



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

File Ref.: ES11320001

RSPO PUBLIC SUMMARY REPORT

CLIENT : PPB OIL PALMS BHD – SAREMAS 1 CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

RSPO MEMBERSHIP NO.: 1-00011-04-000-00

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

Certification Unit	Mill / Estate	Location		
		Latitude	Longitude	Address
Saremas 1 Certification Unit (CU)	Saremas 1 POM	N3°31'32.10"	E113°44'38.86"	18 KM off KM 115, Bintulu – Miri Road, 97008, Bintulu Sarawak Malaysia
	Saremas 1 Estate	N3°31'18.61"	E113°45'23.48"	
	Suai Estate	N3°35'41.22"	E113°44'21.88"	

MAP : See Attachment 1

AUDIT DATE : 2-5 April 2018 **DURATION :** 16 auditor days

TYPE OF AUDIT : Annual Surveillance Audit 03 Recertification Audit

STANDARD : RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014 (REVISED 14 JUNE 2017)

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

VALIDITY OF RSPO CERTIFICATE : 14 June 2015 – 13 June 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 Zulfakar Kamaruzaman

Name : Edrin Moss

Signature :

Signature :

Date : 10 July 2018

Date : 18 July 2018

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SUMMARY OF AUDIT

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
	√	-	√
	Contract workers	NGOs	Govt. agency
	√	-	-
	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
	√	-	√
	Contract workers	NGOs	Govt. agency
	√	-	-
	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		

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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
	√	-	√
	Contract workers	NGOs	Govt. agency
	√	-	-
	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 :	2-5 April 2018	No. of auditor days :	16 Auditor Days
Audit team :	Mohd Zulfakar Kamaruzaman (LA), Mohd Ab Raouf Asis, Khairul Najwan Ahmad Jahari, Mohd Norddin Abdul Jalil.		
No. of major NCR :	1	Indicator: 4.7.3	Closing date: 2 July 2018
No. of minor NCR :	1	Indicator: 4.1.2	
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers / Local communities
	√		√
	Contract workers	NGOs	Govt. agency
	√		√ (Sarawak Forestry Dept.)
	Indigenous people	Contractor	Others (Please specify)
	√	√	
Supply base sampled :	Saremas 1 Estate and Suai Estate (100% sampling)		
Justification of audit planning	Total allocation of auditor days for Saremas 1 CU were: Mill = 4 days (3 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Saremas 1 & Suai Estate = 6 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV and GHG verification plus the verification of Unproductive area.		
Changes since the last audit :	See notes provided in Table 1 - Summary of Information.		
Report approved by :	Radziah Mohd Daud	Approval date :	10 July 2018

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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 / Local communities	Suppliers
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractors	Others (Please specify)	
Supply base sampled	:				
Justification of audit planning					
Changes since the last audit	:				
Report approved by	:		Approval date :		

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SUMMARY OF INFORMATION

TABLE 1

	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	April 2018 – March 2019	
Certified FFB Processed (MT)	200,753.98	183,920.72	164,875.00	172,275.00	
Production of Certified CPO (MT)	43,731.75	51,480.00	42,814.75	37,900.50	
Production of Certified PK (MT)	7,841.10	9,594.00	7,536.25	6,546.45	
Certified Areas (Ha)	13,568.81	13,309.98	11,679.08	11,678.49	
Planted Area (Ha) (Mature + Immature)	10,551.83	10,448.22	9,190.35	9,288.23	
Production Area (Ha) (Planted – Immature)	7,480.94	7,676.53	6,894.73	6,257.25	
HCV Areas	517.82	517.82	324.95	324.95	
REMARKS	<p>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.</p>	<p>The main reason for decreasing in hectares of the planted area for Saremas 1 i.e. 98.14 ha, was due to the exclusion of Saremas 2 (Div. 1) Estate from Saremas 1 CU. Saremas 2 (Div.1) Estate was renamed as a new certification unit, called Saremas 2 CU.</p>	<p>Saremas 2 (Div. 1) Estate has been excluded from this CU since 1 February 2017. Saremas 2 has been declared as new CU instead of division, therefore, the overall certified area was further reduced. Noted that the 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 in 2017, the riparian was fully surveyed and had been included in the area statement.</p>	<p>Saremas 1 certified area was reduced due to land acquisition 0.59 ha from government for Petronas Pipeline gas. For planted area, it was noted that there are some area classified as unproductive area by the management of Saremas 1. By their definition, the “unproductive area” (instead of declared as the unproductive area) was taken out from the total planted area for the purpose of budgeting the cost per ha (this has been practiced by the CU since forever). However, during this audit, it has been verified that some of the “unproductive area” has been replanted again, hence the planted area has been revised to include the additional 97.88 ha.</p>	

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				<p>The audit team has verified and confirmed that the additional hectares did not come from neither NPP nor conversion of other crop to palm oil planting. It was due to the inclusion of the “unproductive area” into the total planted area.</p>	
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TABLE 2

	PO	PK
Last years certified volume (MT)	42,814.75	7,536.25
Last years actual certified sold (MT)	23,129.18	5,648.63
Last years actual sold under other schemes (MT)	12,792.87	0
Last years sold conventional (MT)	0	0
New year certified volume (MT)	37,900.50	6,546.45

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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 recognized 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. Zulfakar Kamaruzaman	Auditor Team Leader / Supply Chain, HCV and Environment	Holds a B.Sc. Forestry. He had several years of working experience in the oil palm operation. He is a qualified RSPO P&C and RSPO Supply Chain Lead Auditor.
Mohd Ab Raouf bin Asis	Auditor Good Agricultural Practices and Safety	Holds B.Sc. (Hons) Management Technology Majoring Production and Operation from UTHM in 2007. He had several years of working experience in the oil palm operation. He is a qualified auditor for RSPO P&C.
Mohd Norddin Abd Jalil	Auditor / Good Agricultural Practices	Holds a B.Sc.in Agriculture from Universiti Pertanian Malaysia. He has over 35 years working experience in the oil palm plantation operation.
Khairul Najwan Ahmad Jahari	Auditor / Social	Holds a B. Sc. Forestry from University Putra Malaysia. He has 7 years working experience in Forest related areas as a researcher with FRIM since 2003, and also auditor Forest Management Certification (FMC – MC&I 2002, Natural Forest and Forest Plantation).

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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 (100% sampling). 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 RSPO certification system. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

Stakeholder consultation was carried out during the on-site audit. In general, there was no negative comments made against this Certification Unit.

1.5 Audit plan:

Refer to Attachment 2.

1.6 Date of next audit:

The next surveillance audit will be conducted within 12 months but not sooner than 8 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. It has been noted that Saremas 2 (Division 1) had been removed since February 2017 leaving only Saremas 1 Estate and Suai Estate within Saremas 1 CU. The total combined land area of the two (2) estates is 11,678.49 ha of which 9,288.23 ha were planted with oil palm. The 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). The Saremas1 POM has a mill capacity of 60 mt/hr.

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

The FFB is sourced from company owned estates that were certified and small holders and small growers surrounding the Saremas 1 CU.

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 2017 to March 2018)

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 1 Estate	82,982.13	38.23
Suai Estate	81,765.94	37.67
Saremas 2	125.76	0.06
Total	164,873.83	75.96
Third party suppliers (non-certified)	52,184.12	24.04
Grand total	217,057.95	100.00

Table 2: Projected FFB production by the supply base for the next reporting period
(April 2018 to March 2019)

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 1 Estate	88,025.00	37.40
Suai Estate	84,250.00	35.79
Total	172,275.00	73.19
Third party suppliers (non-certified)	63,100.00	26.81
Grand total	235,375.00	100.00

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Table 3: Actual FFB received and CPO & PK dispatch by the Saremas 1 POM for the last reporting period
(April 2017 to March 2018)

—	Total (MT)
FFB Received	217,057.95
FFB Processed	216,948.34
Certified FFB	164,873.83
Non Certified FFB	52,184.12
CPO Production	47,225.13
PK Production	7,397.44
CPO delivered as RSPO certified	23,129.18
CPO delivered as non-RSPO certified (include sold as ISCC)	24,051.29
PK delivered as RSPO certified	5,648.63
PK delivered as non-RSPO certified	1,741.14

Table 4: Projected FFB received and CPO & PK dispatch by Saremas 1 POM of next reporting period
(April 2018 to March 2019)

—	Total (MT)
FFB Received	235,375.00
FFB Processed	235,375.00
Certified FFB	172,275.00
Non Certified FFB	63,100.00
CPO Production	51,782.50
PK Production	8,944.25
CPO delivered as certified	37,900.50
CPO delivered as non-certified	13,882.00
PK delivered as RSPO certified	6,546.45
PK delivered as non-certified	2,397.80

Table 5: Planted and certified area of the Saremas 1 CU

Estate	Planted (ha)	Certified (ha)
Saremas 1 Estate	4,611.00	6,008.59
Suai Estate	4,677.23	5,669.90
Total	9,288.23	11,678.49

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Table 6: 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	347.77	7.54
1996	1 st Generation	Mature	113.41	2.46
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
2017	2 nd Generation	Immature	372.38	8.08
		Total	4,611.00	100

Table 7: 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	495.59	10.60
1994	1 st Generation	Mature	40.12	0.86
1998	1 st Generation	Mature	322.16	6.89
1999	1 st Generation	Mature	46.92	1.00
2000	1 st Generation	Mature	295.75	6.32
2001	1 st Generation	Mature	267.07	5.71
2002	1 st Generation	Mature	271.17	5.80
2003	1 st Generation	Mature	251.49	5.38
2004	1 st Generation	Mature	224.42	4.80
2005	2 nd Generation	Mature	161.74	3.46
2006	2 nd Generation	Mature	75.62	1.62
2012	2 nd Generation	Mature	144.33	3.09
2014	2 nd Generation	Immature	419.31	8.96
2015	2 nd Generation	Immature	586.08	12.53
2016	2 nd Generation	Immature	589.13	12.60
2017	2 nd Generation	Immature	486.33	10.40
		Total	4677.23	100

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2.3 Organizational Information/Contact Person

The details of the contact person is as shown below: Saremas 1 CU

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

There was no change to the certified products since last assessment.

3.2 Progress and changes in time bound plan (Refer to Attachment 7 for the time bound plan)

i. Have all the estates under the parent company been certified? Yes No

If no, comments on the organization's compliance with the RSPO partial certification rules:

N/A

ii. Are there any changes to the organization's time bound plan? Yes No

If yes, comment in terms of acceptance or non-acceptance on the changes in the time-bound plan?

N/A

iii. Are there associated smallholders (including scheme smallholders) in the CU Yes No

If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification? Yes No

If no, please state reasons Not applicable. There is no associated smallholders supplying FFB to the CU.

iv. Any new acquisition which has replaced primary forests or HCV areas Yes No

N/A

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

No

3.4 Status of previous non-conformities *



Closed



Not closed*

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

3.5. Complaint received from stakeholder (if any)

No complaints from stakeholders were observed.

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) List : 1 MNAJ 01 2018
(details refer to Attachment 4)

Total no. of major NCR(s) List : 1 MAR 01 2018
(details refer to Attachment 4)

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

Total no. of minor NCR(s) List : - N/A
(details refer to Attachment 5)

Total no. of major NCR(s) List :- N/A
(details refer to Attachment 5)

5.0 AUDIT CONCLUSION

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

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6.0 RECOMMENDATION



No NCR recorded. Recommended to continue certification.



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

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



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



Recommended to continue certification.



Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s) which have not been satisfactorily closed out within 90 days of the audit. Recommended for suspension of the certificate.

Note: Major NCRs which are not addressed within a further 90 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 ZULFAKAR
KAMARUZAMAN

(Name)



(Signature)

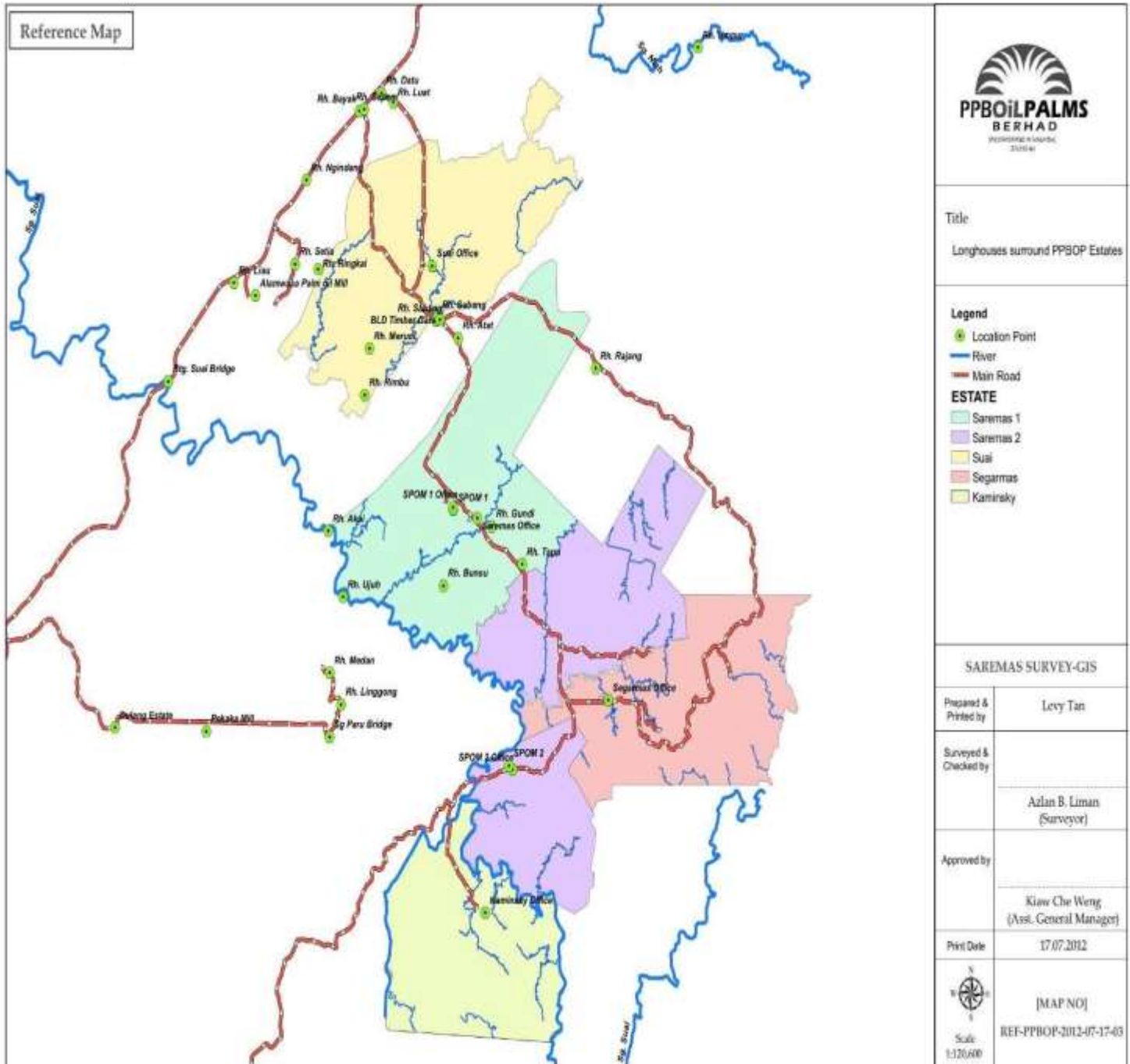
2/7/2018

(Date)

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Attachment 1

Map of Saremas 1



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Attachment 2

RSPO SURVEILLANCE AUDIT PLAN

1. Objectives

The objectives of the assessment are as follows:

- (i) To evaluate **Saremas 1 CU** continued conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI) and RSPO Supply Chain Requirements
- (ii) To verify the effective implementation of corrective actions arising from the findings of last assessment.
- (iii) To make appropriate recommendations based on the assessment findings.

2. **Date of assessment** : 2-5 April 2018

3. **Site of assessment** : Saremas 1 CU

- Saremas 1 Palm Oil Mill
- Saremas 1 Estate
- Suai Estate

4. Reference Standard:

- a. RSPO P&C MYNI:2014
- b. RSPO Certification Systems June 2007
- c. RSPO Supply Chain Standard, November 2014 (revised June 2017)
- d. Company's audit criteria including Company's Manual/Procedures

5. Assessment Team

Assessor: Mohd Zulfakar Kamaruzaman
Mohd Ab Raouf Asis
Khairul Najwan Ahmad Jahari
Mohd Norddin Abdul Jalil

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

7. Audit Method

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

8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended.

For minor non conformities raised in the surveillance audit, corrective action shall be verified in the next audit. These shall be upgraded to major non conformities if the corrective actions are not satisfactory implemented in the next audit.

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9. Confidentiality Requirements

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

10. **Working Language** : English and Bahasa Malaysia

11. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit

12. Facilities Required

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

13. **Assessment Programme Details** :

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Day 1: 2 April 2018 (Monday)					
Time	Activities / areas to be visited				
8.30 – 9.00 am	Opening meeting at Saremas 1 Estate Office 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 Saremas 1 CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palms Berhad Significant changes on organization activities, machinery, supply bases capacity etc.			Top mgmt & Committee Member	
	Zulfakar	Najwan	Raouf	Norddin	
9:00 – 1:00 pm	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 Laws and regulations Environmental management witness activities at site Waste & chemical management Interview with FFB supplies and other supplies Interviews with mill's workers Facilities at workplace Occupational safety & health practice – witness activities at site Interview with workers , safety committee and contractors Training and skill development programmes Continuous improvement	<u>Suai Estate</u> Coverage of assessment: P1, P2, P4, P6, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Riparian zone • Social Impact Assessment (SIA),HCV Assessment management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	<u>Saremas 1 Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<u>Suai Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 Laws and regulations Commitment to long-term economic and financial viability Good Agricultural Practice-witness activities at site (weeding/ spraying, etc) EFB mulching, POME application Chemical store/fertilizer Plantation on hilly/swampy area IPM implementation, training and safe use of agro-chemicals. New planting Continuous improvement	Guide(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: 3 April 2018 (Tuesday)

Activities /areas to be visited	Zulfakar	Najwan	Raouf	Norddin	
8.00 – 12.00 pm	<p style="text-align: center;"><u>Suai Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8 Laws and regulations Environmental management witness activities at site Waste & chemical management Interview with FFB supplies and other supplies Interviews with mill's workers Facilities at workplace Occupational safety & health practice – witness activities at site Interview with workers , safety committee and contractors Training and skill development programmes Continuous improvement</p>	<p style="text-align: center;"><u>Suai Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Riparian zone • Social Impact Assessment (SIA), HCV Assessment management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Saremas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Suai Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8 Laws and regulations Commitment to long-term economic and financial viability Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) EFB mulching, POME application Chemical store/fertilizer Plantation on hilly/swampy area IPM implementation, training and safe use of agro-chemicals. New planting Continuous improvement</p>	Guide(s) for each assessor
12.00 – 1.00 pm	Break				

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1.00 – 5.00 pm	Continue assessment	<p style="text-align: center;"><u>Saremas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Riparian zone • Social Impact Assessment (SIA),HCV Assessment management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes <p>Continuous improvement</p>	<p style="text-align: center;"><u>Suai Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes <p style="padding-left: 40px;">Continuous improvement</p>	Continue assessment	Guide(s) for each assessor
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Day 3: 4 April 2018 (Wednesday)

Activities /areas to be visited	Zulfakar	Najwan	Raouf	Norddin	
8.00 – 12.00 pm	<p style="text-align: center;"><u>Saremas 1 POM</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8 Laws and regulations Environmental management – witness activities at site Waste & chemical management Interview with FFB supplies and other supplies Interviews with mill's workers Facilities at workplace Occupational safety & health practice – witness activities at site Interview with workers , safety committee and contractors Training and skill development programmes</p> <ul style="list-style-type: none"> • Continuous improvement 	<p style="text-align: center;"><u>Saremas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Riparian zone • Social Impact Assessment (SIA),HCV Assessment management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes <p>Continuous improvement</p>	<p style="text-align: center;"><u>Suai Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes <p>Continuous improvement</p>	<p style="text-align: center;"><u>Saremas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8 Laws and regulations Commitment to long-term economic and financial viability Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) EFB mulching, POME application Chemical store/fertilizer Plantation on hilly/swampy area IPM implementation, training and safe use of agro-chemicals. New planting Continuous improvement</p>	Guide(s) for each assessor
12.00 – 1.00 pm	Break				
1.00 – 5.00 pm	Continue assessment				Guide(s) for each assessor

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Day 4: 5 April 2018 (Thursday)						
Activities /areas to be visited	Zulfakar	Najwan	Raouf	Norddin		
8.00 – 12.00 pm	<p style="text-align: center;"><u>Saremas 1 POM</u></p> Site visit and assessment on Supply Chain Implementation including the Model used 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	<p style="text-align: center;"><u>Saremas 1 POM</u></p> Coverage of assessment: P1, P2, P4, P6, P7, P8 <ul style="list-style-type: none"> Laws and regulations Land titles user rights Riparian zone Social Impact Assessment (SIA),HCV Assessment management plan & implementation Complaints and grievances Consultation with relevant government agencies Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors Linesite inspection Training and skill development programmes Continuous improvement 	<p style="text-align: center;"><u>Saremas 1 POM</u></p> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> Laws and regulations Occupational safety & health practice – witness activities at site Interview with workers , safety committee and contractors Training and skill development programmes Continuous improvement 	<p style="text-align: center;"><u>Saremas 1 Estate</u></p> 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 Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) EFB mulching, POME application Chemical store/fertilizer Plantation on hilly/swampy area IPM implementation, training and safe use of agro-chemicals. New planting Continuous improvement 	Guide(s) for each assessor	
12.00 – 1.00 pm	Break					
1.00 – 3.00 pm	Continue assessment					Guide(s) for each assessor
3.00 – 4.00 pm	Audit Team discussion, preparation on audit findings and issuance of NCR (if any)					
4.00 – 5.00 pm	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 provide responds 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. Saremas 1 CU had continued to maintain a comprehensive system with respect to this criterion. Request Form for their stakeholders or other interested party who had viewed / obtained document related to RSPO and Record of Visitation by government agencies such as DOE and DOSH were maintained. In Saremas 1 CU, the management documents relating to environment, social and legal issues, are made available to the public except for those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.
	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. Records of request were kept in hard copy format, entitled Record Book of Stakeholder/Interested Party Review Document.
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. Noted that the Saremas 1 POM and Saremas 1 Estate are under the same land title, while the Suai Estate has its owned land title. It was noted about 409.31 ha was set aside for the local communities surrounding the Suai Estate.
	Occupational health and safety plans (Criterion 4.7);	YES	The occupational health and safety plans 2018 was made available and verified at Saremas 1 CU. The management has established OSH objectives & targets as verified for 2018. The document titled Sustainability Unit-Environmental, Safety & Health Plan 2018 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 (2017-2018) was updated on Mar 2018.
	HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary including action plan 2017/2018 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.

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				Some complaints were also received verbally during stakeholder meetings. All the documents were available and verified at Saremas 1 Estate, Saremas 1 Palm Oil Mill and Suai Estate.
		Negotiation procedures (Criterion 6.4);	YES	Negotiation procedure is stated in the Saremas Group's "No Deforestation, No Peat, No Exploitation Policy" dated 5 Dec 2013 under the paragraph entitled "Resolve All Complaints and Conflicts Through an Open, Transparent and Consultative Process". Additionally, there is also the Dispute and Grievance Procedure which was updated 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 Jan 2018 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. Other areas identified for continuous improvement plan include water consumption, water quality, health and safety performances, and production performance, etc.
		Public summary of certification assessment report;	YES	The public summary of certification assessment report for Saremas 1 CU can be assessed through SIRIM QAS website.
		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. No any changes of the policies during this 2018 audit.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	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 Briefing on Code of Ethical Conduct was held in Mar 2018 at the Muster Ground at Saremas 1 Estate and in Feb 2018 at Suai Estate and Saremas 1 POM.

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	2.1.1 Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	In general, it can be confirmed that the CU continued to comply with most of the applicable local, national and ratified international laws and regulations.

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ratified international laws and regulations.	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	List of applicable legal and other requirements titled 'Register of Legal and Other Applicable Requirement for PBB Oil Palms Berhad (Sarawak Operation)' was made available during the audit. There was a changes to the legal register and updated in Jan 2018. The amendment included the FMA 1974 Air Compressor 2017.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	Saremas 1 CU maintained its mechanism for ensuring all the applicable legal requirements are implemented. The mechanism are by Internal audit on RSPO compliance, Yearly Estate Visit Report by Research & Development, DOSH Inspection Book, CHRA and 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	Changes to law and regulation are being monitored by the Sustainability Department at the HQ. Various sources were referred to in obtaining information about the updates of legal requirements. These includes interacting with the industrial association attending seminar/conference, subscribing to the publisher of the law books and checking the government agencies websites. The latest legal and other requirement register was updated in Jan 2018.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	YES	The copies of legal ownership of the land for both Saremas 1 & Suai Estates were verified. The land was bought from Sarawak Government and it has been confirmed during the sale of the land that there was no history of customary land tenure or recognized NCR land. These were confirmed with Miri Lands and Survey.
	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. In Saremas 1 Estate, a wooden peg with red/white strip was sighted in Saremas 1 Estate and area adjacent to the "Rumah Brain". The separation of areas is made prominent with a main road crossing the area. Similar markers were available in Suai Estate. The same design of red/white strip wooden peg was sighted in field no. 083 adjacent with local people of Rumah Jayan. Physical markers are available & 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; Iban and Penan Claim. Based on the audit and the records available, it was evident that legal acquisition of land has been obtained by Saremas Sdn Bhd and that compensation have been made to the two groups of claimants following negotiations and consultations.
	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.	YES	There are two existing significant land conflicts involving Saremas Sdn Bhd (as reported in 2.2.3 above). In both cases, there were evidences that attempts were made at conflict resolution. And, it can be confirmed that Saremas Sdn Bhd has followed and implemented its own conflict resolution procedures in handling land claims from the local communities before the claimants proceeded to initiate legal action.

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	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	In both cases, it was evident that the mapping of the disputed area has been carried out in a participatory way.
	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 were no evidences 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 free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties. Major Compliance	YES	At Suai Estate, three individuals from the neighbouring land has sought clarification on the actual boundary between Block 106 Suai Estate 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 3 land owners and 5 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 free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have	YES	Following the boundary verification exercise carried out in Suai Estate (as reported in 2.3.1 above), an agreement was signed by all parties in Nov 2016, where it was agreed that the boundary between Estate Block 106 and their lands is as per GIS issued by Saremas Sdn Bhd. 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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		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, including legal counsel. Major Compliance	YES	There was evidence that in the two land disputes involving Saremas Sdn Bhd, that the Ibans and Penans were able and free to choose their own representatives to represent their claim and interests in the land disputes. During the negotiations, the Ibans were able to name their representative in their letter dated 12 Dec 2014. For the Penans, there was also evidence that they were able to appoint representatives to attend the meeting with the Saremas Group as shown in the minutes of meeting dated 25 Feb 2015. Both the groups of Ibans and Penans had appointed Messrs Harrison Ngau & Co as their solicitors

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

Clause	Indicators	Comply Yes/No	Findings	
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	2 estates and 1 mill visited maintained to have minimum 4 years business plans called business management plan. The budget allocations at estates, include activities for operating expenditure i.e. upkeep, cultivation, harvesting & evacuation, welfare, other than that, capital expenditure, RSPO compliance, etc. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years. While, provisions at mill, include the activities for milling process, general charges, RSPO compliance and capital expenditure.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES	The replanting programmes until 2023 were sighted for both estates. This programme is reviewed once a year and is incorporated in their annual financial budget.

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

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Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	Saremas 1 CU continued to use the established manuals i.e. Wilmar International Limited 2011 Agriculture Manual & Standard Operating Procedure For Oil Palm, Safety and Health Manual, SSOP Prosedur Operasi Kerja Selamat dan Standard Sektor Perladangan. The Agriculture Manual, established on 2007 and revised in 2011 maintained in place for estate operation such as land clearing, field upkeep, pest and disease, FFB harvesting and evacuation, soil conservation and terracing, road construction and maintenance, planting density and planting technique, palm replacement during immaturity and supplying, manuring, palm thinning and replanting. Noted that relevant SOPs maintained displayed at various work stations for easy reference, for example, at the muster ground, workshop, riparian buffer zone, chemical storage and diesel storage. Interviewed with workers, noted they generally understood the requirements of these documents and their level of understanding on the contents of the SOP was found acceptable. Training records were found that management have conducted SOP training to the workers.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	There were mechanism in place to check consistent implementation of procedures. However, though the Agricultural Manual and Standard Operating Procedure for Oil Palm (SOP) provides the standards on harvesting of FFB, it was found out that the harvesters in Block 005 of Suai Estate did not wear safety glasses whilst harvesting the tall palms as against the standards set in the Manual. Therefore a minor non-compliance, MNAJ 01 2018 was raised against this indicator.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Relevant records on implementation and monitoring of Agriculture Manual etc at the CU were clearly verified. Among the records sighted were: Program sheets, Field cost books, Plantation Controller reports, Agronomic reports, Audits by Sustainability Officers, Harvesting Interval records, Rat baiting records, Fertiliser application records, Monthly Progressive Reports, scheduled wastes records, PPE Checklist etc. Most records are being maintained for more than a year and some much longer.
	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
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Saremas 1 CU continued to maintain and improve soil fertility to a level that ensures optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations as per the SOP.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Saremas 1 CU continued to maintain the records of the fertiliser inputs in the Monthly Fertiliser Returns 2018. Fertiliser application for 2018 programme were in progress as verified during audit.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Periodic foliar sampling were carried out in Saremas 1 CU and its result formed part of the basis for the fertilizers input recommendation. Foliar sampling were carried out in May 2017 and Mar 2018 in Suai Estate and Saremas 1 Estate respectively. The analysis were carried out by third party lab.

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				Soil maps were made available to the auditors and the soil survey was conducted on Dec 2007, while analysis for soil organic and carbon was carried out in accordance with the ISCC requirement. It was last done in Mar 2011.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance	YES	The auditor observed that the application of EFB had been carried out in certain in Saremas 1 Estate.
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	During the field visit and the soil map provided it was observed that no fragile or marginal soils found in Saremas 1 CU.
	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 had been defined in Agriculture Manual & Standard Operating Procedure For Oil Palm.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	Saremas 1 CU continued with its program on road maintenance with the records of heavy machinery movement schedule was in place to ensure that the road is accessible. Excessive surface runoff were diverted through appropriate side drains. It was also observed that stockpile of 3" dry crusher run has been sighted in a number of places. The financial support for these programmes were sighted in the annual budgets.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	There were no peat soils in both the estates visited hence, there was no program in place.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	There were no peat soils in both the estates visited, hence the drainability assessments were not necessary.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There were no fragile and problem soils in both the estates visited.
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. Programs to minimize water usage had been conducted in the estates as evidence through immediate repair on leaks detection, water efficient landscape, ultra-low volume toilet. The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Gutters, down comers and rain water collection tank had been sighted at line sites. All water supplied were treated prior to usage and fit for human consumption.

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	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	Saremas 1 and Suai Estate continued to protect riparian buffer zones at relevant rivers in their estates. No sign of spraying and manuring observed. The estate conducted water sampling analysis on quarterly basis. Quarterly Environmental Monitoring Reports from third party was sighted during the audit. The analysis result shown that the estates complied with the Class IIB limits of National Water Quality Standards for Malaysia (NWQSM).
	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 treated effluent discharge from the mill was conducted as per the license requirements and results of analysis were submitted to DOE through the ' <i>Borang Penyata Suku Tahunan</i> '. It has been confirmed that the results were in compliance with that stipulated in the requirement.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Process water is obtained from water catchment near to the mill. The water usage per tonne of FFB continued to be monitored on monthly basis. A slight inconsistent trend was noted. This was due to rainy and el nino season.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	Saremas 1 CU continued to implement the IPM as planned and they also report any detection of pest to the management, planting beneficial plant in the field, work program on the pest management which include monitoring pest population, cultural, biological, physical, mechanical control and pesticides usage. In order to minimize use of pesticides, the estates had planted beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> with maps indicating areas planted. The estate also practice pheromone trap in immature areas as a prevention for Rhinoceros Beetles infestation. The rat baiting campaign also monitored based on census and records. <i>Ganoderma</i> in Saremas 1 CU is showing very low infestation.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Saremas 1 CU continued to conduct training related to IPM Implementation. The training were conducted by Eco-Management Unit in Mar 2018. The training focused on good agriculture practices and it observed that all training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.
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 (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the "need to do basis" to enhance field operations. It was found that no Class I chemicals had been used. Additionally, it was confirmed that 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.

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	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	Saremas 1 CU continued to implement IPM in Saremas 1 and Suai Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the Wilmar International Limited 2011 Agriculture Manual & Standard Operating Procedure For Oil Palm and Integrated Pest Management Plan. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. For bagworm control the program includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> and <i>Turnera subulata</i> . The beneficial plants with ratio of 60:20:20 percent. Main objective to plant the beneficial plant is to minimize use of pesticide. The IPM provided maps of beneficial plant in order to monitor the decametre ratio per ha. The estate also practice pheromone trap in immature areas as a prevention for Rhinoceros Beetles infestation. The rat baiting campaign also monitored based on census and records.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised by World Health Organisation as Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used in 2016 and 2017. The auditor was verify through chemical register that been established and reviewed on April 2016, confirmed that no chemical from Class 1A or 1B or listed by the Stockholm or Rotterdam Conventions were used in the estates. Annual chemical usage that key in to the databases also showed that no such chemicals were used in the plantation.
	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 Safety Data Sheet (SDS). Both Saremas 1 and Suai Estate had established SOPs for the safe-handling of pesticides in Safe and Standard Operation Procedure Oil Palms Plantation (SSOP) Chapter 9: Safe and Standard Operating Procedure "Bagi Kerja-Kerja Mencampur Racun Rumpai". 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. Training including refresher sessions were provided to the workers involved in such activities to ensure a continued understanding of chemicals / hazard.

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4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	The storage of pesticides at Saremas 1 and Suai Estate 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 were locked & handled only by authorised personnel i.e. storekeeper. The stores in both estates were ventilated (equipped with exhaust fans). 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.
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 SSOP 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 minimize 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. There was no evidence to show that such a method being used in both Saremas 1 and Suai Estates. This was also supported through interviews with executives, field staffs and workers. 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.
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Procedure for handling of empty agrochemical containers had been established. 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. They were briefed through several trainings by the management. The containers were then punctured after triple rinsing 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. Records of disposals i.e. Log Book and Consignment Notes for domestic wastes and scheduled wastes respectively were sighted.

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	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	Annual medical surveillance have been conducted for Workshop Technician as recommended in Chemical Health Risk Assessment (CHRA) for Manganese related disease in Jan 2018. The result confirmed that they were FIT for handle welding works. Medical surveillance for pesticide operators was conducted in Mar 2017, however, it was not applicable as per the CHRA recommendation due to Saremas 1 and Suai Estate does not use organophosphate class pesticides.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Pregnant and breast-feeding women are not allowed to work with pesticides and hazardous chemicals in Saremas 1 CU. This instruction was tabulated in SSOP.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	Saremas 1 CU continued to maintain the Occupational Health and Safety Policy dated Sep 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 health and safety plan shall cover the following:	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	NO	Saremas 1 POM has been established the HIRARC. The latest review was carried out in Feb 2017. All hazards and risks associated with the mill's operations have been identified. The latest amendment was made on the hazards and risks due to accident at marshalling yard in Jan 2017. HIRARC for Saremas 1 and Suai Estate titled HIRARC 2017 (<i>Operasi Ladang Kelapa Sawit</i>). The HIRARC was last reviewed in Feb 2017 for activities related to spraying, harvesting and manuring. At Suai Estate, the HIRARC was reviewed on 27/2/2018. However, risk assessed at workshop and water treatment plant insufficient for step ladder and control measures was not provided in Suai Estate. Saremas 1 POM – Rubber shoes wearing by two (2) workers instead of safety shoes. Therefore, major NCR was raised in NCR MAR 01 2018.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land 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.

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	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	Safety and Health Committee Organization Chart 2018 was available. Quarterly Safety and Health Committee meeting observed held. It were chaired by Estate Manager/ Mill Manager, discussion on the following: <ul style="list-style-type: none"> i) Previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Workplace Inspection iv) Safety program & training Minutes of meetings were verified accordingly.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	YES	The ERT consisting of trained First Aiders, field staffs, Mandores, Admin clerk, workshop operator and Security personnel. Interviews with estate staffs and mandores revealed they understood and were aware of the emergency procedures requirements. It was observed that all operating units were provided with first aid boxes which were checked on a monthly basis by the Medical Assistant. At the estates, first aid box was given to mandores and available at estate office and workplace. Records of replenishment were verified by the auditor. Telephone numbers and names of the members of the Emergency Response Team (ERT) were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Hospital were also included. Saremas 1 CU had emergency response plan and has been prepared by ESHS officer. Among of procedure of ERP such as: <ul style="list-style-type: none"> • Fire • Chemical spillage • Emergency preparedness and response • Accident occurrence reporting procedure • Other emergencies such as accident, flooding, etc. Records of all accidents was in JKPP 8 and kept in the file for review in OSH quarterly meeting.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	Saremas 1 CU has provided on site clinic with Medical Assistant. Any serious injury will be send to the nearest hospital. Local workers are covered by SOCSO. Foreign workers are protected through Foreign Workers Compensation provided as per <i>Compensation Act 1952</i> . This was made through an insurance company. Generally, the insurance cover for workmen compensation, repatriation expenses, personal accident including accidental death, permanent total disablement, temporary disablement and medical expenses.
	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 the following accident were noted: <ul style="list-style-type: none"> i) A finger injury in Jan 2017. Total loss man-days was 17 days. Investigation was carried out in Feb 2017. The corrective action was proposed and implemented accordingly. JKPP 6 was submitted to DOSH in Jan 2017. ii) JKPP 8 for 2017 was submitted to DOSH in Jan 2018. 4 accidents were recorded for 2017 with 22 loss of mandays.

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				<p><u>Suai Estate</u> Accident statistics were maintained and periodically reviewed in the 'Health and Safety' committee meeting. JKPP 8 form was sent to DOSH in Jan 2018. 14 accidents recorded for 2017 with 22 lost mandays. For 2018, to date 1 accident was recorded.</p> <p><u>Saremas 1 Estate</u> Accident statistics were maintained and periodically reviewed in the 'Health and Safety' committee meeting. JKPP 8 was submitted in Jan 2018. 33 accident was reported for 2017 with 69 lost mandays. For 2018, to date 12 accidents was recorded.</p>
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 for 2017/2018 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Saremas 1 POM and both estates .Year 2018 Training Plan was established in January 2018. A training needs identification matrix has been established with target dates for the training to be conducted.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Records of training conducted were available and verified during the conduct of audit.

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Saremas 1 CU has established its environmental aspects/impacts register associated with their activities. The environmental aspect and impact (EAI) covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination related to the management of scheduled wastes and domestic waste. For the estate operation, all activities from harvesting, manuring, weeding, nursery, pest and disease, upkeep programme until delivery to mill were identified.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	<u>Saremas 1 POM</u> Significant Environmental Aspects and Impacts Mitigation Plan (Methods) and Environmental Management Program has been established with the control measures in the form of Procedures, Equipment / Material, Training / Communication for each operating station. The plan indicates that the mill is to reduce diesel consumption by 3% for 2018 and for water to monitor the water/FFB process = 1.19 lt/mt ffb

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				<p><u>Saremas 1 Estate</u> Environmental Impact Assessment (EIA) Plan, updated in Jan 2018 by the PIC and the plan included the person(s) in charge and mitigating actions. A time table for monitoring has been established and monitored accordingly.</p> <p><u>Suai Estate</u> Environmental Impact Assessment (EIA) Plan, updated in Apr 2018 by the PIC. The plan included the person(s) in charge and mitigating actions. A time table for monitoring has been established and monitored accordingly.</p>
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	<p>Saremas 1 POM had developed a 'Pollution Prevention plan' updated in Mar 2018 to monitor the effectiveness of the mitigation measures taken such as Fuel and lubricant leakage discharged to the land, Chemical spillage discharged to the land, Dust pollution, Air pollution from vehicle, Chemical spillage from spraying equipment, Clinical waste and Mill water usage and diesel usage</p> <p>At both estates, mitigation measures were defined in the Pollution Prevention Plan (Waste Identification and Mitigation Plan). The plan is to ensure proper control of the wastes in the estates to prevent pollution. The programme covers the activities, sources of pollution, effect to environment, prevention, and mitigation. The programme also indicated the proposed start and completion date, budget and person in-charge as well as the status/verification.</p>
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 consultant. The assessment had covered all the HCV on RTEs species within the residual forested areas of the estates. The report also included the management and action plan. During this Surveillance Audit 3 (2018), CU's were in progress of reviewing the HCV assessment and planned to be complete in next 2019. As of todate, the total HCV area in the Saremas 1 CU is 324.95 ha.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	The HCV/RTE action plan was updated for 2018. The update included the CITES species which was found during survey from UNIMAS such as Sun Bear, Leopard Cat and Marbled Cat which are listed in Appendix I of CITES, and 3 species which were listed in Appendix II of CITES; Water Monitor, Banded Palm Civet and Pangolin.. Both Saremas 1 Estate and Suai Estate have listed their HCV monitoring and management action plan as at Mar 2018. It was noted that some employees including personnel from nearby long houses was appointed as qualified Wildlife Honorary Ranger since March 2015.
	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 accordance with	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 2018' for Saremas 1 CU, including POM was made available during the audit.

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		company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance		
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	YES	The monitoring and awareness programs were in place.
	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 plans were then established to mitigate applicable identified waste product and source of pollution the plans were update in Mar 2018 (S1POM and Suai Estate) and Jan 2018 (Saremas 1 Estate). The most significant environmental receptors for the estates and mill operations were as follows: Air – Source from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP, EFB dumping), GHG, Pesticide and Manuring application. Water – Replanting process, Cleaning water/run-off/process station waters (hydrocyclone /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. Land – Scheduled waste, domestic waste and industrial/process waste, Office operation, Nursery Operation, Estate operation. Clinical waste – generated from Clinics
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	At Saremas 1 CU disposal of waste material related to pesticide containers are being carried out as per established procedures. Triple rinsing activities continually implemented for empty pesticide container. Triple rinsed container was then pierced and stored prior disposing and disposed using approved DOE contractor. Noted that latest disposal were carried out through licensed contractors.

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	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 waste and pollutants, there were procedures and guideline established as to guide the waste disposal activities and to reduce pollution on the routine operation. The Pollution Prevention plans were then established to mitigate applicable identified waste product and source of pollution the plans were update in Mar 2018 for Saremas 1 POM and estate and Jan 2018 for Suai Estate. Industrial @ mill process wastes had been disposed as follows; EFB were sent for mulching in the field, while crop residue/biomass i.e. fibre and shell were used as fuel in the boiler. For Estates, Chemical container and lubricant oil was disposed using scheduled waste. On the monitoring of water and effluent discharge, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Effluent quality monitoring was also done on the monthly basis. On the scheduled waste management, the established procedures - Handling of Scheduled Waste. Scheduled wastes were disposed through DOE's licensed contractor. The storage, management and disposal of the following schedule wastes were reviewed, noted to be satisfactory.
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	<u>Saremas 1 POM</u> Environmental Management Program & Action plan – 2018 where the Fossil Fuel reduction / Optimization Plan has been included. Program to reduce Diesel Usage Consumption is in place by monitoring the diesel generator running hours. The Management has constructed the biogas and construction was completed in Nov 2014. The plant had started its operation since then and the mill diesel consumption was reduced significantly. <u>Saremas 1 & Suai Estate</u> Objective and target for FY2018 was set to reduce consumption of fossil fuel. Various programme has been implemented such as minimum utilization of diesel generator set, reduce machineries and vehicles breakdown. Based on the 2017 achievement records, the estate has decrease usage of diesel compared to the previous year due to increase of FFB process.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	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.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	There was no evidence that fire had been used to prepare land for replanting in both Saremas 1 and Suai Estate. There was also no evidence of open burning at all the visited replanting areas within the two estates. No fire was used for waste disposal.

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<p>C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions.</p> <p>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed,</p>	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent.	YES	An assessment of identified polluting activities is being conducted and monitored, inclusive of gaseous emissions, particulate / soot emissions and effluent. The EAI covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the POME and land contamination which were related to the management of scheduled wastes and domestic wastes. The CU has established its environmental aspects/impacts register associated with their activities. The EAI which covers from upstream activities such as chemicals spraying until FFB evacuation process was sighted during assessment. Among the significant environmental aspects are the chemical (herbicide/fertilizer) which is associated with spillage and leakage due to mishandling of chemical (water pollution and land contamination) which related to the management of chemical.															
	5.6.2	Significant pollutants and GHG emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	The EAI was used to identify the GHG emissions. Some of the Greenhouse Gas emissions are through Land Conversation, Crop Sequestration, Fertiliser, N ₂ O from fertiliser, Fuel Consumption, Peat Oxidation. Plans to reduce or minimise them are in place. 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	<p>The CU had used RSPO Palm GHG version 3.0.1 Calculator as a tool to calculate the GHG emissions. The SOU has used option 2 full version to calculate the data. Sighted report sends to RSPO in Mar 2018. The input data was verified and the following were determined:</p> <p>Summary of Net GHG emission:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Emission sources</th> <th style="width: 40%;">tCO₂e/tonProduct</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td style="text-align: center;">0.77</td> </tr> <tr> <td>Fuel PK</td> <td style="text-align: center;">0.77</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Extraction</th> <th style="width: 40%;">%</th> </tr> </thead> <tbody> <tr> <td>OER</td> <td style="text-align: center;">21.68</td> </tr> <tr> <td>KER</td> <td style="text-align: center;">3.4</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;">Production</th> <th style="width: 40%;">t/yr</th> </tr> </thead> <tbody> <tr> <td>FFB processed</td> <td style="text-align: center;">226,788.24</td> </tr> </tbody> </table>	Emission sources	tCO ₂ e/tonProduct	CPO	0.77	Fuel PK	0.77	Extraction	%	OER	21.68	KER	3.4	Production	t/yr	FFB processed
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KER	3.4																		
Production	t/yr																		
FFB processed	226,788.24																		

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implemented and monitored.				CPO produced		49,167.099			
				Land use		Ha			
				OP planted area		13,832.4			
				OP planted on peat		57.214			
				Conservation (forested)		837.87			
				Conservation (non-forested)		257.09			
				Total		14,984.574			
				Mill emissions:					
				Emission sources		tCO2e	tCO2e/tFFB		
				POME		9386.67	0.04		
				Fuel consumption		990.94	0		
				Grid electricity utilisation		0	0		
				Export of excess electricity to housing		0	0		
				Sale of PKS		0	0		
				Sale of EFB		0	0		
Total		10377.61	0.05						
Estate emissions:									
Description		Own			3 rd Party				
		tCO2e	tCO2e/ha	tCO2e/tFFB	tCO2e	tCO2e/ha	tCO2e/tFFB		

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Land conversion	90295.65	9.73	0.58	0	0	0
CO2 emission from fertiliser	8427	0.87	0.05	0	0	0
N2O emission	7888.53	0.75	0.05	0	0	0
Fuel consumption	2529.33	0.25	0.01	0	0	0
Peat Oxidation	3123.67	0.23	0.01	0	0	0
Crop sequestration	-85359.05	-9.03	-0.54	0	0	0
Sequestration in conservation area	-1902.28	-0.56	-0.03	0	0	0
Total	25002.85	2.25	0.13	8390.7	0	0

Palm oil mill effluent (POME) treatment:

Divert to compost	0%
Divert to anaerobic digestion	100%

POME diverted to anaerobic digestion:

Diverted to anaerobic pond	18%
Divert to methane capture (flaring)	0%
Divert to methane capture (electricity generation)	82%

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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 (SIA) including records of meetings shall be documented. Major Compliance	YES	SIA Assessment Report for Saremas 1 CU entitled “Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates” was prepared in 2008. The report was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighbouring long-house communities; Rumah Bunsu, Rumah Gundi, Rumah Tapu (Saremas 1), Rumah Sabang (Suai) and Rumah Merudi (Suai). It was conducted in June 2008 by an Independent Sustainability Advisor, and remains 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. The replanting has been started since 2016 and all the social issues were assessed and recorded in minutes of meeting dated Nov 2016. Reminder to local community and related stakeholders if any issues arise to inform the CU. The replanting issues had also been discussed in Social Welfare Committee meeting on Nov 2016 at Saremas CU as to assess an impact to workers.
	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, stray dog issues, drainage systems and trained qualified medical officer. 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 2017/2018 done in consultation with the affected parties.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, incl. responsibilities for implementation. Major Compliance	YES	At Saremas 1 Estate, Palm Oil Mill and Suai Estate, the meeting to discuss and review the Action Plan for Social Impact Assessment (2017/2018) was held in Mar 2018. It took into account inputs from the local communities, canteen operator, workers, as well as the Women & Children Committee. Based on these, the Action Plan was updated in Mar 2018.
	6.1.4	The plans shall be reviewed as a min. once every 2 yrs. and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the	YES	The Action Plan for Social Impact Assessment (2016/2018) 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 will be updated accordingly. The last update was carried out in Mar 2018 for Saremas 1 and Saremas 1 Palm Oil Mill and Suai estate.

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		review includes the participation of affected parties. Minor Compliance		
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	There were 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	The Consultation and Communication Procedure was established and prepared by the RSPO Unit of PPB Oil Palms Bhd. This procedure is used by the CU in handling internal and external communications.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The nomination and appointment of the PIC was verified through appointment letter dated in Jan 2018.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	General Stakeholder List dated March 2018 for Saremas 1 Estate, Suai Estate and Saremas 1 Palm Oil Mill were available, maintained and updated. The list of stakeholders includes suppliers, contractors, government agencies/service provider, neighbouring estates and local communities. The stakeholder list was last updated in March 2018.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	YES	In the event of a dispute, the CU will manage it through the "Dispute and Grievances Procedure". Additionally, there is also the "Whistle Blowing Policy" made available by the company.
	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 in 2018.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples,	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	This procedure titled ' <i>Process for Identification of Legal & Customary Rights & Identifying People Entitled for Compensation</i> ' is available. It specified objective standard, procedures as practiced in the organisation. In the event of cases involving the loss of customary land rights and disputes, it will be handled following such procedures. The document was sighted during the auditing process.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a	YES	The Saremas 1 Group has developed a Dispute Resolution Procedure. It stipulates the resolution process, which can be done either directly between two affected parties, or through a mediation process. It mention 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.

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local communities and other stakeholders to express their views through their own representative institutions.		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		
	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; Iban and Penan Claim. Based on the audit and records available, it was evident that legal acquisition of land has been obtained by Saremas Sdn Bhd and that compensation have been made to the two groups of claimants following negotiations and consultations with participation of the affected parties. The claims were made available at the company website.
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.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	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.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national	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 checks for cleanliness and safety of the houses. Reports of inspection were presented to the main Safety and Health Committee for information and

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		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 (not applicable to smallholders). Minor Compliance		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 shops and it was verified that 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.
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 are 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.
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 Sept 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 was 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 confirm this.
C 6.8 Any form of discrimination based	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected	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. The Policy is affected to mainly the employees of both gender and also employees of contractors

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on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		groups in the local environment shall be documented. Major Compliance		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 who work as FFB Grader, loose fruit collectors, general workers, nursery workers 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.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	This Group policy is available the " <i>Polisi Gangguan Seksual, Keganasan Dan Penderaan, Hak Reproduksi</i> " dated June 2014. The English version of a similar subject is "Sexual Harassment Policy" 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.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	Details of this compliance is described in indicator 6.9.1 above. In the policy the reproductive rights mentioned the amongst others the following; a) The right and freedom to decide the no, range of child birth. b) The right to decide on reproductive free from discrimination, forced & violence.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, & communicated to all levels of the workforce. Minor Compliance	YES	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.
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 Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	During the audit, it was verified that the current and past prices for FFB (year 2016, year 2017 until Jan – March 2018) 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	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.

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		inputs/services shall be documented. Major Compliance		
	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 selected transporter. The contractors 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. Consultations with contractors confirmed that they understand the salient points in the agreement, namely contract duration, rate of payment, their obligations under the contract, etc. They also confirmed that 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 shall be 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 Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	Based on records, interviews and site verification, it has been confirmed that the contributions made to local development were made based on the requests from the local communities.
	6.11.2	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.
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.
	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 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 implemented. Major Compliance	YES	The policy titled ' <i>No deforestation, no peat, no exploitation policy</i> ' is available. The relevancy to this special labour policy is when recruitment of temporary or foreign workers are made, is stated in page 5 of the policy.
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	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 in the CU. The policy had a translation in Bahasa Malaysia. It is displayed on a notice board in office and at muster ground.

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	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. Teachers were engaged by the Saremas Group to teach the 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 were given 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 new development of area. This has been observed during the visit. Furthermore, based on the information provided by the PIC i.e. as stated in document named Sarawak Area Statement, although there were lands categorized as “Unplanted LC” and “Unproductive area”, it has been confirmed that the area was not abandoned. It was reported that there were activities like chipping to prepare some area for replanting, land preparation for seedling, terracing and maintaining proper drainage system. With these activities, it showed that the land was not left out, hence it was not considered as “abandoned agricultural land”.

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		
	a)	YES	Both estates have introduced a mechanized rotor slashing weeding in all young palms possible areas to reduce the use of chemicals for spraying. The estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates had established nurseries for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to establish continuity in the planting of beneficial plants. In order to reduce the use of rat baits to control rats, Rat baiting is carried out only when rat damage census showed above threshold level.

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				<p>Both estates were committed to reduce using of chemicals and now have implemented and will continue to only spray Circles (Strip) and noxious weeds. Soft weeds and <i>Nephrolepis bisserata</i> were planted, maintained and encouraged in the inter rows. Where possible, harvester's paths were grass cut.</p> <p>The estates in replants with flat areas advocated that chipped palm materials be stacked in Close Ended Conservation Trenches, which will contain water, in order to minimise/prevent breeding of Rhinoceros Beetle, thus reducing chemical control. To further control the Rhinoceros Beetle, the estates used pheromone traps and had programs to cover trunk chips in replants with cover crops. EFB was applied in single layers and is not dumped in large amounts to prevent breeding of Rhinoceros Beetle.</p> <p>To control the Bagworm, the estates have planted more nectariferous beneficial plants. This was evident with the presence of polybag young plants in the nurseries. This action have reduced the use of chemical. The CU also ensure efficient loose fruit collection and expedite circle raking to avoid VOPs.</p>
b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	The CU maintained efforts to improve continuously its environmental management. Among the relevant plans and measures were reduction of diesel usage / GHG emission, reduction of POME generation, maintain water quality, reduce soil erosion, reduce usage of chemical, reduce land contamination, improve soil fertility, and reduce waste and installation of biogas plant.	
c)	Waste reduction (Criterion 5.3);	YES	Among the type of wastes are agricultural organic wastes, rubbish, used oils, used batteries, empty pesticide containers, clinical waste, scrap iron, wastewater, etc. Non-reusable empty chemical containers were disposed as per relevant requirements of scheduled wastes. Reusable agrochemical containers were used for collecting of triple-rinsing wastewater. Scheduled wastes were labelled with relevant information and hazard sign, and disposed to DOE's licensed contractor.	
d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	The CU continued to establish and implement GHG emission reduction plan. Among the plan implemented were, installation of biogas plant to generate electricity for housing complex, and periodical maintenance of tractor and power generator, application of organic material as fertiliser. The biogas plant at Saremas 1 POM captured methane from ETP for use as fuel in the biogas engine to generate electricity. This activity has further reduced the GHG emissions.	
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 2018 will be implemented as agreed during the meetings such as upgrading quarters, kindergarten, Humana and maintenance of village road. Capex 2018 shows planning of 8 new workers house (H-Type) and new Community Learning Centre to be constructed in Saremas 1 CU. Currently, the construction of the new <i>Surau</i> is on-going.	
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. Various efforts had been made to optimise the yield of the plantation such as : Maximising crop recovery, Minimizing crop losses, Optimum ripeness standard (harvest ripe bunches only and 100% loose fruit collection), Maintaining soil fertility, Selection of planting material such as the clonal material, Empty fruit bunches mulching at mature and immature areas,	

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				Organized frond stacking, Progressive pruning, Maintaining good agriculture practice, Avoid blanket spraying and allowed for natural vegetation as to improve soil moisture.
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RSPO CERTIFICATIONS SYSTEMS FOR PRINCIPLES & CRITERIA JUNE 2017

Clause	Indicators	Comply Yes/No	Findings	
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	YES	It has been confirmed that Saremas 1 CU received FFBs from its own supply base and Outsider FFB. Within the audited period in Year 2018, it was verified that all estate and mill under the name of PPB Plantation were already certified under RSPO scheme. No new acquisitions were sighted.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	YES	As mentioned above, this indicator was not applicable to the CU.
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	YES	No changes to the timebound plan.

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<p>4.5.4</p> <p>Requirements for uncertified management units:</p>	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;	YES	There was no uncertified management units at this CU, hence no replacement of the primary forest or any HCV area or no new planting development was sighted.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	There was no uncertified management units at this CU, hence no land conflicts issue arises.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	There was no uncertified management units at this CU hence, no land disputes issue arises.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	No uncertified management units at this CU, hence no legal compliance issue arises.
	(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.

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	<ul style="list-style-type: none"> If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
<p>4.6.4</p> <p>The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p>	No additional indicators	Yes	The land was bought from Sarawak Government and it has been confirmed during the sale of the land that there was no history of customary land tenure or recognized NCR land. These were also acknowledged by Miri Lands and Survey.

Note:

- For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;
- Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.

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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
4.1.2 NCR MNAJ 01 2018	Minor	<p>Findings: There is no evidence to show that consistent implementation of Chapter 7 Wilmar International Limited Agriculture Manual & SOP For Oil Palm</p> <p>Objective evidence : Suai Estate: Harvesters in Block 005 (2001) do not consistently implement the harvesting standards as they do not wear safety glasses while harvesting.</p>	<p>- The new safety glass already arrive and distribute to all workers. (Refer picture)</p> <p>- Suai estate has created the form for monitoring usage of PPE for workers. The Staff and Assistant will do every morning checking and spot-check in the field for usage of PPE. Penalty will impose if they not used it</p> <p>Correction : Safety Glass received and distributed to all Harvester on 28/4/2018.</p>	<p>a) Corrective Action Plan Accepted, However, the implementation of corrective action plan will be verified during next audit</p> <p>Status: Open</p>
4.7.3 NCR MAR 01 2018	Major	<p>Findings: Appropriate protective equipment not available to all workers at the place of work to cover all potentially hazardous operations.</p> <p>Objective evidence : Suai Estate – Steep stairs at workshop and improper guarding monkey ladder at water treatment plan. Saremas 1 POM – Rubber shoes wearing by two (2) workers instead of safety shoes.</p>	<p>Suai Estate - The old steep stairs has been dismantle and the new safe steep stairs has been install at the workshop. And monkey ladder guarding already reinstall at Water treatment plant (refer Picture)</p> <p>POM - The new safety shoes already arrive and distribute to workers who affected. (Refer picture). POM has created the form for monitoring usage of PPE for workers. The Staff and Assistant will do every morning checking and spot-check in the Mill for usage of PPE. Penalty will impose if they not used it.</p> <p>Correction : Safety Shoe has received and distributed to workers on 21/5/2018.</p>	<p>- Sighted photo of the old steep stairs which has been dismantled and replaced by the new steep stairs.</p> <p>- The monkey ladder guarding at the WTP has been reinstalled.</p> <p>- t was evident that the new Safety Shoes which has been bought by the management were distributed to the workers, accordingly.</p> <p>- Sighted also records of PPE Issuance for mill and monitoring form.</p> <p>Status: Closed The implementation of corrective action will be verified by next audit.</p>

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Attachment 5

RSPO SUPPLY CHAIN : AUDIT CHECKLIST

SECTION A : GENERAL INFORMATION

1. File Reference No.	: ES11320001
2. Name of facility/ site(s) /entity(ies)	: PPB Oil Palm Berhad – Saremas 1 POM
3. Site Location (single site/multisite/Group)	: KM 115, Bintulu-Miri Road, 97008 Bintulu, Sarawak
4. SC model	: Mass Balance
5. Type of entity	: Mill / Crusher / Refinery / Biodiesel plant / Primary Oleochemical / Secondary-Oleochemical / End product manufacturer <i>For oleochemicals and its derivatives, please check the conversion factor against the "RSPO Rules for Oleochemicals and its Derivatives" dated 1st December 2016</i>
6. RSPO Member Number	: 1-0011-04-000-00
7. Annual summary records of certified oil palm products purchased and claimed	: Projected for last year for period of April 17 until March 18 CPO Projected: 42,814.75 mt PK Projected: 7,536.25 mt CPO Sell: 47,180.47 CPO Claim as Mass Balance: 23,129.18 mt CPO Claim as Non-RSPO: 24,051.29 mt PK Sell: 7,389.77 PK Claim as Mass Balance: 5,648.63 PK Claim as Non-RSPO: 1,741.14

SECTION B (i): RSPO SUPPLY CHAIN CERTIFICATION SYSTEM (REVISED JUNE 2017)

	Requirements	Remarks
	Audit Process Requirements – FOR STAGE 2 / RECERTIFICATION AUDIT	
5.3.8	The certification audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization seeking or holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.	N/A as this audit is a surveillance audit.

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Audit Process Requirements – SURVEILLANCE AUDIT		
5.3.26	<p>The surveillance audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.</p> <p>In cases where an organization seeking certification outsources activities to independent third parties, a risk assessment shall be done by the CB to determine whether an audit of the sub-contractor is required. If the outsourced contractor holds RSPO Supply Chain certification, then it does not require an additional audit.</p>	<p>Saremas 1 POM Organizational, management systems and the operational systems, documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard. There was no evidence that Saremas 2 POM seeking certification outsources activities to independent third parties.</p>

SECTION B (ii): GENERAL CHAIN OF CUSTODY REQUIREMENTS FOR THE SUPPLY CHAIN

	Requirements	Remarks
1	Applicability of the general chain of custody requirements for the supply chain	
1.1	Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Saremas 1 POM has legal ownership and physically handles RSPO certified sustainable crude palm oil and palm kernel.
1.2	Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable due to Saremas 1 POM is processing facility.
1.3	Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform	RSPO membership no : 1-0011-04-000-00 Registered under parent company: PPB OIL PALMS BERHAD
1.4	Processing aids do not need to be included within an organization's scope of certification.	No processing aid involved in Saremas 1 POM scope of certification
2	Supply chain model	
2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	Saremas 1 POM was aware on the provision to downgrade the supply chain model to a less strict system. In their case, the MB product will be downgraded as non-certified product.
2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	Saremas 1 POM has continued to maintain MB model.
3	Documented procedures	
3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:	Saremas 1 palm oil mill has continued to implement documented procedure 'SOP Traceability' and 'SOP Mass Balance'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module E – CPO Mills :

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		Mass balance. The revised procedure has addressed MSPO and ISCC Requirement.
a)	Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements.	Supply chain procedure was revised 1/9/17. The Procedure was sighted and found all elements of the RSPO Supply Chain standard were covered.
b)	Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records).	Sighted CPO and PK production record, weighbridge report, dispatch record and training record was up to date and well maintained.
c)	Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard.	The Clerk has the overall responsible and authority over the implementation of RSPO supply chain requirement in RSPO Saremas 1 POM. Interview with sustainability committee member, mill manager, assistant mill manager & weighbridge operator was confirmed they are understood the supply chain requirements.
3.2	<p>The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <p>i. Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.</p> <p>ii. Effectively implements and maintains the standard requirements within its organization.</p> <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.</p>	RSPO internal audit was conducted on 6/10/17 by the lead auditor. The internal audit has followed the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. There are no nonconformance reports were raised by auditor. Appropriate audit records such as the Audit Attendance sheet, audit plan, audit notes, was sighted by auditor.
4	Purchasing and goods in	
4.1	<p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number. 	Saremas 1 POM had continued received FFB supply from own company estate namely Saremas 1 Estate, and Suai estate and Outsider Crop i.e. Growers and Smallholders. Sighted FFB consignment note for selected suppliers from 15 December till 30 December 2017, 7 January 2018 – 21 January 2018, 6 February 2018 – 24 February 2018, 3 March 2018 – 23 March 2018. Among the information available on the FFB consignment note are estate name, delivery date, no of FFB bunches, FFB weight. It has also been confirmed that all required were available at the set of outgoing document.

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	Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).	
a)	The site shall have documentation that demonstrate that purchases are made to the material category agreed with their supplier (IP, SG or MB).	Saremas 1 POM had continued received FFB supply from own company estate namely Saremas 1 Estate, and Suai estate and Outsider Crop i.e. Growers and Smallholders. Sighted FFB consignment note for selected suppliers from 15 December till 30 December 2017, 7 January 2018 – 21 January 2018, 6 February 2018 – 24 February 2018, 3 March 2018 – 23 March 2018. It was confirmed that the purchases were made to the material agreed by the supplier.
b)	The site ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcement and Shipping Confirmation on the RSPO IT platform on the level of each shipment.	Saremas 1 POM has registered in IT platform.
c)	A check of the validity of the Supply Chain Certification of suppliers for all sites that are SC certified. This shall be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcement	Saremas 1 POM had continued received FFB supply from own company estate namely Saremas 1 Estate, and Suai estate.
4.2	The site shall have a mechanism in place for handling non-conforming material and/or documents.	Saremas 1 POM has established a Weighbridge Nett that controlled incoming material and outgoing products. The FFB supplier & Product buyer & its vehicle registration has to be registered in the system prior weighing. They have procedure to indicate the mechanism to handle nonconforming material/documents such as validity of certificate supplying estate.
5	Outsourcing activities	
5.1	In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard. <i>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</i>	There are 5 outsource companies of CPO and PK transporter in Saremas 1. The agreement document was available and communication on the RSPO supply chain requirement were communicated to them. Record of training was sighted.
5.2	Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following: a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable	It has been confirmed that there were : a) Contract document between Saremas 1 POM and the transporters. b) The RSPO Supply Chain procedure has described on outsource activity. c) During stakeholder meeting there are several CPO Transporter attended the meeting which highlight on the RSPO issue. Inspection was carried out as additional effort to ensure no contamination sighted book

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	<p>agreement with the contractor. The responsibility is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.</p> <p>c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.</p>	at AP Post.
5.3	The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials.	List of contact person for both transporters were made available and up-to-date.
5.4	The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials.	No new contractors used for the processing or production of RSPO certified materials.
6	Sales and goods out	
6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number; • A unique identification number. 	The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by PPB Oil Palms Berhad and Marketing Department (HQ) on behalf of Saremas 1 POM.
7	Registration of transactions	
7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> • are supply chain actors between the mill and final refinery; • take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and 	Saremas 1 POM has legal ownership and physical handle RSPO certified sustainable CPO and PK.

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	<ul style="list-style-type: none"> are part of the supply chain of RSPO Certified Sustainable oil palm products must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO. 	
8	Training	
8.1	The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.	Training plan has included the RSPO Supply chain training scheduled in Jan 2018, Mar 2018, Oct 2018 and Dec 2018 b for staff & workers.
8.2	Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system. Training shall be specific and relevant to the task(s) performed.	Training was conducted for workers in Oct 2017 the PIC, attended all relevant personnel. Attendance list & photograph was seen.
9	Record keeping	
9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	Sighted CPO and PK delivery note, weighbridge ticket, production data and internal audit records were found up-to-date.
9.2	Retention times for all records and reports shall be a minimum of two years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	Relevant record was maintained for more than 2 years.
9.3	The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve months.	Information is available.
10	Conversion factors	
5.10.1	Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website (www.rspo.org).	The conversion factor has been based on the actual OER and KER of the POM.
10.2	Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	This has been carried out accordingly.
11	Claims	
11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims.	No claim has been made.
12	Complaints	
12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Documented procedure has established to address collecting and resolving the complaint.

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13 Management review		
13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	Documented procedure has defined management review will be conducted once a year.
13.2	The input to management review shall include information on: <ul style="list-style-type: none"> • Results of internal audits covering RSPO SCCS • Customer feedback • Status of preventive and corrective actions • Follow-up actions from management reviews • Changes that could affect the management system • Recommendations for improvement 	Management review meeting dated 9 January 2018 (combine RSPO SC and ISCC), included all the input and output as required by the standard.
13.3	The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes • Resource needs 	

RSPO Supply Chain at the Saremas 1 palm oil mill – Mass Balance Model –Module E

Item No	Requirement NOV 2014	Findings
E 3 E 3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: <ol style="list-style-type: none"> 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. 	a) Saremas 1 Palm Oil Mill has continued to implement documented procedure 'SOP Traceability and 'SOP Mass Balance'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module E – CPO Mills : Mass balance. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the certification of the suppliers. The revised procedure has addressed MSPO word in procedure and ISCC and MSPO Requirement b) The Clerk has overall responsible and authority over the implementation of RSPO supply chain requirement in RSPO Saremas 1 POM. The role is to assist the Senior Mill manager who has overall responsibility for and authority over the implementation of the Supply Chain Standard appointment letter date 1/2/16.
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Saremas 1 palm oil mill has continued to implement documented procedure 'SOP Mass Balance', related to receiving and processing respectively.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	All certified FFB came from Saremas 1 CU estates and non-certified FFB come from independent FFB suppliers. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified and non-certified FFBs received by the mill had been properly recorded and monitored.
E 4.2	The site shall inform the CB immediately if there is a projected	The established procedure "SOP Mass Balance" [doc No.: SOP-MILL-018, rev. 6 dated

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	overproduction.	1/9/2017]" has indicated that Senior Mill Manager is responsible to inform the Sustainability Department (CSR) if there is any over projection on the production of certified CPO and PK. Record assessment was reviewed and it has been confirmed that there were no over-production.
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 keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'CPO MB - Quarterly Report of Incoming Sustainable Raw Material 2017'. b) Accounting records were found to be tally – based on CPO MB – 'Quarterly Report of Incoming Sustainable Raw Material 2017'. c) Based on the inventory record show the delivery of MB sales from positive stock. The Quarterly Report of Incoming Sustainable Raw Material (CPO) / (PK) – Saremas 1 POM indicated both positive balances for the certified CPO and palm kernel.
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.	Outsource activities only for CPO & PK transportation. The contracts were handled by the Contract Department at Wilmar HQ in Bintulu Office. There were no outsourcing activity to an independent (not owned by the same organization) palm kernel crush with regards to the processing of the material or product..
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.	The mill has continued to implement documented procedure related to sales of CPO and PK. All CPO and PK sale to Bintulu Edible Oils Sdn.Bhd. (company own refinery). Sighted the sales invoices issued for RSPO certified product has included name and address of the refinery; date deliver; product description, supply chain model i.e. Mass Balance, quantity of the products delivered as well as transportation documentation such as Borang MPOB L3, Saremas 1 Mill Weighbridge ticket, Kebenaran Mengangkut /arahan pengantaran from the transporter company, Deliver order from Saremas 1 palm oil mill.
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.	Training was conducted for workers in Oct 2017 the PIC, attended all relevant personnel. Attendance list & photograph was seen.
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.	As to date no claim was made.

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Attachment 6

VERIFICATION OF NON-CONFORMITIES DURING LAST SURVEILLANCE ASSESMENT AT Saremas 1 CU

No.	NCR No. & Indicator	Specification Major/Minor	Non-conformances	Corrective Action	Status & Verification by Assessor
1	Indicator 2.1.1 NCR#: MRS 01/2017	Major	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 adheard 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.	A re-test for Audiometric Test for 23 affected employees with threshold shift was proposed by the assessor on 10 th August 2016. Re- test assessment for affected employee with threshold shift was available. Re-test was conducted on 28 th March 2017 by Chemsain Konsultant Sdn Bhd. And recommendation by the assessor is to use earmuff and earplug. Status : Closed
1	Indicator 2.1.1 NCR#: RZ 01/2017	Major	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 Drector 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.	During the Surveillance Audit 3 (2018), it was found all women workers were prohibited to working on the night shift. It was confirmed during the consultation with 11 women workers during the audit. Status: Closed

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2	Indicator 4.6.10 NCR#: MRS 02/2017	Minor	Finding : The management of scheduled waste was not according to procedures Objective evidence : 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.	1. Relabelling of the said container had been conducted. Further training to PIC involve in the management of the scheduled waste was conducted on the 28 April 2017. 3. The company had purchased and placed a proper container with lid to store the contaminated soil.	Auditor has been verified, Scheduled waste for SW408, 409 & 410 was in accordance, proper labelling at Suai Estate, all the Empty container lid has been there at empty chemical container. Status: Closed
3	Indicator 6.2.3 NCR#: RZ 03/2017	Minor	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. The Sustainability Department will make sure that the stakeholder list to be updated regularly and checked during the annual internal audit.	During this Surveillance Audit 3 (2018) it was found the stakeholder list was updated with additional new stakeholder, Crystal Unified Sdn Bhd and change of contact person at Sekolah Kebangsaan Suai Satu from Walter Suring anak Maw, to Taib anak Akyo on 16 March 2018. Status: Closed.
4	Indicator 6.5.2 NCR#: RZ 02/2017	Major	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	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.	During this Surveillance Audit 3 (2018) it was found the contract agreement with workers (loose fruit collectors, general workers, nursery workers and harvesters) with contract number 1585, 570, 1982, 467, and 1403 was updated with the date of the contracts were signed on 17 April 2017. Thus, Major NCR RZ 02/2017 was closed. Status: Closed

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			<p>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:</p> <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. <p>b. For Worker Ref No 1739, the contract of employment was signed, but not dated.</p>		
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