

**MALAYSIAN SUSTAINABLE PALM OIL
– INITIAL ASSESSMENT
Public Summary Report**

Palmgroup Holdings Sdn Bhd
Client company Address: 25.1-25.2, Level 25, Wisma Sanyan No. 1, Jalan Sanyan 96000 Sibul, Sarawak
Certification Unit: Palmraya Pelita Sikat Plantation Sdn Bhd Location of Certification Unit: Sg Sikat NCR Oil Palm Plantation Selangau Sibul and Mukah Division Sarawak

Report prepared by:
Hafriazhar Mohd Mokhtar (Lead Auditor)

Report Number:
8814253

Assessment Conducted by:
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Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Palmraya Pelita Sikat Plantation Estate		
Company Name	Palmraya Pelita Sikat Plantation Sdn Bhd		
Address	Sg Sikat NCR Oil Palm Plantation Selangau, Sibul and Mukah Divisions, Sarawak		
Group name if applicable:	Mafrica Group		
Subsidiary of (if applicable)			
Contact Person Name	Mr Raymond Nyian		
Website	https://www.mafrica.com.my	E-mail	raymondny@mafrica.com.my
Telephone	+60 84- 353 155 +6012 881 0052	Facsimile	+60 84 332 153

1.2 Certification Information			
Certificate Number	MSPO 681081		
Issue Date	Xx/08/2018	Expiry date	Xx/08/2023
Scope of Certification	Palm Oil Plantation		
Stage 1 Date	15/11/2017		
Stage 2 / Initial Assessment Visit Date (IAV)	21/03/2018		
Continuous Assessment Visit Date (CAV) 1			
Continuous Assessment Visit Date (CAV) 2			
Continuous Assessment Visit Date (CAV) 3			
Continuous Assessment Visit Date (CAV) 4			
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
Nil	N/A	N/A	N/A

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
Palmraya Pelita Sikat Plantation Estate	Sg. Sikat NCR Oil Palm Plantation Selangau, Sibul and Mukah Division, Sarawak, Malaysia	112° 16' 50.45" E	2° 39' 54.65" N

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1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Palmraya Pelita Sikat	38.99	6,047.80	0.00	0.00	0.00

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected from last audit	Actual production Jan – Dec 2017 or last 12 months	Projected production for next 12 months (Jan – Dec' 2018)
Palmraya Pelita Sikat	N/A	35,564.82	42,198.61

1.6 Certified CPO / PK Tonnage			
Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
N/A	CPO (OER: %)	CPO (OER: %)	CPO (OER: %)
	N/A	N/A	N/A
	PK (KER: %)	PK (KER: %)	PK (KER: %)
	N/A	N/A	N/A

1.7 Certified Area					
Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Palmraya Pelita Sikat	1,864.07	0.00	271.96	2,136.03	87.27
TOTAL	1,864.07	0.00	271.96	2,136.03	87.27

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Initial Assessment of Palmraya Pelita Sikat Plantation Sdn Bhd, located in Sibul, Sarawak comprising 1 estate and infrastructure

The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Independent Smallholders.

The onsite assessment was conducted on 21/03/2018.

Based on the assessment result, Palmraya Pelita Sikat Plantation Sdn Bhd – Palmraya Pelita Sikat Plantation Estate complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Independent Smallholders and recommended for certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted on 21/03/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the Palmraya Pelita Sikat Plantation Estate as a MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSP0) Part 3: General principles for Independent Smallholders was used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula $N = 1.0\sqrt{y}$ where y is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement. The sampling of smallholders were based on the formula $(1.0\sqrt{y}) \times (z)$; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where y is total number of group members and where z is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix B.

All the previous nonconformities are remains closed. The assessment findings for the initial assessment are detailed in Section 4.2.

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This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Palmraya Pelita Sikat Plantation Estate	√	√	√	√	√

Tentative Date of Next Visit: June 12, 2019

Total No. of Mandays: 2 mandays

BSI Assessment Team:

Hafriazhar Mohd Mokhtar – Lead Assessor

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea, Solomon Islands and Gabon. During assessment, he covered the legal issues, social issues, worker’s welfare and stakeholder consultation. He is fluent in Bahasa Malaysia and English languages.

Valence Shem – Team Member

He holds Bachelor Degree in Industrial Technology, graduated from University of Science Malaysia in 1998 and has 9 years working experience in oil palm plantation industry. He has been in the management system auditing line since 2009 for various standards such as ISO 140001, RSPO P&C, RSPO SCCS and SMETA. He completed the ISO 14001 Lead Auditor Course in 2008, ISO 9001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2011, Endorsed RSPO SCCS Lead Assessor Course in 2012 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since 2009 in various companies in Malaysia. During this assessment, he assessed on the aspects of legal, environmental & biodiversity, agriculture best practices and the supply chain element. Able to communicate in Bahasa Malaysia and English.

Accompanying Persons: Nil

Section 3: Assessment Findings

3.1 Details of audit results

This assessment has been assessed using the following MSPO normative requirements. The assessment details are provided in Appendix A.

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Initial Assessment there were three (3) Major & one (1) Minor nonconformities raised. The Palmraya Pelita Sikat Plantation Estate Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for its effectiveness and closed accordingly.

-Major Nonconformities:		
Ref	-Area/Process	Clause
1608456-201802-M1	MS2530-3:2013	4.5.3.3
Requirements:	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.	
Statement of Nonconformity:	The documentations of movement and disposal of scheduled wastes were not adequate.	
Objective Evidence:	The estate has disposed its scheduled wastes such as spent lubricants (SW305), contaminated filters (SW410) and used batteries (SW102) to a facility (Kien San Metal SdnBhd) and transported by Jun Enterprise. However, the recordings of inventory in accordance to the Fifth Schedule and the utilization of consignment note in accordance to the Sixth Schedule of the EQ (SW) Reg. 2005 were not done. The vehicles used to transport the scheduled wastes were also found to be not in the registered list of the DOE's website.	
Corrections:	To update the inventory records in accordance to 5th schedule and to completely fill-in the 6th schedule as per requirements.	
Root cause analysis:	No responsible person assigned to monitor the process at respective units/ departments.	
Corrective Actions:	<ol style="list-style-type: none"> 1. To assign responsible person with appointment letter at every respective section to ensure the documentation process is completed. 2. Provide training to the responsible person. 	

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Assessment Conclusion:	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - Completed 5th and 6th schedule of the EQ (SW) Reg. 2005 - Appointment letters dated 24/5/2018 & 1/4/2018 to Ma Chiew Chuang, Paula anak Jika & Flora anak Sambang as persons responsible in handling SW. Job description was also attached with the letter - Training records of SW handling and storage guidance dated 1/4/2018 for the appointed persons <p>The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.</p>
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Major Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-M2	MS2530-3:2013	4.5.5.1
Requirements:	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: (e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.	
Statement of Nonconformity:	The restoration of riparian buffer zone was not evident.	
Objective Evidence:	Sungai Likau is crossing Phase II Block 2 of Palmraya Estate. However, the restoration of buffer zone in accordance to the established procedure was not evident.	
Corrections:	<ul style="list-style-type: none"> - Reserve and marking the identified area to restore the buffer zone back to its function. - Set up signboards such as 'buffer zone', 'no hunting/fishing', etc. - Provide training to the workers not to spray or weeding at the reserved area. - Carry out quarterly inspection to monitor the buffer zone and to ensure there is no encroachment at the area. 	
Root cause analysis:	Unclear about status of the Sungai Likau need to be reserved as riparian buffer zone.	
Corrective Actions:	<ul style="list-style-type: none"> - Carry out training to brief the guideline on riparian protection to the responsible persons. - To discuss the riparian protection status on action taken and progress with the committee during Environment and BMP Committees Meeting. 	
Assessment Conclusion:	<p>Evidence submitted:</p> <p>Minutes of meeting which recorded the discussion about riparian protection status on action taken and progress. Attached to the minutes were</p> <ul style="list-style-type: none"> - pictures of appropriate signage such as "buffer zone" & hunting restriction and marking peg that painted with red & white to indicate the boundary of the riparian zone - copy of training record on "Protection of Buffer Zone" dated 12/4/2018. The training was attended by field staff and workers - Environmental Aspect Assessment form which is to record the buffer zone inspection and monitoring result <p>The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.</p>	

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Major Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-M3	MS2530-3:2013	4.4.5.11
Requirements:	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	
Statement of Nonconformity:	Requirements 6. (1) (a) was found not fully complied for housing in Palmraya Pelita Sikat Estate as per Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) Clause 6: Supply of water and electricity and maintenance of houses: 6. (1) Where workers and their dependents are provided with housing at their place of employment it shall be the duty of the employer of such place of employment - (a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing , to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General ;	
Objective Evidence:	Sampled labour lines Phase 2 Manchester & Juventus.	
Corrections:	To get proper consent and approval in writings from respective authorities such as Jabatan Tenaga Kerja Sarawak.	
Root cause analysis:	No verification and approval made on the standard requirement applicable to Sarawak.	
Corrective Actions:	<ul style="list-style-type: none"> - To check and to consult from time to time in the future with relevant authorities for additional measures. - To ensure that the existing measures such as analysis on water drinking is continuously monitor. 	
Assessment Conclusion:	Evidence submitted: <ul style="list-style-type: none"> - E1 Consent Letter From JTK Sarawak - E2 Water Supply Plan_ PPS E2 Water Supply Plan_ PPS The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.	

Minor Nonconformities:		
Ref	Area/Process	Clause
1608456-201802-N1	MS2530-3:2013	4.5.3.5
Requirements:	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	
Statement of Nonconformity:	Domestic wastes were not disposed as such to minimize the risk of contamination of the environment and watercourses.	
Objective Evidence:	The rubbish pit at Phase II of Palmraya is just located behind the workers housing and it was observed that chemical containers were dispose inside the pit. There is	

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	also a drain constructed to channel overflowed water from the rubbish pit to the environment.
Corrections:	Estate Management decided not to practice land fill for waste disposal. All domestic waste will be collected from labour line and send to the Waste Collection Centre at Phase-1 before send to Municipal land fill.
Root cause analysis:	No Standard Operating Procedure for land fills
Corrective Actions:	<ul style="list-style-type: none"> - Management decision to be minuted in estate meeting. - Issue internal memo to come out with collection schedule and instruction. - Provide training to worker on 3R awareness.
Assessment Conclusion:	<p>Evidence submitted:</p> <ul style="list-style-type: none"> - Minutes of meeting dated 11/4/2018 that recorded the management decision to have landfill in the estate as their method of domestic wastes disposal. The disposal shall be through the municipal council - Internal memo to the estate’s housing residents inform about the rubbish collection schedule - Training records on 3R awareness <p>As this is a minor NCR, the evidence of implementation shall be verified in the next assessment.</p>

Opportunity For Improvement		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	N/A	N/A
Requirements:	N/A	
Objective Evidence:	N/A	

Noteworthy Positive Comments	
1	Good cooperation and commitment from the management and staff
2	Management, staff and workers were able to demonstrate good understanding on sustainability
3	Good housekeeping of documentation, therefore fast retrieval

3.3 Status of Nonconformities Previously Identified and OFI

Not applicable.

Major Nonconformities:		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>	N/A	N/A
Requirements:	N/A	

Statement of Nonconformity:	N/A
Objective Evidence:	N/A
Corrections:	N/A
Root cause analysis:	N/A
Corrective Actions:	N/A
Assessment Conclusion:	N/A
Stage II Status:	N/A
Assessment Conclusion:	N/A

3.4 Issues Raised by Stakeholders

IS #	Description
1	Issues: Field Service Contractor (Nanang & Son Enterprise) – Good relationship with company since 2006. No issue. FFB Transporter (Kiung Teck King Transport Co.) – Good relationship with company since 2006. No issue.
	Management Responses: Info noted.
	Audit Team Findings: Positive feedback. No further issue.
2	Issues: Headmaster, SK Lubok Bemban – Good support by company management towards school programs and events. Company often contributes to school in terms of facilities repair/upkeep and etc.
	Management Responses: Info noted.
	Audit Team Findings: Positive feedback. No further issue.
3	Issues: Semam Longhouse Representative – the JV agreement shares dividend was paid only once since past 5 years
	Management Responses: Company responsible to pay the obligated rental of land. Shares were issued by Sarawak State Government Authority (Pelita/ SCDA) including the dividend payment. Matter will be re-described further during next stakeholder meeting.
	Audit Team Findings: Issue was misinterpreted by the stakeholder since no any obligation by company to pay dividend or issuing shares except for the rental/yield payment only. The plan to communicate with stakeholder on the issue will be verified during next audit.

4	Issues: Adok Longhouse Representative – Thanks company for road maintenance assistance – Would really appreciate if company could construct road to all villagers house
	Management Responses: Request of road construction need to be made officially and estate management need to refer to company's top management on the matter. Would discuss on the matter during next stakeholder meeting.
	Audit Team Findings: Issue was beyond estate management's decision. The plan to communicate with stakeholder on the issue will be verified during next audit.
5	Issues: Layang Longhouse Representative – Thanks company for providing clean water during drought season – Would really appreciate if company could provide clean water permanently
	Management Responses: Request of clean water provision need to be made officially and estate management need to refer to company's top management on the matter. Would discuss on the matter during next stakeholder meeting.
	Audit Team Findings: Issue was beyond estate management's decision. The plan to communicate with stakeholder on the issue will be verified during next audit.
6	Issues: Ngalatoroh Health Clinic Representative – Thanks company for providing clean water during drought season – Would really appreciate if company could provide clean water permanently
	Management Responses: Request of clean water provision need to be made officially and estate management need to refer to company's top management on the matter. Would discuss on the matter during next stakeholder meeting.
	Audit Team Findings: Issue was beyond estate management's decision. The plan to communicate with stakeholder on the issue will be verified during next audit.

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1608456-201802-M1 – 4.5.3.3	Major	21/03/2018	Closed out on 21/5/2018.
1608456-201802-M2 – 4.5.5.1	Major	21/03/2018	Closed out on 21/5/2018.
1608456-201802-M3 – 4.4.5.11	Major	21/03/2018	Closed out on 21/5/2018.
1608456-201802-N1 – 4.5.3.5	Minor	21/03/2018	"Open"

3.6 Summary of the findings by Principles and Criteria

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	Sikat Sdn Bhd has established a policy on sustainable palm oil production. Signed b MD, Mr Tiong Chiong Hee dated 5/5/2017 [Reference: MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/2016.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the estate operation.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Based on the company’s internal audit procedure Clause 7.2.1, internal audit shall be conducted semi-annually. The internal audit was carried by Sustainability team on 5-7/7/17 and 9-12/10/17 for Sikat Estate by 3 internal auditors. Audit covered both documentation and field operations. Rating was given based on audit finding. Audit report was available with the summary of findings for each respective work units.	Complied
4.1.2.2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to	Sikat Estate has implemented its Internal Audits Procedure under the MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/16 which was prepared by Assistant Manager	Complied

Criterion / Indicator		Assessment Findings	Compliance
	implement the necessary corrective action. - Major compliance -	OHS and Environment, Mr Raymond Nyian. Internal audit procedure is under Appendix 1 of the procedure. The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. There were 23 NC raised in the first audit and 76 NC in the second audit. All the NC have been satisfactorily closed out by the estate.	
4.1.2.3	Report shall be made available to the management for their review. - Major compliance -	Internal audit report for both audits were was made available for management review.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. - Major compliance -	Management review is conducted in various meetings i.e. Estate’s TQM Meeting (estate level), TQM Steering Committee meeting and TQM Management Meeting. Among the agenda addressed were: <ul style="list-style-type: none"> • Management commitment & responsibility • Transparency • Traceability • Compliance to Legal • Social responsibility, health, safety and employment condition • Commitment to contribute local sustainability development • Employees S&H • Employment condition • Environmental, Natural resources, biodiversity • Best practice • Development of new planting • Internal audit results 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> Last MR meeting was on 17/10/17. 	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>Action plan for continual improvement was established based on EIA conducted entitled “The Proposed Sg Sikat NCR Oil Palm Plantation Development Project Near Selangau, Sibul and Mukah Divisions”, covering 10,200 Ha by Ecosol Consultancy Sdn Bhd, report dated October 2005 and approved by NREB on 26/6/2006. – undertaking agreement has been signed on 22/8/2006 [EIA report approval ref. no. (13)NREB/6-1/2D/40].</p>	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>This is obtained through participation on various trainings or seminars such as ISP, Sarawak Oil Palm Plantation Owners Association (SOPPOA) and training by suppliers (agrochemicals, tools, machinery).</p>	Complied
4.1.4.3	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>If there is any new techniques or new industry standard or technology suitable to be implemented by the company, action plan is normally incorporated in the company’s training plan where type of training is identified, date of training, identified participants and training provider.</p>	Complied
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			

Criterion / Indicator		Assessment Findings	Compliance
4.2.1.1	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Information requested by relevant stakeholders was communicated in appropriate languages and forms as per sighted Procedure of Application for Company’s Information & Application for Company Information Flow Chart that requires stakeholder need to fill in Information Request Form. The procedure was established by Agronomy & Sustainability Department – Mafrica Group. Palm Holding for Sustainability Team.</p> <p>The Procedure of Application for Company’s Information & Application for Company Information Flow Chart requires stakeholder/requester to fill in Information Request Form. The “Records Book of Stakeholders or Interested Party Who Has Viewed/Obtained Documents” has been spelt out in the procedure/flow chart.</p> <p>The traceability or control of “Application for Company Information Flow Chart” form (which might include running number doc. & form ref. # & date in case of any revision/changes) was made available.</p>	Complied
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Among management documents consist of records of requests and responses – form records and others are as following samples:</p> <ul style="list-style-type: none"> - <i>Buku Panduan Konsep Baru Pembangunan Tanah Hak Adat Bumiputera (HAB), Kementerian Kemajuan Tanah Sarawak, 1/7/1997</i> - MPOB license # 541373002000; 1/8/17-31/7/18; Area reg.: 1704.3 ha; Sikat, Sg. Sikat Ulu Mukah, Mukah Division, Sarawak - <i>Permit Potongan Daripada Gaji Pekerja Di Bawah Seksyen 114 Ordinan Buruh (Sarawak Bab 76) Potongan Levi Untuk Pekerja Asing, Serial # JTKSWK/PL/031/17/(SBU); Dated: 11/8/2017</i> 	Complied

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Criterion / Indicator	Assessment Findings	Compliance
	<ul style="list-style-type: none"> - User rights – based on Master List of Landowners; <i>Kementerian Kemajuan Tanah; Borang Tuntutan Tanah Adat Bumiputra (NCL); KKT/NCR/96; Memorandum Keizinan (Memorandum of Consent – MOC); KKT/NCR/97; as per layout plan title: Individual NCR Survey for Sikat NCR Project, Selangau, Sibu ref. # JSK/35B/06; sample:</i> <ul style="list-style-type: none"> o Bakai a/k Chabok; Lot # 183; Area: 14.34ha; Rumah Lede; District: Bukong Kara; Division: Mukah; Master List Ref.: 123; Folio # 27; Date: 2/2/2008 o Entadu a/k Chimie; Lot # 81; Area: 14.86ha; Rumah Layang; District: Lubok Bemban; Division: Mukah; Master List Ref.: 31; Folio # 1; Date: 13/3/2008 o Mohd. Iskandar bin Abdullah; Lot # 74; Area: 52.97ha; Rumah Nicholas Layang; District: Sepan Kinyik; Division: Mukah; Master List Ref.: 31; Folio # 1; Date: 2/6/2007 o Based on MOC (KKT/NCR/97) by longhouse native with LCDA (Land Custody & Development Authority)/PELITA (Lembaga Pembangunan & Lindungan Tanah) & Palmraya o Total landowners based on NCL, MOC & master list of landowners: 359 landowners; total area: 2136.03ha - Safety and health plan – Occupational Safety & Health Plan for 2017-2018 dated 22/2/2017 - Plans and impact assessments relating to environmental and social impacts: - Social Impact Assessment (SIA) Mitigation Plan; Version: 1 (OCT2016)/SU; Dated: 10/10/2016; By: Raymond Nyian; - Environmental Impact Assessment Report for The Proposed Sg. Sikat NCR Oil Palm Plantation Development Project Near 	

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		<p>Selangau, Sibuan and Mukah Divisions, Sarawak; October 2005; By: Ecosol Consultancy Sdn Bhd</p> <ul style="list-style-type: none"> - Land area (ha) sighted in different documents: Area statement Total area: 2055.53; Maintenance (Planted) area: 1946.17 ha; Harvesting (Production) area: 1796.27 ha; MPOB license: 1704.3 ha; NCL & MOC master list of landowners total area: 2136.03ha (359 landowners); EIA report: 3000 ha (gross); EIA report Section 2.4 Development Plan – 2.4.1 Project area Table 2.1: - Gross project area: 10.200 ha - Stateland: 5200 ha - Non-participating land @ 40% of NCR Land (LCDA’s estimate): 2000; - Gross development area: 3000 ha; - Riparian buffers & public road reserves: 300ha; - Plantation village cum Nursery: 300 ha; - Plantation road/drain reserves @ 5%: 135 ha; - Estimated net field area: 2545 ha - The EIA report available for Lot 1 Block 19 and the EMR report available for both Lot 1 Block 12 & Lot 1 Block 19 <p>Documented area/hectarage statement available during visit</p>	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>Procedures established for the whole operating units under Palmgroup Holdings Sdn. Bhd. verified as following:</p> <ul style="list-style-type: none"> i) Communication and Consultation Procedures; Ref. # PGHSB/SOPP/001; Ver. 1; Date issued: 21/12/2015; ii) Complaint and Grievance Procedures; Ref. # PGHSB/SOPP/002/2015; Ver. 1; Date issued: 21/12/2015 	Complied

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		iii) Task: TQM Management Plan on Grievance and Complaint Procedure-C6.3 iv) Flowchart of Complaint in Palmraya Pelita Sikat Sdn. Bhd. v) Complaint and Grievance Policy; Signed by Estate Manager; Date: 1/2/2016 (old); Complaint and Grievance Policy; Signed by Managing Director; Date: 5/5/2017 vi) Environmental Monitoring Report (EMR) for the Palmraya Pelita Sikat Oil Pal Plantation Near Selangau, Mukah and Dibu Division, Sarawak; Ref. # NREB/6-1/2D/40; Period: May-July (2 nd quarter 2017) Approval of EIA Documents for Sikat NCR Land Development Project at Ulu Mukah area, Mukah and Sibu Divisions, Sarawak; Ref. # (13)NREB/6-1/2D/40(Vol.2); Dated: 7/9/2017; Certificate of EIA Report Approval	
4.2.2.2	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit. - Minor compliance -	A management official was nominated as per Appointment for Social & Legal Coordinator Letter; Ref. # PRPSPSB/S&L/17-001; Date: 1/7/2017; Simeon Mujah (Sr. Asst. Manager)	Complied
4.2.2.3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. - Major compliance -	The lists and records were properly maintained in file Title: Registers Stakeholders; Ref. # ST 02; Ver. 1; Review date: 1/10/2017 categories: <ul style="list-style-type: none"> - Master list of landowners - List of Consultant - List of Contractors - List of Government Bodies - List of Suppliers - List of Community Groups & NGOs (Longhouse leaders) - List of Internal Stakeholders – all employee 	Complied

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		Records of consultation, communication & action as following: <ul style="list-style-type: none"> - Parties Issue Responding (NREB) – sample letter ref. # 75/NREB/MKH/6-1/2E/48; Dated: 14/7/2017 - Internal stakeholders – Joint Consultative Committee Meeting; Date: 7/10/2017; Notification of JCC Meeting to Workers Rep. dated 18/10/2017 - Area Development Committee (ADC) Ladang NCR Kawasan Sikat, Ulu Mukah, Meeting With Landowner; Date: 29/7/2016 - Meeting for ADC & Tuai Rumah with Landowners; Date: 16/5/2017 - Monitoring of Action Request; ST 19; Ver. 1; Review date: 1/10/2017; Source of requests came from Staff & Executive Meeting, OSH Meeting, Complaint & Grievance Meeting & etc. - Training/Briefing to Workers & Contractors – MSPO Principles; Date: 11/10/2017; attended by contractors - Freedom of Association and Collective Bargaining Policy; Signed by MD; Dated: 5/5/2017 Freedom of Association and Collective Bargaining Policy; Signed by MD; Dated: 5/5/2017	
Criterion 4.2.3 – Traceability			
4.2.3.1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). - Major compliance -	SOP on the traceability of the FFB has been established under Guidelines on Traceability Procedures, PGHSB/SOPP/001/2017, rev:01 dated November 2016.	Complied
4.2.3.2	The management shall conduct regular inspections on compliance with the established traceability system.	Regular inspections were checked through “Management BMP Field Inspection Checklist for Harvesting”.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.2.3.3	The management should identify and assign suitable employees to implement and maintain the traceability system. - Minor compliance -	The assistant managers were appointed as the persons in-charge in ensuring the implementation of the traceability system [ref.: Clause 4.2 of the MSPO procedure].	Complied
4.2.3.4	Records of sales, delivery or transportation of FFB shall be maintained. - Major compliance -	Based in verification of FFB delivery documents such as FFB dispatch chit, mill weighbridge ticket, FFB daily records book and monthly summary of FFB dispatch, the traceability was found to be in order. The information about date of delivery, origin field of FFB, weight and number of bunches was well recorded.	Complied
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	The estate was able to demonstrate its compliance with legal basically by having a list of applicable legal requirements and recording the status of compliance. Among the evidence of compliance seen during the assessment were MPOB license, permit to hire foreign workers, permit to work overtime, business license, certificate of fitness for air compressor and permit to store diesel.	Complied
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register. - Major compliance -	A list of applicable laws was established through the utilization of OT05 format dated November 2017. Among the major legal requirements registered were OSHA, FMA, EQA and Labour Ordinance to name a few.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The Sustainability Unit (in HQ) is responsible to update the legal requirements register. The most common method used were obtaining information from websites of government agencies and news.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	A person responsible to monitor compliance and to track and update changes in regulatory requirements has been appointed and the name was stated in the Legal Register list. Based on interview, the person was able to explain about the evidence of compliance and the changes made in the legal list.	Complied
Criterion 4.3.2 – Lands use rights			
4.3.2.1	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users. - Major compliance -	The management ensured their oil palm cultivation do not diminish the land use rights based on verification as following: A1 map Land Survey by Juru Survei Konsult; Sample boundary peg # Station 532; Coordinate: 112° 13.84' E; 2° 44.05' N	Complied
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. - Major compliance -	All relevant documents showing legal ownership were verified as per indicator 4.2.1.2 and 4.3.2.1 above.	Complied
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The legal perimeter boundary markers were clearly demarcated and visibly maintained on the ground as per sample sighted in the field block boundary to stakeholder area visited.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		The brief procedure for establishment and maintenance of boundary was documented.	
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). - Minor compliance -	No any disputes on land ownership where in case of any, the process will be conducted based on Flow Chart 1: FPIC Process Guide – Title: Identification of Customary Land Rights and Compensation Procedure; Ver. # 1; Ref. # PGHSB/SOPP/005/2015; Date: 21/12/2015	Complied
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	The company demonstrated that the customary rights are understood and not being threatened or reduced based on the As per Identification of Customary Land Rights and Compensation Procedures; Classification of Document; PGHSB/SOPP/005/2015; Ver. 01; Date issued: 21/12/2015; <i>Buku Panduan Konsep Baru Pembangunan Tanah Hak Adat Bumiputera (HAB); Kementerian Kemajuan Tanah, Sarawak.</i>	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	Maps of appropriate scale showing extent of recognized customary rights land as per survey map were verified available.	Complied
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	Negotiation and FPIC were recorded and copies of negotiated agreements were made available as per verified Agreement on Payment of Advance-based on the spirit of collaboration under a Memorandum of Consent and a Principal Deed executed through Joint Venture Company, Palmraya Pelita Sikat Plantation Sdn Bhd (JV	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Agreement between Pelita Holdings Sdn Bhd and Palmraya Plantation Sdn Bhd; Project: Proposed Development of NCR Oil Palm Plantation at Sg. Sikat, Ulu Mukah, Mukah Divisions, Sarawak; dated 24/10/2005). Sample of Agreement of Payment sighted:</p> <ol style="list-style-type: none"> 1) Bakai a/k Chabok; dated: 14/12/2011 2) Entadu a/k Chimie; dated: 14/12/2011 3) Mohd. Iskandar bin Abdullah; dated: 21/12/2011 <p>Sighted evidence of payment Pelita Holdings Sdn. Bhd.; Palmraya Pelita Sikat Plantation Sdn. Bhd. Cash Advance Apr'17 to Jun'17 (quarterly payment).</p>	
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	<p>Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.</p> <p>- Minor compliance -</p>	<p>Plans and impact assessments relating to environmental and social impacts based on records of following:</p> <p>Internal: Social Impact Assessment (SIA) Mitigation Plan; Version: 1 (OCT2016)/SU; Dated: 10/10/2016; By: Raymond Nyian;</p> <ul style="list-style-type: none"> - SR0: Social Management System – Stakeholder Register - Template ST02 Register of Stakeholder; Communication and consultation mechanisms - SR1: Local community; - SR2: Traceability & fair trade - SR3: OSH - SR4: Work Conditions 	Complied

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Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> - SR5: Living conditions (Poor risk rating given by Wild Asia) – Mitigation plan: housing inventory, complaint & grievance record, emergency response plan fire evacuation, water shortage, facility inspection record - SR6: Women & Children <p>External: Wild Asia (Malaysia); Project Ref.: P438 Palmgroup; Draft Report Social Impact Assessment; Palmgroup Holdings Sdn. Bhd. 13 March 2018. Summary of Findings:</p> <ul style="list-style-type: none"> - Hiring of workers in relation to legal and national legislation compliance - Work conditions covering human rights issues and national legislation compliance - Housing or workers in relation to legal and national legislation compliance - Health and safety with regards to workers and women groups - Workforce suppliers in relation to legal and national legislation compliance - External stakeholder engagement 	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p>- Major compliance -</p>	<p>A system for dealing with complaints and grievances established as Complaint and Grievance Procedures; Ref. # PGHSB/SOPP/002/2015; Ver. 1; Date issued: 21/12/2015. Through Complaints & Grievances Handling Committee – sighted <i>Minit Mesyuarat ke-2 Ahli Jawatankuasa Aduan & Rungutan 2017</i>, dated 11/8/2017. Sample of <i>surat perlantikan sebagai wakil pekerja menerima aduan</i>; Ref.: PPSPSB/C&G/2017; Date: 1/7/2017 also sighted.</p>	Complied

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4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	Based on <i>Borang Aduan (formal/tidak formal/sensitive)</i> ; and above procedure, the system able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	The complaints/disputes were mainly made by workers on housing issues as per <i>Sampled Aduan - Sighted Borang Aduan</i> file 1 complaint by landowners dated 10/11/2017 – issue resolved within same day	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	The employees and surrounding communities were made aware that complaints or suggestions can be made any time as per Communication and Consultation Procedures; Ref. # PGHSB/SOPP/001; Ver. 1; Date issued: 21/12/2015; following sighted: - Briefing on Communication Policy; dated 18/7/2017 to internal stakeholder TKI/Local - Complaint & Grievance Committee Meeting; dated 12/9/2017 - Training on Complaint & Grievance Procedure' dated 18/7/2017	Complied
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	All complaints and resolutions were documented and made available upon request as per Sample: <i>Borang aduan kerosakan rumah</i> ; date: 20/5/2107; house # Barcelona No. 4; Resolve date: 4/10/2017	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities.	Contributions to local development in consultation with local communities were made upon discretion of the management as per samples sighted as following:	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -	- <i>Memohon Sumbangan Untuk Menyimen Tapak Dewan Serbaguna dan Baik Pulih Astaka SK Lubok Bemban, Mukah; Letter ref. # JPS(W)SKLB(Perh)/153/09/04/03; Date: 8/11/2017</i> <i>Meminjam khemah untuk majlis hari jadi murid asrama siri 2 tahun 2017; dated: 23/10/2017</i>	
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	Sikat estate has implemented an OSH Management Plan for improvement of safety of employees that was updated in January 2017 for the calendar year.	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as	a) Safety & Health policy is available, signed by MD, dated 5/1/2015 – method of communication – displays at various strategic workplace, training & orientation b) HIRARC is available, last reviewed 16/10/2017 by S&H coordinator. Among the activities covered were field maintenance, manuring, transportation, diesel station, domestic waste, security, workshop, store/warehouse c) Awareness and training were addressed in the “Staff & Workers Annual Training Schedule, 2017” – training on standard & safe operating procedures. d) addressed in “Safe Operating Procedures” – sampled chemical spraying. Based on the site visit, the workers were adequately provided with appropriate PPE in accordance to the SOP. e) addressed in “Safe Operating Procedures” – sampled chemical spraying, store, chemical mixing, fertilizer application	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>f) addressed through appointment of Safety & Health Coordinator – sampled Ms. Cheremi [dated 12/7/17, ref. no.: WHSB/001]</p> <p>g) addressed through "Safety & Health Committee quarterly meeting". Meetings were conducted quarterly and minutes of meeting were available for verification.</p> <p>h) addressed in various procedures, e.g.:</p> <ul style="list-style-type: none"> - Plantation fire preparedness and respond plan - Accident, dangerous occurrence, poisoning, disease and damage reporting procedure - <i>"Pelan Tindakan Kecemasan Kemalangan di Tempat Kerja"</i> <p>Communicated through training</p> <p>i) There are 5 certified first aider and in progress to train workers for first aider</p> <p>j) recorded in:</p> <ul style="list-style-type: none"> - "Accident and Near Miss Record Book" - "Accident (and near miss) Records [ST 10]" - JKKP 6, 7, 8 & 9 - <i>"Laporan Siasatan Kemalangan"</i> 	

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Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>The policies on good social practices regarding human rights in respect of industrial harmony for Palmgroup Holdings Sdn Bhd were established as as following:</p> <ul style="list-style-type: none"> - Employment Policy; Ref. # PGHSB/SOPP/011/2016; Ver. 01; Date issued: 22/2/2016 - Child Labour Policy; Ref. # PGHSB/SOPP/005/2016; Ver. 02; Date issued: 5/5/2017 - Equal Opportunity Policy; Ref. # PGHSB/SOPP/007/2016; Ver.02; Date issued: 5/5/2017 - Special Labour and Forced Labour Policy; Ref. # PGHSB/SOPP/008/2017; Ver. 02; Date issued: 5/5/2017 - Freedom of Association & Collective Bargaining Policy; Ref. # PGHSB/SOPP/009/2017; Ver. 02; Date issued: 5/5/2017 - Human Rights Policy; Ref. # PGHSB/SOPP/010/2017; Rev. 02; Date issued: 5/5/2017 - Sexual Harassment Policy; Ref. # PGHSB/SOPP/012/2017; Rev. 02; Date issued: 5/5/2017 - Women Rights Policy; Ref. # PGHSB/SOPP/013/2017; Rev. 02; Date issued: 5/5/2017 - Zero Burning Policy; Ref. # PGHSB/SOPP/014/2015; Rev. 01; Date issued: 21/7/2015 - Complaints and Grievance Procedures; SOPP/002 - Communication and Consultation Procedures; SOPP/001 - Identification of Customary Land Rights and Compensation Procedures; SOPP/005 	<p>Complied</p>
4.4.5.2	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment</p>	<p>The management demonstrated that no engagement or support on discriminatory practices as per policies above.</p>	<p>Complied</p>

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	<p>regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p>- Major compliance -</p>		
4.4.5.3	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p>- Major compliance -</p>	<p>Employees pay and conditions were verified met legal minimum standards as per Employment Contract (<i>Kontrak Penggajian</i>). Based on the Statistic of Gender, Race, Nationality of Workers file, the following sampled daily-rated workers' pay slips were checked:</p> <ul style="list-style-type: none"> i) Monthly Local Employee ID (Emp. # MY00005323); Date: 1/8/2016 ii) Local Employee ID (Emp. # MY00004807); Date: 17/10/2014 iii) FW Employee ID (MY00004988); Contract date: 20/6/2017 iv) 2017 Daily Wage Record – Period 26/7-25/8/2017 (Aug-17) v) New Worker Process – dated 26/10/2017 – Working Permit & Labour License <p>For harvester: Rates for FFB Harvesting, Loading & Transporting and Field Maintenance & Upkeep Work</p>	Complied
4.4.5.4	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p>- Minor compliance -</p>	<p>No external contractors employees involved in direct estate operations i.e. production (harvesting) and maintenance (upkeep, spraying, manuring, etc.) except for FFB transporters and palm tree felling & chipping of replanting machinery operator.</p> <p>Sighted the following sample Contract Work Agreement terms for Contractors/Piece Rate Workers:</p> <ul style="list-style-type: none"> - Contract Work Agreement (Maintenance); Sample no.: PSSB/NC17010085 for Achmad Azhari (B 2358172); Period: 1/10/2017-31/12/2017; Activity & Cost/Uom- Circle Spraying + Selective Spraying + Sporadic Lallang (Paraquat + Ally) - Mineral: RM20/ha; Circle Spraying + Selective Spraying + Sporadic Lallang 	Complied

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		(Paraquat + Ally) - Peat: RM15/ha; Request for payment ref. # PSSB/PE17100010; Date: 31/10/2017 Contract Work Agreement (from FIS) used the activity (Activity & Cost/Uom- Circle Spraying + Selective Spraying + Sporadic Lallang (Paraquat + Ally)	
4.4.5.5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. - Major compliance -	There is a list of employees consist of employee number, name, division, pay, NRIC/Passport no, employment category, nationality, DOB, age, race and status in the payroll system – Name List of Workers (as at January 2018). Records established as per Statistic of Gender, Race, Nationality of Workers file consists of records of pay slip, daily payroll and work records sample for following: - Employee # MY00001072; Post: Mandore; Date Joined: 1/1/2007; Nationality: Malaysian - Employee # MY00005315; Post: JCB Operator; Date Joined: 1/8/2016; Nationality: Malaysian Employee ID B7881630; Post: Pekerja Am; Date Joined: 29/1/2018; Nationality: Indonesian	Complied
4.4.5.6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. - Major compliance -	All employees were provided with fair contracts that have been signed by both employee and employer. Copy of contract available ass per sample employment contract file and pay slips verified as per sampled employment contract file: Own workers (harvester): Contact Work Agreement # PSSB/NC17110011; dated: 1/11/2017 on Harvesting FFB & Payment Advise # PSSB/PE17120094; dated: 3/1/2018	Complied
4.4.5.7	The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer. - Major compliance -	Based on the sampled pay slips of workers as above, there is no trace of breach of payment as stipulated in their contract. Interview with workers shows no issue on wages received.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>During site visit, interview with both local and foreign workers revealed no discrimination on overtime hours as well on wages received for overtime work done.</p> <p>This was also cross checked in their respective pay slips against punch card monthly/daily and daily payroll records sample for October 2017 and no discrepancies found.</p>	
4.4.5.8	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>Based on the agreement, Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to the Sarawak Labour Ordinance. As at current status, there was none has crossed 80 hours of overtime. Verified the pay slips, the payment and calculation of overtime well distributed.</p> <p>The overtime rate after 8 hours daily rated is: (upkeeps)</p> <ul style="list-style-type: none"> - Mon - Sat – daily rated / 8 hours x 1.5 - Sunday - daily rated / 8 hours x 2.0 - Public holiday – daily rated / 8 hours x 3.0 <p>The overtime rate after 8 hours piece rated is: (harvesters)</p> <ul style="list-style-type: none"> - Mon - Sat – flat rate - Sunday – flat rate x 2.0 - Public holiday – flat rate x 3.0 	Complied
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker.</p> <p>Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Deductions were based on following permits:</p> <ul style="list-style-type: none"> - <i>Permit potongan daripada gaji pekerja di bawah seksyen 114 ordinan buruh (Sarawak bab 76) potongan levi untuk pekerja asing; no. siri: JTKSWK/PL/038/17/(SBU); dated: 11/8/2017;</i> 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<i>Permit potongan daripada gaji pekerja di bawah seksyen 114 ordinan buruh (Sarawak bab 76); no. siri: JTKSWK/PG/039/17/(BTU); Date: 6/12/2017</i>	
4.4.5.10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. - Minor compliance -	The social benefits for: Local - incentives for good work performance by giving hampers for general workers during annual dinner and for staff is based on KPI eligible for incentive, bonus payment, professional development for only executive and above, medical care and health provisions are for entire work force including periodical medical surveillance for sprayers. Foreigner – new employees arriving from overseas are given the basic necessities and food and a return air tickets each for a contracted period.	Complied
4.4.5.11	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. - Major compliance -	Based on the applicable housing requirements as per Act A1237 Labour Ordinance of Sarawak (Amendment) Act 2005; JR/LAW/022 and Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) Clause 6: Supply of water and electricity and maintenance of houses: 6. (1) Where workers and their dependents are provided with housing at their place of employment it shall be the duty of the employer of such place of employment - (a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General; Requirements 6. (1) (a) was found not fully complied for housing in Palmraya Pelita Sikat Estate for sampled labour lines Phase 2 Manchester & Juventus.	Major nonconformance

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Criterion / Indicator		Assessment Findings	Compliance
		Hence a major nonconformity has been raised.	
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management established the Sexual Harassment Policy – 012/2016 to prevent all forms of sexual harassment and violence at workplace. Latest communications were done in a meeting as per Minutes of meeting Persatuan Wanita 2017; dated 10/8/2017.	Complied
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	The management established the Freedom of Association & Collective Bargaining Policy - 009 to facilitate the collective bargaining in accordance with applicable laws and regulations. Sighted the latest JCC meeting for Worker-Management Committee Organization Chart 2017 with appointment as Complaint & Grievance Committee (<i>Surat Perlantikan Sebagai AJK Persatuan Pekerja</i> ; Ref. # Date: 7/10/2017). Additional new appointment done on 2/1/2018 as per Letter of Appointment as member of Freedom of Association & Collective Bargaining.	Complied
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions. - Major compliance -	In-line with the established Child Labour Policy – 005/2016; it was verified during site visit to field and line site, there was no evidence of workers below 18 years old been employed. Workers were also aware of the minimum age policy is being strictly enforced by the management at which the age limit is above 18 years old.	Complied
Criterion 4.4.6: Training and competency			

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>Year 2018 training programme is available which includes the training on BMP, Standard Operating Procedure, SOP, emergency response, S&H awareness, Social & Legal Policy.</p> <p>Among the trainings conducted:</p> <ul style="list-style-type: none"> • Fire drill training on 8/2/2017, attended by 54 employees • Correct use and care of PPE on 20/2/2017, attended by 2 sprayer • Correct use and care of PPE on 18/7/2017, attended by 42 sprayer • Injury, accident and emergency response on 21/3/2017, attended by 25 sprayer • Induction training for new worker – last done 2/10/2017, attended by 4 employees • SOP harvesting and pruning, 3/10/2017 – attended by 10 harvester • SOP harvesting and pruning, 16/5/2017 – attended by 15 harvester • Chemical spraying P&D (termites), 10/10/2017, attended by 14 sprayers. Chemical used Fipronil (com name: Regent 50SC) • Chemical mixing and handling on 2/1/2018, attended 13 employees <p>Fire drill, 16/1/2018, 39 participants</p>	Complied
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>Training needs analysis is available as the basis to establish the training programme. Training programme for 2018 is available – basically divided to:</p> <ul style="list-style-type: none"> • BMP and SOP • Safe Operating Procedure • Emergency response • Safety and health awareness <p>As at February 2018, 18 out of 24 trainings have been completed.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>Continuous training programme has been planned and implemented covering all employees and contractors in accordance to the documented training procedure. For example, the training programme for 2018 is basically consist of occupational safety and health, environmental, bio-diversity and social, was established as part of part of the continuous training programme for the employees.</p>	Complied
4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>Sikat Estate has an Environmental policy that was signed by the MD, dated 21/11/2016 and environmental management plan with relevant to the applicable laws and regulations. Interviews of staff and workers found that the policy has been communicated and implemented.</p>	Complied
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p> <p>b) The aspects and impacts analysis of all operations.</p> <p>- Major compliance -</p>	<p>Aspect and impact analysis is available. Utilization of the form is guided by the "Guideline on Identification of Environment Aspects and Impacts Significant", ver. 1, October 2016.</p>	Complied
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p>- Major compliance -</p>	<p>Addressed in the Environmental Monitoring Plan. E.g.:</p> <ul style="list-style-type: none"> - Water quality management - Soil erosion - Domestic waste management - Scheduled wastes management - Manage hydrocarbon wastes properly - chemicals management 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		- Peat management - management of drainage and sanitary of labour quarters	
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	No positive impact identified.	Complied
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	Training programmes established in "Staff & Workers Annual Training Schedule", e.g. SW handling and storage guidance, SW monitoring, domestic wastes monitoring, recycle programme, buffer zone protection, water management in peat, water usage monitoring.	Complied
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Regular meetings with employees were addressed in Best Management Practice (BMP) & Environment meeting which were conducted quarterly. Minutes of meetings were available for verification.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	The estate maintained the fossil fuel consumption per FFB produced. This is to ensure the consumption is within the budgeted amount which is used as baseline. Based on the to-date records, the consumption was within the budget.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - Major compliance -	Normally the estimation of fossil fuel consumption is stated in the annual budget. The establishment of the estimation was mainly based on the historical track records and budgeted crop.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There was no possible area identified that can use renewable energy.	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	This was addressed in environmental monitoring plan, e.g.: <ul style="list-style-type: none"> • Domestic wastes, sourced from line-site population • Scheduled wastes, sourced from workshop, chemical store, WTP Recyclable wastes such as paper, plastic bottle, aluminium, scrap iron, sourced from line-site population and workshop	Complied
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: <ol style="list-style-type: none"> Identifying and monitoring sources of waste and pollution Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products - Major compliance -	Addressed in environmental monitoring plan as mentioned above. The domestic wastes were disposed to landfill through the local district council, scheduled wastes were disposed through authorised contractors and recyclable wastes were disposed through recycle centres.	Complied

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Criterion / Indicator		Assessment Findings	Compliance
4.5.3.3	<p>The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>- Major compliance -</p>	<p>Addressed in "Scheduled Wastes Handling and Storage Guidance" [PGHSB/SOPP/014/2016, ver 1, dated 21/11/2016].</p> <p>The estate has disposed its scheduled wastes such as spent lubricants (SW305), contaminated filters (SW410) and used batteries (SW102) to a facility (Kien San Metal Sdn Bhd) and transported by Jun Enterprise. However, the recordings of inventory in accordance to the Fifth Schedule and the utilization of consignment note in accordance to the Sixth Schedule of the EQ (SW) Reg. 2005 were not done. The vehicles used to transport the scheduled wastes were also found to be not in the registered list of the DOE's website. Thus, a non-conformity was assigned due to this lapse.</p>	Major nonconformance
4.5.3.4	<p>Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers.</p> <p>- Major compliance -</p>	<p>Addressed in "Scheduled Wastes Handling and Storage Guidance" [PGHSB/SOPP/014/2016, ver 1, dated 21/11/2016].</p> <p>At the point of visit, the empty chemical containers were still kept in a store after being triple rinsed and punctured. Collector will be called once the adequate quantity is reached.</p>	Complied
4.5.3.5	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p>- Minor compliance -</p>	<p>Domestic wastes were disposed through Sibu Rural District Council to Selangau landfill, except for the line-site at Phase 2, where domestic wastes were disposed in a rubbish pit located just behind the housing. It was also observed that empty herbicides containers (ally, glyphosate, dipel) were inside the pit. There was also a drain constructed to channel overflowed water from the rubbish pit to the environment. Thus, a non-conformity was assigned due to this lapse.</p>	Minor nonconformance
<p>Criterion 4.5.4: Reduction of pollution and emission</p>			

Criterion / Indicator		Assessment Findings	Compliance
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent. - Major compliance -	The assessment of polluting activities was addressed through the method mentioned in 4.5.1.2 including GHG emission. The GHG emissions calculated using RSPO GHG calculator and compiled by the mill. CO2 emission from peat is by default value i.e. 54.60 tCO2/ha.yr	Complied
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Action plan to reduce the identified significant pollutants was incorporated in Environmental Monitoring Plan. The plan was found to be satisfactorily implemented. To minimise the GHG emission from peat, the estate implements their BMP & Policies on Water Management in Peat Soil [PGHSB/BMPP/04/2014, ver. 1, dated 1/7/2017]. Subsidence rate = ~0.1 cm/yr – monitored quarterly.	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	Guidelines on Water Use Monitoring [PGHSB/SOPP/004/2015, dated 21/12/2015] has been established to guide managers to establish and monitor water use in a plantation in order to ensure water availability for communities. Sungai Likau is crossing Phase II Block 2 of Palmraya Estate. However, during the site visit, it was found that the restoration of riparian zone in accordance to the established procedure was not evident. There was no signage to indicate that it is a riparian zone. Thus, a non-conformity was assigned due to this lapse.	Major nonconformance

Criterion / Indicator		Assessment Findings	Compliance
	<p>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p>- Major compliance -</p>		
4.5.5.2	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p>- Minor compliance -</p>	There is no bund, weir or dam constructed across main rivers by the estate.	Complied
4.5.5.3	<p>Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p> <p>- Minor compliance -</p>	All houses are supplied with at least 2 units of 400 gallons (1,800 lt) water tank. Rain water Management Programme (Water Supply) 2017 has been established with an objective to ensure efficient consumption of water.	Complied
Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value			
4.5.6.1	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p>	Bio-diversity assessment had been conducted by Wild Asia Sdn Bhd in February 2018. The conclusions are not finalised as field-work and stakeholder consultations have not been completed. Second visit is planned on 14-18/5/2018. The complete report will be available after May 2018.	Complied

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Criterion / Indicator	Assessment Findings	Compliance
a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities. - Major compliance -		
4.5.6.2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include: a) Ensuring that any legal requirements relating to the protection of the species are met. b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts. - Major compliance -	Based on the first HCV assessment report, there was no RTE species identified based on stakeholders' consultations and sighting.	Complied
4.5.6.3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. - Major compliance -	A complete and proper management plan will be established once the final report from the bio-diversity assessment team is finalised. Nonetheless, for the time being the management has made initiative to create awareness and education among its employees with regards to bio-diversity value through restriction of hunting signage and displaying RTE posters at strategic areas..	Complied
Criterion 4.5.7: Zero burning practices		

Criterion / Indicator		Assessment Findings	Compliance
4.5.7.1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. - Major compliance -	Zero Burning policy is available dated 21/7/2015 and signed by the MD, Mr. Tiong Chiong Hee. There was no use of fire observed during the site visit at the estate.	Complied
4.5.7.2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. - Major compliance -	NA – fire was not used for controlling disease.	Not applicable
4.5.7.3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. - Major compliance -	Not applicable	Not applicable
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. - Minor compliance -	No replanting yet. All the palms are of first generation.	Not applicable
4.6 Principle 6: Best Practices			
Criterion 4.6.1: Site Management			

Criterion / Indicator		Assessment Findings	Compliance
4.6.1.1	<p>Standard operating procedures shall be appropriately documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<p>Addressed in "Policy and BMP". Established based on operation such as:</p> <ul style="list-style-type: none"> • Oil Palm Harvesting [001, 27/7/13] • Oil Palm Frond Pruning [001, 20/9/13] • Control of Tirathaba Bunch Moth [PGHSB/BMPP/002/2014, 2/5/14] • Water Management in Peat Soil [PGHSB/BMPP/004/2014, 1/7/14] • Weeding [PGHSB/BMPP/005/2014, 1/7/14] • Termite Management in Peat Soil [PGHSB/BMPP/001/2014, 1/7/14] • IPM in Oil Palm Agro-ecological System [PGHSB/BMPP/007/2014, 14/7/14] • Fertilizer Management [PGHSB/BMPP/006/2014, 14/7/14] • Oil Palm Nursery Management [PGHSB/BMPP/003/2014, 1/7/14] • Rat Management in Oil Palm Plantation [PGHSB/BMPP/08/2015, 11/8/2015] 	Complied
4.6.1.2	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p>- Major compliance -</p>	There is no slope area at the estate.	Complied
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p>	Identification of field reference was mainly made of plastic plat with white font on black background. The plat has the information about	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	Block number, road number, year planted, SPH, Ha and planting material.	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Business plan was demonstrated through availability of annual budget with 2 years projection. Among the main items included in the annual budget were harvesting and evacuation, field upkeep and employees welfare.	Complied
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	No necessity for replanting programme as oldest palms was planted in 2007.	Complied
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -	The annual budget of the estate contains the information about crop projection, production cost and estimation of material price. The production cost was generally budgeted around RM190/mt FFB. The managers will have regular meeting with the top management to discuss about their estate's performance and expenses in order to ensure efficiency of cash flow.	Complied

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4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. - Major compliance -	This is addressed through Monthly Manager Meeting where discussion about the expenditure performance is conducted.	Complied
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Pricing mechanisms for the products and other services were effectively documented and implemented as per following: - Point of Sales System – Selling Price Report – by consignment (from vendor) - FFB pricing mechanism (Piece-Rated Contract Work Agreement)	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Fair contracts were transparently agreed and paid in timely manner as per sample sighted as following: Payment advise # PSSB/NC17120075; dated: 3/1/2018; Contractor: Hong Sing Teck; Activity: Harvesting FFB at PH01B	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Based on the interview with contractors engaged by company, the implementation of MSPO requirement were being communicated and made are to them by the estate management through the Meeting With Local Community Representative; Date: 28/9/2017.	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The agreed contracts with the contractor were provided for all external internal contractors (piece-rate workers) as per contract sample sighted available as following:	Complied

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		Contract Work Agreement (Maintenance); Sample no.: PSSB/NC17010085 for Achmad Azhari (B 2358172); Period: 1/10/2017-31/12/2017	
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	The company has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	Control points applicable being observed by estate management as per sighted sample agreements above.	Complied
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more	Not applicable as there is no development of new planting at the estate.	Not applicable

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	requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. - Major compliance -		
Criterion 4.7.2: Peat Land			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.	Not applicable as there is no development of new planting at the estate.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. - Minor compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
Criterion 4.7.4: Soil and topographic information			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable



Criterion / Indicator		Assessment Findings	Compliance
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' 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. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and	Not applicable as there is no development of new planting at the estate.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	of payment or provision of agreed compensation shall be made available. - Major compliance -	There's no new planting in Palmraya Pelita Sikat Estate. However, as per NCL & MOC through Pelita – samples – Process has been established as per Pelita procedures as following: - <i>Proses Penukaran Hak Milik Tanah (AFT): Penukaran hak milik dari pemilik asal yang telah meninggal ke pemilik baru (mati ke hidup)</i> <i>Penukaran hak milik dari pemilik asal ke pemilik baru (hidup ke hidup)</i>	
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	Identification and assessment of legal and recognized customary rights documented as Customary Land Rights and Compensation Procedures; Classification of Document; PGHSB/SOPP/005/2015; Ver. 01; Date issued: 21/12/2015	Complied
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. - Major compliance -	As per Identification of Customary Land Rights and Compensation Procedures; Classification of Document; PGHSB/SOPP/005/2015; Ver. 01; Date issued: 21/12/2015; <i>Buku Panduan Konsep Baru Pembangunan Tanah Hak Adat Bumiputera (HAB); Kementerian Kemajuan Tanah, Sarawak</i> . However there's no new planting in Palmraya Pelita Sikat Estate, hence this indicator is not applicable.	Not applicable
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available.	Agreement on Payment of Advance-based on the spirit of collaboration under a Memorandum of Consent and a Principal Deed executed through Joint Venture Company, Palmraya Pelita Sikat	Complied

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Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>Plantation Sdn Bhd (JV Agreement between Pelita Holdings Sdn Bhd and Palmraya Plantation Sdn Bhd; Project: Proposed Development of NCR Oil Palm Plantation at Sg. Sikat, Ulu Mukah, Mukah Divisions, Sarawak; dated 24/10/2005). Sample of Agreement of Payment sighted:</p> <ul style="list-style-type: none"> 4) Bakai a/k Chabok; dated: 14/12/2011 5) Entadu a/k Chimie; dated: 14/12/2011 6) Mohd. Iskandar bin Abdullah; dated: 21/12/2011 <p>Sighted evidence of payment Pelita Holdings Sdn. Bhd.; Palmraya Pelita Sikat Plantation Sdn. Bhd. Cash Advance Apr'17 to Jun'17 (quarterly payment).</p>	
4.7.6.8	<p>Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.</p> <p>- Minor compliance -</p>	<p>Community development plan: Social activity to: School, Long House, Worker Welfare Social Impact: Cash donation at annual sport tournament, provided the school nearby 3 sets of canopy at every school activity; Cash donation RM50 to the local people who pass away, Provided farm tractor to transport corpse to burial ground, Repair road access to longhouse every 3 months; Sponsor food and drink to workers during Hari Raya</p>	Complied

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Palmraya Pelika Sikat Plantation Estate Certification Unit complies with the MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholder. It is recommended that the certification of Palmraya Pelika Sikat Plantation Estate Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Hafriazhar Mohd. Mokhtar
Company name: Palmraya Pelita Sikat Sdn. Bhd.	Company name: BSI Services Malaysia Sdn Bhd
Title: Manager (Sustainability)	Title: Lead Auditor
Signature: 	Signature: 
Date: 4/9/2018	Date: 1/9/2018

Appendix A: Assessment Plan

Date	Time	Subjects	VS	HMM
Sunday 18/03/2018		Auditors traveling from KUL to BTU AK5242: ETD 1745, ETA 2000	✓	✓
	0830-0900	Opening meeting: <ul style="list-style-type: none"> Opening presentation by audit team leader Confirmation of assessment scope and finalize audit plan 	✓	✓
	0900-1230	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc.), agrochemical mixing area, Schedule waste management, worker housing, clinic, landfill etc.	✓	✓
		Document review P1 – P7 (MSP0 Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement		
	1230-1330	Lunch break	✓	✓
	1330-1630	Continue with document review P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services and P6 : Best practices, P7: Development of New Planting	✓	✓
	1630-1700	Closing meeting	✓	✓
Monday 19/03/2018	Jobenar Raya Estate (Audit team leader : Hafriazhar)		✓	✓
Tuesday 20/03/2018	Wordsign Harvest Estate (Audit team leader : Valence)		✓	✓
Wednesday 21/03/2018	Sikat Estate (Audit team leader : Hafriazhar)		✓	✓
Thursday 22/03/2018	Victoria Estate (Audit team leader : Valence)		✓	✓
Friday 23/03/2018	Auditor traveling from SBW to KUL MH2715:ETD 1105, ETA 1225		✓	✓

Appendix B: List of Stakeholders Contacted

<p>Internal Stakeholders Managers Assistant Managers Staffs Workers’ Representatives Workers Joint Consultative Committee Representative Gender Committee Representative Crèche Attendant Medical Assistant</p>	<p>External Stakeholders Field Service Contractors/vendors FFB transporters</p>
<p>Government Departments Headmaster, SK Lubok Bemban Ngalatoroh Health Clinic Representative</p>	<p>Local Communities Semam Longhouse Representative Adok Longhouse Representative Layang Longhouse Representative</p>

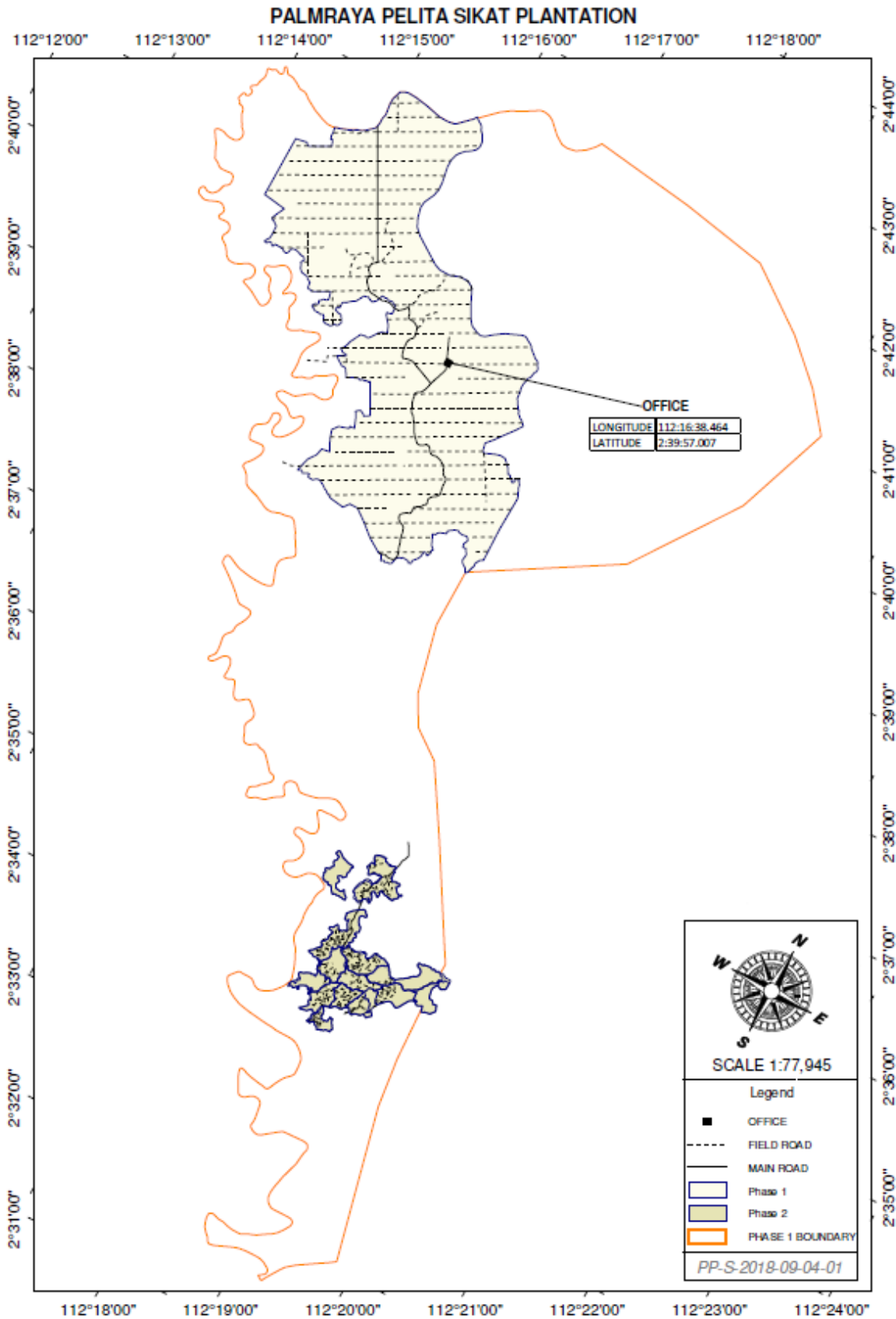
Appendix C: Smallholder Member Details

Not applicable

Appendix D: Location and Field Map



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Appendix E: List of Abbreviations

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure