



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

File Ref. : ES11320002

PUBLIC SUMMARY REPORT

CLIENT : PPB OIL PALMS BHD – SAREMAS 2 CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

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

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

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Saremas 2	Saremas 2 Palm Oil Mill	3° 26'56" N	113 °46'12"E	18 KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Saremas 2 Estate	3 °30'22"N	113 °47'56"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Segarmas Plantation	3 °28'8.21"N	113 °48'24"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak
	Kaminsky Plantation	3 °24'27"N	113 °45'34"E	18 KM off KM 115, Bintulu-Miri Road, 97008 Bintulu, Sarawak

MAP : See Attachment 1

AUDIT DATE : 10-13 April 2017

DURATION : 16 auditor days

TYPE OF AUDIT : Annual Surveillance Audit Recertification Audit

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

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

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

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : MOHD ZULFAKAR KAMARUZAMAN

Name : **Edrin Moss**

Signature :

Signature :

Date : 14 July 2017

Date : **14th July 2017**

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SUMMARY OF AUDITS

Recertification audit				
On-site audit date :	21-24/4/2015 and 28/4/2015	No. of auditor days :	15	
Audit team :	Mohd Hafiz Mat Hussain (LA), Khairul Najwan Ahmad Jahari, Valence Shem, Mohd Razman Salim & Ismail Ibrahim			
No. of major NCR :	4	Indicator: 4.1.1, 5.1.1, 6.5.3, 6.12.3	Closing date : 24/5/2015	
No. of minor NCR :	5	Indicator : 1.3.1, 2.1.3, 5.4.1, 6.8.3, 6.9.3		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	√	-	√	√
	Contract workers	NGOs	Govt. agency	Independent growers
	√	-	-	-
Indigenous people	Contractor	Others (Please specify)		
	-	√	-	
Supply base sampled :	Segarmas Estate, Saremas 2 Estate			

Annual Surveillance Audit 1				
On-site audit date :	16 th – 20 th May 2016	No. of auditor days :	15	
Audit team :	Mohd Razman Salim, Mohd Zulfakar Kamaruzaman, Mohd Norddin Abd Jalil, Zulkefli Haron			
No. of major NCR :	1	Indicator: 4.1.1	Closing date : 18 July 2016	
No. of minor NCR :	2	Indicator : 4.1.2, 5.3.3		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	√	-	√	√
	Contract workers	NGOs	Govt. agency	Independent growers
	√	-	-	-
Indigenous people	Contractor	Others (Please specify)		
	-	√	√	
Supply base sampled :	Segarmas Estate & Kaminsky Estate			
Changes since the last audit :	The land area in Saremas 2 Estate has been increased to 4,365.04 ha due to realignment of the division within the estates (i.e. some area in Division D, which is under the Saremas CU 1 has been included in Division B).			

Annual Surveillance Audit 2				
On-site audit date :	10 - 13 April 2017	No. of auditor days :	16 Auditor days	
Audit team :	Mohd Zulfakar Kamaruzaman, Rozaimie Ab Rahman, Khairul Najwan Ahmad Jahari, Selvasingam T. Kandiah, Zulkarnain Abdullah.			
No. of major NCR :	4	Indicator: 2.1.1, 4.3.4, 5.3.1, 6.1.3	Closing date : 12 June 2017	
No. of minor NCR :	3	Indicator : 4.1.2, 4.8.2, 5.2.4		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	X		X	X
	Contract workers	NGOs	Govt. agency	Independent growers
	X			
Indigenous people	Contractor	Others (Please specify)		
		X		
Supply base sampled :	Saremas 2 Estate & Kaminsky Estate			
Changes since the last audit :	Saremas 2 Division D which was previously under the Saremas 1 CU, has been included back into the Saremas 2 CU due to realignment of the division within the estates. This has resulted in an increase of the certified area and also due to re-survey back by the certified surveyor.			

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Annual Surveillance Audit 3

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

Annual Surveillance Audit 4

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

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SUMMARY OF INFORMATION

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period	May 2015 – April 2016	May 2016 - April 2017	April 2017-March 2018		
Certified Area (Ha)	12,945.11	13,080.04	14,834.92		
Planted Area (Ha)	9,650.18	9,882.68	10,926.08		
Production Area (Ha)	-	-	8,554.88		
HCV Area (Ha)	1,104.36	1,104.36	1,104.36		
Certified FFB Processed (MT)	200,400.00	175,300.00	191,190.06		
Production of Certified CPO (MT)	44,088.00	37,690.00	36,210.31		
Production of Certified PK (MT)	10,020.00	8,765.00	7,844.40		
REMARKS	-	-	Increased of the certified area due to Saremas 2 Division D (previously under Saremas 1 CU) has been included into this CU and also due to resurvey by the certified surveyor.		

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1.0 AUDIT PROCESS

1.1 Certification Body

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

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

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar Kamaruzaman	Lead Auditor / Environmental and Health and Safety related to Mill Operation	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation. He has successfully completed the accredited Lead Assessor training for RSPO P&C Lead Assessor Course and RSPO SC.
Selvasingam T Kandiah	Auditor / Good Agricultural Practices (GAP)	Holds a B. Sc. (Hons) degree in Agriculture. He has worked as a planter with Kumpulan Guthrie Berhad for more than 10 years including one year in Liberia and 2 years in the Estate Department in Kumpulan Guthrie Headquarters
Rozaimie Ab Rahman	Auditor / Environment and Health & Safety related to plantation operations	Holds a B. Sc. (Hons) in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm 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).
Zulkarnain Abdullah	Auditor / RSPO Supply chain	Holds a B. Sc. Forestry. Had more than 17 years of working experience related to wood related product. He has successfully completed the accredited Lead Assessor training for RSPO SC.

1.3 Audit methodology

The audit covered the Saremas 2 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 were Saremas 2 Estate and Kaminsky Estate. The audit included on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, relevant settlers, employees, contractors and other relevant stakeholders were also conducted during the audit.

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1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites. There was no comment received for 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 9 months from this audit.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

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

The Saremas 2 Palm Oil Mill commenced its operations in 2000 with current processing capacity of 45 MT of FFBs per hour.

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

The FFB sourced from company owned estates that are certified. Details of the FFB contribution from each source to the Saremas 2 Palm Oil Mill are shown in the following tables:

Table 1: Actual FFB production by the supply base for the period from April 2016 - March 2017

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 2 Estate	32,350.58	21.54
Segarmas Estate	48,580.48	32.35
Kaminsky Estate	69,229.02	46.10
Total	150,160.08	100.00

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Saremas 2 Estate	69,825.00	36.52
Segarmas Estate	44,950.06	23.51
Kaminsky Estate	76,415.00	39.97
Total	191,190.06	100.00

Table 3: Actual FFB received and CPO & PK dispatch by the Saremas 2 POM for the last reporting period April 2016-March 2017

	Total (MT)
FFB Received	150,160.08
FFB Processed	150,159.96
CPO Production	31,829.02
PK Production	7,081.61
CPO delivered as Identity Preserved	31,924.38*
CPO delivered as non-RSPO certified (included the amount sold as ISCC)	31.76
PK delivered as Identity Preserved	7,101.97
PK delivered as non-RSPO certified	0.00

Note* : inclusive of sale of CPO production from previous reporting period

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Table 4: Projected FFB received and CPO & PK dispatch by the Saremas 2 POM for next reporting period April 2017-March 2018

	Total (MT)
FFB Received	191,190.06
FFB Processed	191,190.06
CPO Production	36,210.31
PK Production	7,844.40
CPO delivered as Identity Preserved	36,210.31
CPO delivered as non-RSPO certified	0.00
PK delivered as Identity Preserved	7,844.40
PK delivered as non-RSPO certified	0.00

Table 5: Planted and certified area of the Saremas 2 CU

Estate	Planted (ha)	Certified (ha)
Saremas 2 Estate	4,459.15	6,119.92
Segarmas Estate	3,279.92	4,727.00
Kaminsky Estate	3,187.01	3,988.00
Total	10,926.08	14,834.92

Table 6: Planting profile for Saremas 2 Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1990	1 st Generation	Mature	32.44	0.73
1991	1 st Generation	Mature	238.53	5.35
1995	1 st Generation	Mature	410.76	9.21
1996	1 st Generation	Mature	807.59	18.11
2000	1 st Generation	Mature	151.25	3.39
2002	1 st Generation	Mature	248.32	5.57
2003	1 st Generation	Mature	180.00	4.04
2004	1 st Generation	Mature	235.13	5.27
2005	1 st Generation	Mature	204.28	4.58
2006	1 st Generation	Mature	213.11	4.78
2007	1 st Generation	Mature	80.10	1.80
2014	2 nd Generation	Immature	348.30	7.81
2015	2 nd Generation	Immature	277.88	6.23
2016	2 nd Generation	Immature	424.77	9.53
2017	2 nd Generation	Immature	606.69	13.61
Total			4459.15	100

Table 7: Planting profile for Segarmas Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area(ha)	Percentage of planted area (%)
1994	1 st Generation	Mature	842.37	25.68
1995	1 st Generation	Mature	1045.43	31.87
1998	1 st Generation	Mature	3.88	0.12
2000	1 st Generation	Mature	159.65	4.87
2001	1 st Generation	Mature	164.15	5.00
2002	1 st Generation	Mature	173.80	5.30
2003	1 st Generation	Mature	90.40	2.76
2004	1 st Generation	Mature	74.70	2.28
2006	1 st Generation	Mature	11.98	0.37
2015	2 nd Generation	Immature	198.52	6.05
2016	2 nd Generation	Immature	495.04	15.09
2017	2 nd Generation	Immature	20.00	0.61
Total			3279.92	100.00

Table 8: Planting profile for Kaminsky Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1996	1 st Generation	Mature	1466.55	46.02
1997	1 st Generation	Mature	1544.90	48.47
2002	1 st Generation	Mature	175.56	5.51
Total			3187.01	100.00

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2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

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

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

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

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

All of the estates and mills belonged to PPB had been certified to RSPO P&C.

3.4 All associated smallholders (including scheme smallholders) Yes No where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.

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

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

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.) Saremas 2 Division D which was certified under Saremas 1 has been included in Saremas 2 certification unit.

3.7 Status of previous non-conformities *

Closed Not closed

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

3.8. Complaint received from stakeholder (if any)

There were some stakeholders interviewed during the conduct of this audit. These include workers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

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4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) (details refer to Attachment 4) List : 3 MZK 02 2017, STK-01.2017, STK-03.2017
Total no. of major NCR(s) (details refer to Attachment 4) List : 4 MZK 01 2017, RAR 01 2017, RAR 02 2017, STK-02.2017

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

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

5.0 AUDIT CONCLUSION

The audit team concludes that the organisation 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 achieve agreed criterion & requirements.

6.0 RECOMMENDATION

No NCR recorded. Recommended to continue certification.

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

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

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

Recommended to continue certification.

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

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

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

Audit Team Leader :

MOHD ZULFAKAR
KAMARUZAMAN



12/6/2017

(Name)

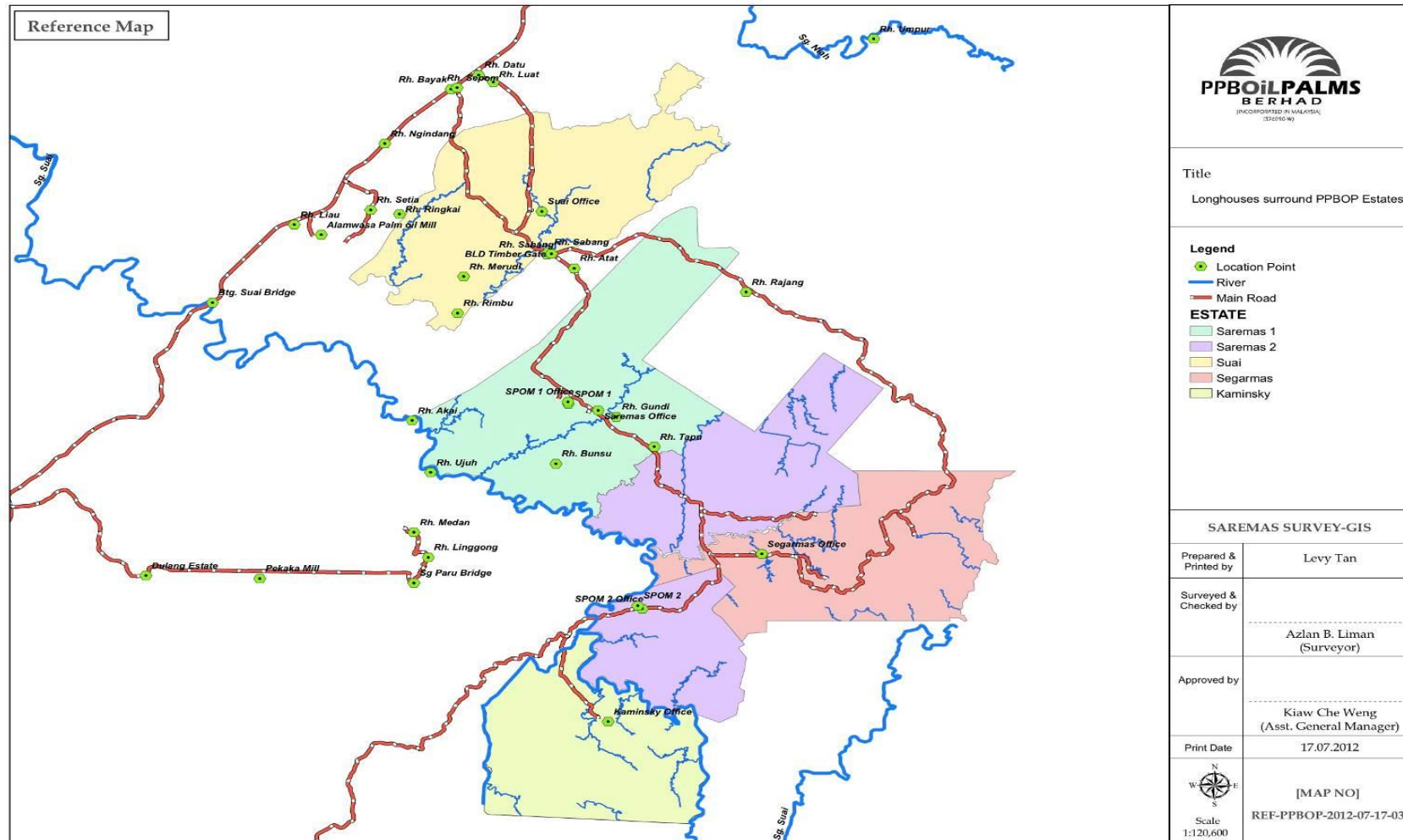
(Signature)

(Date)

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Attachment 1

Map of Saremas 2 CU



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RSPO SURVEILLANCE AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

- (i) To determine Certification Unit conformance against the RSPO Principles & Criteria Malaysian National Interpretation (MYNI)
- (ii) To verify the effective implementation of corrective actions arising from the findings of last audit
- (iii) To make appropriate recommendations based on the audit findings

2. **Date of audit** : 10-13 April 2017

3. **Site of audit** : Saremas 2 CU

- Saremas 2 Palm Oil Mill
- Saremas 2 Estate
- Kaminsky Estate

4. Reference Standard:

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

5. Audit Team

a) Audit Team Leader : Mohd Zulfakar Kamaruzaman
b) Auditor : Khairul Najwan Ahmad Jahari
Rozaimée Ab Rahman
Zulkarnain Abdullah
Selvasingam T. Kandiah

6. Audit Method

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

7. Audit Findings

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

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

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

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8. 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.

9. Working Language : English and Bahasa Malaysia

10. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : Tentative date of issue of report not more than 30 days after the closure of the major NCR.
- d) Distribution list : Client file

11. Facilities Required

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

12. Audit Programme Details: As shown below:

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Day 1: 10 April 2017 (Monday)				
Time	Activities / areas to be visited			
8.30 – 9.00	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 2 CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palms Berhad 3) Significant changes on organization activities, machinery, supply bases capacity etc. 			Top mgmt & Committee Member
	Zulfakar	Najwan	Rozaimie	
9:00 – 1:00pm	<u>Saremas 2 POM</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 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>Kaminsky 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), 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 2 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 	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

Day 2: 11 April 2017 (Tuesday)				
	Zulfakar	Najwan	Rozaimie	Selva
8.00 – 12.00 pm	<u>Saremas 2 Estate</u> Coverage of assessment: P1, P4, P5, P7 <ul style="list-style-type: none"> • Laws and regulations • Inspection of protected sited with HCV attributes 	<u>Kaminsky 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 	<u>Saremas 2 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 	<u>Saremas 2 Estate</u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability

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	<ul style="list-style-type: none"> Forested area, plantation boundary, adjacent and neighbouring land use Riparian zone 	<ul style="list-style-type: none"> Social Impact Assessment (SIA), management plan & implementation Complaints and grievances Consultation with relevant government agencies Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors Linesite inspection Training and skill development programmes Continuous improvement 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 – 5.00 pm	<p align="center"><u>Kaminsky Estate</u></p> <p>Coverage of assessment: P1, P4, P5, P7</p> <ul style="list-style-type: none"> Laws and regulations Inspection of protected sited with HCV attributes Forested area, plantation boundary, adjacent and neighbouring land use Riparian zone 	Continue assessment	Continue assessment	Continue assessment	Guide(s) for each assessor

Day 3: 12 April 2017 (Wednesday)						
	Zulfakar	Najwan	Rozaimée	Zulkarnain	Selva	
8.00 – 12.00 pm	<p align="center"><u>Saremas 2 POM</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 	<p align="center"><u>Saremas 2 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 	<p align="center"><u>Kaminsky 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 	<p align="center"><u>Saremas 2 POM</u></p> <p>Site visit and assessment on Supply Chain Implementation including the</p> <ul style="list-style-type: none"> Model used General Chain of Custody System Requirements for the supply chain 	<p align="center"><u>Saremas 2 Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <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) 	

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	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors • Linesite inspection • Training and skill development programmes • Continuous improvement 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims 	<ul style="list-style-type: none"> • 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</p>	
<p>12.00 – 1.00 pm</p>	<p align="center">Break</p>						
<p>1.00 – 5.00 pm</p>	<p align="center">Continue assessment</p>					<p align="center"><u>Kaminsky Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice • EFB mulching, POME application • Chemical store/fertilizer • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	<p>Guide(s) for each assessor</p>

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Day 4: 13 April 2017 (Thursday)					
	Zulfakar	Najwan	Rozaimée	Selva	
8.00 – 12.00 pm	<p align="center"><u>Saremas 2 POM</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 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 align="center"><u>Saremas 2 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), 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 align="center"><u>Kaminsky 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 align="center"><u>Kaminsky Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <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	Saremas 2 CU has implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records reviewed were correspondences with the authorities and employees. Saremas 2 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 2 Estate and Kaminsky Estate, 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 2 CU continued to maintain records on requests for information. The CU continued to implement its communication procedure. Communications with workers were recorded in the request and complaints records. The record stated date of communication received, response and remarks. During the audit at the mill and the estates, the auditor had verified records on the 'Complaint & grievance', DOSH logbook and DOE logbook
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights	YES	Land titles documents for Saremas 2 Estate and Kaminsky Estate were available at the estate office. Cross refer criterion 2.2
		Occupational health and safety plans	YES	Occupational Safety & Health programme for 2017 was sighted at the mill and the estates. It was noted that the CU is in the progress of implementing the OSH programme. Cross refer 4.7
		Plans and impact assessments relating to environmental and social impacts	YES	The Environmental Management Plan, Social Plan, Environmental Aspect & Impact (EAI) and Mitigation Plan were made available at Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate. Plans and impact assessment relating to social were publicly available. Cross refer to Criteria 5.1 and 6.1.
		HCV documentation summary	YES	HCV documentation summary were available at the Saremas 2 Estate and Kaminsky Estate. The documents included the estate's activities, HCV area, riparian zone, map and the person in-charge. Cross refer to Criteria 5.2
		Pollution prevention and reduction plans	YES	Pollution prevention plan is made available at the Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate. Cross refer to Criteria 5.6
		Details of complaints and grievances	YES	Detail of complaints and grievances for Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate are recorded in the Complaint Form and Request Form. The complaints and grievances are channeled to the CU via stakeholders meeting with internal and external stakeholders, Joint Consultative Committee-Public Stakeholders, Social and Welfare Committee, Community Based Development Committee and the Women and Children Committee.

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		Negotiation procedures	YES	Saremas 2 CU has established standard for handling any complaints and grievances. The procedure describes how to check for legal status of the lands in question and specified the criteria in deciding who should be compensated and the amount of compensation.
		Continual improvement plans	YES	Continual improvement plans were made available at the Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate. Cross refer to Criterion 8.1.
		Public summary of certification assessment report;	YES	The public certification summary of Saremas 2 CU for the Surveillance 1 Audit had been published in SIRIM QAS International website: http://www.sirim-qas.com.my/sirim/core-files/uploads/2017/02/20-PPB-Oil-Palms-Berhad-%E2%80%93-Saremas-2-Palm-Oil-Mill-1st-Surveillance-2016.pdf
		Human Rights Policy	YES	A Wilmar Human Right Policy dated June 2014 has been signed off by Group Plantation Head and is available at Saremas 2 Estate, Saremas 2 POM and Kaminsky Estate. The awareness training among all levels of the workforce was conducted during the contract briefing, muster briefing and training. The attendance lists and pictorial reports were verified during the audit. There are no changes at the time of audit.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	A written policy committing to a code of ethical conduct and integrity in all operations and transactions were available during the audit.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators	Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1 Evidence of compliance with relevant legal requirements shall be available. Major Compliance	NO	Generally, the CU continued to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licenses and permits were verified at the POM and estates: MPOB License, Permit to purchase and store diesel, petrol and fertilizer, Suruhanjaya Tenaga Licence, Lesen untuk Menggaji pekerja bukan permastautin, Fire Certificate, Licence to practice as dresser etc. And these legal requirements were reviewed: <ul style="list-style-type: none"> • Factory and Machinery Act 1967 i) Person In Charge Regulation 1970 ii) Steam Boiler and Unfired Pressure Vessel 1970 iii) Notification, Certificate of Fitness and Inspection), Regulations, 1970 Regulation 10(2) iv) Noise Exposure Regulations 1989 • EQA 1974 – competent person • EQ (Prescribed Premise) Crude Palm Oil Regulations 1977 • EQ (Clean Air) Reg.1978/2014 • EQ (Scheduled Waste) Regulations 2005

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				<ul style="list-style-type: none"> • OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000 i) Healthsurveillance programme ii) <i>Code of Practice in Confined Space 2010</i> <p>However, it has been noted that some requirements in the Factories and Machinery (Notification, certificate of fitness and inspections) Regulations 1970 - regulation 10(2) and Occupational safety and Health (Use and standard of exposure of chemicals hazardous to health) Regulation 2000 was not complied with. During site visit it was found:</p> <ul style="list-style-type: none"> • At Kaminsky Estate (contractor workshop) air compressor certificate of fitness and pressure vessel name plate was not available during the audit. • CHRA has recommended manuring operator to use mask/respirator during the work. Sighted during field visit at Saremas 2 and Kaminsky Estate the workers were not using mask or respirator. Thus, a #Major NCR RAR-02 was raised.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	At Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate, there is a documented system for identifying, tracking, updating changes in legal requirements and to monitor the status of their legal compliance. Each sites had developed its own legal register. There were evidences of compliance to legal requirements which have been evaluated on an annual basis.
	2.1.3	A mechanism for ensuring compliance implemented. Minor Compliance	YES	The legal register was used in carrying out the periodic evaluation of compliance. Through this exercise, the CU had determined their status of legal compliance. Based on the verification of this exercise, the auditors confirmed that most of the identified non-compliance have been acted upon. The compliance to legal requirements had been evaluated on annual basis through the following mechanism: Periodic reporting from operating units, On site visits, inspections and discussions with relevant personnel, Assessments and audits like internal & external Audits, PA visits, VA visits and by RSPO Audits and Consultation with RSPO team & management.
	2.1.4	A system for tracking any changes in the law implemented. Minor Compliance	YES	PPB Oil Palm Berhad Sustainability Department Senior Manager who is based in Sandakan is responsible for tracking any changes to the Acts and Regulations. This was done through communicating with the publisher of the documents. This mechanism was outlined in its procedure. The updating of the legal register was carried out on periodical basis. Any change in the legal register is communicated to the respective Unit within the Group.
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	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognized NCR) and the actual legal use of the land shall be available. Major Compliance	YES	In Saremas 2 & Kaminsky Estate, the documents related to the right to use the land was made available to the audit team. Records of ownership were maintained at respective estate's office. The owner of land title for Saremas 2 Estate is Saremas Sendirian Berhad, while Kaminsky Estate is Kaminsky Sendirian Berhad.

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or user rights	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	The Kaminsky estate is neighbouring to Gayanis Estate, and Tanjung Tiara. Marking pegs were available to identify the boundary.
	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	Since 2014, there was a land claim from the group of community of Jambatan Suai and involved about 22kHa area overlapping with Saremas 1 & 2, Segarmas Estate, Suai Estate and Kaminsky Estate. Saremas Sdn Bhd has denied the claim and stated that the company is the registered proprietor and registered at the Miri Land Registry Office. The land title expires in 2043. The mentioned Land Title has been sighted during audit. After several meetings were held to discuss an amicable solution, the claimants commenced legal action by filing a writ of summons dated in September 2016 at the Miri High Court against Saremas Sdn Bhd and 7 others. The case came up for mention at the Miri High Court in April 2017 but postponed to a later date as the Plaintiffs are still waiting for some documents from the State Attorney General's Chambers. However, based on records available, there is evidence to show that there is proof of legal acquisition of land title by Saremas Sdn Bhd, and fair compensation were in progress to the claimants following negotiations and consultations, in line with RSPO guidelines and PPB Oils Palms procedures.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance	YES	The requirements for acceptable conflict resolution process was implemented and accepted by the parties involved. Information as above.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	YES	The extent of the disputed area was mapped out in a participatory way with involvement of the referred community of Jambatan Suai.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	There was no nearby communities surrounding Saremas 2 Estate. There was no issue/conflict raised with other oil palm plantation companies as verified through Stakeholders Meeting. Saremas 2 CU had employed guards in order to watch their workers, staffs, children life, their belongings and companies' property.

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<p>C 2.3 Use of the land for oil palm does not diminish the legal,customary or user rights of other users without their free, prior and informed consent.</p>	2.3.1	<p>Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major Compliance</p>	YES	<p>Saremas 2 CU has mapped the claim area as claimed by the referred community of Jambatan Suai. The map was kept at the Saremas 2 CU.</p>
	2.3.2	<p>Copies of negotiated agreements detailing the process of FPIC shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance</p>	YES	<p>The land claim was in process, therefore negotiated agreements detailing the process were in progress.</p>

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	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	All related documentation and records of meeting regarding the land acquisition was kept in Saremas 2 Office and was reviewed by the auditor.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	The requirements for acceptable conflict resolution process was implemented and accepted by the parties involved. Minutes of meeting showed that both the CU's and the referred community of Jambatan Suai have agreed to resolve the issues in line with RSPO requirements. Information as provided above.

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	Both Saremas 2 Estate and Kaminsky Estate continued to be committed to long-term economic and financial viability. Both Estates had management plans in their annual budgets and projections. The annual budgets and projections were prepared on an annual basis before the end of each year. The yearly budget and projections, which included the cost of production was compared against expenditure for each year. The operating expenditure included expenditure for replanting, mature and immature oil palm upkeep, administration cost, housing and machinery upkeep, allocation for sustainability implementation, infra-structure development, and training etc. The budget for 2017 and projections until year 2026 are available to the auditors.
	3.1.2	An annual replanting programme projected for a minimum of five years, with yearly review, shall be available. Minor Compliance	YES	Both Saremas 2 Estate and Kaminsky Plantation had established and maintained replanting programme which was reviewed annually.

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

Clause	Indicators	Comply Yes/No	Findings	
C 4.1 Operating procedures are appropriately documented, consistently	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	As for all PPB Oil Palm Berhad estates, both Saremas 2 Estate and Kaminsky Plantation continued to use the following documented SOPs: i. Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 2011. ii. PPB Oil Palms Berhad (Sarawak Operations) Safe Standard Operating Procedure for Oil Palm Plantations (SSOP)

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implemented and monitored				<p>iii. Safety and Health Manual</p> <p>iv. Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist 2013.</p> <p>v. Environmental Management System Procedures</p> <p>The agriculture manual provides guidelines on Pre-Development Survey, assessment and planting, oil palm nursery, oil palm replanting practices, land clearing, establishment and maintenance of legume covers, oil palm planting, oil palm upkeep, FFB harvesting and etc. For environmental management, the Environmental Management System Procedures are used in carrying out works with consideration of the environmental aspects.</p>
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	<p>Both Saremas 2 Estate and Kaminsky Estate had in place the mechanism to check consistent implementation of procedures. Both estates monitored the good agricultural practices as per SOPs through on-site visits, inspections and discussions with relevant personnel and by conducting Assessments and audits such as Internal Audits, PA visits and Agronomist/Head R&D visits and by RSPO Audits.</p> <p>Generally, both Saremas 2 Estate and Kaminsky Estates had well established <i>Nephrolepis biserrata</i> fern and soft vegetation in the inter rows of palms. However, it was found that large number of woody growths & other noxious weeds were sighted in two sampled blocks at kamisky estate. Minor NCR No. STK-01.2017 issued.</p>
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	<p>Records of monitoring and the actions taken by both Saremas 2 Estate and Kaminsky Estate were maintained and kept for a minimum of 12 months. Monthly Costing and Annual Reports on monitoring of all activities were made available. Records on FFB quality control for individual harvesters, the action taken on them and corrective action records were sighted. Harvesting rounds were monitored using harvesting interval records.</p>
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	NA	<p>Since the certificate for this CU is under IP, therefore this indicator was not applicable.</p>
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 SOPs, are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	<p>Fertiliser application continued to be applied as per the recommendation from Eco Management Unit's. The recommendation was based on annual leaf analysis. In both estates, soil fertility was maintained and managed by recycling of biomass like frond stacking and EFB application (in some areas), water management in low lying areas, maintenance of soft weeds, Leguminous cover crops, and <i>Nephrolepis biserrata</i> in the interline.</p>
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	<p>Records of programs and applications of fertilisers were available during the audit. Records showed that the main fertilisers applied in 2016 were NPK, NK1, NK3, RP, SOA, MOP, Kieserite and Borate. At the time of visit, the application was on going in both estates.</p>
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	<p>From the Agronomist/Head R&D reports it was established that the estates continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status. The results of foliar sampling carried out in March 2016 by EMU in both Saremas 2 Estate and Kaminsky Plantation formed the basis for the formulation of the fertiliser recommendation for 2017.</p> <p>For fertiliser recommendation for 2018 foliar sampling was on going on Saremas 2 Estate while on Kaminsky Estate, the sampling was completed in March 2017. Soil maps which was based on soil</p>

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				analysis conducted in 2007 in both Saremas 2 Estate and Kaminsky Estate were made available during the audit. The soil analysis and maps were done by third party. Analysis for soil organic carbon was carried out every 6 years as per ISCC body.
	4.2.4	A nutrient recycling strategy shall be in place, include use of EFB, POME, palm residues. Minor Compliance	YES	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose and by EFB application. Currently application was on going in both Saremas 2 Estate and Kaminsky Estate. There was no POME applied in both estates.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	Based on the soil maps, the soil series in Saremas 2 Estate were Bedup, Nyalau, Semerak, Derawan and Silantek. There were no fragile/marginal soils in Saremas 2 Estate. In Kaminsky Estate, there were 18 series of soils. One of which was Peat (Mukah - 23.5 Ha) and another was sandy soils.
	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	Both estates continued to have in place management strategy for plantings on slopes between 9 and 25 degrees. The procedure on land clearing and preparation for undulating to steep land is covered in Chapter 3 of the Wilmar International Limited, Agriculture Manual and Standard Operating Procedure 2011. The CU practiced soil erosion control by constructing terraces in all sloping areas with bund at regular interval of 20 meters to retain water. It was observed that in both estates the undulating and hilly areas had been terraced. Slopes especially along some road side had well established <i>Mucuna bracteata</i> . This was observed in the 2017 replant where replanting was in progress.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted that road conditions were well maintained and accessibility were made possible by regular road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. The financial support for these programs was 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	NO	There were no peat soils in Saremas 2 Estate. However, at the time of visit, the subsidence of peat soils in the Kaminsky Plantation was not monitored. The water management and ground cover management was not carried out in sampled blocks. Hence, Major NCR STK-02 2017 was issued.
	4.3.5	Drainability assessments where necessary conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	N/A	Not applicable as there was no replanting due on the peat soil in Kaminsky estate.
	4.3.6	A mgmt strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	The management strategy for sandy soils was to apply EFB and this was complied with for the sandy areas in Kaminsky Estate.
C 4.4 Practices maintain the quality and availability of surface	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	Both estates had implemented water management plan dated in Mar 2017. The water management plans objective to meet the needs of existing and future population and ensure that habitats and ecosystems are protected. Water bodies were established in ravines and slit pits in flat areas and on slopes.

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and ground water.	4.4.2	Protection of water courses and wetlands, incl. maintaining and restoring appropriate riparian and other buffer zones demonstrated. Major Compliance	YES	Both estates continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways. The CU had adopted PPB policy to maintain the buffer by restricting agrochemicals application and is left undeveloped during replanting.
	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 accordingly. Report for 1 st quarter 2017 was reviewed by the audit team and noted that the analysis included the pH, BOD, COD, Suspended Solids(SS), Ammonical Nitrogen (AN), Total Nitrogen and Oil & Grease, and results were well below the regulatory limit. The same parameters were also monitored for the upstream and downstream of Sungai Suai. The monitoring was conducted by third party lab.
	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 due to rainy season.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate IPM techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	Saremas 2 Estate and Kaminsky Plantation continued to implement IPM as per Agricultural Manual and Standard Operating Procedure for Oil Palm. In order to minimize the use of pesticides, both units had planted beneficial plants. The visited units had in place documented IPM plans which covered Monitoring of pest, control of pest population levels at below threshold levels by using cultural, biological, physical/mechanical and use of pesticides. Rat damage had been above threshold levels. As damage was observed to be serious in both Saremas 2 Estate and Kaminsky Plantation census was carried out with the assistance of EMU research department. Census result showed that in most areas damage was moderate to serious and baiting was carried out until acceptance ratio was <20%.
	4.5.2	Training of those involved in IPM implementation demonstrated. Minor Compliance	YES	The Eco-Management Unit had conducted training related to IPM Implementation for Rhinoceros Beetles & Bagworms, including rat baiting in Feb 2017 for the CU. The training was attended by Managers, Assistant Managers and Field Conductors. The training focused on Cultural Control, Biological Control, Physical Control and Chemical Control.
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	Saremas 2 CU 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 was based on the "need to do basis" to enhance field operations. It was found that no Class I & II chemicals had been used. Additionally, paraquat had not been used since 2008. Except for rat baits used in 2017, no pesticides were used to control leaf eating pest and other insect pests, mammalian pest in the last few years in both Saremas 2 Estate and Kaminsky Plantation. Pesticides used were only for control of weeds.
	4.6.2	Records of pesticides use (incl. AI used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Both estates continued to record areas where pesticides had been used. Pesticides are used only when justified and areas used are recorded in store issue chits, bin cards, program sheets, SAP system, costing records and progress reports. Records of pesticides used by area, quantity used, hectares applied and Ai/Ha were made available to auditors. LD50 were in the MSDS.

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	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, ex. in specific situations identified in industry's Best Practice. Major Compliance	YES	During the audit, it was noted that Saremas 2 Estate and Kaminsky Plantation had not use chemicals categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions.
	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 Reg. 2000. Minor Compliance	YES	During the audit, it was noted that Saremas 2 Estate and Kaminsky Plantation had not use chemicals categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. Paraquat has not be used since 2008 and was replaced by a systemic herbicide and glufosinate ammonium. Some of the other pesticides used were Fosinate 135 (Class III), Kenlon (Class III), Supremo 41.0 (Class III), Palmol GPI (Class IV) and Stanton (Class III).
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in acc. with the product label. Appropriate safety and application eq shall be provided and used. All precautions attached to the products is properly observed, applied, and understood by workers. Major Compliance	YES	Records showed that pesticides were handled, used and applied by trained persons and as per the MSDS of the pesticide. The staff and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly	YES	The chemical stores in all estates were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. Record of the purchase, storage and use had been properly maintained. All of the stores were locked, well ventilated and equipped with exhaust fans. Only authorized personnel allowed to

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	disposed of and not used for other purposes. Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 and Reg. and Orders, Pesticides Act 1974 and Reg. Major Compliance		handle the chemicals. All the chemicals were stored and segregated accordingly. Empty pesticides containers had been triple rinsed, holes punched in them and stored separately in the schedule waste store awaiting proper disposal.
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 2011, Safe Standard Operating Procedure for Oil Palm Plantations (SSOP), CHRA and by MSDS supplied by the manufacturer. All necessary PPE was used as per requirement in the CHRA, HIRARC and MSDS. As mentioned under 4.6.5 pesticides were handled only by trained personnel. Sprayers were trained by the ESH officer on spraying methods and the use of PPE. At Saremas 2 & Kaminsky Estate, the latest training were conducted in Feb & Mar 2017. At Saremas 2 Estate and Kaminsky Estate, HIRARC have been established with the latest review carried out in Feb 2017 regarding the rat baiting. All activity and operations have been risk assessed and documented.
4.6.8	Pesticides shall be applied aurally only where there is documented justification. Comm. shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	No aerial spraying carried out at both Saremas 2 Estate and Kaminsky Estate. Furthermore, there had been no pest out-break in Saremas 2 CU to warrant an aerial spraying.
4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demo made available. Minor Compliance	YES	From the random interviews conducted it was evident that the staff and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were regularly trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. Both estates had conduct training related to pesticide handling as explained in Indicator 4.6.5. There were no associated smallholders in the Saremas 2 CU supply base.
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demo. Minor Compliance	YES	At Kaminsky Estate, disposal of waste materials related to pesticide containers were being carried out as per established procedures. Triple rinse of the empty chemical containers activities continually implemented for empty pesticide container. The rinsed containers were then pierced and stored prior disposing and disposed using approved DOE contractor. Noted that latest disposal was to a DOE's license contractors in Feb 2017. At Saremas 2 Estate scheduled wastes were disposed to the same contractor but as for chemical containers, it was disposed to the approved contractor by Bahagian Kawalan Racun Perosak Sarawak to implement a Sarawak chemical containers recycling programme. Latest disposal in Mar 2017. As for Saremas 2 POM, the SW management has been carried out in accordance with the legal requirements. Last disposal was made in Feb 2017 to a DOE licensed contractor.
4.6.11	Specific annual medical surveillance for pesticide	YES	Annual medical surveillance was carried out for sprayers and water treatment plant operators at Saremas 2 & Kaminsky Estate by a registered OHD. The estate had also conducted monthly

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		operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance		medical check-up for sprayers by the Hospital Attendant. The reports indicated that all workers/staffs examined were fit to work under chemical exposure. For Saremas 2 POM, the medical surveillance was carried out in Mar 2017 by the registered doctor for personnel working at the laboratory and workshop. Report indicate that all workers were fit and can carry on their job. The medical surveillance for confined space was also carried out in May 2016. Audiometric testing was carried out annually.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Both Saremas 2 Estate and Kaminsky Estate continued to comply to the requirement where no work with pesticides was given to pregnant or breast-feeding women. List of sprayers were maintained by both estates. Identification of pregnancy was done at the estate's clinics during the monthly medical check-up. Pregnancy test was conducted on doubtful cases.
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	Occupational health and safety Policy endorsed by the Group Plantation Head and Group CSR Head was available at the audited sites. The policy is available in both English and Bahasa Malaysia and it had been communicated to all levels of the organization through briefings and also displayed on notice boards at the mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy.
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	YES	The HIRARC and CHRA records covered activities in the estates and mill were verified during the audit. The HIRARC register for Saremas 2 Estate and Kaminsky Estate were updated in Jan 2016 by the Safety & Health Officer Sustainability-EMU. Activities and control measure for rat baiting were updated in the records. For Saremas 2 & Kaminsky Estate most significant and routine activities for estate such as chemical spraying, and harvesting in the estates have been identified. Reporting of accident, dangerous occurrence, occupational poisoning and occupational disease (JKKP 8) were submitted to DOSH in Jan 2017. Sighted there is no major accidents. The common issue was related to harvesting operation which is thorn prick incidents during harvesting operation. At Saremas 2 POM, the HIRARC record was last updated in Mar 2017 by the Assistant Engineer and approved by Mill Engineer. Among the updated HIRARC was related to Water Sampling, working at sterilizer and Working at Bio Gas Plant. There is one accident happen in Nov 2016 at Workshop, and the HIRARC has been reviewed based on incident occurred and revised in the same month.
	4.7.3	All workers shall be adequately trained in safe working practices. Adequate and appropriate protective eq shall be available to all workers at the place of work to cover all hazardous op, such as pesticide appl, machine op, and land prep, harvesting & if it is used, burning. Major Compliance	YES	Communication on the hazards of chemical was given through awareness and training program to all workers involved in handling of dangerous chemicals. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Among the trained employees include sprayers and manuring operator. Field inspection and observation of spraying tasks confirmed chemicals were applied in accordance with the product safety precautions. MSDS was made available at point of use such as at fertilizer store and chemical store. Training and briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered as mentioned in Indicator 4.8.1. Based on the HIRARC carried out, the PPE types for the various station were identified and had been distribute to their workers.

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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	<p>Saremas 2 & Kaminsky Estate has established their Safety and Health Committee organization chart. The committee was chaired by the Estate Manager. Among the agenda discussed in the meeting include :</p> <ul style="list-style-type: none"> i) Passing of previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Estate Inspection Report iv) Estate activity <p>As for Saremas POM, the Safety and Health Committee organization Chart was reviewed in Dec 2016. The committee is chaired by the Mill Manager and the clerk as the secretary. The agenda of the committee include the following:</p> <ul style="list-style-type: none"> i) Passing of previous minutes and arising matters. ii) Hospital Assistant Report (Monthly Accident statistics) iii) Mill Health & Safety Inspection Report iv) Training & Safety related activities <p>Based on the verification of meeting minutes which were conducted between Feb 2016 to Mar 2017, the above was adequately discussed.</p>
	4.7.5	Accident and emergency procedures shall exist and instructions 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 kept and periodically reviewed. Minor Compliance	YES	<p>Saremas 2 Estate has established Emergency Response Plan in June 2010. The ERP covers the incident reporting, injury illness requiring medical attention, suicide attempt & prevention, handling of bush fire, chemical and fertilizer spillage, flood, poisoning, workplace and violence. Clinic at Saremas 2 Estate managed by Hospital Assistant, licensed by Jabatan Kesihatan Negeri Sabah. Trainings on First Aid were evident for both estates and fire drill was carried out accordingly. No accident recorded.</p> <p>Saremas 2 POM - The First Aid training verified and the respective training records verified. The First Aid Kit was checked on monthly basis and replenished whenever required. Accident statistics are maintained in the CU – Provision to record Accidents, carry out cause investigation carried and initiating corresponding mitigation action taken are in place. – 1 accidents recorded for occurrence in Nov 2016. The practice of using of JKPP 6, 7 & 9 Forms were in place</p>
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	<p>Saremas 2 provides medical care to all estate workers using clinics at Segarmas Estate established within the premises and more serious cases are referred to Hospital Miri which is about 120 km away.</p> <p>Saremas 2 CU had continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992. Sighting of records and cross check with workers showed that they were covered with valid insurance policy.</p> <p>Local Workers – covered by SOCSO Foreign workers were covered by Workmen Compensation provided as per Compensation Act 1952.</p>
	4.7.7	Occupational injuries shall be recorded using LTA metrics. Minor Compliance	YES	<p><u>Saremas 2 POM</u> Accident statistics are being maintained and periodically reviewed during the quarterly 'Health and Safety' committee meeting. Minutes of meeting were reviewed. Accident free days without loss of</p>

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				mandays = 209328 days. JKPP 8 form was submitted to DOSH in Jan, 2017. One accident was recorded for year 2016, in Nov 2016. <u>Saremas 2 Estate</u> JKPP 8 form was submitted to DOSH on in Jan 2017 with 17 minor accidents recorded for 2016. Site inspection has been carried out at estate once in every three months. Records of inspection were reviewed. Concerns were identified and appropriate actions initiated. <u>Kaminsky Estate</u> JKPP 8 was sent to DOSH in Jan 2017. No accident was recorded for 2016. Site inspection has been carried out once in three-monthly basis. Concerns are identified and appropriate actions initiated.
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 doc. of the programme. Major Compliance	YES	Formal training programmes for 2016/2017 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Saremas 2 POM and both estates. Training Plan was established on 1 January 2017. 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	NO	Saremas 2 CU had trained their staff, workers and records of training were kept in the RSPO training file. The records included information on the title of the training, name and signature of the attendees, name of the trainer, time and venue. Training records were verified. However, during the audit to both the estates, records of training related to GAP activities like Harvesting, Pruning, Selective Weeding, Manuring were not available. Hence, a Minor NCR STK -03. 2017 issued.

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	5.1.1 An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Saremas 2 CU has established its environmental aspects/impacts register associated with their activities. The environmental aspect and impact 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 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	YES	<u>Saremas 2 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 2017 and for

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and monitored, to demonstrate continual improvement.		timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance		water to monitor the daily usage rate 300lt/person/day and to achieve WHO standard for drinking water. <u>Saremas 2 Estate</u> - Environmental Impact Assessment (EIA) Plan, updated in February 2017 by the Sustainability Officer. The plan included the person(s) in charge and mitigating actions. A time table for monitoring has been established and monitored accordingly. <u>Kaminsky Estate</u> - Environmental Impact Assessment (EIA) Plan, updated in March 2017 by Assistant Manager and approved by the Senior Manager. The plan included the person(s) in charge and mitigating actions. A time table for monitoring has been established and monitored accordingly.
	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 reviewed as a min every 2y to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	Saremas 2 POM had developed a 'Pollution Prevention plan' to monitor the effectiveness of the mitigation measures taken. The following indexes are being monitored: 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. At both estates, mitigation measures were defined in the Waste Management 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.
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 HCV assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	The CU has conducted the HCV assessment in July 2008. The assessment had covered all the HCV on RTEs species within the residual forested areas of the estates. The report also included the management and action plan. The identified HCV areas included the steep logged over hill dipterocarp forest of Bukit Durang Conservation Area (HCV4). The auditor had verified the identified HCV areas and it was found that the CU had maintained, conserved and protected the area. No HCV has been declared in the Kaminsky Estate.
	5.2.2	Where rare, threatened or endangered 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 Monitoring & Action Plan 2017 for Saremas 2 Estate and Kaminsky Estate were reviewed during the audit. The HCV area i.e. Bukit Durang Conservation Area had been maintained and monitored by the management through their action plan and site monitoring accordingly.
	5.2.3	There shall be a prog. regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measure instituted in acc. with company rules and national law	YES	Programmes to continuously educate their employees on RTE species were in placed. Appropriate disciplinary measures are bring about to any employees found to capture, harm, collect or kill these species. Yearly Work Plan 2017 for Saremas 2 CU, including POM was made available during the audit. Training to employees on riparian area, HCV area and list of protected animals was carried at Saremas 2 & Kaminsky Estate in April 2017. The CU has also provided monitoring at Bukit Durang Conservation Area. Some of the

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		if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance		monitoring are: Camera traps monitoring, Monitoring of existence of Red Claw Crayfish at Sungai Aquarium and Monitoring Riparian Zone at Replanting area.
	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	NO	There was no RTE identified at Saremas 2 CU. However, HCV area such as Bukit Durang Conservation Area had been monitored monthly by the HCV team to ensure no encroachment and no clearing of vegetation. The monitoring result had been updated in the HCV monitoring and action plan. Signage for prohibiting illegal hunting, fishing and collecting activities as well as poster of protected wildlife at entrant had been erected and posted at the strategic location. However, it has been sighted one tree identified as 'Nyatoh' from Family <i>Potaceae</i> has been cut but no trace of timber extraction. No records of monitoring in that area from Saremas 2 Estate. Minor NCR MZK 02 2017 was raised to highlight this issue
	5.2.5	Where HCV set-asides with existing rights of local communities identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	The HCV or land with slope more than 25 ⁰ set-asides was within the Saremas 2 Estate & Kaminsky Estate. The area does not affect the local communities land.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	NO	Saremas 2 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 was update in Mar 2017 (S2POM & Kaminsky estate) and Feb 17(Saremas 2 Estate). Noted that during site visit at Saremas 2 Estate, traces of diesel spillage outside the genset house and at Kaminsky Estate, traces of oil spillage and poor housekeeping of bottles, lubricant drums, and iron at the contractor workshop were sighted. Major NCR RAR-01 was raised.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	At Kaminsky Estate 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 were then pierced and stored prior disposing and disposed using approved DOE contractor. Noted that latest disposal a DOE's license contractor. At Saremas 2 Estate schedule waste also has been disposed to the same contractor. However, as for chemical container, it was disposed to an approved contractor by Bahagian Kawalan Racun Perosak Sarawak to implemented a Sarawak chemical container recycling programme.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented	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

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		and implemented Minor Compliance		and source of pollution the plans were updated accordingly. Mill process wastes had been disposed as follows; EFB were sent for mulching in the field, while crop residue/biomass i.e. fiber 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. Sample taken at final discharge point was sent for analysis.
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 2 POM</u> Environmental Management Program & Action plan – 2017 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. <u>Saremas 2 & Kaminsky Estate</u> Objective and target for FY2017 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.
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	It was verified during the site visits, interviews and review of records that no open burning had been carried out in line with the CU's policy on zero burning.
	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 2 and Kaminsky 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.
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	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	An assessment of identified polluting activities is being conducted and monitored, inclusive of gaseous emissions, particulate / soot emissions and effluent. 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 which were related to the management of scheduled wastes and domestic wastes. <u>Saremas 2 POM - Identification of Environmental Aspect and Impact and Evaluation of Significance for 2017</u> updated on 2 Jan, 2017 to include the Construction of Biogas Plant. For Kaminsky Estate and Saremas 2 Estate, Identification of environmental aspect and impact

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<p>completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of 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, implemented and monitored.</p>				<p>and evaluation of significance, last updated was in Feb 2017. The CU has established its environmental aspects/impacts register associated with their activities. Environmental aspect and impact (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. 'Pollution Prevention plan' is used to identify the waste products and sources of pollution and was updated accordingly for 2017.</p>
	5.6.2	<p>Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance</p>	YES	<p>The environmental aspect and impact was used to identify the GHG emissions. Some of the Greenhouse Gas emissions are through Land Conversion, Crop Sequestration, Fertiliser, N₂O from fertiliser, Fuel Consumption, Peat Oxidation. Plans to reduce or minimise them are in place. Saremas 2 also plan to reduce GHG by construct Biogas plant to capture Methane gas generated from the Effluent Treatment Plant to generate bio gas engine to produce electricity for mill and domestic use. The Plant has been Complete and now in the trial process.</p>
	5.6.3	<p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance</p>	YES	<p>Saremas 2 CU had used RSPO PalmGHG version 3.01 Calculator as a tools to calculate the GHG emissions. Sighted report send to RSPO in April 2017. The records pertaining for this calculation were kept for ease retrieval and made available at the Saremas 2 POM and both estates during this assessment.</p>

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

Clause	Indicators	Comply Yes/No	Findings
<p>C 6.1 Aspects of plantation and mill management that have social impacts, including</p>	<p>6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance</p>	YES	<p>The SIA report prepared in 2008 was still the basis for managing social issues in Saremas 2 CU. The report was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighboring five long-house communities. The estates and mills are constantly monitoring the housing conditions, and making the necessary upkeep and maintenance works upon requests by the workers. They also made an employment of qualified medical officers.</p>

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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.	6.1.2	There shall be evidence that assessment with the participation of affected parties. Major Compliance	YES	As highlighted in the previous audit report, in addition to the estate workers, representatives from five long-house communities have participated in the assessment. The inputs from the participants were incorporated in the management plan.
	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 impl. Major Compliance	NO	A number of stakeholders' consultations held by the CU to gather inputs during the process of reviewing and updating the Action Plan for Social Impact Assessment 2016-2017. Sighted the action plan for Saremas 2 & Saremas 2 POM updated in April 2017 and Kaminsky Estate in March 2017. Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified for Social Impact Assessment 2016-2017 for Saremas 2 CU was established accordingly. However, it was noted that one complaint from workers at Saremas 2 POM regarding the late disposal of domestic waste from workers quarters, resulting stray dogs further spreading out the waste and messing up the place was not included. The complaint was lodged in 2016, hence resulting in the issuance of Major NCR MZK 01 2017.
	6.1.4	The plans reviewed min once in 2y and updated in those cases where the review has concluded that changes made to current practices. Shall be evidence that the review incl. the participation of affected parties. Minor Compliance	YES	The plans were reviewed on yearly basis and updated. The SIA management action plan (External and Internal) reviewed in April 2017 for Saremas 2 POM and estate and in March 2017 for Kaminsky Estate. The review was conducted with the participation of affected parties.
	6.1.5	Particular attention paid to the impacts of smallholder schemes. Minor Compliance	YES	There was no smallholder schemes for Saremas 2 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 documented. Major Compliance	YES	Consultation and Communication Procedure established by the RSPO Unit of PPB Oil Palms Bhd. This procedure is use 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 respective estate's manager is the person appointed to handle communication matters. As for Saremas 2 POM, a dedicated personnel has been appointed by their General Manager.
	6.2.3	A list of stakeholders, records of all comm., incl. confirmation of receipt and efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, maintained. Minor Compliance	YES	The estates/mill maintained stakeholder lists which comprised of government agencies, contractors/suppliers (including FFB suppliers for mills), neighbouring estates and local communities. General Stakeholder List of Saremas 2 POM, Saremas 2 Estate and Kaminsky Estate updated in April 2017. Evidence of communications, complaints, grievances, disputes with internal and external stakeholders can be tracked in the stakeholders meeting files which kept by the estate/mill.
C 6.3 There is a mutually agreed and	6.3.1	The system, open to all affected parties, resolve disputes in an effective, timely and appropriate	YES	In the event of a dispute, Saremas CU will manage it through the established procedures. The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution was rejected, the dispute

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documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties		manner, ensuring anonymity of complainants & whistleblowers, where requested. Major Compliance		will be brought for third party arbitration. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through specified forms and complaints were resolved in a timely manner and the anonymity of the complainants were ensured.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	The CU reported that in the past there had not been any disputes, in any form. The domestic inquiry files were also examined to find out whether or not the decisions of the panels of the enquiry had been contested. However, there was none. As for grievances from employees, there was no grievances/complaints recorded for Saremas 2 Estate, Kaminsky Estate and Saremas 2 POM since last audit. There was some request for house maintenance. The request from the workers were handled satisfactorily.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	In the event of cases involving the loss of customary land rights, the estate will manage them using the established procedure adopted in November 2008. The procedure has defined how to check for legal status of the lands in question and laid out the criteria in deciding who should be compensated and the amount of compensation.
	6.4.2	A proc. for calculating and distributing fair compensation shall est. and impl., monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This proc. take into account: gender differences in the power to claim rights, ownership and access to land; differences of trans migrants & long-est. comm.; & differences in ethnic groups' proof of legal vs communal ownership of land. Minor Compliance	YES	The same procedure as mentioned above was used for calculating and distributing fair compensation (monetary or otherwise). Essentially, the procedure describes how to check for legal status of the lands in question and lays out the criteria in deciding who should be compensated and the amount of compensation.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There were land claims involving all Saremas Estates including Mill by a community of Jambatan Suai. The process and outcome of negotiated agreements and claims were documented with evidence of villager's representatives with three persons for each village and one appointed leader. As at to date, after several meetings were held to discuss an amicable solution, the claimants commenced legal action and the Plaintiffs are still waiting for some documents from the State Attorney General's Chambers.
C 6.5 Pay and conditions for employees and for contract workers always meet at least	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Payslip for general workers at mill were checked during this audit. Their wages had followed the minimum national wages. Employee's payslip and employment agreement were reviewed. The local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours,

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legal or industry minimum standards and are sufficient to provide decent living wages				overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and in Bahasa Malaysia.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The employment contract is in Bahasa Malaysia for foreign workers and English for local workers. However, the pay slip is in English. It is evident that the CU had explained the payslip to the workers and has displayed the translation of payslip in Bahasa. The contract with local workers states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours, overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and in Bahasa Malaysia. There is no Union in Sarawak, however workers still can complaint using internal communication with Saremas CU management.
	6.5.3	Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities to national std or above, in acc.with Workers' Minimum Standard of Housing and Amenities Act 1990 or above, where no such public facilities are available or accessible. Minor Compliance	YES	The CU still maintains its policies on housing, water and electricity supply. The electricity and water consumption were subsidized. Surau, medical, educational, school and childcare facilities – Creche Ayah provided. Any maintenance and service for housing and facilities are available for free. Housing inspections conducted by members of the health and safety committee as required. Weekly cleanliness inspection at the estates and mill done and reported by the Medical Assistant/Assistant Manager. Appropriate actions initiated against all concerns and auditors has reviewed the relevant records of the inspection. Kaminsky and Saremas 2 Estates have conducted water sampling analysis in Mar 2017. Water quality of the sampling stations were within the class IIB of Natural Water Quality Standard parameters.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	The CU has made efforts to monitor their canteen operators through meetings. The latest JCC Meeting - Public Stakeholder meeting with canteen operator, contractors and suppliers conducted in August 2017 to discuss on the ten controlled item prices, cheque clearing rate and other issues. All the canteen operators for Saremas 2 CU attended the meeting. The monitoring on prices at the canteen conducted every 3 month as recorded in monitoring report.
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 ass. and collective bargaining are restricted under law, the employer facilitates parallel means of ind. & free ass. & 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 on the freedom of association by the employees approved by the AGM of the Sarawak Operations. The statement written in Bahasa and languages understood by the workers. The statement is displayed at the public places at all the estates/mill. The statement included among others mentioned that workers can join any registered organizations or associations and foreign workers are not allowed to hold any positions in the organizations or associations.
	6.6.2	Minutes of meetings with main trade unions or workers representatives documented. Minor Compliance	YES	The Saremas 2 CU workers are not unionized. However, workers' representatives appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet regularly.

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C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The child labour policy dated September 2010 is publicly available at the visited estates and mill. The policy statements emphasized on not employing any child under 18 years to work in hazardous jobs. Masterlist of workers for 2016, employment cards and copies of the passports for the foreign workers were reviewed during the audit and confirmed that there were no underage workers hired in the CU. There were no record of person under the age of eighteen.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment, doc. Major Compliance	YES	A policy statement on equal opportunity (September 2010) is publicly available at the visited estates and mill. The policy statements emphasis on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy displayed at notice boards for employees and public viewing.
	6.8.2	Evidence provided that employees & groups incl. local comm., women, and migrant workers not discriminated against. Major Compliance	YES	The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers and other stakeholders also revealed that the Saremas 2 CU has not discriminated its staffs and workers. Foreign workers receive similar pay, stay in the same house and enjoy similar medical benefits as their local counterparts.
	6.8.3	Demo that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities & medical fitness necessary for jobs available. Minor Compliance	YES	Saremas 2 CU has demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs was available. Records on new recruitment in Mac 2017 were reviewed. The workers were trained and selected based on their skills and capabilities for the jobs available.
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 impl. & comm. to all levels of the workforce. Major Compliance	YES	A policy on Sexual Harassment, Violence and Abuse, Reproductive Rights (dated June 2014) was available during the audit. The policy communicated to all staffs and workers during morning muster and trainings. Based on interview with female workers during site visit and at estate office, they were aware of the policy and briefed during Gender Committee Meeting.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	A policy on Sexual Harassment, Violence and Abuse, Reproductive Rights (dated June 2014) was available during the audit. The policy displayed at notice boards in the office of the estates and mill. Briefing on sexual harassment at workplace and reproductive right was also conducted during the Women & Children Committee Meeting.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	The manager of the estates or mill was appointed as the responsible person to receive any grievance, conduct investigation and take necessary actions related to this issue. As for sexual harassment, the Chairman of the Women and Children Committee as mentioned in indicator 6.9.1 is responsible to manage any raised issue on sexual harassment. The grievance mechanism had been explained to the Women and Children Committee. A flowchart explaining the process of handling grievances had been displayed at the estates' and mill's noticeboard. The SOP contains the complaint and investigation procedure to handle sexual harassment in the workplace.
C 6.10 Growers and millers deal fairly and	6.10.1	Current and past prices paid for FFB shall be publicly available. Minor Compliance	YES	Saremas 2 POM does not buy outside crops or from the smallholders. Therefore, this indicator is not applicable. However, the current and the past price for FFB displayed at the notice board in front of weight bridge office/counter.

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transparently with smallholders and other local businesses.	6.10.2	Evidence available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services documented. Major Compliance	YES	Since the CU is certified under the IP supply chain model, the mill does not buy outside crops or from the smallholders. This was confirmed through the review of the mill performance for year 2016 no transaction was recorded for outside crops.
	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 with the contractors and suppliers revealed that they had understood the terms stipulated in the contract signed with the estates and mill. Most of the contractors and suppliers have been in business for a long time.
	6.10.4	Agreed payments made in a timely manner. Minor Compliance	YES	Interviews with representatives from relevant parties confirmed that the payment from the each of the sites made in a timely manner. They have also commented that the payment term was better than before the RSPO was implemented at Saremas 2 CU.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local comm. shall be demo. Minor Compliance	YES	The Saremas 2 CU contributed to the socio-economic development of the local long-house communities via employment opportunities, medical services, school buses, roads, water tanks and oil palm seedlings. In addition, the CU had also given advisory services on the plantation and management of oil palm crops. These were confirmed through interviews with the workers and the contracts with the contractors.
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources allocated to improve smallholder productivity. Minor Compliance	YES	There are no smallholders surrounding Saremas 2 CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	There was no forced or trafficked labour in the CU. This was verified through interview with workers (chemical sprayers and harvesters), verification of their passport, contract agreements and work permit for field workers. The workers informed that they were employed voluntarily and freely, without any threats of a penalty. Workers has the freedom/right to terminate the employment contract without penalty given by company within 28 days. Evidence of no forms of forced or trafficked labour can be seen in local language of Indonesian " <i>No Deforestation, No Peat, No Exploitation Policy</i> " dated 5 December 2013.
	6.12.2	Where applicable, it demo that no contract substitution has occurred. Minor Compliance	YES	There is no contract substitution occurred at Saremas 2 CU. Interviewed workers confirmed that they were getting their job as promised during their recruitment.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	A special labour policy and procedures dated May 2015 to employ foreign workers was established and implemented.
C 6.13 Growers and millers respect human	6.13.1	A policy to respect human rights shall be documented and	YES	Saremas 2 CU has adopted the Wilmar Group Human Right Policy dated June 2014. The policy that is also available in Bahasa Malaysia and was displayed on the notice board at muster ground.

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rights		communicated to all levels of the workforce and operations. Major Compliance		The policy been communicated to all levels of workforce.
	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	Community Learning Centre is available near to the Line Site to secure worker's children access to education as moral obligation. Children with the age of 7 to 12 years old was schooling in Segarmas estate. Free transportation was provided by Kaminsky Estate to CLC and Sekolah Kebangsaan Suai 1.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Saremas 2 has no plan for any new planting and no new development of area was observed during the visit. This was further confirmed by the GPS Survey from PBB Team and SAP Record from management. Therefore this indicator was not applicable.

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

Clause	Indicators	Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1 The action plan for continual improvement implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a) Reduction in use of pesticides (Criterion 4.6);	YES	Both Saremas 2 Estate and Kaminsky Estate continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates had planted beneficial plants. The CU was committed to reduce using of chemicals and now have implemented and will continue to only spray Circles (Strip) and noxious weeds while woody growths were mainly slashed. Soft weeds were maintained and encouraged in the inter rows. EFB was applied in single layers and is not dumped in large amounts to prevent breeding of Rhinoceros Beetles. The Estate management also monitored the Harvesting Interval to ensure efficient loose fruits collection and expedite circle raking to avoid VOPs.
	b) Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	The CU has reviewed the environmental aspects and impacts on annual basis. Regular monitoring of water quality, air emission as per the legal requirements have been carried out accordingly. All

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				internal and external communication on environmental complaints had been handled in accordance with the established procedure. Noted that the CU had implemented greening programme at the riparian zone and conservation area.
	c)	Waste reduction (Criterion 5.3);	YES	The CU is generally active in maximizing the recycling activities. This could be evident through sales of recyclable materials such as plastic and metal. The CU continues to make full use of the biomass waste to minimize waste such as POME, EFB decanter cake for estate usage.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Pollution and greenhouse gas emission were identified in the Environmental Improvement Action Plan', where all waste products and sources of pollution identified. The EIA plan has been reviewed through the Management Meeting.
	e)	Social impacts (Criterion 6.1);	YES	The CU had reviewed recommendations from SIA report and record of complaints. Regular meetings with the stakeholders held, and periodical monitoring of their activities performances based on SIA Action Plan were carried out accordingly. Most of the monitoring were based on SIA Action Plan especially on monitoring of canteen prices, allocation of budget for school bus and contribution of Construction materials for long houses.
	f)	Encourage optimising the yield of the supply base	YES	As Saremas CU is part of a well-established organisation, PPB Oil Palms Berhad, 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, optimum ripeness standard maintaining soil fertility and using clonal material in replants.

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Attachment 4

Details of Non-conformities and Corrective Actions Taken for RSPO P&C MYNI 2014

P & C Indicator	Specific ation Major/ Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 2.1.1	Major	#NCR No : RAR 02 2017 Finding: - The factories and machinery (notification, certificate of fitness and inspections) regulations, 1970 regulation 10(2) not complied with. - Occupational safety and health (use and standard of exposure of chemicals hazardous to health) regulation 2000 was not complied with. Objective Evidence: <ul style="list-style-type: none"> • At the estate contractor workshop, air compressor certification of fitness and pressure vessel nameplate was not available. • CHRA has recommended that the manuring operator to use mask/respirator during their work. Sighted during field visit at the estates, workers were not using mask or respirator. 	Corrective Action: - The contractor had removed faulty air compressor. The contractor was informed the permit requirement if they intended to use any air compressor. - The Management had provided adequate PPE for the manuring operation. This will be continuously monitored. Auditor Verification: - A letter from the contractor to the estate management that they already write-off the compressor and the compressor has been removed from estate. - Evidence of PPE provided to the workers by the Estate's management were provided. Status: Closed
Indicator 4.1.2	Minor	#NCR No : STK-01.2017 Finding: The Note No (ii) of item 2.2.2 of chapter 6 (2) Wilmar International Limited Agriculture Manual & Standard Operating Procedure for Oil Palm not complied with. Objective Evidence: At time of visit, large number of woody growths & other noxious weeds found in sampled blocks.	Corrective Action: Eradicating of the woody growth and other noxious weed had been conducted and started on 9 th May 2017. This operation was able to carried out due to rat baiting operation was completed and Kaminsky management reassigned their workers to their normal work. Auditor Verification: Corrective action plan accepted Status: The effectiveness of the corrective action plan will be verified during next audit
Indicator 4.3.4	Major	#NCR No : STK-02.2017 Finding: The management of peat soils had not been carried out. Objective Evidence: At time of visit, the subsidence of peat soils was not monitor and water management and ground cover management was not carried out in the sampled blocks.	Corrective Action: - The management has installed the peat subsidence monitoring point. - The water management in the area had been improved. This including maintenance of the drainage, installing water level marker and installing stop-off barn. Both of the above action plan was completed on the 17 th to 19 th April 2017. - The management had developed the monitoring mechanism to ensure the proper peat management was carried out. Auditor Verification: Evidence of work for drainage, installing water level marker and installing stop-off barn on 17 th to 19 th April 2017 were provided to the audit team. A copy of the monitoring form for peat management was also sighted. Status: Closed

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<p>Indicator 4.8.2</p>	<p>Minor</p>	<p>#NCR No : STK-03.2017 Finding: Records of training for GAP activities for workers were not available Objective Evidence: Records of training for GAP activities like Harvesting, Pruning, Selective Weeding, Manuring were not available.</p>	<p>Corrective Action: Re-training on GAP was conducted on 20th April 2017. The training includes GAP training for harvesting, Manuring and Spraying. A proper record also kept for future reference. Auditor Verification: Effectiveness of the corrective actions are to be followed up in the next audit Status: The effectiveness of the corrective action will be verified during next audit</p>
<p>Indicator 5.2.4</p>	<p>Minor</p>	<p>#NCR No : MZK 02 2017 Finding: The on-going monitoring for HCV area was not enough. Objective Evidence: In HCV action plan stated that the on-going monitoring must carried out by monthly basis. However, the Auditor found that one tree identified as 'Nyatoh' from Family <i>Sapotaceae</i> has been cut although no trace of timber extraction. The monitoring could be improved due to encroachment was in the middle of month.</p>	<p>Corrective Action: The management had agreed to increase the monitoring round to 2 times a month. The management had initiated HCV awareness training for workers and staff. Verbal warning also delivered during the training for those who found encroaching the HCV area. Auditor Verification: Corrective action plan accepted Status: The effectiveness of the corrective action will be verified during next audit</p>
<p>Indicator 5.3.1</p>	<p>Major</p>	<p>#NCR No : RAR 01 2017 Finding: Sources of pollution was not identified. Objective Evidence: There are traces of diesel spillage at land at outside estate 1 genset house. Traces of oil spillage and a housekeeping of bottles, lubricant drums, and iron at contractor workshop for estate 2 was very poor.</p>	<p>Corrective Action: - A proper placement of the diesel drum had been constructed on the 20th April 2017 and all the diesel spillage had been recovered. - The contractor concern had conducted and upgraded their housekeeping. - Warning letter issued to the contractor and this place has been included in the workplace inspection for monitoring and has been carried out on the 21st April 2017. Auditor Verification: Photos showing proper place for diesel drums has been constructed, construction of bund wall and the housekeeping at the contractor's workshop were provided. A copy of warning letter to the contractor and the work place inspection indicated that the area was inspected were also provided. Status: Closed</p>
<p>Indicator 6.1.3</p>	<p>Major</p>	<p>#NCR No : MZK 01 2017 Finding: Actions of implementation for addressing some of complaints from employees not explicitly evidence and effectively implemented. Objective Evidence: Complaints from Workers at POM where the disposal of domestic waste from the Workers Quarters was delayed, resulting stray dogs further spreading out the waste and messing up the place.</p>	<p>Corrective Action: - The estate has agreed to provide transport for transporting SPOM 2 housing domestic waste to designated landfill. - A proper domestic waste disposal timetable had been develop for making sure the waste was transport out to the designated landfill Auditor Verification: Photo showing that all rubbish collected and the Management has implemented the schedule for Rubbish collection by every Week to avoid problems. Status: Closed The effectiveness of the corrective action will be verified during next audit</p>

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Attachment 5

RSPO Supply Chain at the Saremas 2 palm oil mill – Identity Preserved Model –Module D

Item No	Requirement NOV 2014	Findings Standard Nov 2014																								
D.1 D.1.1	<p>Defination</p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>To verify :</p> <p>a) the volume of certified FFB entering the mill b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as IP</p>	<p>Since last audit, all FFB received by SAREMAS 2 POM came from its own supply bass.</p> <p><u>Actual FFB received from April 2016 to March 2017</u></p> <table border="1"> <thead> <tr> <th></th> <th align="center">FFB (MT)</th> <th align="center">%</th> </tr> </thead> <tbody> <tr> <td>RSPO Certified FFB</td> <td align="right">150,160.08</td> <td align="right">100.00</td> </tr> <tr> <td>Non-RSPO Certified FFB</td> <td align="center">-</td> <td align="center">-</td> </tr> <tr> <td>TOTAL</td> <td align="right">150,160.08</td> <td align="right">100.00</td> </tr> </tbody> </table> <p><u>Total production for RSPO products from April 2016 to March 2017</u></p> <table border="1"> <thead> <tr> <th></th> <th align="center">(MT)</th> </tr> </thead> <tbody> <tr> <td>RSPO Certified CPO</td> <td align="right">31,829.02</td> </tr> <tr> <td>RSPO Certified PK</td> <td align="right">7,081.61</td> </tr> </tbody> </table> <p><u>Actual Volume despatch RSPO products under IP model from April 2016 to March 2017</u></p> <table border="1"> <thead> <tr> <th></th> <th align="center">(MT)</th> </tr> </thead> <tbody> <tr> <td>RSPO Certified CPO</td> <td align="right">31,924.38</td> </tr> <tr> <td>RSPO Certified PK</td> <td align="right">7,101.97</td> </tr> </tbody> </table>		FFB (MT)	%	RSPO Certified FFB	150,160.08	100.00	Non-RSPO Certified FFB	-	-	TOTAL	150,160.08	100.00		(MT)	RSPO Certified CPO	31,829.02	RSPO Certified PK	7,081.61		(MT)	RSPO Certified CPO	31,924.38	RSPO Certified PK	7,101.97
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D 2 D..2.1	<p>Explanation</p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p><u>Approximation total tonnage potential to be produced from April 2017 to March 2018 (Based on OER at 22% and KER at 5%)</u></p> <table border="1"> <thead> <tr> <th></th> <th align="center">(MT)</th> </tr> </thead> <tbody> <tr> <td>CPO Production projection</td> <td align="right">36,210.31</td> </tr> <tr> <td>PK Production projection</td> <td align="right">7,844.40</td> </tr> </tbody> </table> <p><u>Approximation total tonnage potential to be produced from April 2016 to March 2017:</u></p> <table border="1"> <thead> <tr> <th></th> <th align="center">(MT)</th> </tr> </thead> <tbody> <tr> <td>CPO Production projection</td> <td align="right">31,829.02</td> </tr> <tr> <td>PK Production projection</td> <td align="right">7,081.61</td> </tr> </tbody> </table>		(MT)	CPO Production projection	36,210.31	PK Production projection	7,844.40		(MT)	CPO Production projection	31,829.02	PK Production projection	7,081.61												
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<p>D. 2 D 2.2</p>	<p>Explanation The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim.</p>	<p>SAREMAS 2 POM has registered RSPO e-Trace. The member ID is RSPO_PO100000093 All RSPO certified CPO and PK under IP model delivered to 1 buyer namely Bintulu Edible Oils Sdn Bhd</p>
<p>D 3 D 3.1</p>	<p>Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</p>	<p>a) SAREMAS 2 POM continues to implement its Standard Operating Procedure (SOP-MILL-023 Revision 5 dated 1 November 2016) in accordance with the requirements of the module D of the RSPO Supply Chain Certification Standard, 21 November 2014.</p> <p>The SOP described the procedure for handling of incoming RSPO-certified fresh fruit bunches (FFB), processing of the FFB, delivery of the RSPO certified crude palm oil (CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified FFB being processed, the CPO and PK produced and their deliveries as well as on the stock levels.</p> <p>The SOP also included SAREMAS 2 POM's policy that it shall only process certified FFB from the SAREMAS 2 CU supply base and shall not accept any non-RSPO certified FFB to safeguard the IP status of the certified CPO and PK produced by the POM.</p> <p>b) The Chief Clerk is still the person with overall responsibility on the implementation and maintenance of the RSPO supply chain traceability systems. Key personnel in the mill were trained by the WILMAR KL.</p>
<p>D 3.2</p>	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The SOP has described the procedures on the handling of the incoming RSPO-certified FFB. Since SAREMAS 2 POM is implementing the IP model, only RSPO certified FFB is processed.</p> <p>The processing of RSPO certified FFB is carried out based on the fruits availability. Since the mill only processing RSPO certified FFB, it is not necessary for SAREMAS 2 POM to physically segregate the certified FFBs during the receiving and processing. The production of certified CPO and PK are traceable through the daily production record which keep an account on the quantity of certified FFBs being processed and the CPO and PK being produced.</p>
<p>D.4 D.4.1</p>	<p>Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.</p>	<p>Upon receiving of the FFBs, the Mill Gate Security will check on the incoming FFB and its accompanying dispatch note issued by the supplying estate before allowing entry. This followed by checking and verification by the Weighbridge Clerk to determine details on the dispatch note tallied with the incoming FFB such as supplying estate and weight.</p> <p>Randomly selected FFB dispatch chits for incoming RSPO-certified FFBs were verified during the audit. The certified status of the incoming FFBs was found based on the 'List of RSPO Certified Estates' made available to the Weighbridge personnel. The dispatch chits accompanying the FFB was found clearly indicating the name of the supplying estate and the quantity of the FFBs.</p>

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		<p>The Daily Production Report (Daily CPO and PK Production Record) provides a detailed daily account on the receipt of FFBS, production, delivery and stocks of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER).</p> <p>During the intervening period since the last audit (April 2016 to March 2017), SAREMAS 2 POM had received a total of 150,160.08 MT of certified FFBS.</p> <p>All the RSPO-certified FFB were supplied by the SAREMAS 2 estates namely the Saremas 2, Segarmas and Kaminsky Estates.</p>
D 4.2	The site shall inform the CB immediately if there is a projected overproduction.	The SOP on 'Record Keeping and Monitoring' requires the Mill Manager to inform the Sustainability Department if there would be a projected overproduction of RSPO-certified CPO or PK. Such information shall also be conveyed to the relevant certification body. There was no overproduction observed since last audit.
D.5 D.5.1	<p>Record keeping</p> <p>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.</p>	<p>SAREMAS 2 POM had continued to maintain the 'Daily Production Report' to keep an 'account' on the quantity of FFBS it received, processed and production of RSPO certified CPO and PK, actual oil extraction rate (OER) and kernel extraction rate (KER), delivery and stocks of certified FFBS, CPO and PK. The Daily Production Report ensures that the quantity of CPO and PK delivered had not exceeded that mill's production. The daily production data was compiled into monthly reports and quarterly reports. The data collected was tracked and found correctly tallied/recorded in the reports.</p> <p>SAREMAS 2 POM had used a fixed inventory period of 3 months to ensure the quantity of the certified FFBS being processed and the CPO and PK being dispatched were in balance. The delivery/dispatch of certified CPO and PK would be guided by the POM's annual projected production of RSPO certified CPO and PK in the CU's RSPO Certificate.</p>
D 6 D.6.1	<p>Processing</p> <p>The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non- certified material including during transport and storage.</p>	SAREMAS 2 POM only processing RSPO certified FFB.
D 6.2	The objective is for 100% segregated material to be reached.	SAREMAS 2 POM only receive and process certified FFB from its own estates. 100% segregated.

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Attachment 6

Status of Non-Conformities Previously Identified
Surveillance Audit 2016 Detail of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
Indicator 4.1.1	Major	NCR#: MN 01/2016 The Agricultural Manual & SOP For Oil Palm page 52 of the Agriculture Manual Chapter 3(1) item 4.4.1 and 4.4.5 were misleading and should be revised.	The Agricultural Manual & SOP for Oil Palm was revised by the Wilmar's Agronomist. A copy of the revised Agricultural Manual & SOP for Oil Palm was submitted to the auditor. Item 4.4.1 and 4.4.5 were change to 'Refer to chapter 4.3.1 and 4.3.2' and 'Properly line the planting paints along the terraces and adjacent terraces. The float terminology is 'A period of time for which an activity can be delayed due to lack of resources'. Verified: An Errata was added to the manual with the following: <ol style="list-style-type: none"> 1. 2.0 Chapter 3 Part (1) chapter 4.4.1 (page 52) : change to "Refer to chapter 4.3.1 and 4.3.2." 2. Chapter 4.4.5:- redundant and to delete STATUS: CLOSED
Indicator 4.1.2	Minor	NCR#: MN 02/2016 The implementation of procedures in the SOP were inconsistent. It was found that in Field 9519 (082) of Segarmas Estate the oil palm circle were full of weeds as against the Agriculture Manual & SOP for Oil Palm Chapter 6(2) updated 2011.	Segarmas Estate will obtain the chemical for circle spraying from other estate. Circle spray conducted on fields where oil palm circle were full of weeds. Verified: Palm circles in fields visited in both Saremas 2 Estate and Kaminsky Plantation were found to be have been sprayed and fairly clean of weeds STATUS: CLOSED
Indicator 5.3.3	Minor	NCR#: MRS 01 2016 Scheduled wastes management not in accordance with that stipulated in the EQ (Scheduled Wastes) Reg. 2005.	Contaminated soil and oil filter to be closed immediately. Relabeling of all waste container according to the stipulated regulation. The date of scheduled waste generated to be clearly recorded. Verified: During site visit at both estates it was found that Schedule waste items in a good of storage and had been properly handling and labelling based on Environmental Quality (Scheduled Wastes) Regulation 2005. STATUS: CLOSED