CLIENT: PPB Oil Palms Berhad
Saremas 1 Estate, Bintulu, Sarawak

ADDRESS OF MAIN SITE AUDITED
(In the case of multisite certification, list additional sites in attachments):
- **Palm Oil Mill**: Saremas 1 Palm Oil Mill
  
  KM 115, Bintulu-Miri Road
  
  97008 Bintulu, SARAWAK.

- **Supply Base**:
  
  (1) Saremas 1 Estate
      
      18 KM off KM 115, Bintulu-Miri Road
      
      97008 Bintulu, SARAWAK.

  (2) Saremas 2 (Division D) Estate
      
      18 KM off KM 115, Bintulu-Miri Road
      
      97008 Bintulu, SARAWAK.

  (3) Suai Plantation
      
      8 KM off KM 115, Bintulu-Miri Road
      
      97008 Bintulu, SARAWAK.

ASSESSMENT DATE: 8th to 11th April 2013


SCOPE OF CERTIFICATION: Saremas 1 Palm Oil Mill and its supply base (Saremas 1 Estate, Saremas 2 (Division D) Estate and Suai Plantation)

**Report by Audit Team Leader:**

**Name**: Hj Mahzan Bin Munap

**Signature**:[Signature]

**Date**: 07 March 2014

**Report Reviewed by:**

**Name**:

**Signature**: [Signature]

**Date**: [Signature]
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- Attachment 2: Surveillance Audit Programme
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- Attachment 4: Details on the NCRs (including corrective actions taken) and OFIs Raised During this Surveillance Audit
**Abbreviations:**

- **B.Sc.** Bachelor of Science
- **CHRA** Chemical Health Risk Assessment
- **CPO** Crude Palm Oil
- **CSDS** Chemical Safety Data Sheet
- **CSR** Corporate Social Responsibility
- **DoE** Department of Environment
- **DOSH** Department of Occupational Safety and Health
- **EFB** Empty Fruit Bunch
- **EHA** Estate Hospital Assistant
- **EIA** Environmental Impact Assessment
- **EPF** Employees Provident Fund
- **EQA** Environmental Quality Act
- **ERT** Endangered, Rare and Threatened Species
- **FFB** Fresh Fruit Bunch
- **FSC** Forest Stewardship Council
- **GAP** Good Agricultural Practice
- **HCV** High Conservation Value
- **HIRARC** Hazard Identification, Risk Assessment and Risk Control
- **IPM** Integrated Pest Management
- **ISO** International Organization for Standardization
- **IRCA** International Register of Certificated Auditors
- **IUFRO** International Union of Forest Research Organization
- **JCC** Joint Consultative Committee
- **KPI** Key Performance Index
- **MC&I** Malaysian Criteria and Indicators for Forest Management Certification
- **M.E.** Master of Engineering
- **MBA** Master of Business Administration
- **MDP** Management Development Programme
- **MoU** Memorandum of Understanding
- **M. Phil.** Master of Philosophy
- **MPOA** Malaysian Palm Oil Association
- **MPOB** Malaysia Palm Oil Board
- **MS GAP-OP** Malaysian Standard Good Agricultural Practice – Oil Palm
- **MTCS** Malaysian Timber Certification Scheme
- **MYNI** Malaysia National Interpretation
- **NCR** Non-Conformity Report
- **NREB** Natural Resources and Environment Board
- **OER** Oil Extraction Rate
- **OSH** Occupational Safety and Health
- **OHSAS** Occupational Health and Safety Assessment Series
- **OHSMS** Occupational Health and Safety Management System
- **Ph.D.** Doctor of Philosophy
- **PIC** Person in-Charge
- **PK** Palm Kernel
- **POME** Palm Oil Mill Effluent
- **PPE** Personnel Protective Equipment
- **RSPO** Roundtable on Sustainable Palm Oil
- **SHO** Safety and Health Officer
- **SIA** Social Impact Assessment
- **SOP** Standard Operating Procedure
- **TOR** Terms of Reference
- **USA** United States of America
- **WTP** Water Treatment Plant
- **WWF** World Wide Fund for Nature
INTRODUCTION

1.1 Description of the Certification Unit (Estate and Mill)

The certification unit (CU) being assessed was Saremas 1 (S1) belonging to Saremas Sdn. Bhd. (SSB), a wholly owned subsidiary of PPB Oil Palms Berhad (PPB Oil Palms). The S1 CU comprised of the Saremas 1 Palm Oil Mill (S1 POM), Saremas 1 Estate, Saremas 2 (Division D) Estate and Suai Plantation.

It was assessed for continuing certification against the RSPO Principles and Criteria for Sustainable Palm Oil Production MYNI :2008 (RSPO MYNI) Nov 2010 and Supply Chain Certification System Requirements, (SCCS) Nov 2011. This assessment is the Annual Surveillance Assessment no. 3 (ASA3) conducted by SIRIM QAS International Sdn. Bhd. (SIRIM QAS International) from 8th – 11th April 2013.

There was no change in terms of land ownership, acreage own and operations of estate and mill. Also, there was no issue reported during the assessment on acquisitions/disposals, emergence/re-emergence of land disputes and/or labour conflicts. Essentially, they remained the same. The scope of certification remained status quo, that is, production of palm oil from S1 POM from its supply base (Saremas 1 Estate, Saremas 2, Division D and Suai Plantation). The assessment did not cover the third parties (smallholdings) that contribute to about 15% of total FFB processed, and, at time of assessment the Saremas 1 CU do not intend to apply the third parties’ contribution of FFB for claiming of CPO and PK.

S1 POM commenced operations in 1992 with a processing capacity of 30 metric tonnes (MT) of FFB per hour. The processing capacity was upgraded in 1995 to 60 MT per hour. Since S1 is a fully developed estate, Principle 7 of the RSPO Principles & Criteria is therefore not applicable.

The first estate that was established within the CU dated back to 1978 at Suai Plantations and the last estate developed was in 2000 at Saremas 2 Estate, Division D.

The total combined land area of the three estates (3) estates is 13,568.81 hectares (ha) of which 10,337.89 ha were planted with oil palm. There was no change in the combined land area for all the three estates but an exclusion from title area of 23.86 ha (from plantable area) at Saremas 1 estate due to acquisition from the government for cross country Petronas Gas Pipeline Project during December 2011 replanting.

1.2 Location of Mill and Estates

Saremas 1 Palm Oil Mill, Saremas 1 Estate and Saremas 2 (Division D) Estate are all located in the District of Miri, Sarawak, Malaysia.

S1 is administered by an office located in S1. This office also administered the operations of another CU, the Saremas 2 Estate (S2). The official address of S1 is KM 18 off KM 115, Bintulu-Miri Road, Miri, Sarawak, Malaysia. The location map of S1 CU (mill and estates) is shown in Attachment 1 while their coordinates are detailed in Table 1 below.

Table 1: Coordinates of S1 (Mill and Estates)

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Latitude</th>
<th>Longitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saremas 1 Palm Oil Mill</td>
<td>3° 31′ 32.10″N</td>
<td>113° 44′ 38.86″E</td>
</tr>
<tr>
<td>Saremas 1 Estate</td>
<td>3° 31′ 18.61″N</td>
<td>113° 45′ 23.48″E</td>
</tr>
<tr>
<td>Saremas 2 (Division D) Estate</td>
<td>3° 30′ 22.42″N</td>
<td>113° 47′ 55.55″E</td>
</tr>
<tr>
<td>Suai Plantation</td>
<td>3° 35′ 41.22″N</td>
<td>113° 44′ 21.88″E</td>
</tr>
</tbody>
</table>

(Note: The coordinates are for the offices of the palm oil mill and estates)
1.3 Actual and Approximate Tonnages Offered for Certification (CPO and PK)

The approximate tonnage of CPO and PK produced and claimed for certification is shown in **Table 2** below:

**Table 2: Actual (Jan 2012 to December 2012) and forecasted (January 2013 to December 2013) annual tonnage of CPO and PK processed and claimed for certification**

<table>
<thead>
<tr>
<th>FFB Processed (mt)</th>
<th>CPO Production (mt)</th>
<th>PK Production (mt)</th>
<th>% of FFB from company owned estates</th>
<th>% of FFB from 3rd party / smallholder</th>
<th>CPO claim for certification (mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>RSPO</td>
</tr>
<tr>
<td><strong>Period of reporting</strong>: January 2012 to December 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>245,090.27</td>
<td>50,833.03</td>
<td>10,298.42</td>
<td>85.43%</td>
<td>14.57%</td>
<td>-</td>
</tr>
<tr>
<td><strong>Period of reporting</strong>: January 2013 to Dec 2013</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>227,535.90</td>
<td>45,352</td>
<td>9,322</td>
<td>89.20%</td>
<td>10.80%</td>
<td>-</td>
</tr>
</tbody>
</table>

*Note: The amount claimed for CPO certification excludes contribution from third party (smallholdings) and PPB does not intend to claim PK for certification.

*All certified CPO are claimed via ISCC. Figures cannot be disclosed as it is regarded as trade-sensitive information.*

1.4 Certification Details

The name of the certified Unit and its RSPO identification are as follows:

Parent company : PPB Oil Palm Berhad

RSPO membership no. : 1-0011-04-000-00

Certificate no : RSPO 006 – Saremas 1 Palm Oil Mill

The date of certification : date of the RSPO approval which was 14th June 2010.

Date of previous assessment : 16th – 20th July 2012

Number of Auditor days : 12.5

1.5 Description of Supply Base (Fruit Sources), Year of Planting and Planting Cycle (plantations and area planted)

Saremas 1 Palm Oil Mill continued to receive FFB supply from Saremas 1 Estate, Saremas 2 (Division D) Estate, Suai Plantation and sometimes from associate estate of Saremas 2 CU (which is also RSPO Certified by SIRIM QAS) and the neighbouring smallholders. The average annual FFB contribution from each estate for the year 2012 and projected for 2013 is detailed in **Table 3**. Year of plantation establishment and Area Statement are as shown on **Table 4**, while date of plantings and planting cycle are as tabulated in **Table 5a to 5c**.
### Table 3: FFB Contribution of Each Estate to Saremas 1 Palm Oil Mill

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes</td>
<td>Tonnes</td>
</tr>
<tr>
<td>Saremas 1</td>
<td>61,208.30</td>
<td>48,594.52</td>
</tr>
<tr>
<td>Saremas 2 (Div D)</td>
<td>28,178.71</td>
<td>32,798.17</td>
</tr>
<tr>
<td>Suai Estate</td>
<td>118,890.14</td>
<td>121,566.40</td>
</tr>
<tr>
<td>Suburmas (Associate)</td>
<td>197.07</td>
<td>-</td>
</tr>
<tr>
<td>Segarmas (Associate)</td>
<td>564.60</td>
<td>-</td>
</tr>
<tr>
<td>Kaminsky (Associate)</td>
<td>324.12</td>
<td>-</td>
</tr>
<tr>
<td>3rd party*</td>
<td>35,727.33</td>
<td>24,576.81</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>245,090.27</strong></td>
<td><strong>227,535.90</strong></td>
</tr>
</tbody>
</table>

### Table 4: Year of Establishment of Estates and Area Statement

<table>
<thead>
<tr>
<th>Estate</th>
<th>Year of oil palm establishment</th>
<th>Area (ha)</th>
<th>Planted Area (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Planted</td>
<td>Mature</td>
</tr>
<tr>
<td>Saremas 1</td>
<td>1987</td>
<td>6009.18</td>
<td>4482.98</td>
</tr>
<tr>
<td>Saremas 2 (Div D)</td>
<td>2000</td>
<td>1,889.73</td>
<td>1249.99</td>
</tr>
<tr>
<td>Suai Estate</td>
<td>1978</td>
<td>5,669.90</td>
<td>4,689.29</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>13,568.81</strong></td>
<td><strong>10,422.26</strong></td>
<td><strong>8264.89</strong></td>
</tr>
</tbody>
</table>

### Table 5a: Saremas 1 Estate

<table>
<thead>
<tr>
<th>Year of Planting</th>
<th>Planting Cycle</th>
<th>Planted Area (ha)</th>
<th>Percentage of Planted Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>1st Generation</td>
<td>158.30</td>
<td>3.56</td>
</tr>
<tr>
<td>1989</td>
<td>1st Generation</td>
<td>840.38</td>
<td>18.90</td>
</tr>
<tr>
<td>1990</td>
<td>1st Generation</td>
<td>273.45</td>
<td>6.15</td>
</tr>
<tr>
<td>1991</td>
<td>1st Generation</td>
<td>258.75</td>
<td>5.82</td>
</tr>
<tr>
<td>1995</td>
<td>1st Generation</td>
<td>374.57</td>
<td>8.42</td>
</tr>
<tr>
<td>1996</td>
<td>1st Generation</td>
<td>455.99</td>
<td>10.25</td>
</tr>
<tr>
<td>1999</td>
<td>1st Generation</td>
<td>5.30</td>
<td>0.12</td>
</tr>
<tr>
<td>2000</td>
<td>1st Generation</td>
<td>46.39</td>
<td>1.04</td>
</tr>
<tr>
<td>2004</td>
<td>1st Generation</td>
<td>50.98</td>
<td>1.15</td>
</tr>
<tr>
<td>2010</td>
<td>2nd Generation</td>
<td>649.14</td>
<td>14.60</td>
</tr>
<tr>
<td>2011</td>
<td>2nd Generation</td>
<td>546.64</td>
<td>12.29</td>
</tr>
<tr>
<td>2012</td>
<td>2nd Generation</td>
<td>787.06</td>
<td>17.70</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,446.95</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>
Table 5b: Saremas 2 (Division D) Estate

<table>
<thead>
<tr>
<th>Year of Planting</th>
<th>Planting Cycle</th>
<th>Planted Area (ha)</th>
<th>Percentage of Planted Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>1st Generation</td>
<td>151.25</td>
<td>12.10</td>
</tr>
<tr>
<td>2002</td>
<td>1st Generation</td>
<td>248.32</td>
<td>19.87</td>
</tr>
<tr>
<td>2003</td>
<td>1st Generation</td>
<td>180.12</td>
<td>14.41</td>
</tr>
<tr>
<td>2006</td>
<td>1st Generation</td>
<td>214.28</td>
<td>17.14</td>
</tr>
<tr>
<td>2005</td>
<td>1st Generation</td>
<td>204.43</td>
<td>16.36</td>
</tr>
<tr>
<td>2006</td>
<td>1st Generation</td>
<td>171.30</td>
<td>13.70</td>
</tr>
<tr>
<td>2007</td>
<td>1st Generation</td>
<td>80.28</td>
<td>6.42</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1249.99</td>
<td>100</td>
</tr>
</tbody>
</table>

Table 5c: Suai Estate

<table>
<thead>
<tr>
<th>Year of Planting</th>
<th>Planting Cycle</th>
<th>Planted Area (ha)</th>
<th>Percentage of Planted Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>1st Generation</td>
<td>1,002.16</td>
<td>21.37</td>
</tr>
<tr>
<td>1993</td>
<td>1st Generation</td>
<td>976.96</td>
<td>20.83</td>
</tr>
<tr>
<td>1994</td>
<td>1st Generation</td>
<td>630.53</td>
<td>13.45</td>
</tr>
<tr>
<td>1998</td>
<td>1st Generation</td>
<td>322.16</td>
<td>6.87</td>
</tr>
<tr>
<td>1999</td>
<td>1st Generation</td>
<td>46.92</td>
<td>1.00</td>
</tr>
<tr>
<td>2000</td>
<td>2nd Generation</td>
<td>296.54</td>
<td>6.32</td>
</tr>
<tr>
<td>2001</td>
<td>2nd Generation</td>
<td>280.00</td>
<td>5.97</td>
</tr>
<tr>
<td>2002</td>
<td>2nd Generation</td>
<td>274.25</td>
<td>5.85</td>
</tr>
<tr>
<td>2003</td>
<td>2nd Generation</td>
<td>252.71</td>
<td>5.39</td>
</tr>
<tr>
<td>2004</td>
<td>2nd Generation</td>
<td>224.03</td>
<td>4.78</td>
</tr>
<tr>
<td>2005</td>
<td>2nd Generation</td>
<td>161.53</td>
<td>3.44</td>
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<tr>
<td>2006</td>
<td>2nd Generation</td>
<td>75.62</td>
<td>1.61</td>
</tr>
<tr>
<td>2012</td>
<td>2nd Generation</td>
<td>145.88</td>
<td>3.11</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>4,543.41</td>
<td>100</td>
</tr>
</tbody>
</table>

1.6 Work Force

S1 has a total workforce of 1,387 of whom about 82% were migrant field workers from Indonesia. The composition of workers within S1 is shown in Table 6.

Table 6: Total and Composition of Workforce at S1

<table>
<thead>
<tr>
<th>Operating Unit</th>
<th>Local</th>
<th>Foreign</th>
<th>Sub-Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saremas 1 Palm Oil Mill</td>
<td>25</td>
<td>69</td>
<td>94</td>
</tr>
<tr>
<td>Saremas 1 Estate</td>
<td>79</td>
<td>441</td>
<td>520</td>
</tr>
<tr>
<td>Saremas 2 (Division D)</td>
<td>11</td>
<td>163</td>
<td>174</td>
</tr>
<tr>
<td>Suai Plantation</td>
<td>33</td>
<td>520</td>
<td>553</td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>1,193</td>
<td>1,341</td>
</tr>
</tbody>
</table>
1.7 Progress against time-bound plan by parent company

PPB has completed its time-bound plan for all its certification unit.

1.8 Progress of Associated Smallholders / Smallgrowers towards compliance with relevant standards

Saremas 1 CU had no plan or programme to engage their associated smallholders / smallgrowers towards compliance to relevant RSPO standards as the CU do not intend to apply third party contribution of FFB for claiming of CPO and PK.

1.9 Other Management System Certifications Held (ISO etc)

The palm oil mill and all the estates do not hold any other form of third-party certification of their management systems. Nevertheless, they had been implementing an internal system which was based on the requirements of the ISO 14001:2004 and the Occupational Health and Safety Act.

1.8 Organisational Information/Contact Person

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

Address:

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

Contact person:

Mr. Kiaw Che Weng
Assistant General Manager
Phone : + 60 85 325 713/+60 86 333 286
Fax : + 60 85 495 010/+60 86 315 220
+ 60 86 315 223/+60 86 315 221

2 ASSESSMENT PROCESS

2.1 Assessment team members and CVs of new members not on the last assessment team

Four assessors from the ASA2 were retained in this ASA3 for continuity purposes. They are Lead Assessor, Mahzam B Munap, and team members Khairul Najwan B. Ahmad Jahari, Mohd Hidhir Bin Zainal Abidin and Dr. Rusli Bin Mohd. The new team member is Mohd Norddin Bin Abdul Jalil replacing Aziz Bin Abu Bakar. He is charged to assess Oil Palm Best Management Practices. His detailed CV is as below.
<table>
<thead>
<tr>
<th>Member of the Assessment Team</th>
<th>Role/area of RSPO requirements</th>
<th>Qualifications</th>
</tr>
</thead>
</table>
| Mahzan Munap                  | Lead Assessor / Occupational Health and Safety, Environment & related legal issues | • Collected over 400 days of auditing experience in OHSAS 18001 and MS 1722 OHSMS (72 days for palm oil milling & 8 days for oil palm plantation) and 60 days of RSPO.  
  • CIMAH Competent Person with Malaysian Department of Occupational Safety and Health (DOSH) since 1997.  
  • Occupational Safety and Health Trainer at INSTEP Petronas  
  • Successfully completed RSPO Lead Assessor Course – 2008.  
  • Successfully completed Lead Assessor Course for OHSAS 18001-2000.  
  • Successfully completed IRCA accredited Lead Assessor training for ISO 9001-2006  
  • Successfully completed RABQSA accredited Lead Assessor training for ISO 14001-2008  
  • MBA, Ohio University.  
  • B.Sc. Petroleum Engineering, University of Missouri, USA. |
| Mohamed Hidhir Zainal Abidin | Lead Assessor / Milling Operation, Occupational Health and Safety | • Over 100 days of auditing experience, having audited on: ISO 9001, ISO 14001, & RSPO.  
  • 4 years’ experience in palm oil milling  
  • Successfully Completed RSPO Lead Assessor Course – 2013  
  • Successfully completed ISO 14001 EMS RABQSA/IRCA approved Lead Assessor – 2012  
  • Successfully completed ISO 9001 QMS RABQSA/IRCA approved Lead Assessor – 2012  
  • Successfully completed OHSAS 18001 OHSMS RABQSA/IRCA accredited Lead Assessor Course – 2012  
  • B.Sc. (Hons) Chemical Engineering |
<table>
<thead>
<tr>
<th>Name</th>
<th>Profession</th>
<th>Experience and Certification Details</th>
</tr>
</thead>
</table>
| Khairul Najwan Ahmad Jahari | Assessor / ecology and environmental issues / HCV / Forestry | - Collected 70 auditor days in auditing Forest Management Certification (FMC – MC&I 2002 and MC&I Natural Forest)  
- Collected 47 auditor days in auditing RSPO  
- 11 years working experience related to forest management, inventory, surveying, HCVF and logging operation.  
- Successfully completed RSPO Lead Assessor Course – 2011.  
- B. Sc of Forestry (Forest Management) |
| Dr Rusli Mohd               | Assessor / workers’ & community issues and related legal issues | - Ph. D in forestry specialising in forest policy.  
- Taught forest law, international forest law and labour laws to undergraduate and post-graduate students for nearly 20 years  
- Conducted research on social forestry and has published several publications on the topic  
- Prepared SIA reports for KPKKT and PESAMA  
- Passed lead auditor training on ISO 14000  
- Completed more than 90 man-days of RSPO auditing and 30 man-days of natural forest certification audit  
- Served as peer reviewer for more than ten natural forest certification reports |
| Mohd Norddin Abd Jalil      | Assessor / Good Agricultural Practices (GAP) | - Thirty three years’ experience in plantation management covering rubber and oil palm.  
- Attended a training on RSPO P & C and certification requirements in December 2012  
- 5 days auditing experience in RSPO P&C (observer)  
- Plantation Advisor to TDM Plantation Sdn. Bhd.  
- B.Sc. Agriculture (weed management) |
2.2 Assessment Methodology (Program, Site Visits)

The ASA3 was conducted on 8th - 11th April 2013 by a 5-member assessment team led by Lead Assessor with many years of oil palm industry experience. Other team members include local experts knowledgeable in oil palm best management practices, HCV, environmental and social aspects.

The main objectives of this surveillance audit were to (a) determine the continued compliance of S1 against the requirements of the RSPO MYNI: 2008 and RSPO SCCS 2011, (b) verify the effectiveness of the corrective actions being implemented by S1 to address the NCRs raised during the previous ASA 2 and (c) make appropriate recommendation on the continued certification of S1 based on the findings of this surveillance audit.

The planning of this surveillance audit was guided by the RSPO Certification Systems Document. The sampling formula of √0.8y, where y is the number of estate in S1 was used. The mill, Saremas 1 Estate and Saremas 2 (Division D) estate were assessed.

The on-site assessment consisted of a systematic examination of documentation and management practices relating to the entire range of operations carried out in the mill and plantation unit being verified. This was conducted by visiting the field including replanting sites, mill, HCV habitats, labour lines, chemical and waste storage areas and other workplaces. Random interviews were held with management, employees, contractors and other relevant stakeholders. Visits were also made to local communities to verify compliance to social requirements of the RSPO P&C. The details on the surveillance assessment programme are as in Attachment 2.

3 NON–CONFORMITY REPORTS RAISED DURING THE PREVIOUS STAGE 2 ASSESSMENT AND CORRECTIVE ACTIONS TAKEN

During the previous ASA 2, the assessment team had raised two (2) major Non Conformity Report (NCR) and one (1) Minor Non Conformity Report. The details on the NCR, the corrective actions taken by S1 to address them and the remarks by the Assessment Team Leader on the verifications are as in Attachment 3.
4 ASSESSMENT FINDINGS

The assessment findings were highlighted and discussed during the on-site assessment. This ASA 3 had resulted in the issuance of three (3) NCRs, all Major and Nine (9) OFIs. The details on the NCR (including corrective actions taken) and OFIs are as shown in Attachment 4.

The findings of the ASA 3 were reported based on the format for the RSPO MY-NI indicators. The detailed findings of this surveillance assessment on S1’s compliance to the requirements of the RSPO MY-NI are as follows:

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

<table>
<thead>
<tr>
<th>Criterion 1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil palm growers and millers provide adequate information to other stakeholder on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indicator 1.1.1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records of requests and responses must be maintained.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Guidance:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growers and millers should respond constructively and promptly to requests for information from stakeholders.</td>
</tr>
</tbody>
</table>

**Assessment Findings:**

S1 CU continued to maintain a comprehensive system with respect to this criterion. Nearby longhouses and Orion Fresh Sdn Bhd (FFB supplier) were invited to view and comment on environmental, social and legal information made available at the CU but there were no response from them. At sites visited, the following books were presented to the auditors - a Record Book of stakeholder or other interested party who had viewed / obtained document related to RSPO and a Visit Log Book by government agencies such as NREB and DOSH. From the record sighted it was found that S1 had not received any request for such information from external stakeholders.

At Suai Estate the stakeholder list had been viewed updated that included the surrounding estate e.g. Alam Wangsa Estate and BLD (Bintulu Lumber Development) Estate. There was also documented communication with Sarawak Forestry Corporation (SFC), Sarawak Forestry Department (SFD) and University Malaysia Sarawak (Unimas) to assess the HCV area. The latest communication was evident through meeting dated 27 February 2013 at Kuching. The system was transparent and the record was well kept by the Saremas HCV Manager and Document Controller.

<table>
<thead>
<tr>
<th>Criterion 1.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>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.</td>
</tr>
</tbody>
</table>

This concerns management documents relating to environmental, social and legal issues that are relevant to compliance with RSPO Criteria. Documents that must be publicly available include, but are not necessarily limited to:-

| 1.2.1 | Land titles / user rights (C 2.2) |
| 1.2.2 | Safety and health plan (C4.7) |
| 1.2.3 | Plans and impact assessments relating to environmental and social impacts (C 5.1, 6.1, 7.1, 7.3) |
| 1.2.4 | Pollution prevention plans (C 5.6) |
| 1.2.5 | Details of complaints and grievances (C 6.3) |
| 1.2.6 | Negotiation procedures (C 6.4) |
| 1.2.7 | Continuous improvement plan (C 8.1) |

**Guidance:**

Examples of commercially confidential information include financial data such as costs and income, and details relating to
customers and/or suppliers. Data that affects personal privacy should also be confidential.

Examples of information where disclosure could result in potential negative environmental or social outcomes include information on sites of rare species where disclosure could increase the risk of hunting or capture for trade, or sacred sites, which a community wishes to maintain as private.

Assessment Findings:

S1 CU continued to hold and update copies of all the documents listed under Criterion 1.2 and ensured that all the documents were made available in the offices of all the estates (see Photo 1 below).

Photo 1: RSPO documentation room at Suai Estate

PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

| Criterion 2.1 | There is compliance with all applicable local, national and ratified international laws and regulations |
| Indicator 2.1.1 | Evidence of compliance with legal requirement |
| Major compliance |

Assessment Findings:

Although the CU generally comply to all identified legal and other requirements and the display of valid certificates, permits and licenses in the office (see Photo 2) there were however detected lapses as highlighted in the NCR MM1. They were:

1. The four Indonesian FFB Graders were not trained by MPOB, hence, not in accordance with the Seventh Schedule, Regulation 21 (2) MPOB (Licensing) Regulations 2005.

2. At SPOM1, only 16 workers out of 95 had undergone a baseline audiogram. The balance had past the due date when the mill as employer was required by FMA (Noise Exposure) Regulations 1989 Clause 21 to conduct a baseline audiogram within six months from the day the employee commences work.

3. Also at SPOM1, one repeated case (same nature of accident) involving the same person and another case of near-miss incident was not investigaed by the Safety and Health Committee thus not discharging its responsibility as required by Safety and Health Committee Regulation 1986.
4. Insufficient Internal Combustion Engine Driver at plantation, Suai Division, thus non-compliance to FMA (Person InCharge) Regulation 1970. Only one Driver was made available to be incharge of more than one generator set.

Photo 2: Permits and licences on display at SPOM1 office

<table>
<thead>
<tr>
<th>Indicator 2.1.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A documented system, which includes written information on legal requirements.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

**Assessment Findings:**

S1 CU had maintain the established documented procedure, Registration of Legal and Other Requirements, RSPO 2.1(2). The procedure addressed the mechanism to identify, access, track changes/updates or introduction of new bill and monitor compliance with the legal requirements that are applicable to its operations.

A legal register updated on 8 March 2013 was presented during the assessment. It was, however, noted during the assessment that some of the applicable requirements were not complied as highlighted in indicator 2.1.1 above. Additionally, an OFI to enhance the Register to include applicable clauses and sub-clauses of the regulations to the CU, for example, clauses 15 – 20 of the FMA (Noise Exposure) Regulation 1989.

<table>
<thead>
<tr>
<th>Indicator 2.1.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>A mechanism for ensuring that they are implemented.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

**Assessment Findings:**

The CU continued to maintain the existing mechanism. Assurance of compliance was by means of quarterly return of legal compliance form duly completed by the operating unit to the Legal Adviser, head office. On a yearly account, at estate and mill level, a more thorough evaluation of compliance as per the Legal Register (different from the quarterly return) was conducted jointly with the assistance of EMU - RSPO Coordinator. The commitment to ensure the CU had complied with all the legal requirements were verified at the mill and fields visited. The findings were as reported above where one non-conformity was raised.
**Indicator 2.1.4**
A system for tracking any changes in the law.
Minor compliance

**Assessment Findings:**

There is no change to the system for tracking changes to the law. The Legal Adviser at head office, Kuala Lumpur continued to be responsible for tracking any changes in law and to immediately disseminate such changes (when they occur) to the operating unit via the Sarawak Region Safety and Health Officer. It will subsequently be followed by monitoring of compliance by the Operating Unit as described in 2.1.3 above to ensure conformance.

**Criterion 2.2**
The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.

**Indicator 2.2.1**
Evidence of legal ownership of the land including history of land tenure.
Major compliance

**Assessment Findings:**

There is no land dispute. S1 CU continued to be the legal owner and has relevant proof of ownership of the land in the assessed estates.

Land titles for all the estates were made available and the details examined were as follows:

<table>
<thead>
<tr>
<th>Estate</th>
<th>Lease TRN</th>
<th>Lease Area, ha</th>
<th>Lease expiry date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saremas Estates 1</td>
<td>04-LCLS-030-000-00049</td>
<td>9,895</td>
<td>2045.</td>
</tr>
<tr>
<td>Saremas 2 (Division D)</td>
<td>04-LCLS-030-000-00049</td>
<td>1,889.73</td>
<td>2045</td>
</tr>
<tr>
<td>Suai Plantation Sendirian Berhad</td>
<td>L. 1610/1996</td>
<td>5,674</td>
<td>2043</td>
</tr>
</tbody>
</table>

**Indicator 2.2.2**
Growers must show that they comply with the terms of the land title. [This indicator is to be read with Guidance 2]
Major compliance

**Assessment Findings:**

The S1 CU continued to comply with the condition as stated in the terms and conditions of the lease agreements, that is, the land use is for agricultural purpose.

**Indicator 2.2.3**
Evidence that boundary stones along the perimeter adjacent to state land and other reserves are being located and visibly maintained.
Minor compliance

Specific Guidance: Growers should attempt to comply with the above indicator within 15 months from date of announcement of first Assessment. Refer to State Land Office for examples of other reserves.
**Assessment Findings:**

During the site inspection, it was evident that Suai Estate had maintained the boundary markers using red and white colored wooden peg (see Photo 3 below). The position of these markers were labeled and recorded on the GIS Map # REF- SUAI-6-2008-1, dated 28\textsuperscript{th} June 2008.

![Photo 3: Wooden peg and trench boundary marker at Suai Estate (Div 1) adjacent with smallholders](image)

**Indicator 2.2.4**

Where there are, or have been, disputes, proof of resolution or progress towards resolution by conflict resolution processes acceptable to all parties are implemented. CF 2.3.3, 6.4.1 and 6.4.2.

**Minor compliance Guidance:**

1. For any conflict or dispute over the land, the extent of the disputed area should be mapped out in a participatory way.
2. Where there is a conflict to the condition of land use as per land title, growers must show evidence that necessary action has been taken to resolve the conflict with the relevant authorities.
3. Ensure a mechanism to solve the dispute (Refer to C 6.3 and C6.4)
4. Evidence must be demonstrated that the dispute has been resolved.
5. All operations shall cease on land planted beyond the legal boundary.

**Assessment Findings:**

It was noted that there was no conflict or dispute over the land. The land boundaries of the estates with the longhouses communities had been clearly mapped.

A site visit to boundaries adjacent with smallholders’ land belonging to longhouse owners of Rh Ampau near Suai Estate (Div 1) confirmed through consultation with “Tuai Rumah” Mr. Ampau, that the land is owned by him and other villagers in the longhouses. He reiterated, there is no dispute with the CU.

**Criterion 2.3**

Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.

**Indicator 2.3.1**

Where lands are encumbered by customary rights, participatory mapping should be conducted to construct maps that show
the extent of these rights.
Major compliance

**Assessment Findings:**

As described under Indicator 2.2.4, there was no land dispute and therefore no land within the estates had been encumbered by customary rights. The use of the land for oil palm by S1 CU had not diminished the legal rights, or customary rights, of the communities and other users.

**Indicator 2.3.2**
Map of appropriate scale showing extent of claims under dispute.
Major compliance

**Assessment Findings:**

Since there was no case involving land disputes in S1, this indicator is therefore not applicable.

**Indicator 2.3.3**
Copies of negotiated agreements detailing process of consent (C2.2, 7.5 and 7.6).
Minor compliance

**Guidance:**
Where lands are encumbered by legal or customary rights, the grower must demonstrate that these rights are understood and are not being threatened or reduced. This criterion should be considered in conjunction with Criteria 6.4, 7.5 and 7.6.

Where customary rights areas are unclear these are best established through participatory mapping exercises involving affected and neighbouring communities.

This criterion allows for sales and negotiated agreements to compensate other users for lost benefits and/or relinquished rights. Negotiated agreements should be non-coercive and entered into voluntarily, carried out prior to new investments or operations and based on an open sharing of all relevant information in appropriate forms and languages, including assessments of impacts, proposed benefit sharing and legal arrangements.

Communities must be permitted to seek legal counsel if they so choose. Communities must be represented through institutions or representatives of their own choosing, operating transparently and in open communication with other community members.

Adequate time must be given for customary decision-making and iterative negotiations allowed for, where requested. Negotiated agreements should be binding on all parties and enforceable in the courts. Establishing certainty in land negotiations is of long-term benefit for all parties.

**Assessment Findings:**

This Indicator is not applicable as there was no land dispute with the estates.

**PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY**

**Criterion 3.1**
There is an implemented management plan that aims to achieve long-term economic and financial viability.

**Indicator 3.1.1**
Annual budget with a minimum 2 years of projection
Major compliance

**Specific Guidance:**
Annual budget may include FFB yield/ha, OER, CPO yield/ha and cost of production that is not required to be publicly
Assessment Findings:

S1 CU continued committed to long-term economic and financial viability. A 5 year term management plan of annual budget with projection to years 2018 had been prepared by each estate and mill. It is an on-going process where the cost of production were reviewed annually and compared against expenditure for each year. Parameters monitored remained essentially unchanged, that is, projection covered immature, replanting and matured area yield/cost/profit, capital expenditure and development cost for 2013 to 2018 were examined. Other than crop forecast the budget also covered the provision of allocation for sustainability implementation (environmental, social, occupational safety and health), infra-structure development (roads, houses, etc), operations, maintenance, and training.

Profit and loss (P&L) projections on FFB yield/ha, CPO and PK production, targeted OER and KER, production cost and mill overheads had also been presented in the report.

The Assessment team had also referred to the monthly progress report for vertical monitoring.

Indicator 3.1.2
Annual replanting programme projected for a minimum of 5 years with yearly review.
Minor compliance

Assessment Findings:

The assessor observed that Saremas 1 CU had started replanting in field 2012 RP (145.88 ha) in Suai Estate. The projection for future replanting for a period of 5 years was sighted available.

Photo 4: Replanting in field 2012 RP (145.88 ha) in Suai Estate.
PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS

Criterion 4.1
Operating procedures are appropriately documented and consistently implemented and monitored.

Indicator 4.1.1
Documented Standard Operating Procedures (SOP) for estates and mills
Major compliance

Assessment Findings:

S1 CU continued to use the established manuals as reported in ASA2, that is,

Estate use:
1. the Agricultural Manual, updated on March 2011;
2. Standard Operating Procedure for Oil Palm, updated on January 2012. Please see Photo 5 below.
3. Standard Safe Operating Procedure (Plantations). There were 24 topics in this SSOP. The new updated version dated 28/6/2012 described the new activities in the field for grass cutting activities in the estates.
4. Riparian Zone Management Guidelines (Sarawak Operation)

while the Saremas 1 Palm Oil Mill use
1. Mill Operation Manual, updated 2011,
2. Standard Safe Operating Procedure (Mill). 15/1/2012, Rev 2. There were 22 topics including the new procedure for Lock out/Tag out.

as reference for all operations in the estates and mills. The Agricultural Manual and SOP provide guidance on Oil palm nursery, oil palm replanting, field upkeep, FFB harvesting and collection and Integrated Pest Management.

Photo 5: Agricultural Manual & Safe Operating Procedure for Oil Palm

The Assessors noted that the Agricultural Manual and Mill Operation Manual were widely used, their Safe Operating Procedures followed and understood by workers. This practice was evident during interviews with the oil palm harvesters, herbicide sprayers and fertilizer spreaders group at Suai Estate and with FFB Graders, Boilerman, Electrical Chargeman, mill operators, workshop and maintenance staff.
**Indicator 4.1.2**
Records of monitoring and the actions taken are maintained and kept for a minimum of 12 months.
Minor compliance

**Assessment Findings:**

Records of monitoring and actions taken had been sighted by Assessors. It had been maintained and kept for a minimum of 12 months both at S1 POM and Suai Estate.

At the mill operation records such as laboratory analysis report on oil and kernel losses, effluent discharge, Smoke Density Meter chart recording, scheduled waste generated, oil and kernel extraction rate, Audiometric Test, Chemical Health Risk Assessment report, Permit To Work, machine operation hours, and equipment maintenance history were examined while at the Suai Estate they included Monthly Progress and Annual Reports on monitoring of all activities such as rainfall, Pest and Diseases monthly return, harvesting statistics, chemical consumption, production cost, diesel usage and Safety Performance Statistics (at Score Board in front of mill and estate office). Work schedule on manuring, circle and path spraying, selective spraying, harvesting and EFB mulching were also made available during the inspection.

**Criterion 4.2**
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.
MY-NIWG recommends that the indicators in criterion 4.2 and 4.3 are linked

**Indicator 4.2.1**
Monitoring of fertilizer inputs through annual fertilizer recommendations.
Minor compliance

**Assessment Findings:**

Saremas 1 CU continued to ensure getting optimal and sustained yield through fertilizer inputs. In order to sustain yield, annual fertilizer recommendation was done by EMU. The assessor had sighted the application of MOP fertilizer was done as per external Plantation Advisor (PA) report, i.e., the fertilizer was broadcast in frond stack in the terrain and on EFB heap on the terraces. The assessor had sighted the record of fertilizer movement and they had been kept current. The fertilizer dosage varies from one field to another in accordance with the recommendation from the EMU.

![Photo 6: Manuring fertilizer in Suai Plantation.](image-url)
Indicator 4.2.2
Evidence of periodic tissue and soil sampling to monitor changes in nutrient status.
Minor compliance

Assessment Findings:

At Saremas 1 CU, the latest soil survey and analysis were done in December 2009 by Param Agriculture Soil Survey Sdn. Bhd. Suai Estate also continued to conduct annual foliar analysis by EMU for the balance fertilizer application. It was found out that fertilizer input varies from one field to another in accordance with the recommendation from the EMU.

Indicator 4.2.3
Monitor the area on which EFB, POME and zero-burn replanting is applied.
Minor compliance

Assessment Findings:

Saremas 1 CU continued to improve the soil organic matter through structured application of Empty Fruit Bunch (EFB). The assessor sighted the EFB Mulching Statistic Record book of Suai Plantation (Photo 7) at the rate of 40 mt/ha applied for 5 palms on both sides of the road side (Photo 8) in the mature area.

Criterion 4.3
Practices minimise and control erosion and degradation of soils.

Indicator 4.3.1
Documented evidence of practices minimizing soil erosion and degradation (including maps).
Minor compliance

Specific Guidance:
Replanting on sloping land must be in compliance with MSGAP Part 2: OP (4.4.2.2)

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).

For Sabah, slopes 25 degree and steeper are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Protection (Prescribed Activities)(Environment Impact Assessment) Order 2005] and approved by the Environmental Protection Department (EPD).

Slope determination methodology (slope analysis) should be based on average slope using topographic maps or topographical surveys.
**Assessment Findings:**

The assessor viewed the soil classification map of Suai Estate showing slopes of varying degrees such as level (0-4°), undulating (4°-12°), rolling (12°-24°), hilly (24°-38°). It was observed that terraces had been constructed with bund at every 20 meters in undulating, rolling and hilly areas. *Vertiver* grass was also planted to prevent erosion especially in the residential areas.

It was also observed that soil erosion monitoring plot was laid out in 3 different terrains, 0-12° (shaded), 0-12(open), 12°-25° (open), 12°-25° (shaded) and > 25° (open) and > 25° (shaded). In Suai Estate it was observed that soil loss was significant in areas of > 25° (shaded).

Saremas 1 CU practiced various methods to minimize and control erosion and degradation of soil such as:
1. Planting leguminous cover crops (*Mucuna bracteata*)
2. EFB mulching at roadsides.

| Indicator 4.3.2 |
| Avoid or minimize bare or exposed soil within estates. |
| Minor compliance |

**Specific Guidance:**
Appropriate conservation practices should be adopted.

**Assessment Findings:**

Saremas 1 CU continued to avoid or minimize bare or exposed soil within Suai estate. During the field inspection, it was observed that most of the fields were covered with leguminous cover crops such as *Mucuna bracteata*, soft natural vegetation and ferns such as *Neprolepis biserrata*.

Leguminous cover as *Mucuna bracteata* was extensively established in exposed slopes. EFB mulching was observed on the road side and cut frond has been stacked to reduce surface erosion. Stacking of frond had also been observed on edges of all terrace areas while stacking of cut frond were placed along the planting row in flat and undulating areas.

![Photo 9: Mucuna bracteata to control erosion](image9)

![Photo 10: Neprolepis biserrata as ground cover](image10)
**Indicator 4.3.3**
Presence of road maintenance programme.
Minor compliance

**Assessment Findings:**

Saremas 1 CU continued to maintain the main road and the subsidiary roads in the Suai estate. Side drains were constructed to drain the surface runoff. The road maintenance program through record of Heavy Machinery Movement 2013 was evidence with stock pile of 3” dry crusher run (DCR) has been sighted as shown in Photo 12. On site inspection had confirmed that most of the roads had been satisfactorily maintained to all weather roads.

**Photo 11: Roadside drain constructed**

**Photo 12: Stockpile of DCR**

**Criterion 4.4**
Practices maintain the quality and availability of surface and ground water.

**Indicator 4.4.1**
Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before replanting along all natural waterways within the estate.
Major compliance

**Specific Guidance:**
Riparian buffer zones: Reference to be made to relevant national regulations or guidelines from state authorities e.g. Department of Irrigation and Drainage (DID), whichever is more stringent.

**Assessment Findings:**

Saremas 1 CU continued 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 estate. This practice was in conformance with the Riparian Zone Management Guidelines (Sarawak Operation).

During the site inspection at Suai estate it was confirmed that the 5-10m riparian buffer zone boundary had been identified with signboard erected as shown in the (Photo 13) at Sg. Lamaus. The riparian zone had been identified and available in the Riparian Zone Map, REF-SUAI-6-2008-1, dated 28 June 2008. Oil palm trees in buffer zone were ring sprayed with red paint at the trunk (Photo 14). along the river bank to differentiate them with the other non-riparian zone oil palm trees.

Site visit along river bank of Sg Lamaus and Sg Sawai found no any traces of agrochemical spraying along the riparian zone. The natural vegetation and bushes had grown up.
It was also sighted that the buffer trees were left untouched during replanting activities. All in all, the boundary marker for buffer zone was sufficient and maintained.

Photo 13: Riparian zone at Sg. Lamaus, Suai

Photo 14: Painted oil Palms in buffer zone

**Indicator 4.4.2**
No construction of bunds/weirs/dams across the main rivers or waterways passing through an estate.
Major compliance

**Assessment Findings:**
The auditors assessed that there was no construction of bridges/weirs/dams across the rivers (i.e at Sg. Sawai, Sg. Sabenoh and Sg. Lamour) in Suai Estate. All waterways flowed without any obstruction.

**Indicator 4.4.3**
Outgoing water into main natural waterways should be monitored at a frequency that reflects the estates and mills current activities which may have negative impacts (Cross reference to 5.1 and 8.1).
Major compliance

**Assessment Findings:**

Photo 15: Water sampling point at outlet of Sg. Sawai

Photo 16: water sampling point at midstream of Sg. Sawai
It was observed that Saremas 1 CU continued to monitor the water quality in its rivers. Water samples were taken at specific points that is, inlet, midstream and outlet in Sungai Sawai (Photos 15 & 16) in Suai Estate to determine the quality of the water in accordance to approval conditions as spelt out by the NREB Sarawak. The results of the analysis done once in every three months by ESI Laboratory showed that the water quality met the standard requirement within acceptable level index of class III Category, Water Quality Index (WQI), Interim National Water Quality Standard 2006 (INWQS) of the DOE, which reflected the estate current activities did not create any negative impacts.

Indicator 4.4.4
Monitoring rainfall data for proper water management
Minor compliance

Assessment Findings:

The rainfall data was recorded daily through the Rain Gauge Station at Suai Estate and records of rainfall from 2008 to 2013 were available to the auditors. The data collected was then used as an input for developing water management plan for the palm oil mill and planning field operation such as the timing for application of fertilizer and planting of oil palm trees in the estate.

Indicator 4.4.5
Monitoring of water usage in mills (tonnage water use/tonne FFB processed).
Minor compliance

Specific Guidance:
Data trended where possible over 3 years to look into resource utilization

S1 CU continued to monitor the amount of water being used by its mills and the estates. It was observed that the records of the mill’s daily water use (liters of water per ton of FFB) as well as the monthly and daily water consumption in the estates were being kept. For the palm oil mill, usage of water per unit FFB processed was recorded at 2.13 m³/mt FFB in 2009, 1.47 m³/mt FFB in 2010, 1.29 m³/mt FFB in 2011 and 1.31 m³/mt FFB in the first 4 months of 2012. The slight increase in early 2012 was due to low crop production being processed. Overall, there was downward trend of efficient resource utilization.

Indicator 4.4.6
Water drainage into protected areas is avoided wherever possible. Appropriate mitigating measures will be implemented following consultation with relevant stakeholders.
Minor compliance

Saremas 1 CU continued to manage water drained into the protected areas by construction of oil trap system, that is, at the outlet of the drain from the workshop, bunded chemical and oil stores (Photo 17), segregation of recycle waste, oil spill control and emergency preparedness as found in Suai estate.

Photo 17: Oil Spill Control in Suai Estate
**Indicator 4.4.7**  
Evidence of water management plans.  
Minor compliance

**Assessment Findings:**

The water management Plan for the S1 CU was examined (Photo 18). The Plan had prescribed the objectives, water sources, water requirement, current water consumption, water quality and contingency plan.

Awareness program to minimize water usage continued to be implemented where appropriate at mill and estates of S1 CU. They include:

- adherence to procedure on minimizing water usage by harvesting rain water through the use of the already provided water collection tank (Photo 19)
- formation of stagnant ponds and water catchment areas for water conservation;
- single Pass Cooling System (Turbine cooling & Press cooling system) and usage of water measured by (individual) meter and by engineering estimate at S1 POM.;
- premixing of agrochemical at the chemical store and recycle and re-use of triple rinsing water from chemical containers at Suai Estate.

![Photo 18](image)

![Photo 19](image)

**Criterion 4.5**  
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

**Indicator 4.5.1**  
Documented IPM system.  
Minor compliance

**Assessment Findings:**

The IPM was clearly documented in the agricultural manual and SOP. Among the documented pest control were on rats, bagworm and rhinoceros beetle. Saremas 1 CU continued to implement appropriate Integrated Pest Management (IPM) techniques in the estate through planting of beneficial plants such as *Antigonon leptopus*, *Cassia cobanensis* (Photo 20) and *Tunera subulata* (Photo 21) along the road sides as a preventive measures against the attack from leaf eating caterpillars.
**Indicator 4.5.2**
Monitoring extent of IPM implementation for major pests.
Minor compliance

**Specific Guidance:**
Major pests include leaf eating caterpillars, rhinoceros beetle and rats.

**Assessment Findings:**

The IPM technique being use include detection, census and treatment controls to be implemented when pest population or crop damages has reached the threshold level. There was no prophylactic application made in estate. The control on rat or other pest would only be implemented when census had shown 5 % damage on the crop. Control would then be confined to the affected areas only.

As mentioned in 4.5.1 above, Saremas 1 CU had encouraged the planting of beneficial plant and a beneficial plants map had been sighted prepared for the estate.

**Indicator 4.5.3**
Recording areas where pesticides have been used.
Minor compliance

**Assessment Findings:**

The Assessor was shown the records of rat baiting program in Suai Estate and there was a reduction on usage of Matikus from 1300 kg (2011) to 740 kg (2012). Since the only pest reported was rat and the pesticides used were only Ebor (a.i. warfarin) and Matikus (a.i. Brodifocum) as per the SOP, thus Saremas 1 CU do not really encounter any issues in controlling pest. Nonetheless, the incidences of pest attack were monitored closely.

**Indicator 4.5.4**
Monitoring of pesticide usage units per hectare or per ton crop e.g. total quantity of active ingredient (ai) used / tonne of oil.
Minor compliance
Assessment Findings:

Herbicides usage had been monitored. For 2012 a total of 11,520 litres of a.i. (active ingredients) had been applied in the field, a decrease from 2011 due to less a.i / ha of glyphosate being applied. The chemicals used were as follows:

1. Glyphosate (Glyphosate Isopropolamine 41% ai at 1.32 ai /ha
2. Amine (2-4 D dimethylamine 47.8% ai at 0.056 ai / ha
3. Basta (Glufosate ammonium 13.5% ai at 0.03 ai / ha
4. Garlon (Triclopyr Buoxy Ethyl Ester 32.1% ai at 0.02 ai / ha
5. Tordon (Picloram) 0.0002 ai / ha
6. Starane (fluroxypyr methylheptyl 30% ai at 0.001 ai / ha

Criterion 4.6

Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.

Indicator 4.6.1

Written justification in Standard Operating Procedures (SOP) of all Agrochemicals use.

Major compliance

Assessment Findings:

The assessor observed that Suai Estate continued to use chemicals in accordance to the written justification in the use of agrochemical by EMU (24 January 2008) as per Standard Operating Procedures (SOP). The manual included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used.

It had also been the practice that insecticides and rodenticides were used only after a threshold (minimum damage) level had been exceeded and that no prophylactic use of such pesticides would be permitted.

Premixing of herbicides had been practiced at the estate stores for delivery to field. This was to avoid human exposure to concentrated chemicals and it was observed and confirmed that no in-field mixing of agrochemical by sprayers had been carried out.

Indicator 4.6.2

Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000).

Major compliance

Specific Guidance:

Reference shall also be made to CHRA (Chemical Health Risk Assessment)

Assessment Findings:

Saremas 1 CU continued to use pesticide registered under the Pesticide Act 1974 (Act 149) in accordance with USECHH Regulations (2000). No class I and II chemicals had been used. Chemical stores visited showed Class II and IV chemicals (Photos 22 and 23 respectively) were kept for use. It was noted that paraquat had been stopped from use since 2008.
The hazards and risks of using agrochemicals had been recognized in the Hazard Identification, Risk Assessment and Risk Control (HIRARC) register and thus control measures had been identified and implemented. References had been made to Chemical Health Risk Assessment (CHRA), use of appropriate PPE and medical and health surveillance for those involved in handling them such as sprayers, manurers and storekeeper. Their records were verified. The medical surveillance report dated 27/10/2011 showed no serious illness.

Indicator 4.6.3
Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticides Act 1974 (Act 149) and Regulations.

Major compliance

Specific guidance:
Unless participating in established recycling programmes or with expressed permission from the authorities, triple rinsed containers shall be pierced to prevent misuse. Disposal or destruction of containers shall be in accordance with the Pesticide Act 1974 (Act 149) and Environmental Quality Act 1974 (Scheduled Wastes) Regulations 2005.
**Assessment Findings:**

![Ventilated chemical store](image1)

**Photo 24: Ventilated chemical store**

S1 CU continued to store the pesticide in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders and Pesticide Act 1974 (Act 149) and Regulations. The store was locked, ventilated, lighted and danger sigh prominently displayed (Photo 24). Empty chemical containers were tripled rinsed in the provided area (Photo 25), and the containers were pierced to prevent misuse.

![Triple rinsing area](image2)

**Photo 25: Triple rinsing area**

**Indicator 4.6.4**

All information regarding the chemicals and its usage, hazards, trade and generic names must be available in language understood by workers or explained carefully to them by a plantation management official at operating unit level.

Major compliance

**Assessment Findings:**

A register of chemicals and fertilizer together with their MSDS/CSDS were available at the chemical and fertilizer store for reference. The MSDS sighted were in compliance with the OSHA 1994, Classification, Packaging, and Labelling of Hazardous Chemicals Regulations 1997. Both English and Bahasa Malaysia MSDS were available (Photo 26) and the danger, proper handling required and the appropriate PPE to be worn had been explained to the workers by plantation management.

It was evident that Saremas 1 CU continued to train their workers on the use of chemicals, its hazards and response to its emergency as shown in Photo 27.
Indicator 4.6.5
Annual medical surveillance as per CHRA for plantation pesticide operators.
Major compliance

Assessment Findings:
S1 CU continued to conduct annual medical surveillance as per CHRA, for its pesticide operators. This was evidence through the monthly medical surveillance report. The reports showed that a sprayer, Rajaning Abd. Rahman was stopped from continuing work by Mr. Tom, the Estate Hospital Assistant (EHA) for the month of June, July and August 2012 and was not referred to VMO which was a major non-compliance (MN 1).

It was noted that Suai Estate had taken necessary corrective action to rectify the non conformity. Verification through the medical surveillance report on Rajaning Abd. Rahman by the Occupational Health Doctor on 16th April 2013 found that she was normal and therefore this non conformity status has been considered closed.

Indicator 4.6.6
No work with pesticides for confirmed pregnant and breast-feeding women.
Major compliance

Assessment Findings:
The monthly medical test conducted by the EHA confirmed that no pregnant and breast feeding women were involved in pesticide work.

Indicator 4.6.7
Documentary evidence that use of chemicals categorised as World Health Organization Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions and paraquat, is reduced and/or eliminated. Adoption of suitable economic alternative to paraquat as suggested by the EB pending outcome of the RSPO study on IWM.
Minor compliance
**Assessment Findings:**

Saremas 1 CU continued to observe the requirement for reducing or eliminating all chemicals categorized as WHO Type 1A or 1B, or listed by the Stockholm or Rotterdam Convention. Paraquat had been reported stopped being used in the estate since 2008. No new chemical had been introduced for use.

**Indicator 4.6.8**
Documented justification of any aerial application of agrochemicals. No aerial spraying unless approved by relevant authorities.
Major compliance

**Assessment Findings:**

There were no aerial spraying being conducted in all the Saremas 1 CU estates.

**Indicator 4.6.9**
Evidence of chemical residues in CPO testing, as requested and conducted by the buyers.
Minor compliance

**Assessment Findings:**

There was no request from the buyers to test the chemical residues in the Crude Palm Oil.

**Indicator 4.6.10**
Records of pesticide use (including active ingredients used, area treated, amount applied per ha and number of applications) are maintained for either a minimum of 5 years or starting November 2007.
Minor compliance

**Assessment Findings:**

Saremas 1 CU maintained the records on the pesticide usage in the Suai Estate using the bin card system to monitor the issuance of agrochemicals (FIFO). In 2012 a total of 11,520 litres a.i. per ha had been applied in the field. The pesticide applied were as follows:

1. Glyphosate (Glyphosate Isopropilamine 41% ai at 1.32 ai /ha
2. Amine (2-4 D dimethylamine 47.8% ai at 0.056 ai / ha
3. Basta (Glufosate ammonium 13.5% ai at 0.03 ai / ha
4. Garlon (Triclopyr Buoxy Ethyl Ester 32.1% ai at 240 ai / ha
5. Tordon (Picloram) 0.0002 ai / ha
6. Starane (fluroxypyr methylheptyl 30% ai at 0.001 ai / ha
7. Ebor (warfarin 0.005% ai) at 0.001 ai / ha
8. Matikus (Brodifocum 0.003%) ai.at 0.0005 ai / ha

**Criterion 4.7**
An occupational health and safety plan is documented, effectively communicated and implemented

**Indicator 4.7.1**
Evidence of documented Occupational Safety Health (OSH) plan which is in compliance with OSH Act 1994 and Factory and Machinery Act 1967(Act139).
Major compliance
The safety and health (OSH) plan shall cover the following:

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<tbody>
<tr>
<td>a.</td>
<td>A safety and health policy, which is communicated and implemented.</td>
</tr>
<tr>
<td>b.</td>
<td>All operations have been risk assessed and documented.</td>
</tr>
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</table>
| c. | An awareness and training programme which includes the following specific for pesticides:
  1. To ensure all workers involved have been adequately trained in a safe working practices (See also C4.8)
  2. All precautions attached to products should be properly trained and applied to the workers. |
| d. | The appropriate personal protective equipment (PPE) are used for each risk assessed operation. |
  i. Companies to provide the appropriate PPE at the place of work to cover all potentially hazardous operations such as pesticide application, land preparation, harvesting and if used, burning. |
| e. | The responsible person(s) should be identified. |
| f. | There are records of regular meetings between the responsible person(s) and workers where concerns of workers about health and safety are discussed. |
| g. | Accident and emergency procedures should exist and instructions should be clearly understood by all workers. |
| h. | Workers trained in First Aid should be present in both field and mill operations. |
| i. | First Aid equipment should be available at worksites. |

**Assessment Findings:**

S1 continued to adopt the established PPB Oil Palm’s occupational safety and health plan. It had been communicated and implemented. Among those sighted were a total of eight (8) policies related to RSPO being displayed in mill and estate offices (Photo 28) and at strategic location in the workstation of the POM. Further, to meet PPB’s commitment of the policy an OSH plan and programs for the mill and individual estate had been established.

The policies, OSH plan and programs had been communicated and implemented at all levels of the organization. Interviews with employees showed that they were aware of the OSH policy, objectives and programmes and generally understood their requirements. Training given on the policies, SOP, PPE and chemical handling were verified in their records. Those interviewed at the mill and estates visited showed that the awareness and training program, particularly with respect to safe working practices had been understood and adhered to as part of their daily routine. Those handling chemicals such as boilerman, sprayers and fertilizer applicators when interviewed revealed that they generally understood the need and reasons for the use of PPE, the consequence for not wearing them, its proper care and maintenance and the requirement to handle the chemicals in accordance with emphasis on precautions attached to product as listed in the material safety data sheet (MSDS).

![Photo 28: Policies displayed at Office](Photo 28: Policies displayed at Office) ![Photo 29: Suai Division OSHA Committee Organization Chart](Photo 29: Suai Division OSHA Committee Organization Chart)
coverage of risk assessment activity covered such a welding and driving of unfit shovel in the dark that led to an accident. Hence, a major NCR MM02 had been issued.

In spite of the acceptable results as assessed and reported in the revisited June 2012 CHRA for SPOM1 and the CU estates the Estate Health Assistant continued to monitor monthly the required medical surveillance to ensure all workers are healthy and fit to work. The viewed health surveillance and chemical monitoring program showed its results were acceptable.
The organization structure responsible for OHS at S1 CU was made available. The mill and estates regularly hold meetings to discuss OHS matters. The minutes of meeting were maintained (at least for a year) and distributed to Responsible Party to carry out the necessary actions to rectify issues highlighted in the meetings. Tool-box meetings had regularly been held to disseminate current or topical OHS information or to reinforce safety, like the use of PPE, and, the correct work methods as per SOP and SSOP.

Information on response to emergencies had been disseminated. This included site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Interviews with workers showed that they generally understood what to do and where to assemble when an emergency arise. Emergency Response Team comprising of first aiders, fire fighters and search and rescue team had been formed at both mill and estate levels.

S1 continued to make available Medical Clinic and provide facilities for the various types of emergencies that had been identified. The clinic was staffed by trained Estate Hospital Assistant (EHA) and Nurse-cum-Midwife and they are on call 24 hours a day. Ambulance vehicle with duty officer is on 24 hours standby.

The clinics were monthly checked by an External Visiting Medical Officer to ensure they were hygienic and sharps and medical waste handled correctly. Medical wastes were disposed of and being collected by Ministry of Health approved contractor.

First aid boxes were noticed located at several strategic locations at the mills and were also provided to each of the field supervisors. Trained First Aiders were present in the field and mill. The first kit content were inspected and found adequately furnished and no expired medicine found.

Although there was earnest effort on the part of the CU on OSH issues, the following, raised as OFIs could be enhanced:

1. The Suai Estate Safety & Health Committee meeting agenda and Minutes of Meeting could be improved as per clause 12 - 20 of the Occupational Safety and Health (Safety and Health Committee) Regulations 1996.
2. Although the SPOM1 Safety and Health Committee was minuted, the items discussed under Accidents Record and Workplace Inspection could be elaborated instead of a one-liner comment. Also information on the findings of the investigation, the root cause, inspection of non-conformities found, status of effectiveness of correction and/or correction taken and lessons learnt could be cascaded down and shared with workers.
3. The SPOM1 Fire Fighting Water System Upgrade is currently seen stopped due to technical issues. Resumption to complete the project needs to be expedited, otherwise, the mills’s preparedness to response to any emergency demanding the use of the fire fighting water system is in jeopardy.
4. The SPOM1 post fire/emergency evaluation drill report could be enhanced to include evacuation performance time vs, target, head, orderly behavior and assembly, missing person, readiness of Emergency Response Team members, other shortcomings and positive points observed.

**Indicator 4.7.2**
Records should be kept of all accidents and periodically reviewed at quarterly intervals. Major compliance

**Specific Guidance:**
Record of safety performance is monitored through Lost Time Accident (LTA) rate.
**Assessment Findings:**

On-going monitoring of OSH performance was visible as evidence by accident scoreboard been made available at the mill and estates office and updated regularly to show the current OSH performance status. Records of accident according to the categories of workers were available in the estate clinic and offices of the estate. All records of accident were kept on files and orderly maintained. Accident cases were also reviewed at the quarterly Safety & Health Committee meeting.

Photo 32: Accident Performance Scoreboard at Suai Division Estate
Accident cases had been monitored and reported to DOSH by the Sarawak Safety Officer. They continued to be managed in accordance with the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Poisoning (NADOPOD) Regulations, 2006.

**Indicator 4.7.3**
Workers should be covered by accident insurance.
Major compliance

**Assessment Findings:**

S1 CU had continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992, underwritten by Etiqa Insurance Sdn Bhd. Cross check with the workers involved in the accident at the S1 mill confirmed that he was covered with this group insurance policy. The policy was in force and valid until May 2014.

**Criteria 4.8**
All staff, workers, smallholders and contractors are appropriately trained.

**Indicator 4.8.1**
A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training for employees are kept.
Major compliance

**Assessment Findings:**

An annual training program and types of trainings had been prepared for estate and mill. The training was aimed to improve RSPO awareness, OSH at Workplace to reinforce safe work methods as per SOP and SSOP, environmental compliance and increase staff skills as required by management.

All training needs identification and training needs analysis were led by the operating unit management, and jointly with the EMU, they subsequently established the relevant training programs. Training records for the estates were sighted and inspected. Among of the training program conducted were Refresher training for field activities such as for the spraying, First Aid training, Chemical handling, and various dates for RSPO Awareness, Induction Course, OSH at Workplace, Pest and Disease Management, Harvesting, Manuring, Fire drill and Emergency demonstration and Security Patrol for estates.

Attendance list on training and other training records were being kept by estate and were made available during this surveillance assessment. Based on random interviews with workers from the spraying, manuring, harvesting gang from the estates and FFB Graders, it was found that generally the level of their understanding on the training course attended had been satisfactory. This was confirmed with the ability of the workers to demonstrate their trained skills and procedures in performing their work duties. The trained First Aiders were tested on First Aids procedures and had demonstrated their competency. It was also verified that those employees being trained knew their roles and responsibilities and importance in achieving conformity to procedures and the environmental, safety and health issues related to their tasks as well as the potential consequences of departure from specified procedures.

Contractors had usually been briefed on safety and also on RSPO, OSH and environmental requirements upon commencement of work. Interviews held with these suppliers and contractors (FFB transporters, mill general workers) who had been trained on matters related to general understanding of RSPO, safety and environment confirmed that they had a good awareness and understanding on these subjects.

Also being recently agreed with Sarawak Forestry Corporation was an HCV collaboration that include among others awareness training, technical advice, support and monitoring programme for the HCVs identified areas. A draft MoU dated 2012 had been sighted for comments and finalization.
PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY

Criterion 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 continuous improvement.

Indicator 5.1.1
Documented aspects and impacts risk assessment that is periodically reviewed and updated.
Major compliance

Assessment Findings:
S1 continued to document its identified environmental aspect and impact with regards to its activities. It included the on-going replanting activity at Saremas 1 estate.

During EAI Register sighting, the aspect and impact of supplying treated clean water was not assessed, and therefore, not included in the Mitigation Methods for Significant Environmental Aspect and Impact document. This was highlighted in the Annual Surveillance Assessment 2 as Minor NCR under Indicator 5.1.2, but now escalated as a Major NCR MM03.

Indicator 5.1.2
Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.
Minor compliance

Assessment Findings:
The mill water management plan could be enhanced to capture backwash water from pressure filter and water softener vessel for recycling / general washing and thus an OFI had been issued against this Indicator. The finding raised was cross referenced to Indicator 4.4.7.

Criterion 5.2
The status of rare, threatened or endangered species (ERTs) and high conservation value habitats, if any, that exists in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.

Indicator 5.2.1
Identification and assessment of HCV habitats and protected areas within landholdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings.
Major compliance

Specific Guidance:
Identify ERTs and establish their conservation status based on national and state conservation schedules; and should provide evidence of attempts to do likewise for immediate adjacent areas. In the event that the conservation status of a species has not been assessed locally, the IUCN list should be used to determine and report conservation status.

Assessment Findings:
The HCVF Scoping Assessment of S1 CU, prepared by Envirologic Consultants Sdn Bhd. on July 2008, had covered all the HCV on ERTs species within the residual forested areas of the estates including its management and action plan. This ASA3 sampled only Suai Estate. There is only HCV4 area identified in Suai Estate, which is the river buffer zone along Sg Lamaus and Sg Sawai.
The auditor had verified that the S1 CU had identified, maintained and monitored the HCV4. It had conserved 97.14 ha of riparian zone area that provide basic services of natural water flow control as mention in indicator 4.4.1. The HCV map was also made available.

Based on the HCVF Scoping Assessment, the status of ERTs in Saremas 1 CU was assessed. A total of 41 mammals and 36 bird species were noted found in the areas within Suai Estate and its adjacent land area. However there were only two mammals, Slow Loris (*Nycticebus coucang*) and Western Tarsier (*Tarsius bancanus*) and four species of birds; Cattle Egret, Reef Egret, Grey Imperial Pigeon and Black Hornbill identified as “Totally Protected” under the Sarawak Wild Life Protection Ordinance 1998 (chap 26). The S1 CU had planned to place a camera trap to monitor these animals to improve the management plan. However, based on the monitoring records, there were no animal or traces sighted in the S1 CU.

It was noted 404.29 ha had been identified as Native Settlement in S1 CU. During the audit it was found that Suai Estate had provided about 2.45 ha burial site for local communities, including Orang Iban and Christians. However, this burial site was not declared as HCV area since the estate management decided it as a CSR contribution to communities (photo 33 and 34 below).

![Photo 33 and 34: Burial site at Suai Estate](image)

**Indicator 5.2.2**
Management plan for HCV habitats (including ERTs) and their conservation.

**Major compliance**

**Specific Guidance:**
Management plans to include areas for improvement. Where appropriate, the above activities to be conducted involving relevant stakeholders

**Assessment Findings:**

Findings during this ASA3 showed that HCV6 had been identified in Saremas 1 Div 2, Block RP 142, since 2nd February 2013. It contained old burial ground as well as new one. The burial ground, about 2.43ha belongs to rumah Panjang Golan, Rumah Panjang Brain, and Rumah Panjang Tapu. This HCV6 is also shown in map # REF-IRM01-2013-02-04-01. The management plan to address all HCV identified are as follows:

- Monitoring to ensure no encroachment.
- No plantation activities permitted
- clear signage and boundary marking area
- to continue engagement with local communities
The riparian zones had been monitored based on the management plan. Documentation review showed monitoring had been conducted on 31\textsuperscript{st} January 2013, and 4\textsuperscript{th} March 2013. Some maintenance activities, for example, replacing signboards, boundaries peg, and painting on faded mark had been conducted (Photo 35 below). The monitoring had also included the ERT. However, there was no wildlife sighted in Suai Estate although based on the records in the S1 CU, traces of deer and wild boar was found during monitoring on 20\textsuperscript{th} March 2013 at Saremas 1 (Div 5)

Furthermore, where areas had been identified as HCV4 (conservation areas) it had been enhanced with enrichment planting. This activity was conducted continuously on every 2\textsuperscript{nd} and 4\textsuperscript{th} Saturday of the month. Records showed the last enrichment planting was done in March 2013.

Photo 35: Riparian zone monitoring records at Suai Estate

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<th>Indicator 5.2.3</th>
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<td>Evidence of a commitment to discourage any illegal or inappropriate hunting fishing or collecting activities, and developing responsible measures to resolve human-wildlife conflicts.</td>
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<td>Minor compliance</td>
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</tbody>
</table>

**Assessment Findings:**

Photo 36 and 37: Discourage hunting signboards erected at Suai Estate near Smallholders plot
During site visit, it was seen that S1 CU had shown commitment to discourage illegal or inappropriate hunting, fishing or collecting activities (see photos 36 and 37 above). Warning signage were strategically
placed along boundaries especially with smallholders (entrances of each estate) and at HCVs areas and they had been maintained legibly.

Posters on protected animals were also observed being displayed at the guard posts and at Suai Estate Office.

![Photo 39: Poster “Totally Protected Wildlife” in Suai Estate Office](image)

However, there was no animal or ERTs sighted during monitoring activities at Suai Estate.

**Criterion 5.3**  
Waste is reduced, recycled, re-used and disposed off in an environmentally and socially responsible manner.

**Indicator 5.3.1**  
Documented identification of all waste products and sources of pollution.  
Major compliance

**Assessment Findings:**

S1 CU continued to manage waste by practicing 3R (reduced, recycle, re-use). It had identified and documented the waste generated and their source of pollution. Those identified were grouped as non-scheduled waste and scheduled waste and segregated into recyclables and non recyclables.

Among the non-scheduled waste identified were general/domestic waste, newspaper, scrap metal from the estates, organic wastes such as crop residue/biomass/organic waste like fibre, shell, EFB and decanter cake from mill.

The scheduled waste identified included office printer cartridge and toner, fluorescent tubes, used agrochemicals containers, spent oils and lubricants, contaminated cotton rags and POME from the mill. These wastes are inventoried, labeled, stored and disposed off as per the Environmental Quality (Scheduled Wastes) Regulations 2005.

**Indicator 5.3.2**  
Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.  
Minor compliance

**Specific Guidance:**  
Schedule waste to be disposed as per EQA 1974 (Scheduled Wastes) Regulations, 2005. Reference to be made to the national programme on recycling of used HDPE pesticide containers.
Municipal waste disposal as per local authority or district council in accordance to the Ministry of Health guidelines (i.e. specifications on landfills, licensed contractors, etc) or Workers’ Minimum Standards of Housing and Amenities Act 1990 (Act 446).

**Assessment Findings:**

There had been no change in the manner the scheduled wastes had been managed. S1 CU conformed to the EQA 1974 (Scheduled Wastes) Regulation, 2005 and other wastes continued to be handled as per the operational developed plan to reduce pollution from the waste i.e.:

a) Provision of waste recycle bins (Photo 40)

b) Burying general domestic waste at estate landfill dumpsite (Photo 41).

c) Empty Fruit Bunch (EFB) as mulching (Photo 42).

d) Disposal of Scheduled Waste as per EQA Regulation 2005 (Photo 43.

Other than general wastes, plastic containers/bags from manuring and spraying activities were also collected, segregated, washed and reused. Chemical containers that could no longer be reused were pierced and properly stored at designated area awaiting collection for disposal.

The S1 POM and its estates had been operating their own Scheduled Waste store as per NREB requirements, that is, waste generated inventoried, and submission of monthly records on waste stored and disposed to NREB.
A biogas plant had been constructed in the vicinity of the mill to capture the methane gas produced in the anaerobic digestion of POME. It was designed to reduce the methane (GHG emission) to the atmosphere from the open anaerobic treatment lagoon. The biogas plant was not yet fully operational as at the date of audit.

The addition of biogas plant was expected to further enhance the performance of the final discharge of treated POME by the mill to meet the 20mg/l BOD content granted in the EPD written approval. It was also aided by the increased number of oversized anaerobic lagoon to treat the POME to bring the BOD level to as low as possible. As a result of this initiative by the mill, it was observed that the BOD level of POME was far below its allowable limit, that is, it almost touched <2mg/l in one of sample records reviewed.

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### Indicator 5.3.3
Evidence that crop residues / biomass are recycled (Cross ref. C4.2).
Minor compliance

### Assessment Findings:

S1 CU continued to use mill waste, EFB, as organic supplements in the field, that is, EFB mulching in all replanting area, marginal areas and along roadsides (3-5 rows of palm trees from the road).

---

### Criterion 5.4
Efficiency of energy use and use of renewable energy is maximized.

### Indicator 5.4.1
Monitoring of renewable energy use per tonne of CPO or palm product in the mill.
Minor compliance

### Assessment Findings:

S1 POM continued committed to use renewable energy in the mill. Fibre and shell were still being used as boiler fuel to generate steam for the process, as well as electricity for the mill complex and labour lines. The usage of fossil fuel and biomass fuel (fibre and nut shell) had been monitored and records maintained as summarized in Table 8 below.

#### Table 8: Fossil fuel and renewable energy used during 2010-12

<table>
<thead>
<tr>
<th>Year</th>
<th>FFB processed, mt</th>
<th>CPO production, mt</th>
<th>Biomass used, mt</th>
<th>Energy use (Turbine Genset) kwh</th>
<th>Biomass consumed (mt)/mt CPO</th>
<th>Fossil fuel usage kWh/mt CPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>240,746.84</td>
<td>52,680.36</td>
<td>45741.71</td>
<td>4,984,070</td>
<td>0.8682</td>
<td>10.2975</td>
</tr>
<tr>
<td>2011</td>
<td>259,099.01</td>
<td>54,543.55</td>
<td>49211.76</td>
<td>5,390,100</td>
<td>0.9022</td>
<td>72.5615</td>
</tr>
<tr>
<td>2012</td>
<td>244,757.00</td>
<td>50,833.03</td>
<td>46503.83</td>
<td>2,510,580</td>
<td>0.9148</td>
<td>106.7902</td>
</tr>
</tbody>
</table>

The usage of renewable energy (fiber and nut shell) showed a slight annual improvement over the preceding year per tonne of CPO produced. For 2011, the fossil fuel usage was significantly high compared to 2010 due to additional power demand from biogas plant. Apart from that, fossil fuel usage trend for 2012 showed that it was 47 % higher than 2011 and generation of electricity was very much dependant on the use of generator set during low crop season especially during the first 6 month of 2012. Usage of fossil fuel as energy per ton of CPO produced has been relatively constant except for the first six
months of 2012 where crop production was low and generation of electricity very much dependant on the use of generator set.

**Indicator 5.4.2**
Monitoring of direct fossil fuel use per tonne of CPO or kW per tonne palm product in the mill (or FFB where the grower has no mill).
Minor compliance

**Assessment Findings**

**2012**
S1 had continued to monitor and document the monthly consumption of diesel per metric tonne (MT) of CPO in all the estates and palm oil mill. For the estate, the amount of diesel consumed was 6.45 liter per MT of FFB. For Saremas 1 Palm Oil mill the consumption was 1.6 liter per MT of FFB.

**Criterion 5.5**
Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN Guidance or other regional best practice.

**Indicator 5.5.1**
No evidence of open burning. Where controlled burning occurs, it is as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003.
Major compliance

**Assessment Findings**

There was no open burning being sighted at estates visited during this ASA3. Interviews with workers and records viewing further confirmed the adherence to PPB Group policy on Zero burning.

**Indicator 5.5.2**
Previous crop should be felled/mowed down, chipped/shredded, windrowed or pulverized/ ploughed and mulched.
Minor compliance

**Specific Guidance:**
A special dispensation from the relevant authorities should be sought in areas where the previous crop or stand is highly diseased and there is a significant risk of disease spread or continuation into the next crop.

**Assessment Findings**

S1 CU continued with the replant where the palms was felled, chipped and left to rot. (Photo 31)
Photo 31: Felled, chipped and let to rot oil palm trees

**Indicator 5.5.3**
No evidence of burning waste (including domestic waste).
Minor compliance

**Assessment Findings:**
No burning of domestic wastes was allowed as clear signage had been erected at the linesite and landfill.

**Criterion 5.6**
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.

**Indicator 5.6.1**
Documented plans to mitigate all polluting activities (Cross ref to C5.1).
Major compliance

**Assessment Findings:**
The palm oil mill had been installed with a tertiary effluent treatment plan and methane recovery plant. A new gasplant to trap methane produced from the treatment ponds of the palm oil mill had been built. The trapped gas will be used for power generation.

**Indicator 5.6.2**
Plans are reviewed annually.
Minor compliance

**Specific Guidance:**
Pollutants and emissions are identified and plans to reduce them are developed in conformance to national regulations and guidance.

**Assessment Findings:**
Pollutants and emissions had been identified in the Aspects and Impacts Register. Proper procedures, which are in accordance to the national regulations and guidance had been developed to reduce these pollutants and emissions.
Indicator 5.6.3
Monitor and reduce peat subsidence rate through water table management

Assessment Findings:
Not applicable as there was no peat soil in the estates.

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLS

Criterion 6.1
Aspects of plantation and mill management, including replanting, that have social impacts 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 continuous improvement.

Indicator 6.1.1
A documented social impact assessment including records of meetings.
Major compliance

Specific Guidance:
Non-restrictive format incorporating elements spelt out in this criterion and raised through stakeholder consultation including local expertise.

Assessment Findings:
The SIA report entitled “Scoping SIA Saremas 1 and 2, Segarmas and Kaminsky Estates” prepared in 2008 is still the basis for managing social issues in Saremas 1 CU. The previous audit reported that the Report was prepared with the participation of the relevant stakeholders, such as the estate workers and the neighbouring long-house communities.

The issues raised by local communities include use of lands within the estates, FFB pricing, transportation for school children, work opportunities and tanks for water storage. The workers, on the other hand, raised concerns on the housing conditions, conditions of the crèche, drainage systems and trained and qualified medical officer.

The estates and mills are constantly monitoring the housing conditions and making the necessary upkeep and maintenance works upon requests by the workers. Qualified medical officers have already been employed by the estates.

Discussions are still ongoing with the local communities on the issue of FFB pricing.

Indicator 6.1.2
Evidence that the assessment has been done with the participation of affected parties.
Minor compliance

Specific Guidance:
Participation in this context means that affected parties or their official representatives or freely chosen spokespersons are able to express their views during the identification of impacts, reviewing findings and plans for mitigation, and monitoring the success of implemented plans.
**Assessment Findings:**
The previous audit report highlighted that, in addition to estate workers, representatives from five long-house communities, namely Bunsu, Gundi, Tapu, Sabang and Marudi participated in the assessment. The inputs from the participants were incorporated in the management plan.

**Indicator 6.1.3**
A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.

**Guidance:**
Identification of social impacts may be carried out by the grower in consultation with other affected parties, including women and migrant workers as appropriate to the situation. The involvement of independent experts should be sought where this is considered necessary to ensure that all impacts (both positive and negative) are identified.

Particular attention should be paid to the impacts of outgrower schemes (where the plantation includes such a scheme).

Plantation and mill management may have social impacts on factors such as:
1. Access and use rights.
2. Economic livelihoods (e.g. paid employment) and working conditions.
3. Subsistence activities.
4. Cultural and religious values.
5. Health and education facilities.
6. Other community values, resulting from changes such as improved transport/communication or arrival of substantial migrant labour force.

**Assessment Findings:**
A number of stakeholders’ consultations were held by the CU to gather inputs in the process of reviewing and updating the SIA report. Meetings were held with canteen operators on 12/3/13; with contractors, suppliers and workers on 17/3/13 and 18/3/13; and with longhouse representatives on 5/4/13.

Issues discussed with the canteen operators included pricing of items sold, check cashing charge, price tags, rent, rules of goods sold and cleanliness. The agenda for the meetings with contractors, suppliers and workers representatives were RSPO issues, safety and health and HCVF. FFB pricing was the main agenda in the meeting with longhouse community leaders.

The SIA mitigation plan for the CU was appropriately updated with various action plans to address the various issues highlighted during the stakeholders’ meetings. For examples, the CU had arranged for a further meeting with longhouse representatives to clarify on current FFB pricing and had introduced a new pricing policy for controlled items in the canteens. In addition, the CU had also discussed the New Wage Order implemented in January, 2013.

The estates and mills had had regular meetings with staffs and workers through the Social and Welfare Committee. These meetings had highlighted a few social issues which may not be peculiar to one estate but could be prevalent in the CU. Such issues include gambling (reported in Suai) and drinking among the workers (reported in Kaminsky).

Believing that the issues were common to the estates and mill, it would be more effective if they were handled collectively by the CU. It is therefore recommended that those issues be incorporated in the existing Social Impacts Action Plan of the CU and appropriate mitigation measures are planned, implemented and monitored. By doing so, the CU would also be responding to the requirement for the review and update the SIA Action Plan.

An OFI was thus raised for this criterion

**Criterion 6.2**
There are open and transparent methods for communication and consultation between growers and/or millers, local...


**Indicator 6.2.1**
Documented consultation and communication procedures.
Major compliance

**Assessment Findings:**

The previous audit has reported in some details the consultation and communication procedures used by the CU in handling internal and external communications. The document concerned is labeled as Document No RSPO 6.2 which was prepared by the RSPO Unit of PPB Oil Palms Bhd.

The CU has continued to use internal communication techniques, such as morning assemblies, notice boards and posters, suggestion boxes and complaint forms. External communication has been effected mainly through mail correspondence. Also, the CU has started to use the Joint Consultative Committee to serve as a forum to discuss issues of interest to the estates, local government agencies and local communities.

Generally, the CU has abided by 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.

**Indicator 6.2.2**
A nominated plantation management official at the operating unit responsible for these issues.
Minor compliance

**Assessment Findings:**

As spelled out in the communications procedure, the estate manager is the person appointed to handle communication matters. However, the job was often delegated to his subordinate through a letter of appointment. The appointment letter dated 2/1/13 to the officer in-charge of communication at Saremas 1 POM is shown below.

![Appointment Letter](image-url)
Indicator 6.2.3  
Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.  
Minor compliance

Specific Guidance:  
Decisions that the growers or mills are planning to make should be made clear, so that local communities and other interested parties understand the purpose of the communication and/or consultation.

Communication and consultation mechanisms should be designed in collaboration with local communities and other affected or interested parties. These should consider the use of existing local mechanisms and languages. Consideration should be given to the existence/formation of a multi-stakeholder forum.

Communications should take into account differential access to information of women as compared to men, village leaders as compared to day workers, new versus established community groups, and different ethnic groups.

Consideration should be given to involving third parties, such as disinterested community groups, NGOs, or government (or a combination of these), to facilitate smallholder schemes and communities, and others as appropriate, in these communications.

Assessment Findings:

The estate/mill continued to maintain stakeholder lists which comprised of government agencies, contractors/suppliers (including FFB suppliers for mills), neighbouring estates and local communities. In the case of Saremas 1 POM, for example, 153 suppliers, 47 FFB suppliers, 8 local agencies, 10 transporters, 20 government agencies, 6 schools, 1 college, 9 buyers, 16 contractors, 3 insurance companies, 3 recruiters, 6 neighbouring estates, 3 scheduled waste companies, and 5 panel doctors were listed in the stakeholders list.

Saremas 1 POM and Suai Estate maintained lengthy lists of stakeholders. It is recommended that the list be revised by including only those who were directly affected by the estate/mill operations and those whom the estate/mill was very dependent on. The lists should include neighbouring estates and local communities.

An OFI was raised for this criterion.

Evidence of communications with outside and inside stakeholders had been found in the various communication files 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. In addition, minutes of the various meetings held with internal and external stakeholders were kept for records and reference.

Criterion 6.3  
There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Indicator 6.3.1  
Documentation of the process by which a dispute was resolved and the outcome.  
Major compliance

Specific Guidance:  
Records are to be kept for 3 years.
**Assessment Findings:**

In the event of a dispute, the CU will manage it through the “Dispute and Resolution Procedure” (Document RSPO 2.2) which was issued on 2/1/09. 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 on the part of the employees can be conveyed through the “Borang Aduan” (Appended to Document RSPO 6.2). The complaint form had since been split into two to differentiate between “complaints” and “request for services.”

**Indicator 6.3.2**

The system resolves disputes in an effective, timely and appropriate manner.

Minor compliance

**Assessment Findings:**

The CU reported that in the past there had not been any disputes, in any form. The domestic inquiry files were examined to find out whether or not the decisions of the panels of the enquiry had been contested. However, there was none. The workers interviewed also reported that no dispute had taken place in the CU.

Housing complaints from the workers had been handled quite satisfactorily by the estate/mill. Interviews with workers revealed that they were quite happy with the policies of the estates pertaining to wages, jobs, housing, water, electricity, children education and clinic services.

**Indicator 6.3.3**

The system is open to any affected parties.

Minor compliance

**Guidance:**

Dispute resolution mechanisms should be established through open and consensual agreements with relevant affected parties.

Complaints may be dealt with by mechanisms such as Joint Consultative Committees (JCC) with gender representation. Grievances may be internal (employees) or external.

**Assessment Findings:**

The public can use the dispute procedure to channel their dissatisfactions. However, the grievance procedures were for internal use.

**Criterion 6.4**

Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

**Indicators 6.4.1**

Establishment of a procedure for identifying legal and customary rights and a procedure for identifying people entitled to compensation.

Major compliance

**Indicator 6.4.2**

A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. This takes into account gender differences in the power to claim rights, ownership and access to land; and long-established communities; differences in ethnic groups' proof of legal versus communal ownership of land.
Assessment Findings:

In the event of cases involving the loss of customary land rights, the estate will manage them using the procedure entitled "Process for Identification of Legal and Customary Rights and Identifying People Entitled for Compensation" which was adopted in November 2008. Essentially, the procedure described how to check for legal status of the lands in question and laid out the criteria in deciding who should be compensated and the amount of compensation.

To date, there had been no issue of land claims involving the estates.

Assessment Findings:

A sample of four or five contracts of employment both for foreign and local workers was examined at every estate/mill and, as highlighted in previous audit report, all contain provisions on pay and conditions of work. It is a legal requirement for such contracts to be in written form. (Rule 2 of Labour Rules (Sarawak) 2005.) The contract states the wage rate, work days, overtime, annual leave, public holidays and contributions to SOCSO for local workers, among others.

The pay slips of a few workers were also seen at each estate/mill and each one was found to show correctly their monthly earnings. The monthly pay also conformed to the requirements of the New Wage Order which specify that the basic pay should not be less than RM800.00.

Assessment Findings:

The employment contract is both in Bahasa Malaysia and English. However, the pay slip is in English and its computations are quite complicated. The CU has already translated the pay slip into Bahasa Malaysia as well as explained it to the workers.
Indicator 6.5.3
Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers’ Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).
Minor compliance

Guidance:
Where temporary or migrant workers are employed, a special labour policy should be established. This labour policy would state the non discriminatory practices; no contract substitution of original contract, post arrival orientation program to focus especially on language, safety, labour laws, cultural practices etc; decent living conditions to be provided. Migrant workers are legalised, and a separate employment agreement should be drawn up to meet immigration requirements for foreign workers, and international standards, if ratified.

Assessment Findings:

The CU still maintains its policies on housing, water and electricity supply as reported in the previous audit. Religious, medical, educational and child care facilities are still offered as before.

Housing inspections are carried out quite regularly by members of the health and safety committee. Their reports are presented to the main committee for information and actions, if necessary. Visits made to the line sites show that the houses and their environment are in respectable conditions.
The CU has instituted a common system for dealing with complaints and requests from the workers. Two forms have been developed to be filled by the workers; for complaint and request, respectively.

The forms are useful for monitoring purposes as pertinent details are sought from the worker and the management. However, the forms do not provide information on when the complaints and requests have been completely responded. In the case of a repair job, for example, there is no information on the date the job was completed. Therefore, it is not possible to determine the time taken to handle the request.

It is recommended that the forms be improved by having an item indicating the date when the work was completed. By so doing, information is available on the time taken from the request is made until its completion. This information is useful for purposes of controlling as well as facilitates the process of auditing.

An OFI is raised for this criterion.

**Criterion 6.6**
The employer respects the right 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.

**Indicator 6.6.1**
Documented minutes of meetings with main trade unions or workers representatives.
Major compliance

### Assessment Findings:

As reported in previous audit, the workers are not unionised. However, workers’ representatives have been appointed as members of the Joint Consultative Council and the Social and Welfare Committee in the estates. Both the committees meet quite regularly. For example, the Social and Welfare Committee at Saremas 1 POM met four times (March, June, September, December) in 2012.

Photo 35: The members of JCC at Kaminsky estate
**Indicator 6.6.2**  
A published statement in local languages recognizing freedom of association.  
Minor compliance

**Guidance:**  
The right of employees and contractors to form associations and bargain collectively with their employer should be respected. Documented company policy recognizing freedom of association.

Labour laws and union agreements or in their absence, direct contracts of employment detailing payments and other conditions are available in the languages understood by the workers or explained carefully to them by a plantation management official in the operating unit.

**Assessment Findings:**  
A published statement on freedom of workers to join union is available publicly in all estates/mill. The statement reads, among others, that the workers are allowed to join any registered organizations or associations and also foreign workers are not allowed to hold any positions in the organizations or associations. The statement is signed by the estate’s manager.

**Criterion 6.7**  
Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision, and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

**Indicator 6.7.1**  
Documented evidence that minimum age requirement is met.  
Major compliance

**Guidance:**  
Growers and millers should clearly define the minimum working age, together with working hours. Only workers 16 years and older may be employed, with the stated exception of family farms. Smallholders should allow work by children only if permitted by national regulations.

The minimum age of workers should be not less than 16 years, or the minimum school leaving age, or the minimum age permitted under national regulations, where higher.

**Assessment Findings:**  
The CU adheres to the child labour policy as espoused by the International Labour Convention which states, among others, that those under 18 years must not be employed to work in hazardous jobs.

The employee master lists were examined in all estates and mill. One under-aged worker (< 18 years) was found to be recruited at Saremas 1 mill, however, his work permit was issued by the relevant authority. It appears that the system of issuing work permit may have certain shortcomings in ensuring that only applicants of the right age are considered for work permit.

In light of the above, the CU must thoroughly check the birth date of an applicant before a decision is made to recommend for his employment. This is in line with the company’s policy of not employing under-aged individuals.

Additionally, the CU may wish to note down the recruitment age of an employee in the master list of employees kept in the estates and mills. The difference between the birth date and date of joining would give the recruitment age of the employee. This information is useful in monitoring and controlling the recruitment of employees as those who are under-aged should not be considered for employment.

An OFI is raised for this criterion.
### Criterion 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.

#### Indicator 6.8.1
A publicly available equal opportunities policy.  
Major compliance

**Assessment Findings:**

As reported in previous audit, the equal opportunity policy is publicly available in the estates/mill. The policy statements emphasise on worker information, recruitment and selection, training, employee development, terms of service and records of service. This policy is posted on notice boards for the understanding of the public and workers.

#### Indicator 6.8.2
Evidence that employees and groups including migrant workers have not been discriminated against.  
Minor compliance

**Guidance:**
The grievance procedures detailed in 6.3 apply. Positive discrimination to provide employment and benefits to specific communities is acceptable as part of negotiated agreements

**Assessment Findings:**

The terms of employment, work assignments, housing policy and other requirements have not been found to be discriminatory. Interviews with workers and other stakeholders also revealed that the CU has not discriminated its staffs and workers. Migrant workers receive similar pay, stay in the same house, enjoy similar medical benefits as their local counterparts.

### Criterion 6.9
A policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

#### Indicator 6.9.1
A policy on sexual harassment and violence and records of implementation.  
Major compliance

**Assessment Findings:**

The CU does have policies on sexual harassment which guide actions on in the incidence of sexual harassment cases in the estates/mill. In addition, a manual entitled “Sexual Harassment in the Workplace” has been published and kept in all the estates and mill. The manual contains the grievance procedure to handle sexual harassment in the workplace. Also, “Jawatankuasa Wanita dan Kanak-Kanak (JKWK)” has also been formed.

It was found that the “Jawatankuasa Wanita dan Kanak-Kanak (JKWK)” has not been active in organizing appropriate programmes and activities for their members. The records show that meetings have been regularly held, however, very few appropriate activities, if any, have been organized in the last few years.

In the interest of the members and the company as well, the management should strongly encourage the committee to immediately start planning and subsequently implement appropriate activities focusing on concerns of women. Such activities include awareness on sexual harassment, training on women rights and counseling for women affected by violence. The activities must be documented.
For reasons of economics and practicality, the activities would have to be organized at the CU level and not at the individual estate/mill level.

An OFI is raised for this criterion.

**Indicator 6.9.2**
A specific grievance mechanism is established.
Major compliance

**Guidance:**
There should be a clear policy developed in consultation with employees, contractors and other relevant stakeholders, which should be publicly available. The policy is applicable within the boundaries of the plantation/mills or while on duty outside the premises. Progress in implementing the policy should be regularly monitored and the results of monitoring activities should be recorded.

A committee specifically to address concerns of women may be required to comply with the criterion. This committee will consider matters such as: training on women’s rights, counseling for women affected by violence and child care facilities to be provided by the growers and millers. The activities of the committee should be documented.

**Assessment Findings:**
As mentioned above, the grievance procedure was available in the Manual. However, it had not been put to test because there had been no incidence on sexual harassment.

**Criterion 6.10**
Growers and mills deal fairly and transparently with smallholders and other local businesses.

**Indicator 6.10.1**
Pricing mechanisms for FFB and inputs/services shall be documented.
Major compliance

**Assessment Findings:**
Interviews were held with two FFB suppliers and two canteen operators to learn their experience in dealing with the estate/mill. One of the canteen operators had been in business for more than 10 years while the other one is new. The two FFB suppliers were oil palm smallholders in the vicinity of the estates. In addition to the interviews, a few long-term contracts was also examined.

![Photo:36: Schedule of rate for transporting stone](image-url)
Pricing mechanisms as well as other terms of business, such as job specifications and payment systems were spelt out in the contract. Shown below is the scheduled of prices for a stone transportation contract. A table with a different matrix of price variables would be found in a contract for FFB supplies. The table would show how pricing would vary with different FFB and current palm oil variables.

The smallholder FFB suppliers interviewed were not too happy with the prices which they receive for their fruits which they claim were well below the current market price. However, the CU explained that the smallholders did not fully understand the mechanism by which FFB prices were calculated. In order to solve this problem a meeting has already been arranged for the CU to explain clearly the mechanism of price determination.

<table>
<thead>
<tr>
<th>Indicator 6.10.2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current and past prices paid for FFB shall be publicly available.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

**Assessment Findings:**

Shown below in Photo 37 is the notice board displaying current and past FFB prices at Saremas POM 1

![Photo:37: Current and past FFB prices](image)

<table>
<thead>
<tr>
<th>Indicator 6.10.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</td>
</tr>
<tr>
<td>Minor compliance</td>
</tr>
</tbody>
</table>

**Assessment Findings:**

The contractors and suppliers interviewed understand the major elements of the contract since they had been in business for a long time. The smallholder FFB suppliers, as mentioned, did not understand the price mechanism, however, this will be explained later. These contracts are written in the English language. They are legal as both parties have put their signatures.
Indicator 6.10.4
Agreed payments shall be made in a timely manner.
Minor compliance

Guidance:
Transactions with smallholders should consider issues such as the role of middlemen, transport and storage of FFB, quality and grading. The need to recycle the nutrients in FFB (under 4.2) should also be considered; where it is not practicable to recycle wastes to smallholders, compensation for the value of the nutrients exported might be made via the FFB price.

Smallholders must have access to the grievance procedure under criterion 6.3, if they consider that they are not receiving a fair price for FFB, whether or not middlemen are involved.

The need for a fair and transparent pricing mechanism is particularly important for out growers, who are contractually obliged to sell all FFB to a particular mill.

If mills require smallholders to change practices to meet the RSPO criteria, consideration must be given to the costs of such changes, and the possibility of advance payments for FFB could be considered.

Assessment Findings:
This indicator is not applicable as the CU do not intend to include smallholders crop in its claim for RSPO products.

Criterion 6.11
Growers and millers contribute to local sustainable development wherever appropriate.

Indicator 6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities.
Minor compliance

Guidance:
Contributions to local development should be based on the results of consultation with local communities. See also Criterion 6.2. Such consultation should be based on the principles of transparency, openness and participation and should encourage communities to identify their own priorities and needs, including the different needs of men and women.

Where candidates for employment are of equal merit, preference should always be given to members of local communities in accordance to national policy. Positive discrimination should not be recognized as conflicting with Criterion 6.8.

Assessment Findings:
The CU had played some roles in the socio-economic development of the local long-house communities. The estates/mill had provided some employment, medical services, school buses, roads, water tanks and oil palm seedlings to the these communities. In addition, the estates had also given advisory services on the plantation and management of oil palm crops.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTING

Criterion 7.1
A comprehensive and participatory independent social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.

Indicators:
7.1.1 An independent and participatory social and environmental impact assessment (SEIA) to be conducted and documented (Cross ref. to C 7.2, 7.3, 7.4, 7.5, 7.6).
Major compliance
**Specific Guidance:**

SEIAs to include previous land use / history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

For Sabah, slopes 25 degrees and above are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Environment Impact Assessment (Order 2005)] and approved by the Environmental Protection Department (EPD).

For Sarawak, steep slopes are considered high risk erosion areas and cannot undergo replanting unless specified in the EIA report [Natural Resources and Environment (Prescribed Activities) Order 1994] and approved by the Natural Resources and Environment Board (NREB).

7.1.2 The results of the SEIA to be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Minor compliance

7.1.3 Where the development includes smallholder schemes of above 500ha in total, the impacts and implications of how it is managed should be documented and a plan to manage the impacts produced.

Minor compliance

**Guidance:**

The terms of reference should be defined and impact assessment should be carried out by accredited independent experts, in order to ensure an objective process. Both should not be done by the same body. See also C 5.1 and C 6.1.

This indicator is not applicable to development of smallholder schemes below 500ha.

For Sabah, new planting or replanting of area 500ha or more requires EIA. For areas below 500ha but above 100ha, proposal for mitigation measures (PMM) is required. For Sarawak, only new planting of area 500ha and above requires EIA. Onus is on the company to report back to the DOE on the mitigation efforts being put in place arising out of the EIA.

Assessment of above and below ground carbon storage is important but beyond the scope of an EIA. Note: This aspect will be considered by an RSPO Greenhouse Gas Working Group.

**Assessment Findings**

The first estate that was established within the CU dated back to 1978 at Suai Plantations, then continued with Saremas 1 Estate in 1987 and finally Saremas 2 Estate, Division D, in 2000.

Since there was no new oil palm planting at the S1 CU November 2005, therefore RSPO P&C 7 is considered not applicable.

**Criterion 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.

**Indicators:**

7.2.1 Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation should be available.

Major compliance

7.2.2 Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure should be available.

Minor compliance

**Guidance:**

These activities may be linked to the SEIA (C7.1) but need not be done by independent experts.

Soil surveys should be adequate to establish the long-term suitability of land for oil palm cultivation. Soil suitability maps or soil surveys should be appropriate to the scale of operation and should include information on soil types, topography, soil depth, moisture availability, stoniness, fertility and long-term soil sustainability. Soils unsuitable for planting or those requiring special treatment should be identified.
This information should be used to plan planting programmes, etc. Measures should be planned to minimise erosion through appropriate use of heavy machinery, terracing on slopes, appropriate road construction, rapid establishment of cover, protection of riverbanks, etc.

**Assessment Findings:**

The assessment team had verified that Principle 7 was not applicable to S1 CU.

<table>
<thead>
<tr>
<th>Criterion 7.3</th>
<th>New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicators:</strong></td>
<td>7.3.1 A HCV assessment, including stakeholder consultation, is conducted prior to any conversion. Major compliance</td>
</tr>
</tbody>
</table>

**Guidance:**

HCV assessments to be documented and included as part of the SEIA (C7.1). Reference should be made to EIA to indicate the extent of the HCV areas as determined by relevant experts, with priority given to the locals.

This criterion applies to forests and other vegetation types. This applies irrespective of any changes in land ownership or farm management that have taken place after this date. High Conservation Values (HCVs) may be identified in restricted areas of a landholding, and in such cases new plantings can be planned to allow the HCVs to be maintained or enhanced.

**Specific Guidance to the above indicator are listed below:**

1. New plantings within Nov 05 and Nov 07 must be in compliance with existing regulatory requirements that relate to social and environmental impacts assessment i.e. SEIA (ref.C7.1) and also comply with the legalized land spatial planning.
2. Where it can be proven that the land did not contain HCV after Nov 2005, the land can enter the RSPO certification programme.
3. Where the HCV status of the land is unknown and/or disputed, the land will be excluded from the RSPO certification programme, until an acceptable solution for HCV compensation has been developed.
4. Companies owning such land can enter other estates in the programme.

This arrangement is valid only for land development between Nov 05 and Nov 07 which was the RSPO P&C initial pilot implementation period.

7.3.2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as per Peninsular Malaysia’s National Physical Plan (NPP) and Sabah Forest Management Unit under the Sabah Forest Management License Agreement. Major compliance

**Specific Guidance:**

ESA rankings and management criteria as per the NPP are listed in Appendix 3.

7.3.3 No new plantings on floodplains (reference to be made to State DID). Major compliance

7.3.4 Dates of land preparation and commencement are recorded.

**Assessment Findings:**

The assessment team had verified that Principle 7 was not applicable to S1 CU.
**Criterion 7.4**
Extensive planting (to be determined by SEIA) on steep terrain, and/or on marginal and fragile soils, is avoided.

**Indicators:**
7.4.1 All new plantings should not be cultivated on land more than 300m above sea level and on land more than 25 degrees slope unless specified by local legislation (Ref: MSGAP Part 2: OP 4.4.1.3 & 4.4.1.4)
   Major compliance

7.4.2 Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation.
   Minor compliance

**Guidance:**
This activity should be subjected to a comprehensive EIA as required by C 7.1.
Marginal and fragile soils, including excessive gradients and peat soils, should be identified prior to conversion to plantation.

**Assessment Findings:**
The assessment team had verified that Principle 7 was not applicable to S1 CU.

---

**Criterion 7.5**
No new plantings are established on local peoples’ land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

**Indicator:**
7.5.1 This activity should be integrated with SEIA required by C 7.1
   Major compliance

**Guidance:**
Where new plantings are considered to be acceptable, management plans and operations should maintain sacred sites.
Agreements with local communities should be made without coercion or other undue influence (see guidance for C 2.3)
Relevant stakeholders include those affected by or concerned with the new plantings. Refer also to C 2.2, 2.3, 6.2, 6.4 and 7.6 for indicators of compliance.

**Assessment Findings:**
The assessment team had verified that Principle 7 was not applicable to S1 CU.

---

**Criterion 7.6**
Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreement.

**Indicators:**
7.6.1 Documented identification and assessment of legal and customary rights.
   Major compliance

**Specific Guidance:**
Auditors to be aware of land acquisition in relation to native customary land.
7.6.2 Establishment of a system for identifying people entitled to compensation.
   Major compliance

7.6.3 This activity should be integrated with the SEIA required by C 7.1.
   Major compliance

7.6.4 Establishment of a system for calculating and distributing fair compensation (monetary or otherwise).
   Major compliance
The process and outcome of any compensation claims should be documented and made publicly available.

Communities that have lost access and rights to land for plantation expansion are given opportunities to benefit from plantation development.

**Guidance:**
Refer also to C 2.2, 2.3 and 6.4 and associated guidance. This requirement includes indigenous peoples.

**Assessment Findings:**

The assessment team had verified that Principle 7 was not applicable to S1 CU.

**Criterion 7.7**
Use of fire in the preparation of new plantings is avoided other than in specific cases as identified in the ASEAN Guidance or other regional best practice.

**Indicators:**

7.7.1 No evidence of clearing by burning. This activity should be integrated with the SEIA required by C 7.1

7.7.2 Evidence of approval for controlled burning, as per Environmental Quality (Declared Activities) (Open Burning) Order 2003.

**Assessment Findings:**

The assessment team had verified that Principle 7 was not applicable to S1 CU.

**PRINCIPLE 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY**

**Criterion 8.1**
Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

MY NIWG commits to demonstrate progressive improvement to the following but not limited to:

**Indicator 8.1.1**
Minimize use of certain pesticides (C4.6)

**Assessment Findings:**

S1 CU continued to improve in its key area of activity such as

a) Minimizing the use of pesticide i.e. Warfarin and Brodifocum.

b) Continuously planting the beneficial plants i.e Antigomon leptopus, Cassia cobanensis and Tunera subulata.

c) Continuously using EFB as mulch in replant and mature field to supplement organic matter to the soil as well as erosion control.
**Indicator 8.1.2**
Environmental impacts (C5.1)
Major compliance

**Assessment Findings:**

S1 CU continued to demonstrate progressive improvement to environmental impacts. It included the following:

1. The mill continued to use the Continuous Emission Monitoring System (CEMS) to report its smoke emission result directly to the Natural Resources and Environmental Board, Kucing.

2. The soon to operate biogas plant in the vicinity of the mill to capture and thereby reduce the methane (GHG emission) produced in the anaerobic digestion of POME to the atmosphere from the open anaerobic treatment lagoon.

3. Installation of Tertiary Effluent Treatment Plant at the S1 POM, that is, increased number of oversized anaerobic lagoon to treat the POME to achieve quality of effluent discharge to below 20 mg/l.


5. Environmental monitoring had also been conducted according to the Environmental Management Plan for each estate and S1 POM. Their reports had been submitted on time monthly to NREB. They are:
   a. monitoring for outgoing water into main natural waterways that reflects the estates and mills current activities which may have negative impacts.
   b. Scheduled Waste store record - monthly waste generation, types of waste generated and waste inventory movement (in and out, that is storage and disposal).

**Indicator 8.1.3**
Maximizing recycling and minimizing waste or by-products generation.
Major compliance

**Specific Guidance**
To work towards zero-waste (C5.3)

**Assessment Findings:**

There were evidences of on-going commitment programs on maximizing recycling of waste, that is, use of mill by-products such as EFB and POME for field applications and placement of recycling bins (3Rs - reduce, reuse and recycle) at mill complex, estate office and line sites. The programs for minimizing waste or by-products generation included proper management of schedules wastes and burial of domestic waste at controlled land fill sites, implementation of RSPO SCCS compliance for sustainable operation, and the soon to operate bio-gas POME methane recovery plant.

**Indicator 8.1.4**
Pollution prevention plans (5.6)
Major compliance

**Assessment Findings:**
The soon to operate Bio-gas POME methane recovery plant would have a significant pollution prevention impact at SI CU. This plant had been added to the effluent treatment system to reduce emission of greenhouse gas.

**Indicator 8.1.5**
Social impacts (C6.1)
Major compliance

**Assessment Findings:**

A significant social impact seen was the on-going step change construction of new concrete house replacing the wooden house for workers and equip the new line sites with sports facilities at. Each unit of the labour line too had been equipped with electricity and treated water supply. This had reduced the E. coli count in the supplied water. Proper sanitation facilities had also been provided. All the workers interviewed expressed happiness over the availability of these new facilities.

Other improvements in the fields included the following:

1. Creating greater awareness of workers on environment impact – the 3R’s initiatives (i.e. reduce, reuse, recycle) as part of their work culture. Recycle bins had been placed at appropriate sites including at the sorting area at the landfill sites.
2. Provision of washing facilities for clothing and bath rooms at estate offices.
3. Job employment opportunities in estate and mill for local communities.
4. Maintenance of access road for the local community.
7. Financial assistance to local government agencies and deserving local organization in support of their social activities.

Noted, the improved SIA management plan had been established jointly after consultation and participation of external stakeholders to address social factors such as economic livelihood, working condition and facilities on health and education.

**Indicator 8.1.6**
A mechanism to capture the performance and expenditure in social and environmental aspects.
Minor compliance

**Guidance**
Specific minimum performance thresholds for key indicators should be established. (See also Criterion 4.2, 4.3, 4.4, and 4.5). Growers should have a system to improve practices in line with new information and techniques and a mechanism for disseminating this information and throughout the workforce.

**Assessment Findings:**

The existing mechanism to capture the performance and expenditure continued to be used. It was not limited to social and environmental aspects but being extended to occupational safety and health matters.
Among the significant improvements made were the construction of a new concrete house for workers, bio-gas plant and Tertiary Effluent Treatment Plant with the provision of an oversize anaerobic lagoon to treat the POME to effluent discharge quality of BOD to below 20 mg/l.

**Supply Chain**

**Module E – CPO Mills: Mass Balance**

Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill, the implementation of any processing controls (for example, if segregation is used), and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without segregating the material then only Module E is applicable.

The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body in the public summary of the certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.

The mill must also meet all registration and reporting requirements for the appropriate supply chain under the approved RSPO supply chain managing organisation (RSPO IT System or Greenpalm).

SPOM1 had decided to use module E – CPO Mills: Mass Balance.

<table>
<thead>
<tr>
<th>Item No</th>
<th>Requirement</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.1</td>
<td>Documented procedures</td>
<td>E.1.1.a Saremas Palm Oil Mill 1 (SPOM 1) SPOM-1 has a document entitled ‘SOP for Supply Chain And Traceability (SOP), describing the supply chain system and the procedures it had been implementing to address the relevant requirements of the RSPO Supply Chain Certification Systems. The SOP was sighted and found all elements were covered.</td>
</tr>
<tr>
<td>E.1.1</td>
<td></td>
<td>E.1.1.b Mr. Gopikandan was appointed as a RSPO Management Representative (MR). Based on interviewed conducted; it was found that his knowledge regarding RSPO certification process was adequate.</td>
</tr>
<tr>
<td>E.1.2</td>
<td></td>
<td>E.1.2 Stated in SPOM1-CS/MB0001 (page 6) All Certified FFB come from PPB own estate and non-certified FFB come from big/small holder surrounding area. SPOM 1 had prepared “Quarterly Report of Incoming Sustainable Raw Material 2012” to monitor incoming certified and non-certified FFB. The report was sighted and found adequate (refer attachment)</td>
</tr>
</tbody>
</table>
**E.2**

**E.2.1**

**Purchasing and goods in**

The facility shall verify and document the volumes of certified and non-certified FFBs received. The facility shall inform the CB immediately if there is a projected overproduction.

**E.2.1**

<table>
<thead>
<tr>
<th>FFB Production (MT)</th>
<th>Own/Associate</th>
<th>Outsider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan’12</td>
<td>17,051.99</td>
<td>1,695.77</td>
</tr>
<tr>
<td>Feb’12</td>
<td>15,282.99</td>
<td>2,286.11</td>
</tr>
<tr>
<td>Mar’12</td>
<td>15,201.06</td>
<td>1,930.20</td>
</tr>
<tr>
<td><strong>Total Q1</strong></td>
<td><strong>47,536.04</strong></td>
<td><strong>5,912.08</strong></td>
</tr>
<tr>
<td>Apr’12</td>
<td>14,262.57</td>
<td>1,877.95</td>
</tr>
<tr>
<td>May’12</td>
<td>14,729.19</td>
<td>1,974.10</td>
</tr>
<tr>
<td>Jun’12</td>
<td>14,929.98</td>
<td>3,284.33</td>
</tr>
<tr>
<td><strong>Total Q2</strong></td>
<td><strong>43,921.74</strong></td>
<td>7,136.38</td>
</tr>
<tr>
<td>Jul’12</td>
<td>12,111.49</td>
<td>4,597.10</td>
</tr>
<tr>
<td>Aug’12</td>
<td>17,615.45</td>
<td>6,138.91</td>
</tr>
<tr>
<td>Sep’12</td>
<td>18,131.45</td>
<td>4,071.93</td>
</tr>
<tr>
<td><strong>Total Q3</strong></td>
<td><strong>47,858.39</strong></td>
<td>14,807.94</td>
</tr>
<tr>
<td>Oct’12</td>
<td>21,111.00</td>
<td>91.83</td>
</tr>
<tr>
<td>Nov’12</td>
<td>20,838.02</td>
<td>3,372.37</td>
</tr>
<tr>
<td>Dec’12</td>
<td>19,970.41</td>
<td>2,042.57</td>
</tr>
<tr>
<td><strong>Total Q4</strong></td>
<td><strong>61,919.43</strong></td>
<td>5,506.77</td>
</tr>
<tr>
<td><strong>Total 2012</strong></td>
<td><strong>201,235.60</strong></td>
<td><strong>33,363.17</strong></td>
</tr>
<tr>
<td>Jan’13</td>
<td>15,338.42</td>
<td>2,848.50</td>
</tr>
<tr>
<td>Feb’13</td>
<td>14,029.68</td>
<td>1,529.50</td>
</tr>
<tr>
<td>Mar’13</td>
<td>14,440.86</td>
<td>2,084.78</td>
</tr>
<tr>
<td><strong>Total Q1</strong></td>
<td><strong>43,808.96</strong></td>
<td><strong>6,462.78</strong></td>
</tr>
<tr>
<td><strong>Total 2013</strong></td>
<td><strong>43,808.96</strong></td>
<td><strong>6,462.78</strong></td>
</tr>
<tr>
<td><strong>Total 2012 + 2013</strong></td>
<td><strong>245,044.56</strong></td>
<td><strong>39,825.95</strong></td>
</tr>
</tbody>
</table>

A delivery document such as FFB Dispatch Chit # 30168 dated November 30, 2012 referring to Saremas Sdn Bhd and Weighbridge ticket # S121217943 dated November 30, 2012 referring to Saremas Sdn Bhd stated "Certified FFBs" to indicate the FFB originated from certified plantation.

**E.3**

**E.3.1**

**Record keeping**

The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. Retention times for all records and reports shall be at least five (5) years.

a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.

b) All volumes of palm oil and palm kernel oil that are delivered are

**E.3.1**

SPOM 1 had maintained an up-to-date records and accessible. Documents sighted during the audit:

- Training records
- Incoming FFB
- Outgoing of CPO and PK records
- Production records

**E.3.2**

Para 10.0 of company’s SOP (Retention table)

All record and report regarding RSPO SCCS will be kept for 5 years (Para 10.0 of company’s SOP).
| E.3.4 | deducted from the material accounting system according to conversion ratios stated by RSPO. c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short. The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. “product name”/MB or Mass Balance. The supply chain model used should be clearly indicated. In cases where a mill outsources activities to an independent 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. |
| E.3.5 | Not applicable |
| E.3.3 | SPOM 1 had prepared “Quarterly Report of Incoming Sustainable Raw Material 2012” to monitor incoming certified and non-certified FFB on 3 monthly basis. The report was sighted and found adequate (Refer attachment). |
| E.3.4 | A delivery document (DO # CPO/BEO/2012/0151 dated 30/11/2012) stated trade name used – CSPO/MB. |
| E.3.5 | Not applicable |
| E.4 | Sales and good out |
| E.4.1 | 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. All sale activities will be conducted by Willmar/PPB Office based at Singapore. All goods (CPO and PK) will be sent to Bintulu Edible Oil Sdn Bhd (part of Willmar/PPB group) for further processing. A Delivery Order was sighted and found all relevant requirement on E.4.1 were stated in the attached document:  
  Name of buyer – Bintulu Edible Oil Sdn Bhd  
  Address – Lot 9, Block 20, Kemena Land District, 97007 Bintulu, Sarawak  
  Description of products – CSPO/MB  
  Quantity – 36,590 kgs  
  DO no - CPO/BEO/2012/0151  
  Contract no. – BEO/O1P1210/0151  
  Truck no – QSK 9028 |
| E.5 | Training |
| E.5.1 | The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. Latest training had been conducted regarding RSPOSC on 19/3/2013 by External Trainer [CSR Department (Sandakan)] entitle “ISCC Awareness Training” and attended by SPOM 1 staff. Attendance list was sighted and training evaluation conducted to gauge staff knowledge. Training record was sighted. Base on interview with Ms. Catherine (Chief clerk), it was found that her knowledge of
5. ASSESSMENT RECOMMENDATION

Based on the evidences gathered during the on-site ASA 3, the assessment team had raised three major minor NCRs and nine OFIs on the S1 CU against the requirements of the RSPO MYNI :2008. The findings of the ASA 3 were highlighted and discussed during the on-site closing meeting.

The details of the NCRs and the corrective actions taken are as in Attachment 4. The S1 CU had taken the appropriate corrective actions and had submitted evidences of the actions taken to address the major nonconformity to SIRIM QAS. The assessment team had verified and was satisfied with the corrective actions taken by the CU and had subsequently closed out these NCRs.

The details of the NCRs are as in Attachment 5. S1 CU should improve upon in complying with the requirements of the RSPO MYNI :2008. The corrective actions taken or to be taken by the CU to address these OFIs would be verified during the next surveillance.

Previous NCRs raised during ASA 2 were verified, found satisfactory and considered closed. The verification comments are as appeared in Attachment 3.

As all the NCRs had been satisfactorily closed out and the Assessment Team Leader after consultation with team members recommends that certification of PPB Oil Palm Berhad, S1 CU against the RSPO MYNI :2008 be maintained.

6. Organization’s Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings

6.1 Date of Next Surveillance Assessment

Next surveillance Assessment is planned to be conducted within twelve months from the date this ASA 3.

6.2 Date of closing non-conformities (both major and minor)

Since major non-conformities were raised it must be addressed and re-assessed before certification can proceed

Major non-conformities issued must be closed out within sixty (60) days from the date of this assessment with objective evidence to be submitted to SIRIM QAS International Sdn Bhd. Upon satisfactory closure of the major non-conformities, current certification will continue to be valid for another year with no gaps in between. Otherwise, the RSPO certificate will be suspended for a maximum period of sixty (60) days or until corrective action has been satisfactorily acted upon If the certification had been suspended and is to be resumed with the current ASA, the resumption will be from its
last anniversary, and last only to the following anniversary. **If no action has been satisfactorily taken during the suspension period the RSPO certificate shall be withdrawn.**

The issues highlighted as OFIs must be closed out by the next ASA. It must be adequately addressed, implemented and monitored for continued compliance and the adequacy of the actions taken shall be verified by the assessor during the next surveillance assessment, if not, it will be elevated to become NCRs.

We, the undersigned, acknowledged and confirmed that the content of this assessment report and findings. We further confirmed that it had been carried out as stipulated in Annex 4 of the RSPO Procedure for Annual Surveillance Assessments.

Sign on behalf of Perlis Plantation Bhd (Saremas 1 Certification Unit)

[Signature]

Name: Edrin Moss
Designation: Senior Manager - Sustainability
Date: 13 March 2014

Sign on behalf of SIRIM QAS International Sdn Bhd

[Signature]

Name: Mahzan Bin Munap
Designation: Assessment Team Leader
Date: 7 March 2014
Location Map of S1 Certification Unit

Location Map

Legend
- Location Point
- Road
- Conservation Area
- HGAP
- Other Estates owned by PPRG

Estate
- Kenyir
- Semarak 1
- Semarak 2 Lot 49
- Semarak 2 Lot 57
- Segaram
- Lawas
- Brunei
- Seberang

DAMAGAN
- Teluk
- Kaamal
- Malu
- Malu
- South China Sea

SAREMAS SURVEY-GIS
Prepared & Printed by: Krystia Karina
Surveyed & Checked by: Adam S. Edaran (Surveyor)
Approved by: Raju Choong (Asest. General Manager)
Print Date: 24 Nov 2006
Scale: 1:300000

PPR GIL PALMS BERHAD
(Sarawak Operations)
1. **Objectives**
The objectives of the assessment are as follows:
(i) To determine PPB Oil Palms Berhad (PPBOB) 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 assessment.
(iii) To make appropriate recommendations based on the assessment findings.

2. **Date of assessment**: 8th July to 12th April 2013

3. **Site of assessment**: PPB Oil Palm Berhad

   1) Saremas POM 1 Certification Unit
      - Saremas 1 Palm Oil Mill
      - Saremas 2 Estate (Division D)
      - Suai Plantation Sdn Bhd
   2) Saremas POM 2 Certification Unit
      - Saremas 2 Palm Oil Mill
      - Saremas 2 Estate (except Division D)
      - Kaminsky Plantation Sdn. Bhd

4. **Reference Standard**: RSPO P&C MYNI
Company’s audit criteria including Company’s Manual/Procedures

5. **Assessment Team**
   a. **Overall Lead Assessor**: Hj Mahzan Munap
   b. **Assessor**
      - Khairul Najwan Ahmad Jahari.
      - Mohd Hidhir Zainal Abidin
      - Hj Mohd Nordin Abdul Jalil
      - Dr. Rusli b Mohd
   c. **Saremas 2 POM**
      - Hj Mahzan Munap
      - Khairul Najwan Ahmad Jahari.
      - Mohd Hidhir Zainal Abidin
      - Hj Mohd Nordin Abdul Jalil
      - Dr. Rusli b Mohd

*If there is any objection to the proposed audit team, the organization is required to inform the Lead Auditor/RSPO Section Manager.*
6. **Audit Method**  
Site audits including observation of practices, interviews with interested parties (employees, nearby population, etc.), documentation evaluation and evaluation of records.

7. **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.

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

9. **Reporting**
   a) **Language**: English  
   b) **Format**: Verbal and written  
   c) **Expected date of issue**: Thirty days after the date of assessment  
   d) **Distribution list**: client file

10. **Facilities Required**
    a. Room for discussion  
    b. Relevant document and record  
    c. Personnel protective equipment if required  
    d. Photocopy facilities  
    e. A guide for each assessor

11. **Assessment Programme Details**: As below
### Day 0: 7 April 2013 (Sunday)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activities / areas to be visited</th>
<th>Auditee</th>
</tr>
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<tbody>
<tr>
<td>4.30pm</td>
<td>Mahzan, Khairul Najwan, &amp; Hidhir travel from Kuala Lumpur to Miri and onwards to Saremas Guest House</td>
<td>Management Representative</td>
</tr>
</tbody>
</table>

### Day 1: 8 April 2013 (Monday)

<table>
<thead>
<tr>
<th>Time</th>
<th>Activities / areas to be visited</th>
<th>Auditee</th>
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</thead>
<tbody>
<tr>
<td>08.00am - 09.15am</td>
<td>Joint Opening Meeting with Saremas 1 CU &amp; Saremas 2 CU by team leader at Saremas 1 estate office; Audit team introduction and briefing on surveillance assessment objectives, scope, methodology, criteria and programmes by audit team leader at Saremas 1 estate office Briefing on the organization background and implementation of RSPO (including actions taken to address assessment findings of Annual Surveillance 2012 audit conducted 16th – 20th 2012 Hj Nordin and Dr. Rusli travelling from Kuala Lumpur to Saremas Guest house</td>
<td>Management Representative</td>
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<table>
<thead>
<tr>
<th>Mahzan</th>
<th>Hidhir</th>
<th>Najwan</th>
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<tr>
<td>10.00 am - 12.30 pm</td>
<td><strong>Suai Estate</strong> (Core elements - EHS) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</td>
<td><strong>Kaminsky Plantation</strong> (Core elements - EHS) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</td>
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<td>Records of request and responses with stakeholders</td>
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<td>Management document made publicly available</td>
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<td></td>
<td><strong>Saremas 2 Estate</strong> (Core elements - HCV) Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</td>
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<td><strong>Auditee for each assessor</strong></td>
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</table>
## Outgoing Water at Estates/Mill
- Storage, use and medical surveillance associated with agrochemicals
- Occupational safety and health plan
- Records of training
- Environmental Aspect Impact documentation
- Handling of wastes and pollutants.
- Peat Soil
- River system including POME discharge
- Facilities at workplace (water treatment plant, generator set, etc.)
- Interview with workers.
- Energy and renewable energy used
- Plan to reduce pollutants and emissions
- Continuous improvement
- Other areas identified during the assessment

### Long-term economic and financial viability
- Documented and implemented operating procedures
- Monitoring of incoming and outgoing water at estates/mill
- Records of training
- Environmental Aspect Impact documentation
- Inspection of protected sites with HCV attributes
- Riparian zone
- Peat Soil
- River system including POME discharge
- Forested area
- Plantation boundary
- Open burning
- Interview with workers.
- New planting
- Continuous improvement
- Other areas identified during the assessment

### Assessment on P1, P2, P3, C4.1, I4.4.3, I4.6.3-I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8

### Day 2: 9 April 2013 Tuesday

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<tr>
<th>Time</th>
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<tr>
<td>12.30 pm - 1.30 pm</td>
<td>Break</td>
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<tr>
<td>1.30 pm - 5.30 pm</td>
<td>Continue with assessment</td>
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<tr>
<td>8.30 pm - 10.30 pm</td>
<td>Assessment team discussion and verification on any outstanding issues</td>
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<td>Note: Assessor to inform audittee on the required document / records</td>
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### Day 2: 9 April 2013 Tuesday

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<td>Najwan</td>
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<td>Hj Nordin</td>
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<td>Dr. Rusli</td>
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<tr>
<th>7.00 am - 12.30 pm</th>
<th>Saremas 1 POM (Core elements - OHS)</th>
<th>Saremas 2 POM (Core elements - OHS)</th>
<th>Kaminsky Plantation (Core elements - HCV)</th>
<th>Suai Plantation &amp; Line Site (Core elements - GAP)</th>
<th>Saremas 2 POM, &amp; Kaminsky Plantation (Core elements - Social)</th>
<th>Auditee for each assessor</th>
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<td>Auditee for each assessor</td>
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<td>Auditee for each assessor</td>
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- **Saremas 1 POM**
  - OHS: Occupational Health and Safety

- **Saremas 2 POM**
  - OHS: Occupational Health and Safety

- **Kaminsky Plantation**
  - HCV: Heart's Content Virus

- **Suai Plantation & Line Site**
  - GAP: Good Agricultural Practice

- **Saremas 2 POM, & Kaminsky Plantation**
  - Social: Social Responsibility

- **Auditee for each assessor**
  - Records of request and responses with stakeholders
  - Management document made publicly available
  - Compliance with all legal requirements
  - Discussion with relevant management (CSR, community affairs)
  - Documentation review relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans
  - Interview with workers & Union representatives
  - Facilities at
<table>
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<tr>
<th>Time</th>
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Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8

Meeting, accident and emergency document, first aid, workers insurance, etc.
- Records of training
- Facilities at workplace (water treatment plant, generator set, etc.)
- Interview with workers.
- Energy and renewable energy used
- Continuous improvement
- Other areas identified during the assessment

Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8

Estate/mill
- Records of training
- Environmental Aspect Impact documentation
- Inspection of protected sites with HCV attributes
- Riparian zone
- Peat Soil
- River system including POME discharge
- Forested area
- Open burning
- Interview with workers.
- New planting
- Continuous improvement
- Other areas identified during the assessment

Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8

Training, medical surveillance
- POME, EFB mulching
- Plantation on hilly/swampy area
- Handling of used chemical containers.
- Open burning
- River system
- Peat Soil
- Interview with workers.
- Continuous improvement
- Other areas identified during the assessment

Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8

Workplace (rest area, etc)
- Facilities provided at living quarters (i.e. humana, surau, community center, provision shop &etc)
- Continuous improvement
- Other area identified during the assessment

Assessment on P1, P2 (C2.3), P3, P6, P8
<table>
<thead>
<tr>
<th>Day 3: 10 April 2013 Wednesday</th>
<th>7.00 am - 12.30 pm</th>
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<tbody>
<tr>
<td>Mahzan</td>
<td>Saremas 1 POM</td>
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<td>Dr. Rusli</td>
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<td>Saremas 2 Estate,</td>
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<td>Line Site &amp; Waste</td>
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<td>Burial site</td>
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<td>Core element</td>
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<td>Environmental</td>
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<td>Monitoring of incoming and outgoing water at mill</td>
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<td>DOE approval and monitoring</td>
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<td>Accident and emergency document, etc.</td>
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<td>Monitoring of incoming and outgoing water at estates/mill</td>
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<tr>
<td>River system</td>
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<tr>
<td>Saremas 2 Estate, Line Site &amp; Waste Burial site</td>
<td>Core element - Environmental</td>
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<tr>
<td>Documentation review (including verification on action taken to address Annual Surveillance 2 Assessment findings)</td>
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<td>Records of training</td>
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<td>Monitoring of incoming and outgoing water at estates/mill</td>
<td>Good Agricultural Practice - witness activities at site – (weeding/spraying/harvesting/other maintenance activities) and Nursery (if any)</td>
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<tr>
<td>River system including POME discharge</td>
<td>Soil fertility, control of erosion and degradation</td>
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<tr>
<td>Generator set</td>
<td>Availability and quality of ground and surface water</td>
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<tr>
<td>Interview with workers</td>
<td>Rainfall data</td>
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<tr>
<td>Saremas 2 Estate &amp; Waste Burial site</td>
<td>Core element - GAP</td>
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</table>
| Soil fertility, control of erosion and degr
- Energy and renewable energy used
- Plan to reduce pollutants and emissions
- Continuous improvement
- Other areas identified during the assessment

Assessment on P1, P2, P3, C4.1, I4.4.3, I4.4.5, I4.6.3, I4.6.4, I4.6.5, C4.7, C4.8, C5.1, C5.3, C5.6, P8

IPM
- Agrochemicals - storage, use, training, medical surveillance
- POME, EFB mulching
- Plantation on hilly/swampy area
- Handling of used chemical containers.
- Open burning
- River system
- Peat Soil
- Interview with workers.
- Continuous improvement
- Other areas identified during the assessment

Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8

<table>
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<tr>
<th>Time</th>
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<tr>
<td>12.30 pm - 1.30 pm</td>
<td>Break</td>
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<td>1.30 pm - 5.30 pm</td>
<td>Continue with assessment</td>
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</tbody>
</table>
| Saremas 2 Clinic & Kaminsky Plantation  
| (Line Site & Waste Burial Site)  
| Documentation review  
| (including verification on action taken to address Annual Surveillance 2 Assessment findings)  
| - Compliance with all legal requirements  
| - Documented and implemented operating procedures  
| - Occupational safety and health plan – Policy, PPE and personal exposure monitoring, OSH meeting, accident and emergency document, etc.  
| - Waste disposal  
| - Records of training  
| - Interview with staff, workers and dependants.  
| - Continuous improvement  
|  
| Saremas 2 Estate  
| (Core element - OHS)  
| Documentation review  
| (including verification on action taken to address Annual Surveillance 2 Assessment findings)  
| - Compliance with all legal requirements  
| - Long- term economic and financial viability  
| - Documented and implemented operating procedures  
| - Occupational safety and health plan – Policy, PPE and personal exposure monitoring, competent person, certificated machineries, OSH meeting, accident and emergency document, first aid, workers insurance, etc.  
| - Waste disposal  
| - Records of training  
| - Interview with staff, workers and dependants.  
| - Continuous improvement  
|  
| Suai Plantation  
| (Core elements - HCV)  
| Documentation review  
| (including verification on action taken to address Annual Surveillance 2 Assessment findings)  
| - Records of request and responses with stakeholders  
| - Management document made publicly available  
| - Compliance with legal requirements  
| - Legal ownership of land, history of land use and boundary stones.  
| - List of stakeholders, workforce, HCV acreage including map, etc.  
| - Long- term economic and financial viability  
| - Documented and implemented operating procedures  
| - Monitoring of  
|  
| Kaminsky Plantation, Line Site & Waste Burial site  
| (Core element - GAP)  
| Documentation review  
| (including verification on action taken to address Annual Surveillance 2 Assessment findings)  
| - Assessment on  
| - Compliance with legal requirements  
| - Long- term economic and financial viability  
| - Documented and implemented operating procedures  
| - Good Agricultural Practice- witness activities at site – (weeding/spraying/ harvesting/other maintenance activities) and Nursery (if any)  
| - Soil fertility, control of erosion and degradation  
| - Availability and quality of ground  
|  
| Dr. Rusli  
|  
| Saremas 1 POM & Clinic  
| (Core element - Social)  
| Documentation review  
| (including verification on action taken to address Annual Surveillance 2 Assessment findings)  
| - Records of request and responses with stakeholders  
| - Management document made publicly available  
| - Compliance with all legal requirements  
| - Discussion with relevant management (CSR, community affairs)  
| - Documentation review relating to local community and indigenous peoples issues such as EIA, SIA, assessment and management plans  
| - Interview with  
|  
| Mahzan  
| Hidhir  
| Najwan  
| Hj Nordin  
| Dr. Rusli  

Day 4: 11 April 2013 Thursday
**Other areas identified during the assessment**  
Assessment on P2, P3, C4.1, I4.6.4, I4.6.5, C4.7, C4.8, C5.3, P8

- Interview with workers.
- Continuous improvement
- Other areas identified during the assessment

Assessment on C2.1, C2.2, P3, P4 (C4.1 – C4.6, C4.8), P5 (C5.1, C5.3, C5.5, C5.6), P7, P8

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<td>Time</td>
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| 7.00 am - 10.00 pm | Verification on outstanding issues for Saremas 1 and Saremas 2 Certification Unit  
Assessor to inform auditee on the required document / records | Mahzan, Hidhir, Najwan, Hj Nordin, Dr. Rusli |
| 10.00 am - 12.00 p.m | Audit team discussion and preparation on assessment findings               | Auditee for each assessor |
| 12.00 pm - 2.00 pm | Break and Friday Prayer                                                  |              |
| 2.00 pm - 3.15 pm | Discussion and acceptance on assessment findings                          |              |
| 3.15 pm - 4.00 pm | Closing meeting at Saremas 1 Estate Office – presentation of assessment findings |              |
| 4.00 pm     | End of assessment & Travel to Miri (Overnight at Miri)                    |              |
### The Details on the NCR (including corrective actions taken) during this Annual Surveillance Assessment 2

<table>
<thead>
<tr>
<th>P &amp; C, Indicator</th>
<th>Classification Major/Minor</th>
<th>Detail Non-conformances</th>
<th>Corrective Action Taken</th>
<th>Verification by Assessor w.r.t to answering NCR</th>
<th>On-site verification by Assessor during ASA3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Criterion 2.1 Indicator 2.1.1</td>
<td>Major</td>
<td>(A) The following acts had not been identified in the legal register: 1. Veterinary Public Health Ordinance 1999 2. Fire Services Act 1988 3. Communications and Multimedia Act 1998 (Communications And Multimedia (Spectrum 2000) Regulations) 4. Confine Space Code of Practice</td>
<td>1. In view that the Animal Act 1953 do not apply to Sarawak, an alternative regulation covers livestock animal in Sarawak will be registered, that is, Veterinary Public Health (Amendment) Ordinance, 2002. 2. To register all working buffalo to Veterinary Department of Sarawak. 3. The Fire Services Act 1988, Communication and Multimedia (Spectrum 2000) Regulations and Confine Space COP will be registered in our legal and at other applicable requirement registry. 4. Application of Fire Certificate for Saremas Mill 1. 5. To register and send candidates for Steam and ICE Driver Grade 1 &amp; 2 examination.</td>
<td>The supporting evidences – a copy of legal register incorporating the missing Acts, registration letter to register buffalo, application letter to Bomba Sarawak for Mill Fire Certificate and letter to DOSH Sarawak to register ICE Driver for examination had been sighted. Will verify the Correction Action taken during the next Surveillance Audit.</td>
<td>The Correction Action taken was verified, that is, the Public Health (Amendment) Ordinance 2002, Sarawak had been included in the Legal Register, the buffaloes registered and Fire Certificate obtained.</td>
</tr>
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</table>

**Status of NCR : Closed**

| Criterion 5.1 Indicator 5.1.1 | Major | The documented Environmental Aspect & Impact at both mill and estate did not adequately capture and identify the aspect and impact of one of the activity i.e. supplying treated water for domestic use from the Water Catchments Area. | 1. To update and review the Environmental Aspect and Impact assessment. 2. To assess the Environmental Aspect and Impact of supplying treated water for domestic use. 3. To conduct training for identification of environmental aspect and impact assessment. | Verified that the Environmental Aspect Impact Register had included the activity of supplying treated water for domestic use from the Water Catchment Area. | The Correction Action taken was verified, that is, the Assessor had sighted EIA Register had been reviewed to include the NCR raised. |
| Criterion 5.1 Indicator 5.1.2 | Minor | Environmental improvement plan to mitigate the negative impacts is not developed and implemented for the monitored quality of water. Records of water monitoring at both mill and estate showed the Bacteriological Characteristic i.e. Total Coliform Count and Total Faecal Coliform consistently exceeded INWQS Class IIB limit but no plan to mitigate the impact being developed and implemented. | 1. To develop the environmental improvement plans to mitigate the deteriorating water quality. 2. To find the source and pollution and conducting mitigation measure. 3. Periodically review the environmental improvement plan. a) The report of water quality examination result will be extended to all managers for immediate mitigation measures; b) periodic review of the environmental improvement plan and c) the water quality monitoring result to be discussed in monthly management meeting. | All corrective action plans taken will be verified during the next surveillance audit. **Status of NCR: Closed** | Corrective action plans were found implemented and acceptable. |
| Criterion 6.1 Indicator 6.1.3 | Minor | The timetable on mitigation measures to manage the social issues identified in the social impacts assessment conducted in 2008 was not reviewed but only partially updated for Saremas I. Additionally, the table did provide information on the person-in-charge (PIC) for the various mitigation measures as required by the standard. | The SIA will be reviewed and updated and PIC will be appointed to ensure the social mitigation measures are periodically updated and reviewed. | To verify corrective action taken during next surveillance audit. **Status of NCR: Closed** | The Corrective Action taken was found acceptable. |
**Attachment 4: Opportunities For Improvement raised during ASA 2**

### OPPORTUNITIES FOR IMPROVEMENT

<table>
<thead>
<tr>
<th>Principle and Criteria</th>
<th>Details</th>
<th>Comments by Assessor as observed during ASA3</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.7.1 MHZN</td>
<td>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</td>
<td>Ok, improvement had included evaluation of legal compliance.</td>
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<tr>
<td>MHZN</td>
<td>• OSH yearly plan for estate and mill can be further improved by conducting the legal compliance evaluation program.</td>
<td>Periodic monitoring is on-going.</td>
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<tr>
<td>MHZN</td>
<td>• Periodic monitoring activities to comply with USECHH regulation 2000, Safety, Health and Welfare Regulation 1970 and other applicable legal requirements has yet to be identified in the yearly program.</td>
<td>Done.</td>
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| MHZN                   | • Identification, coverage and revision of HIRARC for some activities in the estate and mill had yet to be made available for example:  
  i) Latest version of HIRARC dated May 2012 had not comprehensively covered all activities in the estate and mill. For example: engine room, shovel operation and operations at the new Tertiary Treatment Plant.  
  ii) Rating for the HIRARC (likelihood x consequences) was not reviewed following accident investigation. Also, the recommended control measure had not been updated in the HIRARC Register, for example, the accident at sterilizer station at Saremas 1, dated 24/9/11. | Done. |
| MM                     | • Involvement of Safety & Health Committee at mills and estates could be further improved by active participation in all OSH programs and activities, among them, Workplace Inspection, attendance at quarterly OSH meeting, etc. | Participation of Safety & Health Committee at mills and estate noted and found acceptable. |
| MM                     | • The functioning, commitment and effectiveness of the OSH Committee could be further improved by emulating the OSH structure as found in the PPBOP Sabah Operations, that is, the Secretary for OSH Committee is a Senior Management member of the local operating unit. | Ok. |
| MHZN | • Emergency eye wash station has yet to be provided at the Water Treatment Plant at Saremas Mill 1. Note, the nearest eye wash facility is located near to the boiler house (25m away). |
| AAB | • The wooden plank at Saremas 2 estate, Div D field 202, Block 1 bridge was found broken resulting in a big hole (approx. 2’ x 2’) and therefore unsafe to pass through, especially by motor vehicle. |
| AAB | • With the exception of major bridges, all other bridges had no safety signages installed. Also the bridges were not constructed with side railings as a safety measure. |
| AAB | • The condition of FFB wooden ramp (structure, hopper, railing, floor, etc) at Div B Field 9005 was found to be unsafe |
| AAB | • SOP for maximum loading/stacking of FFB could be further improved as there were incidences of over stacking of FFB seen during transportation (by contract transporter). Also no security netting was used. |

**5.3.2**

**Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution**

| AAB | Even though management program and plan to reduce and dispose the domestic waste in an environmentally and socially responsible manner had been established, the procedure could be further enhanced to include the following:- |
|     | 1. The landfill areas to be fenced up to prevent unauthorized entry or trespassing |
|     | 2. Landfill areas should not be too close to the roadside where there were working activities taking place. |

**6.2.3**

**Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.**

| Dr. RM | Records of communication have to be carefully written to truly reflect its actual proceedings. The minutes of JCC-PS committee meeting dated 30 December 2011 reported that Mr. Koh Ji Ping contributed to the meeting, however, the attendance list revealed that he was absent from the meeting. |

| Has been constructed. |
| The Management of Saremas Estate had replaced the broken plank. |
| Done. |
| The FFB wooden ramp had been repaired. |
| The management had cautioned the contractors to adhere to the safety regulations such as no overstacking of FFB and use of security netting. |
| Ok. |
| Done. |
| The minutes of the more recent meetings are in order. |
| 6.5.2 | Labor laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the language understood by the workers or explained carefully to them by a plantation management official in the operating unit.

Interviews with the workers revealed that many of them, especially the foreign workers, do not fully understand the terms of their employment contract. When asked, they do not understand their entitlements for sick leave and annual leave.

Incidentally, the clerk at Segamas estate also made some errors in calculating the annual leave entitlement of the estate field workers.

It would certainly help these workers and certain administrative staffs if trainings could be carried out to explain in detail the terms and conditions of the contract. |
|---|---|
| Dr. RM | Interviews held with the workers revealed that they understood the terms of their employment.

No errors were observed in the recent audit.

Ok. |
The Details on the NCR (including corrective actions taken) during this Annual Surveillance Assessment 3

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<th>Verification by Assessor</th>
</tr>
</thead>
</table>
| Criterion 2.1 Indicator 2.1.1 | Major | The following were lapses found: 
1) S1 POM did not comply with every condition imposed in respect of every category of licence as specified in the licence in accordance with the Seventh Schedule, Regulation 21 (2) MPOB (Licensing) Regulations 2005. All the four Indonesian FFB Graders were not trained by MPOB. 
2) S1 POM did not comply with FMA (Noise Exposure) Regulations 1989 Clause 21 to conduct a baseline audiogram within six months from the day the employee commences work. Only 16 workers out of 95 had undergone a baseline audiogram 
3) S1 POM Safety and Health Committee had not investigated a repeated accident case (same nature of accident) involving the same person and a near-miss incident. An apprentice welder (Satriono Tarming) experienced eye injury during welding for not putting on appropriate PPE on 19-10-2012 and again on 26-01-2013. An FFB Grader was almost hit by an unlit moving shovel (headlight broke down) at 7.30 p.m. 22-11-2012 
4) Insufficient Internal Combustion Engine Driver. Only one Grade 2 ICE available at Suai Division. | 
1. Mill FFB grader will be sent for a FFB grading training conducted by MPOB. Next available date is 11 –13 June, 2013 
2. SPOM 1 will conduct baseline audiogram to all mill personnel. Work Order M200330 was issued to Global Green OSH Services Sdn Bhd on 21 June 2013. 
3. Accident investigation had been conducted on 2 May 2013 for accident involving welding and near miss accident in the area of FFB grading. 
3. Suai division will send personal to attend the ICE grade 2 examinations. Application letter for 17 candidates to sit for the examination had been sent to DOSH Sabah on 21 June 2013 and PPB request DOSH to inform date and venue of examination should all the 17 applicants be accepted. | The supporting document that showed accident investigation had been carried out is acceptable. 
All other action plan to be taken shall be verified during next surveillance assessment as time to attend courses / examination / audiogram past the 60 days deadline to close the NCR. |

**Status of NCR: Closed**
| Criterion 4.6  
| Indicator  
| 4.6.5 | Major | A sprayer, Rejaning Abd. Rahman was not referred to VMO for further observation.  
| | | It was found a sprayer, Rejaning Abd. Rahman was stopped by Mr. Tom, the Estate Hospital Assistant, from continuing work as a sprayer for the month of Jun, July and August and was not referred to VMO / or OHD.  
| | | However she continued as a sprayer from September onwards. |

| Criterion 4.7  
| Indicator  
| 4.7.1 | Major | Inadequate coverage of risk assessment activity. The Hazard Register (last reviewed 30 September 2012) had not included welding activity and driving of (unfit) shovel in the dark / dark areas. |
| | | To include the welding and driving of shovel in the dark / dark areas in the HIRARC register. The Hazard Register had been revised on 6 May 2013. |
| | | The relevant page of the updated Hazard Register to reflect the identification of driving shovel after dark or in dark areas had been sighted adequate and acceptable. |
| | | Status of NCR: Closed |

| Criterion 5.1  
| Indicator  
| 5.1.1 | Major | The treated water from the Mill Water Treatment Plant for use by mill office and line site had not been identified and thus not recorded in the Identification of Environmental Aspect Impact and Evaluation of Significance Form. |
| | | Record of water usage to be included in the Environmental Aspect Impact Register |
| | | The inclusion of the treated water for mill processing had been sighted and found acceptable. |
| | | Status of NCR: Closed |
## OPPORTUNITIES FOR IMPROVEMENT

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<td><strong>2.1.2</strong></td>
<td><strong>A documented system, which includes written information on legal requirements.</strong> &lt;br&gt;The legal register could be enhanced to include applicable clauses and sub-clauses of the regulations, for example, clauses 15 – 25 of the FMA (Noise Exposure) 1989.</td>
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<tr>
<td><strong>4.7.1</strong>&lt;br&gt;MM</td>
<td><strong>Evidence of documented system Occupational Safety and Health (OSH) plan which is in the compliance with OSHA 1994 and Factory Machinery Act 1967 (Act139)</strong>&lt;br&gt;- The Suai Estate Safety &amp; Health Committee meeting agenda and Minutes of Meeting could be improved as per clause 12-20 of the Occupational Safety and Health (Safety and Health Committee) Regulations 1996&lt;br&gt;- Although the mill Safety and Health Committee Meeting was minuted the items discussed under Accidents Record and Workplace Inspection could be elaborated instead of a one-liner comment. Information on the findings of the investigation, the root cause leading to the incident, inspection non-conformities found, status and effectiveness of correction and/or corrective action taken and lessons learnt could be cascaded down and shared with workers..&lt;br&gt;- The mill Fire Fighting Water System Upgrade Project is currently seen stopped. Resumption to complete the project needs to be expedited, otherwise the mill’s preparedness to response to any emergency demanding the use of the fire fighting water system is in jeopardy.&lt;br&gt;- The mill post fire/emergency evacuation drill report could be enhanced to include evacuation performance time vs. target, head count, orderly behavior and assembly, missing person, readiness of Emergency Response Team members, other shortcomings and positive points observed.</td>
</tr>
<tr>
<td><strong>5.1.2</strong>&lt;br&gt;MM</td>
<td><strong>Environmental improvement plan to mitigate the negative impacts and promote the positive ones, is developed, implemented and monitored.</strong>&lt;br&gt;The mill water management plan could be enhanced to capture backwash water from pressure filter and water softener vessel for recycling / general washing.</td>
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</tbody>
</table>
| **5.3.2**<br>MM | **Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.**<br>- The 3R initiative could be extended to line sites.<br>- Wasteway (M) Sdn Bhd driver particulars (name, signature, date, etc) need be checked by issuer as there were instances that Consignment...
| 6.1.3 | Dr RM | notes issued was not consistently filled-up (some filled-up and some don’t). |
| 6.2.2 | Dr RM | **A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.** The estates and mills have had regular meetings with staffs and workers through the Social and Welfare Committee. These meetings have highlighted a few social issues which may not be peculiar to one estate but could be prevalent in the CU. Such issues include gambling (reported in Suai) and drinking among the workers (reported in Kaminsky). Believing that the issues are common to the estates and mill, it would be more effective if they are handled collectively by the CU. It is therefore recommended that those issues be incorporated in the existing Social Impacts Action Plan of the CU and appropriate mitigation measures are planned, implemented and monitored. By doing so, the CU would also be responding to the requirement for review and update the SIA Action Plan. |
| 6.5.3 | Dr. RM | **Maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders.** Saremas 1 POM and Suai Estate maintained **lengthy lists of stakeholders.** It is recommended that the list be revised by including only those who are directly affected by the estate / mill operations and those whom the estate / mill is very much dependent on. The lists should include neighboring estates and local communities. |
| 6.5.3 | Dr. RM | **Growers and millers provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers’ Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible (not applicable to smallholders).** The CU has instituted a common system for dealing with complaints and requests from workers. Two forms have been developed to be filled by the workers; for complaint and request, respectively. The forms are useful for monitoring purposes as pertinent details are sought from the worker and the management. However, **the forms do not provide information on when the complaints and requests have been completely responded.** In the case of a repair job, for example, there is no information on the date the job is completed. Therefore, it is not possible to determine the time taken to handle the request. It is recommended that the forms be improved by having an item indicating the date when the work was completed. By so doing, information is available on the time taken from the request is made until its completion. This information is useful for purposes of controlling as well as facilitates the process of auditing. The document officer informed the auditor that, lately, the workers at Saremas 1 estate have been using one form to make complaints and request. It is recommended that the management takes the necessary actions to inform the workers on the requirement to use separate forms for complaints and requests. |
6.7.1
Dr. RM

**Documented evidence that minimum age requirement is met**

One under-aged worker (< 18 years) was found to be recruited at Saremas 1 mill, however, his work permit was issued by the relevant authority. It appears that the system of issuing work permit may have certain shortcomings in ensuring that only applicants of the right age are considered for work permit.

In light of the above, the SOU must thoroughly check the birth date of an applicant before a decision is made to recommend for his employment. This is in line with the company's policy of not employing under-aged individuals.

Additionally, the SOU may wish to note down the recruitment age of an employee in the master list of employees kept in the estates and mills. The difference between the birth date and date of joining would give the recruitment age of the employee. This information is useful in monitoring and controlling the recruitment of employees as those who are under-aged should not be considered for employment.

6.9.1
Dr RM

**A policy on sexual harassment and violence and records of implementation**

The estates' and mills' Women and Children Committee has not been very active in organizing appropriate programmes and activities for their members. The records show that meetings have been regularly held, however, very few appropriate activities, if any, have been organized in the last few years.

In the interest of the members and the company as well, the management should strongly encourage the committee to immediately start planning and subsequently implement appropriate activities focusing on concerns of women. Such activities include awareness on sexual harassment, training on women rights and counseling for women affected by violence. The activities must be documented.

For reasons of economics and practicality, the activities would have to be organized at the SOU level and not at the individual estate/mill level.
List of stakeholders interviewed at CU I and II and their brief comments

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
<th>Employer/Business</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hasni Simi</td>
<td>Worker</td>
<td>Kaminsky</td>
<td>No major comments</td>
</tr>
<tr>
<td>Suarni Tape</td>
<td>Worker</td>
<td>Kaminsky</td>
<td>No major comments</td>
</tr>
<tr>
<td>Abdul Samad</td>
<td>Canteen Operator</td>
<td>Saremas 2</td>
<td>Comments on pricing of goods sold. No major complaint</td>
</tr>
<tr>
<td>Mi Ling</td>
<td>Canteen Operator</td>
<td>Saremas 2</td>
<td>No major comments</td>
</tr>
<tr>
<td>Rentap ak Tapu</td>
<td>Smallholder</td>
<td>Saremas 1 POM</td>
<td>Comments on pricing of FFB</td>
</tr>
<tr>
<td>Nyenyuan ak Jabu</td>
<td>Smallholder</td>
<td>Saremas 1 POM</td>
<td>Comments on pricing of FFB</td>
</tr>
<tr>
<td>Tuai Rumah</td>
<td>Local community</td>
<td>Suai</td>
<td>Satisfied with contributions of oil palm seedlings and management advice</td>
</tr>
</tbody>
</table>