



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

File Ref.: EP09760004

RSPO PUBLIC SUMMARY REPORT

CLIENT : PPB OIL PALMS BHD – SRI KAMUSAN CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

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

LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):

(In the case of multisite certification, list additional sites in attachments)

Certification Unit	Mill / Estate	Location		
		Latitude	Longitude	Address
Sri Kamusan Certification Unit (CU)	Sri Kamusan POM	N6°12'14"	E117°17'27"	Km 238 off Jalan Nangoh Pitas, Labuk Sugut, Sandakan, Sabah, Malaysia
	Sri Kamusan Estate	N6°12'31"	E117°19'17"	
	Hibumas 1 Estate	N6°13'12"	E117°32'53"	
	Hibumas 2 Estate	N6°16'16"	E117°28'23"	
	Jebawang Estate	N6°18'48"	E117°24'28"	
	Sekar Imej Estate	N6°15'52"	E117°16'54"	
	Sapi Sugut Estate	N6°14'34"	E117°17'09"	

MAP : See Attachment 1

AUDIT DATE : 12-16 March 2018

DURATION : 15 auditor days

TYPE OF AUDIT : Annual Surveillance Audit

Recertification Audit

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

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

VALIDITY OF RSPO CERTIFICATE : 13 May 2016 - 12 May 2021

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : Mohd Zulfakar Kamaruzaman

Name : Edrin Moss

Signature :

Signature :

Date : 11 June 2018

Date : 21 June 2018

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SUMMARY OF AUDIT

Recertification audit			
On-site audit date :	15-19 February 2016	No. of auditor days :	20 Auditor days
Audit team :	Mohd Razman Salim (LA), Mohd Zulfakar Kamaruzaman, Selvasingam T. Kandiah, Jagathesan a/l Suppiah		
No. of major NCR(s) :	-		Closing date :
No. of minor NCR(s) :	-		
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers
	x		x
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractor	Others (Please specify)
	x	x	x
Supply base sampled :	Hibumas 2 and Sekar Imej		

Annual Surveillance Audit 1			
On-site audit date :	20-24 March 2017	No. of auditor days :	15 Auditor Days
Audit team :	Mohd Zulfakar Kamaruzaman (LA), Mohd Razman Salim, Rozaimiee Ab Rahman		
No. of major NCR(s) :	-	Indicator:	Closing date :
No. of minor NCR(s) :	2	Indicator : 4.1.2 and 6.10.1	
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers
	X		x
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractor	Others (Please specify)
	X	X	X
Supply base sampled :	Jebawang Estate and Sapi Sugut Estate		
Changes since the last audit :	Upgraded capacity of mill from 40mt/hr to 60 mt/hr.		

Annual Surveillance Audit 2			
On-site audit date :	12-16 March 2018	No. of auditor days :	15
Audit team :	Mohd Zulfakar Kamaruzaman (LA), Rozaimiee Ab Rahman, Selvasingam T. Kandiah		
No. of major NCR :	2	Indicator: 4.7.2, 4.7.3	Closing date :5/6/2018
No. of minor NCR :	1	Indicator: 4.7.7	
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers
	√		√
	Contract workers	NGOs	Govt. agency
	Indigenous people	Contractor	Others (Please specify)
	NA	√	
Supply base sampled :	Sri Kamusan Estate and Hibumas 1 Estate		
Justification of audit planning :	Total allocation of auditor days for Sri Kamusan CU were: Mill = 4 days (3 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Sri Kamusan Estate = 5 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV and GHG verification.		

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	Hibumas 1 Estate = 6 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV and GHG verification plus the estate location is very far inside and almost 2 years the auditor did not enter due to sampling, take extra mandays to verify everything.		
Changes since the last audit :	Mr Idrus waris promoted from Senior Assistant Manager to Manager and Transfer from Hibumas 1 to Sri Kamusan Estate. Mr Fadlee Yunsir Transfer from Sri Kamusan Estate to Hibumas 1 Estate.		
Report approved by :	Radziah Mohd Daud	Approval date :	11/06/2018

Annual Surveillance Audit 3				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date	
No. of minor NCR :		Indicator : -		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractors	Others (Please specify)	
Supply base sampled :				
Justification of audit planning				
Changes since the last audit :				
Report approved by :		Approval date :		

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

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SUMMARY OF INFORMATION

TABLE 1

	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period	February 2016 – January 2017	March 2017- February 2018	March 2018- February 2019		
Certified FFB Processed (MT)	321,670.00	302,322.33	149,669.33		
Production of Certified CPO (MT)	34,837.00	32,449.63	32,178.91		
Production of Certified PK (MT)	7,125.75	5,368.77	6,735.12		
Certified Areas (Ha)	14,258.10	14,258.10	14,258.10		
Planted Area (Ha) (Mature + Immature)	7,438.25	7,438.25	7,438.25		
Production Area (Ha) (Planted – Immature)	7,438.25	7,438.25	7,438.25		
HCV Areas	4,488.86	4,488.86	4,488.86		
REMARKS	-	-	Noted that based on the on-going survey, 291.79 Ha from the total of Production Area was considered as Unproductive Area.		

TABLE 2

	PO	PK
Last years certified volume (MT)	32,449.63	5,368.77
Last years actual certified sold (MT)	13,614.60	5,152.52
Last years actual sold under other schemes (MT)	10,625.84	0.00
Last years sold conventional (MT)	0	0
New year certified volume (MT)	32,178.91	6,735.12

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1.0 AUDIT PROCESS

1.1 Certification Body

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

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

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd. Zulfakar Kamaruzaman	Auditor Team Leader / Supply Chain, Social and HCV	Holds a B.Sc. Forestry. He had several years of working experience in the oil palm operation. He is a qualified RSPO P&C and RSPO Supply Chain Lead Auditor.
Rozaimiee Ab. Rahman	Auditor / Environment and occupational health and safety (Estate)	Holds a B. Sc. Of Agriculture. He had several years of working experience in the oil palm operation. He is a qualified auditor for RSPO P&C.
Selvasingam T. Kandiah	Auditor Good Agricultural Practices	Holds a B. Sc. (Hons) in Agriculture. He had worked as a planter with Kumpulan Guthrie Berhad before retiring including in Liberia. He is a qualified auditor for RSPO P&C & MSPO.

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1.3 Audit methodology

The audit covered the Sri Kamusan Oil Mill and two of its supply bases. The sampling of the number of the supply base was using the formula of $0.8\sqrt{y}$. The two-supply base covered during the audit are Sri Kamusan and Hibumas 1 Estates. The audit included an on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

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

1.5 Audit plan:

Refer to Attachment 2.

1.6 Date of next audit:

The next surveillance audit will be conducted within 12 months but not sooner than 8 months from this audit.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The Sri Kamusan Palm Oil Mill (Sri Kamusan POM) certification unit (CU) is a wholly owned subsidiary company of PPB Oil Palms Berhad (PPB). The CU consisted of the Sri Kamusan POM and six of its estates, namely the Sri Kamusan Estate, Hibumas 1 Estate, Hibumas 2 Estate, Jebawang Estate, Sekar Imej Estate and Sapi Sugut Estate. The audit did not cover the independent smallholders that had been supplying fresh fruit bunches (FFBs) to the mill.

The Sri Kamusan POM commenced its operations in 2005 and currently had a capacity of processing 60 MT/hour of FFBs. Biogas plant is in progress and expected to be commissioned by 2018. The total combined land area of the six supply base is 14,258.10 hectares (Ha) of which 7,438.25 Ha had been planted with oil palm.

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

The FFB is sourced from company owned estates that were certified and smallholders and smallgrowers surrounding the Sri Kamusan CU.

Details of the FFB actual and projected contribution from each source to the mill are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period
(March 2017- Feb 2018)

Estates	FFB Production	
	Tonnes	Percentage (%)
Sri Kamusan Estate	31,137.17	10.17
Hibumas 1 Estate	26,078.57	8.52
Hibumas 2 Estate	38,395.61	12.54
Jebawang Estate	7,869.23	2.57
Sekar Imej Estate	13,461.70	4.40
Sapi Sugut Estate	8,647.30	2.82
Total (certified)	125,589.58	41.01
Outsiders (non-certified)	180,658.92	58.99
Total	306,248.50	100.00

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Sri Kamusan Estate	33,883.33	10.76
Hibumas 1 Estate	34,474.33	10.95
Hibumas 2 Estate	45,961.67	14.60
Jebawang Estate	8,083.33	2.57
Sekar Imej Estate	17,550.00	5.57
Sapi Sugut Estate	9,716.67	3.09
Total (certified)	149,669.33	47.53
Outsiders (non-certified)	165,225.00	52.47
Total	314,894.33	100.00

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Table 3: Actual FFB received and CPO & PK dispatch by the Sri Kamusan POM for the last reporting period (March 2017- Feb 2018)

–	Total (MT)
FFB Received	306,248.50
FFB Processed	306,104.43
Certified FFB	125,589.58
Non Certified FFB	180,658.92
CPO Production	62,188.26
PK Production	12,138.37
CPO delivered as RSPO certified	13,614.60
CPO delivered as non-RSPO certified (included CPO that sold as ISCC certified)	47,100.67
PK delivered as RSPO certified	5,152.52
PK delivered as non-RSPO certified	7,049.58

Table 4: Projected FFB received and CPO & PK dispatch by Sri Kamusan POM of next reporting period (March 2018 to Feb 2019)

–	Total (MT)
FFB Received	314,894.33
FFB Processed	314,894.33
Certified FFB	149,669.33
Non Certified FFB	165,225.00
CPO Production	67,702.28
PK Production	14,170.25
CPO delivered as certified	32,178.91
CPO delivered as non-certified	35,523.38
PK delivered as RSPO certified	6,735.12
PK delivered as non-certified	7,435.13

Table 5: Planted and certified area of the Sri Kamusan CU

Estate	Planted (ha)	Certified (ha)
Sri Kamusan Estate	1,565.91	2,832.00
Hibumas 1 Estate	1,829.77	2,449.38
Hibumas 2 Estate	2,121.48	3,472.62
Jebawang Estate	324.32	403.80
Sekar Imej Estate	1,011.24	3,642.00
Sapi Sugut Estate	585.53	1,458.30
Total	7,438.25	14,258.10

Table 6: Planting profile for Sri Kamusan Estate

Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
2000	1 st Generation	Mature	390.47	24.94
2002	1 st Generation	Mature	386.93	24.71
2003	1 st Generation	Mature	788.51	50.35
Total			1,565.91	100.00

Table 7: Planting profile for Hibumas 1 Estate

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Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
1999	1 st Generation	Mature	1,068.72	58.41
2000	1 st Generation	Mature	201.87	11.03
2001	1 st Generation	Mature	224.67	12.28
2004	1 st Generation	Mature	125.41	6.85
2006	1 st Generation	Mature	139.60	7.63
2007	1 st Generation	Mature	69.50	3.80
Total			1,829.77	100.00

Table 8: Planting profile for Hibumas 2 Estate

Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
2000	1 st Generation	Mature	488.80	23.04
2005	1 st Generation	Mature	751.59	35.43
2006	1 st Generation	Mature	803.40	37.87
2007	1 st Generation	Mature	77.69	3.66
Total			2,121.48	100

Table 9: Planting profile for Jebawang Estate

Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
2003	1 st Generation	Mature	324.32	100
Total			324.32	100

Table 10: Planting profile for Sekar Imej Estate

Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
2004	1 st Generation	Mature	185.13	18.31
2005	1 st Generation	Mature	135.91	13.44
2007	1 st Generation	Mature	121.63	12.03
2008	1 st Generation	Mature	377.82	37.36
2009	1 st Generation	Mature	190.75	18.86
Total			1,011.24	100.00

Table 11: Planting profile for Sapi Sugut Estate

Year of Planting	Planting Cycle	Maturity Status	Planted Area (ha)	Percentage of Planted Area
2004	1 st Generation	Mature	158.94	27.14
2005	1 st Generation	Mature	426.59	72.86
Total			585.53	100

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2.3 Organizational Information/Contact Person

The details of the contact person is as shown below: Sri Kamusan CU

Name	:	Mr. Colman Ng Pin Wah
Position	:	Group Manager
Address	:	Sri Kamusan CU Km 238 off Jalan Nangoh Pitas, Labuk Sugut, Sandakan, Sabah, Malaysia.
Phone no.	:	+089-259105
Fax no.	:	+089-259102
Email	:	colman.ngpinwah@my.wilmar-intl.com

3.0 AUDIT FINDINGS

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

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

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

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

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

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

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

N/A

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

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

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

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

N/A

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

Yes, Mr Idrus Waris promoted from Senior Assistant Manager to Manager and Transfer from Hibumas 1 to Sri Kamusan Estate. Mr Fadlee Yunsir Transfer from Sri Kamusan Estate to Hibumas 1 Estate.

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3.4 Status of previous non-conformities *

Closed

Not closed*

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

3.5. Complaint received from stakeholder (if any)

No complaints from stakeholders were observed.

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s)
(details refer to Attachment 4) List : 2 STK 01 2018 and RAR 01 2018

Total no. of major NCR(s)
(details refer to Attachment 4) List : 1 STK 02 2018

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

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

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

5.0 AUDIT CONCLUSION

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

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6.0 RECOMMENDATION



No NCR recorded. Recommended to continue certification.



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

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



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



Recommended to continue certification.



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

Note: Major NCRs which are not addressed within a further 90 days shall result in the certificate being withdrawn.

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

Audit Team Leader :

MOHD ZULFAKAR
KAMARUZAMAN

(Name)



(Signature)

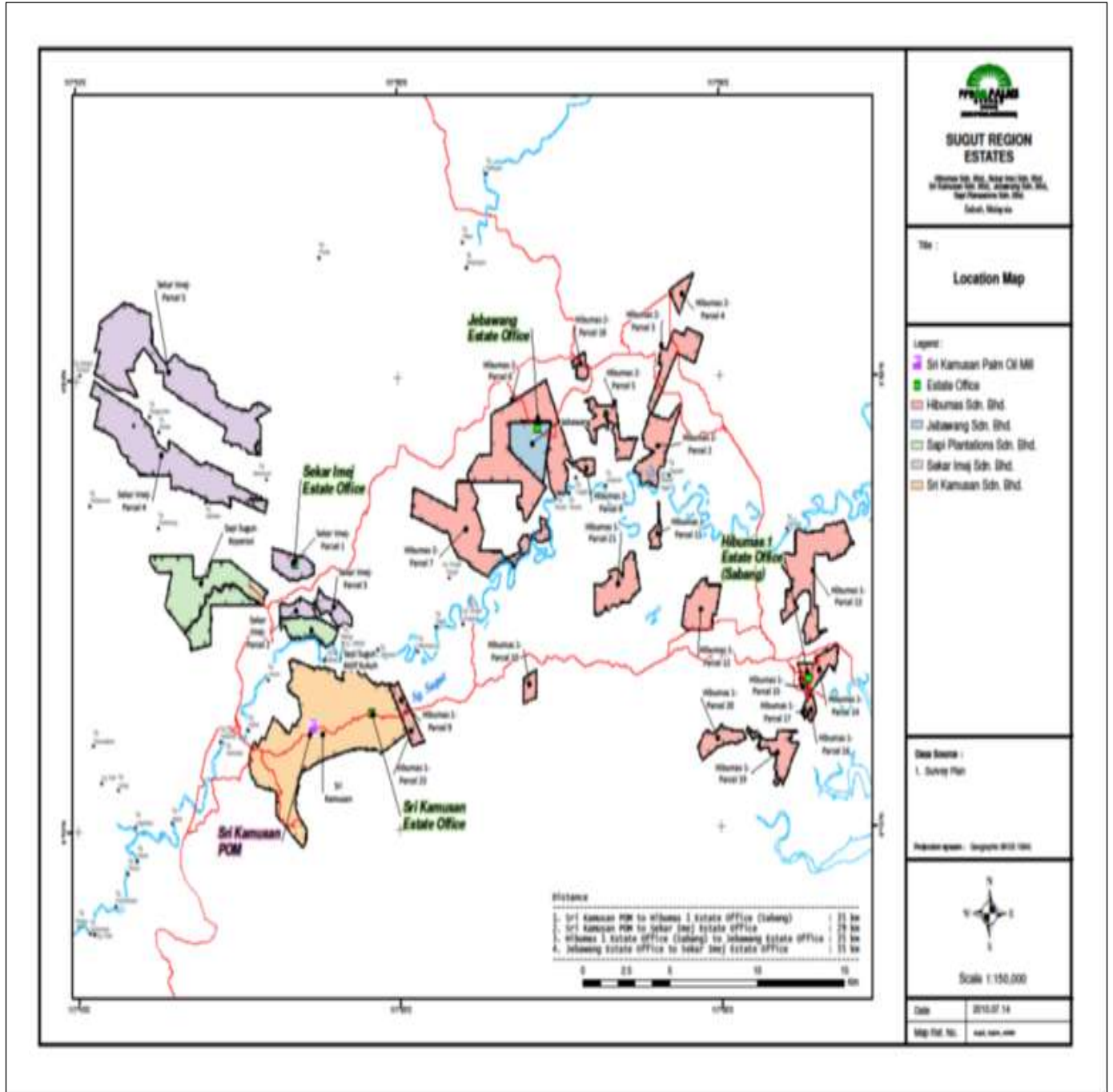
5/6/2018

(Date)

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Attachment 1

Map of Sri Kamusan CU



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Attachment 2

RSPO SURVEILLANCE AUDIT PLAN

1. Objectives

The objectives of the assessment are as follows:

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

2. **Date of assessment** : 12 – 16 March 2018

3. **Site of assessment** : Sri Kamusan CU

- Sri Kamusan Palm Oil Mill
- Sri Kamusan Estate
- Hibumas 1 Estate

4. Reference Standard:

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

5. Assessment Team

Assessor: Mohd Zulfakar Kamaruzaman
Rozaimie Bin Ab Rahman
Selvasingam T Kandiah

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,

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which is in the public domain.

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

10. Working Language : English and Bahasa Malaysia

11. Reporting

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

12. Facilities Required

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

13. Assessment Programme Details : As be

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Day 1: 12 March 2018 (Monday)				
Time	Activities / areas to be visited			
8.30 – 9.00 am	<p><u>Opening meeting at Sri Kamusan POM</u> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes Organization Representative to brief on the following :</p> <ol style="list-style-type: none"> 1) RSPO implementation at Sri Kamusan CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palms Berhad 3) Significant changes on organization activities, machinery, supply bases capacity etc. 			Top mgmt & Committee Member
	Zulfakar	Rozaimiee	Selvasingam	
9:00 – 1:00 pm	<p style="text-align: center;"><u>Sri Kamusan POM</u></p> Site visit and assessment on Supply Chain Implementation including the Model used : General Chain of Custody System Requirements for the supply chain <ul style="list-style-type: none"> • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims 	<p style="text-align: center;"><u>Sri Kamusan Estate</u></p> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Hibumas 1 Estate</u></p> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

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Day 2: 13 March 2018 (Tuesday)

Activities /areas to be visited	Zulfakar	Rozaimée	Selvasingam	
8.30 – 1.00 pm	<p align="center"><u>Sri Kamusan POM</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Land titles user rights • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement 	<p align="center"><u>Sri Kamusan Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p align="center"><u>Hibumas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

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Day 3: 14 March 2018 (Wednesday)				
Activities /areas to be visited	Zulfakar	Rozaimée	Selvasingam	
8.30 – 1.00 pm	<p style="text-align: center;"><u>Hibumas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 Laws and regulations Social Impact Assessment (SIA), management plan & implementation Complaints and grievances Consultation with relevant government agencies Interview workers, Contractors, gender committee, local communities and stakeholders Check payslip, Contract Agreement Check Sundry Shop Land titles user rights Inspection of protected sites with HCV attributes Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement</p>	<p style="text-align: center;"><u>Sri Kamusan POM</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8 OSH management – witness activities at site Occupational safety & health practice – witness activities at site Interview with workers , safety committee and contractors Training and skill development programmes Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement</p>	<p style="text-align: center;"><u>Hibumas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement</p>	Guide(s) for each assessor
1.00–2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

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Day 4: 15 March 2018 (Thursday)				
Activities /areas to be visited	Zulfakar	Rozaimée	Selvasingam	
8.30 – 1.00 pm	<p style="text-align: center;"><u>Hibumas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Land titles user rights • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement 	<p style="text-align: center;"><u>Sri Kamusan POM</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Sri Kamusan Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
1.00–2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

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Day 5: 16 March 2018 (Friday)				
Activities /areas to be visited	Zulfakar	Rozaimée	Selvasingam	
8.30 – 12.00 pm	<p style="text-align: center;"><u>Sri Kamusan Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Land titles user rights • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement 	<p style="text-align: center;"><u>Hibumas 1 Estate</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Sri Kamusan Estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement 	Guide(s) for each assessor
12.00–1.30 pm	Break and Friday Prayer			
1.30 – 4.00 pm	<ul style="list-style-type: none"> • Continue assessment on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any) 			Guide(s) for each assessor
4.00 – 5.00 pm	<input type="checkbox"/> Closing meeting			Top management & Committee member

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Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings	
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	YES	Sri Kamusan CU continued to maintain a comprehensive system with respect to this criterion. Request Forms were available for stakeholders or interested party to obtain information related to RSPO. Records of visit by the Government agencies were also established. Sri Kamusan CU also continued to implement the procedure for responding to any communication as outlined in their RSPO System procedure - Internal Communications & External Communication. The procedure required the appointed person-in-charge to respond to all communication within a specified time frame. Action need to be taken to fulfil the request or for making decision. All communications are to be registered.	
	1.1.2	YES	Hibumas 1 Estate, Sri Kamusan Estate and Sri Kamusan POM had continued to maintain a comprehensive system with respect to this criterion. Record of complaint and grievances were made available and details of complaints and grievances for Hibumas 1 Estate and Sri Kamusan Estate were recorded in the Complaint Form, Request Form and Public Information Request Form.	
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights	YES	Documents related to land titles for the estates were made available at the estate office.
		Occupational health and safety plans	YES	Safety & Health plan has been included in the 2017 EHS Plan. All programs related to Safety and Health specified in the 201 Plan have been carried out and their implementation were verified during the audit. In general, the programmes have been satisfactorily carried out.
		Plans and impact assessments relating to environmental and social impacts	YES	SIA Management Action Plan 2018 was updated for mill and both Estate. The updated documents had included new actions plan which was developed based on meetings with stakeholders. Minutes of meeting was verified during the audit. Environmental Impact Assessment (EIA) Plan was updated for both Estate and Mill cross refer to 5.1 and 6.1
		HCV documentation summary	YES	HCV documentation summary titled 'HCV Documentation Summary for Sugut Region' was made available at the Sri Kamusan Estate and Hibumas 1 Estate. Cross refer 5.2
		Pollution prevention and reduction plans	YES	Pollution Prevention Plan 2018 has been established. Cross Refer to 5.6
		Details of complaints and grievances	YES	From the review, it was noted that there were no complaints or grievances recorded. Interviewed with workers also confirmed that the same. Details cross refer to 6.3
		Negotiation procedures	YES	The procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" was established since November 2008. The procedure describes how to check for legal status of the lands in question and specified the criteria in deciding who should be compensated and the amount of compensation. Cross refer to 6.4
Continual improvement plans	YES	The EIA Action Plan has been established. The requirement for continual improvement of its environmental performance has been addressed. Continual improvement plans were publicly available. Cross refer to Criterion 8.1.		

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		Public summary of certification assessment report;	YES	The public summary of the certification assessment report was available at SIRIM QAS website.
		Human Rights Policy (Criterion 6.13).	YES	A Wilmar Human Right Policy dated June 2014 signed by the Group Plantation Head and is available at Sri Kamusan Estate, Sri Kamusan POM and Hibumas 1 Estate. Communication on the policy was conducted during the contract briefing, muster briefing and training. The attendance list and pictorial reports were verified during the audit. Refer 6.13
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	A written policy committing to a code of ethical conduct and integrity in all operations and transactions is available at Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM. The policy has been communicated to all levels of the employees. The memorandum to management and staff dated 16 March 2017 was verified during the audit.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators	Comply Yes/No	Findings	
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	Sri Kamusan CU had continued to comply with the applicable local, national and ratified international laws and regulations. Relevant licences and permits such as MPOB license, Trading Licence and Domestic Trade Ministry for diesel and fertilizer storage were valid. SKPOM for instance, still continued to comply most of the applicable laws and regulations with regards to: 1) Factory and Machinery Act 1967 i) <i>Person In Charge Regulation 1970</i> ii) <i>Steam Boiler and Unfired Pressure Vessel 1970</i> iii) <i>The Factories and Machinery (Notification, Certificate of Fitness and Inspection), Regulations, 1970 Regulation 10(2)</i> iv) <i>Noise Exposure Regulations 1989</i> 2) EQ (Prescribed Premise) Crude Palm Oil Regulations 1977 3) Scheduled Waste Regulations 2005 4) OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	Legal register of all applicable Act, Regulations and relevant sections of these Act and Regulations. The Kamusan CU had a documented system for identifying, tracking, updating the changes of legal requirements and to monitor the status of legal compliance. It was updated accordingly. There were evidences of compliance to legal requirements which has been evaluated on an annual basis.

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	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	The legal register has also been used as guidance in carrying out the periodic evaluation of compliance exercise. Through this exercise, the certification unit had information about the status of legal compliance. Appropriate action was taken for any non-compliance found. Based on the verification of this exercise, the assessor confirmed that most non-compliance found have been acted upon. There was evidence of compliance to legal requirements which had been evaluated on an annual basis through periodic reporting from operating units, on site visits, inspections and discussions with relevant personnel, assessments and audits like Internal & External Audits, GIM visits and by RSPO Audits and consultation with RSPO team & management.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	Sri Kamusan POM and Both estates had the SOP for tracking changes in law. The Sustainability Department of PPB was the unit responsible to track changes in the legal and other requirements through various media such as internet, newsletter, etc. The changes/updates were then disseminated to the estates by the Sustainability Manager. The Sustainability Manager of PPB Oil Palm Berhad based in Sandakan is responsible in tracking any changes to the Acts and Regulations.
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	It has been verified that PPB Plantation has bought the land in 1990, as Country Lease. It was previously owned by Sabah Land Development and the land titles were for planting either oil palm or agricultural crops for economic value. It has been confirmed that PPB Plantation has the right to use the land which is legitimately owned by their company. Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate was provided with legal use of the land through a Country Lease signed by the Director of Lands and Surveys of Sabah following the payment of premium.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	The physical markers along the perimeter adjacent forest reserve available and visibly maintained between Sri Kamusan Estate and their HCV and the other neighbouring private oil palm companies. All the estates had maps to indicate the locations of the boundary pegs. Hibumas 1 Estate also has maintained and monitored its boundary paint and boundary stones adjacent with IJM, Great Pines and Islam Development of Corporation Negeri Perak.
	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	It has been verified that there was on-going dispute between Hibumas 2 and Kg. Banang, where the latter was encroaching into the land owned by Hibumas 2. The negotiation was still in progress.
	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	There was no significant land conflict occurred at visited area for Sri Kamusan POM, Hibumas 1 Estate and Sri Kamusan Estate as verified by auditor during interview with the neighbouring villages. This is excluding land encroachment issue in Hibumas 2 Estate as mentioned in 2.2.3.

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	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	YES	For the land conflict at Hibumas 2 Estate, the company has conducted the inventory survey and marked estate boundaries in order to confirm the estate boundaries with Kg. Banang. Based on the completed map, it has been verified that the disputed land belonged to Hibumas 2 Estate.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	There was no conflict found due to action taken by Sri Kamusan POM, Sri Kamusan Estate and Hibumas 1 Estate to maintaining peace and order in their current and planned operations. Sri Kamusan CU has employed watchmen in order to guard of their workers, staffs, children, their belongings and company's property.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	YES	The GPS Department from Wilmar had conducted survey at the encroached area but the development of this map with participation of the affected parties was not yet completed. It has been confirmed that EHS officers has monitored the area by monthly basis & found that no further encroachment until this audit.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;	YES	A series of meeting minutes between Hibumas 2 Estate and representatives from Kg. Banang were verified by the auditor. Both parties has met and discussed on the land issue to find the best solution on the illegal encroachment by Kg. Banang. Communication with authority department such as land department and police have been made by Hibumas 2 Estate in order to solve the issue.

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		c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	As verified by the auditor, the land titled for Hibumas 2 Estate is valid. The assessments of impacts and proposed benefit sharing and legal arrangements still in process with series of discussion and meeting between Hibumas 2 Estate and Kg. Banang.
	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	Communities from Kg. Banang is represented by their village head. The representatives were chosen by the communities.

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	YES	The yearly budget and projections where the cost of production were reviewed annually and compared against expenditure for each year was an on-going process. The parameters monitored remained essentially unchanged and included Capital 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	YES	All the planting in both estates visited had palms of the 1 st generation and were planted between the years 1999 and 2007. The palms being still young would not be required to be replanted within the next 5 years.

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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	As for all PPB Oil Palm Berhad estates and mill, they are using the same documented SOPs. As follows: i. Wilmar International Limited, Agriculture Manual & SOP for Oil Palm 3/2011. ii. Safe Standard Operating Procedure for Oil Palm Plantations (SSOP) iii. Safety and Health Manual (updated in April 2015) and iv. Financial Manual - Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist 2013 (updated July 2014).
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	The mechanism of ensuring consistent implementation was by : i. Periodic reporting from operating units ii. On site visits, inspections and discussions with relevant personnel iii. Assessments and audits like Internal Audits, Group Inspectorate Manager (GIM) visits and by RSPO Audits iv. Consultation with RSPO team & management.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Records of monitoring and the actions taken by were maintained and kept for a minimum of 12 months. Monthly Costing Report and Annual Reports on monitoring of all activities were made available. Among those records sighted at the estates included Work Program Sheets, Field cost books for harvesting, weeding, Bin cards, Monthly Progress & Report Account, rainfall data, pest census, etc.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	YES	Sri Kamusan POM has also received crops from various sources i.e. mainly from surrounding private oil palm plantation and smallholders. There was no official agreement between both parties. The third party could send their FFB to Sri Kamusan POM or any other palm oil mill. The third parties have consistently contributed around 55% of the mill input.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in SOPs are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Fertiliser application was of paramount importance for maintenance of soil fertility and the estates continued to apply fertilisers as per EMU recommendations made by Agronomist / Head of R&D Department.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Records of programs and applications of fertilisers were made available to auditors. Records showed that the main fertilisers applied in 2017 were NPK, NK1, Kieserite and Borate.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	From the Agronomist/Head R&D reports it was established that the estates continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status. Annual foliar sampling, as per the SOP of EMU, for the nutrients N, P, K, Mg, Ca & B had been carried out in both estates and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility.
	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 to decompose, by EFB application and decanter cake application. Due to distance from the mill and having only matured Oil Palm only a limited amount of EFB application was programmed for Hibumas 1 Estate while the bulk of EFB was applied on Sri Kamusan Estate.

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C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	Based on the soil maps by Param Agricultural Soil Survey (M) Sdn. Bhd. in 2009, there were no fragile/marginal soils in both estates.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25° unless specified otherwise by the company's SOP. Minor Compliance	YES	Both estates continued to have in place management strategy for plantings on slopes between 9 and 25°. The procedure on land clearing and preparation for undulating to steep land had been covered in Wilmar International Limited, Agriculture Manual and Standard Operating Procedure 2011.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted road conditions were well maintained and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. The financial support for these programs were sighted in the annual budgets.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	There were no peat soils in both Hibumas 1 Estate and Sri Kamusan Estate.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	There were no peat soils in both Hibumas 1 Estate and Sri Kamusan Estate.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There was no management strategy as there were no peat soils in both Hibumas 1 Estate and Sri Kamusan Estate.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	The water management plan was in place. The objective was to ensure sufficient water supply for workers residents and Introducing water conservation and increase awareness of the need to minimize water 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	During interview with spraying operators at Sri Kamusan Estate and Hibumas 1 Estate all of them were understand and acknowledge that all riparian areas shall not be sprayed and that areas were marked with red paint colour for assist the spraying operator and prevent from over spray to riparian zone area.
	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	An Effluent Treatment Plant is available at SKPOM to treat the POME. According to DOE's license, the disposal method of the final discharge is through land irrigation. The ETP was regularly maintained by desludging of the ponds to ensure its efficiency. Final discharge samples were taken on monthly basis and sent to an accredited laboratory for analysis. The results of analysis were submitted to the DOE on quarterly basis. All parameters were within the regulatory limit.

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	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Processing water obtained from water reservoir area. Monitoring of Water usage in mills being monitored accordingly.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	Both estates 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. Monthly census records for Bag Worms, Nettle caterpillars and rat were sighted. Records showed no outbreak had been taken place.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Training on IPM implementation was being carried out. The latest training was carried by the Manager EMU R & D department for both estates in June and Nov 2016. Attendance records showed that the training was attended by senior and junior staff and workers.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	Justification of all pesticides used had been demonstrated. The use of selective products that are specific to the target pest, weed or disease had been demonstrated in the SPO Manual Justification in SOPs on the use of Agrochemicals and Agriculture Manual and Standard Operating Procedure 2011 - upkeep and maintenance of oil palm
	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 (System Applications and Products in Data Processing), costing records and progress reports. Records of pesticides used by area, quantity used, hectares applied and Ai/Ha from 2009 were available.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	The estates as per the IPM plan continued to manage pests, other than weeds, at below threshold levels. No prophylactic spraying had been carried on both estates. The estates in order to minimise pesticide usage, do not carry out calendar baiting of rats. Rat baiting was only done as and when required and only in areas where census showed fresh damage above threshold level of 5%.
	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	YES	All the pesticides used were those registered under the Pesticides Act 1974 (Act 149). The list of approved pesticides was available for reference. The list, entitled " <i>Senarai Racun Makhluk Perosak Berdaftar</i> " was sourced from Department of Agriculture Official Website http://www.doa.gov.my/web/quest/senarai_racun_perosak_berdaftar . The chemical registers were updated accordingly. The use of paraquat in the estate had ceased since 2008 and was replaced by a systemic herbicide.

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	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		
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and applic. eq. shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	YES	Records showed that pesticides were handled by trained persons and used as per the MSDS/CSDS of the pesticide. As mentioned under Indicator 4.6.1, the estate had the SOPs for safe-handling of pesticides. From the interviews with the workers and staffs in the fields and stores clerk, it was demonstrated that they had been trained and were aware of safe handling procedures.
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. 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 Both Hibumas 1 Estate and Sri Kamusan Estate 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. The stores were equipped with exhaust fans and secured through locks which were kept by the respective store keepers. Only authorized personnel were allowed to handle the chemicals. The chemicals were stored and segregated accordingly and fertilizers were well stacked. Relevant MSDS/SDS were available in the stores. Adequate 'Safety Signage' have been placed in the stores. Proper premixing area and washing area were provided. It was noted that waste water from washing of chemical containers was directly pumped into the tank for spraying mixture. Bathing area for sprayers were provided next to the Chemical store on Sri Kamusan Estate. Triple rinsing of the empty pesticides containers was continually implemented. The rinsed containers were pierced and stored prior disposing. Record of the purchase, storage and use had been properly maintained.
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Application of pesticides was based on and guided by CHRA, MSDS/SDS supplied by the manufacturer, the Agriculture Manual and the HIRARC.
4.6.8	Pesticides shall be applied aerially only where there is documented justification.	YES	Aerial spraying was not practiced at all PPB estates and there was no evidence to show that this has been carried out in Both Hibumas 1 Estate and Sri Kamusan Estate.

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		Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance		
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance	YES	Training on pesticide/chemical handling was continuous carried out on both Estates. The latest were in Aug & Nov 2017. Records of training were available for verification. The training included the safety aspects and usage of PPE when handling with pesticides and herbicides. Record of training was available for verification. From interviews with the staff and workers such as the storekeepers and workers who applied fertilizers, it was evident that they have been trained and understood the hazards involve and how the chemicals should be used in a safe manner.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Procedure on Labelling, Handling, Storage and Disposal of Schedule waste has been established. 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.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	The annual medical surveillance for pesticide operators, and documented action to treat related health conditions were carried out accordingly through appointed competent person.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	Pregnant and breast-feeding women are not allowed to work with Pesticides & Hazardous Chemicals. Both Hibumas 1 Estate and Sri Kamusan Estate complied with this requirement as mentioned in the SSOP titled "Penyemburan Racun Rumpai". The Medical Assistant conducted the check and determine whether female workers are pregnant. The check was carried out on monthly basis.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	Occupational health and safety Policy has been established endorsed by the Group Plantation Head & Group CSR Head. The policy had been communicated to all levels of the organization through briefings and also being displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. The OSH management plan had been established accordingly. The OHS management plan sighted addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and	NO	The HIRARC and CHRA records covered activities in the estates and mill were verified during the assessment. The HIRARC register for Sri Kamusan Estate and Hibumas 1 Estate were updated on May 2013, respectively by the Assistant Manager Sustainability-EMU. Appropriate risk control measures had been determined and implemented for the respective activities and operation. Most of

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	implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance		the moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signage were displayed at all work stations including mill and estates office and workshop. On overall performance, OSH administrative controls implementation as well as engineering control equipment was found adequate during the assessment. It was noted that at Sri Kamusan Estate accidents have taken place in November 2017, in January & February 2018 but the HIRARC was not reviewed. It was last reviewed in Mar 2017 for 'Pembantu Rumah / Amah'. Previous to this it was reviewed only in Dec 2016. Furthermore, the operation for using the vehicle "Mechanical Buffalo" for FFB crop evacuation was not risk assessed and included in the HIRARC document As such the Major NCR STK 01 2018 was issued.
4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective eq. shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	NO	Training and Briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered. Training for employees are conducted from time to time based on needs through various method such as on the job training, briefings, meetings, etc. The staff and workers such as the storekeepers, Mill workers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. Noted that recommendation made by CHRA dated 2015 was not implemented such as at Sri Kamusan Estate where the emergency shower was not available at workshop, water treatment plant, and fertilizer store and at Hibumas 1 Estate where the emergency shower was not available at water treatment plant at Block Parcel 13. Thus, Major #NCR RAR 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 and the PICs were identified. Quarterly Safety and Health Committee meeting observed held, discussion on the following: i) Previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Workplace Inspection iv) Safety programme & training The minutes were verified.
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	YES	Emergency Response Plan was established. A revision on the ERT was made in 2015. The CU had also established procedures on incident reporting, Bund Breakage, Suicide Attempt & prevention, Bush Fire, Fire Breakout in Mill, Chemical spillage, Flood, Injury and Illness, Poisoning, Workplace and Violence, Boiler Shutdown, CPO Pipe Burst & Fire, Exhaust Fire Explosion and Pipe Leak. First Aid training was carried out by the respective Medical Assistants and the latest on Hibumas 1 Estate was in Feb 2017. A fire drill was carried out in Mar on the same year. The drill report was available for review. Random interview with the estate workers showed that they were aware of accident and emergency procedures. Copies of procedures and telephone numbers were sighted on notice boards It was observed that all operating units were provided with first aid boxes which were checked on a monthly basis by the Hospital Assistants. At the estates, first aid box was given to mandores and available at estate office and workplace. Records of replenishment were verified by the auditor. The objective of this team is to be in a state of preparedness to combat emergencies and implement the

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		of all accidents shall be kept and periodically reviewed. Minor Compliance		emergency response plan. Telephone numbers and names of the members of the ERT were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Hospital were also included. Sri Kamusan CU had emergency response plan and has been prepared by ESH officer.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	Sri Kamusan CU has provided on site clinic with Hospital Assistant. Any serious injury will be send to the nearest hospital. Local workers are covered by SOCSO. Foreign workers are protected through Foreign Workers Compensation (<i>skim pampasan pekerja asing SPPA</i>) provided as per <i>Compensation Act 1952</i> . Generally, the insurance cover for workmen compensation, repatriation expenses, personal accident including accidental death, permanent total disablement, temporary disablement and medical expenses.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	NO	Sighted that JKPP 8 submitted to DOSH department in Jan 2018 by Sri Kamusan estate and noted that at Sri Kamusan Estate, accidents happened in November 2017, in January & February 2018 but accidents statistics were not correctly maintained. Thus the Minor NCR STK 02 2018 was issued.
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 2018 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Sri Kamusan POM and both estates. Year 2018 Training Plan was established in 26/01/2018 for staff and workers was establish. A training needs identification matrix has been established with target dates for the training to be conducted. The training program includes Awareness training, Safety and health training, Chemical handling training, Environment aspect training etc.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Sighted training recorded was conducted at CU and records were maintained accordingly. It has been verified by auditors.

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	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Latest environment aspect impact assessment was reviewed in Mar 2018 to activities on Nursery area in Sri Kamusan Estate and HIBUMAS 1 Est and POM The main purposed of for this assessment was to evaluate and analyse impact on soil, water, and lair associated with the organization activities. Among environment aspects assessed were agrochemical applications, land and water contamination from hazardous material and farm vehicles, human settlement disturbance and abandonment. The environmental aspect and impact (EAI) also 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 aspects are air emission from boiler stack, generation of the palm oil mill effluent (POME) and land contamination which related to the management of scheduled wastes and domestic waste.

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made, implemented and monitored, to demonstrate continual improvement.	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. Minor Compliance	YES	No changes were made to the environmental aspects and impacts or current practices which require changes in the environmental action plans. Nevertheless, the existing environmental action plans had identified timeframes and responsible person at each operating units assessed.
	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 environmental impact plan was available and it has been reviewed accordingly.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a HCV assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	As reported in the previous surveillance audit, a report on HCV sites within the CU had been prepared. The High Conservation Value Assessment Report dated September 2010, had identified the HCV sites for each of the six estates. A public consultation was held in June 2010 where members of the local communities were represented in the meeting to discuss the findings in the report. An Action Plan for HCV Report was also prepared. HCV re-assessment to remove and include some area has been done in May 2015 by same assessor which is Malaysia environmental consultants Sdn Bhd, and recommendation is the total HCV area is the same. The total area for HCV in the Sri Kamusan CU is 4,488.86 ha.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	A summary of management actions had been proposed in the HCV Assessment Report. 'HCV Monitoring & Action Plan 2015-2019' had been established for Hibumas 1 Estate. Latest review of HCV Action Plan for Hibumas 1 Estate was in Feb 2017. Both documents were examined during the assessment. No RTE species was identified present at Hibumas 2 Estate during this Surveillance 2 Audit.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate	YES	There was no RTE species identified at Sri Kamusan Estate and Hibumas 1 Estate. However, Sri Kamusan Estate and Hibumas 1 Estate were still conducting HCV refresher training in Jan & Feb 2018 for their field workers in order to create awareness among them.

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		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		
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. Minor Compliance	YES	Records on monthly monitoring was verified during the audit. The HCV monitoring records using 'Borang Monitoring HCV Sabah' for month of Jan & Feb 2018 at Hibumas 1 Estate was sighted where the monitoring was done accordingly. Observed that signage had been erected at each estate to ban hunting. The entrances to each estate had gates and guarded by the security staffs. Regular patrols had been conducted and reported on the protection of these HCV sites. The staff and workers were also consulted on this and they were aware of the responsibility to protect endangered, rare and threatened species of forest flora and fauna in their areas. There were also posters put up at all estates offices.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There are no HCV set-asides with existing rights of local communities at Sri Kamusan Estate and Hibumas 1 Estate. Therefore this indicator was not applicable.
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	Sri Kamusan CU has documented identification of all waste product and sources of pollution. The waste and pollution- identification, prevention, mitigation and improvement plan were made available during audit. The most significant environmental receptors for the estates and mill operations were: Air – Source from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP, EFB dumping), GHG. Water – Cleaning water/run-off/process station waters (hydrocyclone /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. Land – Scheduled waste, domestic waste and industrial/process waste, Nursery Operation, Estate operation, replanting operation, road maintenance. Clinical waste – generated from Clinics.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	<u>Sri Kamusan</u> Triple rinsed container were then pierced and stored prior disposing and disposed using the approved contractor in Nov 2017. For another Schedule Waste, Records such as the latest updated 5 th schedule inventory on February 2018 was evident.

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				<p><u>Hibumas 1 Estate</u> For Scheduled waste such as SW 305, SW410, SW 102, SW 417, SW 305, SW 417 disposal to approved DOE license for Schedule Waste Transportation and as a Storage Facility Operator license validity until Feb 2018.</p>
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	<p>For the identified waste and pollutants, there were Procedures and guideline established as to guide the waste disposal activities and to reduce pollution on the routine operation. The Pollution Prevention plans were then established to mitigate applicable identified waste product and source of pollution the plans was updated in Feb 2018. Industrial @ mill process wastes had been disposed as follows; EFB were sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler.</p> <p>On the monitoring of water and effluent discharge, monthly and quarterly report for final discharge were submitted in timely manner as stipulated in the written approval. Effluent quality monitoring was also done on the monthly basis. Sample taken at final discharge point was sent for analysis.</p>
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	<p>Diesel reduction plan has been included in environmental management program and action plan and the objective this plan were to reduce diesel consumption to FFB processed. Among action that has been taken to archive this target were: maintaining the running hours and diesel record and follow as per time operation schedule, to check monthly inspection on gen set operation,</p>
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	<p>All palms in both estates were planted between the years 1999 and 2007 and as such no land preparation/replanting had taken place in both estates. The Wilmar Environmental Policy clearly states on the "Practice of Zero Burning" and Wilmar International Limited Agriculture Manual & SOP For Oil Palm clearly specified the Green Stacking (Zero Burning) for land clearing and preparation. The CU adhered to the policy as per the Agricultural Manual and SSOP which advocates zero burning. All previous crop were felled, chipped/shredded, shredded, windrowed and left to decompose.</p>
	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 above. Minor Compliance	YES	<p>All palms in both estates were planted between the years 1999 and 2007 and as such no land preparation/replanting had taken place in both estates. Item 3 of Wilmar Environmental Policy clearly states on the "Practice of Zero Burning". Wilmar International Limited Agriculture Manual & SOP. For Oil Palm, Chapter 3(1) Item 4 advocates Green Stacking (Zero Burning) for land clearing and preparation. There was no evidence of fire had been used at the visited estates. All palms were chipped and left decomposed at field.</p>
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored	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	<p>No changes on environmental aspects and impact or new polluting activities observed. The existing EIA documents had identified generation of gaseous emissions from its operation such as lorries and farm tractor. Noted the documents had been reviewed annually at each operating unit.</p>
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	<p>Sri Kamusan CU had identified emission of greenhouse gas (GHG) from their operations such as emission from their farm tractor and gen set operation. The management from both estates and mill had planned to reduce emission by daily inspection and monitoring for their farm tractor and gen set to prevent any leakage and problem that could adverse impact the environment., Fuel Consumption, Peat Oxidation, POME and reported in the PalmGHG Summary Report.</p>

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<p>completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions.</p> <p>Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO.</p> <p>Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>	5.6.3	<p>A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools.</p> <p>Minor Compliance</p>	YES	<p>The final emissions value per product for Sri Kamusan CU are as below: Option 2</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Description</th> <th>tCO₂e/tProduct</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td style="text-align: center;">0.6</td> </tr> <tr> <td>PK</td> <td style="text-align: center;">0.6</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Production</th> <th>t/yr</th> </tr> </thead> <tbody> <tr> <td>FFB Processed</td> <td style="text-align: center;">293,471.620</td> </tr> <tr> <td>CPO Processed</td> <td style="text-align: center;">59,707.854</td> </tr> </tbody> </table> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Land Use</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>OP Planted Area</td> <td style="text-align: center;">7143.46</td> </tr> <tr> <td>OP Planted on Peat</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Conservation (forested)</td> <td style="text-align: center;">4419.29</td> </tr> <tr> <td>Conservation (non-forested)</td> <td style="text-align: center;">41.42</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">11604.17</td> </tr> </tbody> </table> <p>Milling extraction rate:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>OER</td> <td style="text-align: center;">20.35 %</td> </tr> <tr> <td>KER</td> <td style="text-align: center;">3.97 %</td> </tr> </tbody> </table> <p>Mill Emission</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3">Own Crop</th> </tr> <tr> <th>Emission sources</th> <th>tCO₂e</th> <th>tCO₂e/FFB</th> </tr> </thead> <tbody> <tr> <td>POME</td> <td style="text-align: center;">19860.22</td> <td style="text-align: center;">0.07</td> </tr> <tr> <td>Fuel consumption</td> <td style="text-align: center;">670.71</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Grid electricity utilisation</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Credits</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Export of excess electricity to housing & grid</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Sale of PKS</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> <tr> <td>Sale of EFB</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>	Description	tCO ₂ e/tProduct	CPO	0.6	PK	0.6	Production	t/yr	FFB Processed	293,471.620	CPO Processed	59,707.854	Land Use	Ha	OP Planted Area	7143.46	OP Planted on Peat	0	Conservation (forested)	4419.29	Conservation (non-forested)	41.42	Total	11604.17	OER	20.35 %	KER	3.97 %	Own Crop			Emission sources	tCO ₂ e	tCO ₂ e/FFB	POME	19860.22	0.07	Fuel consumption	670.71	0	Grid electricity utilisation	0	0	Credits	0	0	Export of excess electricity to housing & grid	0	0	Sale of PKS	0	0	Sale of EFB	0	0
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Export of excess electricity to housing & grid	0	0																																																									
Sale of PKS	0	0																																																									
Sale of EFB	0	0																																																									

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Total	20530.93	0.07
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Plantation / field emission

Own Crop			
Emission sources	tCO2e	tCO2e/ha	tCO2e/FFB
Land Conversion	78382.67	11.51	0.65
*CO2 Emissions from Fertiliser	5280.57	0.77	0.04
**N2O Emissions	5226.95	0.75	0.04
Fuel Consumption	4727.28	0.69	0.04
Peat Oxidation	0	0	0
Sinks	0	0	0
Crop Sequestration	-64023.05	-9.36	-0.32
Conservation Sequestration	-37939.64	-5.67	-0.32
Total	-8345.2199	-1.31	-0.07

Palm Oil Mill Effluent (POME) Treatment

Diverted to compost	0%
Diverted to anaerobic digestion	100%

Diverted to Anaerobic Digestion

Diverted to anaerobic pond	40%
Diverted to methane capture (flaring)	44%
Diverted to methane capture (electricity generation)	16%

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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 entitled "Impact Assessment for Sugut Region Estates (PPB Oil Palms Berhad), Beluran, Sabah, Malaysia – "Sri Kamusan Estate and Mill Social Impact Assessment Report" , and "Hibumas 1 social impact assessment report" was prepared in October 2010 by the Malaysian Environment Consultants Sdn Bhd. The report was prepared with the participation of the relevant stakeholders, such as Government Department and neighbouring villages communities. This assessment was conducted with full consultation with all the 6 communities living within the vicinity of the estates. In the SIA reports, records of meetings with stakeholders including types of stakeholders, target groups and dates of consultations were documented. The contents of the SIA reports included data collection method, general description of Sabah, its people at the study area, basic socio-economy of local communities, stakeholder analysis and sampling methodology, findings of the assessment, views and aspirations of stakeholders, gender and marginalised group analysis and SWOT analysis. The audit team had held separate meetings with the representatives of the affected villages, NGOs, and government agencies. Records of these meetings including photographs of attendees and minutes were examined. The CU had created employment opportunities and economic spinoffs in the local economy. Workers and staffs have been provided with free furnished accommodation, free water supply and electricity, and free basic medical care. Other amenities provided were Humana schools for children of foreign workers, regulated transportation to place of work and town and transportation of children to school.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	Based on the records available, there is evidence that the assessment was done with participation of all affected parties/stakeholders from contractors/suppliers, government departments and local communities in April 2010 whose attendance was documented and sighted during the audit.
	6.1.3	Plans for avoidance or mitigation of -ve impacts and promotion of the +ve ones, and monitoring of impacts identified, shall be dev. in consultation with the affected parties, documented and timetabled, incl. responsibilities for implementation. Major Compliance	YES	Stakeholders meeting were held by the CU to get inputs for reviewing and updating the SIA Management Action Plan 2017. The action plan had documented i) Impact parameter, ii) Issue, iii) Proposed plan, iv) Location, v) Person in charge, vi) Timeline and vii) Progress.
	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	YES	The plan was reviewed on yearly basis and updated as necessary. In some cases where the review had concluded that changes should be made to current practices. The SIA management action plan (external and internal) was reviewed in Feb 2018 for Sri Kamusan POM & Hibumas estate and March 2018 for Sri Kamusan Estate. The review was conducted with the participation of affected parties such as local communities and contractors.

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		evidence that the review includes the participation of affected parties. Minor Compliance		
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	There was no smallholder schemes for Sri Kamusan CU. Only independent grower and nearby villagers at Sri Kamusan CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Consultation and communication procedures used by the CU in handling internal and external communications available in Consultation and Communication Procedure' which was prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU has continued to use the internal communication through morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been mainly through mail correspondence. The CU has also use the Stakeholders Meeting to serve as a forum to discuss issues of interest to the mills, estates, local government agencies and local communities (villagers).
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The Group Manager has appointed the PICs to take in charge of the consultation and communication with internal and external parties each estates and mill.
	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	At Sri Kamusan Estate, the stakeholders list has been updated in March 2018. While stakeholders meeting was conducted in February 2018 with contractors, neighbouring estates, head of village from Kg Tangkangit. Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders could be 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, complainants and whistleblowers, the CU will manage it through the "Whistle Blowing Policy" which was issued in Aug 2015 and "Dispute and Grievances Procedure" dated in May 2015. 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 Complaint form and the Request Form. PPB Oil Palms Berhad had established a standard operating procedure on Grievances and Complaint. Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM have welcomed any complaints and grievances from their stakeholders which can be raised through complaints form, grievances form, PIR form, stakeholders meeting and Woman & Children Committee meeting. So that, they can received any opinion or suggestion in order to improve their social responsibilities to all stakeholders.

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	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	There was no grievances/complaints from employees except for their house maintenance as verified through Complaint Form. Housing complaints from workers have been handled quite satisfactorily by the estate/mill.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	A procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation were established. In the event, 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 July 2009. Essentially, the procedure describes how to check for legal status of the lands in question and lays out the criteria in deciding who should be compensated and the amount of compensation.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This 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	YES	As mentioned in 6.4.1, the procedure has addressed the determination of compensation. The process and outcome of any compensation claims is documented and made publicly available. However, there was no issue other than land claims involving the estate or mill. Since last audit, there was no claim for compensation by the local communities made against Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM. If there are any cases related to compensation, the procedure for calculating and distributing fair compensation would be carried out at the company level as stated in their standard operating procedure 'Dispute and Resolution Procedure'.
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There was no issue raised related to the compensation claims at Sri Kamusan CU since last audit in 2017. Only encroachment land by the villagers. Cross refer to indicator 2.2.3
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Pay slip for sprayer and harvester were verified by audit team. Their wages had followed Minimum Wages Order 2016 where they have been paid at RM35.38 per day with total of RM920 per month (minimum). Employee's payslip (foreign worker for sprayer and harvester for February 2017 and employment agreement had been checked and verified. Contracts of employment and payslips for foreign workers and 15 local workers were examined at the Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM. The local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical

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and are sufficient to provide decent living wages				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	Contracts for local and Indonesian foreign workers at Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan Palm Oil Mill were sampled. The terms and conditions of employment are contained in the employment contracts and include duration of employment, place of work, salary, working hours, medical benefits, accommodation, annual leave, sick leave, termination of service, and other benefits provided (housing, employment cost, etc). For contracts that were prepared in English, explanation and briefing were given to the workers prior to signing.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	YES	The CU maintains to provide housing to the workers and provide subsidy for water and electricity consumption. Religious, medical, educational (Humana School and child care facilities – Creche Ayah) are also maintained to be provided. Any maintenance and service for worker's housing and facilities can be requests from mill and estates management with free of charge.
	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	Sri Kamusan Estate has monitored adequacy of the food availability and the price of 1 sundry shop, Syarikat M&M once a year. The latest monitoring was in December 2017. Hibumas 1 Estate also has monitored the price of sundry shop in the estate.
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	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	An official policy on Human Right was published in June 2014. The policy was written in English and Bahasa Malaysia. The policy was made available in public places at the estates and mill. The statement in the policy included, the workers are allowed to join any registered organisations or associations and also foreign workers are not allowed to hold any positions in the organisations or associations. The workers whom were consulted and interviewed 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	As reported in previous audit, the workers are not unionised. However, workers' representatives have been appointed as members of the Social and Welfare Committee and Women and Children Committee in the estates and mill.

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collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.				
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 (September 2010) is publicly available at the visited estates and mill. The policy statements emphasis on child under 18 years must not be employed. This policy is posted on notice boards for the understanding of the public and workers. Verification through employment card and copies of passports of foreign workers at Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM have confirmed that there was no record of persons under age of eighteen being employed, i.e. the minimum working age under Malaysian Labour Laws (Am. Act A238). Verified also, Sri Kamusan Management already release the passport to workers and management has built a locker for workers to kept their passport in the locker and the key are kept by the workers itself.
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	The equal opportunity policy (dated September 2010) is publicly available at both estates and POM. The policy statements emphasised on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on all notice boards both estates and mill for the understanding of the public and workers
	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 at the Sri Kamusan POM, Sri Kamusan Estate and Hibumas 1 Estate revealed that the CU has not discriminated its staffs and workers. Foreign workers have received similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts. A functioning grievance mechanism is in place. The <i>Social and Welfare Committee</i> and Gender Committee also looks into allegation of discrimination if reported.
	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	Sri Kamusan CU had demonstrated that recruitment selection, hiring and promotion where relevant 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" workers, dated in May 2015
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	The CU had established policy on sexual harassment. The policy was dated on June 2014 and is used as guide actions on the sexual harassment cases in the estates/mill. The policy had been communicated to all staffs and workers during morning muster and training. Based on interview with female workers at Sri Kamusan Estate and Hibumas 1 Estate during site visit and at estate office, they were aware of the policy and had been briefed during Gender Committee Meeting. The policy had also been communicated to all staffs and workers during morning muster. The CU had also conducted awareness training to prevent sexual harassment occurred at their mill and estates.

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	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	The CU has established policy on reproductive rights which given their employee i) to decide freely and responsibly of their planning to have children, and ii) to make decisions concerning reproduction free of discrimination, coercion and violence. Both policies, Sexual harassment and Reproductive rights were displayed at the visited estate, mill, clinic and worker's quarter noticeboard. Based on interviews with female workers during the audit found that they were aware of the policy and had been briefed during Gender Committee Meeting. The policy had been communicated to all staffs and workers during morning muster. The Women and Children Committee had organised appropriate programmes and activities for their members.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	Sri Kamusan Estate, Hibumas 1 Estate and Sri Kamusan POM have followed standard operating procedure for handling of grievances / social issues. The SOP titled as 'Anti Sexual Harassment' provided the reporting form called the 'Grievance/Complaint Form for Sexual Harassment'. The chairman of the Women and Children Committee as mentioned in 6.9.1 was responsible in managing any issue raised on sexual harassment. The grievance mechanism had been explained to the committee. The flowchart procedure had been displayed at the visited estates and mill noticeboard. The SOP contains the complaint and investigation procedure to handle sexual harassment in the workplace.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for FFB shall be publicly available. Minor Compliance	YES	Sri Kamusan POM has displayed daily prices for FFB (Grade A, B and C) at the weighbridge station and also the past price since January 2017.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). Major Compliance	YES	A Stakeholders Committee meeting was held in Feb 2018 at Sri Kamusan POM to discuss issues on pricing and contracts. The meeting was chaired by the Mill Manager. Members of the committee included the representatives from purchasers and suppliers of FFB. Issues related to FFB transaction were raised and discussed in the meeting. The minutes of the meeting 'Minit Mesyuarat Stakeholders' was made available to the auditor. Interview with the neighbouring village, independent smallholders which were near to the mill and outgrowers showed that they understood the business relationships between them and the mill. These stakeholders were satisfied on their FFB trading with the mill as payments were promptly made.
	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	For third party suppliers, there was no agreement or contract between the mill and the third party FFB suppliers as verified during Interview with the neighbouring village, independent smallholders which were near to the mill and outgrowers. They are free to sell their FFB to other surrounding mills or private collection centers in the region. Among the comments received were that the prices offered by the CU had followed the MPOB's guidelines and payments were promptly made. Auditor also has interviewed contractor for electrical and biogas contractor where both of company's representative confirmed that they understood the contract agreement. The contract agreement are fair, legal and transparent.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Based on interview with contractor for electrical and biogas contractor the audit team was informed that any payments to supplier and contractor were made in a timely manner, i.e. at every 10 th of the month. If the payment cannot be paid as agreed, the estate and mill clerk will inform them first. Interview with the neighbouring village, independent smallholders which were near to the mill and outgrowers also confirmed that they usually received payment of FFB by cheque at the end of month. The cheque payment method is same as for supplier and contractor.

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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	Sri Kamusan CU had initiated consultations with the neighbouring external communities regarding contribution to local development. Usually the villagers through their head will communicate with management on ad-hoc basis.
	6.11.2	There are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	There were no scheme smallholders at Sri Kamusan CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	There was no evidence of trafficked labour used in the CU. This was verified through interview with workers (chemical sprayers and harvesters) during the audit and verification of their passport, contract agreements and work permit. The interviewed workers mentioned that they were employed voluntarily and freely, without the threat of a penalty. Workers has the freedom/right to terminate the employment contract without penalty given by company within 28 days.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There is no contract substitution occurred as stated in the labour policy and procedures was established and implemented as Recruitment of Workers". Auditor has verified this through interview with 45 workers to confirm on their understanding on the contract of employment. The interviewed workers have confirmed that the agreement type of work and salary offered were same.
	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 was established and implemented as Recruitment of Workers" dated in May 2015 to employ foreign workers.
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	A Wilmar Human Right Policy dated June 2014 has been signed off by the Group Plantation Head. The policy was verified at Sri Kamusan POM, Sri Kamusan Estate and Hibumas 1 Estate. Awareness briefing for all levels of the workforce was and the attendance list and pictorial report was verified during the audit. A leaflet regarding Worker's Rights was distributed to all workers. The policy to respect human rights was documented and communicated to all levels of the workforce and operations at Sri Kamusan Estate, Sri Kamusan POM and Hibumas 1 Estate.
	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	8 Humana and 7 Crèche were constructed at Sri Kamusan CU to secure workers children access to education as moral obligation. Site visit to Humana School also found the infrastructure was well maintained and play ground was provided by PPB Management.

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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Sri Kamusan CU has no plan for any new planting and new development of area. This has been observed during the visit.

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 have introduced a mechanized rotor slashing weeding in all young palms possible areas to reduce the use of chemicals for spraying. The estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates had established nurseries for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to establish continuity in the planting of beneficial plants. In order to reduce the use of rat baits to control rats, Rat baiting is carried out only when rat damage census showed above threshold level. Both estates were committed to reduce using of chemicals and now have implemented and will continue to only spray Circles (Strip) and noxious weeds. Soft weeds and <i>Nephrolepis bisserata</i> were planted, maintained and encouraged in the inter rows. Where possible, harvester's paths were grass cut. The estates in replants with flat areas advocated that chipped palm materials be stacked in Close Ended Conservation Trenches (CECT), which will contain water, in order to minimise/prevent breeding of Rhinoceros Beetle, thus reducing chemical control. To further control the Rhinoceros Beetle, the estates used pheromone traps and had programs to cover trunk chips in replants with cover crops. EFB was applied in single layers and is not dumped in large amounts to prevent breeding of Rhinoceros Beetle. To control the Bagworm, the estates have planted more nectariferous beneficial plants. This was evident with the presence of polybag young plants in the nurseries. This action have reduced the use of chemical.

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				The CU also ensure efficient loose fruit collection and expedite circle raking to avoid VOPs.
b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES		<p>The CU maintained efforts to improve continuously its environmental management. Among the relevant plans and measures were:</p> <ul style="list-style-type: none"> • reduction of diesel usage / GHG emission. • reduction of POME generation. • maintain water quality. • reduce soil erosion. • reduce usage of chemical. • reduce land contamination • improve soil fertility • reduce waste • installation of biogas plant
c)	Waste reduction (Criterion 5.3);	YES		<p>Among the type of wastes are agricultural organic wastes, rubbish, used oils, used batteries, empty pesticide containers, clinical waste, scrap iron, wastewater, etc.</p> <p>Non-reusable empty chemical containers were disposed as per relevant requirements of scheduled wastes. Reusable agrochemical containers were used for collecting of triple-rinsing wastewater. Scheduled wastes were labelled with relevant information and hazard sign, and disposed to DOE's licensed contractor.</p>
d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES		<p>The CU continued to establish and implement GHG emission reduction plan. Among the plan implemented were, installation of biogas plant to generate electricity for housing complex, and periodical maintenance of tractor and power generator, application of organic material (biomass) as fertiliser.</p>
e)	Social impacts (Criterion 6.1);	YES		<p>The Sri Kamusan CU continued to improve the social impacts with activities like:</p> <ul style="list-style-type: none"> • implementation of retention incentive for foreign workers. • constructing new workers quarters, Kindergarten, Humana • Constructing new hall and Badminton Court • organized social events for worker and communities, such Family Day. • Maintenance of village road.
f)	Encourage optimising the yield of the supply base	YES		<p>As both estates were part of a well-established organization, yield performance has always been the top priority in ensuring long-term economic and financial viability. Various efforts have been carried out to optimise the yield of the plantation. These included the following:</p> <ul style="list-style-type: none"> • Selection of good planting material. • Maintaining optimum stand per hectare. • minimising crop losses, • ensuring the soil fertility is maintained by timely and proper application of fertilisers, • EFB application in marginal soil areas • Maintaining transportation facilities in good condition for efficient crop evacuation.

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RSPO CERTIFICATIONS SYSTEMS FOR PRINCIPLES & CRITERIA JUNE 2017

Clause	Indicators	Comply Yes/No	Findings	
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	YES	It was confirmed that Sri Kamusan CU received FFBs from its own supply base and outsider FFB. Within the audited period in Year 2018, it was verified that all estate and mill under the name of PPB Plantation were already certified under RSPO scheme. No new acquisitions were sighted.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	YES	As mentioned above, this indicator was not applicable to the CU.
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the TBP to be reviewed by the CB. Changes to the TBP 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;	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 st Jan 2010 shall comply with the RSPO NPP. For each new planting dev., compliance with the NPP shall be verified by an RSPO accredited CB;	YES	There was no uncertified management units at this CU, hence no replacement of the primary forest or any HCV area or no new planting development was sighted.

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	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	There was no uncertified management units at this CU, hence no land conflicts issue arises.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	There was no uncertified management units at this CU hence, no land disputes issue arises.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	No uncertified management units at this CU, hence no legal compliance issue arises.
	(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> A positive assurance statement is made, based upon self-assessment by organization. This would require evidence of the self-assessment against each requirement. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.
		<ul style="list-style-type: none"> If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 	YES	No uncertified management unit at this CU. Therefore, the requirements under this indicator were not applied.

Note:
1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C.
For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;
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.

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Attachment 4

Details of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
4.7.2 NCR STK 01 2018	Major	<p>Requirements: 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.</p> <p>Findings: a) Accidents that took place were not investigated and HIRARC reviewed. b) A vehicle used for FFB crop evacuation was not risk assessed.</p> <p>Objective evidence : a) On Sri Kamusan Estate accidents have taken place in November 2017, in January & February 2018 but the HIRARC was not reviewed. It was last reviewed on 18.03.2017 for 'Pembantu Rumah / Amah'. Before this it was reviewed only on 20.12.2016. b) On Sri Kamusan Estate the operation for using the vehicle "Mechanical Buffalo" for FFB crop evacuation was not risk assessed and included in the HIRARC document.</p>	<p>a) The Three mentioned accidents were investigated and their HIRARC already reviewed and revised accordingly. Investigation Report and HIRARC attached.</p> <p>b) The HIRARC for 'Mechanical Buffalo' for FFB Evacuation was developed on 23rd May 2018. The HIRARC is Attached</p>	<p>a) Sighted the evidence that investigation has been done and HIRARC has been reviewed</p> <p>b) Sighted evidence that HIRARC has been review on 23/5/18</p> <p>Status Closed. the implementation of corrective action will be verified by next audit</p>
4.7.3 NCR RR 01 2018	Major	<p>Requirements: All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). 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</p>	<p>- Emergency Shower were constructed at Sri Kamusan Estate (Workshop, Water Treatment Plant and Fertilizer store) and Hibumas 1 (Water Treatment Plant) at 21 May 2018</p>	<p>- Sighted photo evidence of Emergency Shower has been construct.</p> <p>Status: Closed the implementation of corrective action will be verified by next audit</p>

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		<p>operations, and land preparation, harvesting and, if it is used, burning.</p> <p>Findings: Recommendation made by CHRA dated 2015 was not implemented.</p> <p>Objective evidence : Sri Kamusan Estate -Emergency shower was not available at workshop, water treatment plant, and fertilizer store.</p> <p>Hibumas 1 Estate -Emergency shower was not available at water treatment plant at Block Parcel 13.</p>		
4.7.7 NCR STK 02 2018	Minor	<p>Requirement: Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics</p> <p>Finding: Accident statistics were not well maintained and properly recorded.</p> <p>Objective evidence : On Sri Kamusan Estate accidents have taken place in November 2017, in January & February 2018 but accidents statistics were not well maintained and properly recorded</p>	- Training will be conducted to all Estate Clinic Dresser in Sugut Region on the correct way of reporting and recording of any occupational accidents, near misses and dangerous occurrences in the estate and mill. The training expected to be conducted on 15 th April 2018	<p>Corrective action plan accepted</p> <p>Status: Open the implementation of corrective action plan will be verified by next audit</p>

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Attachment 5

RSPO SUPPLY CHAIN : AUDIT CHECKLIST

SECTION B : GENERAL CHAIN OF CUSTODY REQUIREMENTS FOR THE SUPPLY CHAIN

	Requirements	Remarks
1	Applicability of the general chain of custody requirements for the supply chain	
1.1	Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	Sri Kamusan 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 Sri Kamusan 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 Sri Kamusan POM scope of certification
2	Supply chain model	
2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	Sri Kamusan POM has aware on the need to downgrading of supply chain model. However, this indicator was not applicable since this POM use MB model.
2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	Sri Kamusan POM has continued to maintain MB model.
3	Documented procedures	
3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:	The Sri Kamusan palm oil mill has continued to implement documented procedure 'SOP Traceability [doc No.: SKPOM/TA/03, rev. 3 dated 16/06/2015] and 'SOP Mass Balance' [doc No.: SKPOM/MB/01, rev. 5 dated 10/07/17]. 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

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		<p>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.</p> <p>1.1 Purpose 1.2 Scope 1.3 Definition 1.4 Reference 1.5 General Responsibilities and Certification Requirements - 1.5.1 Purchasing and good in - 1.5.2 Processing - 1.5.3 Sales and good out - 1.5.4 Mass Balance Record Monitoring and Record Keeping 1.6 Description of Mass Balance Calculation and Record. 1.7 Registration of transactions 1.8 Training 1.9 Verification</p> <p>The revised procedure has addressed MSPO word in procedure.</p>
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 10/7/17(revision : 5) 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.	Manager have overall responsible and authority over the implementation of RSPO supply chain requirement in RSPO Sri Kamusan 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>Effectively implements and maintains the standard requirements within its organization.</p> <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.</p>	RSPO internal audit was conducted in Jan 2018 by the internal auditor. The previous internal audit was conducted on 26 September 2017. There are no non-conformance report were raised by auditor. Audit Attendance sheet, audit plan, audit notes, was sighted by auditor.

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4	Purchasing and goods in	
4.1	<p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or shipment / delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply Chain certificate number of the seller; • A unique identification number. <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>	<p>Sri Kamusan POM had continued received FFB supply from own company estate namely Sri Kamusan estate, Hibumas 1 estate, Hibumas 2, Jebawang estate, Sapi Sugut Estate, and Sekar Imej estate and Outsider Crop consist of 11 Grower and 332 Smallholder. Among the information available on the FFB consignment note are estate name, delivery date, no of FFB bunches, FFB weight.</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>Sri Kamusan POM had continued received FFB supply from own company estate namely Sri Kamusan estate, Hibumas 1 estate, Hibumas 2, Jebawang estate, Sapi Sugut Estate, and Sekar Imej estate and Outsider Crop consist of 11 Grower and 332 Smallholder. Sri Kamusan POM has continued to implement and comply with the procedure in handling of purchasing and receiving as per RSPO standard requirements.</p>
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>Sri Kamusan POM has registered in IT platform</p>
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 announcement.</p>	<p>Sri Kamusan POM had continued received FFB supply from own company estate namely Sri Kamusan estate, Hibumas 1 estate, Hibumas 2, Jebawang estate, Sapi Sugut Estate, and Sekar Imej estate and Outsider Crop consist of 11 Grower and 332 Smallholder.</p>

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4.2	The site shall have a mechanism in place for handling non-conforming material and/or documents.	Sri Kamusan POM has established Weighbridge Nett is cater to control incoming material and outgoing products. The FFB supplier & Product buyer & its vehicle registration has to been registered in the system prior weighing. RSPO Supply Chain procedure item 1.5.1 has indicate the mechanism to handle non conforming material/documents such as validity of certificate supplying estate .
5	Outsourcing activities	
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>	There are 3 outsources company CPO and PK transporter. The agreement document was available and communication on the RSPO supply chain requirement were communicated to them. Record of training was sighted.
5.2	<p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ul style="list-style-type: none"> a) The site has legal ownership of all input material to be included in outsourced processes; b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable 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. c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor. 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. 	<ul style="list-style-type: none"> a) There are 3 outsource company CPO and PK transporter. All companies had legal ownership. b) There is contract document between Sri Kamusan POM and the transporters. c) The RSPO Supply Chain procedure has described on outsource activity. d) During stakeholder meeting 2 representatives attended the meeting which highlight on the RSPO issue. <p>Inspection was carried out as additional effort to ensure no contamination sighted book at AP Post.</p>
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.
6	Sales and goods out	
6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> • The name and address of the buyer; • The name and address of the seller; • The loading or delivery date; • The date on which the documents were issued; • A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations); • The quantity of the products delivered; • Any related transport documentation; • Supply chain certificate number; • A unique identification number. 	<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 Sri Kamusan POM.</p> <p>Sample of deliveries document were sighted during the audit and it was found all related information were adequate. Sri Kamusan POM's RSPO certificate number and product name together with model used were stated in the delivery documents.</p>
7	Registration of transactions	
7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> • are supply chain actors between the mill and final refinery; • take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and • are part of the supply chain of RSPO Certified Sustainable oil palm products <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>	Sri Kamusan POM has legal ownership and physical handle RSPO certified sustainable CPO and PK.
8	Training	
8.1	The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.	Training plan has included the RSPO Supply chain training scheduled in Feb 2018 and June 2018 for staff & workers.

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8.2	Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system. Training shall be specific and relevant to the task(s) performed.	Training was conducted for workers accordingly. Attendance list & photograph was seen.
9	Record keeping	
9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	Sighted CPO and PK delivery note, weighbridge ticket, production data and internal audit records were found up-to-date.
9.2	Retention times for all records and reports shall be a minimum of two (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 2 January 2018 to 28 February 2018, Sri Kamusan POM had delivered 76.6 MT of CPO MB to 1 buyer only (Sandakan Edible Oils Sdn Bhd.) and 891.5 MT of PK MB to 1 buyer only (Sandakan Edible Oils Sdn Bhd.).
10	Conversion factors	
5.10.1	Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website (www.rspo.org). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website (www.rspo.org).	No conversion factor used
10.2	Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	No conversion factor used
11	Claims	
11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims.	No claim been made

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12	Complaints	
12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Documented procedure has established to address collecting and resolving the complaint.
13	Management review	
13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	Documented procedure has defined management review will be conducted once a year
13.2	<p>The input to management review shall include information on:</p> <ul style="list-style-type: none"> • Results of internal audits covering RSPO SCCS • Customer feedback • Status of preventive and corrective actions • Follow-up actions from management reviews • Changes that could affect the management system • Recommendations for improvement 	<p>Management review meeting dated 5 July 2017 (combine RSPO SC and ISCC)</p> <ul style="list-style-type: none"> • Internal audit – 0 NCR • Customer feedback – data analysis show result from customer survey (i.e. RSPO-CSPO related to meeting the contract volume, timely delivery, dispatch documentation) result achieved. • Previous meeting – was highlighted • Changes • Recommendation for improvement – improve the established system
13.3	<p>The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> • Improvement of the effectiveness of the management system and its processes • Resource needs 	<p>Recommendation for improvement Recourse sufficient.</p>

RSPO Supply Chain at the Sri Kamusan palm oil mill – Mass Balance Model –Module E

Item No	Requirement NOV 2014	Findings	
E.1	Defination	Actual (March 2017 – Feb 2018)	
E.1.1	<p>To verify :</p> <p>a) the volume of certified and uncertified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p>a) FFB Received</p> <p style="padding-left: 20px;">RSPO 125,589.58</p> <p style="padding-left: 20px;">Non-RSPO 180,658.92</p> <p>FFB Processed</p> <p style="padding-left: 20px;">RSPO 125,552.73</p> <p style="padding-left: 20px;">Non-RSPO 180,551.70</p> <p>CPO Production</p>	<p><u>MT</u></p> <p>306,248.50</p> <p>306,104.43</p> <p>62,188.26</p>

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		PK Production 12,138.37 b) Delivery of CPO 62,188.26 RSPO(MB) 13,614.60 Non-RSPO 47,100.67 Delivery of PK 12,138.37 RSPO(MB) 5,152.52 Non-RSPO 7,049.58
E 2 E.2.1	Explanation Estimate total tonnage of CPO and PK potentially produce in a year	Projection (March 2018 – Feb 2019) (1) FFB Received MT 314,894.33 RSPO 149,669.33 Non-RSPO 165,225.00 (2) FFB Processed 314,894.33 RSPO 149,669.33 Non-RSPO 165,225.00 (3) CPO Production 67,702.28 (4) PK Production 14,170.25
E. 2 E 2.2	Explanation The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	Sri Kamusan POM has a registered RSPO e-Trace. The member ID is RSPO_PO1000000198 Sample of registration was sighted:
E 3 E 3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	a) The Sri Kamusan palm oil mill has continued to implement documented procedure 'SOP Traceability and 'SOP Mass Balance'. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module E – CPO Mills : Mass balance. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the certification of the suppliers. 1.1 Purpose 1.2 Scope 1.3 Definition 1.4 Reference 1.5 General Responsibilities and Certification Requirements - 1.5.1 Purchasing and good in - 1.5.2 Processing - 1.5.3 Sales and good out - 1.5.4 Mass Balance Record Monitoring and Record Keeping 1.6 Description of Mass Balance Calculation and Record. 1.7 Registration of transactions 1.8 Training 1.9 Verification

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		<p>The revised procedure has addressed MSPO word in procedure.</p> <p>b) The mill's clerk has been appointed as RSPO SCCS traceability management representative (MR) since Sept 2013. Her role is to assist the Senior Mill manager who has overall responsibility for and authority over the implementation of the Supply Chain Standard appointment letter date 20/1/17.</p>
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	<p>Sri Kamusan palm oil mill has continued to implement documented procedure related receiving and processing respectively. This documented procedure has described on the following:</p> <ul style="list-style-type: none"> • 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. • Weighbridge ticket from Sri Kamusan palm oil mill to indicate the mill weight, FFB despatch no., date of receipt, supplier estate and vehicle no.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	<p>All certified FFB came from Sri Kamusan CU estates and non-certified FFB come from independent FFB suppliers. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified and non-certified FFBs received by the mill had been properly recorded and monitored. Refer to table attached.</p> <p>All purchasing and sales activities were handled by Sustainability and Supply Chain Department and Wilmar Singapore Trading Department(HQ).</p>
E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	The established procedure "SOP Mass Balance – SKPOM/MB/01" has indicated that Mill Manager is responsible to inform the Sustainability Department (CSR) if there is any or over projected to be over production of certified CPO and PK. Record assessment was confirmed no over-production.
E.5 E.5.1	Record keeping a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	<p>a) Sri Kamusan POM had continued to keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'Quarterly Report/Fixed Inventory Period'.</p> <p>b) Accounting records were found to be tally – based on "Quarterly Report/Fixed Inventory Period" For the period March 2017 to Feb 2018, Sri Kamusan POM had delivered a total of 13,614.60 of RSPO-certified (MB) CPO and 5,152.52 MT of RSPO-certified (MB) PK. All the certified CPO was delivered to Sandakan Edible Oil Sdn Bhd. Sighted the "Daily CSPO / CSPK Production Record", deductions were correctly made.</p> <p>c) Based on the inventory record show the delivery of MB sales from positive stock. The Quarterly Report of Incoming Sustainable Raw Material (CPO) / (PK) – Sri Kamusan POM indicated both positive balances for the certified CPO and palm kernel.</p>
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	<p>Outsource activities only for CPO & PK transportation. The contracts were handled by the Contract Department at Wilmar HQ in Sandakan.</p> <p>There were no outsourcing activity to an independent (not owned by the same organization) palm kernel crush with regards to the processing of the material or product..</p>
E.4 E.4.1	Sales and good out The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer;	The mill has continued to implement documented procedure related to sales of CPO and PK. All CPO and PK sale to Sandakan Edible Oils Sdn.Bhd. (company own refinery). Sighted the sales invoices issued for RSPO certified product has included name and address of the refinery; date deliver; product description, supply chain model i.e. Mass Balance, quantity of the products delivered as well as transportation

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	<p>b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) d) The quantity of the products delivered; e) Reference to related transport documentation.</p>	<p>documentation such as Borang MPOB L3, Sri Kamusan mill Weighbridge ticket, Kebenaran Mengangkut /arahan penghantaran from the transporter company, Deliver order from Sri Kamusan plam oil mill.</p>
<p>E.5 E.5.1</p>	<p>Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Awareness Training was conducted for workers accordingly. Attendance list & photograph was seen.</p>
<p>E.6 E.6.1</p>	<p>Claims The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.</p>	<p>As to date no claim was made.</p>

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Attachment 6

VERIFICATION OF NON-CONFORMITIES DURING LAST SURVEILLANCE ASSESMENT AT SRI KAMUSAN CU

No.	NCR No. & Indicator	Specification Major/Minor	Non-conformances	Corrective Action	Status & Verification by Assessor
1	Indicator 4.1.2	Minor	<p>#NCR No : RAR 01-2017 Plan to avoid or reduce pollution was not effectively implemented. At Sapi Sugut Estate and Sri Kamusan POM water from emergency shower was directed into the field drain.</p>	<p><u>Corrective Action Plan:</u> Concrete bunding will be constructed around the concrete floor below the emergency shower with sump to collect water contaminated with chemical.</p> <p><u>Auditor Verification:</u> Corrective action plan accepted</p> <p>Status: Open The effectiveness of the corrective action will be verify during next audit</p>	<p>Verification: Auditor has verify Plan for optimising water usage and improvements to local water environment in both estates including housing site (executives, staff and workers), office, clinic, workshop, creche, and humana. premix area and emergency shower.</p> <p>Action has taken:</p> <ul style="list-style-type: none"> • To ensure and monitored - water catchment area was suitable and enough to supplied for each persons or employees (200liter / person /day- can be used for atleast 6 months during drought located at Parcel 14/17 • Installation - Rain water harvesting as an alternative supply for workers by using HDPE tank. Each house employees. • Reused water from premix area and emergency shower Thus, previous Minor NCR RAR 01 2017 has been closed. <p>Status: Closed.</p>
2.	Indicator 6.10.1	Minor	<p>#NCR No : MRS 01 2017 The past prices for FFB was not publicly available. Sri Kamusan POM only displayed the daily prices for FFB (Grade A, B and C) at the weighbridge station.</p>	<p><u>Corrective Action Plan:</u> Past FFB prices are now displayed at the weighbridge</p> <p><u>Auditor Verification:</u> Corrective action plan accepted</p> <p>Status: Open The effectiveness of the corrective action will be verify during next audit</p>	<p>Verification: Auditor had visited and observed that, Sri Kamusan POM has displayed daily prices for FFB (Grade A, B and C) at the weighbridge station and also the past price since January 2017</p> <p>Status: Closed</p>