

## RSPO Annual Communication of Progress PPB OIL PALMS BHD

### 1. Profile

Name of organization : PPB Oil Palms Bhd                      Membership type (Ordinary/Affiliate)

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Reporting Period : October 2006 to September 2007

Date of Report : 9<sup>th</sup> September 2007

### 2. Details of Progress

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

PPB Oil Palms Berhad continues its RSPO journey by continuing the adoption of best management practices as prescribed in its Agricultural and Milling Manual. Conservation, water management, recycling of mill waste and promoting green practices, such as integrated pest management continues to be emphasized without compromising on the yield performance.

Following the recruitment of full time manager, Occupational Safety and Health Officers, Environmental and Social Officer, the team has been tasked to handle all matters pertaining to the implementation of RSPO in the group. The team has traveled to all operating units in East Malaysia and Indonesia to promote RSPO awareness, implementation and audit. Along with the RSPO team, RSPO Implementation Committee has been set up at the operating and regional level.

After RT3 in 2005, PPBOP was among one of the 16 volunteer companies to test out the RSPO P&C in one of its estate, Reka Halus Plantations, located in Sabah. This year, the RSPO P&C testing has been extended to 4 other estates namely Sapi and Sabahmas Plantations in Sabah and Saremas and Kaminsky Plantations in Sarawak.

In Reka Halus Sdn Bhd, an ISO14001 EMS programme, covering both estate and mill was introduced in October 2006. It was introduced to train the estate and mill personnel on the documentation system of an environmental management system. The management felt that such an experience will be useful in facilitating the RSPO implementation once the P & C has been finalised. The ISO 14001 EMS has progressed well and the initial audit has been scheduled for middle of November 2007. Full certification is expected in early 2008. In the meantime, Reka Halus Palm Oil Mill has been awarded the HACCP certification in 2007. At the same time, PPB Oil Palms Berhad is also seriously looking into various CDM projects for the mills to reduce greenhouse gas emissions.

With a replanting effort currently underway in one of its estates, an EIA study has recently been conducted by a consultant in our Sapi estate. Mitigation measures are being implemented as per the recommendation and guidelines given. For the replanting exercise, special emphasis is being given to the planting of high yielding clonal material to improve the utilization per unit area of land through enhanced yield. This is part of our strategy of achieving vertical expansion of yield instead of the conventional horizontal expansion through planting of high acreages of land.

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

### **ENVIRONMENT**

PPBOP has always been supportive of conservation efforts. Through one of our subsidiaries in Sabah, PPBOP continues to provide assistance in terms of manpower and resources to support the Borneo SOS Rhino's mobile protection unit. This year, we have extended our support by providing free maintenance of their vehicles and also fuel required for them to conduct their mission. PPBOP has also extended the use of their training facilities for Borneo SOS Rhino to conduct training to their staff.

PPBOP has been in contact with The Royal Society and its South East Asia Rainforest Research Programme, and as a result, scientists and post graduate students from leading universities in the UK will soon be conducting studies in one of our estates in Sabah on the interaction of forest and oil palm plantations. In this particular estate, we have a contiguous piece of conservation area of about 600 ha that formed a corridor linking the Segama river to Tabin Wildlife Reserve. Efforts are being made to conduct HCVF assessments and also to survey any endangered, rare and threatened species of flora and fauna in areas with conservation potential in all of our estates in East Malaysia.

In line with RSPO criterion 7.3 that requires HC VF assessment to be conducted prior to any land development for oil palm planting, PPBOP through its subsidiaries in Central Kalimantan has signed a Memorandum of Understanding with WWF Indonesia to conduct this exercise. Prior to the signing of the MOU in September 2007, WWF Indonesia has conducted a preliminary assessment of the area and reported certain areas do contain some conservation potential. Following this, a survey on the Orang Utan status and distribution was conducted by the WWF Indonesia team, who partnered with APAPI (Indonesia Primate Observers Association), NGOs and Universities. Thereafter a detailed HC VF assessment will be conducted over the project area.

We have also conducted trials on the use of microbes to hasten the decomposition of EFB compost in one of our mills in Sabah and the report is currently being compiled by the manufacturer. The possible use of microbe as an environmentally friend agent is unlimited and field testing is in now underway to determine if inorganic fertilizer input can be further reduced with the introduction of friendly microbes in the field.

Under our standard estate practice, mulching with EFB is advocated and the improvement in soil structure and soil CEC as a result of this has led to better crop production in the selected area.

In the state of Sabah, all our mills will adopt the land irrigation policy or better known as zero discharge to the water courses for the mill effluent discharge starting this year. Preliminary work such as ground survey has been carried out while approval is being sought from the authority in order for the work to go ahead. As mentioned earlier, EIA and ISO14001 EMS programme will soon be adopted and expand into the system and with greater awareness among the employees, it is hoped that we will be able to preserve the environment for future generations.

## **SOCIAL**

As part of our initiatives for community development, 4 Humana schools are in the final stage of construction in one of our operating units in Sabah to provide education for the migrants' children. The total cost of building these schools is RM 712,000. On 19 July 2007, the Director General of Education of Republic Indonesia Professor Suryanto visited and witnessed the effort.

In the month of August 2007, PPB Oil Palms made a donation of RM 100,000 to the school building funds of Yuk Yuen, a private Secondary school, in Sandakan Sabah.

Through our subsidiaries based in Central Kalimantan, Indonesia, we have contributed in cash and kind not less than RM 90,000 towards the community development of the local populations in the area.

Our operating centers in East Malaysia had also started to provide training to the smallholders/stakeholders on appropriate agronomic practices and crop quality to maximize their return. Annual training requirement will be drawn up to meet our social contribution. Periodical meeting with the stakeholders has enabled us to address some of their predicaments and fostering greater relationship.

- 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

- D. Outlook of planned activities to promote sustainable palm oil production, promotion and/or use in the next reporting period

Focus on implementing measures to mitigate current gaps with the RSPO P&C in preparation for the launch of the certification scheme.

Awareness programs for staff and surrounding communities on sustainable palm oil.

Strengthen internal management of E&S issues and focus on E&S risk management.

Continue to promote the use of bio waste generated from the palm oil mills for field application while the use of microbes will continue to be evaluated. Various CDM proposals will be evaluated and implemented to reduce greenhouse gas emissions.

Continue its social responsibility to ensure that employees' welfare and amenities are taken care of through the various programmes i.e. Humana schools, additional housing and improved amenities.

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

We have participated in the exhibition in RT3 and RT4. We have thus far 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.

PPBOP has actively participated in the RSPO Malaysian National Interpretation forum. This is to assist the industry to fine tune the RSPO criteria and indicators so as to be as practical as possible for ease of implementation industry wide.

Since September 2006, we have been audited by PROFOREST and Control Union, against the generic RSPO P&C. The findings of these exercises were used to create a gap analysis to identify the shortcomings and to formulate action plans to improve ourselves with the goal of attaining full RSPO compliance.

#### F. Recognition and awards for excellence in promoting sustainable palm oil

#### G. Suggestions on how the RSPO can play an active role in enhancing your organization's sustainability performance, particularly in relation to promoting sustainable palm oil

RSPO should be pragmatic in its approaches so as not to over burden the growers and millers but to encourage the implementation of the P&C as far as practically possible.

#### H. Other activities

To show our firm commitment towards implementing zero burn policy, our estates in Central Kalimantan have taken the initiative to develop a comprehensive fire prevention and emergency response plan with the help of Fire Department of Palangkaraya. Proper training on the use of firefighting equipment was conducted and dedicated fire fighting units were instituted in all operating centers. Fire watch towers were constructed for every 1,000 ha of the newly developed areas where the risk of fire hazard is high. These towers are manned 24 hours a day during the dry months to ensure that any accidental fires will be contained in the shortest possible time.

With the onset of the dry season in Central Kalimantan region, our estates have embarked on a Fire Fighting and prevention Campaign (CAMKAN – Cegah, Amankan dan Padamkan Kebakaran Lahan Hutan) and invited the Governor and the Chief of Police of Central Kalimantan Province to grace the launching of this campaign in PT Mustika Sembuluh estate on 15 July 2007.

In our Central Kalimantan projects, we continue to adopt 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 adjacent to our area. This is done through the relevant governmental departments headed by the Seruyan Local Regency Office in Central Kalimantan. We always encourage our stakeholders to opt for more sustainable agriculture practices such as planting oil palm instead of the non-sustainable shifting cultivation which is prevalent in the region.

### **Promote Health and Safety**

In our projects in Central Kalimantan we have in-house doctors who provide free medical services to the surrounding communities. The group is in the final stage of building a standard hospital equipped with modern facilities that will cater for both the employees and the surrounding local communities. Similarly, in our projects in East Malaysia, the estates clinics continue to provide medical care and treatment to local communities for very nominal fees.

We have embarked on a rigorous safety campaign by organizing safety and health training programmes conducted by qualified personnel from the Hospitals, Fire department and Chemical suppliers. We have engaged two full time safety and health officers who are registered with Department of Occupational and Safety and Health. Their responsibility is to conduct surveillance audits on safety and health matters in estates and mills. In addition to this, they compile and monitor matters related to safety and health for all operating centers and also act as a coordinator for safety meetings and training needs.