



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

**File Ref. : ES11320002**

**RSPO PUBLIC SUMMARY REPORT**

**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 :** 03-06 April 2018

**DURATION :** 16 auditor days

**TYPE OF AUDIT :** ☒ Annual Surveillance Audit 03 ☐ Recertification Audit

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

**SCOPE OF CERTIFICATION:** Production of Sustainable Crude Palm Oil and Palm Kernel Using the 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**

Name : ROZAIMEE BIN AB RAHMAN

Signature :

Date : 12/07/2018

**Acknowledgement by Client's Representative**

Name : Edrin Moss

Signature :

Date : 18 July 2018

## RSPO PUBLIC SUMMARY REPORT

### 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, 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 <sup>th</sup> – 20 <sup>th</sup> /5/2016		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 : 18/7/2016
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 – 13/4/2017		No. of auditor days :	16 Auditor days
Audit team :	Mohd Zulfakar Kamaruzaman, Rozaimiee 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 : 12/6/2017
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.			

## RSPO PUBLIC SUMMARY REPORT

Annual Surveillance Audit 3				
On-site audit date :	3-6/4/2018	No. of auditor days :	16 Days	
Audit team :	Rozaimiee Ab Rahman, Mohd Razman Salim, Amir Bahari, Selvasingam T Kandiah, Mohd Zulfakar Kamaruzaman			
No. of major NCR :	4	4.1.2, 4.7.2, 4.7.3, 4.8.2 (upgrade)		Closing date : 2/7/2018
No. of minor NCR :	1	4.6.4		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers / Local communities	Suppliers
	√		√	√
	Contract workers	NGOs	Govt. agency	Independent growers
		√		
	Indigenous people	Contractor	Others (Please specify)	
	√	√		
Supply base sampled :	Saremas 2 Palm Oil Mill, Saremas 2 Estate, Segarmas Estate			
Justification of audit planning	Total allocation of audit man day for Saremas 2 CU were: <ul style="list-style-type: none"> <li>Saremas 2 Estate = 6 auditor days (total certified area = 4,727.00 ha, total workers = 252, monitoring on critical areas such as (HCV areas, buffer zone areas, boundary forest reserve, neighbouring villagers, stakeholder, etc.) verified safety and health, environment, good agriculture best practices, GHG verification, etc</li> <li>Segarmas Estate = 6 auditor days (total certified area = 6,119.92 ha, total workers = 319, monitoring on critical areas such as (HCV areas, buffer zone areas, boundary forest reserve, neighbouring villagers, stakeholder, etc.) verified safety and health, environment, good agriculture best practices, GHG verification, etc</li> <li>Saremas 2 POM = 4 auditor days (total certified areas = 8.00 ha, total workers 120, for safety and health, environment, mill best practices, GHG verification, etc) + (1 day for supply chain certification systems)</li> </ul>			
Changes since the last audit :	No significant changes during last assessment			
Report approved by :	Radziah Mohd Daud		Approval date : 12/7/2018	

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

# RSPO PUBLIC SUMMARY REPORT

## SUMMARY OF INFORMATION

**TABLE 1**

	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		May 2016 – April 2017	April 2017 – March 2018	April 2018 – March 2019	
Certified FFB Processed (MT)		175,300.00	191,190.06	167,953.44	
Production of Certified CPO (MT)		37,690.00	36,210.31	36,762.94	
Production of Certified PK (MT)		8,765.00	7,844.40	7,762.87	
Certified Areas (Ha)		13,080.04	14,834.92	14,834.92	
Planted Area (Ha) (Mature + Immature)		9,882.68	10,926.08	10,926.08	
Production Area (Ha) (Planted – Immature)		No information provided	8,554.88	8,554.88	
HCV Areas		1,104.36	1,297.23	1,379.71	
REMARKS		-	Increased of the total certified and HCV area were due to Saremas 2 Division D (which was previously under Saremas 1 CU) was now included into Saremas 2 CU. Another reason was the resurvey of the estate area carried out by the certified surveyor.	The increase of total HCV areas (riparian zone) were due to massive resurvey conducted at Saremas 2 CU.	

**TABLE 2**

	PO	PK
Last years certified volume (MT)	*39,710.31	*8,612.40
Last years actual certified sold (MT)	36,093.75	8,179.11
Last years actual sold under other schemes (MT)	0.00	0.00
Last years sold conventional (MT)	0.00	0.00
New year certified volume (MT)	36,762.94	7,762.87

\*Refer to extension of volume for CPO & PK i.e. additional 3500MT and 768MT from the certified volume, respectively. RSPO EB has approved the application on 22/06/2018.

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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**

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Rozaimie Ab Rahman	Lead Auditor / Environment and Health & Safety related to plantation and milling 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.
Mohd Zulfakar Kamaruzaman	Auditor / RSPO Supply chain	Holds a B.Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Selvasingam T Kandiah	Auditor / Good Agricultural Practices (GAP)	Holds a B.Sc. (Hons) 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.
Razman Salim	Auditor / Social	Holds B.Sc. Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, HCVF and ecology.
Amir Bahari	Auditor / good agriculture practices and safety related to estate operation	Holds a B.Sc. (Hons) in Chemistry from Universiti Sains Malaysia and has served the plantations industry for 30 years. He has been involved in ISO 9001, ISO 14001 and EMS OHSAS 18001 implementation during the tenure of service.

### **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 and Segarmas 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 management, relevant settlers, employees, contractors and other relevant stakeholders 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 CU.

### 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 is 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 2017 – March 2018

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Segarmas Estate	40,598.54	24.09	SIRIM
Kaminsky Estate	66,151.25	39.25	SIRIM
Saremas 2 Estate	58,756.75	34.87	SIRIM
Saremas 1 Estate	3,016.37	1.79	SIRIM
<b>Total</b>	<b>168,522.91</b>	<b>100.00</b>	

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

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Saremas 2 Estate	74,112.50	44.13	SIRIM
Segarmas Estate	27,699.94	16.49	SIRIM
Kaminsky Estate	66,141.00	39.38	SIRIM
<b>Total</b>	<b>167,953.44</b>	<b>100.00</b>	

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**Table 3: Actual FFB received and CPO & PK dispatch by the Saremas 2 POM for the last reporting period  
April 2017 - March 2018**

	Total (MT)
FFB Received	168,522.91
FFB Processed	168,522.69
Certified FFB	168,522.91
Non-Certified FFB	0.00
CPO Production	36,104.87
PK Production	8,101.26
CPO delivered as Identity Preserved	36,093.75
CPO delivered as non-RSPO certified	0.00
PK delivered as Identity Preserved	8,179.11
PK delivered as non-RSPO certified	0.00

**Table 4: Projected FFB received and CPO & PK dispatch by the Saremas 2 POM for next reporting  
period April 2018-March 2019**

	Total (MT)
FFB Received	167,953.44
FFB Processed	167,953.44
Certified FFB	167,953.44
Non Certified FFB	0.00
CPO Production	36,762.94
PK Production	7,762.87
CPO delivered as mass balance	36,762.94
CPO delivered as non-RSPO certified	0.00
PK delivered as mass balance	7,762.87
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
<b>Total</b>	<b>10,926.08</b>	<b>14,834.92</b>

**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 <sup>st</sup> Generation	Mature	32.44	0.73
1991	1 <sup>st</sup> Generation	Mature	238.53	5.35
1995	1 <sup>st</sup> Generation	Mature	410.76	9.21
1996	1 <sup>st</sup> Generation	Mature	807.59	18.11
2000	1 <sup>st</sup> Generation	Mature	151.25	3.39
2002	1 <sup>st</sup> Generation	Mature	248.32	5.57
2003	1 <sup>st</sup> Generation	Mature	180.00	4.04
2004	1 <sup>st</sup> Generation	Mature	235.13	5.27
2005	1 <sup>st</sup> Generation	Mature	204.28	4.58
2006	1 <sup>st</sup> Generation	Mature	213.11	4.78
2007	1 <sup>st</sup> Generation	Mature	80.10	1.80
2014	2 <sup>nd</sup> Generation	Immature	348.30	7.81
2015	2 <sup>nd</sup> Generation	Immature	277.88	6.23



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2016	2 <sup>nd</sup> Generation	Immature	424.77	9.53
2017	2 <sup>nd</sup> Generation	Immature	606.69	13.61
<b>Total</b>			<b>4,459.15</b>	<b>100.00</b>

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 <sup>st</sup> Generation	Mature	842.37	25.68
1995	1 <sup>st</sup> Generation	Mature	1045.43	31.87
1998	1 <sup>st</sup> Generation	Mature	3.88	0.12
2000	1 <sup>st</sup> Generation	Mature	159.65	4.87
2001	1 <sup>st</sup> Generation	Mature	164.15	5.00
2002	1 <sup>st</sup> Generation	Mature	173.80	5.30
2003	1 <sup>st</sup> Generation	Mature	90.40	2.76
2004	1 <sup>st</sup> Generation	Mature	74.70	2.28
2006	1 <sup>st</sup> Generation	Mature	11.98	0.37
2015	2 <sup>nd</sup> Generation	Immature	198.52	6.05
2016	2 <sup>nd</sup> Generation	Immature	495.04	15.09
2017	2 <sup>nd</sup> Generation	Immature	20.00	0.61
<b>Total</b>			<b>3,279.92</b>	<b>100.00</b>

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 <sup>st</sup> Generation	Mature	1466.55	46.02
1997	1 <sup>st</sup> Generation	Mature	1544.90	48.47
2002	1 <sup>st</sup> Generation	Mature	175.56	5.51
<b>Total</b>			<b>3,187.01</b>	<b>100.00</b>

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

The details of the contact person is as shown below:

Name	:	Mr. Chang Sip Woon
Position	:	Assistant General Manager
Address	:	PPB Oil Palms Berhad - Sarawak Operations, Lot 964, Sublot 7, Taman Seaview Commercial Centre, Jalan Tanjung Batu, P.O Box 730, 97008 Bintulu, Sarawak MALAYSIA
Phone no.	:	+ 60 85 325 713/+60 86 333 286
Fax no.	:	+ 60 85 495 010/+60 86 315 220
Email	:	<a href="mailto:sipwoon.chang@my.wilmar-intl.com">sipwoon.chang@my.wilmar-intl.com</a>

### 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

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(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) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification. ☐ Yes ☐ No

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

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

- 3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)  
Saremas 2 Division D, which previously 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. No complaint received.

### 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 : 1 STK 02 2018

Total no. of major NCR(s) (details refer to Attachment 4 ) List : 4 STK 01 2018, STK 03 2018, RR 01 2018, AB 01

- 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.

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### 6.0 RECOMMENDATION



No NCR recorded. Recommended to continue certification.



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

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



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



Recommended to continue certification.



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

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

**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 : ROZAIMEE BIN AB RAHMAN

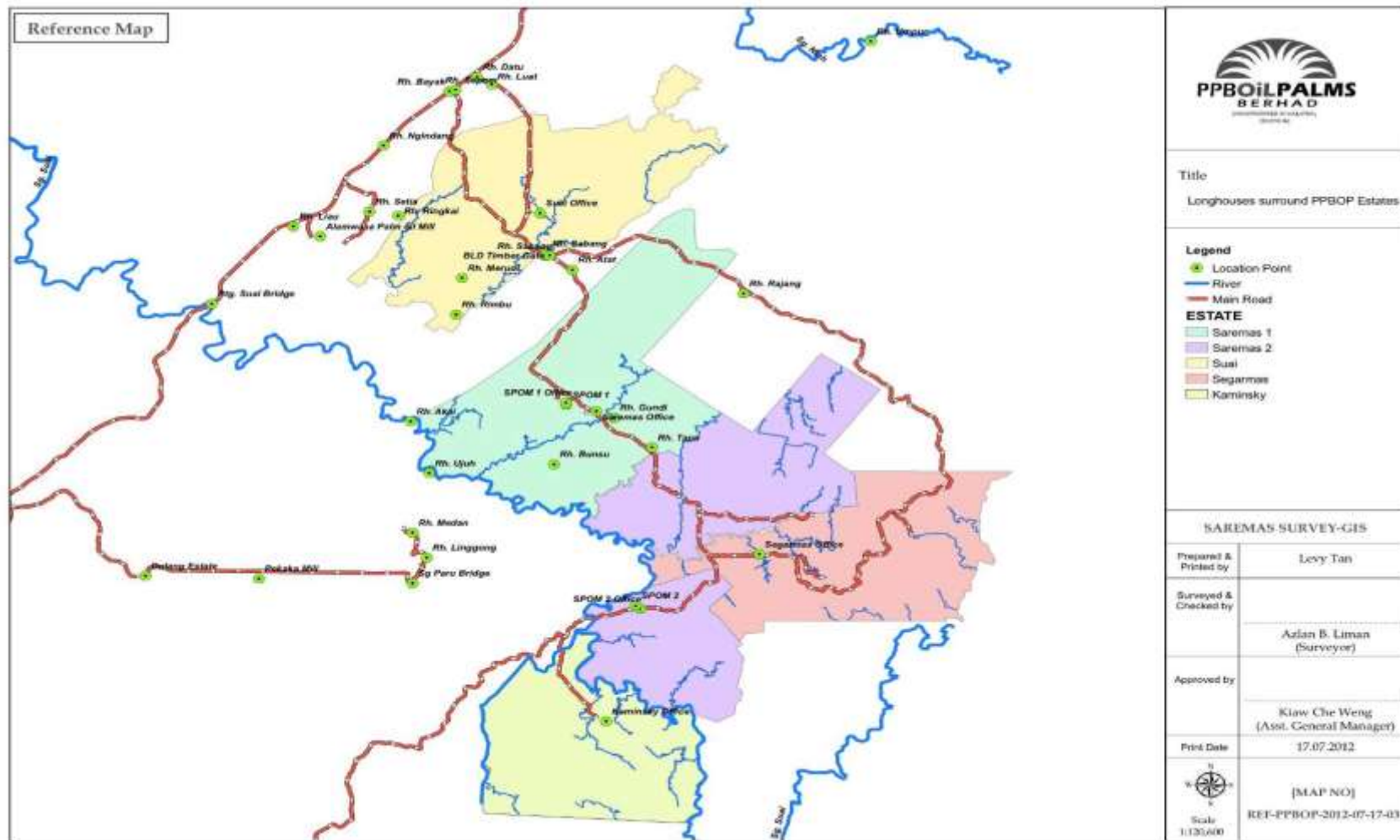
(Name)

(Signature)

2/07/2018

(Date)

Map of Saremas 2 CU



## RSPO PUBLIC SUMMARY REPORT

SIRIM QAS INTERNATIONAL SDN. BHD.

### RSPO SURVEILLANCE 3 AUDIT PLAN

**1. Objectives**

The objectives of the assessment are as follows:

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

**2. Date of assessment** : 3 - 6 April 2018

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

- Saremas 2 Palm Oil Mill
- Saremas 2 Estate
- Segarmas Estate

**4. Scope of Certification** : Production of crude palm oil and palm kernel using **Identity Preserved** model

**5. Reference Standard :**

- a. RSPO P&C MYNI: 2014
- b. RSPO Certification Systems June 2007
- c. RSPO Supply Chain Standard, 2014 (Revised 14 June 2017)
- d. Company's audit criteria including Company's Manual/Procedures

**6. Assessment Team**

Assessor: Rozaimee Ab Rahman  
Selavasingam T Kandiah  
Amir Bahari  
Mohd Razman Salim  
Mohd Zulfakar Kamaruzaman (SCCS)

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

**7. Audit Method**

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

**8. Audit Findings**

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

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

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

**9. Confidentiality Requirements**

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

**10. Conflict of interest**

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

## RSPO PUBLIC SUMMARY REPORT

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

**12. Reporting**

a) Language : English

b) Format : Verbal and written

c) Expected date of issue : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit

**13. Facilities Required**

a. Room for discussion

b. Relevant document and record

c. Personnel protective equipment if required

d. Photocopy facilities

e. A guide for each group

**13. Assessment Programme Details** : As shown below

## RSPO PUBLIC SUMMARY REPORT

Day 1: 3 April 2018 (Tuesday)				
Time				
8.30 – 9.00 am	<b>Opening meeting at Saremas 2 Estate Office</b> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes <b>Organization Representative to brief on the following :</b> <ol style="list-style-type: none"> <li>1) RSPO implementation at Saremas 2 CU (i.e. mill &amp; supply base) including changes</li> <li>2) Time bound plan for PPB Oil Palms Berhad</li> <li>3) Significant changes on organization activities, machinery, supply bases capacity etc</li> </ol>			
	<b>Rozaimée</b>	<b>Razman</b>	<b>Amir</b>	
9:00 – 1:00 pm	<u><b>Saremas 2 Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>Continuous improvement</li> </ul>	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P4, P6, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Riparian zone</li> <li>• Social Impact Assessment (SIA),HCV Assessment management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors</li> <li>• Linesite inspection</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			



## RSPO PUBLIC SUMMARY REPORT

Day 2: 4 April 2018 (Wednesday)					
Activities /areas to be visited	Rozaimée	Razman	Amir	selva	
8.00 – 12.00 pm	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management</li> <li>• witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> </ul> Continuous improvement	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P4, P6, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Riparian zone</li> <li>• Social Impact Assessment (SIA), HCV Assessment management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors</li> <li>• Linesite inspection</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Saremas 2 Estate</b></u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	Guide(s) for each assessor
12.00 – 1.00 pm	Break				

## RSPO PUBLIC SUMMARY REPORT

1.00 – 5.00 pm	Continue assessment	<p><b><u>Saremas 2 Estate</u></b></p> <p>Coverage of assessment: P1, P2, P4, P6, P7, P8</p> <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Riparian zone</li> <li>• Social Impact Assessment (SIA), HCV Assessment management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors</li> <li>• Linesite inspection</li> <li>• Training and skill development programmes</li> </ul> <p>Continuous improvement</p>	Continue assessment	Continue assessment	Guide(s) for each assessor
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### Day 3: 5 April 2018 (Thursday)

Activities /areas to be visited	rozaimiee	Razman	Amir	Selva	
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## RSPO PUBLIC SUMMARY REPORT

8.00 – 12.00 pm	<p><b><u>Saremas 2 POM</u></b></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Environmental management – witness activities at site</li><li>• Waste &amp; chemical management</li><li>• Interview with FFB supplies and other supplies</li><li>• Interviews with mill's workers</li><li>• Facilities at workplace</li><li>• Occupational safety &amp; health practice – witness activities at site</li><li>• Interview with workers , safety committee and contractors</li><li>• Training and skill development programmes</li><li>• Continuous improvement</li></ul>	<p><b><u>Saremas 2 Estate</u></b></p> <p>Coverage of assessment: P1, P2, P4, P6, P7, P8</p> <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Land titles user rights</li><li>• Riparian zone</li><li>• Social Impact Assessment (SIA),HCV Assessment management plan &amp; implementation</li><li>• Complaints and grievances</li><li>• Consultation with relevant government agencies</li><li>• Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors</li><li>• Linesite inspection</li></ul>	<p><b><u>Saremas 2 Estate</u></b></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Environmental management – witness activities at site</li><li>• Waste &amp; chemical management</li><li>• Interview with workers , safety committee and contractors</li><li>• Facilities at workplace</li><li>• Occupational safety &amp; health practice – witness activities at site</li><li>• Interview with workers , safety committee and contractors</li><li>• Training and skill development programmes</li><li>• Continuous improvement</li></ul>	<p><b><u>Saremas 2 Estate</u></b></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Commitment to long-term economic and financial viability</li><li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li><li>• EFB mulching, POME application</li><li>• Chemical store/fertilizer</li><li>• Plantation on hilly/swampy area</li><li>• IPM implementation, training and safe use of agro-chemicals.</li><li>• New planting</li><li>• Continuous improvement</li></ul>	Guide(s) for each assessor	
12.00 – 1.00 pm	Break					
1.00 – 5.00 pm	Continue assessment				<p><b><u>Segarmas Estate</u></b></p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"><li>• Laws and regulations</li><li>• Commitment to long-term economic and financial viability</li><li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li><li>• EFB mulching, POME application</li><li>• Chemical store/fertilizer</li><li>• Plantation on hilly/swampy area</li><li>• IPM implementation, training and safe use of agro-chemicals.</li><li>• New planting</li><li>• Continuous improvement</li></ul>	Guide(s) for each assessor

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Day 4: 6 April 2018 (Friday)						
Activities /areas to be visited	Rozaimée	Razman	Zulfakar	Amir	Selva	
8.00 – 12.00 pm	<u><b>Saremas 2 POM</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with mill's workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> </ul> Continuous improvement	<u><b>Saremas 2 POM</b></u> Coverage of assessment: P1, P2, P4, P6, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA),HCV Assessment management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, GPW, local communities, stakeholders, independent smallholders and contractors</li> <li>• Linesite inspection</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Saremas 2 POM</b></u> Site visit and assessment on Supply Chain Implementation including the <ul style="list-style-type: none"> <li>• Model used</li> <li>• General Chain of Custody System Requirements for the supply chain</li> <li>• Documented procedures</li> <li>• Purchasing and goods in</li> <li>• Outsourcing activity</li> <li>• Sales and goods out</li> <li>• Processing</li> <li>• Records keeping</li> <li>• Registration</li> <li>• Training</li> <li>• Claims</li> </ul>	<u><b>Saremas 2 Estate</b></u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers , safety committee and contractors</li> <li>• Training and skill development programmes</li> <li>• Continuous improvement</li> </ul>	<u><b>Segarmas Estate</b></u> Coverage of assessment: P1, P2, P3, P4, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Commitment to long-term economic and financial viability</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</li> <li>• EFB mulching, POME application</li> <li>• Chemical store/fertilizer</li> <li>• Plantation on hilly/swampy area</li> <li>• IPM implementation, training and safe use of agro-chemicals.</li> <li>• New planting</li> <li>• Continuous improvement</li> </ul>	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

## RSPO PUBLIC SUMMARY REPORT

Attachment 3

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	YES	The Saremas 2 CU continues to provide responds to any communication with stakeholders. The procedure required the appointed person-in-charge to respond to all communication within a specified timeframe. Action need to be taken to fulfil the request or for making decision. All communications are to be registered. 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 CU, the management documents relating to environment, social and legal issues, are made available to the public except for those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	Saremas 2 Certification Unit (CU) continued to maintain records on requests for information. The CU continued to implement its communication procedure. Communications with workers were recorded in the request and complaints records. The record stated date of communication received, response and remarks. During the audit at the mill and the estates, the auditor had verified records on the 'Complaint & grievance', DOSH logbook and DOE logbook
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights (Criterion 2.2);	YES	Each estates were provided with legal use of the land through Country Leases signed by the Director of Lands and Surveys of Sabah. The document was made available by all estates. The management of both estates had complied with the condition that the land shall be for agricultural purposes throughout the whole tenure of the title.
		Occupational health and safety plans (Criterion 4.7);	YES	The occupational health and safety plans 2018 was made available and verified at Saremas 2 CU. The management has established OSH objectives & targets as verified for 2018. The document titled Sustainability Unit-Environmental, Safety & Health Plan 2018 is prepared by the Sustainability Unit for the entire Group operating units. Among the activities planned are OSH training, medical surveillance, water sampling, safety world day, audiometric test etc. The CU has implemented the OSH activities followed the OSH plan.
		Plans and impact assessments relating to environmental and social impacts	YES	The Environmental Management Plan, Social Plan, Environmental Aspect & Impact and Mitigation Plan has been made available at Saremas 2 POM, Saremas 2 Estate and Segarmas Estate. Plans and impact assessment relating to social were publicly available.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary were available at the Saremas 2 Estate and Segarmas Estate. The documents included the estate's activities, HCV area, riparian zone, map and the PIC.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. Both the estates and the mill possessed similar pollution prevention and reduction plans assisted by Personnel from the Sustainability Department, HQ.

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		Details of complaints and grievances (Criterion 6.3);	YES	Detail of complaints and grievances for Saremas 2 POM, Saremas 2 Estate and Segarmas Estate were recorded in the Complaint Form and Request Form. The complaints and grievances channelled to the CU via stakeholders meeting with internal and external stakeholders, Joint Consultative Committee-Public Stakeholders, Social and Welfare Committee, Community Based Development Committee and the Women and Children Committee. All documents was made available at the visited estates and mill.
		Negotiation procedures (Criterion 6.4);	YES	Saremas 2 CU has established standard procedures titled as 'Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation' and 'Dispute & Grievances Procedure' for handling any complaints and grievances.
		Continual improvement plans (Criterion 8.1);	YES	Continual improvement plans were made available at the Saremas 2 POM, Saremas 2 Estate and Segarmas Estate.
		Public summary of certification assessment report;	YES	The public summary of the certification assessment report for Saremas 2 CU was available at SIRIM QAS website.
		Human Rights Policy (Criterion 6.13).	YES	The Saremas Group has a Human Rights Policy dated June 2014. The policy states that the company will strive to respect and protect human rights to personal security that is free from harassment or abuse of any kind, safe, clean and healthy workplace and living environment. The policy that has been translated to Bahasa Malaysia and displayed on the notice board of the Mill and estates. No any changes of the policies during this 2018 audit.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	The Saremas Group has established a Code of Ethical Conduct which comprises 3 main principles: <ul style="list-style-type: none"> <li>• Avoiding conflict of interest</li> <li>• Avoiding misuse and/or abuse of position</li> <li>• Ensuring confidentiality of information and preventing misuse of information</li> </ul> Briefing on Code of Ethical Conduct was held in Mar & Apr 2018 at the Muster Ground at Saremas 2 POM, Saremas 2 Estate and Segarmas Estate was verified and confirmed with the workers during the consultations with them.

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

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	In general, it can be confirmed that the CU continued to comply with most of the applicable local, national and ratified international laws and regulations.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	List of applicable legal and other requirements titled 'Register of Legal and Other Applicable Requirement for PBB Oil Palms Berhad (Sarawak Operation)' was made available during the audit. There was a changes to the legal register and updated in Mar 2017 to include Minimum Wages Order 2016 and Electricity Supply Act 1990 amendment 2015.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	Saremas 1 CU maintained its mechanism for ensuring all the applicable legal requirements are implemented. The mechanism are by Internal audit on RSPO compliance, Yearly Estate Visit Report by Research & Development, DOSH Inspection Book, CHRA and Evaluation of compliance against the identified legal was carried out on annual basis.

## RSPO PUBLIC SUMMARY REPORT

	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	Changes to law and regulation are being monitored by the Sustainability Department at the HQ. Various sources were referred to in obtaining information about the updates of legal requirements. These includes interacting with the industrial association attending seminar/conference, subscribing to the publisher of the law books and checking the government agencies websites. The latest legal and other requirement register was updated accordingly.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised NCR land and the actual legal use of the land shall be available. Major Compliance	YES	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 land was bought from Sarawak Government. It was noted that Saremas Sendirian Berhad (SSB) had also made a MoU agreement with indigenous Iban community with their free, prior and informed consent who residing in a longhouse within the plantation area. SSB has allowed local community to occupy, conduct livelihood, cultivating the settlement area, maintain burial grounds and practice all native customs and rites, consume or trade all the fruits and their cultivation, the rights to hunt and gather other forest produce naturally necessary for their culture and sustenance.
	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	Boundary markers/ marking pegs were available to identify the boundary and were satisfactorily maintained.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with FPIC. Minor Compliance	YES	There are currently two existing disputes; Iban and Penan Claim. Based on the audit and the records available, it was evident that legal acquisition of land has been obtained by Saremas Sdn Bhd. It has been noted that the Penan people is appealing against the high court decision at the Court of Appeal and waiting for hearing date. While for the Iban Community, the status was stagnant since last audit in 2017.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance	YES	The requirements for acceptable conflict resolution process was implemented and accepted by the parties involved. Minutes of meeting showed that both the CU's and the Penan Community of Jambatan Suai have agreed to resolve the issues in line with RSPO requirements. As reported in 2.2.3, there were existing disputes from Iban and Penan Claim. Based on the audit and the records available, it was evident that legal acquisition of land has been obtained by Saremas Sdn Bhd. It has been noted that the Penan people is appealing against the high court decision at the Court of Appeal and waiting for hearing date. While for the Iban Community, the status was stagnant since last audit in 2017.
	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	It was evident that the extent of the disputed area was mapped out in a participatory way with involvement of Penan Jambatan Suai.

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	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	Based on documentary records, interviews with local communities and with management of Saremas Sdn Bhd, there were no evidences that Saremas Sdn Bhd has instigated violence in maintaining peace and order.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major Compliance	YES	Saremas 2 CU has mapped the claim area as claimed by the Penan Community of Jambatan Suai with the participation of the affected parties. This has been verified during the conduct of audit.
	2.3.2	Copies of negotiated agreements detailing the process of FPIC shall be available and shall include:	YES	The land claim process was on-going, therefore negotiated agreements detailing the process were yet to be finalized.
		<p>a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making;</p> <p>b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;</p> <p>c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the</p>		Saremas Sendirian Berhad (SSB) also had made a MoU agreement with indigenous Iban community with their FPIC who residing in a longhouse within the plantation. It was noted that SSB had also made a MoU agreement with indigenous Iban community with their free, prior and informed consent who residing in a longhouse within the plantation area. SSB has allowed local community to occupy, conduct livelihood, cultivating the settlement area, maintain burial grounds and practice all native customs and rites, consume or trade all the fruits and their cultivation, the rights to hunt and gather other forest produce naturally necessary for their culture and sustenance.



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		expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	All related documentation and records of meeting regarding the land acquisition was kept in Saremas 2 Office and was verified by the auditor.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	There was evidence that in the two land disputes involving Saremas Sdn Bhd, that the Ibans and Penans were able and free to choose their own representatives to represent their claim and interests in the land disputes.

### **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 Segarmas Estate continued to be committed to long-term economic and financial viability. The Estates had management plans in their current year's budgets and projections. The annual budgets and projections were prepared on an annual basis before the end of current year. The yearly budget and projections where the cost of production was reviewed annually and compared against expenditure for each year was an on-going process. The parameters monitored remained essentially unchanged and included CAPEX and Operating costs. 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 2018 and projections until year 2027 were made 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 Segarmas Estate had established and maintained replanting programme which was reviewed annually. It has been sighted by the auditors.

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

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	Saremas 2 CU continued to use the established manuals i.e. Wilmar International Limited 2011 Agriculture Manual & Standard Operating Procedure For Oil Palm, Safety and Health Manual, SSOP Prosedur Operasi Kerja Selamat dan Standard Sektor Perladangan. The Agriculture Manual, established on 2007 and revised in 2011 maintained in place for estate operation such as land clearing, field upkeep, pest and disease, FFB harvesting and evacuation, soil conservation and terracing, road construction and maintenance, planting density and planting technique, palm replacement during immaturity and supplying, manuring, palm thinning and replanting. Noted that relevant SOPs maintained displayed at various work stations for easy reference, for example, at the muster ground, workshop, riparian buffer zone, chemical storage and diesel storage. Interviewed with workers, noted they generally understood the requirements of these documents and their level of understanding on the contents of the SOP was found acceptable. Training records were found that management have conducted SOP training to the workers.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	There were mechanism in place to check consistent implementation of procedures. However, it has been noted that Wilmar International Limited Agriculture Manual & Standard Operating Procedure for Oil Palm was not complied by Segarmas Estate. At time of visit the Fertiliser NPK Super was applied in block 133 even-tough palm circles were full of noxious weeds and woody growths. As this was recurrence nonconformity has occurred, the Major NCR No. STK-01.2018 was issued.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Relevant records on implementation and monitoring of Agriculture Manual etc. at the CU were clearly verified. Among the records sighted were: Program sheets, Field cost books, Plantation Controller reports, Agronomic reports, Audits by Sustainability Officers, Harvesting Interval records, Rat baiting records, Fertiliser application records, Monthly Progressive Reports, scheduled wastes records, PPE Checklist etc. Most records are being maintained for more than a year and some much longer.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	YES	Since the certificate for this CU is under Identity Preserved therefore this indicator was not applicable.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Saremas 2 CU continued to maintain and improve soil fertility to a level that ensures optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations as per the SOP.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Saremas 2 CU continued to maintain the records of the fertiliser inputs in the Monthly Fertiliser Returns 2018. Fertiliser application for 2018 programme were in progress as verified during audit.

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	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Periodic foliar sampling were carried out in Saremas 2 CU and its result formed part of the basis for the fertilizers input recommendation. Foliar sampling were carried out in Apr 2017 in Saremas 1 and Segarmas Estate respectively. The analysis were carried out by third party lab. Soil maps were made available to the auditors and the soil survey was conducted in 2007, while analysis for soil organic and carbon was carried out in accordance with the ISCC requirement. It was last done in Mar 2018.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance	YES	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields for a gradual decomposition. EFB was applied in both the estates and records of application were reviewed during audit.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	During the field visit and the soil map provided it was observed that no fragile or marginal soils found in Saremas 2 CU.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	The management strategy for plantings on slopes had been defined in Agriculture Manual & Standard Operating Procedure For Oil Palm.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	Saremas 2 CU continued with its program on road maintenance with the records of heavy machinery movement schedule was in place to ensure that the road is accessible. It was observed during the visit that most roads in both Saremas 2 Estate and Kaminsky Plantation were well paved with stones (DCR). Large stock piles of stones (DRC) was observed in a number of places in both units. Both estates had 2 Case Diggers, a Motor Grader, a Compacter and excavators each for road maintenance.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	There were no peat soils in both the estates visited hence, there was no program in place.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	There were no peat soils in both the estates visited, hence the drainability assessments were not necessary.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There were no fragile and problem soils in both Saremas 2 Estate and on Segarmas Estate.

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C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	Water management plans are in place at both the estates. Programs to minimize water usage had been conducted in the estates as evidence through immediate repair on leaks detection, water efficient landscape, ultra-low volume toilet. The facilities for harvesting rain water had been constructed in the line sites and estate complexes. Gutters, down comers and rain water collection tank had been sighted at line sites. All water supplied were treated prior to usage and fit for human consumption.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated Major Compliance	YES	Both estates continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways. Both estates adopted the existing PPB policy to maintain the buffer by restricting agrochemicals application and left undeveloped during replanting. The signboards were displayed accordingly at the site where applicable. The guideline was issued by the Sustainability Unit with latest revision dated in June 2011.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance	YES	Analysis of treated effluent discharge from the mill was conducted as per the license requirements and results of analysis were submitted to DOE through the ' <i>Borang Penyata Suku Tahunan</i> '. It has been confirmed that the results were in compliance with that stipulated in the requirement. The same parameters were also monitored for the upstream and downstream of Sungai Suai.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Process water is obtain 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 and further investigation showed that this was due to leakage from old pipe. The S2POM already purchase a new HDPE pipe to replace the old iron pipe.
C 4.5 Pests, disease, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	Both Saremas and Segarmas Estates continued to implement IPM as per Agricultural Manual and Standard Operating Procedure for Oil Palm. The estates adopted the IPM of cultivation of beneficial plant in the fields in aim to minimize the use of pesticides. 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. The estates continued to carry out monthly detection and observation of leaf eating pests, mammalian pests and diseases like Ganoderma and Stem Rot. These monthly detection and observations were carried by staff and records of observation were sighted. Records revealed that there was no outbreak had surfaced. Rat damage monitoring was also made by both estates. Rat baiting was made in fields that require such application.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Saremas 2 CU continued to conduct training related to IPM Implementation. The training were conducted by Eco-Management Unit in Mar 2018. The training focused on good agriculture practices and it observed that all training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which	YES	Saremas and Segarmas Estate continued to use agrochemicals based on the Agricultural Manual and Standard Operating Procedure for Oil Palm for various fields operations. The manual has included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the "need to do basis" to

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		have minimal effect on non-target species shall be used where available. Major Compliance		enhance field operations. It was found that no Class I chemicals had been used. Additionally, it was confirmed that paraquat had not been used since 2007.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	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. 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 Segarmas Estate. Pesticides used were only for control of weeds.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major	YES	The CU as per the IPM plan continued to manage pests, other than weeds, at below threshold levels. No prophylactic spraying had been carried on both units. The units, in order to minimise pesticide usage do not carry out calendar baiting of rats. Rat baiting was carried out as and when required and only in areas where census showed damage above threshold level. Baiting was carried out only in 2017. Furthermore, in order to minimise the use of weedicide only spraying of circle and paths had been carried. Spraying is only carried as per program. Weeds in the inter rows are mainly slashed with minimum spraying.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance	NO	During the audit, it was noted that Segarmas 2 Estate and Segarmas Estate 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. Both estates also maintained the chemical registers for chemicals used. However, it has been noted that the Chemical registers on Segarmas Estate was not complete. Diesel, Petrol, Lubricants and Fertilisers were not included in the latest Chemical Register. Thus the Minor NCR STK 02 2018 was issued.
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be	YES	Records showed that pesticides were handled, used and applied by trained employees. The handling of chemicals is guided by the Safety Data Sheet (SDS). Both Saremas 2 and Segarmas Estate had established SOPs for the safe-handling of pesticides in Safe and Standard Operation Procedure Oil Palms Plantation (SSOP) Chapter 9: Safe and Standard Operating Procedure

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		applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). Major Compliance		"Bagi Kerja-Kerja Mencampur Racun Rumpai". Appropriate safety PPE and application equipment such as gloves, boot, apron were provided and used as per the recommendations in the CHRA. Personnel such as the storekeepers, sprayers, fertilizers and rat bait handlers were trained and were known to the potential hazards and methods the chemicals should be used in a safe manner. Training including refresher sessions were provided to the workers involved in such activities to ensure a continued understanding of chemicals / hazard.
4.6.6		Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	The 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 was allowed to 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 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.
4.6.8		Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial spraying was not practiced by both Saremas 2 Estate and Segarmas Estate and there was no evidence to show that any had been carried out.
4.6.9		Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated.	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. Saremas 2 Estate and Segarmas Estate had conduct training related to pesticide handling. There were no associated smallholders in the Saremas 2 CU supply base.

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	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Procedure for handling of empty agrochemical containers had been established. Triple rinsing of all its empty agrochemical containers was used as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. They were briefed through several trainings by the management. The containers were then punctured after triple rinsing and kept in a store before disposal. The wastewater from the triple rinsing will be reused in chemical mixture. The records of triple rinsing was available at the site. Records of disposals i.e. Log Book and Consignment Notes for domestic wastes and scheduled wastes respectively were sighted.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	At Saremas 2 Estate CHRA assessment has been carried out by third party assessor. The main objective of assessment was to assess the health risk from chemicals at the location such as spraying, manuring, and water treatment plant. From the assessment results there was no recommendation made from assessor to conduct medical surveillance. However, some of sprayers and nursery workers are female, therefore for those pregnant or breast-feeding workers shall not allowed to engage in chemical operation. CHRA at Segarmas Estate has been conducted by same assessor and the assessment has been carried out for work units such as spraying, manurer, water treatment plant, workshop, nursery. There was recommendation made by assessor to conduct medical surveillance for sprayer, workshop operator, and nursery operator. Sighted the medical surveillance report for the nursery operator and workshop operator. For Saremas 2 POM, the medical surveillance was carried out by the same assessor, for 4 persons who were 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 done accordingly. Reports indicated that all workers were fit to their job.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Saremas 2 CU continues to comply with the requirement where no work with pesticides was given to pregnant or breast-feeding women. List of sprayers were maintained by both estates and mill. Identification of pregnancy was done at the estate's clinics during the monthly medical check-up and interview with female workers. 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	Saremas 2 CU continued to maintain the Occupational Health and Safety Policy dated Sep 2010. The OHS policy is used in all plantations and mills in the Group. The policy included statement on the commitment to provide a safe and healthy environment for its employees, contractor, clients & visitors. The policy was displayed within the estates complex.
The occupational health and safety plan shall cover the following:	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major	NO	At Saremas 2 POM, the HIRARC record was last updated in Mar 2018 by the Assistant Engineer and approved by Mill Engineer. In overall performance, OSH administrative controls implementation as well as engineering control equipment was found adequate during the assessment. However, there was absence of HIRARC for the following major activities in the list as both estates have or are undergoing replanting program during the close by period. (a) Nursery activities e.g. from site preparation to despatch of seedlings. (b) Replanting works commencing e.g. from land preparation to completion of planting. Hence, an #Major NCR AB 01 has been raised.

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	4.7.3	All workers involved in the operation shall be adequately trained in safe working practice. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	NO	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. However, recommendation made by CHRA 2017 to conducted medical surveillance for spraying operator and installed emergency shower at water treatment plant at Segarmas Estate was not available, thus, Major NCR RR 01 2018 has been raised.
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	Safety and Health Committee Organization Chart 2018 was available. Quarterly Safety and Health Committee meeting observed held. It were chaired by Estate Manager/ Mill Manager, discussion on the following: i) Previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Workplace Inspection iv) Safety program & training Minutes of meetings were verified accordingly.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	YES	Both Estates had established Emergency Response Plan initially documented June 2010. The ERP covers incidences among others as outlined as follows; Fire, ,Chemical / Fertiliser Spillage, Flood, Injury Requiring Medical Attention, Bund Breakage, Workplace Violence, Bush Fire, Poisoning and Earthquake. Records of training in relation to the ERP awareness to the employees were reviewed accordingly. Records of all accidents was in JKPP 8 and kept in the file for review in OSH quarterly meeting.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	At S2POM local workers were covered with SOCCSO and foreign workers were covered with foreign workers compensation scheme.



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	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (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 mandays = 209,328 days. JKPP 8 form was submitted to DOSH in Jan 2018. 3 minor accidents were recorded for year 2017.</p> <ul style="list-style-type: none"> <li>• Last accident with loss mandays was on 14/08/2017 = 2 man-days.</li> <li>• Total accident day = 3, total day lost 5 days.</li> <li>• Total man hours were 217,872.</li> <li>• Accident investigation has been carried out by safety officer related to accident occurs.</li> </ul> <p><u>Saremas 2 Estate</u> JKPP 8 form was submitted to DOSH in Jan 2018 with 23 minor accidents recorded for 2017. Site inspection has been carried out at estate once in every three months. Records of inspection were reviewed. Total Accident free days without loss of mandays = 929,160 days.</p> <p><u>Segarmas Estate</u> JKPP 8 was sent to DOSH in Jan 2018. There was 6 minor and 2 major accident (in May &amp; Dec 2017) has been reported. The JKPP 6 was submitted to DOSH in May 2017 and Jan 2018. The accident investigation report carried out by OSH officer and assistant manager for the root cause investigation and prevention of recurrence were reviewed. Site inspection was also carried out accordingly concerns were identified and addresses appropriately. As of todote, the total accident without losing mandays was 90 days.</p>
C 4.8  All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	Formal training programmes for 2017/2018 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Saremas 2 POM and both estates .Year 2018 Training Plan was established in January 2018. A training needs identification matrix has been established with target dates for the training to be conducted.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	NO	<p>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.</p> <p>However, it was found that Segarmas Estate's records of training on GAP activities for workers were not available. As this was a reoccurring nonconformance the NCR was upgraded to Major NCR STK 03 2018.</p>

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Saremas 2 CU has established its environmental aspects/impacts register associated with their activities. The environmental aspect and impact (EAI) covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination related to the management of scheduled wastes and domestic waste. For the estate operation, all activities from harvesting, manuring, weeding, nursery, pest and disease, upkeep programme until delivery to mill were identified.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/s. Minor Compliance	YES	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 following aspects impacts was updates regarding data for construction of new building in Sept 2017. The mitigation measure has been evaluated and control measures such as to install proper signages, daily checking, to build parameter bund, etc. has been taken consideration and implemented by CU.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	The 2 estates audited had mitigation measures 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	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife	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 of Bukit Durang Conservation Area located in the Saremas 2 extending into Segarmas Estate. It was found that the CU had maintained, conserved and

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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.		corridors). Major Compliance		protected the area.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	The HCV Monitoring & Action Plan 2018 for Saremas 2 Estate and Segarmas 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 which included : <ul style="list-style-type: none"> <li>• Boundary Demarcation Inventory</li> <li>• Monitoring by HCV team at the Bukit Durang Conservation Area and riparian buffer zone marking maintained along Sg. Linau in Segarmas Estate and Sg. Sebilak in Saremas 2 Estate</li> <li>• Conservation of residual forest at Bukit Durang Conservation Area</li> <li>• Roadblock exercise from the Wildlife Ranger.</li> </ul>
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	Programmes to continuously educate their employees on RTE species were in place. In accordance with the company rules, appropriate disciplinary measures will be taken to any employees found to capture, harm, collect or kill these species. 'HCV Yearly Work Plan Summary 2018 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 Estate in July 2018 and Segarmas Estate in March 2018. The CU has also provided monitoring at Bukit Durang Conservation Area. Some of the monitoring are: <ul style="list-style-type: none"> <li>- Camera traps monitoring in March 2018</li> <li>- Monitoring of existence of Red Claw Crayfish at Sungai Aquarium in Jan 2018</li> <li>- Monitoring riparian zone in Apr 2018</li> <li>- Replanting activities around water treatment plant in early March 2018</li> </ul>
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>• The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>• Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	YES	There was no RTE identified at Saremas 2 CU. However, HCV area - Bukit Durang Conservation Area was monitored by monthly by the HCV team to ensure no encroachment and no clearing of vegetation. Sighted reports from January to March 2018. 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 was posted at strategic locations.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	It has been confirmed that the HCV or land with slope more than 25° set-asides was within the Saremas 2 Estate & Segarmas Estate. The area does not affect the local communities land.

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C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	At 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. The most significant environmental receptors for the estates and mill operations were: <ul style="list-style-type: none"> <li>Air – Source from boiler stack (smoke and particulate), vehicle &amp; generator (smoke and gases), anaerobic processes (ETP, EFB dumping), GHG.</li> <li>Water – Cleaning water/run-off/process station waters (hydrocyclone /sterilizer condensate/clarification waste) &amp; boiler quenching water and blowdown.</li> <li>Land – Scheduled waste, domestic waste and industrial/process waste, Nursery Operation, Estate operation.</li> <li>Clinical waste – generated from Clinics</li> </ul>
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	At Saremas 2 CU disposal of waste material related to pesticide containers are being carried out as per established procedures. Triple rinsing activities continually implemented for empty pesticide container. Triple rinsed container was pierced and stored prior disposing and disposed using approved DOE contractor. Noted that latest disposal were carried out through licensed contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	For the identified 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 waste management plans were then established to mitigate applicable identified waste product and source of pollution the plans were update in Mar 2017. Industrial @ mill and estate process/residue wastes had been disposed as follows; <ol style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>Effluent quality monitoring was also done on the monthly basis. Sample taken at final discharge point was sent for analysis.</li> <li>On the scheduled waste management, the established procedures - Handling of Scheduled Waste. Scheduled wastes were disposed through DOE's licensed contractor. The storage, management and disposal of the following schedule wastes were reviewed, noted to be satisfactory.</li> </ol>
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 &amp; Segarmas Estate</u> Objective and target for FY2017/2018 was set to reduce consumption of fossil fuel. Various programme has been implemented such as, reduce machineries and vehicles breakdown, and frequently monitored vehicle inspection. <u>Saremas 2 Palm Oil Mill</u> For mill environmental management program and action plan for year 2018 has been established to reduce the diesel consumption for mill operations. Among of action has been taken to reduce diesel consumption were to get the diesel generators running when to start the engine only, reduce mill breakdown and improve the operation of biogas

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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 Segarmas 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 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	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 EAI covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the POME and land contamination which were related to the management of scheduled wastes and domestic wastes. The CU has established its environmental aspects/impacts register associated with their activities. The EAI which covers from upstream activities such as chemicals spraying until FFB evacuation process was sighted during assessment. Among the significant environmental aspects are the chemical (herbicide/fertilizer) which is associated with spillage and leakage due to mishandling of chemical (water pollution and land contamination) which related to the management of chemical.					
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	The EAI was used to identify the GHG emissions. Some of the Greenhouse Gas emissions are through Land Conversation, Crop Sequestration, Fertiliser, N <sub>2</sub> O 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.					
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	<b>PalmGHG calculation option used: Option 2</b>  <b><u>Summary of Net GHG Emissions</u></b> <table><tr><th>Emissions per Product</th><th>tCO2e/tProduct</th></tr><tr><td>CPO</td><td>0.72</td></tr><tr><td>PK</td><td>0.72</td></tr></table>	Emissions per Product	tCO2e/tProduct	CPO	0.72	PK
Emissions per Product	tCO2e/tProduct								
CPO	0.72								
PK	0.72								

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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.				<table><tr><td>Extraction</td><td>%</td></tr><tr><td>OER</td><td>21.36</td></tr><tr><td>KER</td><td>4.82</td></tr></table>	Extraction	%	OER	21.36	KER	4.82																																	
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			<p><b>Summary of Field Emissions and Sinks</b></p> <table><tr><td></td><td colspan="3">Own Crop</td></tr><tr><td></td><td>tCO2e</td><td>tCO2e/ ha</td><td>tCO2e/ FFB</td></tr><tr><td>Emissions source</td><td></td><td></td><td></td></tr><tr><td>Land Conversion</td><td>108937.91</td><td>9.92</td><td>0.6</td></tr><tr><td>*CO2 Emissions from Fertiliser</td><td>8951.28</td><td>0.85</td><td>0.05</td></tr><tr><td>**N2O Emissions</td><td>7351.85</td><td>0.65</td><td>0.04</td></tr><tr><td>Fuel Consumption</td><td>2966.47</td><td>0.27</td><td>0.02</td></tr><tr><td>Peat Oxidation</td><td>1243.79</td><td>0.08</td><td>0</td></tr><tr><td>Sinks</td><td></td><td></td><td></td></tr><tr><td>Crop Sequestration</td><td>-100641.53</td><td>-9.36</td><td>-0.57</td></tr></table>		Own Crop				tCO2e	tCO2e/ ha	tCO2e/ FFB	Emissions source				Land Conversion	108937.91	9.92	0.6	*CO2 Emissions from Fertiliser	8951.28	0.85	0.05	**N2O Emissions	7351.85	0.65	0.04	Fuel Consumption	2966.47	0.27	0.02	Peat Oxidation	1243.79	0.08	0	Sinks				Crop Sequestration	-100641.53	-9.36	-0.57
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Conservation Sequestration	-10292.94	-0.78	-0.05
<b>Total</b>	<b>18516.83</b>	<b>1.63</b>	<b>0.1</b>

### Summary of Mill Emissions and Credits

	tCO2e	tCo2e/tFFB
<b>Emissions Sources</b>		
POME	13279.88	0.08
Fuel Consumption	399.23	0
Grid Electricity Utilisation	0	0
<b>Credits</b>	0	0
Export of Grid Electricity	0	0
Sales of PKS	0	0
Sales of EFB	0	0
<b>Total</b>	<b>13679.11</b>	<b>0.08</b>

### **Palm Oil Mill Effluent (POME) Treatment**

Divert to compost	0 %
Divert to anaerobic digestion	100 %

### **POME Diverted to Anaerobic Digestion:**

Divert to anaerobic pond	37%
Divert to methane capture (flaring)	13%
Divert to methane capture (electricity generation)	50 %

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

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	The SIA report "Scoping SIA Saremas 1 & 2, Segarmas and Kaminsky Estates" prepared in 2008 was still the basis for managing social issues in Saremas 2 CU. The report was prepared combined with the Saremas 1 CU and with the participation of the relevant stakeholders, such as the estate workers and the neighbouring five long-house communities, Rumah Bunsu, Rumah Gundi, Rumah Taou (Saremas 1), Rumah Sabang (Suai) and Rumah Merudi (Suai). It has been confirmed that there was no long-houses community surrounding Saremas 2 CU. The estates and mills are constantly monitoring the housing conditions, and making the necessary upkeep and maintenance works upon requests by the workers. Qualified medical officers were employed by the estates. In general, the Social Impact Assessment for Saremas 2 CU had identified some issues on control item prices, school transportation, etc.
	6.1.2	There shall be evidence that the assessment has been done 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, including responsibilities for implementation. Major Compliance	YES	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 2016-2018. Sighted the action plan for Saremas 2 was updated on 1 March 2018, Segarmas Estate on 1 March 2018 and 19 March 2018 for Saremas 2 POM during SIA Review Meeting 2018. Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified for Social Impact Assessment 2016-2018 for Saremas 2 CU was established accordingly.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	YES	The plans were reviewed on yearly basis and updated as and when necessary. It was evident that the SIA management action plan (External and Internal) has been reviewed on 1 March 2018 for Saremas 2 POM, Saremas 2 Estate and Segarmas Estate. The review was conducted with the participation of affected parties such as the local and foreign workers', contractors, canteen operators and local communities.
	6.1.5	Particular attention shall be paid to the impacts of smallholder	YES	There was no smallholder schemes for Saremas 2 CU.



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		schemes. Minor Compliance		
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Document No: RSPO 6.2–Consultation and Communication Procedure was established and prepared by the RSPO Unit of PPB Oil Palms Bhd. This procedure is used by the CU in handling internal and external communications.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The appointment of PIC as the management official was evident.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	The estates/mill maintained stakeholder lists which comprised of government agencies, contractors/suppliers (including FFB suppliers for mills), neighbouring estates and local communities. General Stakeholder List of Saremas 2 POM (September 2017), Saremas 2 Estate (March 2018) and Segarmas Estate (March 2018) was updated and verified during the audit. Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders can tracks in the stakeholders meeting files which kept by the estate/mill. Files on external communication were kept according to the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment, and so forth. And, records of action taken had been highlighted in the SIA Management Action Plan.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	YES	In the event of a dispute, Saremas CU will manage it through the “ <i>Whistle Blowing Policy</i> ” which was issued in Aug 2015 and “ <i>Dispute and Grievances Procedure</i> ” which was issued August 2013. 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 will be brought for third party arbitration. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through the <i>Complaints Form</i> and the <i>Request From</i> .
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	As for grievances from employees, there was no grievances/complaints recorded for Saremas 2 Estate, Segarmas Estate and Saremas 2 POM since last audit. Interviews with workers revealed that they were happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.
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	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled “Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation” which was adopted in 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 procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this	YES	The same procedure “Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation” which was established since November 2008 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.

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stakeholders to express their views through their own representative institutions.		evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There were land claims involving all Saremas Estates including Mill by Penan Jambatan Suai. The process was still ongoing and the participation of the affected parties were evident.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Contracts of employment for 7 Indonesian and 2 local workers were examined at the Saremas 2 POM. At Saremas 2 Estate, contract of employment for 19 Indonesian workers were sampled. At Segarmas Estate, auditor has verified contract of employment for 12 Indonesian workers. The local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours, overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and in Bahasa Malaysia.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The employment contract is in Bahasa Malaysia for foreign workers and English for local workers. And, the pay slip is in English. The CU had explained the payslip to the workers and has displayed the translation of payslip in Bahasa. This was evident at the estates and mill noticeboard. 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. Sample of employment offer letter for local workers were verified by auditor. The letter stated the working hours, employee provident fund, annual leave, medical benefits and sick leave, insurance scheme, retirement, and others. Interviews with the both the local and foreign workers revealed that they were understood the content of their contract of employment and pay slip statement. There is no Union in Sarawak, it has been verified that workers can complaint using internal communication with Saremas CU management.
	6.5.3	Growers and millers shall provide adequate housing, water	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 –

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		supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance		crèche were offered. Any maintenance and service for housing and facilities can be requested from mill and estates management with free of charge. During interview with foreign workers at the Saremas 2 POM, Segarmas Estate and Saremas 2 Estates, they were satisfied with the accommodation and other facilities that provided by the Mill and estate to them. Housing inspections were carried out by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). Weekly cleanliness inspection were carried out and reported by the Medical Assistant. Concerns had been identified and appropriate actions were initiated. Records of inspection were verified. Saremas 2 POM, Segarmas Estate and Saremas 2 Estate have conducted water sampling analysis and the water quality of the sampling stations were within the class IIB of Natural Water Quality Standard (NWQS) for total coliform, fecal coliform, chlorine, nitrate nitrogen, lead, turbidity, colour and pH. Site visit to Line Site <i>Kongsi Baru</i> at Segarmas Estate and Saremas 2 Estate found the tank for treated water (from WTP) has been separated from the rain water harvesting tank. The cleanliness and condition of these linesite area have been monitored and maintained by management. Consultation with workers was also found they are satisfied with their housing conditions.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	The CU has made efforts to monitor their canteen operators through meetings. The latest JCC Meeting - Public Stakeholder meeting with canteen operator, contractors and suppliers was conducted November 2017 to discuss on controlled item prices, cheque clearing rate and other issues. All the canteen operators for Saremas 2 CU attended the meeting. Segarmas Estate and Saremas 2 Estate have monitored on control sundry price at canteen/sundry shop in October 2017. Saremas 2 POM has monitored canteen/sundry shop at least once a year. During visits to Canteen Su Sieng Hie, it was noted that price monitoring was carried out by the Mill manager in January 2018.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	A written statement on the freedom of association by the employees was established and approved by the AGM of the Sarawak Operations. The statement was 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 could join any registered organizations or associations. The workers are not unionised and was informed on freedom of association during signing of the employment contract. The worker's representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both committees meet held regular meetings. The workers whom were consulted had confirmed that they were aware of their rights to join a union.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	The Saremas 2 CU workers are not unionized. However, workers' representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet regularly.

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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 emphasised on child under 18 years must not be employed to work in hazardous jobs. This policy was displayed on notice boards for public viewing. Masterlist for Foreign Workers and Local Workers for March 2018, employment cards and copies of the passports for the foreign workers were reviewed during the audit. Auditor has verified that there was no underage workers (i.e. under 18) been hired in the CU.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	A policy statement on equal opportunity (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 was displayed at notice boards for employees and public viewing.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers 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. This was confirmed during interviews with local and foreigner workers at Saremas 2 Estate, Segarmas Estate and Saremas 2 POM.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	Saremas 2 CU has demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs was available in "Recruitment selection, Hiring and Promotion" for staff and "Recruitment of Workers" for workers. Record of new recruitment for one staff dated 1 November 2017 has been verified. 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 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 was displayed at notice boards in the office of the estates and mill. The policy had been communicated to all staffs and workers during morning muster and training on 2 April 2018 at Saremas 2 POM, 11 March 2018 at Saremas 2 Estate, and on 29 March 2018 at Segarmas Estate. Based on interview with female workers during site visit and at estate office, they were aware of the policy and had been briefed during Gender Committee Meeting. The policy also had been communicated to all staffs and workers during morning muster.
	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 was displayed at notice boards in the office of the estates and mill. Briefing on sexual harassment at workplace and reproductive right was also conducted to all levels of the workforce. At Saremas 2 Estate, the briefing on reproductive rights was conducted on 11 March 2018. For Segarmas Estate, the same topic briefing was conducted on 29 March 2018. At Saremas 2 POM, the Women and Children Committee had met on 24 August 2017 & 22 December 2017.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where	YES	For handling of sexual harassment issue, an SOP titled 'Sexual Harassment – Complaint / Investigation Procedure is available. The manager of the estates or mill was appointed as the responsible person to receive any grievance, conduct investigation and take necessary actions

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		requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance		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. The Women and Children Committee at the Saremas 2 POM, Saremas 2 Estate and Segarmas Estate had conducted a meeting on regular basis. The committees had briefed their members on the objectives of the establishment of the committee, mechanism to address issues related with women and children and their annual programme. It was confirmed during the consultation with committee member at Saremas 2 POM, Segarmas Estate and Saremas 2 Estate.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	YES	Saremas 2 POM does not buy outside crops or from the smallholders. Therefore, this indicator is not applicable.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	YES	Since the CU 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 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. The payment from the each of the sites was 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.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Interviews with representatives from the transporters were carried out accordingly. From the interviews, the auditor confirmed that the payment from the each of the sites was 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 communities shall be demonstrated. 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 have been allocated	YES	There is no scheme smallholders related with Saremas 2 CU as verified during site visit.

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		to improve smallholder productivity. Minor Compliance		
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. All passport for foreign workers have been kept in the Pigeon Box at the mill and estate office. The foreign worker can take his/her passport anytime. The key for his/her pigeon box also has been given to them. There is an agreement between foreign workers and management titled 'Pemberitahuan dan Persetujuan Mengenai Kemudahan Penyimpanan Dokumen Perjalanan/Paspot Pekerja Asing'.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There is no contract substitution occurred at Saremas 2 CU. 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 titled as "Recruitment of Workers" dated 22 May 2015 to employ foreign workers was established and implemented.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	YES	Saremas 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. The policy been communicated to all levels of workforce. Awareness on Human Right Policy was conducted on 29 March 2018 during the Muster Briefing at Segarmas Estate. At Saremas 2 Estate, the same training was conducted on 11 March 2018 and at Saremas 2 POM on 2 April 2018. The attendance lists with pictorial reports were verified during the audit.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Community Learning Centre (CLC) is available near to the Line Site to secure worker's children access to education as moral obligation. A total of 58 children with the age of 7 to 12 years old was schooling in CLC Segarmas estate. Free transportation was provided by Segarmas Estate to send children to CLC and children of local workers to Sekolah Kebangsaan Suai 1.

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### 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. Auditors has verified through checking the [www.globalforestwatch.com](http://www.globalforestwatch.com), GOOGLE Maps, Estate Maps and through site visit to the sampled estates area, the Saremas 2 and Segarmas estate. Based on the audit findings, it is confirmed that there were no new planting or new development of areas at Saremas 2 CU.

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	Both Estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates had planted beneficial plants mainly Tunera subulata and Antigonon leptopus. 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 and Nephrolepis bisserata 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 internal and external communication on environmental complaints had been handled in accordance with the established procedure. It was also noted that the CU had implemented greening programme at the riparian zone and conservation area.
	c)	Waste reduction (Criterion 5.3);	YES	The CU continued to practice 3R (reduce, recycle, re-use) programme on waste management. The Waste Management Plan was established for 2018. 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.

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	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Pollution and greenhouse gas (GHG) emission were identified in the Environmental Improvement Action Plan', where all waste products and sources of pollution were 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 were 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. In addition, new project of outside pigeon box for self-passport retention by foreign workers and new free working tools were provided (example; sickle, boot, sprayer pump, wheelbarrow, and others) for all workers for Saremas 2 CU starting this April 2017. Improvement facilities in Saremas 2 Estate, new "Sepak Takraw" was built, new tiles for crèche. Upgrading worker quarters at Segarmas Estate. High Tension Electric Cable project for new electricity from the biogas Plant from Saremas POM 2. Budget CAPEX 2018 has been verified during this audit.
	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 (harvest ripe bunches only and 100% loose fruit collection), maintaining soil fertility and using 60% clonal material in replants.

### RSPO CERTIFICATIONS SYSTEMS FOR PRINCIPLES & CRITERIA JUNE 2017

	Indicators		Comply Yes/No	Findings
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	YES	It has been confirmed that Saremas 2 CU received FFBs from its own supply base. Within the audited period in Year 2018, it was verified that all estate and mill under the name of PPB Plantation were already certified under RSPO scheme. No new acquisitions were sighted.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;		As mentioned above, this indicator was not applicable to the CU.



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	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	YES	No changes to the timebound plan.
4.5.4 Requirements for uncertified management units:	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 <sup>st</sup> January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;	YES	There were no uncertified management units at this CU, hence no replacement of the primary forest or any HCV area or no new planting development was sighted.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	There were no uncertified management units at this CU, hence no land conflicts issue arises.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	There was no uncertified management units at this CU hence, no land disputes issue arises.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	No uncertified management units at this CU, hence no legal compliance issue arises.
	(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self- declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> <li>A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement.</li> </ul>	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.

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		<ul style="list-style-type: none"> <li>Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team.</li> </ul>	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> <li>A desktop study e.g. web check on relevant complaints</li> </ul>	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> <li>If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements.</li> </ul>	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
<p>4.6.4</p> <p>The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p>		No additional indicators	Yes	As it has been mentioned in 2.2.1 of this checklist, the land was bought from Sarawak Government by SSB. SSB has also made a MoU agreement with indigenous Iban community with their free, prior and informed consent who residing in a longhouse within the plantation area. SSB has allowed local community to occupy, conduct livelihood, cultivating the settlement area, maintain burial grounds and practice all native customs and rites, consume or trade all the fruits and their cultivation, the rights to hunt and gather other forest produce naturally necessary for their culture and sustenance. There are currently two existing disputes; Iban and Penan Claim (as provided in 2.2.3). Based on the audit and the records available, it was evident that legal acquisition of land has been obtained by Saremas Sdn Bhd. It has been noted that the Penan people is appealing against the high court decision at the Court of Appeal and waiting for hearing date. While for the Iban Community, the status was stagnant since last audit in 2017.
<p>Note:</p> <p>1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&amp;C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;</p> <p>2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p>				

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### Attachment 4

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

P & C Indicator	Specificati on Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 4.1.2	Major (recurrence issues)	<p>#NCR No : STK-01.2018</p> <p>Finding: Item 2..1.3 of chapter 6 (2) Wilmar International Limited Agriculture Manual &amp; Standard Operating Procedure for Oil Palm not complied with.</p> <p>Objective Evidence: 1. - Segarmas Estate : Fertiliser NPK Super was observed to be applied in block 133 even-though palm circles were full of noxious weeds and woody growths.</p>	<p>Corrective Action: Management trained the new staff / employees handling fertilizer applicator based on good agriculture practices as per wilmar agriculture manual and standard operating procedure on 13/06/2018 -management also to carried out circle spraying in block 133</p> <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: closed, The effectiveness of the corrective action plan will be verified during next audit</p>
Indicator 4.6.4	Minor	<p>#NCR No : STK-02.2018</p> <p>Finding: The Chemical register was not complete.</p> <p>Objective Evidence: Segarmas Estate: Diesel, Petrol, Lubricants and fertisers were not included in the Chemical Register dated 21.02.2018</p>	<p>Corrective Action: - management immediately included and updated all the chemical such as diesel, petrol, lubricant and fertilizer inside chemical register by Senior Assistant Manager on 26/04/2018</p> <p>Auditor Verification: Corrective action plan accepted</p> <p>Status: The effectiveness of the corrective action plan will be verified during next audit</p>
4.7.2	Major	<p>#NCR NO: AB 01</p> <p>Finding : There was no HIRARC prepared for activities relating to Nursery and Replanting activities for Segarmas Estate and Saremas 2 Estate respectively.</p> <p>Objective evidence : It is stated that all operations where health and safety is an issue shall be assessed and procedures and actions to be documented. The document as compiled in the HIRARC list did not include activities for nursery and replanting. Common activities e.g. spraying, working under open space was incorporated in other general work.</p>	<p>Corrective Action: - the OSH committee immediately discussed and conducted an assessment to identified hazard at replanting and nursery.</p> <p>Auditor Verification: Evidence of HIRARC has been carried out on 26/04/2018 and results from that assessment has been carried out at nursery and replanting was made available to auditor</p> <p>Status: closed, The effectiveness of the corrective action plan will be verified during next audit</p>

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Indicator 4.7.3	Major	<p>#NCR No : RR 01 2018</p> <p>Finding: Recommendation made by CHRA 2017 was not implemented</p> <p>Objective Evidence: At Segarmas Estate emergency shower was not available at water treatment plant and medical surveillance for spraying operator was not carried out.</p>	<p>Corrective Action: -The management had immediately installed the emergency shower at water treatment plant. -medical surveillance has been carried out on 20/05/2018 at Mabello Group of Clinic (JKKP registration no: HQ/13/DOC/00/315) for 32 workers,</p> <p>Auditor Verification: -Sighted a picture of emergency shower has been installed at WTP at Segarmas Estate. - sighted the medical surveillance summary report for Segarmas Estate, performed by Dr Chia Sia Cheng from Mabello Group of clinics on 20/05/2018 for 32 workers. Results from these assessment were showed all the workers were fit to handling chemical.</p> <p>Status: closed, The effectiveness of the corrective action will be verified during next audit</p>
Indicator 4.8.2	Major (recurrence issues)	<p>#NCR No : STK-03.2018</p> <p>Finding: Records of training for GAP activities for workers were not available</p> <p>Objective Evidence: Segarmas Estate– At time of visit records of training for GAP activities like Harvesting, Pruning, Selective Weeding, Manuring, etc. were not available.</p>	<p>Corrective Action: Re-training on GAP was conducted on 12/06/2018. The training includes GAP Harvesting, Pruning, Selective Weeding, Manuring, etc. A proper record also kept for future reference.</p> <p>Auditor Verification: Sighted a recorded and picture training has been conducted ESH officer, Assistant Manager, and Manager on 12-13/06/2018 to cover all GAP activities such as harvesting, pruning, sanitation, etc.</p> <p>Status: closed, The effectiveness of the corrective action will be verified during next audit</p>

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Attachment 5

### RSPO SUPPLY CHAIN : AUDIT CHECKLIST (INCLUDING MULTISITE /GROUP CERTIFICATION OPERATIONS)

#### SECTION A : GENERAL INFORMATION

1. File Reference No.	: ES11320001
2. Name of facility/ site(s) /entity(ies)	: PPB Oil Palm Berhad – Saremas 2 POM
3. Site Location (single site/multisite/Group)	: KM 115, Bintulu-Miri Road, 97008 Bintulu, Sarawak
4. SC model	: Identity Preserved
5. Type of entity	: Mill / <del>Crusher / Refinery / Biodiesel plant / Primary Oleochemical / Secondary Oleochemical / End product manufacturer</del> <i>For oleochemicals and its derivatives, please check the conversion factor against the "RSPO Rules for Oleochemicals and its Derivatives" dated 1st December 2016</i>
6. RSPO Member Number	: 1-0011-04-000-00
7. Annual summary records of certified oil palm products purchased and claimed	: Projected for last year for period of April 17 until March 18 CPO Projected: 39,710.31* mt PK Projected: 8,612.40* mt CPO Sell: 36,093.75 mt CPO Claim as Identity Preserved: 36,093.75 mt CPO Claim as Non-RSPO: 0 mt PK Sell: 8,179.11 mt PK Claim as Identity Preserved: 8,179.11 mt PK Claim as Non-RSPO: 0 mt *Refer to extension of volume for CPO & PK, approved on 22/06/2018.

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

	Requirements	Remarks
	<b>Audit Process Requirements – FOR STAGE 2 / RECERTIFICATION AUDIT</b>	
5.3.8	The certification audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization seeking or holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.	Not applicable.

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	<b>Audit Process Requirements – SURVEILLANCE AUDIT</b>	
5.3.26	<p>The surveillance audit shall review whether the organizational systems, the management systems and the operational systems, including any documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.</p> <p>In cases where an organization seeking certification outsources activities to independent third parties, a risk assessment shall be done by the CB to determine whether an audit of the sub-contractor is required. If the outsourced contractor holds RSPO Supply Chain certification, then it does not require an additional audit.</p>	<p>Saremas 2 POM Organizational, management systems and the operational systems, documented policies and procedures of the organization holding certification, are sufficient and adequately implemented to meet the intent and requirements of the RSPO Supply Chain Certification Standard.</p> <p>Sighted Saremas 2 palm oil mill documented procedure 'SOP Traceability and 'SOP Mass Balance'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module E – CPO Mills : Mass balance. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the certification of the suppliers. The revised procedure has addressed MSPO word in procedure and ISCC and MSPO Requirement. The is no evidence that Saremas 2 POM seeking certification outsources activities to independent third parties.</p>

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

	<b>Requirements</b>	<b>Remarks</b>
<b>1</b>	<b>Applicability of the general chain of custody requirements for the supply chain</b>	
1.1	<p>Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- For client with SG or IP in the scope, check the weighbridge system, packaging, receiving, loading and storage facility area.</li> </ul>	Saremas 2 POM has legal ownership and physically handles RSPO certified sustainable crude palm oil and palm kernel.
1.2	Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable due to Saremas 2 POM is processing facility.
1.3	Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform	RSPO membership no : 1-0011-04-000-00 Registered under parent company: PPB OIL PALMS BERHAD
1.4	Processing aids do not need to be included within an organization's scope of certification.	No processing aid involved in Saremas 2 POM scope of certification
<b>2</b>	<b>Supply chain model</b>	
2.1	<p>The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can be done in the following order: Identity Preserved -&gt; Segregated -&gt; Mass Balance.</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- For MB check the conversion factor used and the mass balance table.</li> </ul>	Saremas 2 POM has aware on the need to downgrading of supply chain model. Incoming FFB and products dispatch record was verified and confirmed no downgrading was implemented.

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2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	Saremas 2 POM has continued to maintain IP model.
<b>3</b>	<b>Documented procedures</b>	
3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:	Saremas 2 palm oil mill documented procedure 'SOP Traceability and 'SOP Supply Chain and Traceability'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module D – CPO Mills : Identity Preserved. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the certification of the suppliers. The revised procedure has addressed MSPO word in procedure and ISCC and MSPO Requirement. The revised procedure has addressed ISCC and MSPO Requirement.
a)	Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements.	Supply chain procedure was revised in Sept 2017. The Procedure was sighted and found all elements of the RSPO Supply Chain standard were covered.
b)	Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records).	Sighted CPO and PK production record, weighbridge report, dispatch record and training record was up to date and well maintained.
c)	Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard.	The Chief Clerk has had the overall responsible and authority over the implementation of RSPO supply chain requirement in RSPO Saremas 2 POM. Interview with sustainability committee member, mill manager, assistant mill manager & weighbridge operator was confirmed they are understood the supply chain requirements.
3.2	<p>The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <p>i. Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.</p> <p>ii. Effectively implements and maintains the standard requirements within its organization.</p> <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.</p>	<p>RSPO internal audit was conducted in Oct 2017 by the internal auditor. The internal audit has follow the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. There are 1 nonconformance report (NCR) were raised by auditor regarding the Calibration Certificate. Audit Attendance sheet, audit plan, audit notes, was sighted by auditor.</p> <p>.</p>
<b>4</b>	<b>Purchasing and goods in</b>	
4.1	<p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> <li>The name and address of the buyer;</li> </ul>	<p>Saremas 2 POM had continued received FFB supply from own company estate namely Saremas 2 estate, Kaminsky estate, Segarmas estate and Saremas 1 estate.</p> <p>Sighted FFB consignment note for Saremas 2 estate, Kaminsky estate, Segarmas estate and Saremas 1 estate from 15 November 2017 till 25 March 2018. Among the information available on the FFB consignment note are estate name, delivery date, no of FFB bunches, FFB weight.</p>

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	<ul style="list-style-type: none"> <li>• The name and address of the seller;</li> <li>• The loading or shipment / delivery date;</li> <li>• The date on which the documents were issued;</li> <li>• A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</li> <li>• The quantity of the products delivered;</li> <li>• Any related transport documentation;</li> <li>• Supply Chain certificate number of the seller;</li> <li>• A unique identification number.</li> </ul> <p>Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).</p>	
a)	<p>The site shall have documentation that demonstrate that purchases are made to the material category agreed with their supplier (IP, SG or MB).</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Obtain list of all suppliers and list of purchase orders/invoices issued to the suppliers</li> <li>- Check for agreement/contracts signed with suppliers</li> <li>- Sampling of purchase orders/invoices shall be done on a random basis and the minimum number of samples selected shall be based on the square root formula for each suppliers.</li> <li>- Ensure the purchase orders/invoices have the supplier's Supply Chain number.</li> </ul>	Saremas 2 POM had continued received source of RSPO certified FFB from own group estate. Saremas 2 POM has continued to implement and comply with the procedure in handling of purchasing and receiving as per RSPO standard requirements. Among the samples of all document dated from 15 November 2017 till 25 March 2018 related to incoming FFB from Saremas 2 estate, Kaminsky estate, Segarmas estate and Saremas 1 estate.
b)	<p>The site ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcement and Shipping Confirmation on the RSPO IT platform on the level of each shipment.</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Request the PIC to demonstrate the use of the RSPO IT platform.</li> </ul>	Saremas 2 POM has registered in IT platform
c)	<p>A check of the validity of the Supply Chain Certification of suppliers for all sites that are SC certified. This shall be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements.</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Request for list of suppliers</li> <li>- Request the PIC to demonstrate where in the RSPO IT platform this can be found.</li> </ul>	Saremas 2 POM had continued received source of RSPO certified FFB from own group estate.
4.2	The site shall have a mechanism in place for handling non-conforming	Saremas 2 POM has established Weighbridge Nett is cater to control incoming material



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	material and/or documents.	and outgoing products. The FFB supplier & Product buyer & its vehicle registration has to been registered in the system prior weighing. RSPO Supply Chain procedure has indicated that the mechanism to handle nonconforming material/documents such as validity of certificate supplying estate.
<b>5</b>	<b>Outsourcing activities</b>	
5.1	<p>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.</p> <p><i>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</i></p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Request for list of appointed subcontractors</li> <li>- Check on the availability of signed agreement or contract on the outsourced activity.</li> </ul>	<p>There are 5 outsource company CPO and PK. The agreement document was available and communication on the RSPO supply chain requirement were communicated to them. Record of training was sighted.</p>
5.2	<p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ol style="list-style-type: none"> <li>a) The site has legal ownership of all input material to be included in outsourced processes;</li> <li>b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The responsibility is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.</li> <li>c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</li> <li>d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.</li> </ol> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Check the signed agreement has included a provision as required in para (d) of this requirement.</li> </ul>	<ol style="list-style-type: none"> <li>a) There are 5 outsource companies for CPO and PK. The agreement document was available and communication on the RSPO supply chain requirement were communicated to them.</li> <li>b) There is contract document between Saremas 2 POM and the transporters.</li> <li>c) The RSPO Supply Chain procedure has described on outsource activity.</li> <li>d) Inspection was carried out as additional effort to ensure no contamination sighted book at AP Post.</li> </ol>
5.3	The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials.	List of contact person for both transporters were made available and up-to-date.

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5.4	The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials.	No new contractors used for the processing or production of RSPO certified materials.
<b>6</b>	<b>Sales and goods out</b>	
6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> <li>• The name and address of the buyer;</li> <li>• The name and address of the seller;</li> <li>• The loading or delivery date;</li> <li>• The date on which the documents were issued;</li> <li>• A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</li> <li>• The quantity of the products delivered;</li> <li>• Any related transport documentation;</li> <li>• Supply chain certificate number;</li> <li>• A unique identification number.</li> </ul> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Sampling of shipping documents shall be done on a random basis and the minimum number of samples selected shall be based on the square root formula for each customer</li> <li>- Conduct traceability verification during the audit.</li> </ul>	<p>The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by PPB Oil Palms Berhad and Marketing Department (HQ) on behalf of Saremas 2 POM.</p> <p>From 28 December 2017 to 30 January 2018, Saremas 2 POM had delivered 3,650 MT of CPO IP to 1 buyer only (Bintulu Edible Oils Sdn Bhd.) and From 5 February 2018 to 7 March 2018 620 MT of PK IP to 1 buyer only (Bintulu Edible Oils Sdn Bhd.).</p> <p>Sample of deliveries document were sighted during the audit and it was found all related information were adequate. Saremas 2 POM's RSPO certificate number and product name together with model used were stated in the delivery documents.</p>
<b>7</b>	<b>Registration of transactions</b>	
7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> <li>• are supply chain actors between the mill and final refinery;</li> <li>• take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and</li> <li>• are part of the supply chain of RSPO Certified Sustainable oil palm products</li> </ul> <p>must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.</p>	Saremas 2 POM has legal ownership and physical handle RSPO certified sustainable CPO and PK.
<b>8</b>	<b>Training</b>	
8.1	<p>The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.</p> <p><u>Additional Guidance:</u></p>	Training plan has included the RSPO Supply chain training scheduled in May 2018 and Oct 2018 for staff & workers.

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	<ul style="list-style-type: none"> <li>- Availability of an approved annual training plan; and</li> <li>- Training record (training attendance list)</li> </ul>	
8.2	<p>Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system.</p> <p>Training shall be specific and relevant to the task(s) performed.</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- Request the list of personnel involved in managing the RSPO SC system in the company</li> <li>- Check the training identified for the personnel and interview to verify the effectiveness of the training</li> <li>- Request for the training materials and check on the training effectiveness.</li> </ul>	<p>Training was conducted for workers in Feb 2017 by the PIC Hanib Libon attended relevant personnel. Attendance list &amp; photograph was seen.</p> <p>The lead auditor for RSPO internal audit has experience regarding SCCS almost 4 years and already trained by internal personnel.</p>
<b>9</b>	<b>Record keeping</b>	
9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	Sighted CPO and PK delivery note, weighbridge ticket, production data and internal audit records were found up-to-date.
9.2	Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	Relevant record was maintained for more than 2 years
9.3	The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	From 28 December 2017 to 30 January 2018, Saremas 2 POM had delivered 3,650 MT of CPO IP to 1 buyer only (Bintulu Edible Oils Sdn Bhd.) and From 5 February 2018 to 7 March 2018 620 MT of PK IP to 1 buyer only (Bintulu Edible Oils Sdn Bhd.).
<b>10</b>	<b>Conversion factors</b>	
5.10.1	<p>Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (<a href="http://www.rspo.org">www.rspo.org</a>). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website (<a href="http://www.rspo.org">www.rspo.org</a>).</p> <p><u>Additional Guidance:</u></p> <ul style="list-style-type: none"> <li>- For secondary oleoderivatives – the quantity based on molecular weight relative (refer to table 4 of the RSPO Rules for Oleochemicals and its Derivatives) to the primary oleochemical feedstock</li> </ul>	The OER and KER used as the conversion factor.

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10.2	Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate. <u>Additional Guidance:</u> - Request client to demonstrate the conversion factor used and check the mass balance table.	This has been carried out accordingly.
<b>11</b>	<b>Claims</b>	
11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules on Communications and Claims.	No claim was made.
<b>12</b>	<b>Complaints</b>	
12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints. <u>Additional guidance</u> - Procedure shall cover complaints from customers and stakeholders.	Documented procedure has established to address collecting and resolving the complaint.
<b>13</b>	<b>Management review</b>	
13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	Documented procedure has defined management review will be conducted once a year
13.2	The input to management review shall include information on: <ul style="list-style-type: none"> <li>• Results of internal audits covering RSPO SCCS</li> <li>• Customer feedback</li> <li>• Status of preventive and corrective actions</li> <li>• Follow-up actions from management reviews</li> <li>• Changes that could affect the management system</li> <li>• Recommendations for improvement</li> </ul>	Management review meeting in Jan 2018 (combine RSPO SC and ISCC) Recommendation for improvement Recourse sufficient.
13.3	The output from the management review shall include any decisions and actions related to: <ul style="list-style-type: none"> <li>• Improvement of the effectiveness of the management system and its processes</li> <li>• Resource needs</li> </ul>	

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### Saremas 2 palm oil mill – Identity Preserved Model –Module D

Item No	Requirement NOV 2014	Findings Standard Nov 2014
<b>D.1</b> D.1.1	<b>Defination</b> To verify : a) the volume of certified and uncertified FFB entering the mill b) the volume sales of RSPO certified  The claim only the volume of oil palm products produced from processing of the certified FFB as MB	<b>Actual (April 2017 – March 2018)</b>  <div style="text-align: right; margin-right: 20px;"><u>MT</u></div> a) FFB Received <b>168,522.91</b> RSPO 168,522.91 Non-RSPO 0 FFB Processed <b>168,522.69</b> RSPO 168,522.69 Non-RSPO 0 CPO Production <b>36,104.87</b> PK Production <b>8,101.26</b>  b) Delivery of CPO <b>36,093.75</b> RSPO(IP) 36,093.75 Non-RSPO 0 Delivery of PK <b>8,179.11</b> RSPO(IP) 8,179.11 Non-RSPO 0
<b>D 2</b> D.2.1	<b>Explanation</b> Estimate total tonnage of CPO and PK potentially produce in a year	<b>Projection (April 2018 – March 2019)</b>  <div style="text-align: right; margin-right: 20px;"><u>MT</u></div> (1) FFB Received <b>167,953.44</b> RSPO 167,953.44 Non-RSPO 0  (2) FFB Processed <b>167,953.44</b> RSPO 167,953.44 Non-RSPO 0 (3) CPO Production <b>36,762.94</b>  (4) PK Production <b>7,762.87</b>
<b>D. 2</b> D 2.2	<b>Explanation</b> 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).	SAREMAS 2 POM has registered RSPO e-Trace. All RSPO certified CPO and PK under IP model delivered to 1 buyer namely Bintulu Edible Oils Sdn Bhd
<b>D 3</b> <b>D 3.1</b>	<b>Documented procedures</b> 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:	Saremas 2 palm oil mill documented procedure 'SOP Traceability and 'SOP Supply Chain and Traceability'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module D – CPO Mills : Identity Preserved. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the

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	<p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>certification of the suppliers. The revised procedure has addressed MSPO word in procedure and ISCC and MSPO Requirement.</p> <p>The revised procedure has addressed MSPO word in procedure and ISCC and MSPO Requirement.</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 sighted appointment letter dated 25/9/13.</p>
<b>D 3.2</b>	The site shall have documented procedures for receiving and processing certified and non-certified	<p>Saremas 2 palm oil mill has continued to implement documented procedure 'SOP Supply Chain and related receiving and processing respectively. This documented procedure has described on the following:</p> <ul style="list-style-type: none"> <li>• FFB despatch note from the estates brought by the lorry driver – to indicate the name of the estate, FFB weight, date of delivery, Field No. or collection ramp no., vehicle no and name of driver.</li> <li>• Weighbridge ticket from Saremas 2 palm oil mill to indicate the mill weight, FFB despatch no., date of receipt, supplier estate and vehicle no.</li> </ul> <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>
<b>D.4</b> D.4.1	<p><b>Purchasing and goods in</b></p> <p>The site shall verify and document the tonnage and sources of certified and the tonnage of 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 will be followed by checking and verification by the Weighbridge Clerk to determine details on the dispatch note tallied with the incoming FFB such as supplying estate and weight (volume).</p> <p>All certified FFB came from Saremas 2 CU estates. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified FFBs received by the mill had been properly recorded and monitored.</p>
<b>D 4.2</b>	The site shall inform the CB immediately if there is a projected overproduction.	<p>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.</p>
<b>D.5</b> D.5.1	<p><b>Record keeping</b></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 has maintained the three-monthly accounting system to record RSPO certified FFB and deliveries of RSPO certified CPO and PK. The Record titled are " <i>Quarterly Report/Fixed Inventory Period 2018</i> ".</p>
<b>D 6</b>	The site shall assure and verify through documented procedures and	<p>As SAREMAS 2 POM only processing RSPO certified FFB. It was not necessary for the POM to physically segregate the certified FFB during the receiving and processing.</p>

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<b>D.6.1</b>	record keeping that the RSPO certified oil palm product is kept segregated from noncertified material including during transport and storage.	Agreements with the transport companies reviewed and comply with the intent and requirements of the RSPO supply chain certification standard.
<b>D.6.2</b>	The objective is for 100 % segregated material to be reached.	Saremas 2 POM does not accept any non-certified FFB. It was confirmed through summary of weighbridge ticket and interview with weighbridge operator. Therefore, CPO and PK can be considered 100% segregated.

### Attachment 6

#### Status of Non-Conformities Previously Identified Surveillance Audit 2017 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 2.1.1	Major	<p>#NCR No : RAR 02 2017</p> <p>Finding:</p> <ul style="list-style-type: none"> <li>- The factories and machinery (notification, certificate of fitness and inspections) regulations, 1970 regulation 10(2) was not complied with.</li> <li>- Occupational safety and health (use and standard of exposure of chemicals hazardous to health) regulation 2000 was not complied with.</li> </ul> <p>Objective Evidence:</p> <ul style="list-style-type: none"> <li>• At Kaminsky Estate (contractor workshop) air compressor certification of fitness and pressure vessel nameplate was not available during the audit.</li> <li>• CHRA has recommended that the manuring operator to use mask/respirator during their work. Sighted during field visit at Saremas 2 and Kaminsky Estate that the workers were not using mask or respirator.</li> </ul>	<p>Corrective Action:</p> <ul style="list-style-type: none"> <li>- The contractor had removed faulty air compressor. The contractor was informed the permit requirement if they intended to use any air compressor.</li> <li>- The Management had provided adequate PPE for the manuring operation. This will be continuously monitored.</li> </ul> <p>Auditor Verification:</p> <ul style="list-style-type: none"> <li>- Sighted the letter from the contractor to Kaminsky's management that they already write- off the compressor and the compressor has been removed from estate.</li> <li>- Evidence of PPE provided to the workers by the Estate's management were provided. Training was also held on 27 April and 3 May 2017</li> </ul> <p>Status: Closed</p>
Indicator 4.1.2	Minor	<p>#NCR No : STK-01.2017</p> <p>Finding:</p> <p>The Note No (ii) of item 2.2.2 of chapter 6 (2) Wilmar International Limited Agriculture Manual &amp; Standard Operating Procedure for Oil Palm not complied with</p> <p>Objective Evidence:</p>	<p>Corrective Action:</p> <p>Eradicating of the woody growth and other noxious weed had been conducted and started on 9<sup>th</sup> 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.</p> <p>Auditor Verification:</p>

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		- Kaminsky Sdn Bhd – At time of visit, large number of woody growths & other noxious weeds were found in Blocks 5 and 7.	During site visits at Segarmas Estate : Fertiliser NPK Super was observed to be applied in block 133 even-though palm circles were full of noxious weeds and woody growths.  Status: upgraded
Indicator 4.3.4	Major	#NCR No : STK-02.2017 Finding: The management of peat soils had not been carried out.  Objective Evidence: 1. Kaminsky Sdn Bhd – At time of visit the subsidence of peat soils was not monitor and water management and ground cover management was not carried out in Blocks 33 & 34.	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 <sup>th</sup> to 19 <sup>th</sup> 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 <sup>th</sup> to 19 <sup>th</sup> April 2017 were provided to the audit team. A copy of the monitoring form for peat management was also sighted. During site visit at both estates sampled, there was no peat soil  Status: Closed
Indicator 4.8.2	Minor	#NCR No : STK-03.2017 Finding: Records of training for GAP activities for workers were not available  Objective Evidence: Saremas 2 Estate & Kaminsky Sdn Bhd – At time of visit records of training for GAP activities like Harvesting, Pruning, Selective Weeding, Manuring, etc. we're not available.	Corrective Action: Re-training on GAP was conducted on 20 <sup>th</sup> April 2017. The training includes GAP training for harvesting, Manuring and Spraying. A proper record also kept for future reference.  Auditor Verification: There was some training such as GAP training has not been conducted at CU, therefore minor NCR has been upgraded to major NCR.  Status: upgraded to major NCR
Indicator 5.2.4	Minor	#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. But Auditor has Sighted the Encroachment HCV area at Saremas 2 Estate block 088, One	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 in Saremas 2 on 19 <sup>th</sup> April 2017. Verbal warning also delivered during the training for those who found encroaching the HCV area.  Auditor Verification:



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		tree identified as 'Nyatoh' from Family <i>Sapotaceae</i> has been cut but no trace of timber extraction. The monitoring could be improved due to encroachment was in the middle of month.	Sighted monitoring on HCV areas has been conducted 2 times a month by AP and staff in charge. Thus, previous NCR was satisfactory closed  Status: closed
Indicator 5.3.1	Major	<p>#NCR No : RAR 01 2017</p> <p>Finding:</p> <ul style="list-style-type: none"> <li>Sources of pollution was not identified.</li> </ul> <p>Objective Evidence:</p> <ul style="list-style-type: none"> <li>At Saremas 2 Estate - Traces of diesel spillage at land (outside genset house).</li> <li>At Kaminsky Estate - Traces of oil spillage and a housekeeping (bottle, lubricant drums, and iron) at contractor workshop was very poor.</li> </ul>	<p>Corrective Action:</p> <ul style="list-style-type: none"> <li>A proper placement of the diesel drum had been constructed on the 20<sup>th</sup> April 2017 and all the diesel spillage had been recovered.</li> <li>The contractor concern had conducted and upgraded their housekeeping. (completed 3 May 2017)</li> <li>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 21<sup>st</sup> April 2017.</li> </ul> <p>Auditor Verification:</p> <p>During site visit at both estates, all sources of pollution has been identified and has taken an action to prevent it occur. Sighted at workshop areas all the diesel tank has been installed with proper bund and tray to prevent it from spillage, thus previous NCR was satisfactory closed</p> <p>Status: Closed</p>
Indicator 6.1.3	Major	<p>#NCR No : MZK 01 2017</p> <p>Finding:</p> <p>Actions of implementation for addressing some of complaints from employees not explicitly evidence and effectively implemented.</p> <p>Objective Evidence:</p> <p>Complaints from Workers at Saremas 2 POM - The disposal of Domestic Waste from Dustbin of Workers Quarters was delayed, resulting stray dogs further spreading out the waste and messing up the place.</p>	<p>Corrective Action:</p> <ul style="list-style-type: none"> <li>Saremas 2 Estate has agreed to provide transport for transporting SPOM 2 housing domestic waste to designated landfill.</li> <li>A proper domestic waste disposal timetable had been develop for making sure the waste was transport out to the designated landfill</li> </ul> <p>Auditor Verification:</p> <p>During site visit at POM. Rubbish collection has been conducted 3 time per week and disposed to landfill which located far from housing complexes and water bodies. Thus, previous NCR was satisfactory closed.</p> <p>Status: Closed</p>