SIRIM QAS INTERNATIONAL	**SIRIM QAS INTERNATIONAL SDN. BHD.** Building 4, SIRIM Complex, No. 1 ,Persiaran Dato' Menteri, Section 2, 40700 Shah Alam, Selangor, Malaysia. **RSPO PUBLIC SUMMARY REPORT**	**File Ref. : EP09760004**

CLIENT : PPB OIL PALMS BHD – SRI KAMUSAN CERTIFICATION UNIT

PARENT COMPANY : PPB OIL PALMS BERHAD

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

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

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

MAP : See Attachment 1

AUDIT DATE : 20-24 March 2017 **DURATION : 15 auditor days**

TYPE OF AUDIT : [X] **Annual Surveillance Audit** [ ] **Recertification Audit**

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

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

VALIDITY OF RSPO CERTIFICATE : 13/5/2016 – 12/5/2021

The following attachments form part of this report:
Non-conformity Report(s) [X] List of additional site(s) [ ]

Report by Audit Team Leader		**Acknowledgement by Client's Representative**	
Name	: MOHD ZULFAKAR KAMARUZAMAN	Name	: FOO SIEW THENG
Signature	: Mohd Zulfakar	Signature	:
Date	: 24 May 2017	Date	: 29 MAY 2017

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF AUDITS

Recertification audit					
On-site audit date :	15-19 February 2016		No. of auditor days :	20 Auditor days	
Audit team :	Mohd Razman Salim (LA), Mohd Zulfakar Kamaruzaman, Selvasingam T. Kandiah, Jagathesan a/l Suppiah				
No. of major NCR :	0			Closing date :	
No. of minor NCR :	0				
Indicate the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers	
	x		x	x	
	Contract workers	NGOs	Govt. agency	Independent growers	
	Indigenous people	Contractor	Others (Please specify)		
	x	x			
Supply base sampled :	Hibumas 2 and Sekar Imej				

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

Annual Surveillance Audit 2				
On-site audit date :			No. of auditor days :	
Audit team :				
No. of major NCR :		Indicator:		Closing date :
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

RSPO PUBLIC SUMMARY REPORT

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

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

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF INFORMATION

TYPE OF AUDIT	~~STAGE 2~~ / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period	February 2016 – January 2017	March 2017- February 2018			
Certified Area (Ha)	14,258.10	14,258.10			
Planted Area (Ha)	7,438.25	7,438.25			
Production Area(Ha) (Planted area – Immature)	7,438.25	7,438.25			
HCV Area (Ha)	4,488.86	4,488.86			
Certified FFB Processed (MT)	321,670.00	145,105.67			
Production of Certified CPO (MT)	34,837.00	32,449.63			
Production of Certified PK (MT)	7,125.75	5,368.77			
REMARKS	-	-			

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	3.5 Any new acquisition which has replaced primary forests or HCV areas	10
	3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)	10
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1.0 AUDIT PROCESS

1.1 Certification Body

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

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

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar Kamaruzaman	Lead Auditor / Environmental, Health and Safety and Supply Chain	• Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Mohd Razman Salim	Auditor, Social and Conservation scopes	• Possessed B.Sc. Forestry (Hons) from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology.
Rozaimee Ab Rahman	Auditor / Good Agricultural Practices (GAP)	• Holds a B. Sc. (Hons) in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation

1.3 Audit methodology

The audit covered the Sri Kamusan palm oil mill and two of its supply base. The sampling of the number of the supply base was using the formula of $0.8\sqrt{y}$. The two supply base covered during the audit were Jebawang Estate and Sapi Sugut Estate. The audit included on-site audit to the estates, mill and settlers' houses to verify the implementation of the requirement of the certification. Interviews with the CU's management, relevant settlers, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites. There was no comment received for this Certification Unit.

1.5 Audit plan : Refer to Attachment 2

1.6 Date of next audit : The next surveillance audit will be conducted within 12 months but not sooner than 9 months from this audit.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

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

The Sri Kamusan POM commenced its operations in 2005 and currently had a capacity of processing 60 MT/hour of FFBs. Biogas plant is in progress and expected to complete by end of 2017. The total combined land area of the six supply base is 14,258.10 hectares (Ha) of which 7,438.25 Ha had been planted with oil palm.

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

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

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Sri Kamusan Estate	30,892.67	10.71
Hibumas 1 Estate	31,659.57	10.98
Hibumas 2 Estate	40,116.33	13.91
Jebawang Estate	6,506.25	2.26
Sekar Imej Estate	13,794.02	4.78
Sapi Sugut Estate	8,417.04	2.92
Independent smallholders (non-certified)	156,984.40	54.44
Total	**288,370.28**	**100.00**

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

Estates	FFB Production	
	Tonnes	Percentage (%)
Sri Kamusan Estate	31,383.33	10.38
Hibumas 1 Estate	36,557.33	12.09
Hibumas 2 Estate	45,458.33	15.04
Jebawang Estate	7,383.33	2.44
Sekar Imej Estate	15,591.67	5.16
Sapi Sugut Estate	8,731.67	2.89
Independent smallholders (non-certified)	157,216.67	52.00
Total	**302,322.33**	**100.00**

Table 3: Actual FFB received and CPO & PK dispatch by Sri Kamusan POM for period from March 2016 to Feb 2017

	Total (MT)
FFB Received	288,370.28
FFB Processed	288,318.80
Certified FFB	131,385.88
Non Certified FFB	156,984.40
CPO Production	60,876.49
PK Production	12,320.76
CPO delivered as RSPO certified	20,516.18
CPO delivered as non-RSPO certified	40,362.34
PK delivered as RSPO certified	5,601.24
PK delivered as non-RSPO certified	6,669.06

Table 4: Projected FFB received and CPO & PK dispatch by Sri Kamusan POM of next reporting period March 2017 to Feb 2018

	Total (MT)
FFB Received	302,322.33
FFB Processed	302,322.33
Certified FFB	145,105.67
Non Certified FFB	157,216.67
CPO Production	66,251.22
PK Production	12,443.52
CPO delivered as certified	32,449.63
CPO delivered as non-certified	33,801.59
PK delivered as RSPO certified	5,368.77
PK delivered as non-certified	7,074.75

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

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

Table 6: Planting profile for Sri Kamusan Estate

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

Table 7: Planting profile for Hibumas 1 Estate

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

Table 8: Planting profile for Hibumas 2 Estate

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

Table 9: Planting profile for Jebawang Estate

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

Table 10: Planting profile for Sekar Imej Estate

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

Table 11: Planting profile for Sapi Sugut Estate

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

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Sri Kamusan CU

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

3.0 AUDIT FINDINGS

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

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

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

	Yes	No	If yes, state reasons/justifications
- acquisitions/disposals			Not applicable as all units under the group had been certified.
- emergence/re-emergence of land disputes			As above
- labour conflicts			As above

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

All estates and mills under PPB Oil Palm Berhad had been certified to RSPO.

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

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

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

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)
New General Manager for Sri Kamusan CU

3.7 Status of previous non-conformities * - No NC raised in the previous audit.

Closed [ ] Not closed [ ]

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

3.8. Complaint received from stakeholder (if any)
There were some stakeholders interviewed during the conduct of this audit. These include workers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) (details refer to Attachment 4)	List : 2	RAR01-2017, MRS 01 2017
Total no. of major NCR(s) (details refer to Attachment 4)	List : 0	

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

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

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

5.0 AUDIT CONCLUSION

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

6.0 RECOMMENDATION

☐ No NCR recorded. Recommended to continue certification.

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

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

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

☐ Recommended to continue certification.

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

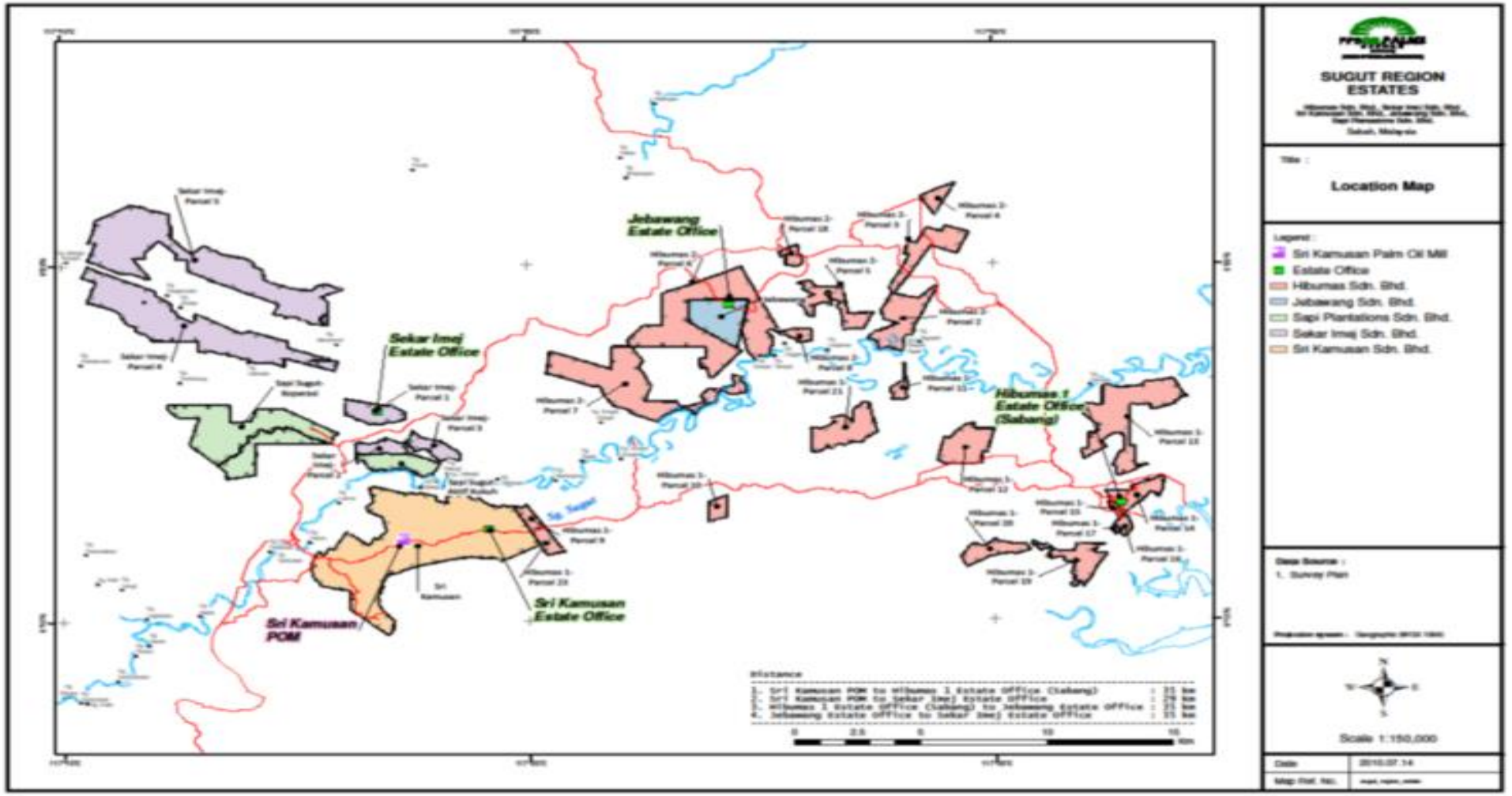
Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.

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

Audit Team Leader :	MOHD ZULFAKAR KAMARUZAMAN	Mohd Zulfakar	24/4/2017
	(Name)	(Signature)	(Date)

Attachment 1

Map of Sri Kamusan CU



RSPO SURVEILLANCE AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

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

2. Date of audit : 20-24 March 2017

3. Site of audit : Sri Kamusan CU

- Sri Kamusan Palm Oil Mill
- Jebawang Estate
- Sapi Sugut Estate

4. Reference Standard:

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

5. Audit Team

a) Audit Team Leader : Mohd Zulfakar Kamaruzaman
b) Auditor : Mohd Razman Salim
Rozaimee Ab Rahman

6. Audit Method

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

7. Audit Findings

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

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

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

8. Confidentiality Requirements

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

9. Working Language : English and Bahasa Malaysia

10. Reporting

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

11. Facilities Required

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

12. Audit Programme Details: As shown below:

Day 1: 20 March 2017 (Monday)				
Time	**Activities / areas to be visited**			
8.30 – 9.00 am	**<u>Opening meeting at Sri Kamusan POM</u>** Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes **Organization Representative to brief on the following :** 1) RSPO implementation at Sri Kamusan CU (i.e. mill & supply base) including changes 2) Time bound plan for PPB Oil Palms Berhad 3) Significant changes on organization activities, machinery, supply bases capacity etc.			Top mgmt & Committee Member
	Zulfakar	**Razman**	**Rozaimee**	

Day 2: 21 March 2017 (Tuesday)				
Activities /areas to be visited	**Zulfakar**	**Razman**	**Rozaimee**	
8.30 – 1.00 pm	**<u>Jebawang Estate</u>** Coverage of assessment: P1, P2, P4, P5, P7, P8 • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement	**<u>Jebawang Estate</u>** Coverage of assessment:P1, P2, P4, P5, P6, P7, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Land titles user rights • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement	**<u>Sapi Sugut Estate</u>** Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement	Guide(s) for each assessor
1.00 – 2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

Day 3: 22 March 2017 (Wednesday)				
Activities /areas to be visited	**Zulfakar**	**Razman**	**Rozaimee**	

8.30 – 1.00 pm	**Jebawang Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement	**Sri Kamusan POM** Coverage of assessment:P1, P2, P4, P5, P6, P7, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Continuous improvement	**Jebawang Estate** Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement	Guide(s) for each assessor
1.00–2.00 pm		Break		
2.00 – 5.00 pm	Going to **Sapi Sugut Estate** cover element Env and OSH	Continue assessment		Guide(s) for each assessor

Day 4: 23 March 2017 (Thursday)				
Activities /areas to be visited	**Zulfakar**	**Razman**	**Rozaimee**	
8.30 – 1.00 pm	**Sapi Sugut Estate** Coverage of assessment: P1, P2, P4, P5, P7, P8 • OSH management – witness activities at site • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Laws and regulations • Environmental management – witness activities at site • Waste & chemical management • Interview with workers, safety committee and contractors • Facilities at workplace	**Sapi Sugut Estate** Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 • Laws and regulations • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check payslip, Contract Agreement • Check Sundry Shop • Land titles user rights • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, Neighbouring land use, Riparian Zone	**Jebawang Estate** Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Chemical store/fertilizer • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting	Guide(s) for each assessor

	• Training and skill development programmes • Continuous improvement	• Continuous improvement	• Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement	
1.00–2.00 pm	Break			
2.00 – 5.00 pm	Continue assessment			Guide(s) for each assessor

Day 5: 24 March 2017 (Friday)

Activities /areas to be visited	Zulfakar	Razman	Rozaimee	
8.30 – 12.00 pm	**Sri Kamusan POM** Site visit and assessment on Supply Chain Implementation including the Model used : General Chain of Custody System Requirements for the supply chain • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training Claims	**Sapi Sugut Estate** Coverage of assessment: P1, P2, P4, P5, P6, P7, P8 •Laws and regulations •Social Impact Assessment (SIA), management plan & implementation •Complaints and grievances •Consultation with relevant government agencies •Interview workers, Contractors, gender committee, local communities and stakeholders •Check payslip, Contract Agreement •Check Sundry Shop •Land titles user rights •Inspection of protected sites with HCV attributes •Forested area, plantation boundary, Neighbouring land use, Riparian Zone • Continuous improvement	**Sri Kamusan POM** Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Environmental management – witness activities at site • Waste & chemical management • Training and skill development programmes • Continuous improvement	Guide(s) for each assessor
12.00–1.30 pm	Break and Friday Prayer			
1.30 – 4.00 pm	• Continue assessment on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any)			Guide(s) for each assessor
4.00 – 5.00 pm	Closing meeting			Top management & Committee member

Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	YES	Sri Kamusan CU continued to maintain a comprehensive system with respect to this criterion. Request Forms were available for stakeholders or interested party to obtain information related to RSPO. Records of visit by the Government agencies were also established. The CU had also informed all their stakeholders through official letter dated in Jan 2017 to inform that the CU could provide them information as they required such as annual report, company's policies, land title, MPOB license, SOP, etc. In Sapi Sugut Estate and Jebawang Estate, the management documents relating to environment, social and legal issues, are made available to the public except for those prevented by commercial confidentially or where disclosure of information would result in negative environmental or social outcomes
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	Sapi Sugut Estate, Jebawang Estate and Sri Kamusan POM had continued to maintain a comprehensive system with respect to this criterion. Record of complaint and grievances were made available and details of complaints and grievances for Jebawang Estate and Sapi Sugut Estate were recorded in the Complaint Form, Request Form and Public Information Request Form.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights	YES	Documents related to land titles for the estates were made available at the estate office.
		Occupational health and safety plans (Criterion 4.7);	YES	Safety & Health plan has been included in the 2017 EHS Plan. All programs related to Safety and Health specified in the 2017 Environmental safety & Health Plan have been carried out and their implementation were verified during the audit.
		Plans and impact assessments relating to environmental and social impacts	YES	SIA Management Action Plan and the Environmental Impact Assessment Plan 2017 for the CU was updated in March 2017.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary titled 'HCV Documentation Summary for Sugut Region' was made available at the Sapi Sugut Estate. There was no HCV area at Jebawang Estate.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Pollution Prevention Plan 2017 has been established.
		Details of complaints and grievances (Criterion 6.3);	YES	From the review, it was noted that there were no complaints or grievances recorded.
		Negotiation procedures (Criterion 6.4);	YES	The procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" was established since Nov 2008.
		Continual improvement plans (Criterion 8.1);	YES	The EIA Action Plan has been established. The requirement for continual improvement of its environmental performance has been addressed.
		Public summary of certification assessment report;	YES	The public certification summary of Sri Kamusan CU can be assessed through this link: http://www.sirim-qas.com.my/core-files/uploads/2016/08/Public-Summary-RA-Sri-Kamusan-2016.pdf

		Human Rights Policy (Criterion 6.13).	YES	A Wilmar Human Right Policy dated June 2014 signed by the Group Plantation Head and is available.
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 doc. and comm. to all levels of the workforce and operations. Minor Compliance	YES	A written policy committing to a code of ethical conduct and integrity in all operations and transactions is available. The policy has been communicated to all levels of the employees.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	Sri Kamusan CU has obtained and renewed license and permits as required by the law. Amongst the licences or permits reviewed for the estates were: MPOB license, license to hire foreign worker, permit to store diesel and petrol, permit to deduct workers salary, air compressors, gensets. As for the POM, apart from permits and licenses, the compliance against these legal requirements were reviewed": Factory and Machinery Act 1967 i) Person In Charge Regulation 1970 ii) Steam Boiler and Unfired Pressure Vessel 1970 iii) Notification, Certificate of Fitness and Inspection), Regulations, 1970 Regulation 10(2) iv) Noise Exposure Regulations 1989 Environmental Quality Act 1974 i) EQ (Prescribed Premise) Crude Palm Oil Reg. 1977 ii) EQ (Clean Air) Reg. 2014 iii) EQ (Scheduled Waste) Reg. 2005 OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Reg. 2000
	2.1.2	A documented system, which includes written information on legal req. shall be maintained. Minor Compliance	YES	Sri Kamusan CU had made use of the PPB SOP for identifying, tracking, accessing and updating the legal requirements. The CU had established a list of all applicable laws and regulations relevant to its operations. Both estates and mill had updated their legal registers in Mar 2017 to include Minimum Wages Order 2016 and Electricity Supply Act 1990 amendment 2015. Evaluation of compliance is conducted on annual basis.
	2.1.3	A mechanism for ensuring compliance. Minor Compliance	YES	A mechanism for ensuring compliance was in place. Internal audit was carried out on annual basis. The CU is evaluating compliance against the identified legal requirements in the legal register. Through this exercise, the CU had determined their status of legal compliance. Appropriate actions is to be taken if non-compliance is found. Based on the verification of this exercise, the auditors confirmed that most non-compliance found have been acted upon.
	2.1.4	A system for tracking any changes in the law impl. Minor Compliance	YES	The Sustainability Manager of PPB Oil Palm Berhad based in Sandakan is responsible in tracking any changes to the Acts and Regulations. This was carried out through communicating with the publisher of the documents. The updating of the legal register was carried out on a periodical basis.

C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal,customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure NCR land and the actual legal use of the land shall be available. Major Compliance	YES	Evidence of legal ownership of the land including history of land tenure was verified during this audit. Each estate was provided with legal use of the land through a Country Lease signed by the Director of Lands and Surveys of Sabah following the payment of premium.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	The physical markers along the perimeter adjacent forest reserve available and visibly maintained. All the estates had maps to indicate the locations of the boundary pegs.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with FPIC. Minor Compliance	YES	As verified during audit in 2016, the auditor was informed by Hibumas 2 Estate that the community from one of the villages has encroached illegally into Hibumas 2 Estate land which was conserved for flood area. Auditor had interviewed representatives from the said village during the recertification audit in order to understand the issue. Auditor verified that the conflict area belongs to Hibumas 2 Estate as stated in the land title. Both parties has met and discussed the land issue to find the best solution to address the issue.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance	YES	There was no significant land conflict occurred except for Hibumas 2 Estate.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	YES	For the land conflict at Hibumas 2 Estate, both parties has agreed to conduct inventory survey and marked estate boundary in order to confirm estate boundary with the village.
	2.2.6	To avoid escalation of conflict, no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned op. Major Compliance	YES	There was no conflict found. Sri Kamusan CU has employed watchmen in order to guard of their workers, staffs, children, 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 FPIC.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights dev. through participatory mapping involving affected parties. Major Compliance	YES	Auditor has verified on land issue at Hibumas 2 Estate, where Wilmar still in process to develop map of encroached area. EHSH officers has monitored the area by monthly basis & found that no further encroachment until this audit. There were no issues on customary or user rights at Jebawang Estate and Sapi Sugut Estate during this audit.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) shall be available and shall include: a) a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected comm, incl. 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	YES	As explained in Indicator 2.2.3, series of meeting minutes between Hibumas 2 Estate and representatives from the village was verified by auditor. Both parties has met and discussed on the land issue to find the best solution on the illegal encroachment.
	2.3.3	All info shall be available in app. forms and languages, incl. assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	As verified by auditor, the land titled for Hibumas 2 Estate is valid. The estate is owned by PPB for agricultural purposes. Therefore, the assessments of impacts and proposed benefit sharing and legal arrangements still in process with series of discussion and meeting between Hibumas 2 Estate and the said village. There were no issues on customary or user rights at Jebawang Estate and Sapi Sugut Estate during this audit.

	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, incl. legal counsel. Major Compliance	YES	Communities from the village is represented by their village head. The representatives was chosen by the communities. There were no issues on customary or user rights at Jebawang Estate and Sapi Sugut Estate during this audit.

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 estates continued to make commitment to long–term economic and financial viability. The annual budgets for 2017 to 2025 were sighted. The budget provisions cover activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc.
	3.1.2	An annual replanting prog projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES	There is no replanting programme for the next 5 years at Sapi Sugut Estate.and Jebawang Estate. Palms were planted on year 2003, 2004, and 2005.

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

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating proc. are appropriately doc., consistently impl. and monitored	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	All PPB Oil Palm Berhad estates continued to use the following documented SOPs: i. Wilmar International Limited, Agriculture Manual & SOP for Oil Palm. ii. Safe Standard Operating Procedure for Oil Palm Plantations (SSOP) iii. Safety and Health Manual and iv. the Financial Manual - Wilmar International Plantation Malaysian Operations Standard Operating Procedures Checklist.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	The mechanisms to check the implementation of procedures were carried out through internal audit, safety and health meeting and routine inspection by assistant manager, staff and hospital assistant. At both estates, the PA visit was also used to check the implementation. However, during site visit at Sapi Sugut Estate and Sri Kamusan POM, it has been noted that the plan to avoid or reduce pollution was not effectively implemented. Thus, Minor NCR RAR01-2017 was raised.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as	YES	Records of monitoring and the actions taken by the estates were maintained. Monthly Progress reports, Monthly Costing and Annual Reports and monthly reports to MPOB were available. Other records sighted incl. the Monthly Chemical consumption, Daily worker's activity, rainfall data, pest

		appropriate. Minor Compliance		census, agrochemicals usage and Programme sheets for Fertiliser Application, Field upkeep, etc.
	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	YES	Sri Kamusan POM has received crops from its own estates, surrounding private oil palm estates and smallholders. The mill recorded the origin of all third party FFB. The audit team had verified the record of third-party FFB and interviews with some representatives from the private oil palm plantation and smallholders.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in SOPs, are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates continued to practice the maintenance of soil fertility through application of fertilisers based on periodic foliar and soil analysis, biomass retention. Maintaining soil fertility is guided by a few chapters in standard for oil palm operation procedure. Fertiliser application was carried out based on the recommendation from the foliar sampling conducted by external. Fertiliser application program was monitored using records like program sheets, bin cards, fertiliser application monitoring forms, etc.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser application program was monitored using program sheets, bin cards, field cost book, Fertiliser Application monitoring forms, work flow sheets in Replants, etc. Review of the records revealed that the actual fertilisers applied in 2016 was in line with the program and completed. Fertiliser application for 2017 was on going in both estates.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Both estates continued to carry out periodic foliar sampling and 6 years' soil sampling to monitor changes in nutrients status. Annual foliar sampling for the nutrients N, P, K, Mg, Ca & B had been carried out in both estates and the results formed the basis for the fertiliser recommendations to maintain and to improve soil fertility. The last foliar sampling done was carried out in January 2016 in both estates the results of which would be the basis for the formulation of the fertiliser recommendation for 2017.
	4.2.4	A nutrient recycling strategy shall be in place, and may incl. use of EFB, POME, and palm residues. Minor Compliance	YES	All estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose. There is no specific programme for EFB mulching and compost application at the estates and application was only based on wherever possible area to be applied. Both estates had maintained a good ground covers.
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 Sapi Sugut and Jebawang Estates. Based on the soil maps provided, there was no fragile/marginal soils in both estates visited.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9&25° unless specified otherwise by the company's SOP. Minor Compliance	YES	Both these estates had been planted between year 2003 and 2005 and it was observed that areas that were undulating and hilly had been terraced. Slopes especially along some road side had well established *Mucuna bracteata.* Both Estate had a nursery where *Mucuna bracteata* were grow for continues planting. A good spreading of the frond stacks on the steeper slopes also sighted. All the steep areas with more than 25° and larger than 20 ha should not be cleared for development.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was noted that roads were well maintained in both Estates. Accessibility were made possible by regular maintenance guided by its road maintenance programmes. The program had been supported by adequate provisions in the budgets.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management prog. shall be in place. Major Compliance	YES	There were no peats soils in both estates.
	4.3.5	Drainability assessments where	YES	There were no peats soils in both estates.

		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		
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There were no peats soils in both estates.
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	Both estates had established and implemented their water management plans. For 2017, the plans dated Mar 2017 were sighted. The objective of the plans is to optimise water usage and improve the local water environment in Sapi Sugut Estate and Jebawang Estate area including housing sites, office, clinic. Workshop, humana, surau, etc.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance	YES	Both estates continue to protect the water courses and wetlands including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estates. During the site review at the Estates, it was confirmed that buffer zone boundary had been identified with signboard erected along the river. Spraying activities were prohibited at the buffer zone along Sungai Sugut. Wilmar has a policy to maintain the buffer by restricting agrochemicals application and will be left undeveloped during replanting. There was no observation of bunds, weirs or dams across any water ways and rivers in any of the visited estates.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality shall be in compliance with national reg. Minor Compliance	YES	The mill is equipped with a POME treatment ponds. The treated effluent was monitored on quarterly basis and the results were submitted to DOE and the results were within stipulated limit.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Processing water is obtained from water catchment near to the mill. Mill water usage per tonne of fresh fruit bunches (FFB) continued to be monitored on monthly basis. A slight inconsistent trend was noted. This was due to cleaning process in the mill.
C 4.5 Pests, diseases,weeds and invasive introduced species are eff. managed using app. IPM techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	Integrated pest management plan (oil palm) for Wilmar International Plantation, proposed by HO Group Manager, EMU, dated Jan 2016 was sighted.
	4.5.2	Training of those involved in IPM implementation demonstrated. Minor Compliance	YES	The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. The IPM technique for rats includes rearing barn owls, bagworm control includes the planting of beneficial plants such as *Cassia cobanensis, Antigonan leptopus and Turnera sublata* and for rhino beetles is by using pheromone trap.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	All pesticides used demo. The use of selective products that are specific to the target pest, weed or disease and which have min effect on non-target species shall be used. Major Compliance	YES	The use of types of agrochemicals at the estates was guided by its Safe and standard Operation Procedure for Oil Palm Plantations. The SSOP had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.

	4.6.2	Records of pesticides use (incl. AI used and their LD50, area treated, amount of active ingredients applied per ha and no. of appl.) shall be provided. Major Compliance	YES	All visited sites had records to show the types of pesticides used with active ingredients and their LD50. The records also included where the pesticides were used, the total quantity, number of applications and Ai/Ha. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. All estates had documented programs for spraying pesticides and for rat baiting.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	As part of the IPM plans, the management of both estates had established nectariferous beneficial plants nurseries for continuous planting in order to attract natural predators and thus reducing the use of insecticides. As mentioned in 4.5.1, observed that a number of Beneficial Plants and LCC had been planted. Both estates had plants ready for planting in the Nurseries.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Reg. (2000). Minor Compliance	YES	Review of the chemical registers confirmed that the estates had used only class 2, 3, and 4 pesticides. There was no evidence on the use of class 1A or 1B chemical. The company had banned the use of Paraquat. Sighted a memo from managing director dated 2007 to instruct not to use paraquat.
	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	YES	Records showed that pesticides were handled, used and applied by trained employees. Staffs and workers such as the storekeepers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involved and how the chemicals should be used in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit.

		observed, applied, and understood by workers. Major Compliance		
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes. Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Reg. Major Compliance	YES	The chemical stores in all estates were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. Record of purchase, storage and use had been maintained. All of the stores are ventilated, with exhaust fans and secured. Only authorized personnel is allowed to handle the chemicals. All the chemicals were stored and segregated accordingly. Empty pesticides containers had been triple rinsed, holes punched in them and stored separately in the schedule waste store awaiting proper disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticides were handled only by trained personnel. At Sugut Sapi Estate, the sprayers were trained by the ESH officer on spraying methods and the use of PPE. The latest training was conducted in Feb 2017 for sprayers. Fertiliser applicators were also trained in Nov 2016. For Jebawang Estate training on chemical handling was conducted on Feb 2017 for sprayer applicators by same person. Sprayers interviewed in the field during visit were found to use all appropriate PPE and were aware of all safety issues. Chemical was premixed before transported to the fields for spraying. The PPE issuance records confirmed that PPEs were replaced as and when required.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Comm. shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	There was no evidence of any aerial spraying had been carried in both estates. Both estates only practices circle spraying and selective spraying which is only for targeted species such as woodies and Vops.
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demo made available. Minor Compliance	YES	Relevant information on the agrochemical used by estate workers communicated during morning muster. Training on chemical handling and spraying techniques especially to the sprayers were conducted in Feb 2017 for the estates. Interviewed during the spraying activities and fertiliser application noted that the information was understood by the workers.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demo. Minor Compliance	YES	Disposal of waste material related to pesticide containers are being carried out as per established procedures. Triple rinsing activities continued to be implemented for empty pesticide containers. The rinsed containers were then pierced and stored prior disposal to a licensed contractor.

	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, demonstrated. Major Compliance	YES	Annual medical surveillance for workshop foremen and genset operator at Sapi Sugut Estate was carried out in Nov 2016 by an OHD. The estate had also conducted monthly medical check-up for sprayer workers by Hospital Attendant (HA). The OHD and HA had summarised that all chemical sprayers and mixers and foremen operator were fit to work under organophosphorus exposure. At Sri Kamusan POM, the medical surveillance was carried out in May 2016 at external clinic. Report indicated that all employees were fit to carry their job. At Jebawang Estate, the last generic CHRA was conducted in June 2015 by registered assessors. Based on the recommendation of the CHRA, chemical exposure monitoring for Isopropylamine was conducted twice a year by an Industrial Hygiene Technician.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	There was no evidence of pregnant or breast-feeding women sprayers performed spraying activity in both estates. Workers interviewed were aware that pregnant or breast-feeding women should not handle chemicals. Monitoring of pregnancy and lactating was conducted every month by the respective estate's HA.
C 4.7 An occupational health and safety plan is documented, eff. Comm. and impl. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	Occupational health and safety Policy has been established by the Group Plantation Head. The policy had been communicated to all levels of employees through briefings. The policy which is available in English and Bahasa are displayed at the mill's and estate's notice boards and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. Occupational health and safety (OHS) management plan had been established for the CU for 2017. The OHS management plan addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the work, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and proc. and actions 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	HIRARC and CHRA records covered activities in the estates and mill were verified during the assessment. The HIRARC registers for Sapi Sugut Estate and Jebawang Estate were updated on May 2013, respectively by the Assistant Manager Sustainability. The registers were revised in Feb 2017 where activities and control measure for loading ramp included. Most significant and routine activities for estate such as chemical spraying and harvesting were included. At the POM, the register was updated in Feb 2017 to include the construction of workers quarters and the operation of the biogas plan. There was no accident occurred in 2016.
	4.7.3	All workers involved in the op. shall be adequately trained in safe working practices. Adequate and appr. protective eq. shall be available to all workers at the place of work to cover all haz. operations, such as pesticide appl., machine op, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	Communication on the hazards of chemical had been given through awareness and training program to all workers involved in handling of dangerous chemicals. The objective was to ensure all workers involved in chemical handling have been trained in understanding of MSDS, safe working practices and the correct use of PPE. Among the trained employees included the sprayers and manuring operator. Field inspection and observation of spraying tasks confirmed chemicals were handled in accordance with the product safety precautions. MSDS were made available at point of use such as at the fertilizer store and chemical store. At Sri Kamusan POM, based on the HIRARC, the types of PPE was provided and recorded in the 'PPE form'. Training and briefing on the operations were provided to workers to educate them on safe working practices and to ensure applicable precautions are adhered to.

	4.7.4	The responsible persons shall be identified. There shall be records of regular mtg. bet. the responsible workers. Concerns of all parties about health, safety and welfare discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	The CU committee comprises of representative of the management and workers. The committee is chaired by the Mill Manager and the Assistant Mill Engineer as the secretary for the POM and chaired by the Estate manager for the estates. Minutes of the Health & Safety Committee meeting conducted were reviewed. In general, the meeting had been adequately carried out.
	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	**Sri Kamusan POM** Accident and Emergency procedures have been established. The First Aid Training conducted by the Estate's Dresser 2 in Dec 2016 was sighted. The First Aid Kits were checked on monthly basis and replenished. Latest check was carried out in March 2016 by Hospital Assistant. Accident statistics are maintained in the CU. Provision to record accidents, carry out root cause investigation and initiating mitigation action are in place. No accidents recorded for 2016. Permit to Work in Confined space is used to inform external Contractors & Internal workers of the safe practices and precautions to be adhered to. The practice of using of JKKP 6, 7 & 9 Forms are in place. No accidents recorded for 2016. Submission of JKKP 8 form was in Jan 2017. **Jebawang Estate and Sapi Sugut Estate** Both estates have established Emergency Response Plan which covered incident reporting, injury illness requiring medical attention, suicide attempt & prevention, bush fire, chemical and fertilizer spillage, flood, poisoning, bush fire, earthquake, and workplace and violence. Clinics at both estates is managed by a Medical Assistant, licensed by Jabatan Kesihatan Negeri Sabah. Both estates has conduct the training on Basic First and carried out fire drill and safety briefings. Accident statistics were maintained and periodically reviewed by quarterly basis during Health and Safety Committee meeting. Concerns were identified and appropriate actions were initiated.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	Foreign workers at both estates were covered with medical care. Clinics were available at the estates. The foreign workers at Sugut Sapi and Jebawang Estate covered with insurance policy with Foreign Worker Compensation @ Skim Pamapasan Pekerja Asing (SPPA). The policy covers for one-year period until 31 December 2017. The local workers were covered under SOCSO and evidence of contribution was sighted.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Sri Kamusan POM Accident statistics were maintained and periodically reviewed in the 'Health and Safety' committee meeting. JKKP 8 was submitted in Jan 2017. No accident was reported. Jebawang Estate, JKKP 8 form was sent to DOSH in Jan 2017. One accident was recorded regarding issue of thorn pricked during the harvesting on 2016. For 2017, to date no accident was recorded. Sapi Sugut Estate, JKKP 8 form was sent to DOSH in Jab 2017 with no accidents recorded for 2016 & 2017 (todate).
C 4.8 All staff, workers, smallholders and contract workers are appr. trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes	YES	Formal training programmes for 2016/2017 was established. The programs covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Sri Kamusan POM and both estates. Year 2016/2017 Training Plan was established in Jan 2017. A training needs identification matrix has been established with target

		regular assessments of training needs and documentation of the programme. Major Compliance		dates for the training to be conducted. Among the identified training included ESH Legal & Other requirements, Safe handling of Electrical Equipment, Use & Standard Exposure of Chemical Hazardous to Health (USECHH) 2000, Accident Investigation Techniques, Emergency Respond Plan Training, First Aid Training, Scheduled waste management, Safe Work Procedure for All Stations, Confined Space Training, Policy Training, Loto Training, MSDS training, Harvesting & Pruning Training, Manuring Training and Workshop & Genset Training
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Sri Kamusan CU had trained their staff, workers and records of training were kept in the RSPO training file. Training records were verified.

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	Sri Kamusan CU has established its environmental aspects/impacts register associated with their activities. The environmental aspect and impact (EAI) covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination from the management of scheduled wastes and domestic waste. For the estate operation, all activities from harvesting, manuring, weeding, nursery, pest and disease, upkeep programme until delivery to mill are identified.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person. Minor Compliance	YES	Jebawang & Sapi Sugut Estate Environmental Impact Assessment Plan was updated in March 2017 by the PIC. The plan included the person(s) in charge, mitigating actions to be taken with a time table and the status of the implementation. Sri Kamusan POM Significant Environmental Aspects and Impacts Mitigation Plan (Methods) and Environmental Management Program has been established with the control measures in the form of Procedures, Equipment / Material, Training / Communication for each operating stations. The plan included the reduction of diesel and water consumption by 2% for 2017.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be impl. to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a min. every 2 yrs to reflect the results of monitoring and where there are op. changes that may have	YES	Sri Kamusan CU has developed the 'Pollution Prevention plan' to monitor the effectiveness of the mitigation measures taken.

		positive and negative env. impacts. Minor Compliance		
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 mgmt, shall be identified and op. managed to best ensure that they are maintained and/or enhanced.	5.2.1	Info shall be collated in a HCV assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	As reported in the previous surveillance audit, a report on HCV sites within the CU had been prepared. The High Conservation Value Assessment Report dated September 2010, had identified the HCV sites for each of the six estates. A public consultation was held in June 2010 where the members of the local communities were represented in the meeting to discuss the findings in the report. An Action Plan for HCV Report was also prepared. Sites with external HCV1, HCV3 and HCV4 had also been identified. There were no RTE species found in Sri Kamusan CU during the assessments. Maps demarcating these HCV areas had also been prepared. The audit team had inspected the sites protected in the Hibumas 1 Estate, Hibumas 2 Estate, Sri Kamusan Estate, Jebawang Estate, Sapi Sugut Estate and Sekar Imej Estate. Noted that signage had been erected in all these HCV sites indicating the classes and that no activity was permitted in these areas.
	5.2.2	Where RTE species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	A summary of management actions had been proposed in the HCV Assessment Report. 'HCV Monitoring & Action Plan 2015-2019' had been established for Sapi Sugut & Jebawang Estate. Latest review of HCV Action Plan was in March 2017. Documents were examined during the assessment. No RTE species was identified present at Sapi Sugut Estate during this Surveillance 1 Audit.
	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	There was no RTE species identified at Sapi Sugut Estate and Jebawang Estate. However, Sri Kamusan CU has conduct HCV refresher training in Aug 2016 for their field workers in order to create awareness among them.
	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 fed back into the action plan. Minor Compliance	YES	Records on monthly monitoring was verified during the audit. Observed that signage had been erected at each estate to ban hunting. The entrances to each estate had gates and guarded by the security staffs. Regular patrols had been conducted and reported on the protection of these HCV sites. The staff and workers were also consulted on this and they were aware of the responsibility to protect endangered, rare and threatened species of forest flora and fauna in their areas. There were also posters put up at all estates offices.

	5.2.5	Where HCV set-asides with existing rights of local communities 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^{o} set-asides was within the Sapi Sugut Estate. Sapi Sugut had briefed local villagers in March 2017 regarding encroachment activity at HCV areas. The villagers were not allowed to hunt or encroach the HCV area without getting permission from Sapi Sugut Estate and authority department (Sabah Forestry Department & Sabah Wildlife Department).
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	Sri Kamusan CU has documented identification of all waste product and sources of pollution. The Pollution Prevention plans were then established for each sites to mitigate the identified waste product. The plans were updated accordingly.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Sri Kamusan CU has follow the recommendation by the Agriculture Department on the management of empty pesticides containers. The containers are clean using the triple rinsing technique. At Sri Kamusan POM all empty chemical containers are pierced and stored prior disposing then sold to recycling contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	For the identified wastes and pollutants, procedures and guideline were established as to guide the waste disposal activities and to reduce pollution on the routine operation. The Pollution Prevention plans were also established to mitigate the identified wastes. The plan was updated in Feb 2017 for Sri Kamusan POM. It was evident that the implementation of the program was monitored appropriately. Jebawang Estate & Sapi Sugut Estate Waste Management Plan and Pollution Prevention Plan has been established in Jan 2017. The plan was approved by the respect Estate Managers and included the operation activities, type of wastes, effect to environment and mitigation plan.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	Jebawang Estate and Sapi Sugut Estate Fossil Fuel Reduction / Optimize Programmes for each estates were updated in Jan 2017. This included monitoring of the diesel consumption per tonnage of FFB produced. Sri Kamusan POM Environmental Management Program & Action plan – 2016 where the Fossil Fuel reduction / Optimization Plan has been included. Program to reduce diesel consumption is in place. Monitoring of generator running hours was also carried out. The biogas plant is under construction to capture methane generated from the effluent treatment plant and use as fuel in the biogas engine to produce electricity for the mill.
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	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	The estates adhered to the Wilmar environmental policy committed to zero burning in all plantation development activities and waste disposal. All previous palms should be felled, chipped, shredded, windrowed and left to decompose.
	5.5.2	Where fire has been used for preparing land for replanting,	YES	There was no evidence that fire has been used in the audited estate.

practice		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		
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	An assessment of all polluting activities was carried out through the identification of the environmental aspect and impact (EAI). The EAI covers both upstream and downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the sources of pollution include the following : air emission - from boiler stack, vehicles, gensets and the GHG emissions from anaerobic processes of the ETP and EFB dumping, water – cleaning water, surface run-off, process water that become the POME. land - contamination which related to the management of scheduled wastes and domestic waste.
	5.6.2	Significant pollutants and GHG emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	The environmental aspect and impact (EAI) has been used to identify GHG emissions. GHG was identified from activities related to land conversation, crop sequestration and use of fertiliser, fuel consumption, peat oxidation and effluent treatment plan. Plans to reduce or minimise them are in place. Sri Kamusan Mill had planned to reduce GHG by constructing a Biogas plant. The plant will capture the methane gas generated from the Effluent Treatment Plant and use in the biogas engine as fuel to generate electricity.
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	Sri Kamusan CU had used RSPO PalmGHG version 3.01 Calculator as a tools. The GHG report was submitted to RSPO in March 2017. The records pertaining for this calculation were kept for ease retrieval and made available at the Sri Kamusan POM and both estates during this assessment.

greenhouse GHG are developed, implemented and monitored.				

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

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	The SIA report entitled "Impact Assessment for Sugut Region Estates (PPB Oil Palms Berhad), Beluran, Sabah, Malaysia – "Sri Kamusan Estate and Mill Social Impact Assessment Report" , was prepared in Oct 2010. The report was prepared with the participation of the relevant stakeholders, such as Government Department and neighbouring villages communities. This assessment was conducted with full consultation with all the communities living within the vicinity of the estates. In the SIA reports, records of meetings with stakeholders including types of stakeholders, target groups and dates of consultations were documented. The contents of the SIA reports included data collection method, general description of Sabah, its people at the study area, basic socio-economy of local communities, stakeholder analysis and sampling methodology, findings of the assessment, views and aspirations of stakeholders, gender and marginalised group analysis and SWOT analysis.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	The assessment was conducted with participation of all affected parties/stakeholders from contractors/suppliers, government departments and local communities in Apr 2010. The attendance list was verified.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, incl. responsibilities for implementation. Major Compliance	YES	Stakeholders meeting were held by the CU to get inputs for reviewing and updating the SIA Management Action Plan 2017. The action plan had documented i) Impact parameter, ii) Issue, iii) Proposed plan, iv) Location, v) Person in charge, vi) Timeline and vii) Progress.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of	YES	The plan was reviewed on yearly basis and updated as necessary. In some cases where the review had concluded that changes should be made to current practices. The SIA management action plan (external and internal) was reviewed in March 2017 for Sri Kamusan CU. The review was conducted with the participation of affected parties such as local communities and contractors.

		affected parties Minor Compliance		
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	There was no smallholder schemes for Sri Kamusan CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	Consultation and communication procedures used by the CU in handling internal and external communications is identified as the established procedure which was prepared by the RSPO Unit of PPB Oil Palms Bhd. The CU has continued to use the internal communication through morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been mainly through mail correspondence. The CU has also use the Stakeholders Meeting to serve as a forum to discuss issues of interest to the mills, estates, local government agencies and local communities (villagers). Generally, the CU has complied with its procedures in responding to internal and external communications. Evidence of compliance can be observed in the various files of correspondence, particularly with government agencies.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	Appointment of management officials were evident.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	Evidence of communications, complaints, grievances, disputes etc. with internal and external stakeholders could be tracks in the stakeholders meeting files which kept by the estate/mill. Files on external communication were kept according to the agencies or parties communicated, for examples, Department of Safety and Health, and Department of Environment, and so forth. And, records of action taken had been highlighted in the SIA Management Action Plan.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where req. Major Compliance	YES	In the event of a dispute, complainants and whistleblowers, the CU will manage it through the internal procedure. The procedure starts with the receipt of complaint from any party, its investigation, proposed solutions and acceptance of the solutions or otherwise. If the proposed solution was rejected, the dispute will be brought for third party arbitration. Grievance or dissatisfaction and request for services on the part of the employees can be conveyed through the established procedures.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	There was no grievances/complaints from employees except for their house maintenance as verified through Complaint Form. Housing complaints from workers have been handled quite satisfactorily by the estate/mill.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.Major Compliance	YES	A procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation were established. In the event, cases involving the loss of customary land rights, the estate will manage them using the internal procedure. 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.

user rights are dealt with through a doc. system that enables indigenous peoples, local comm. and other stakeholders to express their views through their own rep. institutions.	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	YES	The established procedure has addressed the determination of compensation. The process and outcome of any compensation claims is documented and made publicly available. However, there was no issue other than land claims involving the estate or mill.
	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		There was no issue raised related to the compensation claims at Sri Kamusan CU since last audit in 2016. Therefore, this indicator was not applicable.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	Pay slip for sprayer and harvester were verified by audit team. Their wages had followed Minimum Wages Order. Contracts of employment for foreign workers were examined and the local workers contract states the monthly salary, working days, allowance, overtime, annual leave, public holidays, medical benefits, income tax and contributions to SOCSO. While for foreign workers, the contract states contract period, wage rate, working days and working hours, overtime, public holidays, house accommodation, medical benefits, sick leave, annual leave, insurance and in Bahasa Malaysia. The pay slips of a few workers were also seen at each estate/mill and each one was found to show their monthly earnings. The monthly pay also conformed to the requirements of the Minimum Wages Order 2016.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	The employment contract was in Bahasa Melayu for foreign workers and English for local workers. However, the pay slip is in English and its computations are quite complicated. The CU has explained the pay slip to the workers and has displayed the translation of pay slip in Bahasa at the estates and mill noticeboard. Sample of employment offer letter for local worker and foreign worker had been verified by auditor. During interviewing the local workers and foreign as mentioned in 6.5.1, they were understood the content of their contract of employment and payslip statement.

	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical,educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	YES	The CU maintains to provide housing to the workers and provide subsidy for water and electricity consumption. Religious, medical, educational are provided. Any maintenance and service for worker's housing and facilities can be requests from mill and estates management with free of charge. During interview with local and foreign workers at the Jebawang Estate, Sri Kamusan POM and Sapi Sugut Estate, noted that the workers were satisfied with the accommodation and other facilities provided to them. Housing inspections were carried out by members of the health and safety committee as required by Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). Weekly cleanliness inspection at Jebawang Estate, Sri Kamusan POM, and Sapi Sugut Estate were carried out and reported by the respective Medical Assistant. Issues were identified and appropriate actions initiated. Drinking water analysis as per WHO was carried out by Jebawang Estate, Sri Kamusan POM and Sapi Sugut Estate. Auditor has verified the analysis report accordingly.
	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	Jebawang Estate has monitored adequacy of the food availability and the price of 3 sundry shopon yearly basis. The latest meeting and monitoring was in Feb 2017. There was no sundry shop at Sri Kamusan POM and Sapi Sugut Estate.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and 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	An official policy on Human Right was published in June 2014. The policy was written in English and Bahasa. The policy was made available in public places at the estates and mill. The statement in the policy included, the workers are allowed to join any registered organisations or associations and also foreign workers are not allowed to hold any positions in the organisations or associations. The workers whom were consulted had confirmed that they were aware of their rights to join a union.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	As reported in previous audit, the workers are not unionised. However, workers' representatives have been appointed as members of the Social and Welfare Committee and Women and Children Committee in the estates and mill.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The child labour policy (Sep 2010) is publicly available at the visited estates and mill. The policy statements emphasis on child under 18 years must not be employed. This policy is posted on notice boards for the understanding of the public and workers.Verification through employment card and copies of passports of foreign workers at Jebawang Estate, Sapi Sugut Estate and Sri Kamusan POM have confirmed that there was no record of persons under age of eighteen being employed.

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 Sep 2010) is publicly available in the estate and POM. The policy statements emphasised on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on 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 at the Sri Kamusan POM, Jebawang Estate and Sapi Sugut Estate revealed that the CU has not discriminated its staffs and workers. Foreign workers have received similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	Sri Kamusan CU had demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs was available as established procedure.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The CU had established policy on sexual harassment. The policy was dated on June 2014 and is used as guide actions on the sexual harassment cases in the estates/mill. The policy had been communicated to all staffs and workers during morning muster and training in Apr 2016 & Mar 2017. Based on interview with female workers at Jebawang Estate and Sapi Sugut Estate during site visit and at estate office, they were aware of the policy and had been briefed during Gender Committee Meeting. The policy had also been communicated to all staffs and workers during morning muster. The CU had also conducted awareness training to prevent sexual harassment occurred at their mill and estates.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The CU has established policy on reproductive rights which given their employee i) to decide freely and responsibly of their planning to have children, and ii) to make decisions concerning reproduction free of discrimination, coercion and violence. Both policies, Sexual harassment and Reproductive rights were displayed at the visited estate, mill, clinic and worker's quarter noticeboard. Based on interviews with female workers during the audit found that they were aware of the policy and had been briefed during Gender Committee Meeting. The policy had been communicated to all staffs and workers during morning muster. The Women and Children Committee had organised appropriate programmes and activities for their members.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	Jebawang Estate, Sapi Sugut Estate and Sri Kamusan POM have followed standard operating procedure for handling of grievances / social issues. The chairman of the Women and Children Committee was responsible in managing any issue raised on sexual harassment. The grievance mechanism had been explained to the committee. The flowchart procedure had been displayed at the visited estates and mill noticeboard. The SOP contains the complaint and investigation procedure to handle sexual harassment in the workplace. In 2016, the Women and Children Committee at the Sri Kamusan POM, Sapi Sugut Estate and Jebawang Estate have conducted meeting on quarterly basis. The committee had briefed their members on the objectives of the

				establishment of the committee, mechanism to addressed particular issues related with women and children and also their annual programme.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for FFB shall be publicly available. Minor Compliance	NO	Sri Kamusan POM has displayed daily prices for FFB (Grade A, B and C) at the weighbridge station. However, the past prices of the FFB was not included. Thus, a Minor NCR MRS 01 2017 was raised.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be doc. Major Compliance	YES	A Stakeholders Committee meeting was held in March 2017 at Sri Kamusan POM to discuss issues on pricing and contracts. The meeting was chaired by the Mill Manager. Members of the committee included the representatives from purchasers and suppliers of FFB. Issues related to FFB transaction were raised and discussed in the meeting. The minutes of the meeting was made available to the auditor.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	For third party suppliers, there was no agreement or contract between the mill and the third party FFB suppliers as verified during the audit. They are free to sell their FFB to other surrounding mills or private collection centers in the region. Among the comments received were that the prices offered by the CU had followed the MPOB's guidelines and payments were promptly made.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Based on interview with contractor for construction of workers quarters and biogas contractor, the audit team was informed that any payments to supplier and contractor were made in a timely manner. If the payment cannot be paid as agreed, the estate and mill clerk will inform them first.
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 communitiesdemonstrated. Minor Compliance	YES	Sri Kamusan CU had initiated consultations with the neighbouring external communities regarding contribution to local development. Usually the villagers through their head will communicate with management on ad-hoc basis.
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources allocated to improve smallholder productvt. Minor Compliance	YES	There was no scheme smallholders at Sri Kamusan CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	There was no evidence of trafficked labour used in the CU. This was verified through interview with workers during the audit and verification of their passport, contract agreements and work permit. The interviewed workers mentioned that they were employed voluntarily and freely, without the threat of a penalty. Workers has the freedom/right to terminate the employment contract without penalty given by company within 28 days.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There is no contract substitution occurred as stated in the labour policy and procedures. Auditor has verified this through interview with workers to confirm on their understanding on the contract of employment. The interviewed workers have confirmed that the agreement type of work and salary offered were same.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and proc shall be	YES	A special labour policy and procedures was established and implemented to employ foreign workers.

		established and implemented. 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. Major Compliance	YES	A Wilmar Human Right Policy dated June 2014 has been signed off by the Group Plantation Head. The policy was verified at Sri Kamusan POM, Sapi Sugut Estate and Jebawang Estate. Awareness briefing for all levels of the workforce was conducted in Apr 2016. The attendance list and pictorial report was verified during the audit.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to ed as a moral obligation. Minor Compliance	YES	8 Humana and 7 Crèche were constructed at Sri Kamusan CU to secure workers children access to education as moral obligation. Site visit to Humana School also found the infrastructure was well maintained and playground was provided by Wilmar.

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

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,mgmt 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	N/A	Sri Kamusan has no plan for any new planting and no new development of area was observed during the visit. The GPS Survey from PPB Team and SAP Record from management confirmed that there is no plan for new planting. Thus, this indicator was 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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. Minor Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.

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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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 Conservation Values	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 HCVs since Nov 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced. Major Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	7.3.3	Dates of land preparation and commencement shall be recorded. Minor Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	7.3.4	An action plan shall be developed that describes operational actions consequent	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.

		to the findings of the HCV assessment, and that references the grower's relevant operational procedures. 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 mgmt plans. Minor Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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.	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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.

This is dealt with through a doc. system that enables these and other stakeholders to express their views thru their own rep. institutions.		local peoples. Major Compliance		
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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	7.6.2	A system for identifying people entitled to compensation shall be in place. Major Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	7.6.3	A system for calculating and distributing fair compensation shall be in place. Major Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is not applicable.
	7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. Minor Compliance	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	N/A	As mentioned in 7.1.1, no new planting in the CU. Hence, this indicator is 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	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and		

implement action plans that allow demonstrable continual improvement in key operations.		opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. All estates had documented programs for spraying pesticides and for rat baiting. As part of the IPM plans, management of both estates had established nectariferous beneficial plants nurseries for continuous planting in order to attract natural predators. This reduces the use of insecticides.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	Each of the audited sites have established an EIA plan which included the actions to be taken to minimize the environmental impact. The plan was updated and the action plan has been monitored accordingly by the appointed person-in-charge.
	c)	Waste reduction (Criterion 5.3);	YES	The CU continued to practice 3R (reduce, recycle, re-use) programme on waste management. The Waste Management Plan has been established for 2017. The CU is generally active in maximizing the recycling activities. This could be evident through sales of recyclable materials such as plastic and metal.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Pollution and greenhouse gas (GHG) emission were identified in the Environmental Improvement Action Plan', where all waste products and sources of pollution were identified. The EIA plan has been reviewed through the Management Meeting.
	e)	Social impacts (Criterion 6.1);	YES	Sapi Sugut Estate, Jebawang Estate and Sri Kamusan POM have regularly monitor and review their social activities and contribution to their workers and neighbouring villagers through stakeholders meeting, women and children committee, social and welfare committee. The plan for continuous improvement at verified in the social action plan 2017 will be implemented as agreed during the meetings such as upgrading workers quarters, kindergarten, Humana and maintenance of village road.
	f)	Encourage optimising the yield of the supply base	YES	In order to optimise yields both estates were committed to implement best agricultural practices, inclusive of timely and proper fertiliser application; Improve on accessibility to maximise crop evacuation. Water bodies and water conservation pits were constructed to conserve moisture.

Attachment 4

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

P & C Indicator	Specification *Major/Minor*	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 4.1.2	Minor	**#NCR No : RAR01 2017** Plan to avoid or reduce pollution was not effectively implemented. At Sapi Sugut Estate and Sri Kamusan POM water from emergency shower was directed into the field drain.	Corrective Action Plan: Concrete bunding will be constructed around the concrete floor below the emergency shower with sump to collect water contaminated with chemical. Auditor Verification: Corrective action plan accepted Status: The effectiveness of the corrective action will be verify during next audit
Indicator 4.1.2	Minor	**#NCR No : MRS 01 2017** The past prices for FFB was not publicly available. Sri Kamusan POM only displayed the daily prices for FFB (Grade A, B and C) at the weighbridge station.	Corrective Action Plan: Past FFB prices are now displayed at the weighbridge Auditor Verification: Corrective action plan accepted Status: The effectiveness of the corrective action will be verify during next audit

Attachment 5

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

Item No	Requirement NOV 2014	Findings
E.1 E.1.1	**Defination** To verify : a) the volume of certified and uncertified FFB entering the mill b) the volume sales of RSPO certified The claim only the volume of oil palm products produced from processing of the certified FFB as MB	**Actual (March 2016 – Feb 2017)** MT a) FFB Received **288,370.28** RSPO 131,385.88 Non-RSPO 156,984.40 FFB Processed **288,318.80** RSPO 131,402.86 Non-RSPO 156,915.94 CPO Production **60,876.49** PK Production **12,320.76** b) Delivery of CPO **60,878.92** RSPO(MB) 20,516.18 Non-RSPO 40,362.34 Delivery of PK **12,270.30** RSPO(MB) 5,601.24 Non-RSPO 6,669.06
E 2 E..2.1	**Explanation** Estimate total tonnage of CPO and PK potentially produce in a year	**Projection (March 2017 – Feb 2018)** MT (1) FFB Received **302,322.33** RSPO 145,105.67 Non-RSPO 157,216.67 (2) FFB Processed **302,322.33** RSPO 145,105.67 Non-RSPO 157,216.67 (3) CPO Production **66,251.22** (4) PK Production **12,443.52**
E. 2 E 2.2	**Explanation** The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organiztion (RSPO IT platform or book and claim.	Sri Kamusan POM has a registered RSPO e-Trace. The member ID is RSPO_PO1000000198
E 3 **E 3.1**	**Documented procedures** The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in	a) The Sri Kamusan palm oil mill has continued to implement documented procedure 'SOP Traceability [doc No.: SKPOM/TA/03, rev. 3 dated 16/06/2015] and 'SOP Mass Balance' [doc No.:

	these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.	SKPOM/MB/01, rev. 3 dated 31/03/2015]. Both procedures described the implementation of the elements in the supply chain standard requirement 2014 Module E – CPO Mills : Mass balance. Among the documented requirements related to delivery of FFB to mill, delivery of CPO and PK to refinery, mass balance calculation, daily production report, checking validity of the certification of the suppliers. b) The mill's clerk has been appointed as RSPO SCCS traceability management representative (MR) since Sep 2013. Her role is to assist the Senior Mill manager who has overall responsibility for and authority over the implementation of the Supply Chain Standard.
E 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Sri Kamusan palm oil mill has continued to implement documented procedure SKPOM/MB/01, Clause 1.5.1 and Clause 1.5.2. related receiving and processing respectively. This documented procedure has described on the following: • FFB despatch note from the estates brought by the lorry driver – to indicate the name of the estate, FFB weight, date of delivery, Field No. or collection ramp no., vehicle no and name of driver. • Weighbridge ticket from Sri Kamusan palm oil mill to indicate the mill weight, FFB despatch no., date of receipt, supplier estate and vehicle no.
E.4 E.4.1	**Purchasing and goods in** The site shall verify and document the volumes of certified and non-certified FFBs received.	All certified FFB came from Sri Kamusan CU estates and non-certified FFB come from independent FFB suppliers. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified and non-certified FFBs received by the mill had been properly recorded and monitored. Refer to table attached. All purchasing and sales activities were handled by Sustainability and Supply Chain Department and Wilmar Singapore Trading Department(HQ). Sri Kamusan POM has received 131,385.88MT of RSPO FFB from own estates for their processing activities.
E 4.2	The site shall inform the CB immediately if there is a projected overproduction.	The established procedure "SOP Mass Balance – SKPOM/MB/01" has indicated that Mill Manager is responsible to inform the Sustainability Department (CSR) if there is any or over projected to be over production of certified CPO and PK. Record assessment was confirmed no over-production.

E.5 E.5.1	**Record keeping** a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis. b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)	a) Sri Kamusan POM had continued to keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'Quarterly Report of Incoming Sustainable Raw Material (CPO) / (PK)'. b) Accounting records were found to be tally – based on 'Quarterly Report of Incoming Sustainable Raw Material (CPO) / (PK)' For the period March 2016 to Feb 2017, Sri Kamusan POM had delivered a total of 60,876.49 of RSPO-certified (MB) CPO and 12,270.30 MT of RSPO-certified (MB) PK. All the certified CPO was delivered to Sandakan Edible Oil Sdn Bhd. Sighted the "Daily CSPO / CSPK Production Record", deductions were correctly made. c) Based on the inventory record show the delivery of MB sales from positive stock. The Quarterly Report of Incoming Sustainable Raw Material (CPO) / (PK) – Sri Kamusan POM indicated both positive balances for the certified CPO and palm kernel.
E 5.2	In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.	Outsource activities only for CPO & PK transportation. The contracts were handled by the Contract Department at Wilmar HQ in Sandakan. There were no outsourcing activity to an independent (not owned by the same organization) palm kernel crush with regards to the processing of the material or product..
E.4 E.4.1	**Sales and good out** The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) d) The quantity of the products delivered; e) Reference to related transport documentation.	The mill has continued to implement documented procedure related to sales of CPO and PK. [doc No.: "SOP Mass Balance" SKPOM/MB/01 , 31/10/2015, rev.32 dated 31/3/2015]. Verified sales documentation of certified CSPO dated 10/1/17 (DO No: 14133), 17/1/17 (DO No: 14161), and RSPO PK dated 31/1/2017 (DO No: 14310) and 17/1/2017 (DO No: 14298) to Sandakan Edible Oils Sdn.Bhd. . All CPO and PK sale to Sandakan Edible Oils Sdn.Bhd. (company own refinery). Sighted the sales invoices issued for RSPO certified product has included name and address of the refinery; date deliver; product description, supply chain model i.e. Mass Balance, quantity of the products delivered as well as transportation documentation such as Borang MPOB L3, Sri Kamusan mill Weighbridge ticket, Kebenaran Mengangkut /arahan penghantaran from the transporter company, Deliver order from Sri Kamusan plam oil mill.
E.5 E.5.1	**Training** The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Awareness training related to RSPO Supply Chain standard was carried out on 5/12/2016 by Officer from Sustainability Department. Attendance list and training material was established. Weighbridge clerk had participated in the training
E.6 E.6.1	**Claims** The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	As to date no claim was made.