3, P4, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Interview workers, GPW, local communities and stakeholders • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

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Day 2: 11 April 2017 (Tuesday)						
Activities /areas to be visited	Razman	Raouf	Rahayu	Amir Bahari	Zulkarnain	
8.30 – 1.00 pm	<u>Suai Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Inspection of protected sites with HCV attributes • Riparian zone • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P3, P4, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Interview workers, GPW, local communities and stakeholders • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P4 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Plantation boundary, adjacent and neighbouring land use • Witness activities at site – harvesting, spraying, nursery • Interview with workers, safety committee and contractors • Chemical store/fertilizer • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 POM</u> RSPO 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(s) for each assessor
1.00 – 2.00 pm	Break					
2.00 – 5.00 pm	Continue assessment					

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Day 3: 12 April 2017 (Wednesday)					
	Razman	Raouf	Rahayu	Amir Bahari	
8.30 – 1.00 pm	<u>Saremas 1 POM</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Inspection of protected sites with HCV attributes • Riparian zone • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Witness activities at site (weeding/spraying, etc) • EFB mulching, POME application • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P3, P4, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Plantation boundary, adjacent and neighbouring land use • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Interview workers, GPW, local communities and stakeholders • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P4 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Witness activities at site – harvesting, spraying, nursery • Interview with workers, safety committee and contractors • Chemical store/fertilizer • Facilities at workplace • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00–2.00 pm	Break				
2.00 – 5.00 pm	Continue assessment				

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Day 4: 13 April 2017 (Thursday)					
	Razman	Raouf	Rahayu	Amir Bahari	
8.30 – 1.00 pm	<u>Saremas 1 POM</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Inspection of protected sites with HCV attributes • Riparian zone • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P3, P4, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Plantation boundary, adjacent and neighbouring land use • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Interview workers, GPW, local communities and stakeholders • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P4 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Witness activities at site – harvesting, spraying, nursery • Interview with workers, safety committee and contractors • Chemical store/fertilizer • Facilities at workplace • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00–2.00 pm	Break				
2.00 – 4.00 pm	<ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues • Audit team discussion, preparation on audit findings and issuance of NCR (if any) 				
4.00 – 5.00 pm	<ul style="list-style-type: none"> • 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 1 CU continues to implement 'Dispute and Grievance Procedure' for responding to any communication with stakeholders. 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. The Saremas Group has a Communications Policy dated September 2010. This Policy specified guidelines on effective management and communication of the company's information to its stakeholders. It is evident that Saremas 1 CU provided adequate information to relevant stakeholders.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	Saremas 1 CU continued to maintain records on requests for information. Communications with workers were recorded in the request and complaints records. The record stated date of communication received, response and remarks. However, there was no record of any request from stakeholders for Saremas 1 CU related to environment issues relevant to RSPO Criteria.
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	The land titles are kept in hard copy. These documents were verified during the audit.
		Occupational health and safety plans (Criterion 4.7);	Yes	The occupational health and safety plans 2017 was made available and verified at Saremas 1 CU. The management has established OSH objectives & targets as verified for 2017. The document titled Sustainability Unit-Environmental, Safety & Health Plan 2017 is prepared by the Sustainability Unit for the entire Group operating units. Among the activities planned are OSH training, medical surveillance, water sampling, safety world day, audiometric test etc. The CU has implemented the OSH activities followed the OSH plan.
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Yes	Social Impact Assessments was carried out in 2008 which formed the basis of the subsequent Action Plans. These Action Plans are reviewed at least once a year, and are publicly available and verified at all visited areas. The latest document is the Action Plan for Social Impact Assessment (2015-2017), which was updated in Feb 2017.
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	HCV documentation summary including action plan 2016/2017 was made available at all visited estates during the audit.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	'Pollution Prevention Plan (Waste Identification and Mitigation Plan)' and 'Objectives & Target for Optimizing / Reducing on the Use of Fossil Fuel Plan' were made available at all visited sites.
		Details of complaints and grievances (Criterion 6.3);	Yes	Details of complaints and grievances for Saremas 1 POM, Saremas 1 Estate and Suai Estate were recorded in either the Complaints and Grievance File, or the Complaints Form or Request Form. Some complaints were also received verbally during stakeholder meetings.
		Negotiation procedures	Yes	Negotiation procedure is stated in the Saremas Group's Policy dated 5 Dec 2013. Additionally,

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		(Criterion 6.4);		there is also the Dispute and Grievance Procedure established in Jan 2016. This procedure applies to negotiation processes involving external and internal stakeholders. It also explains the Saremas Group's conflict resolution process in a flowchart. The procedure is made available at all visited estates and mill.
		Continual improvement plans (Criterion 8.1);	Yes	The Saremas Group's Continuous Improvement Plan, updated in Feb 2017 was available and verified. 13 subjects have been identified for continuous improvements, and among those identified under social impacts was to hold regular meetings with stakeholders to further enhance communication and feedback for effective engagement.
		Public summary of certification assessment report;	Yes	The public certification summary report of the CU is available at the the SIRIM QAS International website. http://www.sirim-qas.com.my/sirim/core-files/uploads/2017/02/19-PPB-Oil-Palms-Berhad-%E2%80%93-Saremas-1-Palm-Oil-Mill-1st-Surveillance-2016.pdf
		Human Rights Policy (Criterion 6.13).	Yes	The Saremas Group has a Human Rights Policy dated June 2014. The policy states that the company will strive to respect and protect human rights to personal security that is free from harassment or abuse of any kind, safe, clean and healthy workplace and living environment. The policy that has been translated to Bahasa Malaysia and displayed on the notice board of the Mill and estates.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	Yes	The Saremas Group has established a Code of Ethical Conduct which comprises 3 main principles: <ul style="list-style-type: none"> • Avoiding conflict of interest • Avoiding misuse and/or abuse of position • Ensuring confidentiality of information and preventing misuse of information

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	NO	The CU complied with all of the applicable local, national and ratified international laws and regulations. Permits and licences were verified accordingly e.g. MPOB license, Diesel permit. 1) Factories and Machinery (Notification, Certificate of Fitness and Inspection) Regulations, 1970 2) Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 2000. 3) Factories and Machinery (Noise Exposure) Regulations 1989 Noted that Audiometric test for the employees was conducted in July 2016. Review of the report noted that several employees were found to have hearing impairment. A re-test for affected employees with threshold shift was proposed by the assessor, there was no evidence to show that the re-test has been conducted for Saremas 1 POM's employee. Major NCR MRS 01/2017 was raised to address this. 4) Industrial Code of Practice for Confined Space 2010 5) Factories and Machinery (Certificates of Competency Examination) Regulations, 1970 6) Environmental Quality Act 1974

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				<p>7) Fire Services Act, 1988</p> <p>8) Health Surveillance Programme</p> <p>Based on interviews with the workers, it had been confirmed that several workers from Saremas 1 POM worked between 7.00pm to 7.00am in April 2017. This is in contravention with Section 76(1) of the Labour Ordinance Sarawak (Act 1237), which prohibits women from working between 10.00pm to 5.00am unless an exemption in writing is obtained from the Labour Office. There was no evidence that the mill has obtained exemption, hence a Major NCR RZ 01/2017 was raised.</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 was made available during the audit. There was no changes to the legal register since the last revision in Dec 2016.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	Yes	Within the Saremas Group a document entitled Mechanism on Ensuring Implementation of Legal Compliance & Other Requirements dated in March 2017 was established. Evaluation of compliance against the identified legal was carried out on annual basis.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	It is evident that the changes to law and regulation are being monitored by the Sustainability Department at the HQ.
<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, recognized NCR land and the actual legal use of the land shall be available. Major Compliance	Yes	The copies of legal ownership of the land for both Saremas 1 & Suai Estates were verified. Both estates were confirmed to be operating on land with correct legal status.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	Yes	Physical markers are available and visibly maintained along the legal boundaries.
	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 FPIC. Minor Compliance	Yes	There are currently two existing disputes. A group of Ibans and Penans are claiming for NCR and have submitted a demand as compensation from Saremas S/B. More detailed information has been provided in confidential version of this report. This claim was denied by Saremas S/B who claims that they are the registered proprietor of the disputed land. Based on the records available, there was evidence to show that there is proof of legal acquisition of land title by Saremas Sdn Bhd, and that compensation have been made to the two groups of claimants following negotiations and consultations.

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	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	As mentioned above. There are currently two existing disputes. A group of Ibans and Penans are claiming for NCR and have submitted a demand as compensation from Saremas S/B. More detailed information has been provided in confidential version of this report. This was denied by Saremas S/B who claims that they are the registered proprietor of the disputed land. Based on the records available, there was evidence to show that there is proof of legal acquisition of land title by Saremas Sdn Bhd, and that compensation have been made to the two groups of claimants following negotiations and consultations.
	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	As mentioned above. There are currently two existing disputes. A group of Ibans and Penans are claiming for NCR and have submitted a demand as compensation from Saremas S/B. More detailed information has been provided in confidential version of this report. This was denied by Saremas S/B who claims that they are the registered proprietor of the disputed land. Based on the records available, there was evidence to show that there is proof of legal acquisition of land title by Saremas Sdn Bhd, and that compensation have been made to the two groups of claimants following negotiations and consultations.
	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	Based on documentary records, interviews with local communities and with management of Saremas Sdn Bhd, there is no evidence that Saremas Sdn Bhd has instigated violence in maintaining peace and order.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their FPIC.	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	Individuals from the neighboring land sought clarification on the actual boundary that separates oil palm trees that they planted, and those planted by the estate. In Nov 2016, a boundary verification exercise was carried out in the presence of the several land owners and estate representatives. The boundary pegs by Land Survey Department were located and identified using GPS coordinates, which both parties acknowledged and agreed to abide by.
	2.3.2	Copies of negotiated agreements detailing the process of FPIC shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company	Yes	Following the boundary verification exercise carried out an agreement was signed by all parties in Nov 2016. A copy of the agreement was sighted and verified during the audit. The local communities also agree that there will be no further boundary dispute/claim in the future. Pictures of the boundary verification exercise as well as the map showing the location of the boundary pegs were also sighted during the audit.

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		has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	Yes	All relevant information at the Saremas 1 Estate, Saremas 1 Palm Oil Mill and Suai Estate are made available in appropriate forms and languages. The following relevant documents were made available in Bahasa Malaysia, which is a language that every party is conversant in, were made available, sighted and verified during the audit.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, incl. legal counsel. Major Compliance	Yes	There is evidence that in the two land disputes involving Saremas Sdn Bhd, the claimant were able and free to choose their own representatives to represent their claim and interests in the land disputes.

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 (min. 3yrs) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	Business management plan sighted in "Profit & Loss Estimates for 2018 – 2027" for both Suai Estate and Saremas Estate. The annual budgets and projections were prepared on an annual basis. The costs of production were prepared and reviewed annually.
	3.1.2	An annual replanting prog. projected for a min. of 5yrs (but longer where necessary to	Yes	Suai Estate and Saremas 1 Estate continued to review replanting program. The replanting program projected until year 2023 included planting ratio between clonal and DXP seedlings.

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reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance

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

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	Yes	It is evident that Saremas1 CU used the following manuals for the day-to-day operations of the estates and mills established by the company.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	Yes	It is evident that internal audit for Saremas 1 CU was in place. Other mechanisms are: a) Environmental, Safety & Health Audit and quality checking on field operations b) PA reports c) Agronomist report by the Head of R & D, Eco-Management Unit / Agronomist is available at time visited, indicated mature and immature upkeep, crop recovery, pheromone trap and EFB application d) RSPO audit
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	Yes	Records of monitoring and the actions taken by both the estates were maintained and kept for a minimum of 12 months.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	Yes	Saremas 1 POM had recorded the origins of all third-party sourced FFB i.e. smallholders.
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	Suai Estate and Saremas 1 Estate 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 followed recommendations made by their corporate Eco Management Unit (EMU) and Agriculture Manual & Standard Operating Procedure for Oil Palm : EFB Mulching, Chapter 10 and Upkeep and maintenance of oil palm, Chapter 6, Part 3 : Inorganic fertilizer application. The recommendation by EMU was based on annual leaf analysis which was carried out in June 2016. The auditors had reviewed 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	The used of fertilizer is documented in Manuring Program 2016-17. The records included the date of application, field involved, dosage per palm, and number of bags. The fertiliser inputs involved immature area in Suai Estate. The recommendations were made by the EMU.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	Soil sampling report available by Eco Management Unit.
	4.2.4	A nutrient recycling strategy	Yes	EFB application program / EFB records sighted since Jan 2016 for field application in immature

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		shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance		and mature area.
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	Based on the soil maps of both estates, it was confirmed that there are no fragile / marginal soils in Saremas 1 Estate and Suai Estate.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	Yes	The management strategy for plantings on slopes has been defined in Agriculture Manual & Standard Operating Procedure For Oil Palm which is signed by the Executive Director, Wilmar International Plantation. Chapter 3: Land Clearing and preparation, Part 1: Undulating to steep land. It is incorporated with the company policy as a management strategy for plantings on slopes between 9 and 25 degrees.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	Regular maintenance programme was in place to ensure that the road is accessible. The financial support for these programmes were sighted in the annual budgets. Road maintenance was carried out by the estate using heavy machinery such as compacter, motor grader and backhoe and monitoring by chain completed. Road maintenance included resurfacing, road graveling, compaction and road grading. Based on the field visit, sighted roads were in good condition.
	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	Based on the soil map of both estates, it was confirmed that there are no peat soil in Suai Estate and Saremas 1 Estate.
	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	Based on the soil map of both estates, it was confirmed that there are no peat soil in Suai Estate and Saremas 1 Estate.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	Yes	Based on the soil map of both estates, it was confirmed that there are no peat soil in Suai Estate and Saremas 1 Estate.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	Yes	Water management plans are in place at both the estates.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated Major Compliance	Yes	It was observed that Saremas 1 & Suai Estate continued to protect riparian buffer zones in their area. No sign of spraying and manuring observed. The estate conducted water sampling analysis on quarterly basis. The analysis result shown that both estates complied with the Class IIB limits of National Water Quality Standards for Malaysia (NWQSM).

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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 national regulations. Minor Compliance	Yes	Analysis of the effluent final discharge was carried out on monthly basis and submitted to DOE on quarterly basis. Noted that all parameters were within the regulatory limit.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	Yes	Water consumption per tonne of FFB was monitored on monthly basis.
C 4.5 Pests, diseases, weeds and invasive introduced species are managed effectively using appropriate IPM techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	Yes	IPM plans were sighted in the CU. The plans included : <ul style="list-style-type: none"> • Report any detection of pest to the management • Planting beneficial plant in the field • Work program on the pest management method using Monitoring / Pest population, Cultural, Biological, Physical / mechanical, Pesticides usage.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Training on IPM was conducted in Feb 2017 with participation from staff and field workers from Saremas 1 and Suai estate.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	Yes	Suai Estate and Saremas 1 Estate continued to use agrochemicals 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, 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 2007.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	Yes	Records showed that pesticides were used in both estates are as listed in the chemicals hazardous to health. The records where herbicides had been used 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 accordance 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 1 CU that pesticides were only used after a threshold level of 5% damage on the FFB. This was also found to be in accordance with IPM plans. No prophylactic use of such pesticides would be permitted.
	4.6.4	Pesticides that are categorised	Yes	Both Saremas 1 Estate and Suai Estate used only pesticides that were officially registered under

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		as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A) This is in accordance to USECHH Regulations (2000).
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	Yes	Records showed that pesticides were handled, used and applied by trained employees. The handling of chemicals is guided by the MSDS/CSDS. In the indicator 4.6.1 both Saremas 1 and Suai Estate had established SOPs for the safe-handling of pesticides. Appropriate safety PPE and application equipment such as gloves, boot, apron were provided and used as per the recommendations in the CHRA. Personnel such as the storekeepers, sprayers, fertilizers and rat bait handlers were trained and were known to the potential hazards and methods the chemicals should be used in a safe manner.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers 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	The storage of pesticides at both the estates was found to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. The chemical and fertiliser stores are locked & handled only by authorised personnel. The stores in both estates were ventilated. All the chemicals were arranged/segregated according to the type. The fertilizers were well stacked. Relevant MSDS /CSDS were seen displayed in the stores. Adequate Safety Signage have been placed at both internal and external of the building. A proper premixing area with eye wash facilities and bathing area is available. The wastewater from the washing of empty chemical containers and PPE, and chemical mixing was pumped to a storage tank for reuse in chemical mixing. This is to avoid any contamination of chemicals to the ground. Triple rinsing activities continued to be implemented for empty pesticide containers. The activities were carried out at a concrete pond of 3 levels.

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	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	Yes	Pesticide applications are guided by the company's document such as SPO Manual & Agriculture Manual. The chemicals used in the Company's estates are the common chemicals used and established in the palm oil industry. Proper PPE and tools were provided to ensure that the application of pesticides were carried out appropriately and thus minimise risks and impact to health and safety.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	Yes	Aerial spraying is not a practice in all PPB estates. No such activities being witnessed during the site/field visit.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance	Yes	The employees such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they understood the hazards involved and how the chemicals should be used in a safe manner. Records of trainings sighted and verified. The relevant training records were shown in indicator 4.6.5 above.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	No	The CU has established a procedure for handling of empty agrochemical containers. Accordingly, triple rinsing of all its empty agrochemical containers was used as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. After triple rinsing was done, the containers were punctured and kept in a store before disposal. The wastewater from the triple rinsing will be reused in chemical mixture. The records of triple rinsing was available at the site. As for scheduled wastes, it has been disposed through Department of Environment's and Department of Agriculture's (pesticide containers) licensed contractors. Noted that scheduled wastes in Suai Estate were disposed in March 2017. However, the labels provided for these scheduled wastes onsite were not replaced with new label. Containers for contaminated soil at were also not closed. Thus, a Minor NCR MRS 02/2017 was raised.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Yes	The medical surveillance for pesticide handlers at Saremas 1 & Suai Estate were conducted in Mar 2017 by an OHD (DOSH) occupational medical practitioner.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	Yes	There was no evidence that work with pesticides was undertaken by pregnant or breast-feeding women. This was further confirmed through the interviews with sprayers in the field.
C 4.7	4.7.1	An occupational health and	Yes	Saremas 1 CU continued to maintain the Occupational Health and Safety Policy dated September

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An occupational health and safety plan is documented, effectively communicated and implemented.		safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance		2010. The OHS policy is used in all plantations and mills in the Group. The policy included statement on the commitment to provide a safe and healthy environment for its employees, contractor, clients & visitors. The policy was displayed within the estates complex. The Occupational Safety & Health Plan for 2017 has been reviewed accordingly. Amongst others, activities planned are OSH training, medical surveillance, water sampling, safety world day, audiometric test etc.
The occupational health and safety plan shall cover the following:	4.7.2	Operations where health and safety is an issue shall be risk assessed, and proc and actions shall be doc and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	Yes	Saremas 1 CU has established the HIRARC. Reviews were evident.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and approp protective equipment shall be available to all workers at the place of work to cover all potentially hazardous op, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	Yes	Trainings and briefings on the operations were provided to all employees to educate them on safe working practices and to ensure applicable precautions are adhered to. Training for employees are conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. Employees were also provided with appropriate PPE and replaced when damaged. PPE issuance and replacements records were verified during the audit. The usage of PPE was following recommendation in the CHRA report for both the estates visited.
	4.7.4	The responsible person identified. Records of regular meetings bet. the responsible person and workers. Concerns of all parties about health, safety and welfare discussed at these meetings, and any issues raised shall be recorded. Major Compliance	Yes	It is evident that PICs were identified for Saremas 1 CU. Records of meetings were available and reviewed during the audit.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be	Yes	The Emergency Response Plans (ERP) were established. The plans also included the incident reporting, action to be taken in event of any of the above. The contact numbers in the event of emergencies are also given and displayed. It is evident that the employees attended the First Aiders Training (Basic of Occupational First Aid and CPR course) conducted by the third party. The first aid boxes are available at all the sites audited. The first aid boxes are checked on a

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		available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance		quarterly basis and replenished by the Medical Assistant. During the audit, the auditor has checked/verified first aid box at various stations and found that the boxes were well maintained. Target evacuation time was established and actual time followed. Safety briefing was provided. The reports of fire drill were verified accordingly.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Yes	Saremas 1 CU has provided an on-site clinic. Any serious injury will be send to the nearest hospital. Local workers are covered by SOCSO. Foreign workers are protected through Foreign Workers Compensation (<i>skim pampasan pekerja asing SPPA</i>) provided as per <i>Compensation Act 1952</i> .
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Yes	<u>Saremas 1 POM</u> - Accident statistics have been monitored and reviewed on quarterly basis during the 'Health and Safety' committee meeting. The minutes of the meeting were reviewed and noted the finger injury case. JKPP 6 was submitted to DOSH in Jan 2017. JKPP 8 for 2016 was also submitted accordingly. <u>Suai & Saremas 1 Estate</u> - JKPP 8 form was sent to DOSH in Jan 2017 with no accidents recorded for 2016.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	Yes	Formal training programmes titled Annual Training 2016 has covered all aspects of the RSPO Principles and Criteria, with regular assessments of training needs were presented to auditors by both Saremas 1 Estate, Suai Estate and Saremas 1 POM. Training needs assessments are formalised in a standard from.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	Yes	Training records are maintained in the employee's log. This is in addition to the training records as maintained upon completion of every training/briefing session. The training records were available and being maintained at the respective sites.

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified,	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	Yes	Saremas 1 CU has identified the environmental aspect and its associated impact using "Identification of EAI & Evaluation of Significance form". The EAI form was reviewed in Feb 2017 by the PIC. The mitigation measures are documented accordingly
	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	<u>Saremas 1 POM</u> Significant Environmental Aspects and Impacts Mitigation Plan and Environmental Management Program have been established with the control measures in the form of Procedures, Equipment / Material, Training / Communication for each operating stations. The mill has review their Environmental Aspect & Impact Evaluation in Feb 2017. No changes were made to the current

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and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person. Minor Compliance		practices. <u>Saremas 1 Estate and Suai Estate</u> Environmental Impact Assessment (EIA) Plan for Saremas 1 Estate and Suai Estate have been reviewed in March 2017. The plans included the person(s) in charge, mitigating actions to be taken with a time table and the status of the implementation. No changes on current practices.
	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 2yrs to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	Yes	No changes was made to the environmental aspects and impacts or current practices which require changes in the environmental action plans. Nevertheless, the existing environmental action plans as mentioned in Indicator 5.1.2 had identified timeframes and responsible person at each operating units assessed.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	Yes	The CU has conducted an HCV assessment in July 2008. The report entitled as "HCVF Scoping Assessment of S1 CU" was prepared by third party competent assessor. The assessment had covered all the HCV on RTEs species within the residual forested areas of the estates. The report also included the management and action plan. The auditor had verified that the Saremas 1 & Suai Estate had identified, maintained and monitored the HCV4 which is forest patch area within the estate area. The HCV map was also made available.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill op, appropriate measures that are expected to maintain & enhance them shall be impl. thru an action plan. Major Compliance	Yes	The HCV/RTE action plan was updated for 2017. The update included the CITES species which was found during the survey carried out by UNIMAS. Saremas 1 Estate and Suai Estate have listed their HCV monitoring and management action plan for 2017 dated in April 2017. It was noted a number of employees including persons from nearby long houses has been appointed as qualified Wildlife Honorary Ranger since March 2015. The effort of appointed ranger shows Saremas 1 CU commitment for conservation was evident.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in acc. with com. rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	Yes	Programmes 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 2017' for Saremas 1 CU, including POM was made available during the audit.
	5.2.4	Where an action plan has been	Yes	It is evident that Saremas 1 & Suai Estate have carried out an on-going monitoring and awareness

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		<p>created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill ope. shall be doc. and reported; Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>		activities on monthly basis.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	Yes	There is no HVC area set-asides with existing right of local communities.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	Yes	Saremas 1 CU has documented identification of all waste product and sources of pollution. The "Pollution Prevention Plan (Waste Identification and Mitigation Plan)" were established for each sites to mitigate the identified waste product. It was evident that the plan was reviewed accordingly.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	Saremas 1 CU has notified DOE on the generation and disposal of scheduled waste using the online Electronic Schedule Waste Information System. The information also included the 5 th schedule inventory and the consignment note for the disposal of the scheduled wastes. As for scheduled wastes, it has been disposed through Department of Environment's and Department of Agriculture's (pesticide containers) licensed contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	Yes	For the identified wastes and pollutants, procedures and guideline were established to guide the waste disposal activities and to reduce pollution on the routine operation. The Pollution Prevention plans were also established to mitigate the identified wastes. It was evident that the implementation was in place.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	Yes	<p><u>Saremas 1 POM</u> - The mill has reviewed its plan for improving efficiency of the use of fossil fuels titled '2017 Objectives & Target for Optimizing / Reducing on the Use of Fossil Fuel Plan'. The objective included a target to reduce diesel consumption by 3% for the year 2017. The mill has built a biogas plant to capture methane generated from the effluent treatment plant and use as fuel in the biogas engine to produce electricity for the mill. The mill also using of fibre and shell for boilers at the mill.</p> <p><u>Saremas 1 & Suai Estate</u> - The plan is to improve the efficiency of fossil fuel usage.</p>
C 5.5 Use of fire for preparing land or replanting is	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for	Yes	The estates adhered to the Wilmar environmental policy which included commitment to zero burning in all plantation development activities and waste disposal. All previous palms should be felled, chipped, shredded, windrowed and left to decompose. Based on the field visit, it was confirmed that there was no burning activity at Saremas 1 Estate and Suai Estate.

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avoided,except in specific situations as identified in the ASEAN guidelines or other regional best practice		<i>the Implementation of the ASEAN Policy on Zero Burning' 2003. Major Compliance</i>		
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance	Yes	There was no evidence that fire has been used at Saremas 1 Estate and Suai Estate.
C 5.6 Preamble Growers and millers commit to reporting on operational GHG emissions. However, it is recognised that these significant emissions 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 implementation period 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	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent.	Yes	The assessment of all polluting activities had been conducted through the Environmental Impact Assessment and Environmental Aspect & Impact Evaluation (see Indicator 5.1.1). The environmental aspects for air pollution have been identified and mitigation measure/management plan has been established thereafter. The assessment reviewed to include the GHG emission from the mill and estates activities. The following were seen to be identified: <ol style="list-style-type: none"> 1. Plantations: agrochemical used, usage of diesel/petrol/lubricant, fertilizer usage and electrical usage. 2. Mill: chemical usage, diesel/lubricant usage, electrical usage, CPO transportation and management of effluent.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Yes	The environmental aspect and impact has been used to identify GHG emissions. GHG was identified from activities related to land conversation, crop sequestration and use of fertiliser, fuel consumption, peat oxidation and effluent treatment plan. Plans to reduce or minimise them are in place. A biogas plant had been constructed and commissioned since May 2014 at the ETP. The methane gas is captured and used in the biogas generator as fuel to generate electricity. With the capturing of the methane in the biogas, the GHG emissions has been significantly reduced.
	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 'PalmGHG Calculator' for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG) in April 2017.

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support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, incl. GHG are developed, implemented and monitored.				
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Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment including records of meetings shall be documented. Major Compliance	Yes	SIA Assessment Report for Saremas 1 CU entitled "Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates" was prepared in 2008. The report was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighbouring long-house communities. It was conducted by an Independent Sustainability Advisor, and remains as the baseline for socioeconomic data within the Saremas Group which includes the profile of each individual estate and mill and its stakeholders, including the identification of positive and negative social impacts.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	There was evidence that the assessment has been done with the participation of the affected parties as shown by the issues raised by the different stakeholders during various stakeholder consultations. These included matters such as use of land within the estates, FFB pricing, transportation for school children, job opportunities, tanks for water storage, housing conditions, price of goods at the sundry shop, conditions of the crèche, drainage systems and trained and qualified medical officer.
	6.1.3	Plans for avoidance or mitigation of -ve impacts and promotion of the +ve ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, doc. and timetabled, incl. responsibilities for implementation. Major Compliance	Yes	A number of stakeholders' consultations were held by the CU to gather inputs for avoidance or mitigation of negative impacts and promotion of positive ones. Subsequent meetings were also held to document and monitor the impacts identified. The Issues, Recommendations and Action Plans, Progress, Person-in-Charge were all tabulated. All these form the process of reviewing and updating the Action Plan for Social Impact Assessment 2016-2017 done in consultation with the affected parties.
	6.1.4	The plans shall be reviewed as a min. once 2yrs, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review incl. the participation of affected parties. Minor Compliance	Yes	The Action Plan for Social Impact Assessment was reviewed at least once a year with participation of affected parties, such as staff, workers, contractors, local communities. However, if there are issues raised during JCC Meetings, Women & Social Committee Meetings, and Social & Welfare Committee meetings, the Action Plan is updated accordingly. The update of the document was evident.

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	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	Yes	There was no scheme smallholders at Saremas 1 CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	This procedure is established and used in both estates audited. This procedure describes the steps in handling internal and external communications. Examples of internal communication are in daily assembly, internal circulars and memos exhibited in notice boards/posters/suggestion boxes/complaint forms. External communication were mainly produced via email, letters, Public Information Request, complaint and grievances form & requisition form. In general, both estates had followed the procedure in handling both internal and external communications.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	This is described in the communications procedure as tabled in indicator 6.2.1 above, the Person in charge are responsible to handle their respective section.
	6.2.3	A list of stakeholders, records of all comm, incl. confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	NO	General Stakeholder List dated 2017 for Saremas 1 Estate and Saremas 1 Palm Oil Mill were available, maintained and updated. The list of stakeholders include suppliers, contractors, government agencies/service provider, neighboring estates and local communities. The stakeholder list was last updated in Mar 2017. For Suai Estate, their stakeholder list was last updated in Feb 2016. Changes to the stakeholders list was not updated as at the date of audit to reflect the following changes to the Suai Estate Stakeholder List. Because of this, a Minor NCR RZ 03/2017 was raised against Suai Estate.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where req. Major Compliance	Yes	The Dispute and Grievance Procedure commences with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution was rejected, the dispute will be brought for third party arbitration. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through dedicated forms. Wilmar Group Whistleblowing Policy contains the Whistle Blower Complaint Response where the complainant has the option of remaining anonymous by not revealing his/her identity.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	Yes	Based on the complaints book/form at Saremas 1 Estate, Saremas 1 Palm Oil Mill and Suai Estate, no evidence of dispute was sighted. However at Suai Estate, some individuals from the neighboring land has approached the estate and wanted to know the actual boundary between Block 106 Suai Estate and their respective lands. A boundary verification exercise was carried out in the presence of the land owners and estate representatives. The boundary pegs by Land Survey Department were located and identified using GPS coordinates, which both parties acknowledged and agreed to. This activity has been concluded in an agreement signed by all parties. Records for complaints were verified.
C 6.4 Any nego concerning compensation for loss of legal, customary or user rights are dealt with through a documented system	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 and disputes, it will be handled in accordance with the established procedure. The document was sighted during the auditing process.
	6.4.2	A procedure for calculating and distributing fair compensation	Yes	The Saremas 1 Group has developed a Dispute Resolution Procedure, stipulates the resolution process which can be done either directly between two affected parties, or through a mediation

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that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.		(monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		process. It has been mentioned that any agreement must clearly specify, among others, detailed quantum of compensation, size of area, location of area, who will receive the compensation, and also time of delivery.
	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 are currently two existing disputes. A group of Ibans and Penans are claiming for NCR and have submitted a demand as compensation from Saremas S/B. More detailed information has been provided in confidential version of this report. This claim was denied by Saremas S/B who claims that they are the registered proprietor of the disputed land. Based on the records available, there was evidence to show that there is proof of legal acquisition of land title by Saremas Sdn Bhd, and that compensation have been made to the two groups of claimants following negotiations and consultations.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	Yes	For the Saremas Group, documentation of pay and conditions are contained in the workers' contract of employment. All the contracts sampled were bi-lingual (Bahasa Malaysia/English), and drafted in accordance with the requirements under Rule 2 of Labour (Contents of a Contract) Rules (Sarawak) 2005. The contract stipulates among others, the wage rate, working hours, overtime wage rate, latest date for payment of wages, rest day, pay rate on rest day, paid public holidays, rate for working on public holidays, paid annual leave, etc. The contracts, checkroll and pay slips of workers were sampled at Saremas 1 Estate, Saremas 1 Palm Oil Mill and Suai Estate. The contracts all contain payment of minimum wages or more, and comply with the requirements of the Minimum Wages Order 2016.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	NO	The Saremas Group adopt the same employment contract format. Samples on contracts of employment both for foreign and local workers were examined at the Saremas 1 Palm Oil Mill, Saremas 1 Estate and Suai Estate. All the contracts sampled were bi-lingual (Bahasa Malaysia/English), and drafted in accordance with the requirements under Rule 2 of Labour (Contents of a Contract) Rules (Sarawak) 2005. The contract contains terms related to wage rate, work days, overtime, annual leave, paid annual leave, public holidays, 60-day maternity leave, medical treatment benefits, retirement age for local and foreign workers, contributions to SOCSO for local workers, coverage under Workmen's Compensation Act 1952 for foreign workers, termination of contract, period of termination notice etc. Interview with workers at the Saremas 1 Palm Oil Mill, Saremas 1 Estate and Suai Estate confirm that they were allowed to read the agreement, and briefed on the salient points of the contract before they appended their thumbprint

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				and/or signature on the contracts. They were also allowed to seek clarifications on any point they did not understand. However, at Suai Estate, more than 20 contracts sampled for workers whose contract of employment were wrongly dated to the date they first joined the company, and not dated on the date the contracts were signed. For this reason, a Major NCR RZ 02/2017 was raised.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, med, edu and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	Yes	Housing inspections were carried out on weekly basis by members of the health and safety committee as required under Section 23(2) of the Workers' Minimum Standard of Housing and Amenities Act 1990. The inspection typically check for cleanliness and safety of the houses. Reports of inspection were presented to the main Safety and Health Committee for information and any actions, if necessary. Visits were made to the housing complex at Saremas 1 Estate and Suai Estate. Workers at the Saremas 1 Palm Oil Mill are housed within the Saremas 1 Estate housing complex. Housing, water supplies, medical, educational and welfare amenities are provided for all staff and workers in accordance with the Workers' Minimum Standard of Housing and Amenities Act 1990.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	Yes	There are five sundry shops available within the Saremas 1 CU. Visits were made to 3 of the shops and it was verified that all the shops have ample supply of daily requirements such as rice, flour, eggs, sugar, milk, cooking oil, frozen meat and fish, beverages, and other daily requirements. The items are reasonably priced and affordable, and these are being monitored by the Sustainability Unit. The Sustainability Unit also monitors general cleanliness of the premises and checks on the expiry dates of items sold. Workers can either pay in cash or on credit, where at the end of the month, their pay cheques would be exchanged for the amount outstanding, before the balance is given to them.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	Yes	A written statement is available in " <i>Human Right Policy</i> " updated in June 2014 signed and endorsed by the Group Plantation Head and Group CSR Head. The policy included statement among others that the workers are allowed to join any registered organizations or associations. The foreign workers are not allowed to hold any positions in the organizations or associations. The workers are not unionised and is informed on freedom of association during signing of employment contract. The worker's representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both committees meet held regular meetings. The workers whom were interviewed during the field visit confirmed that they were aware of such rights.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	There is no trade unions within the Saremas Group. However, workers are represented by Workers' Representatives who were elected from among the workers themselves. The elected workers' representatives hold their office for a two-year term and sit on the Social & Welfare Committee. The organisation chart and minutes for the Saremas 1 CU - Social & Welfare Committee 2017 was sighted during the audit. .

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C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	Yes	The Saremas Group Child Labour Policy updated in September 2010 stipulates that it will not employ child labour as defined by the ILO Convention, i.e. work by children under the age of 12, children under the age of 15 that prevents school attendance, and children under 18 that is hazardous to the physical or mental health of the child. This Child Labour Policy is publicly available at the Saremas 1 Estate, Saremas 1 Palm Oil Mill and Suai Estate. There is no evidence that Saremas 1 CU employs anyone below the age of 18 years as verified by examining the Master Lists of workers. Interviews with workers and observations during field visits further also confirmed this.
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	This Group policy is available (updated Sept 2010) signed and endorsed by both Group Plantation Head and the Group CSR Head. The policy is publicly displayed in the visited estates and mill. Amongst others the policy in a simplified version endeavours to; <ul style="list-style-type: none"> a) Comply with all legislation dealing with discrimination/promotion of equality. b) Establish/maintain a working environment/employment being treated equally c) Ensure mechanisms in place for any complaints of discrimination from employees d) Ensure that partnership arrangement have similar policies of such e) Periodically review the policy to ensure it remains relevant/applicable. The Policy is affected to mainly the employees of both gender and also employees of contractors as service provider to the estates/mill. The HR Department is responsible for the effective enforcement of the Policy.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	Yes	Based on workers' employment contracts and confirmed during interviews conducted with local and foreign workers (both male and female) who work as crane operators, sprayers, manurers and harvesters, there was no evidence that they have been discriminated against in terms of employment, wages paid, work assignments, housing allocations and other benefits. This also is in line with the Saremas Group's Equal Opportunity Policy which prohibits discriminatory practices based on gender, race, ethnic origin, disability, sexual orientation, faith, etc.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	Yes	Based on interview with management of Saremas 1 Palm Oil Mill, Saremas 1 Estate, and Suai Estate, as well as the sighting of job application forms, medical reports, and job interview notes, there is evidence that hiring selection and promotion are based on job vacancies, skills, suitability to the job, capabilities and medical fitness. The process of selection starts with the potential candidate submitting an application for employment. The interviewer will fill up interviewer's appraisal form which is applicable to all interviewees. Selection is then based on the recommendations of the interviewer. Among the traits looked for include expression of ideas, experience, education, initiative and motivation. At Suai Estate, the job advertisement is placed in the newspapers. For field workers, it is done through recruitment agents and recruitment mandores to source workers in Indonesia.
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 comm. to all levels of the workforce. Major Compliance	Yes	This Group policy is available, signed and endorsed by both Group Plantation Head and the Group CSR Head. The policy is aimed to provide a conducive working environment that is characterised by equality and mutual respect. Briefing to the employees as sighted.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be	Yes	Details of this compliance is described in indicator 6.9.1 above. In the policy the reproductive rights mentioned amongst others i.e. The right and freedom to decide the no, range of child birth, The right to decide on reproductive free from discrimination, forced & violence. At the Saremas 1

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		implemented and communicated to all levels of the workforce. Major Compliance		Palm Oil Mill, Saremas 1 Estate and Suai Estate, the Women and Children Committee met and discussed among others, issues related to sexual harassment and domestic violence.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and comm. to all levels of the workforce. Minor Compliance	Yes	A Dispute and Grievance Procedure is available and is applicable to the Saremas Group. The purpose of this procedure is to facilitate the dispute and grievance resolution between management, growers/ millers, and employees, local communities and other affected external parties and provides for confidentiality where all inquiries, complaints and investigations are treated confidentially, and any information is revealed on a need-to-know basis only. All information pertaining to the complaint and investigation will be kept in a secure file. The Wilmar Group also has a Whistleblower Policy where the Whistleblower Complaint Response (Version 3 5 August 2015) allows the whistleblower an option to remain anonymous. The Wilmar Group's Sexual Harassment, Violence and Abuse Reproductive Rights Policy which was updated in June 2014 specifies that all reports of sexual harassment will be dealt with in a confidential and discreet manner. To communicate the intent of the required, briefing on the Complaint and Grievance Form, Sexual Harassment, Violence and Abuse and Reproductive Rights was conducted at the muster ground (estates) and at the Women and Children Committee meetings (POM). Based on the above, the various grievance mechanisms respect anonymity and protect complainants where requested, and the same were being communicated to all levels of workforce through various briefings and trainings.
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 all be publicly available. Minor Compliance	Yes	During the audit, it was verified that the current and past prices for FFB (Jan – March 2017) is being displayed at the notice board near the Saremas 1 Palm Oil Mill weighbridge.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	Yes	Saremas 1 POM publicly displays FFB pricing mechanism at the notice board. Smallholders who are mainly from the local community refer to the notice board for the FFB price. Based on interviews, there is evidence that they understand the FFB pricing and pricing mechanism as explained by the Mill.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	Yes	Interviews were conducted with the transport suppliers and the companies have been providing their services for more than 10 years. Their contracts are signed annually, and it contains schedule of rates, conditions of contract, event of default, payment terms according to the volume, diesel price and distance. They also confirmed that the companies understands the salient points in the agreement, namely contract duration, rate of payment, their obligations under the contract, etc. and contract entered into are valid, fair and transparent as the terms of payment are being negotiated upon prior to signing. Contract with suppliers were drafted in the English language, which is understood by the suppliers, as verified during interviews.
	6.10.4	Agreed payments made in a timely manner. Minor Compliance	Yes	Both FFB transporters confirmed that payments were received within a reasonable timeframe.
C 6.11 Growers and millers contribute to local	6.11.1	Contributions to local development that are based on the results of consultation with	Yes	Based on records, interviews and site verification, contributions made to local development were made based on the requests from the local communities/schools.

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Sustainable development where appropriate.		local communities shall be demonstrated. Minor Compliance		
	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 are no scheme smallholders in the CU. However, noted that efforts are being made by the CU to improve smallholder productivity as Saremas 1 CU provides agriculture advisory e.g. on correct ways to apply fertilizer.
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	Based on the employment contracts of workers, their records of wages, overtime payment, rest day payment and during interviews, there is no evidence of any forms of forced or trafficked labour. The Saremas Group is also gradually implementing the practice of not keeping foreign workers' passports. As at the date of audit, this practice has started at the Saremas 1 Palm Oil Mill, where foreign workers were each allotted a locked pigeon hole inside the guardhouse where their passports are kept. The key to each pigeon hole is kept by the respective worker himself/herself. Suai Estate and Saremas 1 Estate are in the process of implementing the same practice in the near future.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	Based on interviews with foreign workers all of them were aware of the types of work they would be doing once they arrived in Malaysia. The actual job undertaken is the same as what they were informed about while they were still in their home country in Sulawesi, Indonesia. No contract substitution has therefore occurred.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and impl. Major Compliance	Yes	The policy titled ' <i>No deforestation, no peat, no exploitation policy</i> ' dated in Dec 2013 is available. The relevancy to this special labour policy is when recruitment of temporary or foreign workers are made.
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	The Group Policy titled <i>Human Right Policy</i> dated June 2014 is available. The policy was signed by both Group Plantation Head and Group CSR Head. Briefings were made to workers at the muster ground. The policy had a translation in Bahasa Malaysia. It is displayed on a notice board at muster ground.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	Yes	There is a Community Learning Centre located within the premises of the Saremas 1 Estate. Four teachers were engaged by the Saremas Group to teach 112 children aged between 7 to 13 years at the CLC. The children are taught the Indonesian school syllabus, and among the facilities available are 6 computers, Wi-Fi facilities, a library and a prayer room. The teachers are accorded free accommodation within the housing quarters and their salaries are paid by the Saremas Group. The CLC provides primary level education, after which the Indonesian children are typically returned to their home country to pursue their secondary and tertiary education. There is also a children playground outside the CLC premises.

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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Saremas 1 CU has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable. Audit team has verified through globalforestwatch.com, google map, verification on land title, planting hectarage, including site visit based on map provided by visited estate, there was no new planting at the Saremas 1 CU during this audit.

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides (Criterion 4.6);	Yes	The CU is committed to reduce the use of pesticides by implementing IPM such as increase in the planting of beneficial plant. Mill waste such as EFB was used as fertilizer in the field. Other improvement plans to minimize chemical usage include: not practicing blanket spraying and maintaining soft vegetation in the field upkeep.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	Saremas 1 CU has listed subject matters to be monitored for continuous improvement for environmental aspects and these matters have been monitored accordingly by the appointed person-in-charge.
	c)	Waste reduction (Criterion 5.3);	Yes	The CU continued to practice 3R prog. on waste management. The CU is active in maximizing the recycling activities. Promoting recycling prog. through signboard, notices etc. Other continuous improvement including continue to make full use of the biomass waste to minimize waste.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	Pollution and GHG emission were identified in the environmental aspect and impact where all waste products and sources of pollution were identified. The register will be reviewed at least annually. The biogas plant at Saremas 1 POM captured methane from ETP for use as fuel in the biogas engine to generate electricity. The GHG emissions was reduced by using this plant.
	e)	Social impacts (Criterion 6.1);	Yes	Social impacts are constantly updated based on inputs received from stakeholder consultations/meetings. The plan for continuous improvement as verified in the social action plan 2017 will be implemented as agreed during the meetings such as upgrading quarters, kindergarten, Humana and maintenance of village road.
	f)	Encourage optimising the yield of the supply base	Yes	Saremas 1 CU is part of a well-established organisation, PPB Oil Palms Berhad. Thus, the yield performance has always been the top priority in ensuring long-term economic and financial viability.

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Attachment 4

Details of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
Indicator 2.1.1 NCR#: MRS 01/2017	Major	Requirement : Indicator 2.1.1 Reg. 23 - FMA (Noise Exposure) Regulations 1989 Finding : Evidence of re-test assessment for affected employee with threshold shift was not available Objective evidence : A re-test for 23 affected employees with threshold shift was proposed by the assessor on 10 th August 2016. However, there was no evidence to show that the re-test has been conducted by Saremas 1 POM.	1. Close monitoring to be conducted for making sure recommended testing and next course of action to be adhered to. The close monitoring includes: a) Periodic check by Safety Officer on the implementation. b) To include the progress of audiometric test in the safety and health committee's meeting conducted once in three month. 2. Where non availability of existing audiometric lab occurs, the mill management will opt to find the suitable replacement. 3. Retest of the audiometric test had been conducted on the 28th March 2017.	The CU has conducted audiometric re-test on 28 March 2017 for 23 affected employees with threshold shift as proposed by assessor on 10 August 2016. Auditor has received audiometric re-test report dated 19 April 2017. Status : Closed
Indicator 2.1.1 NCR#: RZ 01/2017	Major	Requirement : Indicator 2.1.1 Finding : Female workers at Saremas 1 Palm Oil Mill worked from 7.00PM to 7.00AM in April 2017. Section 76(1) of the Labour Ordinance Sarawak prohibits female employees from working between 10.00PM to 5.00AM unless a written exemption is obtained from the Director of Labour. No such written exemption was obtained by the Mill. Objective evidence : 4 workers sampled at the Saremas 1 Palm Oil Mill worked night shift from 7.00PM to 7.00AM at least once in April 2017. This was informed by the workers during interview, and confirmed by the Mill. No written exemption was obtained from the Director of Labour as per the requirement under Section 76(1) of the Labour Ordinance Sarawak.	1. The mill management has decided that no women to be assigned for night shift work. 2. Explanation on the prohibition was made to the workers concern.	Saremas 1 POM had briefed all female workers that no women will be assign for night shift (after 10 pm) work as required by Section 76(1) Sarawak Labour Ordinance on 26 April 2017. Auditor has verified the attendance list. Status: Closed.
Indicator 4.6.10 NCR#:	Minor	Requirement : Indicator 4.6.10 Finding : The management of scheduled waste was not according to procedures Objective evidence :	1. Relabelling of the said container had been conducted. 2. Further training to PIC involve in the management of the scheduled waste	Auditor has received and verified the correction and corrective action for management of scheduled wastes on 5 June 2017.

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MRS 02/2017		Auditor has found that scheduled waste for SW408, 409 & 410 at Suai Estate has been disposed on 24 March 2017. However, the label at these scheduled waste was not replaced with new label. Container for contaminated soil at Suai Estate also was not closed.	was conducted on the 28 April 2017. 3. The company had purchased and placed a proper container with lid to store the contaminated soil.	Status: Open. The implementation and effectiveness of the corrective action will be verify during next audit.
Indicator 6.2.3 NCR#: RZ 03/2017	Minor	Requirement : Indicator 6.2.3: Finding : The Stakeholder List at Suai Estate has not been updated. Objective evidence : The Stakeholders List at Suai Estate was last updated in February 2016.	1. The stakeholder list was updated in April 2017. 2. The Sustainability Department will make sure that the stakeholder list to be updated regularly and checked during the annual internal audit.	Auditor has verified the stakeholders list for Suai Estate - updated in April 2017. Status: Open. The implementation and effectiveness of the corrective action will be verify during next audit.
Indicator 6.5.2 NCR#: RZ 02/2017	Major	Requirement : Indicator 6.5.2: Finding : At Suai Estate: a. More than 20 contracts of employment sampled were wrongly dated to the date they joined the company, and not the date of the signing of the contracts. b. One contract of employment sampled was not dated, giving uncertainty as to when the contract took effect. Objective evidence : At Suai Estate: a. On various dates in 2016, workers were required to sign new contracts of employment to reflect the increase of minimum wages to RM35.58 per day. More than 20 contracts of employment sampled at Suai Estate were wrongly dated. The date on the sampled contracts of employment correspond to the date when the workers first started working in the estate, and not when the revised contracts of employment were actually signed. Three examples of these sampled contracts were for: <ul style="list-style-type: none"> Worker Ref No 446: The agreement was erroneously dated 9 May 2005. Worker Ref No 602: The agreement was erroneously dated 6 December 2008. Worker Ref No 185: The agreement was erroneously dated 20 December 2012. b. For Worker Ref No 1739, the contract of employment was signed, but not dated.	New job contract was signed. The dated of the new job contract was reflected on the day they signed the new contract. Other than the date, no changes in the content of the job contract.	Auditor has received and verified contract of employment for 4 workers (Ref. No. 446, 602, 185 & 1739). The Employment Contract has stated minimum wage RM35.38 per day. The new employment contract was signed by workers on 17 April 2017. Status : Closed

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Attachment 5

RSPO Supply Chain at the Saremas 1 Palm Oil Mill – Mass Balance Model – Module E

Item No	Requirement NOV 2014	Findings																								
E.1 E.1.1	<p>Defination</p> <p>To verify :</p> <p>a) the volume of certified and uncertified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p><u>Actual FFB received from April 2016 to March 2017</u></p> <table><tr><td></td><td>(MT)</td><td>%</td></tr><tr><td>RSPO Certified FFB</td><td>181,405.45</td><td>79.05</td></tr><tr><td>Non-RSPO Certified FFB</td><td>48,080.59</td><td>20.95</td></tr><tr><td>TOTAL</td><td>229,486.04</td><td>100.00</td></tr></table> <p><u>Total production of RSPO products from April 2016 to March 2017</u></p> <table><tr><td></td><td>(MT)</td></tr><tr><td>RSPO certified CPO</td><td>50,074.33</td></tr><tr><td>RSPO certified PK</td><td>7,692.94</td></tr></table> <p><u>Total sales of RSPO products from April 2016 to March 2017</u></p> <table><tr><td></td><td>(MT)</td></tr><tr><td>RSPO Certified CPO</td><td>13,185.19</td></tr><tr><td>RSPO Certified PK</td><td>6,152.98</td></tr></table>		(MT)	%	RSPO Certified FFB	181,405.45	79.05	Non-RSPO Certified FFB	48,080.59	20.95	TOTAL	229,486.04	100.00		(MT)	RSPO certified CPO	50,074.33	RSPO certified PK	7,692.94		(MT)	RSPO Certified CPO	13,185.19	RSPO Certified PK	6,152.98
	(MT)	%																								
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RSPO Certified CPO	13,185.19																									
RSPO Certified PK	6,152.98																									
E 2 E..2.1	<p>Explanation</p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p><u>Approximation total tonnage potential to be produced from April 2017 to March 2018 (Based on OER at 22% and KER at 4%)</u></p> <table><tr><td></td><td>(MT)</td></tr><tr><td>CPO Production projection</td><td>53,858.76</td></tr><tr><td>PK Production projection</td><td>9,509.24</td></tr></table>		(MT)	CPO Production projection	53,858.76	PK Production projection	9,509.24																		
	(MT)																									
CPO Production projection	53,858.76																									
PK Production projection	9,509.24																									
E. 2 E 2.2	<p>Explanation</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim.</p>	<p>Saremas 1 POM has registered RSPO e-Trace. The member ID is RSPO_PO1000000091 Sold only to 1 buyer – Bintulu Edible Oil Sdn Bhd</p>																								

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E 3 E 3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	<p>SAREMAS 1 POM has continued to implement its Standard Operating Procedure (SOP-MILL-018 Revision 4 dated 31 March 2015) for the MB model of the RSPO Supply Chain Certification Standard, 21 November 2014.</p> <p>The SOP has described the procedures on the mechanism and implementation of an MB supply chain system with respect to the incoming RSPO-certified fresh fruit bunches (FFBs) and the tracing of the RSPO certified crude palm oil (CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified and non-certified FFBs being processed, the CPO and PK produced and their deliveries as well as on the stock levels. A copy of this SOP was made available to the auditor during the audit including other related documents. The Supply Chain Clerk, is still the person having overall responsibility on the implementation of the RSPO supply chain system. Based on interviewed held with the clerk, it was found that she had a good knowledge on the requirements of the RSPO Supply Chain Certification Standard specifically that related to the MB module and on the implementation of SAREMAS 1 POM supply chain system.</p>
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>SAREMAS 1 POM had established documented procedures (SOP-MILL-018 Revision 4 dated 31 March 2015) which had described the procedures on the implementation of an MB supply chain system with respect to the incoming RSPO-certified fresh fruit bunches (FFBs), tracing of the RSPO certified crude palm oil (certified CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified and non-certified FFBs being processed, CPO and PK produced and their deliveries as well as on the stock levels.</p>
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	<p>Upon receiving of the FFBs (both certified and non-certified), the Mill Gate Security will check on the incoming FFB and its accompanying dispatch note issued by the supplying estate before allowing entry. This will be followed by checking and verification by the Weighbridge Clerk to determine details on the dispatch note tallied with the incoming FFB such as supplying estate and weight (volume). Determination on status of the supplying estate is based on the 'List of RSPO Certified Supply Base' provided. Data on volume of RSPO certified and non-certified are separately recorded in the daily production record. Randomly selected FFB dispatch chits for incoming RSPO-certified FFBs and non-certified FFBs were verified during the audit. The certified status of the incoming FFBs was found based on the 'List of RSPO Certified Estates' made available to the Weighbridge personnel. The dispatch notes accompanying the FFB was found clearly indicating the name of the supplying estate and the quantity (number of bunches and weight in kg) of the FFBs.</p> <p>The Daily Production Report (Daily CPO and PK Production Record) provides a detailed daily account on the receipt of FFBs, production, delivery and stocks of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER).</p> <p>During the intervening period since the last audit (1 April 2016 to 31 March 2017), SAREMAS 1 POM had received a total of 229,486.04 MT of FFBs which comprised of 181,405.45 MT of RSPO-certified FFB and 48,080.59 MT of non-certified FFB.</p> <p>All of the RSPO-certified FFBs were supplied by the CU's supply base namely the Saremas 1, Suai and Saremas 2 (Division 1) Estates. Non-RSPO FFBs were sourced from the out growers and smallholders</p>

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		in the surrounding areas. The list of non-RSPO certified FFB suppliers was also sighted.
E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	The SOP on 'Record Keeping and Monitoring' requires the Mill Manager to inform the Sustainability Department if there would be a projected overproduction of RSPO-certified CPO or PK. Such information shall also be conveyed to the relevant certification body. There was no overproduction observed since last audit.
E.5 E.5.1	Record keeping a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	a) Saremas 1 POM had continued to maintain the 'Monthly 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 Saremas 1 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. The delivery/dispatch of certified CPO and PK would be guided by the POM's annual projected production of RSPO certified CPO and PK in the CU's RSPO Certificate. b) Based on the 'Daily Production Report (Daily CPO and PK Production Record)' the volumes of palm oil and palm kernel oil delivered were found correctly recorded and calculated as required by RSPO. c) Saremas1 POM produces quarterly reports for both CPO/MB and PK/MB which include details on FFB intake, production and despatch. From these reports, all deliveries were found to be sales from a positive stock.
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	No outsourcing was carried out for palm kernel crush. However, the RSPO certified PKs from the mill were despatched to Bintulu Edible Oil (BEO), which is a subsidiary company of Wilmar International Limited.
E.4 E.4.1	Sales and good out The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) d) The quantity of the products delivered; e) Reference to related transport documentation.	RSPO certified CPO/PK transaction happened only internally within the upstream and downstream facilities of WILMAR Group. Hence, commercial invoice is not necessary. Saremas 1 POM has despatched 13,185.19 MT of RSPO certified CPO and 6,152.98 MT of RSPO certified PK under MB model from April 2016 to March 2017. The mill only delivered CPO and PK to one buyer namely Bintulu Edible Oils Sdn Bhd Lot 9, Block 20, Kemena Land District, KM 18, Tanjung Kidurong road Po Box 256, Bintulu, 97007 Sarawak

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E.5 E.5.1	Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	<p>Saremas 1 POM has conducted RSPO training for its key personnel to familiarize them on the RSPO standard. The latest training was conducted on 19/12/2016 by WILMAR Kuala Lumpur which was attended by the company's staff whose works were related to the company's RSPO supply chain system. An attendance list on the training was sighted during the audit.</p> <p>Based on interviewed with the Mill Manager, the Supply Chain Clerk and the Senior Document Controller, it was found their understanding of their RSPO-job related were acceptable.</p>
E.6 E.6.1	Claims The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	<p>Not applicable RSPO Trade Logo is not in used.</p>

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Attachment 6

Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
Indicator 2.1.3 NCR#: MH01/2016	Minor	The compliance check was carried out in 19 th – 23 rd January 2016 during RSPO Internal Audit, however, during the compliance check it was noted that some of the contractors carrying out the job for the estates were not included in the assessment.	The internal audit team was not able to cover contractor due to lack of mandays. Action plan: The compliance check for contractor will be included during the next internal audit.	During this audit, auditor has verified that the CU has conducted internal audit on 17 October 2016 which has sampled contractors – WK Lau Workshop. Status: Closed
Indicator 6.1.4 NCR#: KN01/2016	Minor	The reviewed SIA plans (2015-2016) did not include the participation of affected parties in Saremas 1 CU.	Affected parties was not present during the revision of the SIA Plan. Action plan: Affected parties will be included during the revision of the SIA Plan.	There was evidence that the SIA Acton Plan (2015-2017) had included all affected parties as evidenced in the minutes of meetings as follows: <ul style="list-style-type: none"> - Saremas 1 & 2 Palm Oil Mill SIA Plan dated 1 March 2017 - Community-Based Development Committee meeting minutes dated 17 November 2016 - JCC – Public Stakeholders for Canteen Operators dated 7 April 2016 - Social & Welfare Committee at Saremas 1 dated 6 April 2017 - Women & Children Committee dated 24 August 2016, and 20 February 2017 Status: Closed.