PUBLIC SUMMARY
RECERTIFICATION
FOR RSPO P&C CERTIFICATION

PPB OIL PALMS BERHAD
RSPO MEMBERSHIP NO: 1-0011-04-000-00
SAREMAS 2 CERTIFICATION UNIT

Miri, Sarawak, Malaysia

Certificate Number: RSPO 0007
Date of First Certification: June 2010
Audit Date : 21-24/4/15 and 28/4/2015

Prepared by:

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September 2015

CONFIDENTIAL

SIRIM QAS INTERNATIONAL	**SIRIM QAS INTERNATIONAL SDN. BHD.** Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, P.O. Box 7035, 40911 Shah Alam, Selangor, Malaysia. **RSPO RECERTIFICATION AUDIT REPORT**	**File Ref. :** ES11320002

CLIENT : PPB OIL PALMS BERHAD – SAREMAS 2 CERTIFICATION UNIT

TYPE (MILL, ESTATE AND MILL ETC)

1. Saremas 2 Palm Oil Mill
2. Saremas 2 Estate
3. Segarmas Plantation
4. Kaminsky Plantation

LOCATION (MAP AND GPS), MILL AND/OR HECTARAGE:
(In the case of multisite certification, list additional sites in attachments) :

Operating Unit	Latitude	Longitude	Location Address	Hectares
Saremas 2 Palm Oil Mill	3º 26´55.704" N	113 º46'11.821"E	KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	-
Saremas 2 Estate (excluding Division D Estate)	3 º30'22.422"N	113 º47'55.555"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	4,230.11
Segarmas Plantation	3 º28'8.21"N	113 º48'23.864"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	4,727.00
Kaminsky Plantation	3 º24'27.156"N	113 º45'33.8"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	3,988.00

AUDIT DATE : 21-24/4/15 and 28/4/2015. **DURATION : 15 auditor days**

STANDARD : RSPO MYNI:2014

SCOPE OF REGISTRATION (specify sites, tonnages and/or approved processes) :
Production of Crude Palm Oil and Palm Kernel Using Identity Preserved (IP) Model

NO OF EMPLOYEES (Applicable to the scope of activities audited) : 1,510

The following attachments form part of this report:

Non-conformity Report(s) ☐ List of additional site(s) ☐

Report by Audit Team Leader

Name : MOHD HAFIZ MAT HUSSAIN

Signature : SIRIM QAS INTERNATIONAL SDN. BHD. MOHD HAFIZ

Date : 26/8/2015

Acknowledgement by Client's Representative

Name : Edrin Moss

Signature :

Date : 27/8/2015

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List of Abbreviation

BOD	Biochemical Oxygen Demand
B.Sc.	Bachelor of Science
CA	Collective Agreement
CB	Certification Body
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Units
DID	Drainage and Irrigation Department, Malaysia
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EB	Executive Board
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory and Machinery Act
FSC	Forest Stewardship Council
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organization for Standardization
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MPOA	Malaysian Palm Oil Association
MPOB	Malaysia Palm Oil Board
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NADOOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non-Governmental Organisation
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
PIC	Person-In-Charge
PK	Palm Kernel
PMM	Proposal of Mitigation Measure
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
QMS	Quality Management System
RSPO	Roundtable on Sustainable Palm Oil
SDPSB	Sime Darby Plantations Sdn. Bhd.
SIA	Social Impact Assessment
SOCSO	Social Security Organization

SOP	Standard Operating Procedure
UKAS	United Kingdom Accreditation Services
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health
VOPS	Voluntary Oil Palm Seedlings

A. INTRODUCTION :

1.0 Description of the organization :

1.1 Type (mill, estate and mill etc)
The certification unit (CU) being assessed was Saremas 2 (S2), part of Saremas Sdn. Bhd. (SSB). A wholly owned subsidiary of PPB Oil Palms Berhad (PPB Oil Palms). The S2 CU comprised of the Saremas 2 Palm Oil Mill, and the following supply base: Saremas 2 Estate, Segarmas Plantation and Kaminsky Plantation.

The Recertification Audit against the requirements of the RSPO MY-NI (2014) was conducted by SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) on 21-24 April 2015 and 28 April 2015.

There was no change in terms of land ownership, acreage own and operations of estate and mill. However, there was an issue reported during the assessment on the land disputes. Essentially, they remained the same. However the scope of certification was changed to Identity Preserved (IP).

Saremas 2 Palm Oil Mill commenced operations in 2000 with a processing capacity of 30 metric tonnes (MT) of FFBs per hour. The processing capacity was upgraded to 45 MT of FFBs per hour. S2 CU consisted of fully developed area and hence Principle 7 of the RSPO Principles & Criteria was not applicable. The total workforce for S2 was 1,510and about 90% of them were migrant field workers from Indonesia.

1.2 Location (map and GPS), mill and or hectarage statement
Seramas 2 Palm Oil Mill and the estates are located in Miri District, Sarawak, Malaysia. Its operation office is located within the Saremas Sdn Bhd office Complex, at Saremas 1 estate. The official address of S2 is KM 18 off KM 115, Bintulu-Miri Road, Miri, Sarawak, Malaysia.

There are other smaller offices within the estates. However, all correspondence is through the main office at S1. The location map of S2 CU (mill and estates) is shown in Appendix 1 while their coordinates are detailed in table 1 below.

Table 1: Location and addresses of mills and estates

Operating Unit	Latitude	Longitude	Location Address	Hectares
Saremas 2 Palm Oil Mill	3º 26´55.704" N	113 º46'11.821"E	KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	-
Saremas 2 Estate (excluding Division D Estate)	3 º30'22.422"N	113 º47'55.555"E	18 KM off KM 115, Bintulu-Miri Road 97008 Bintulu, Sarawak	4,230.11
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1.3 Description of supply base (fruit sources)

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

Table 2:Actual and Estimated FFB production by the supply base since date of last reporting

Estate undergoing RSPO certification	Actual FFB production January – December 2014		Estimated production January – December 2014		Actual FFB production January –March 2015		Estimated production January 2015 – December 2015	
	Tonnes	%	Tonnes	%	Tonnes	%	Tonnes	%
Saremas 2 (excluding Division D Estate)	62,878.56	30	62,892	29	10,428.31	24	46,100	23
Segarmas	70,848.17	33	77,000	35	16,530	38	72,800	36
Kaminsky	78,664.03	37	78,000	36	16,600	38	81,500	41
Total	**212,390.76**	**100**	**217,892**	**100**	**43,558.31**	**100**	**200,400**	**100**

Workforce Composition

The total and composition of the workforce at Saremas 2 CU at the point of this assessment is as shown in Table 3.

Table 3: Workers Composition

Operating Unit	Number of workers		Total
	Local	Foreigner	
Saremas 2 POM	32	63	95
Segarmas Estate	38	379	417
Saremas 2 Estate	53	492	545
Kaminsky Estate	34	419	453
Total	**157**	**1353**	**1510**

1.4 Date of plantings and cycle

Table 4: Year of oil palm establishment

Estate	Year of oil palm establishment	Area (ha)				Planted Area (%)	
		Total	Planted	Mature	Immature	Mature	Immature
Saremas 2 (exclude Division D Estate)	1990	4,230.11	3,117.7	2,199.71	917.99	70.56%	29.44%
Segarmas	1994	4,727.00	3,338.99	3,206.10	132.89	96.02%	3.98%
Kaminsky	1996	3,988.00	3,193.49	3,193.49	-	100%	-
Total		**12,945.11**	**9,650.18**	**8,599.3**	**1,050.88**	**89.11%**	**10.89%**

Table 5: Date of planting

Planting	Planting Cycle	Maturity status	Estate Planted Area (Ha)		
			Saremas 2 (exclude Division D Estate)	**Segarmas**	**Kaminsky**
1990	1st Generation	Mature	76.52		
1991	1st Generation	Mature	528.02		
1992	1st Generation	Mature	316.7		
1994	1st Generation	Mature		873.69	
1995	1st Generation	Mature	409.34	1,599.73	
1996	1st Generation	Mature	805.29		1,466.55
1997	1st Generation	Mature			1,551.38
1998	1st Generation	Mature		13.4	
2000	1st Generation	Mature		157.52	
2001	1st Generation	Mature		168.83	
2002	1st Generation	Mature		175.98	175.56
2003	1st Generation	Mature		126.71	
2004	1st Generation	Mature	20.88	79.28	
2006	1st Generation	Mature	42.96	10.96	
2014	2nd Generation	Immature	286.96		
2015	2nd Generation	Immature	631.03	132.89	
Total :			**3,117.70**	**3,338.99**	**3,193.49**

1.5 Other certification held (ISO etc)

The Saremas 2 mill hold the certificate for ISCC since 2012 and ISO22000 since 2014, however all the estate did not hold any form of third-party certification on management systems.

1.6 Organisational information / contact person

PPB Oil Palms has a regional office in Bintulu, Sarawak, which is responsible for overseeing the S1 CU and other plantation management units in Sarawak. The correspondence address and contact person are as detailed below:

Address:

PPB Oil Palms Berhad
Sarawak Operations,
Lot 964, Sublot 7,
Taman Seaview Commercial Centre,
Jalan Tanjung Batu, P.O Box 730,
97008 Bintulu, Sarawak
MALAYSIA

Contact person:

Mr. Chang Sip Woon
Assistant General Manager
Phone : + 60 85 325 713/+60 86 333 286
Fax : + 60 85 495 010/+60 86 315 220
+ 60 86 315 223/+60 86 315 221

1.7 Tonnage certified

Table 6: Actual annual CPO and PK tonnage of Saremas 2 POM

	Jan-Dec 13 (Actual)	Jan-Dec14 (Actual)	Jan-Mar 15 (Actual)	Jan-Dec 15 (Estimated)
FFB Processed (mt)	218,124.800	20,2331.87	42,784.46	200,400
Total CPO Production (mt)	46,448.252	43,293.95	8,987.66	44,088
Total PK Production (mt)	10,475.780	9,839.61	2,012.16	10,020
% of FFB from company owned estates	100%	100%	100%	100%
% of FFB from 3rd party/smallholder	0%	0%	0%	-
Certified CPO (mt) sold as MB	0	4,523.33	-	-
Certified CPO (mt) sold as SG	-	-	-	-
Certified CPO (mt) sold as IP	-	-	-	44,088
Certified PK (mt) sold as MB	10,487.100	9,786.6	-	-
Certified PK (mt) sold as SG	-	-	1,940.22	-
Certified PK (mt) sold as IP	-	-	-	10,020

1.8 Certification detail

Parent company : PPB Oil Palms Berhad
RSPO Membership Number : 1-0011-04-000-00
Member since : 28/09/2004
Certificate Number : RSPO 0007
Date of previous assessment: 24th - 27th March 2014
Date of certification : 14th June 2010

2.0 Assessment Process

2.1 Assessment methodology (program, site visits)

The surveillance assessment was guided by the sampling formula of 0.8 √y. Nonetheless, all the estates were visited in this assessment but were assessed with different elements of the standard. The mill is assessed in every assessment.

The assessment team carried out field and office assessments for conformance against the RSPO-MY principles and criteria. The visits also covered HCV habitats, labour lines, storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for individual estates. Interviews, particularly those with employees, local communities and suppliers/contractors were conducted formally as well as informally, without the presence of company management personnel. In addition to that, records as well as other related documentation were also reviewed.

It is important to note that the finding from this assessment is based on samples taken from the organization activities, procedures, records etc. Statistically, there is always a possibility that one or more problematic issues/areas will remain unidentified during the course of this audit. The absence of non-compliance in any area or activity does not necessarily imply that no lapses or non-compliance exist.

The assessment programme is in Appendix 2.

2.2 Date of next surveillance visit

The next surveillance audit will be conducted within nine (9) to twelves (12) month from the date of last audit.

2.3 Lead assessor / assessment

Assessment Team	Role/Area of RSPO Requirement	Qualification and Experience
Mohd Hafiz Bin Mat Hussain	Assessment Team Leader / Estate Operation	• Over 100 days of auditing experience, having audited on**:** ISO 9001**,** ISO 14001, RSPO & MSPO. • 4 years' experience in oil palm estate • Successfully Completed RSPO Lead Assessor Course – 2014 • Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2013 • Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2013 • Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2013 • B.Sc. (Hons) Plantation Management And Technology
Khairul Najwan bin Ahmad Jahari	Assessor / Forester	• Collected more than 32 auditor days in auditing Forest Management Certification (FMC – MC&I 2002, Natural Forest and Forest Plantation) • 7 years working experience in Forest related areas as a researcher with FRIM since 2003 • Successfully completed accredited Lead Assessor training for ISO 14001: 2004, March 2009. • Successfully completed and passed the RSPO Lead Assessor Course – 2011. • B.Sc. of Forestry (Forest Management)
Valence Shem	Assessor / Environmental issues	• Collected more than 250 Auditor days in auditing ISO 14001 and RSPO • Nine years' experience in Oil Palm Plantation management • Successfully completed IEMA accredited Lead Assessor training for ISO 14001: 2004 • B.Tech. (Hons) Industrial Technology • Successfully completed and passed the RSPO Lead Assessor Course – 2011.
Mohd Razman Bin Salim	Assessor / Forester	• Auditing various schemes i.e. OHSAS 1001, RSPO P&C and MC&I • 6 years' experience in Forest Management, forest, HCVF and ecology • Successfully completed Lead Assessor Course for ISO 9001, ISO 14001, OHSAS 18001 and RSPO P&C • B.Sc.Forestry - Universiti Putra Malaysia
Ismail Bin Ibrahim	Assessor / Forester	• Principal auditor, SIRIM QAS International Sdn Bhd (2007-present)- prepares procedures and guidelines on auditing for forest management and chain of custody certification. • Assists the Section Head, Food Agriculture and Forestry Section, SIRIM QAS International on accreditation of the forest and RSPO certification programmes. • Conducts audits for chain of custody and RSPO supply chain. • Attended and successfully passed the Lead Auditor Course on ISO 9001 and ISO 14001 by SIRIM Training Services Sdn Bhd • Attended and successfully completed the training on RSPO Suplly Chain Certification System Standard.

2.4 Certification body

SIRIM QAS International Sdn. Bhd. is the oldest and 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 recognised standards. Attestation of this fact is the accreditation of the various certification and testing services by leading national and international accreditation and recognition bodies such as the Department of Standards Malaysia (STANDARDS MALAYSIA), the United Kingdom Accreditation Services (UKAS), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessment related to RSPO assessment. We have certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. We have also conducted pre assessment against RSPO Principle and Criteria.

SIRIM QAS International was approved as a RSPO certification body on 21st March 2008.

2.5 Progress against Time-Bound Plan

PPB owned and operates 6 palm oil mills in Sabah and 2 palm oil mills in Sarawak respectively. The fruits for the 6 mills in Sabah were supplied by 13 oil palm estates while 4 estates supplied their fruits to the 2 mills in Sarawak. PPB has been on schedule with the time bound plan for the certification of all the CUs. To-date, all the 8 CUs (plam oil mills) had been certified to the RSPO MY-NI P&C.

SIRIM QAS International Sdn.Bhd. (SIRIM QAS International) had been involved with the certification of five of the CUs.

2.6 Outline of how stakeholder consultation was managed

Stakeholder consultation was initiated with the announcement in the RSPO web site and SIRIM QAS web site 1 month before the recertification assessment. Apart from that, letters were also sent to relevant stakeholders, including government agencies and NGOs and local communities, however only BOMBA district of Miri replied this letter.

All enquiries received prior to the recertification assessment were responded to, and for any comments made, consideration was given in planning for the Recertification assessment. Refer to the issue raised by the BOMBA, Miri, Saremas 2 POM is in progress to apply the Fire Certificate. S2 POM was engaged consultant (FYSIS).. The project was started on end of 2014. S2 POM has provided the mill's general layout front view, plan view and side view to the contractor, which will be used for the fire extinguisher arrangement as well as the fire hydrant and hose reel location. The latest payment was done on 24th March 2015 to the contractor. After the project was completed, the S2 POM will apply the fire certificate, which had been plan by end of 2015.

Among the stakeholders consulted during the Recertification assessment were employees, government agencies, non-govermental organizations, local communities, FFB suppliers, contractors and its employees and other interested parties.

Consultation with employees, FFB suppliers and contractors involved random sampling from each group in each of the areas (e.g mill operators, harvesters, general workers and sprayers from the different estates). Each session lasted between 1 hour to 2 hours. The consultations included the issues relevant to principles 4, 5 and 6. The consultations were conducted in the Saremas 2 Certification Unit.

The consultations with local communities were carried out at their premises/grounds. The sessions were carried out at time convenient to the stakeholders. The intention was to solicit their views on the impact of Saremas 2 certification unit on their economic and socio-cultural life.

3.0 Assessment Findings

3.1 Summary of findings

The findings of the Recertification Audit were presented during the on-site closing meeting. There were **4 major and 5 minor nonconformity reports (NCR)** raised on the Saremas 2 CU. It was noted that Saremas 2 CU was guided by their Estate/Mill Management System documents for their operations. Findings and details of the NCRs and corrective actions taken against each of the RSPO MY-NI indicators are reported below.

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	Yes	Segarmas Estate, Saremas 2 Estate and Saremas 2 POM noted continued to implement communication that their management documents are publicly available. Within this recertification audit period, no request for information from the stakeholders received by Saremas 2 CU was observed.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	There was no requested information from stakeholders.
C 1.2 Management documents are	1.2.1	Land titles/user rights (Criterion 2.2);	Yes	There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentially or where disclosure of information would result in negative environmental or social outcomes.

publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.		Occupational health and safety plans (Criterion 4.7);	Yes	Saremas 2 CU continued to adopt the PPB Group's Occupational Health Safety policy dated September 2010, signed by top management. The policies including OSH plan and programs had been communicated and implemented to all levels of the organization
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Yes	Plans and impact assessment relating to environmental is publicly available. Cross refer to Criterion 5.1.
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	HCV documentation summary was made available at the Segarmas Estate and Saremas 2 Estate. The document reported their activities, HCV area, riparian zone, map and Person incharge.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Pollution prevention and reduction plans are publicly available. Cross refer to Criterion 5.6.
		Details of complaints and grievances (Criterion 6.3);	Yes	Detail of complaints and grievances for Saremas 2 POM, Segarmas Estate and Saremas 2 Estate were recorded in the Complaint Form, Request Form, verbally and through stakeholders meeting with internal and external stakeholders; Joint Consultative Committee-Public Stakeholders (JCC-PS), Social and Welfare Committee, Community Based Development Committee (CBDC), and, Women and Children Committee. All the documents were made available at the visited estates and mill.
		Negotiation procedures (Criterion 6.4);	Yes	Saremas 2 CU has established a standard of procedure for handling any complaints and grievances by following "Dispute & Grievances Procedure (PPB/RSPO 6.3 (2.2)/ (1) dated 16 November 2009". All the documents were made available at the visited estates and mill.
		Continual improvement plans (Criterion 8.1);	Yes	Continual improvement plans are publicly available. Cross refer to Criterion 8.1.

		Public summary of certification assessment report;	Yes	The public certification summary of Saremas 2 CU for 4th surveillance had been published in the SIRIM QAS International website: http://www.sirim-qas.com.my/attachments/article/364/PS%20-%20Saremas%202%20ASA%204%20Rev%201.pdf
		Human Rights Policy (Criterion 6.13).	Yes	Wilmar Human Right Policy dated June 2014 has been signed off by Group Plantation Head and it was verified at Saremas 2 CU's.
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	No	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 were not available at Saremas 2 CU. **Therefore Minor NCR KN1/2015 was raised.**

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	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	Yes	The CU was comply with most of the applicable local, national and ratified international laws and regulations. As per the requirement in the land titles all land is utilised for Agricultural purposes. Relevant licences and permits such as MPOB license, Trading Licence, Energy Commission and Domestic Trade Ministry for diesel and fertilizer storage were valid.

laws and regulations.				Monitoring was being conducted in accordance with the relevant procedures and requirements. Saremas 2 CU had also obtained and renewed license and permits as required by the law. Saremas 2 CU had fulfilled the legal requirement during this Recertification Audit. They also had closed all issues which had been raised during 4th Surveillance Audit in 2014 as Major NCR MH2 as explained below: Auditor had verified an Audiometric Report for Sri Kamusan POM dated 26 May 2014 by ChemSain Konsultant. OHD had recommended that another baseline audiometric test should be conducted on 8 July 2015. Auditor also had verified through Purchased Order of medicines where the written order was signed by registered medical practitioner, VMO. Thus, the Major NCR raised in 2014 was satisfactorily closed. Saremas 2 POM was aware of the amendment of FMA (Person-incharge) Regulations. However, the amendment of their legal register still being updated by PPB Headquarters.
	2.1.2	A documented system, which includes written information on legal requirements,shall be maintained Minor Compliance	Yes	List of applicable legal and other requirements named (Register of Legal and Other Applicable Requirement for PBB Oil Palms Berhad (Sarawak Operation) was made available during the assessment. Refer to latest legal register dated 17th September 2014. Documented procedure has been established and implemented, refer to S1/EMSP 02/ (01)/1206, rev:1, dated 22/12/08.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	No	As in 2.1.2 both Segarmas Estate & Saremas 2 Estate have documented systems for identifying and updating the changes of legal requirements and to monitor the status of legal compliance. There is evidence of compliance to legal requirements which has been evaluated on an annual basis. These compliances are ensured by Internal & External Audits, PA visits, VA visits and by RSPO Audits.

				Auditor found that evaluation of compliance was not carried out for working in the confined at Saremas 2 POM; (i)Permit to work, (ii)Qualified Authorised Entrance Standby Person (AESP), (iii) Authorised Gas Tester (AGT) and (iv) Refresher course every two years. **Thus a Minor NCR – MRS 01/2015 was raised.**
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	Changes to law and regulation are monitored by the centralised Sustainability Department. Various sources were referred to in obtaining information about the updates of legal requirements such as industrial association (e.g. MPOA, EMPA, SECA, etc.), seminar/conference, law books, government agencies websites, etc.The latest legal and other requirement register dated 13 June 2014 and 17 September 2014 for Segarmas Estate and Saremas 2 Estate respectively. The lists of applicable legal and other requirements had been identified and updated in the legal register: 1. Medical Assistant Act 180, 1977 (updated on 13 June 2014) 2. Classification, Labelling and Safety Data Sheet (CLASS) Regulation, 2013 (updated on 17 September 2014) Thus, a Minor NCR MH1 which had been raised during 4th Surveillance in 2014 was satisfactorily closed.
C 2.2 The right to use the land is demonstrated, and is not legitimately	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	Yes	In Segarmas & Saremas 2 Estates the right to use the land had been demonstrated and was not legitimately contested by local communities. Records of ownership were maintained at the estate office. The ownership of land title for Segarmas Estate was Segarmas Plantations Sdn Bhd. While Saremas 2 Estate was Saremas Sendirian Berhad. Below is the list of land title and lease examined.

contested by local people who can demonstrate that they have legal,customary or user rights		Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance		Saremas 2 Estate; • Lease TRN 04-LCLS-030-031-00001 – 601 ha. Terminating on 23/12/2045 • Lease TRN 04-LCLS-030-031-00003 – 3,378 ha. Terminating on 23/12/2045 • Lease TRN 04-LCLS-030-031-00004 – 5,865 ha. Terminating on 23/12/2045 • Lease TRN 04-LCLS-030-000-00057 – 2,284 ha. Terminating on 11/2/2056 Segarmas Estate; • Lease TRN 04-LCLS-030-039-0001 – 4,727 ha. Terminating on 08/12/2053
	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	Segarmas estate neighbours to Hass Enterprise estate and Bintulu Lumber Development (BLD). While, Saremas 2 Estate also was neighbouring with Hass Enterprise – Tanjung Tiara. Marking pegs found remain to identify boundary. Generally, the visited boundaries and reserves marking noted visibly maintained. Thus, a non-conformity which had been raised during 4th Surveillance Audit in 2014, NCR HO-1, was satisfactorily closed.
	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 free, prior and informed consent (FPIC). Minor Compliance	Yes	To date, there were land claim from Penan Community of Jambatan Suai. Two groups from the same origin of Kampung Ugos, Kampung Long Suva'ak Kampung Mareng and Kampung Penan Muslim wrote in a complaint dated 23 September 2014 and 1 December 2014 to Saremas 2 CU regarding the land claim. Additional proof of legal acquisition of title and evidence of fair compensation were in progress, which is in line with RSPO guidelines and PPB Oils Palms (Wilmar) procedures.

	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	Yes	The requirements for acceptable conflict resolution process was implemented and accepted by the parties involved. Minutes of meeting shows the both Saremas 2 CU's and Penan Community of Jambatan Suai were agreed to resolve the issues in line with RSPO requirements. Several meeting were held by both parties on 28 October 2014, 20 January 2015 and 25 February 2015, and was verified by the auditor during the audit.
	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 (including neighbouring communities and relevant authorities where applicable). Minor Compliance	Yes	The extent of the disputed area was mapped out in a participatory way with involvement of Penan Jambatan Suai and assisted by local NGO, Brimas.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	Yes	There was no nearby communities with Segarmas Estate. Auditor had verified through Stakeholders Meeting and interview with nearby communities and other oil palm plantation companies that there was no conflict. Segarmas Estate and Saremas 2 Estate had employed watchmen in order to guard of their workers, staffs, childrens life, their belongings and companies 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	Saremas 2 CU was developed since 1999. All the related documentation regarding the land acquisition was kept in Saremas HQ Office and was verified by the auditor. There are no any villagers nearby the Saremas 2 CU. Generally the use of the land for oil palm does not diminish the legal, or customary, or user right of other users at the point of used in 1984. However, to date, there is land claim from Penan Community of Jambatan Suai, as explained in indicator 2.2.3
	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;	Yes	The land claim were in process, therefore negotiated agreements detailing the process were in progress.

		b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	Yes	All the related documentation and records of meeting regarding the land acquisition was kept in Saremas HQ Office and was verified by the auditor. There are no any villagers nearby the Saremas 2 CU. Generally the use of the land for oil palm does not diminish the legal, or customary, or user right of other users at the point of used in 1984.

	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	Minutes of meeting dated on 28 October 2014, 20 January 2015 and 25 February 2015 shows the Penan Community of Jambatan Suai was represented by their own choosing, including legal counsel personnel.

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	Both Saremas 2 Estate and Segarmas Estate were committed to long-term economic and financial viability had annual budgets for the financial year 2015 and projections up to financial year 2018. The yearly budget and projections where the costs 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 Expenditures. The operating expenditure included expenditure for Replanting, Mature and Immature Oil Palm upkeep, Administration cost, Housing and Machinery upkeep, allocation for sustainability implementation (environmental, social, occupational safety and health), infra-structure development (bridge,road,drain), and training,etc. CAPEX for biogas project has been gazette on 2014 for Saremas 2 Mill for the POME treatment, methane recovery and utilization. The progress of the project is in the stage of soil clearing. For 2015, the Saremas 2 Mill was budgeted to install dewatering system after the poject of Biogass project completed.

	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	Yes	The replanting programmes until 2020 were sighted for both Saremas 2 Estate & Segarmas Estate. This programme is reviewed once a year and is incorporated in their annual financial budget. Remark: No field blocks is due for replant in year 2018

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	No	Both Saremas 2 Estate and Segarmas Estate adopted and used Agricultural Manual & SOP For Oil Palm updated 2011. Both estates had consistently implemented and monitored most good agricultural practices, as below: a) Chapter 4: Establishment and Maintenance of Legume Covers b) Chapter 5: Part 1: Oil Palm Planting And Supplying/Replacement Part 2: Oil Palm Planting Density and Pattern c) Chapter 6: Upkeep and Maintenance of Oil Palm d) Chapter 7: Harvesting of Fresh Fruit Bunches e) Chapter 8: Plant Protection-Pest and Disease Management f) Chapter 10 : EFB Mulching However for environmental issues, the Environmental Management System Procedures are used in carrying out works with consideration of the environmental aspects.

				Saremas 2 Estate During the site review in Block 9201 in Saremas 2 Estate, it was observed that the sprayers were spray as per SOP (Chapter 6: Upkeep And Maintenance Of Oil Palm – Part 2: Upkeep Of Mature Oil Palm). While for EFB Mulching at Block 0306, the worker applied the EFB at 35 mt/ha which as per SOP (Chapter 10: EFB Mulching). In Saremas 2 Estate, observed that the beneficial plant were planted along the road from Saremas 2 Estate until Saremas 2 Palm Oil Mill, Block 0005 and Block 0202. The record for planting beneficial plants after 2014 showed about 2781 seedling were planted and Saremas 2 Estate monitored by using a map. It was also noted that relevant SOP were displayed at various work station for easy reference, i.e: at estate office notice board. Random interview with the estate workers (Activity: Harvesting, Spraying and EFB Mulching) showed that they understand the requirement stated in the SOPs. For example, it was observed method used for spraying and mulching of EFB had been properly understood by the estate harvesters. **Saremas 2 POM** The management did not addressed requirement in the Industry Code of Practice for Working in the Confined Space, 2010 in their Confined Space Procedure (SPOM2-SSOP-021): i. Appendix G: Health Examination Checklist for Working in Confined Space ii. Appendix H: Health Fitness Certificate by OHD iii. Appendix I: Declaration of Health Status **Thus a Major NCR – MRS 02/2015 was raised by auditor.**
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place.	Yes	The mechanisms are by the implementation of internal audit, safety and health meeting and routine inspection (workplace inspection) by assistant manager, staff and hospital assistant.

		Minor Compliance		All the estates had in place the mechanism to check consistent implementation of procedures.
	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 the estates continued to be maintained and kept for a minimum of 12 months. Monthly Progress and Annual Reports on monitoring of all activities were made available during this Recertification Audit as well as official monthly reporting to MPOB. Among those records sighted at the estates included rainfall data, Store Bin Cards, vehicle running logbook, pest census, agrochemicals usage and Programme sheets for Fertiliser Application, Field upkeep, etc. Some of the records observed in the estates were Environmental Monitoring Report (EMR), inventory record of scheduled wastes, water analysis and usage records. Mill related operation records was seen and verified. Monitoring records (e.g: Weighbridge Ticket, Gradding Check Sheet, Daily Production Report) for mill operation was also made available during the audit. Daily production figure and also MPOB official reports (MPOB(EL) MF 4 & MPOB(EL) PX 4-MF) was verified with the production figures given. All report to the authorities was send in timely manner as well as to DOSH and DOE.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance	Yes	100% suppliers for FFB were from own estate, Saremas 2 Mill not received any third party sourced of FFB.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level	Yes	Saremas 2 Estate & Segarmas Estate was applied fertilisers as per EMU recommendations. Annual Fertiliser recommendations are made based on annual foliar sampling which the latest foliar sampling carried out on Feb-May 2014 (sampling for major elements - N,P,K,Mg,Ca and B). The applications are than monitored via actual manuring

to, a level that ensures optimal and sustained yield.		that ensures optimal and sustained yield, where possible. Minor Compliance		programme sheets. The main fertilisers applied were NPK, NK3, RP, SOA, MOP, Kieserite and borate.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Records sighted showed that in 2014 at Saremas 2 Estate (excluding Div 4), the fertilizers were applied with a total tonnage were 1949.325mt and at Segarmas Estate, the fertilizers were applied with a total tonnage were 3110.60mt. At Saremas 2, only NPK fertilizer had been completely applied up to March 2015 with a total tonnage 365.55 and 696.15mt for Segarmas Estate. The rate of fertilisers applied per palm varied between 7.75kg/palm-10.50kg/palm.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	The estates continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status of its estates'. Annual foliar sampling had been carried out in both estates and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The last foliar sampling done in carried out on Feb - May 2014 for Saremas 2 Estate. Soil maps were made available to the auditors and the last soil analysis was conducted on Dec 2007 by PARAM AGRICULTURAL SOIL SURVEY (M) SDN, while analysis for soil organic and carbon was carried out every 5 years as per International Sustainable Carbon Certification (ISCC) body and was last done in 2011.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues. Minor Compliance	Yes	EFB mulching was carried in both estates. Records showed that 31,807.32 tonnes and 20,415.51 tonnes of EFB were applied in Saremas 2 Estate & Segarmas Estate respectively in 2014. For 2015 up to March, Saremas 2 Estate were applied 6767.37 mt while for Segarmas Estate, 4917.11mt were applied. The rate of application was 35 tonnes/Ha - 40 tonnes/Ha in blocks where EFB was applied once a year. The mulching was monitored with EFB Application program sheets and maps.

				The CU practiced Zero burning and there was no evidence to show otherwise. Domestic waste, after recyclable items like glass, plastic, aluminum and paper were removed was buried in Landfills.
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	There were no fragile/marginal soils in both the estates visited.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	Yes	In addition the estates established soil erosion monitoring plot, that is, a) 0-12º (shaded), 0-12 (open). b) 12º-25º (open), 12º-25º (shaded). c) > 25º (open) and > 25º (shaded); This monitoring plot established to determine the amount of soil loss from its field. The estate monitored twice a year. In order to avoid/minimise bare or exposed soil the estates practised slashing of weeds in the inter rows with minimum spraying. However, palm circles and harvester paths are sprayed. No blanket spraying was advocated.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	During the field visit, it was noted road conditions were satisfactory and accessibility were made possible by regular maintenance guided by its road maintenance programmes which consist of road resurfacing, grading & compacting and culvert maintenance. Each of the two estates had their own Case, a Motor Grader and a Compacter and for excavator, the estate hired from contractor to maintain roads. The estates purchased dry crusher run stones (DRC) and placed them in strategy points ready for use. The financial support for this operation could be seen in the annual budget. Records of this activity are adequately maintained.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and	Yes	There were no peat soils in both the estates audited.

		ground cover management programme shall be in place. Major Compliance		
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	Yes	There were no peat soils in both the estates audited.
	4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance	Yes	There were no fragile soils and problem soils in both the estates visited.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	Yes	Documented *Water Management Plan (S1/WMP/01/(01)/0108)* at Saremas 2 Estate and (*SGM/WMP 01/(02)/0108)* at Segarmas Estate was available, updated on 14/3/14, and implemented accordingly. Among the key objectives of the plan are to: • promote efficient use of water; and • conserve water in reference to Sarawak Water Resources Enactment, 1998 and Malaysia Environment Quality Act 1974. Drinking water analysis was conducted every 6 month and the latest was conducted on 6th April 2015 at Saremas 2 Estate and 2nd April 2015 at Segarmas Estate by NABBIR LABORATORY (SARAWAK) SDN BHD. Segarmas Estate was budgeted for 2015 almost RM279,400.00 for upgrading and replacing existing water treatment plants for further improving water quality as well as to increase the treatment and supply capacity at Konsi Lawas. The cost were consist of site

				preparation, construct water treatment plant, installation of electric pressure pump and high pressure cleaner pump.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	Yes	Visit to Segarmas Estate and Saremas 2 Estate observed that both continued to protect riparian buffer zones. No sign of spraying and manuring were observed. There was no activity related to replanting observed.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	Yes	Saremas 2 POM has its Effluent Treatment Plant (ETP) in place. The DOE's approved disposal method is through Water Ways. The ETP is regularly maintained through desludging process to ensure efficiency. Final discharge samples were taken on monthly basis and sent to accredited laboratory for analysis. Among the parameters required by the DOE to be monitored are bio-oxygen demand (BOD), suspended solid (SS), oil & grease (OG), ammoniacal nitrogen (AN) total nitrogen (TN), pH and temperature. The results of analysis would then be submitted to the DOE on quarterly basis using a regulated format called quarterly report. Through verification of this reports, the assessor found that the mill consistently complied with the regulated limit at most of the time.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	Yes	Saremas 2 POM has its records for water usage and graphs were plotted thereafter to monitor its trend. Based on records, on average the mill had consumed 1.64 m^3/mt FFB in 2014 and as at March 2015 was 1.82 m^3/mt FFB.
C 4.5 Pests, diseases,weeds	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored.	Yes	Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the Agricultural Mannual (Chapter 8: Plant Protection-Pest and Disease Management). In order to minimize use of Insecticides the

and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.		Major Compliance		estates had planted beneficial plants mainly *Tunera subulata, Cassia cobanensis and Antigonon leptopus* with maps indicating areas planted. In Saremas 2 Estate, observed that the beneficial plant were planted along the road from Saremas 2 Estate until Saremas 2 Palm Oil Mill, Block 0005 and Block 0202. The record for planting beneficial plants after 2014 showed about 2781 seedling were planted.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Saremas 2 CU has conduct training related to IPM Implementation. The training was conducted on 17/12/2014 who attended by Mgrs, Assistant Mgrs, Field Conductors. This training was trained by representative from Eco-Management Unit (EMU) Department. The training was focus on good agriculture practices: • Cultural Control • Biological Control • Physical Control • Chemical Control It was observed that all training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	Yes	It was noted that, Saremas 2 and Segarmas Estate were guided by Agricultural Manual & SOP For Oil Palm updated 2011- Chapter 8: Plant Protection-Pest and Disease Management, where the justification of all pesticides used by the estate were described.

<table>
<tr><td></td><td>4.6.2</td><td>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</td><td>Yes</td><td>Noted that in Saremas 2 Estate, no outbreaks of pest and disease occurred. The records showed that no pesticides used, Saremas 2 Estate only used herbicide for spraying activity.The records where herbicide had been used were made available to the assessor including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications. Pesticides are used only when justified and areas used are recorded in bin cards and in program sheets.</td></tr>
<tr><td></td><td>4.6.3</td><td>Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry’s Best Practice.

Major Compliance</td><td>Yes</td><td>Noted that in Saremas 2 Estate, no outbreaks of pest and disease occurred. The records showed that no pesticides used, Saremas 2 Estate only used herbicide for spraying activity.
<table>
<tr><th>Type</th><th colspan="3">Liquid (Ltr)</th><th colspan="3">Powder (Kg)</th></tr>
<tr><th>Estate</th><th>2013</th><th>2014</th><th>2015 (todate Mar)</th><th>2013</th><th>2014</th><th>2015 (todate Mar)</th></tr>
<tr><td>Saremas 2 Estate</td><td>22,643</td><td>10,454</td><td>-</td><td>-</td><td>2,482.50</td><td>-</td></tr>
<tr><td>Segarmas Estate</td><td>14,134.50</td><td>10,585.70</td><td>2625</td><td>270.225</td><td>258.75</td><td>71.53</td></tr>
</table>
Remarks: No spraying was carried out from Jan 15 to Mar 15 at Saremas 2 Estate - pending delivery of chemical from supplier.</td></tr>
<tr><td></td><td>4.6.4</td><td>Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam</td><td>Yes</td><td>During the assessment, it was noted that S2 CU had not use chemicals categorized as World Health Organization (WHO) type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. Use of paraquat in the estate had ceased since 2008 and was replaced by a systemic herbicide, glufosinate ammonium.</td></tr>
</table>

		Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).	Yes	Noted that in Saremas 2 Estate, no outbreaks of pest and disease occurred. From the random interview during site visit with workers who handle the chemical, noted that they were regularly trained and were found to be aware of safety standards and SOPs. Saremas 2 CU has conduct training related to IPM Implementation. The training was conducted on 17/12/2014 who attended by Mgrs, Assistant Mgrs, Field Conductors. This training was trained by representative from Eco-Management Unit (EMU) Department. At Saremas 2 Estate, the training scheduled for workers who handle pesticide was plan on May 2015. While at Segarmas Estate, the management had conducted training on pesticides handler such as :

		Major Compliance		In January 2015: 1. Mixing chemical before, during and after 2. Briefing on PPE usage In February 2015 : 1. Briefing on risk of chemical spraying 2. Briefing on PPE usage
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	Yes	During site visit at Saremas 2 Estate and Segarmas Estate, pesticides were stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations, enhanced with showers and wash areas for PPE.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts.	Yes	Chemical spraying method was based on risk assessment result (HIRARC) where workers are required to wear PPE to minimise risk and impacts – Document No: PPB SWK PLT/HIRARC (2)/(2)/0315. The Agricultural Manual & Standard Operating

		Minor Compliance		Procedure: Chapter 8-Plant Protection:Pest and Disease Management, were describe well on the methods used for the applications of pesticides.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	Yes	There was no evidence of any Aerial spraying found in both estates.
	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. (see Criterion 4.8). Minor Compliance	Yes	Noted that in Saremas 2 Estate, no outbreaks of pest and disease occurred. From the random interview during site visit with workers who handle the chemical, noted that they were regularly trained and were found to be aware of safety standards and SOPs. Saremas 2 CU has conduct training related to IPM Implementation. The training was conducted on 17/12/2014 who attended by Mgrs, Assistant Mgrs, Field Conductors. This training was trained by representative from Eco-Management Unit (EMU) Department. At Saremas 2 Estate, the training scheduled for workers who handle pesticide was plan on May 2015.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	Yes	Saremas 2 CU has the procedure for triple rinsing of all its empty agrochemical containers as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. After triple rinsing is done, the containers will be punctured and kept in a store, which later are sent to recycling vendors. The waste water from the triple rinsing will be reused in chemical mixture.

	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Yes	Segarmas Estate had conducted health surveillance for its workers. In Segarmas, medical surveillance was carried out for all sprayers by a certified Occupational Health Doctor with permit/licence No: HQ/08/DOC/00/489 valid till 15 December 2015. The surveillance reports showed that all the sprayers were healthy and suffered no detrimental effects as a result of their job where contain of Cholinesterase was within limit between 7,000 - 19,000 IU/L. While for Saremas 2 Estate, the medical surveillance was carried out on 16 December 2014 and valid for one year.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	Yes	For female workers, monthly pregnancy tests continued to be checked in the estate clinics. In the interest of their safety and health, all confirmed pregnant and breast-feeding women were prohibited to work as pesticides sprayers. There was no evidence of pregnant or breast-feeding women sprayers being used in both estates (Segarmas Estate and Saremas 2 Estate).
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	Yes	Saremas 2 CU continued to adopt the PPB Group's Occupational Health Safety policy dated September 2010, signed by top management. Inclusive of the subsidiary policy there were 8 policies in total. All the 8 policies were displayed in mill and estate offices and at strategic location in the workstation of the POM. To live up to the spirit of PPB's OSH Policy and demonstrate commitment to the statements contained in the policy, top management of Saremas 2 CU had established OSH plan and programs for the mill and individual estate to abide by. All the eight policies including OSH plan and programs had been communicated and implemented to all levels of the organization. Interviews with employees showed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements. The OSH plan sighted had been updated for continual improvement and continued to address among others issues related to hazard identification risk assessment and risk control (HIRARC), medical surveillance programme, safety committee meeting and workplace inspection and OSH training among staff.

plan shall cover the following:	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	Yes	Saremas 2 CU had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA records were verified during the assessment. At the estates, among the HIRARC carried out covered activities like chemical mixing and spraying, chemical storage, harvesting and FFB collection, machine maintenance and working in confined space. As for the mill, among the activities identified were FFB sterilization, kernel and oil extraction, oil clarification as well as maintenance activities. HIRARC has been revised (dated 5 March 2015) due to revise risk matrix to DOSH format and incorporate the latest changes after accident occurrence at Segarmas Estate related to harvesting process at field which had occurred about 11 cases for 2014. While 49 cases of accident had occurred at Saremas 2 Estate for 2014. <u>Contractors Management / In-house PTW issuance</u> Implementation of Permit To Work (PTW) was verified during the assessment. PTW were used for contractors and in-house maintenance work. Sample of PTW such as confined space entry, hot work and working at height was evident during assessment. All suitable and appropriate PPE for the assigned task was made available during the visit. <u>Health Surveillance Programme</u> Annual programme for the chemically exposed workers has to be carried out as per requirement of USECHH 2000 especially for the Schedule 2 chemicals. Based on the CHRA report (June 2012 by competent HT JKKP HIE 127/171-2(71) the assessor has recommend the workers that exposed to N-hexane, benzene & potassium chromate shall undergo health surveillance programme carried out by OHD. Last check by OHD was conducted on 2th February 2015 and all exposed employees are fit to work.

				Chemical Expose Monitoring Personal exposure monitoring for manganese, N-hexane, potassium chromate, iron oxide dust and fume was last conducted on 22th April 2015. However, the result was not received yet by Saremas 2 POM. Audiometric Testing The latest audiometric testing was conducted on 8th July 2014 which involved total of 88 workers. From the report, it was evident that 76 workers were found to be affected with hearing impairment. Retest for employees that affected with hearing impairment will be carried out on 08 July 2015 for the workers that exposed to high decibel noise (>85dB). At the point of audit, there was no investigation carried out so far.
	4.7.3	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 operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	Yes	Chemical hazards communication had been given through awareness and training programme to all workers involved in handling chemicals. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Those trained included sprayers, manure spreaders, laboratory personnel, boilerman and store clerk. Field inspection and observation of spraying tasks confirmed chemicals being applied were in accordance with the product safety precautions. MSDS were made available at point of use – for example, at mill's water each estate treatment plant, boiler chemical dosing area and chemical mixing area and at the chemical store. Suitable PPE has been given to the workers appropriate for their daily routine task. The PPE includes safety boots, safety harness, helmets, goggles, ear plugs, rubber and cotton gloves, aprons and breathing masks (dusk mask and cartridge type respirator). Records of PPE issuance were maintained and were presented to assessor during the assessment. During the site tour, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places. Workers interviewed understood the reasons and importance why they were required to wear the PPE.

	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	Responsible person(s) has been identified for Saremas 2 CU. Regular safety meetings between the responsible persons and workers where concerns of workers about safety and health are conducted. Minutes of Safety and Health Committee (SHC) meetings was made available during assessment.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	Yes	Each operating unit of Saremas CU has its own Emergency Response Team. They comprised of First Aiders, Fire Fighters and Search and Rescue Team. It also had basic emergency kit that include stretcher, First Aid box, emergency eye wash and shower station. Accident and emergency procedures exist. Information to response to emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Instructions to respond to accident and emergency situation were tested and it was found to be clearly understood by all workers interviewed both at the mill and field. The first aid kit was also made available during site visit with the available trained first aid on site. To ensure the availability and readiness of first aid kit and also fire hydrant unit, periodic inspection was carried out. Fire drill training was conducted on 25th February 2015 was meant to train on the usage of fire extinguisher to all the employees working in the mill. Site visit to Segarmas Estate and Saremas 2 Estate found the First aid boxes and clean water in 20 litre containers were made available to the sprayers in the field. The first aid boxes were checked and replenished very month and records maintained in the first aid box. Usage of first aid kit and accidents were recorded and periodically reviewed by estate management through safety committee meeting.

	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Yes	The assessor had noted that Segarmas Estate had their foreign workers covered by accident insurance under Ace Jerneh Insurance Berhad, policy number KK-W0502528-WFC with period of cover from 5 November 2014 until 4 November 2016. While for Saremas 2 Estate, foreign workers covered under Ace Jerneh Insurance Berhad (policy no: KK-W0501826-WFC) with period of cover from 21 April 2015 until 20 April 2017. On the other hand, Malaysian employees were covered by SOCSO.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Yes	Accident reports were maintained. Accident cases were reported during the OSH meeting quarterly. Since 4th Surveillance Audit in 2014 until this Recertification Audit in 2015, there was no accident happened at Segarmas Estate and Saremas 2 Estate. At Segarmas Estate and Saremas 2 Estate, there was no cases of accident with LTI > 4 days. The record of LTI still recorded in the JKKP 8. On-going monitoring of OSH performance was visible. They were monitored through Lost Time Accident (LTA). Accident scoreboard was prominently displayed in front of the mill and estates office. They were updated regularly to show the current OSH performance status. Records of all accident according to the categories of workers were kept and orderly maintained in the estate clinic and offices of the estate. Accident cases were reviewed at quarterly Safety & Health Committee meeting. Lesson learned from the accident discussed in the Safety committee meeting.
C 4.8 All staff, workers, smallholders and contract workers	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	Yes	Saremas 2 CU has conducted training needs on RSPO P&C related elements. The training needs had been identified the Mill or Estate Manager with the assistance of CSR @ EMU Department. The training programme for 2014 and 2015 for estates and mill were made available and the focus was mainly on good agriculture practices and standard operating procedures, safe standards operating procedures. Among the training programmes at Saremas 2 and Segarmas Estate that had been conducted for were :

are appropriately trained.		needs and documentation of the programme. Major Compliance		• Harvesting Standard on 5/2/15 (Saremas 2 Estate) • SSOP Training on Harvesting, Manuring and Spraying on 31/3/2015 (Saremas 2 Estate) • Training for Tractor Drivers on 31/3/2015 (Saremas 2 Estate) • PPE training on 7/7/14 (Saremas 2 Estate) • SSOP Training for Manurer on 17/11/14 (Segarmas Estate) • PPE training on 3/3/15 (Segarmas Estate) • SSOP Training for sprayer on 17/1/2015 and 8/3/2015 (Segarmas Estate) • First Aid Kit Training on 28/2/2015 (Segarmas Estate) • Training for Tractor Drivers on 12/10/2014 (Segarmas Estate) • SSOP Training for Harvesting on 14/3/2015 (Segarmas Estate) Training attendance list was available and well maintained. Contractors had also been briefed on safety, RSPO and OSH requirements upon commencement of work.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	Yes	It was observed that all training records had been properly filed. The records include information on the title of the training, name and signature of the attendees, name of the trainer, time and venue.

Principle 5: <u>ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY</u>

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	No	<u>Segarmas and Saremas 2 Estate</u> Method of identification of environmental aspect and impact was done by using "Identification of EAI & Evaluation of Significance form [PPB SWK PLT/EAI/(07)/0315]". This was last reviewed on 2/3/2015 by Mr. Lau Poung Hie, which included the new building of water treatment plants and replanting activity. The mitigation measures are documented in "Significant EAI Mitigation Methods [PPB SWK PLT/EAI MIT/(07)0315]" <u>Environmental aspect and impact identified and mitigation measures:</u> • Leachate from application of EFB – avoid application near to water course which guided by SSOP EFB Mulching, Clause 5.1.8 – not to apply EFB close to water course. • Soil erosion from replanting activity – terracing & platforms, cover cropping, sensible scheduling of development activities, conservation of riparian vegetation and conservation of water catchment area. The mitigations were guided by the Environmental Management Plan – Proposed Replanting of Saremas Oil Palm Plantation on Lots 1, 3 and 4, Sawai land District, Miri Division, Sarawak [NREB/6-1/2H/118, dated December 2010, by Envisar Sdn. Bhd.], Clause 5.3.1. • Potential spillage from generator servicing & maintenance and machinery maintenance – Pollution Prevention Plan, 2008 which includes the utilization of spill kits, oil trap. • Pollutants to land from solid waste – recycle program, secure landfill (guideline of landfill) and pollution prevention plan.

				Saremas II Palm Oil Mill Method of identification of environmental aspect and impact was done by using "Identification of EAI & Evaluation of Significance form [PPB SWK PLT/EAI/(07)/0315]", guided by Environmental Management System Procedures [SSB/EMSP 01-34/(00)/0108]. This was last reviewed on 2/3/2015. The mitigation measures are documented in "Significant EAI Mitigation Methods [PPB SWK PLT/EAI MIT/(07)0315]". Among the environmental aspects identified by the mill are: Air pollution: 1) Dark smoke from boiler. Mitigation: proper usage of burning fuel i.e. shell & fibre, boiler preventive maintenance (last done April 2013). During the assessment, it was found that the dark smoke emission of boiler's chimney had exceeded the regulated limit in several times. The mill has identified and established an action plan which included, even distribution of burning fuels into the furnace, reduce the usage of wet shell, install roofing to prevent fibre get wet from rain water and regular maintenance, checking and cleaning of the smoke density meter. 2) Smoke from generator set. Mitigation: preventive maintenance on engine room 3) GHG emission from ETP. Mitigation: Saremas II POM is in the midst of constructing a bio-gas plant. At the point of visit, site preparation was in progress. The plant is expected to be completed at the end of this year. Water pollution: 1) Scheduled wastes generation from accidental spillage like machinery 2) Leachate from EFB stockyard. Mitigation: construction of bund (retention wall). 3) Waste water discharge from ETP – tertiary ETP installation, desludging (last done January to March 2014, permit [AS(SWK)(B)31/152/000/021 Jld 8(10)] granted in 13/6/2014, completion report has been submitted to the DOE. 4) Water discharge from monsoon drain – environmental aspect and impact has yet to be identified and evaluated **(NCR VS01/2015)**.

				<u>Soil contamination:</u> Scheduled wastes generation – Mitigation: to be handled in accordance with EQA Scheduled Wastes regulations.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	Yes	No identified impacts required change of the current practice for both mill and estates. Nonetheless, mitigation measures are developed in order to minimise the negative impacts. Among the mitigation measures developed were SOP, working instructions and engineering controls.
	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	Not applicable. No identified impact that requires changes in current practice.

C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management,shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	Yes	HCV in Segarmas Estate and Saremas 2 had been identified and reported through HCV Assessment Report by consultant from 14-17 March 2008. The identified HCV was steep logged over hill dipterocarp forest of Bukit Durang Conservation Area (HCV4) with 1,126.8 ha. The identified HCV areas of Bukit Durang Conservation Area located in the Saremas 2 Estate extending into Segarmas Estate were found maintained, conserved and protected.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	Yes	The High Conservation Value (HCV) Monitoring & Action Plan 2015 for Segarmas Estate and Saremas 2 Estate were reviewed by the assessor. The HCV area, Bukit Durang Conservation Area had been maintained and monitored by management through their action plan and site monitoring such as : • Erection of signboards 'No hunting' at strategic location • Monthly monitoring by HCV team at the Bukit Durang Conservation Area and riparian buffer zone marking maintained along Sg. Linau at Segarmas Estate and Sg. Sebilak & Sg. Linau at Saremas 2 Estate • Conservation of residual forest (Bukit Durang Conservation Area) • Silviculture treatment and monitoring of restoration planting areas with 30 native tree species such as *Eusideroxylon spp., Dryobalanops lanceolata, Neolamarkia cadamba* etc with total 10,961 trees since 2011 until 2014. • 40 PPB oil palms staffs, field officers, managers and senior managers were appointed as Honorary Wildlife Ranger (HWR) by Sarawak Forestry Corporation (SFC) on 18 March 2015 (valid for 3 years until 17 March 2018) • Wilmar and University of Malaysia Sarawak (UNIMAS) had signed a MOU on biodiversity conservation and sustainable development on 27 May 2014 – collaboration project and research relating to biodiversity such as wildlife and environmental management - 14 field trips had been conducted from 3 April 2014 until 17 April 2015 - Research on terrestrial mammals and birds, insects, amphibians, aquatic, and vegetation survey - The draft report from UNIMAS is expected received in July 201

	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	Yes	Training on HCV Awareness had been conducted dated 31 March 2015 at Segarmas Estate to workers and staff especially on riparian, HCV areas / Conservation areas, list of protected animals of Sarawak and no hunting activities. If found some body conduct any harm to RTE, company or Ordinary Wildlife Ranger (license granted on 18 March 2015 – renew after 3 years) will report to Sabah Forestry Department (SFD) as the authority department for state rules enforcement. Awareness training on HCV issues and RTE including no spraying and manuring in riparian buffer area on 31 March 2015 Socialization with the School Children from SK Suai and CLC Segarmas at Bukit Durang Information Hut on 17 April 2015 on list of protected animals and jungle conservation
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: • 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	There was no RTE identified during this audit. However, HCV area, Bukit Durang Conservation Area had been monitored quarterly by HCV team to ensure no encroachment and no clearing of vegetation with latest report October – December 2014. The monitoring result had been updated in the HCV monitoring and action plan once completed the monitoring report. Signage for prohibiting from illegal hunting, fishing and collecting activities as well as poster of protected wildlife at entrant had been erected and posted at the strategic location.

	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	The HCV or land with slope more than 25^0 set-asides was within the Segarmas Estate & Saremas 2 Estate. The area did not affected the local communities land or rights.
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	Identification of wastes was done and mitigation plan had been established thereafter. This had been documented in the company's "Pollution Prevention Plan (Waste Identification and Mitigation Plan)". Among the wastes products identified were domestic waste from household, scrap iron, empty chemical containers, scheduled wastes and mill wastes such as boiler ash, POME, EFB, fibre & shell, decanter cake, etc.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	Since the last assessment, Segarmas Estate has delivered empty chemical containers 932 pieces for recycling in a few consignments, while Saremas 2 Estate sent its containers to a collection centre at Saremas 1 Estate and delivered to recycle vendor thereafter. The last disposal by Saremas 2 was on 16/2/2015.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	Yes	<u>Segarmas and Saremas 2 Estates</u> Among the disposal plan established and implemented were application of mill wastes as fertiliser, sending the recyclable wastes to recycling centres and disposal of scheduled wastes through authorised vendors.
C 5.4 Efficiency of fossil fuel use and the use of renewable	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise	No	<u>Saremas 2 POM</u> Objective and target was set to reduce consumption of fossil fuel. Various program has been implemented such as using more bio-fuel for boiler, minimum utilization of generator set and improve the efficiency of diesel powered machinery. Based on the 2014 achievement records, the mill has surplus usage of diesel by 18% compare to the

energy is optimised.		renewable energy shall be in place and monitored. Minor Compliance		previous year due to low crop received and therefore causing higher usage of diesel powered generator set to run the mill. <u>Segarmas and Saremas 2 Estate</u> There was no evidence that a plan to improve the efficiency of fossil fuel usage. **Therefore NCR VS02/2015 was assigned.**
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 *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*. Major Compliance	Yes	Based on the visit at the replanting area, it is confirmed that there was no evidence of open burning found.
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*. Minor Compliance	Yes	Not applicable.
C 5.6 Preamble	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous	Yes	The assessment of all polluting activities had been conducted through Environmental Impact Assessment and Environmental Aspect & Impact Evaluation (see Indicator 5.1.1). The environmental aspects for air pollution have been identified and mitigation measure/management plan has been established thereafter. Nonetheless, the

Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the		emissions, particulate/soot emissions and effluent (see Criterion 4.4).		assessment can be further improved by including the GHG emission from the mill and estates activities.

RSPO, and thereafter to public reporting.Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases,are developed, implemented and monitored.				
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Yes	Although the GHG emission has yet to be included in the CU's Environmental Aspect and Impact Evaluation, the mill has already started to prepare a site to construct a bio-gas plant.
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate	Yes	Saremas 2 CU has been using the RSPO's PalmGHG calculator for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG).

		and mill operations, using appropriate tools. Minor Compliance		Based on the PalmGHG summary report for period from January to December 2014, the total field emissions were 24,813.17 tCO_2e and total mill emissions were 38,763.61 tCO_2e. The final emissions value per product was 1.22 tCO_2e/tCPO.

Principle 6: <u>RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS</u>

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 "Scoping SIA Saremas 1&2, Segarmas and Kaminsky Estates" prepared in 2008 was still the basis for managing social issues in Saremas 2 CU. The Report as had been previously mentioned in last audit reported was prepared combined with Saremas 1 CU, and with the participation of the relevant stakeholders, such as the estate workers and the neighbouring five long-house communities, Rumah Bunsu, Rumah Gundi, Rumah Taou (Saremas 1), Rumah Sabang (Suai) and Rumah Merudi (Suai). However there is no any long-houses community surrounding Saremas 2 CU. The general issues raised by local communities include use of lands within the estates, FFB pricing, transportation for school children, work opportunities and tanks for water storage. The workers, on the other hand, raised concerns on the housing conditions, conditions of the crèche, drainage systems and trained and qualified medical officer. The estates and mills are constantly monitoring the housing conditions, and making the necessary upkeep and maintenance works upon requests by the workers. Qualified medical officers have already been employed by the estates.

	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	The previous audit report highlighted that, in addition to estate workers, representatives from five long-house communities participated in the assessment. The inputs from the participants were incorporated in the management plan. There is no long-houses community surrounding Saremas 2 CU.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	Yes	A number of stakeholders' consultations were held by the Saremas 2 CU to gather inputs in the process of reviewing and updating the SIA report. Joint Consultative committee – Public Stakeholders (JCC-PS) Meetings were held on 4 March 2015 and with canteen operators on 8 April 2015; with contractors, suppliers and workers on 24/2/14 and 25/2/14 at Bintulu (for parts, agrochemicals, computers, and heavy machineries suppliers) with Community Based Development Committee (CBDC) on 31 March 2015 (attended by Tuai Rumah (TR) Brian, TR Golan and TR Ampau. Issues discussed with the canteen operators included pricing of items sold, check cashing charge, price tags, rent, rules of goods sold and cleanliness. The agenda for the meetings with contractors, suppliers and workers representatives were RSPO issues, safety and health and HCVF. The SIA mitigation plan for the Saremas 2 CU was appropriately updated with various action plans to address the various issues highlighted during the stakeholders' meetings Such issues including water shortage due dry season, food prices canteen (reported in Saremas 2). The SIA Action plan for SIA 2014-2015 was updated on 8 April 2015 and verified by the auditor.

				The estates and mills have had regular meetings with staffs and workers through the Social and Welfare Committee. These meetings have highlighted a few social issues which may not be peculiar to one estate but could be prevalent in the Saremas 2 CU.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties Minor Compliance	Yes	The Action Plan for Social Impact Assessment plans in Saremas 2 CU was reviewed and updated as necessary by yearly basis. The latest review was conducted on 8 April 2015. The review has concluded that changes was made to current practices. There was an evidence that the review includes the participation of affected parties during the meeting below; • Joint Consultative committee –Public Stakeholders (JCC-PS) Meetings with Public stakeholders held on 4 March 2015, (attended by contractors) • Joint Consultative committee –Public Stakeholders (JCC-PS) Meetings with canteen operators dated 8 April 2015, • Community Based Development Committee Meeting (CBDC) dated 31 March 2015 (attended by Tuai Rumah (TR) Brian, TR Golan and TR Ampau. • Quarterly basis Mesyuarat Jawatankuasa Kebajikan & Social Saremas 2 dated 25 February 2015 and 10 April 2015
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	Yes	Not applicable since Saremas 2 CU did not have smallholder scheme

C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	The previous audit has reported in some details the consultation and communication procedures used by the Saremas 2 CU in handling internal and external communications. The document concerned is labelled as Document No RSPO 6.2 (16 Nov 09) which was prepared by the RSPO Unit of PPB Oil Palms Bhd. The Saremas 2 CU has continued to use internal communication techniques, such as daily assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been effected mainly through mail correspondence. Also, the Saremas 2 CU has started to use the Joint Consultative Committee to serve as a forum to discuss issues of interest to the estates, local government agencies and local communities. Generally, the Saremas 2 CU has abided by its procedures in responding to internal and external communications.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	As spelled out in the communications procedure, the Estate and Mill Manager are the person appointed to handle communication matters
	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	Yes	The Saremas 2 CU has maintain stakeholder lists which comprise government agencies, contractors/suppliers, neighbouring estates and local communities. The list was updated on 12 February 2015. The 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, were maintained.

		input from stakeholders, shall be maintained. Minor Compliance		
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	Yes	In the event of a dispute, the Saremas 2 CU will manage it through the; • "Dispute and Resolution Procedure" (Document RSPO 2.2) dated 2nd January 2009, • "Complaint and Grievance Procedure" (Document RSPO 6.3) dated 8th October 2008, and • Wilmar Group Policy: Whistle Blowing Policy, version 1, dated 22nd April 2013. The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution is rejected, the dispute will be brought for third party arbitration. Grievance or dissatisfaction on the part of the employees can be conveyed through the "Borang Aduan" (Appended to Document RSPO 6.2). The complaint form has since been split into two to differentiate between "complaints" and "request for services."
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	Yes	The domestic inquiry files in Saremas 2, Segarmas and Saremas 2 POM were examined to find out whether or not the decisions of the panels of the enquiry have been contested. However, there were no any disputes recorded. The workers interviewed also reported that no dispute has taken place in the Saremas 2 CU. Minutes of Meeting Workers Social and Welfare was verified and found no records on disputes.

				Housing complaints from the workers have been handled quite satisfactorily by the estate/mill. Interviews with workers revealed that they are quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	Yes	In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" which was adopted in November 2008. 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	Yes	The same procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" which was adopted in November 2008. 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.

		land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	Yes	To date, there has been issue of land claims involving all Saremas Estates by Penan Jambatan Suai (Penan Kg Ugos, Kg Long Suva'ak, Kg Mareng and Kg Penan Muslim). The process and outcome of negotiated agreements and claims were documented with evidence of villager's representatives with three persons for each kampungs and one appointed leader. To date, latest formal meeting was conducted on 25 February 2015 and in process with government bodies (Task Force) which is consider as public available process.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	Yes	The pay slips of a few workers were also seen at each estate/mill and each one was found to show correctly their monthly earnings. The monthly pay also conforms to the requirements of the New Wage Order which specify that the basic pay should not be less than RM800.00.

standards and are sufficient to provide decent living wages				Documentation of Pay and Condition has been audited at Saremas 2 POM found “Salary recap for Month January and February 2015 have been audited. With minimum 26 days working, the worker can have RM800.02 or RM30.77 per day. SOCSO payment since January until March 2015 for local workers above was audited.
	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	A sample of contracts of employment both for foreign and local workers was examined at every estate/mill and all contain provisions on pay and conditions of work. It is a legal requirement for such contracts to be in written form. (Rule 2 of Labour Rules (Sarawak) 2005). The contract states the wage rate, work days, overtime, annual leave, public holidays and contributions to SOCSO for local workers.
	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	No	The Saremas 2 CU still maintains its policies on housing, water and electricity supply as reported in the previous audit. Religious, medical, educational and child care facilities are still offered as before.

		Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). Minor Compliance		Housing inspections are carried out quite regularly by members of the health and safety committee. Their reports are presented to the main committee for information and actions, if necessary. Visits made to the line sites show that the houses and their environment are in respectable conditions. However, during the site visit, unauthorized extensions or alterations are made to the buildings piping water at block H6/09 and H7/09 at Saremas 2 Estate, and Div 2 & 3 at Segarmas Estate workers line-site.Treated water (from WTP) is connected to rain water harvesting tank and was used for consumption. No evidence to show that the tank water is fit for human consumption. Supply of potable piped water which filtered and treated was mixed with untreated rain-harvesting water. The inspection of workers' housing at Saremas 2 Estate and Saremas 2 POM were also not conducted on weekly basis as required (Section 23(2)). The corrective action taken on last surveillance audit 2014 audit findings was not effectively implemented. **Therefore minor NCR KN-1 was upgraded to Major NCR KN2-2015**
	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	Saremas 2 CU had made demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food by monitoring the 4 canteens in the CU's. A Public Stakeholders (JCC-PS) Meetings with canteen operators was conducted on 8th April 2015 to monitor the price list at each canteens. Interviews with workers found the food price is acceptable.

C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	Yes	A published statement on freedom of workers to join union is available publicly in all estates/mill in local languages (Bahasa). The statement reads, among others, that the workers are allowed to join any registered organizations or associations and also foreign workers are not allowed to hold any positions in the organizations or associations. The statement is signed by the Estate's Manager. It was also mentioned in employment contract in clause (17)
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	The Saremas 2 CU workers are not unionised. However, workers' representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet quite regularly. For example, the Social and Welfare Committee at Segarmas estate was met three times in 2014. Latest meeting was conducted on 18 December 2014 and 9 April 2015 respectively.

C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	Yes	The Saremas 2 CU adheres to the child labour policy as espoused by the International Labour Convention which states, among others, that those under 18 years must not be employed to work in hazardous jobs. There is no workers below the age of 18 years was found to be recruited in the Saremas 2, Segarmas and Saremas 2 POM. It was verified with Workers Master List February and March 2015.
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 in the estates/mill. The policy statements emphasise on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards 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 and other stakeholders also revealed that the Saremas 2 CU has not discriminated its staffs and workers. Migrant workers receive similar pay, stay in the same house and enjoy similar medical benefits as their local counterparts. It was confirmed during interview with local and foreigner workers at Segarmas Estate, Saremas 2 Estate and Saremas 2 POM.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills,	No	The recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available at Saremas 2 CU were not evident. **Therefore Minor NCR KN3-2015 was raised**

		capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance		
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	A Policy on Sexual Harassment, Violence and Abuse, Reproductive Rights Policy dated June 2014, including Awareness training to the all workers on the policy dated 21 February 2014 was verified during the audit.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	A Policy on Sexual Harassment, Violence and Abuse, Reproductive Rights Policy dated June 2014 was verified. It was communicated to all levels of workforce by placing the policy and memo on the notice board at the all estates and POM Office. The training on reproductive rights was conducted on 17 December 2014 and 10 March 2015.
	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	No	A specific grievance mechanism which respects anonymity and protects complainants where requested has yet to be established, implemented, and communicated to all levels of the workforce at Saremas 2 CU. **Therefore Minor NCR KN04-2015 was raised**

C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	Yes	Saremas 2 POM does not buy outside crops or the smallholders. Therefore, this indicator is not applicable. However the current and past prices paid for Fresh Fruit Bunches was placed at Notice board in front of weight bridge office/counter.
	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	Saremas 2 POM does not buy outside crops or the smallholders. Therefore, this indicator is not applicable. It was confirmed during this recertification audit, there is no any transaction recorded for outside crops or smallholders as recorded in Mill Performance Year 2015. The previous transaction with Tawakal Megah was on November 2012 as sighted in Mill Performance Year 2012 records.
	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	The contractors and suppliers interviewed understand the major elements of the contract since they have been in business for a long time. A table with a different matrix of price variables would be found in a transportation contractor at Saremas 2 CU. Contractors for housing also interviewed found they are satisfied with the contractual agreements with Saremas 2 CU.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	Indicator 6.10.4 is not applicable as the Saremas 2 CU does not intend to include smallholders or outside crop in its claim for RSPO products. Interviewed with Lee Transportation Services and Tessmax Enterprise found the payment was made in timely manner and had made satisfy services from Segarmas Estate management, better than before the RSPO certification were implemented at Saremas 2 CU

C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Yes	The Saremas 2 CU has played some roles in the socio-economic development of the local long-house communities (refer Indicator 6.1.1). The estates/mill have provided some employment, medical services, school buses, roads, water tanks and oil palm seedlings to the these communities. In addition, the estates have also given advisory services on the plantation and management of oil palm crops. There is no surrounding community at Saremas 2 POM. The stakeholder list dated 1 March 2015 was verified and found there is no communities or long-houses declared in the Saremas 2 CU During the audit at Segarmas Estate, preferences were given to local workers. Interviewed and contract shows the Segarmas Estate have provided employment, medical services, school buses, roads, water tanks as verified at request form, and it confirm during the site visit. Current progress shows the Segarmas Estate had provided extra tank for rain harvest water for domestic uses at workers line site. Site visit to Line Site Phase 1 at Segarmas Estate had confirmed the water tank. Local workers master list March 2015 have been audited at Segarmas estate found total 11 local workers have been hired as workers. Most of the ethnic are Iban (6), Kedayan (4) and Kayan (1).A Gawai celebration (RM6000 cultural contribution) dated May 2014 was verified during the audit
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been	Yes	There is no smallholders surrounding Saremas 2 CU. Therefore, this indicator is not applicable.

		allocated to improve smallholder productivity. Minor Compliance		
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	Yes	The Saremas 2 CU employee were confirm the voluntarily and freely, without the threat of a penalty, and have the freedom to terminate employment without penalty given reasonable notice or as per agreement during the consultations. It was also available in "No Deforestation, No Peat, No Exploitation Policy, dated 5 Dec 2013, clause Respect and Recognize the rights off all Workers including Contract, Temporary and Migrant Workers (ii)
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	The Saremas 2 CU had demonstrated no contract substitution was occurred. It was confirm during the consultations with contractor Koh Yong Fat and Charlie. The Contract SG/Canteen/001/2015-16/SW between Segarmas and Koh Yong Fatt (validity 31 Dec 2016) and SG/FFB/001/2015/SW with Charlie contractor (validity 31 Dec 2015) were verified during the audit.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented.	No	A special labour policy and procedures have yet to be established and implemented at Saremas 2 CU. **Therefore Major NCR KN05-2015 was raised.**

		Major Compliance		
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	Wilmar Human Right Policy dated June 2014 has been signed off by Group Plantation Head and it was verified at Segarmas estate. The awareness among all levels of the workforce and operations was conducted during the muster or morning briefing at Saremas 2 CU. The attendance list and pictorial report was verified during the audit. It was found a policy to respect human rights was documented and communicated to all levels of the workforce and operations at Saremas 2 CU
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	Yes	Community Learning Centre (CLC) was constructed near Line Site to secure workers children access to education as moral obligation. A Total of 47 children from 7 – 12 years old was schooling in CLC Segarmas estate.

Principle 7: <u>RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS</u>

Saremas 2 CU has no plan for any new planting and no new development of area was observed during the visit. Thus Principle 7 is not applicable.

Clause	Indicators		Comply Yes/No	Findings
C 7.1 A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning,management and operations.	7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. Major Compliance		Not applicable
	7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. Minor Compliance		Not applicable
	7.1.3	Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention.		Not applicable

		Minor Compliance		
C 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations	7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. Major Compliance		Not applicable
	7.2.2	Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. Minor Compliance		Not applicable
C 7.3 New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High	7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs),since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained		Not applicable

Conservation Values		and/or enhanced (see Criterion 5.2). Major Compliance		
	7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. Major Compliance		Not applicable
	7.3.3	Dates of land preparation and commencement shall be recorded Minor Compliance		Not applicable
	7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational		Not applicable

		procedures (see Criterion 5.2). Major Compliance		
	7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). Minor Compliance		Not applicable
C 7.4 Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.	7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided. All new plantings should not be cultivated on land more than 300m above sea level unless specified by local legislation. Minor Compliance		Not applicable

	7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. Major Compliance		Not applicable
C 7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal,customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their	7.5.1	Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed by these local peoples. Major Compliance		Not applicable

own representative institutions.				
C 7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.	7.6.1	Documented identification and assessment of demonstrable legal, customary and user rights shall be available. Major Compliance		Not applicable
	7.6.2	A system for identifying people entitled to compensation shall be in place. Major Compliance		Not applicable
	7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise)shall be in place. Major Compliance		Not applicable
	7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. Minor Compliance		Not applicable

	7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. Minor Compliance		Not applicable
	7.6.6	Evidence shall be available that the company has made adequate efforts to enable affected communities and rights holders to have access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. Minor Compliance		Not applicable
C 7.7 No use of fire in the preparation of new plantings other than in specific situations,as identified in the ASEAN guidelines or other regional best practice.	7.7.1	There shall be no land preparation by burning, other than in specific situations, as identified in the *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*, or comparable guidelines in other regions. Major Compliance		Not applicable

	7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in *'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003*, or comparable guidelines in other regions. Minor Compliance		Not applicable
C 7.8 *Preamble* New plantation developments are designed to minimize net greenhouse gas emissions.	7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. Major Compliance		Not applicable
	7.8.2	There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. Minor Compliance		Not applicable

Principle 8: <u>COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY</u>

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	Yes	
	a)	Reduction in use of pesticides(Criterion 4.6);	Yes	Noted that in Saremas 2 CU, the management not used the pesticides since no outbreaks of pest and disease occurred. Commitment of Saremas 2 CU in conserving the environmental quality can be seen through various mechanisms which among others the installation of bio-gas plant, proper
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	
	c)	Waste reduction (Criterion 5.3);	Yes	

	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	disposal of scheduled wastes, maintaining the efficiency of boilers operation, 3R activities and proper disposal of domestic wastes to name a few. Saremas 2 CU monitored regularly on EFB, Fertilzers apply on timely manner, upkeep maintenance done according to the agriculture manual and Standard Operating Procedure for Oil Palm.
	e)	Social impacts (Criterion 6.1);	Yes	
	f)	Encourage optimising the yield of the supply base	Yes	

RSPO Supply Chain Certification Standard, 2014

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

D.3	Documented procedures	
D.3.1	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 role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.	(a) Saremas 2 POM has amended its Standard Operating Procedure (SOP) on the implementation of its supply chain system to meet the requirements of the IP module of the revised RSPO Supply Chain Certification Standard, 21 November 2014. The previous SOP was written to address the requirements of both the Segregation (SG) and Mass Balance (MB) modules of the then RSPO Supply Chain Certification Standard, November 2011. The revised SOP, document number SOP-MILL-023 Revision 4 dated 31 March 2014 has described in details the procedures Saremas 2 POM would be implementing on its supply chain system for the IP module. The SOP has prescribed the procedures on the handling of incoming RSPO-certified fresh fruit bunches (FFBs), processing of these FFBs, delivery of the RSPO certified crude palm oil (certified CPO) and palm kernel (PK) as well as the maintenance of a daily production record which keeps an 'account' on the quantity of RSPO certified FFBs being processed, the CPO and PK produced and their

	This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard	deliveries as well as on the stock levels. A copy of this SOP was made available to the auditor. The SOP has clearly indicated Saremas 2 POM's policy that it shall only process certified FFBs from the Saremas 2 CU supply base and shall not accept any non RSPO certified FFBs to safeguard the IP status of the certified CPO and PK produced by the POM. (b) Chief Clerk of Saremas 2 POM had been appointed as the new person with overall responsibility on the implementation and maintenance of the RSPO supply chain and International Sustainability on Carbon Certification (ISCC) traceability systems. She replaced the Mill Manager who had previously been directly in charge on the supply chain system. However, she still reported to Mill Manager. Based on the discussions held, it was found that she had a good knowledge on the requirements of the RSPO Supply Chain Certification Standard and on the implementation of Saremas 2 POM's supply chain system having been involved on its implementation since 2010 when the mill obtained its RSPO supply chain certification. Madam Mary has worked with Saremas 2 POM for 15 years and has accumulated enough experience on the POM's operations and working procedures.
D.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs	The SOP has described the procedures on the handling of the incoming RSPO-certified FFBs. Since Saremas 2 POM would be implementing the IP module and processing only RSPO certified FFBs, the Mill Security and the Weighbridge Clerk would only be allowing RSPO certified FFBs from the CU's supply base to enter the POM. Therefore, only FFBs originating from the Saremas 2, Segarmas and Kaminsky Estates are allowed to be processed in the POM.

		The processing of RSPO certified FFBs would continue to be done based on availability. As Saremas 2 POM would only be processing RSPO certified FFBs, it is therefore not necessary for Saremas 2 POM to physically segregate the certified FFBs during the receiving and processing. The production of certified CPO and PK was traceable through the daily production record which keeps an account on the quantity of certified FFBs being processed and the CPO and PK being produced.
D.4	**Purchasing and goods in**	
D.4.1	The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received	During the intervening period since the last audit (1 January 2014 to 31 March 2015), Saremas 2 POM had received a total of 245,138.84 MT of certified FFBs. It had not received any non-RSPO FFB. All of the RSPO-certified FFBs were supplied by the Saremas 2's supply base namely the Saremas 2, Segarmas and Kaminsky Estates. The Daily Production Record and Calculation Sheet (Daily CPO and PK Production Record) provides a detailed daily account on the receipt of FFBs, production, delivery and stocks of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER). For the same period (1 January 2014 to 31 March 2015), assuming 1 lorry load weighs 14 MT, therefore Saremas 2 POM had received a total of about 18,857 lorry loads for the 245,138.84 MT of FFBs. A total of 110 (√18,857 X 0.8) randomly selected FFB dispatch chits for RSPO-certified FFBs (8 for each month from January 2014 March 2015) issued by the supplying estates for the in-coming FFBs were verified. It was found that all dispatch chits were stamped with the words 'Product: Certified FFB' to indicate the certified status of the FFBs. They (dispatch chits) have also

		clearly indicated the name of the supplying estate and the quantity (number of bunches and weight in Kg) of the FFBs.
D.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage	The SOP on 'Record Keeping and Monitoring' requires the Mill Manager to inform the Sustainability Department if there would be a projected overproduction of RSPO-certified CPO or PK. Such information shall also be sent to the relevant certification body.
D.5	**Record keeping**	
D.5.1	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	Saremas 2 POM had continued to maintain the 'Daily Production Record' to keep an 'account' on the quantity of FFBs it received, processed and production of RSPO certified CPO and PK, actual oil extraction rate (OER) and kernel extraction rate (KER), delivery and stocks of certified FFBs, CPO and PK. The Daily Production Record ensures that the quantity of CPO and PK being delivered had not exceeded that produced by the mill. The ground information on the POM's production of CPO and PK and their stocks was channeled to the CSR Department and the Trading/Marketing Department in Kuala Lumpur and Singapore through the Mass Balance Record. Saremas 2 POM had used a fixed inventory period of 3 months to ensure the quantity of the certified FFBs being processed and the CPO and PK being dispatched were in balance. The delivery/dispatch of certified CPO and PK would be guided by the POM's annual projected production of RSPO certified CPO and PK in the CU's RSPO Certificate. For the period from 1 January 2014 to 31 March 2015, Saremas 2 POM had dispatched a total of 4,525.30 MT and 1,940.22 MT of of RSPO MB CPO and PK

		respectively. The bulk of the CPO (47,721.93 MT) was dispatched as CPO ISCC certified.
D.6	**Processing**	
D.6.1	The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	As Saremas POM 2 would only be processing RSPO certified FFBs, it was therefore not necessary for the POM to physically segregate the certified FFBs during the receiving and processing. Sub-contractors for transporting the certified CPO and PK to the Bintulu Edible Oils would either sign an enforceable agreement or self-declaration letter to comply with the intent and requirements of the RSPO supply chain certification standard.
D.6.2	The objective is for 100 % segregated material to be reached	As Saremas 2 POM would only receive and process certified FFBs from its own supply base, there would be a 100% segregated in-coming FFBs and the certified CPO and PK.

3.2 Identified non-conformances and noteworthy Positive Components

Saremas 2 CU had make an improvement to their RSPO implementation. This can be seen from physical improvement of social responsibilities for its employees, minimal number of incidents related to environmental & occupational and maintaining its productivity at the best possible to maximise the company's profit.

Commitment from top management on the RSPO implementation is also evident during the assessment. The level of awareness among the employees on the RSPO implementation has also improved. They are able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements. Nonetheless, the assessment team has issued two non-conformities as detailed below:

Recertification Audit (2015) Detail of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator **1.3.1** NCR #: KN01-2015	**Minor**	**Requirement:** **Indicator 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. 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 was not available at Saremas 2 CU.	1. To establish the policy of code of ethical conduct and integrity. 2. The process of communicating the policy was plan to be completed by October 2015.	The full version of code of ethical conduct and integrity was endorse by the top management on 13/5/16 has been verified. The action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted

Indicator **2.1.3** NCR #: MRS01-2015	**Minor**	**Requirement :** **Indicator 2.1.3:** A mechanism for ensuring compliance shall be implemented. Auditor found that the evaluation of compliance was not carried out for working in the confined: I. Permit to work II. Qualified authorized entrance/standby person (AESP) III. Authorised gas tester (AGT) IV. Refresher course every two years	To conduct the evaluation of compliance for industrial code of practice for working at confined space.	The evaluation of compliances that been conduct on 18/5/15 has been verified and found to be acceptable. However the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted
Indicator **4.1.1** NCR#: MRS02-2015	**Major**	**Requirement :** **Indicator 4.1.1:** Standard Operating Procedures (SOPs) for estates and mills shall be documented. Saremas 2 POM did not addressed requirement in the Industry Code of Practice for Working in the Confined Space, 2010 in their Confined Space Procedure (SPOM2-SSOP-021): I. Appendix G: Health examination checklist for confined space II. Appendix H: Health fitness certificate by OHD III. Appendix I: Declaration of Health status	1. ICOP requirement for working in the confined space was not included in the SSOP. 2. To conduct the evaluation of compliance for industrial code of practice for working at confined space.	1. The SSOP for confined space had been reviewed, dated 7/5/15, revision:02, to include the requirement before entering the confined space as per ICOP. 2. The evaluation of compliances had been conduct on 18/5/15. Status: closed

Indicator **5.1.1** NCR#: VS01/2015	**Major**	**Requirement:** **Indicator 5.1.1:** An environmental impact assessment (EIA) shall be documented. Referring to the mill's Environmental Aspects & Impacts and Evaluation of Significance form [PPB SWK PLT/EAI/(07)/0315], there is no environmental risk assessment for discharge water from monsoon drain.	To develop the environmental aspect and impact for water discharge from monsoon drain.	Verified the environmental aspect impact identification and evaluation form for monsoon drainage. The mitigation methods for significant EAI (monsoon drain) was established. Status: closed
Indicator **5.4.1** NCR#: VS02/2015	**Minor**	**Requirement:** **Indicator 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. There was no evidence that plan for improving efficiency of the use of fossil fuels has been established at Segarmas and Saremas 2 Estate.	Saremas 2 CU need to develop the plan for improving of the use of fossil fuel. To be complete by early July 2015	Saremas 2 CU has established 2015 Objectives & Target for optimizing/reducing on use of fossil fuel plan for each estate. The action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted
Indicator **6.5.3** NCR#: KN02-2015	**Minor upgraded to Major**	**Requirement :** **Indicator: 6.5.3** Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities 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. 1. The inspection of workers' housing at Saremas 2 Estate	1. To conduct the housing inspection 2. To assign specific personnel to conduct the housing inspection.	1. Weekly inspection of workers housing were carried out on April 2015. The summary of report/finding for the housing inspection was verified. The inspection was conducted on 4.4.15, 10.4.15, 18.4.15, 24.4.15, 25.4.15 and 29.4.15. 2. The list of workers representatives for each block were verified 3. Verified the record of training on the used of rain water and treated water that was conducted on 16/5/14 at Saremas CU.

		and Saremas 2 POM was not conducted on weekly basis as required (Section 23(2)). The corrective action taken (2014 audit findings) was not effectively implemented. 2. Unauthorized extensions or alterations are made to the buildings piping water at block H6/09 and H7/09 at Saremas 2 Estate, and Div 2 & 3 at Segarmas Estate workers line-site.Treated water (from WTP) is connected to rain water harvesting tank and was used for consumption. No evidence to show that the tank water is fit for human consumption. Supply of potable piped water which filtered and treated was mixed with untreated rain-harvesting water.		Status: Closed
Indicator **6.8.3** NCR#: KN03-2015	**Minor**	**Requirement:** **Indicator 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. The recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available at Saremas 2 CU was not evident.	1. To revised the Training, Awareness and Competency procedure which to include the prohibition of discrimination. 2. To develop the recruitment, selection,hiring and promotion as a guide for the operations.	The training, awareness and competency procedure (PPB/HR01/(02)/2215) has been verified. The procedure been revise on 1/6/15 which to include the process ofrecruiting, selection, hiring and promotion will not base on race, caste, national origin, religion, disability, gender, sexual orientations, union membership, political affiliation or age. The evidence are found to be acceptable. However the effectiveness of the implementation will be verified in the next surveillance audit.

				Status: accepted
Indicator **6.9.3** NCR#: KN04-2015	**Minor**	**Requirement :** **Indicator 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. A specific grievance mechanism which respects anonymity and protects complainants where requested has yet to be established, implemented, and communicated to all levels of the workforce at Saremas 2 CU.	The SOP need to be update to include anonymity of complaintant.	The SOP for dispute and grievances (PPB/RSPO 6.3 (2.2)/(1)) has been verified. The procedure has been reviewed on 11/5/15, to include the scope of SOP: This procedure will not cover sexual harassment related complaint and to include the confidentiality requirement if deem necessary or requested by the complainant. The evidence are found to be acceptable. However the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted
Indicator **6.12.3** NCR#: KN05-2015	**Major**	**Requirement:** **Indicator 6.12.3:** Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. A special labour policy and procedures have yet to be established and implemented at Saremas 2 CU	To develop the special labour policy and procedure.	The special labour policy and procedure has been verified. The procedure was established on 22/5/15. Status: Closed

3.3 Status of Non-conformities Previously Identified

FOLLOW UP PREVIOUS NCR

4th Surveillance Audit (2014) Detail of Findings and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator **2.1.1** NCR #: MH-2	Major Area/Location: Segarmas and Kaminsky Estates and Saremas 2 POM	Indicator 2.1.1 : Evidence of compliance with legal requirements **i) Environment Quality Act 1974, Section 49A** – Competent Person for Management of Scheduled Waste and operation of control equipment (ETP and air pollution control equipment) ii) Scheduled Waste Regulations 2005 – Regulation 9(5)(a): Storage of schedule waste < 180 days. iii) EQA 1974, Clean Air Regulations 1978 – Section 36 : written approval liquid fuel consumption > 15kg/hr, evident of measurement of black smoke emitted from gensets not exceeding legal requirement. iv) NADOOPOD 2004 – Reporting of occupational disease & USECHH Regulations 2000 – Medical Removal Protection v) Poison Regulations 1952 – Section 24(2) : Supply of poison for use in	Legal register not been updated effectively. Some of the compliances which were updated were ignorant by many staff personal and unaware of these clauses Immediate actions by organizing regular meetings & internal audits and providing checklist to ensure compliance will be made available latest by August 2014	i) Plan for competent person training – CepSWAM and nominated personnel Mr Lau Poung Hie, Saremas Plantation was verified. Mr. Lau Poung Hie had attended and passed the CepSWAP training on 16-20/6/2014 [Cert No.: CSWM/14331, validity: 22/9/2014 to 1/10/2015]. ii) SW Management notes referred; - Agrochemical Container sent to DOE appointed contractors - Schedule Waste sent to License approved DOE contractors. Verification on visited operating units confirmed that there was no more SW stored more than 180 days. iii) Appointed of consultant Enviro Safe Consulting services verified. Segarmas Estate – Black smoke emission test have been carried out by Enviro-Safe Consulting Services Sdn. Bhd. [ref.: Application of Written

		hospitals etc – written order signed by registered medical practitioner i) No competent operator available for air pollution control equipment and schedule waste manager at Saremas POM and Kaminsky and Segarmas Estate ii) Scheduled wastes SW 408, SW 417, SW 102 (Kaminsky) and SW 305, SW 404, SW 409 (Ally used agrochemical container) (Segarmas) found stored more than allowed period as specified in the Regulation 9(5) of scheduled waste regulation. iii) No evident that Kaminsky and Segarmas comply with condition specified in their respective 'Kelulusan Bertulis Alat Pembakaran Bahanapi' concerning emission of black smoke from genset. iv) No further action taken for hearing impairment cases in Saremas 2 POM. Total of 52 workers reported with hearing impairment. Furthermore, there was no evidence of JKKP 7 sent to DOSH for the occupational disease issues. v) Poison list order was not signed and approved by VMO upon written order at Saremas 2 Clinic.		Notification On Air Emission Sources (SPSB/GS/001, dated 27/10/2014]. iv) Auditor had verified an Audiometric Report for Sri Kamusan POM dated 26 May 2014 by ChemSain Konsultant. OHD had recommended that another baseline audiometric test should be conducted on 8 July 2015. v) Auditor also had verified through Purchased Order of medicines where the written order was signed by registered medical practitioner, VMO. Thus, the Major NCR raised in 2014 was satisfactorily closed. **Status: Closed**
Indicator **2.1.4** NCR #: MH-1	Minor Area/Location:	Indicator 2.1.4 – A system for tracking any changes in the law No changes and updates incorporated in the (Register of Legal and Other	To include the relevant laws in the legal register. Law compliance audit will be beef- up to detect any incompliance.	All the new legal requirements have been included in the CU's legal register (LORR):

	Saremas 2 POM	Applicable Requirement) at all operating units. Legal register was not updated with regards to i) Environment Quality Act 1974, 49A on competence person (amendment 2012) ii) CLASS(Classification, Labelling and Safety Data Sheet) Regulation 2013 iii) Medical Assistant Act 1977 iv) 'Kelulusan Bertulis Alat Pembakaran Bahanapi', Environmental (Prescribed Activities) Order, 1994, EIA Approval (27/10/97), EQ (Sewage), 2009. v) Terms and Condition of Approval in Accordance with the Provision of the Natural Resources and Environmental (Prescribed Activities) Order.		i) Classification, Labelling and Safety Data Sheet (CLASS) Regulation, 2013 (updated on 17 September 2014) ii) Medical Assistant Act 180, 1977 (updated on 13 June 2014) iii) Environment Quality Act 1974, 49A on competence person (amendment 2012) iv) Kelulusan Bertulis Alat Pembakaran Bahanapi', Environmental (Prescribed Activities) Order, 1994, EIA Approval (27/10/97), EQ (Sewage), 2009. v) Terms and Condition of Approval in Accordance with the Provision of the Natural Resources and Environmental (Prescribed Activities) Order. Thus, the Minor NCR raised in 2014 was satisfactorily closed. **Status: Closed**
Indicator **2.2.3.1** NCR #: HO-1	Minor Area/Location: Segarmas Estate	Indicator 2.2.3.1: Evidence that boundary stones along perimeter adjacent to the state land and other reserves are being located and visibly maintained. Findings: Boundary peg and marking of riparian buffer were not visibly maintained. The boundary peg and marking of riparian buffer were not visibly maintained at Block 0401/0402 and Block 0003 (069) of Segarmas Estate respectively.	To erect the boundary pegs and mark up the riparian zone. Estate / HCV team to monitor and maintain the riparian and boundary marking at all time.	Marking pegs found remain to identify boundary between Segarmas Estate with Hass Enterprise and Bintulu Lumber Development (BLD). Generally, the visited boundaries and reserves marking noted visibly maintained. Thus, the Minor NCR raised in 2014 was satisfactorily closed. **Status: Closed**

Indicator **4.1.1** NCR #: STK-1	Major Area/Location: Segarmas and Kaminsky Estates	Requirement: Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored. Indicator: 4.1.1 Documented Standard Operating Procedures (SOP) for estates and mills 1. SOP on spraying palm circles and harvesting paths as per Tables 6.2.1 and 6.2.4, on radius of palm circle and width of path, in the Wilmar International Limited Agricultural Manual & SOP for Oil Palm was not complied with. 2. Planting of Beneficial Plants as per Table 8.10: Cultural Control Method in the Wilmar International Limited Agricultural Manual & SOP for Oil Palm was not complied with. 1. During the site review in Block 9411 in Segarmas Estate and Block 9718 in Kaminsky Estate it was observed that the sprayers were swinging the spraying lance more than the required swing width resulting in spraying more than the required radius of palm circles and width of paths. 2. In Kamisky Estate records indicate that no Beneficial Plants were planted after 2011. Not many Beneficial Plants were also observed during the visit.	Lack of supervision by the new employed staff. Training will be provided to all new staff to ensure adherence of Agriculture Manual & SOP.	Training to avoid over spraying was conducted for a total of 12 sprayers on 27 March 2014 and 7 April 2014. The training included on the control spraying lance swing, to spray circles to a radius of not more than 2.5m, path to a width of 2.5m and to avoid spraying in sandy soil areas where vegetative is poor. Nurseries have been established for beneficial plants and planting program for 2014 has been provided along with map of areas planted Based on site visit, the beneficial plants have been established at the Segarmas, Saremas 2 and Kaminsky Estate. The nurseries also have been contruct and the planting seedling of the beneficial plant can be seen during the site visit at the nurseries. Thus, the Major NCR raised in 2014 was satisfactorily closed. **Status : Closed**

Indicator **5.1.2** NCR #: HO-2	Minor Area/Location: Segarmas and Kaminsky Estate	Indicator 5.1.2: Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored. Ineffective method of mitigation of contaminated water observed, which has resulted land pollution and possible to lead to watercourse pollution. There are evident of not effective method of mitigation of contaminated water at Kaminsky's Kongsi Baru (Sedimentation Pit) and Segarmas's Phase 1 (Backyard).	To construct and maintain a more effective sedimentation pit for the all worker' housing as discussed.	The action plans was found to be acceptable but the effectiveness of its implementation needs to be verified in the next surveillance audit. Based on site visit, the sedimentation pits were maintained and their function found to be effective. Thus, the Minor NCR raised in 2014 was satisfactorily closed. **Status:Closed**
Indicator **5.3.2** NCR #: HO-3	Minor Area/Location: Segarmas and Kaminsky Estate	Indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid and reduce pollution. Few environmental aspects and impacts missed been identified and evaluated. There were no environmental aspect and impact identified and evaluated concerning sewerage, wastewater, and triple rinsing at Kaminsky and Segarmas.	To identify and evaluate the concerning sewerage, wastewater, and triple rinsing in EAI.	The action plans was found to be acceptable but the effectiveness of its implementation needs to be verified in the next surveillance audit. The EAI has been updated to include all the concerned environmental aspects. Mitigation measures were also found to be effective; Guided by a procedure "Cuci Bekas Racun dan Guni Baja" [PPB SWK PLT/SOP, dated 23/2/2011], wastewater from triple rinsing activity shall be immediately used for pre-mixed chemicals.Monsoon drain at housing equipped with sedimentation traps and rubbish traps. The traps are maintained whenever necessary. Thus, the Minor NCR raised in 2014 was satisfactorily closed. **Status: Closed**

Indicator **6.5.3** NCR #: KN-1	Minor Area/Location: Segarmas and Kaminsky Estate	Requirement: Indicator 6.5.3: Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders). • Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) – Section 23 (2) - Weekly inspection of workers' housing Weekly inspection of workers' housing was not conducted The latest inspection of workers' housing at Segarmas Estate and Kaminsky Estate was conducted on 24 January 2014 and 10 December 2013 respectively. Inspection of workers' housing at both estates was not conducted on weekly basis as required (Section 23(2)).	Produce housing inspection check-list. Staff in-charge to conduct the weekly inspection with the check-list and submit to the MA for recommendation. Estate/Mill PIC to review and approve the recommendation. Carry out the weekly inspection continuously.	The action plans was found to be acceptable but the effectiveness of its implementation needs to be verified in the next surveillance audit. The inspection of workers' housing at Saremas 2 Estate and Saremas 2 POM was not conducted on weekly basis as required (Section 23(2)). The corrective action taken on 2014 audit findings was not effectively implemented. Therefore Minor NCR KN-1 was **upgraded to Major NCR KN2-2015**
Indicator **8.1.6** NCR #: HO-4	Minor Area/Location: Segarmas and Kaminsky Estate	Requirement: Indicator 8.1.6: A mechanism to capture the performance and expenditure in social and environmental aspects. No performance record of verified quantity of triple-rinsed wastewater generated and re-used at Kaminsky and Segarmas	To verify and record the quantity of triple rinsed water being generated and reused. Maintain a record book of the rinsed water.	The action plans was found to be acceptable but the effectiveness of its implementation needs to be verified in the next surveillance audit. The CU has changed their practice on handling the rinsed wastewater. The wastewater is now used immediately for pre-mixed chemical instead of keeping it in a tank. Therefore, records of rinsed water are no longer necessary.

				Thus, the Minor NCR raised in 2014 was satisfactorily closed. **Status: Closed**
RSPO Supply Chain Standard Clause D.1.1 (a) NCR #: VS-1	Major Area/Location: Saremas 2 POM	**RSPO Supply Chain Standard Clause D.1.1 (a)** Complete and up to date procedures covering the implementation of all the elements in these requirements. Procedure for producing CPO and PK using the Supply Chain's Segregation Model is not adequate. The Supply Chain procedure [**SOP for Supply Chain and Traceability (SOP-MILL-023, Revision 2, 14/3/2014)**] at Saremas 2 POM, was found to be not adequate to address the guaranteed minimum standard of 95 % segregated physical material during receiving, process, storage and dispatch.	Immediately action by reviewing the SOP for Supply Chain and Traceability 9SOP-MILL-023, Rev.2, 14/3/14	The supply chain procedure had been revised to include the mechanism to guarantee minimum of 95% segregated physical material during receiving, process, storage and dispatch. The changes can be read in the latest procedure (SOP-MILL-023, Rev.3, dated 10/6/2014), Clause 23.5 The management has been revise the procedure SOP-MILL-023, Rev.3, dated 10/6/2014 (SOP Supply Chan and Traceability for Segregation Model). However, on March 15, the management has been revise the procedure SOP-MILL-023, Rev.4, dated 31/3/2015 (SOP Supply Chan and Traceability for Identity Preserved Model) Thus, the Major NCR raised in 2014 was satisfactorily closed. **Status: Closed**

3.4 Isssues raised by stakeholders

There were various stakeholders had been interviewed during this assessment comprising of workers, surrounding villagers and suppliers/contractors. Generally, all of the stakeholders had given positive feedback towards Saremas 2 CU.

B. DETAILS OF NON-CONFORMITY REPORT :

Total no. of minor NCR(s) : 5 List : VS02/2015, MRS01-2015, KN01-2015, KN03-2015, KN04-2015

Total no. of major NCR(s) : 4 List : KN05-2015, KN02-2015, VS01/2015, MRS02-2015

C. RECOMMENDATION

☐ No NCR recorded. Recommended for certification.

■ Minor NCR(s) recorded. Recommended to continue certification conditional upon acceptance of corrective action plans within 1 month of the date of this 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. Proposed corrective action and evidence of implementation within 2 months of the date of this audit to be submitted to SIRIM QAS International
Verification on major NCRs is required :

☐ On-site audit of the following areas is recommended within 6 months (if

■ On-site audit not required. Records of implementation of corrective action to be submitted for verification.

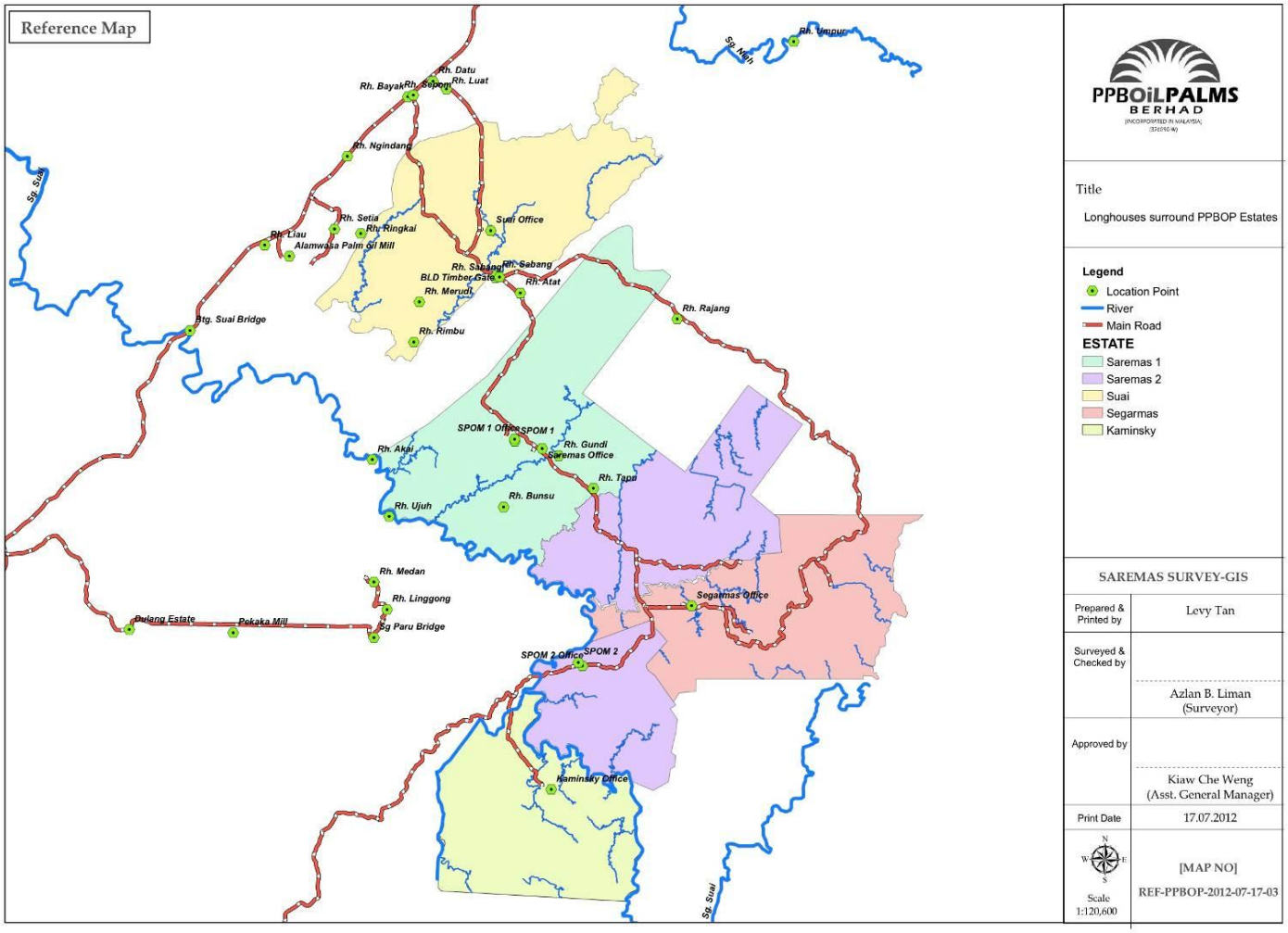
Note: The major NCRs raised during recertification audit shall be addressed within 60 days or certificate shall be suspended. Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

It is confirmed that all corrective actions taken have been satisfactorily verified. Recommended for certification.

Audit Team Leader :	MOHD HAFIZ BIN MAT HUSSAIN	SIRIM QAS INTERNATIONAL SDN BHD. MOHD HAFIZ	26/8/2015
	(Name)	(Signature)	(Date)

Appendix 1

Location map of Saremas 2 Certification Unit



Appendix 2

Assessment Programme

Day 1: 21st April 2015 (Tuesday)

Activities /areas to be visited	**Valence**	**Najwan**	**Razman**	**Hafiz**	Auditee
0830-0900	Opening Meeting at Saremas 2, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes* by audit team leader				Top mgmt & Committee Member
0900-0930	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings)				Management Representative
0930-1300	Site visit and assessment at **Segarmas Estate** relating to Environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to local community issues such as SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Segarmas Estate** relating to estates boundary, HCV, occupational safety and management plan Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to Time Bound and Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Continue assessment	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 2: 22nd April 2015 (Wednesday)

Activities /areas to be visited	**Valence**	**Najwan**	**Razman**	**Hafiz**	Auditee
0830-1300	Site visit and assessment at **Segarmas Estate** relating to Environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to local community issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Segarmas Estate** relating to estates boundary, HCV, occupational safety and management plan Interview with stakeholder Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Site visit and assessment at **Saremas 2 POM** relating to environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Segarmas Estate** relating to local community issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Saremas 2 POM** relating to management plan and Safety & Health issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Segarmas Estate** relating to Time Bound and Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC

Day 3: 23rd April 2015 (Thursday)

Activities /areas to be visited	**Valence**	**Najwan**	**Razman**	**Hafiz**	Auditee
0830-1300	Site visit and assessment at **Saremas 2 POM** relating to environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Segarmas Estate** relating to local community issues such as EIA, SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Saremas 2 POM** relating to management plan and Safety & Health issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Segarmas Estate** relating to Good Agricultural Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC
1300-1400	Lunch Break				
1400-1700	Site visit and assessment at **Saremas 2 Estate** relating to Environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 POM** relating to local community issues such as SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to estates boundary, HCV, occupational safety and management plan Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 POM** relating to Time Bound and Good Milling Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC

Day 4: 24th April 2015 (Friday)

Activities /areas to be visited	**Valence**	**Najwan**	**Razman**	**Hafiz**	Auditee
0830-1200	Site visit and assessment at **Saremas 2 Estate** relating to Environmental issues Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 POM** relating to local community issues such as SIA and management plans Assessment on related Indicators of P1, P2, P4, P6,P7, P8	Site visit and assessment at **Saremas 2 Estate** relating to estates boundary, HCV, occupational safety and management plan Assessment on related Indicators of P1, P2,P3, P4, P5, P7, P8	Site visit and assessment at **Saremas 2 POM** relating to Time Bound and Good Milling Practice Assessment on related Indicators of P1, P2, P3, P4, P5, P7, P8	Guide/PIC
1200-1300	Lunch Break				
1300-1500	Continue assessment				
1500-1600	Audit Team Discussion, preparation on audit findings and issuance of NCR (if any)				
1600-1700	Closing Meeting				Top mgmt & Committee Member

Day 5: 28th April 2015 (Tuesday)

Activities /areas to be visited	**Ismail**	Auditee
0830-1200	Assessment at **Saremas 2 POM** relating to Supply Chain implementation, which include: • General requirements • Doc. procedures • Purchasing & goods in • Outsourcing activity • Sales & goods out • Processing • Records keeping • Registration • Training • Claims • Identity Preserved accounting	Guide/PIC
1200-1300	Lunch Break	
1300-1600	Continue assessment	
1600-1700	Presentation of audit finding and issuance of NCR (if any)	Top mgmt & Committee Member