1. **Profile**:

Name of Organisation: PPB Oil Palms Bhd  
Membership type (Ordinary)

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Report submitted by: Simon Siburat


2. **Details of Progress**

A. **Current efforts and progress in producing, procuring and or utilizing sustainable palm oil**

PPB Oil Palms mills and estates continue to adopt the best management practices that are prescribed in its Agricultural and Milling manuals with emphasis on conservation, water management, recycling of mill waste and promotion of other green practices, such as integrated pest management.

A full time Manager, Occupational Safety and Health officers, and Environmental officers have been recruited to handle matters pertaining to RSPO in the Group.

Road shows were organized to the Group’s estates in Indonesia and East Malaysia to create awareness and to disseminate information to update the staffs on the 8 Principles and 39 Criteria of the RSPO ("P & C").

PPB Oil Palms Bhd is among one of the few volunteer companies to test out the P & C in one of its estates, Reka Halus Plantations, located in Sabah. A GAP analysis has been conducted based on the test criteria and the results have been submitted to MPOA and RSPO secretariat.

The implementation of the RSPO is on-going in Reka Halus and is progressing well. Monthly progress meetings are being conducted to chart the progress and to assess the practicality of the P & C.
We are in the final stage of undergoing the HACCP certification for Reka Halus Palm Oil Mill. The first audit will be held in mid November and it is envisaged that the full certification should be achieved before middle of next year.

B. Implementation and/or sponsorship of projects/initiatives to promote sustainable palm oil

Environment

In one of its mills in Sabah, a composting plant has been commissioned and is running efficiently. The plant uses POME (Palm Oil Mill Effluent) produced from the mill which is mixed with the EFB (Empty fruit bunches) to convert to compost for field application. This is part of the company’s plan to adopt a zero discharge policy for its mill wastes. Efforts are being made to introduce similar technology in its other newer mills.

We are also looking into the use of biofuel as an alternative to fossil fuel in our operations. In 2006, one of our estates in Lahad Datu has used 24,000 liters of biofuel, which represent 5% of their yearly requirement.

To reduce the usage of inorganic fertilizers, our estates are committed to increase the mulched area through the systematic application of palm oil mill wastes (empty fruit bunches). In 2005, we have mulched some 2,100 ha at the rate of 80 mt/ha. It is envisaged that as much as 70% (in terms of weight) of inorganic fertilizers can be saved in the mulched areas.

Social and Welfare

With the assistance of the Sabah State Government, we are in the final stage of launching a 4,000-acre smallholder scheme for the benefit of the local communities in the Sugut District of Sabah.

It is our policy to provide treatment and medical assistance to local communities surrounding the estate at very nominal charge.

We strongly believe in community building. – We interact with and engage local communities by providing them with stable and rewarding careers at all levels in the plantation. We support the government’s endeavour to improve the living standards of the local rural communities through our continuous interactions with departments like health and welfare, and human resource through joint adaptation programmes. This programme provides an opportunity for youth to experience the way of life in the plantations with no binding obligation.

Following the earthquake in Jogjakarta in May 2006, PPBOP provided financial aid to the unfortunate. A sum of RM80,000 was donated through the Local Regency office of Seruyan of Central Kalimantan.
Similarly in September, food supplies and building materials worth RM 20,000 was donated to the fire victims in Kuala Pembuang. This was again done through the local government office.

In Central Kalimantan, we build roads and bridges to improve accessibility to the villages surrounding the estates and bring them closer into the mainstream of development.

**Education**

In Sabah, we also provide assistance and support to local schools in terms of building maintenance and provision of free accommodation in our estates for the teachers teaching in these schools.

Our affiliated organisation, the Kuok Foundation has sponsored and provided financial assistance to 5 local students from rural area to pursue their education in better primary and secondary schools in urban area. We have also provided scholarships to family members of our staff to further their studies in local tertiary institutions.

In our projects in Central Kalimantan, a total of RM285,000 was also spent for the building of new schools, purchase of furniture and fittings, maintenance of existing school buildings, purchase of books and stationery for students living in the nearby villages.

**Economics**

We encourage locals to participate in businesses as our transport contractors and FFB suppliers by offering them fair terms and prices. We provide venues for local communities to engage in small business at our monthly “tamus” or mini-trade fair.

**C. Significant economic, social or environmental problems encountered in production, procurement and/or use of sustainable palm oil and efforts made to mitigate or resolve them.**

We have conservation areas in our estates that offer suitable habitat for a number of wildlife, such as deer, barking deer, civet cats, etc. The presence of wildlife at times attracts illegal poachers who trespass into our estates. When poaching becomes rampant, we have honorary game wardens to patrol the estate perimeter to discourage intruders. Night patrols are also organized.

We have 11 qualified honorary game wardens, trained by the state Wildlife Department, to look into matters pertaining to wildlife management in our conservation areas.
D. **Outlook of planned activities to promote sustainable palm oil production, promotion and/or use in the next reporting period.**

We are looking into the possibility of expanding the composting technology to our newer mills in the Group. The resulting compost can be applied in the fields to improve soil organic matter in the cultivated area.

We are starting the total quality programme towards achieving MS ISO 14001: 2004 in Reka Halus. This exercise will commence in October 2006. It is envisaged that the certification should be completed by the end of 2007 or early 2008.

E. **Recent publications of environmental/social/sustainability reports or annual reports relating to the objectives and tasks of RSPO.**

We participated in the exhibition in RT3 on best management practices on 22-23 November 2005, held at the Grand Copthorne Waterfront Hotel, Singapore. We also produced two videos to show the sustainable practices in the group entitled “Best Practice Video – East Malaysia” and Best Practice Video – Indonesia Operations” to be circulated among our stakeholders.

F. **Others**

The haze is a yearly recurring problem during the prolonged drought period in Southeast Asia for which there are many possible causes. The open burning by local farmers who adopt the conventional land clearing method of slash and burn is often reported as a major contributor to the land and forest fires in Indonesia.

In our Central Kalimantan projects, we practice a strict zero burn policy. We have also adopted a proactive approach by educating the farmers in villages surrounding our estates not to practice open burning and offer to provide assistance to mechanically clear their farm land which are adjacent to our area. This is done through the relevant governmental departments headed by the Seruyan Local Regency office in Central Kalimantan. We encourage our stakeholders to opt for more sustainable agriculture practices such as planting oil palm instead of the non-sustainable shifting cultivation prevailing in the region.

In addition, all estates are put on full alert for the potential occurrence of accidental fires within the plantations. Strict fire preventive measures and implementation of a comprehensive fire management plan have been carried out. Fire prevention teams have also been intensified. PPB Oil Palms Bhd strictly upholds a zero burn policy.