



SIRIM QAS INTERNATIONAL SDN. BHD.
Building 4, SIRIM Complex, No. 1, Persiaran Dato' Menteri,
Section 2, 40700 Shah Alam, Selangor, Malaysia.

File Ref. : EB04990001

**RSPO PUBLIC SUMMARY REPORT
SURVEILLANCE AUDIT**

CLIENT : BOUSTEAD GRADIENT SDN BHD - NAK BUSINESS UNIT

PARENT COMPANY : BOUSTEAD PLANTATIONS BERHAD

RSPO MEMBERSHIP No.: 1-0012-04-000-00

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

Certification Unit	Mill / Estate	Location		
		Latitude	Longitude	Address
Boustead NAK Business Unit	NAK POM Mill	117° 19'E	5° 54'N	Mile 3 off 19 Mile, Labuk Road, 90009 Sandakan Sabah
	NAK Estate	117° 85'E	5° 90'N	Mile 19, 27KM Labuk Road, 90009 Sandakan, Sabah
	Resort Estate	117° 22'E	5° 40'N	Km 100 Sandakan Road, 90009 Sandakan, Sabah.
	Sutera Estate	117° 50'E	5° 40'N	Off Mile 45, 68 km Lahad Datu Road, Sandakan, 90009 Sabah.

MAP : See Attachment 1

AUDIT DATE : 11-14 April 2016

DURATION : 13 auditor days

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

SCOPE OF CERTIFICATION:

Production of Crude Palm Oil and Palm Kernel Using Identity Preserve Model

VALIDITY OF RSPO CERTIFICATE : 16/5/2015-15/5/2020

The following attachments form part of this report:

Non-conformity Report(s) ☒

List of additional site(s) ☐

Report by Audit Team Leader

Name : Mohd Zulfakar Kamaruzaman
Signature : *Mohd Zulfakar*
Date : 28 July 2016

Acknowledgement by Client's Representative

Name : *MUHAMMAD TARMIZI TAUFER*
Signature : *(Signature)*
Date : 1st AUGUST 2016

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SUMMARY OF AUDITS

Stage 2 Audit				
On-site audit date	:	1 – 5 December 2014 22 Aug 2015 (especial audit for RSPO SC changed from MB to IP)		No. of auditor days : -
Audit team	:	SGS Malaysia		
No. of major NCR	:	5	1.2.1, 4.7.1, 4.8.1, 5.6.1 & 6.5.1	Closing date : 2 February 2015
No. of minor NCR	:	12	2.1.4, 4.2.2, 4.4.7, 4.5.4, 5.3.2, 5.6.2, 6.1.3, 6.4.2, 6.5.2, 6.5.3, 6.10.2 & 6.10.3	
Indicate the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers
		x		x
		Contract workers	NGOs	Govt. agency
		Indigenous people	Contractor	Others (Please specify)
			x	
Supply base sampled	:	Nak Estate and Resort		

Annual Surveillance Audit 1				
On-site audit date	:	11-14 April 2016		No. of auditor days : 13 Auditor Days
Audit team	:	Mohd Zulfakar Kamaruzaman (LA) , Mohd Razman Salim, Mohd Norddin Abd Jalil, Zulkarnain Abdullah		
No. of major NCR	:	2	Indicator: 2.1.1 and 4.7.3	
			Closing date : 13 June 2016	
No. of minor NCR	:	5	Indicator : 4.2.1, 4.5.2, 5.3.3, 5.4.1 and 5.6.3	
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers
		x		x
		Contract workers	NGOs	Govt. agency
		Indigenous people	Contractor	Others (Please specify)
			x	
Supply base sampled	:	Resort Estate and Sutera Estate		
Changes since the last audit	:	Certification change to RSPO P&C MYNI 2014		

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

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

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

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Abbreviations:

BOD	Biochemical Oxygen Demand
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CU	Certification Unit
DOE	Department of Environment
DOSH	Department of Occupational Safety and Health
EAI	Environmental Aspect Identification
EFB	Empty Fruit Bunch
EIA	Environmental Impact Assessment
EIE	Environmental Impact Evaluation
EMP	Environmental Management Plan
EPF	Employees Provident Fund
EQA	Environmental Quality Act
ERT	Endangered, Rare and Threatened Species
FFB	Fresh Fruit Bunch
FMA	Factory Machineries Act
GAP	Good Agricultural Practice
GPS	Global Positioning System
Ha	Hectares
HCV	High Conservation Value
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
ISO	International Organisation for Standardisation
JCC	Joint Consultative Committee
MSDS	Material Safety Data Sheet
MOA	Memorandum of Alliance or Agreement
MPOB	Malaysia Palm Oil Board
MYNI	Malaysia National Interpretation
MYNI – WG	Malaysia National Interpretation – Working Group
NADOPOD	Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease
NCR	Non-Conformity Report
NGO	Non Governmental Organisation
OER	Oil Extraction Rate
OG	Oil & Grease
OSH	Occupational Safety and Health
OSHA	Occupational Safety and Health Act
OHSAS	Occupational Health and Safety Assessment Series
OPC	Oil Palm Circular
PIC	Person-In-Charge
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
PTW	Permit To Work
RSPO	Roundtable on Sustainable Palm Oil
RSPO SC	Roundtable on Sustainable Palm Oil Supply Chain
SIA	Social Impact Assessment
SOCISO	Social Security Organisation
SOP	Standard Operating Procedure
USECHH	Use and Standards of Exposure of Chemicals Hazardous to Health

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1.0 AUDIT PROCESS

1.1 Certification Body

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

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

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Mohd Zulfakar Kamaruzaman	Lead Auditor Occupational Health & Safety, environmental related to mill and plantation	Holds a B.Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation. He has been trained as a RSPO Lead Auditor.
Mohd Razman Salim	Auditor, Conservation Scopes and Social	Possessed B.Sc. Forestry from University Putra Malaysia with more than 6 years of working experience in the Forest Management, forest, HCVF and ecology. He has been trained as a RSPO Lead Auditor.
Mohd Norddin Abd Jalil	Auditor / Good Agricultural Practices (GAP)	Holds a B.Sc. in Agriculture from University Pertanian Malaysia. He has over 35 years working experience in the oil pal plantation operation.
Zulkarnain Abdullah	Auditor / RSPO Supply chain	Holds a B. Sc. Forestry. Had more than 17 years of working experience related to wood related product. He has successfully completed the accredited Lead Auditor training for RSPO SC.

1.3 Audit methodology :

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

1.4 Audit plan : Refer to Attachment 2

1.5 Date of next audit :

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

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2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The Nak Certification Unit (hereafter referred to as NAK CU) is one of the Boustead Business Unit of Boustead Plantation Bhd (BPB). The CU is also known as Boustead NAK Business Unit and was initially certified to the RSPO P&C MYNI 2008 by SGS Malaysia on 16 May 2015 with mass balance (MB) supply chain model. A special audit on the RSPO SC was carried out on 22 August 2015 where the SC model was changed from MB to Identity Preserved (IP). Due to the withdrawal of SGS accreditation, the certification was transferred to SIRIM QAS International Sdn Bhd on 31 March 2016.

The NAK CU comprises of the Nak Palm Oil Mill (Nak POM) and three supply base i.e. the Nak Estate, Resort Estate and Sutera Estate. All of the estates are owned by BPB. The Nak POM has a mill capacity of 40 mt/hr.

During this audit, The CU has been audited against the RSPO P&C MYNI 2014.

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

The FFB is sourced from CU owned estates that are certified with RSPO. Details of the FFB actual and projected contribution from each source to The CU are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period (April 2015 to March 2016)

Estates	FFB Production	
	Tonnes	Percentage (%)
Nak Estate	22,748.36	31.12
Resort Estate	16,964.56	23.21
Sutera Estate	32,723.75	44.76
Third party	666.14	0.91
Total	73,102.81	100.00

*no FFB from third party since August 2015

Table 2: Projected FFB production by supply base for the next reporting period (April 2016 to March 2017)

Estates	FFB Production	
	Tonnes	Percentage (%)
Nak Estate	24,930.00	34.28
Resort Estate	15,795.00	21.72
Sutera Estate	32,000.00	44.00
Total	72,725.00	100.00

Table 3: Actual FFB received and CPO & PK dispatch by Nak POM for the last reporting period (April 2015 – March 2016)

	Total (MT)
FFB Received	73,102.81
FFB Processed	73,102.81
Certified FFB	72,436.58
Non Certified FFB	666.14
CPO Production	16,198.70
PK Production	2,310.14
CPO delivered as Identity Preserved	0
CPO delivered as Mass Balance	0
CPO delivered as non-RSPO certified	16,198.70
PK delivered as Identity Preserved	800.00
PK delivered as Mass Balance	0
PK delivered as non-RSPO certified	1,510.14

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Table 4: Projected FFB received and CPO & PK dispatch by Nak POM of the next reporting period
(April 2016 – March 2017)

	Total (MT)
FFB Received	72,725.00
FFB Processed	72,725.00
CPO Production	15,454.06
PK Production	3,200.00
CPO delivered as Identity Preserved	15,454.06
PK delivered as Identity Preserved	3,200.00

Table 5 Planted and certified area of NAK CU

Estate	Planted (ha)	Certified (ha)
Nak Estate	1,311.5	1,386.1
Resort Estate	1,097.3	1,135.1
Sutera Estate	2,102.8	2,200.7
Total	4,511.6	4,721.9

Table 6 Planting profile for NAK CU

Name of supplying estate	Planting Age (Ha)					Total Planted Area (ha)
	Immature	3-<6 years	>6 - 15 years	>16 - 25 years	>25 years	
Nak	-	138.2	459.9	707.9	5.5	1,311.5
Resort	188.1	-	-	909.2	-	1,097.3
Sutera	335.8	291.7	561.2	914.1	0.0	2,102.8
Total	523.90	429.90	1,021.10	2,531.20	5.50	4,511.60

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Mr. Mohammad Tarmizi Taufek
Position	:	Secretary RSPO, Boustead
Address	:	11h Floor, Menara Boustead, 69 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia
Phone no.	:	+603-2145-2121
Fax no.	:	
Email	:	tarmizi.bea@boustead.com.my

3.0 AUDIT FINDINGS

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

There is no changes to certified products.

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

	Yes	No	<u>If yes, state reasons/justifications</u>
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

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

There is no changes to the time-bound plan.

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

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

3.5 Any new acquisition which has replaced primary forests or HCV areas ☐ Yes ☒ No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

There is no changes since last year, contact person still the same since last audit Mr Mohammad Tarmizi Taufek.

3.7 Status of previous non-conformities * (refer to Attachment 6)

Closed ☒ Not closed ☐

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

3.8. Complaint received from stakeholder (if any) :

4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s) 5 List : MZK 02 2016, MZK 03 2016, MZK 04 2016, MNAJ 01 2016, MNAJ 02 2016

Total no. of major NCR(s) 2 List : MZK 01 2016, MRS 01 2016

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

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

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

5.0 AUDIT CONCLUSION

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

It is confirmed that all corrective actions plan for the minor non-conformities had been provided, reviewed and accepted.

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6.0 RECOMMENDATION

☐

No NCR recorded. Recommended to continue certification.

☒

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

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

☒

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

☒

Recommended to continue certification.

☐

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

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

Audit Team Leader : Mohd Zulfakar Kamaruzaman

(Name)

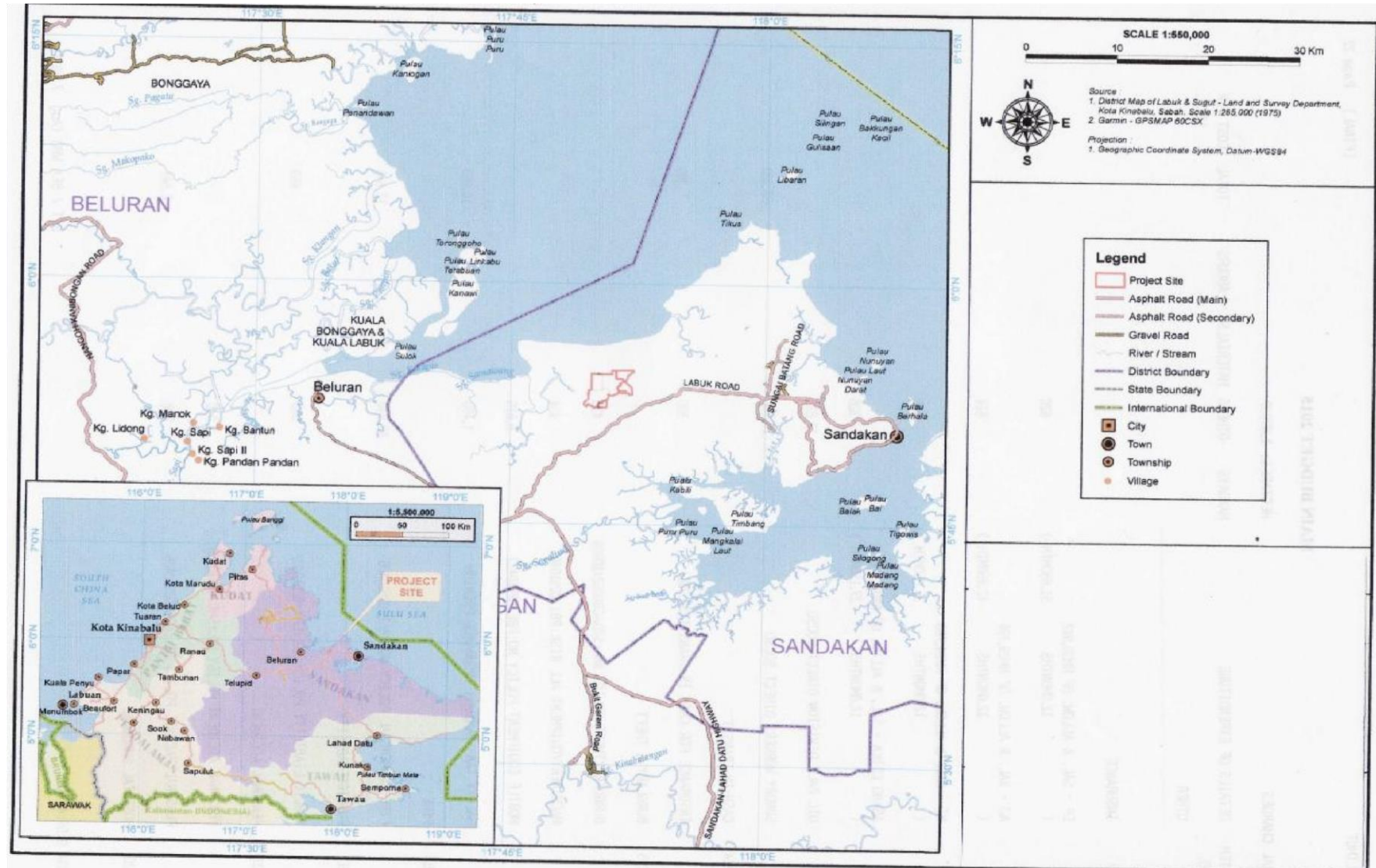
Mohd Zulfakar

(Signature)

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Attachment 1

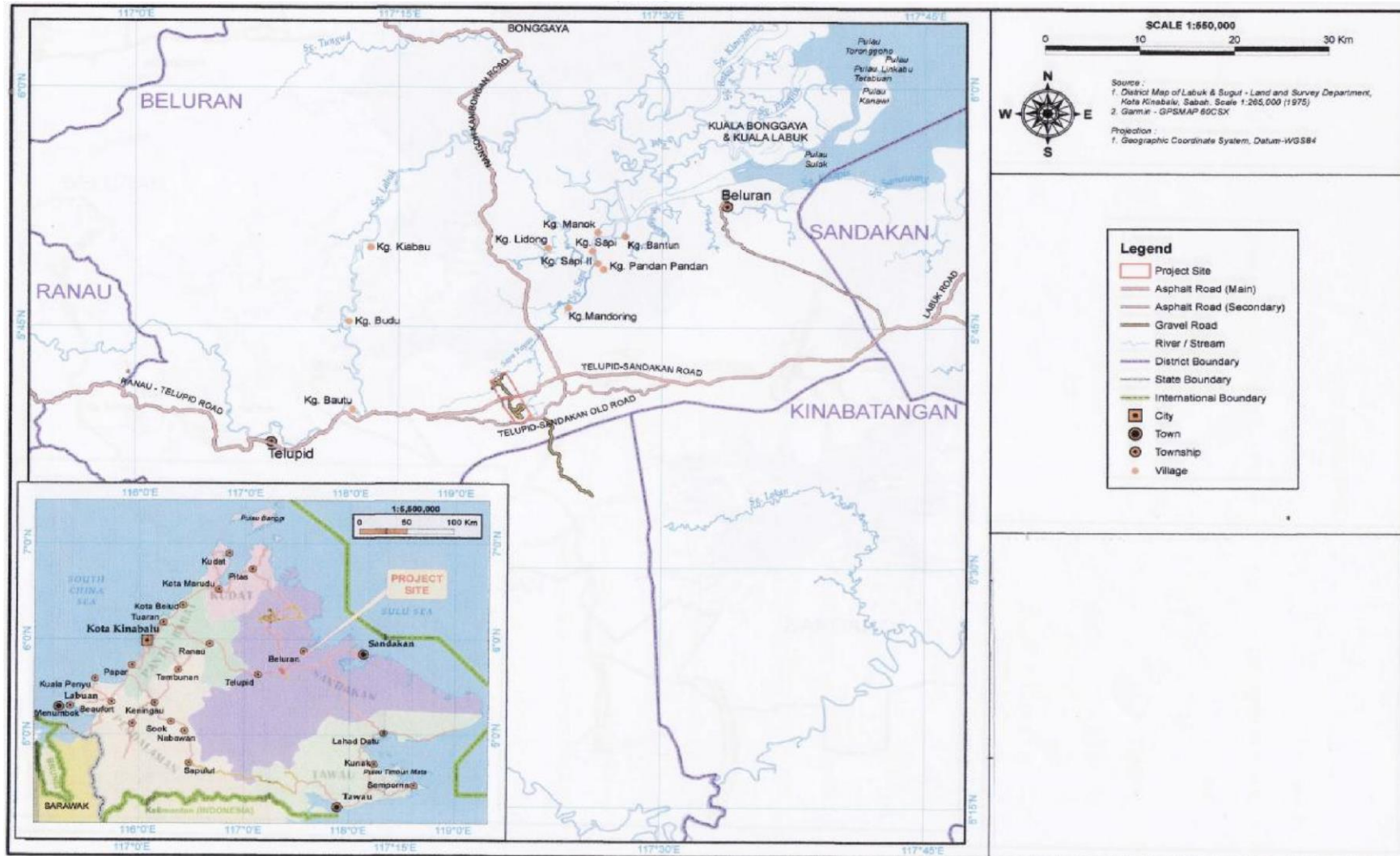
Map of Nak Estate - NAK CU



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Attachment 2

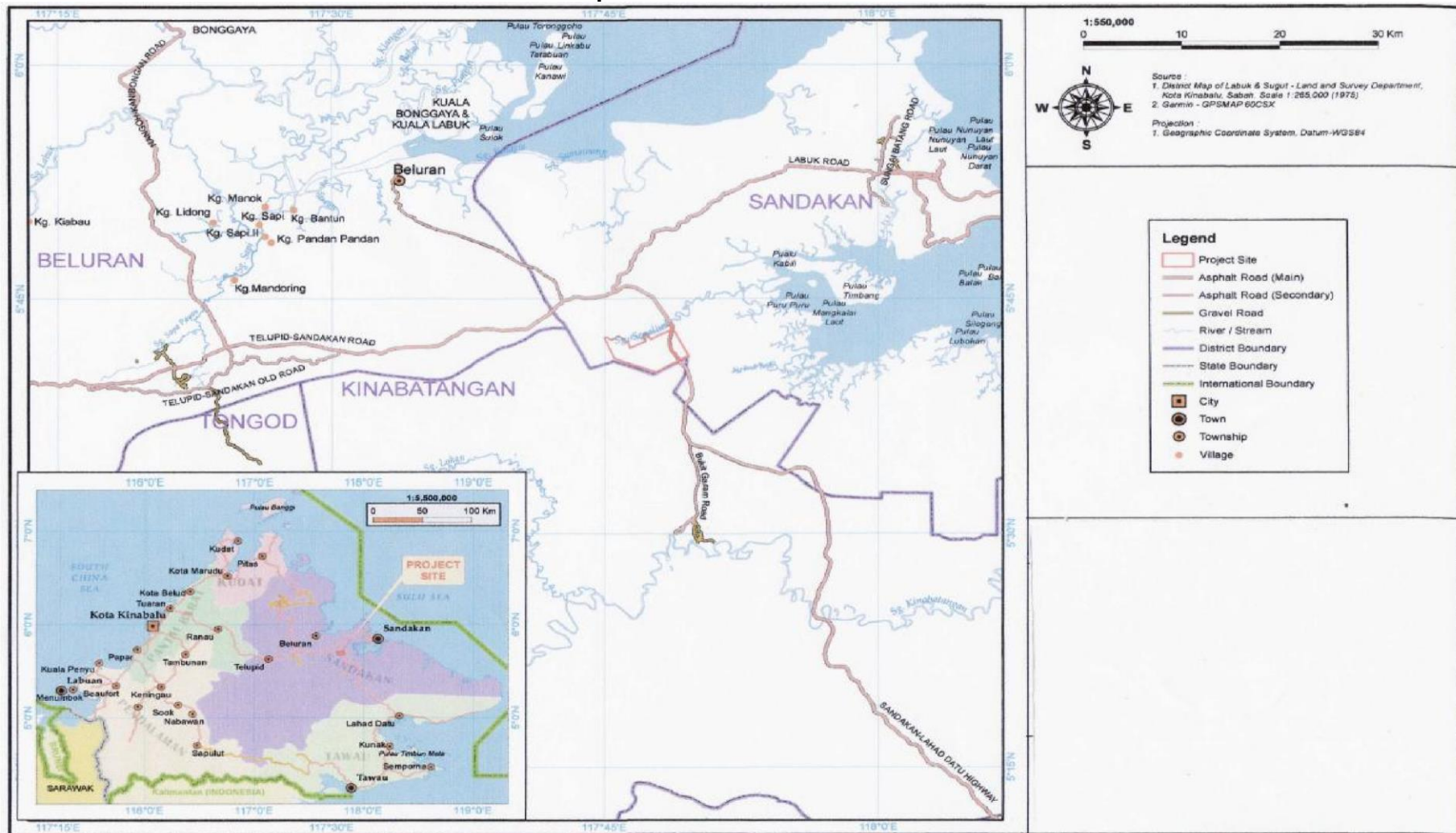
Map of Resort Estate - NAK CU



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Attachment 3

Map of Sutera Estate - NAK CU



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Attachment 4

RSPO SURVEILLANCE 1 AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

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

2. Date of audit : 11-14 April 2016

3. Site of audit : BOUSTEAD GRADIENT SDN BHD
Boustead Nak Business Unit, Locked Bag No.69,
90009 Sandakan, Sabah, Malaysia

4. Reference Standard:

- RSPO P&C MYNI: 20014
- RSPO Supply Chain Certification Standard, 2014
- Company's audit criteria including Company's Manual/Procedures

5. Audit team

- a) Lead Auditor : Mohd Zulfakar Kamaruzaman
- b) Auditors : Mohd Razman Salim
Mohd Norddin Abd Jalil
Zulkarnain Abdullah

(If there is any objection to the proposed audit team, the organisation is required to inform the Lead Auditor/RSPO Section Manager.)

6. Audit Method

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

7. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 60 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 60 days, the certificate shall be terminated. Recurrence of major non-conformities on the same issues shall be recommended for immediate suspension. Minor non-conformities shall be upgraded to major non-conformities if the corrective actions taken are not satisfactorily and effective. For minor non conformities raised in the surveillance audit, corrective action plans shall be submitted within 60 days. Verification of implementation of corrective actions will be carried out during the next audit. If corrective action plans to address the minor non-conformity(ies) are not submitted within 60 days, the RSPO certificate will be recommended for suspension. If corrective action plans are not submitted within a further 60 days, the RSPO certificate will be recommended for termination.

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8. Confidentiality Requirements

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

9. Working Language : English and Bahasa Malaysia

10. Reporting

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : Tentative date of issue of report not more than 30 days after the completion of the peer review process.
- d) Distribution list : Client file

11. Facilities Required

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

12. Audit Programme Details: As shown below:

Day 1: 11 April 2016 (Monday)		
Time	Activities / areas to be visited	
9.00 – 9.30 am	<p>Opening meeting at Nak Palm Oil Mill Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes</p> <p>Organization Representative to brief on the following :</p> <ul style="list-style-type: none"> 1) RSPO implementation at Boustead Nak Business Unit (i.e. mill & supply base) including changes 2) Time bound plan for Boustead Gradient Sdn. Bhd. 3) Significant changes on organization activities, machinery, supply bases capacity etc. 	Top Mgmt & Committee Member

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	Zulfakar	Razman	Zulkarnain	Norddin	
9:30 – 1:00 pm	<u>Sutera Estate</u> Coverage of audit: P1, P2, P4, P5, P6, P8 - Laws and regulations - HCV Assessment - Complaints and grievances - Consultation with relevant government agencies - Inspection of protected sites with HCV attributes - Forested area, plantation boundary, adjacent and neighbouring land use - Riparian zone - Environmental management (witness activities at site) - EIA, Environmental Plan. - Waste & chemical management - Interview with workers , committee and contractors - Facilities at workplace - Continuous improvement	<u>Nak POM</u> Coverage of audit: P1, P2, P4, P5, P6, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Laws and regulations • Safety Plan, HIRARC • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement	<u>Nak POM</u> Site visit and audit on Supply Chain Implementation including the Model used • General Chain of Custody System Requirements for the supply chain • Documented procedures • Purchasing and goods in • Outsourcing activity • Sales and goods out • Processing • Records keeping • Registration • Training • Claims	<u>Resort Estate</u> Coverage of audit: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice-witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement	Guide for each auditor
1.00 – 2.00 pm	Break				
2.00 – 5.00 pm	Continue audit				Guide for each auditor

Day 2: 12 April 2016 (Tuesday)				
	Zulfakar	Razman	Norddin	
9.00 – 1.00 pm	<u>Sutera Estate</u> Coverage of audit: P1, P2, P4, P5, P8 - Laws and regulations - HCV Assessment - Complaints and grievances - Consultation with relevant government agencies	<u>Sutera Estate</u> Coverage of audit: P1, P2, P4, P6, P8 • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation	<u>Resort Estate</u> Coverage of audit: P1, P2, P3, P4, P5, P7, P8 • Laws and regulations • Commitment to long-term economic and financial viability	

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	<ul style="list-style-type: none"> - Inspection of protected sites with HCV attributes - Forested area, plantation boundary, adjacent and neighbouring land use - Riparian zone - Environmental management (witness activities at site) - EIA, Environmental Plan. - Waste & chemical management - Interview with workers, committee and contractors - Facilities at workplace - Continuous improvement 	<ul style="list-style-type: none"> • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Laws and regulations • Safety Plan, HIRARC • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Training and skill development programmes • Continuous improvement 	<ul style="list-style-type: none"> • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement
1.00 – 2.00 pm	Break		
2.00 – 5.00 pm	<p style="text-align: center;"><u>Resort Estate</u></p> <p>Coverage of audit: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> - Laws and regulations - HCV Assessment - Complaints and grievances - Consultation with relevant government agencies - Inspection of protected sites with HCV attributes - Forested area, plantation boundary, adjacent and neighbouring land use - Riparian zone - Environmental management (witness activities at site) - EIA, Environmental Plan. - Waste & chemical management - Interview with workers, committee and contractors - Facilities at workplace - Continuous improvement 	Continue audit	

	Day 3: 13 April 2016 (Wednesday)		
	Zulfakar	Razman	Norddin

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9.00 – 1.00 pm	<p style="text-align: center;"><u>Resort Estate</u></p> <p>Coverage of audit: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> - Laws and regulations - HCV Assessment - Complaints and grievances - Consultation with relevant government agencies - Inspection of protected sites with HCV attributes - Forested area, plantation boundary, adjacent and neighbouring land use - Riparian zone - Environmental management (witness activities at site) - EIA, Environmental Plan. - Waste & chemical management - Interview with workers , committee and contractors - Facilities at workplace - Continuous improvement 	<p style="text-align: center;"><u>Sutera Estate</u></p> <p>Coverage of audit: P1, P2, P4, P6, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Laws and regulations • Safety Plan, HIRARC • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Sutera Estate</u></p> <p>Coverage of audit: P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application • Environmental management – witness activities at site • Interview with workers and contractors • Plantation on hilly/swampy area • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement
1.00 – 2.00 pm	Break		
2.00 – 5.00 pm	Continue audit	<p style="text-align: center;"><u>Resort Estate</u></p> <p>Coverage of audit: P1, P2, P4, P6, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Laws and regulations • Safety Plan, HIRARC • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes 	Continue audit

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Day 4: 14 April 2016 (Thursday)

Activities /areas to be visited	Zulfakar	Razman	Norddin
8.30 – 1.00 pm	<p><u>Nak POM</u></p> <p>Coverage of audit:P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> - Complaints and grievances - Consultation with relevant government agencies - Environmental management (witness activities at site) - EIA, Environmental Plan. - Waste & chemical management - Interview with workers , committee and contractors - Facilities at workplace - Continuous improvement 	<p><u>Resort Estate</u></p> <p>Coverage of audit:P1, P2, P4, P6, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Consultation with relevant government agencies • Interview workers, gender committee, local communities and stakeholders • Laws and regulations • Safety Plan, HIRARC • Occupational safety & health practice – witness activities at site • Interview with workers , safety committee and contractors • Training and skill development programmes • Continuous improvement 	<p><u>Sutera Estate</u></p> <p>Coverage of audit: P1, P2, P3, P4, P5, P7, P8</p> <p>Laws and regulations</p> <p>Commitment to long-term economic and financial viability</p> <p>Good Agricultural Practice- witness activities at site (weeding/ spraying, etc)</p> <p>EFB mulching, POME application</p> <p>Environmental management – witness activities at site</p> <p>Interview with workers and contractors</p> <p>Plantation on hilly/swampy area</p> <p>IPM implementation, training and safe use of agro-chemicals.</p> <p>New planting</p> <p>Continuous improvement</p>
1.00–2.00 pm	Break		
2.00 – 4.00 pm	<ul style="list-style-type: none"> • Continue audit on unfinished area • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any) 		
4.00 – 5.00 pm	Closing meeting		Top management & Committee member

Note: Time and duration shown are approximate. The time shown for field visit is assumed that daily weather is in our favour. Otherwise, field visit will be adjusted accordingly.

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Attachment 5

RSPO P&C AUDIT CHECKLIST

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision-making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. Major Compliance	YES	The NAK CU continued to implement the procedure for responding to any communication as outlined in their Estate/Mill Quality Management System documents. The records of communication were identified and maintained in different files depending on the stakeholder. Among the records reviewed were correspondences with the authorities and employees. The CU uses internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans and the procedure for complaints and grievances are available through Boustead Plantation website at http://www.bousteadplantations.com.my/home.html
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	The estates have identified personnel responsible for complaints. Records of communication were maintained in different files, depending on the stakeholders. Among the records reviewed were correspondences with the authorities, local communities and employees. The latest communications sighted in these records were the "Borang Aduan" requesting repairs of the employee's houses. Both estates continued to maintain stakeholders for contractors, vendors/suppliers, government agencies, schools, local communities, etc. It was noted that Boustead has revised their website, http://www.bousteadplantations.com.my/home.html to include all management documents relating to the unit's environmental, social and legal issues demonstrating commitment towards compliance to RSPO criteria. Therefore, previous audit finding CAR M01 was closed.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights (Criterion 2.2);	YES	Land titles of Nak POM, Sutera Estate and Resort Estate were kept at their respective office.
		Occupational health and safety plans (Criterion 4.7);	YES	Occupational Health & Safety Plan titled 'Safety Program FY2016' has been established. Indicators set in the plan are being monitored. The audit on the progress monitoring of the programs identified is as in C 4.7 below.
		Plans and impact assessments relating to environmental and social impacts	YES	Environmental and Social Impact Plan has been established and are currently being monitored. The latest performance monitoring was carried out in February 2016 for environment and March 2016 for social.
		HCV documentation summary (Criteria 5.2 and 7.3);	YES	HCV documentation summary are available at the Resort Estate and Sutera Estate. The document reported their activities, HCV area, riparian zone, map and the appointed PIC.
		Pollution prevention and reduction plans (Criterion 5.6);	YES	Action plan to mitigate pollution is available for public. Cross refer to C5.6.
		Details of complaints and grievances (Criterion 6.3);	YES	Nak POM, Sutera & Resort Estate have maintained their record of requests and responses form titled 'Borang Aduan Masalah Pekerja' and 'Borang Aduan Masalah Stakeholder'.

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		Negotiation procedures	YES	The negotiation procedure titled "Fair Compensation" addressed the negotiation process.
		Continual improvement plans (Criterion 8.1);	YES	Continuous improvement plan was available at Nak POM, Sutera Estate and Resort Estate for 2016.
		Public summary of certification assessment report;	YES	Public summary is available at the following link : http://www.rspo.org/uploads/default/pnc/Boustead_NAK_POM_MA_Audit_Report.pdf
		Human Rights Policy (Criterion 6.13).	YES	A policy dated in Jan 2016, to respect human rights has been established by NAK CU. The auditor has verified through interview that the policy has been communicated during a program in Apr 2016.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	Code of ethical conduct and integrity titled 'Code of Ethics & Conduct' has been established and distributed to all staffs and workers. The code of ethic has been communicated during a program in Apr 2016.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	NO	NAK CU had continued to comply with the applicable legal requirements. Guided by the established procedure, the annual evaluation of compliance has been carried out concurrently with the review of legal register by Mill and estates. The list of applicable legal and other requirement was made available during the audit and evidence of compliance were verified during the audit. However, apart from the compliance sighted, it was found that scheduled wastes in NAK CU were not dispose in timely manner, therefore NCR MZK 01 2016 was raised.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	NAK CU has a documented system which has been established for identifying, updating, tracking changes in legal requirements and monitoring the status of the legal compliance. Each unit has developed its Legal Register. There was evidence of compliance to legal requirements, evaluated on an annual basis. Both estates had updated their legal registers in Dec 2015 and the mill in Jan 2015. The legal register was established in 2014 and was updated regularly by the OSH Dept. from Sandakan Office.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	There was evidence of compliance to legal requirements which had been evaluated on an annual basis. The mechanism of ensuring implementation was - Periodic reporting from operating units, On site visits, inspections and discussions with relevant personnel and Internal & external audits, PA visits, VA visits and by RSPO Audits.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	Changes to law and regulation are monitored by the OSH Department of Boustead Sandakan Office. Various sources referred in tracking changes in legal requirements. This include checking with the industrial association, attending seminar, buying law books and government agencies websites. With this, NCR M02 was closed.

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C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	YES	NAK Business Unit maintains and complies with the terms of the land title. It was noted that the land titles specified the purpose of the land which is for planting of either oil palm or agricultural crops for economic value.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	Field verification at Sutera Estate, observed that the boundary stones are visibly maintained between the estate and the neighboring private oil palm estates.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). Minor Compliance	YES	There is no land dispute and land conflict reported since the last audit as verified in their stakeholders meetings at the respective units. This was also confirmed by interview.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance	YES	There is no land dispute and land conflict reported since the last audit as verified in their stakeholders meetings at the respective units. This was also confirmed by interview.
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties Minor Compliance	YES	There was neither land dispute not conflict raised at NAK CU. So, this indicator was not applicable.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace	YES	It has been verified through JCC and JKRR Meetings and interview with settlers and other oil palm plantation companies that there was no violence action taken by the NAK CU to maintaining peace.

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		and order in their current and planned operations. Major Compliance		
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major Compliance	YES	Since there was no conflict or dispute over land ownership in the NAK CU, this indicator was not applicable.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance	YES	Since there was no conflict or dispute over land ownership in the NAK CU, this indicator was not applicable to them.
	2.3.3	All relevant information shall be available in appropriate forms and languages, including	YES	Since there was no conflict or dispute over land ownership in the NAK CU, this indicator was not applicable to them.

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		assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance		
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	Since there was no conflict or dispute over land ownership in the NAK CU, this indicator was not applicable to them.

Principle 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	NAK CU continued to achieve long term economic and financial viability through documented management plan projected until year 2019. A Management Plan including crop forecast, profit and loss, infra-structure development covering the period of 2016 to 2019 had been prepared for all the estates and was made available to the audit team. This plan had also included mature area and also the expected FFB production per hectare for the period 2016 to 2019.
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	YES	The replanting programmes for both Resort and Sutera Estates are still in progress. These programmes were reviewed once a year and were incorporated in their annual budget. These programmes are being implemented as scheduled until year 2020.

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

Clause	Indicators		Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently	4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	The Oil Palm Circular is the manual used for the operations in the estate. The manual is maintained and updated accordingly. The latest update was carried out in Mar 2013. The manual was reviewed and confirmed that all activities in the estates from seedlings in nursery to planting in the fields have been included in the Manual. Similarly at the Mill, SOPs are available in Mill Operation Manual & Quality Assurance Manual.

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implemented and monitored	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	It has been verified that the mechanism to check consistent implementation of procedures was in place - PA visits, RSPO audits, Agronomic Reports, Safety and Health report, VE report and the respective units' monthly reports.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Records of monitoring and the actions taken by both Sutera Estate and Resort Estate were maintained and kept for a minimum of 12 months. Monthly Costing and Annual Reports on monitoring of all activities were made available to the auditor.
	4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches. Major Compliance	YES	This has been carried out accordingly. However, sighted that after Aug 2015 all FFBs were supplied by NAK CU's estates.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures, are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	NO	NAK CU continued to implement the good agriculture practices as per Oil Palm Circular Manual to ensure optimal and sustained yield. However, at Sutera Estate (Field PJ 12) the recommendations for the application of the fertilizer was not as provided in the established guide. Therefore a Minor NCR MNAJ 01/2016 was raised.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	NAK CU continued to monitor their fertilizer inputs as recommended by their agronomist. The records of the fertilizer inputs were maintained in Fertilizer Application Record Book 2016 and the Bin Card.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Periodic foliar and soil sampling were carried out in both estates and the results of the sampling were used as basis for the recommendation of fertilizers input. Foliar sampling were carried out in Mar 2016 in Resort & Sutera Estate.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches, Palm Oil Mill Effluent, and palm residues. Minor Compliance	YES	In addition to fertiliser application, the Resort & Sutera Estates had also carried out frond stacking following the railway tract system and L-shaped in the palm inter-row as established in their internal SOP.
C 4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	During the field visit and the soil map provided it was observed that no fragile or marginal soils found in the NAK CU.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	NAK CU continued to plant palms within slopes between 9 and 25 degrees as per Boustead Plantations Berhad policy (dated Jan 2015).
	4.3.3	A road maint. program shall be in place. Minor Compliance	YES	During the field visit, it was observed that the main and field roads of NAK CU were in satisfactory condition. The accessibility was made possible by regular maintenance.

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	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover mgmt. program shall be in place. Major Compliance	YES	No peat soils were found during the field visit in NAK CU. The program on water and ground cover management were adequate as in the established procedure. The field visit shows that soft grasses in the inter-row, EFB mulching, proper frond stacking and construction of silt pits.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	No peat soils were found during the field visit in NAK CU. Hence, this indicator was not applicable.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There were no fragile and problem soils within NAK CU. Hence, this indicator was not applicable.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	NAK CU had its Water Management Plan which was established since 2015. The plan was developed in order to maintain the quality and availability of natural water resources by practicing efficient water consumption through various methods such as minimising wastage of treated water, pollution prevention on natural water sources and actions to be taken in the event of water supply shortage (e.g. drought).
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance	YES	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones has been verified at the Resort & Sutera Estate. Riparian buffer zones have been identified and demarcated. No chemicals and fertilizer application observed been used in their maintenance. In some areas Vertiver grass had been planted along river banks.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance	YES	Site visit to the effluent treatment plant and interview with the operator in-charge revealed that the operation was in accordance with standard operation procedure and legal requirements. No sight of effluent over flow. Treated effluent water into natural waterways is being closely monitored. Water sampling analysis on quarterly basis as stipulated in the procedure. The results of the monitoring of the treated effluent was submitted to DOE through quarterly return. The BOD results was below than the stipulated limit of 100 mg/l.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches shall be monitored. Minor Compliance	YES	The management of Nak POM has monitored on monthly basis the water usage per tonne of FFB. The information on the use of the water is being recorded in the Monthly Progress Report.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated	4.5.1	Implementation of Integrated Pest Management plans shall be monitored. Major Compliance	YES	NAK CU continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by internal established procedure. In order to minimize the use of insecticides for leaf-eating pest, the estates had planted beneficial plants along the roadsides. Rat damage and leaf-eating pest census was regularly carried out to obtain information about threshold level and action to be taken thereafter. The records of census were available for verification.

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Pest Management techniques.	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	NO	Training on IPM at Sutera Estate was carried out in Apr 2016. However, it was not conducted at Resort Estate. Hence, Minor NCR # MNAJ 02/2016 was raised.
C 4.6 Pesticides are used in ways that do not endanger health or the environment	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	The use of all types of agrochemicals at the estates was guided by the OPC. It has included a chemical register list which indicates the purpose of usage, hazards signage, trade and generic names.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Records of the use of pesticides were available for verification at both the visited sites. The latest records were as at Mar 2016, which included the information about area treated, active ingredients per Ha, LD50 and number of application.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	NAK CU is committed to minimise the usage of agrochemicals by implementing IPM with the increased in the planting of beneficial plants. Blanket spraying is also not practiced by this CU and soft grasses were maintained in the field. It had also been the practice that insecticides and rat baits are used only after a threshold level has been exceeded as per the OPC and that no prophylactic use of such pesticides would be permitted.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149)	YES	All pesticides used were those officially registered under the Pesticide Act 1974, The NAK CU had used only class II, class III & class IV pesticides. No illegal agrochemicals (stated by local and international laws) in particular paraquat were used or found.

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		and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	YES	It was noted that the training on chemical handling was last conducted in Feb 2016 by the Estate Assistants.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	During the audit it was observed, that the storage of chemicals used by the estates were stored in accordance with the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Only authorised personnel have the access to the chemical store.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Noted that NAK CU had not use chemicals categorized as World Health Organization type 1A or 1B or listed by the Stockholm or Rotterdam Conventions. The Safety Procedures for pesticides application were provided and complied with.
	4.6.8	Pesticides shall be applied aurally only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial application of agrochemicals were not practiced in NAK CU.

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	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance	YES	Sprayers, laboratory personnel and store clerk have been trained on pesticides handling in Feb & Dec 2015. Suitable PPE has been given to the workers appropriate for their daily routine task. Records of PPE issuance were maintained and were presented to auditor during the audit. During the site tour, it was observed that signage (to remind workers to wear appropriate PPE) was posted at the appropriate places and interviews confirmed that the workers understood the reasons and importance of wearing the PPE.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Field inspection and observation confirmed chemicals being applied were in accordance with the product safety precautions and workers are aware of its risks. MSDS were made available at point of use. Domestic waste and Recycle waste has been segregated by the workers and organic waste was dumped at the landfill. Recycle material such as cans, glass bottle, plastic bottle and paper are sent to recycle area.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	Annual medical surveillance for sprayers at Sutera & Resort Estate on plasma cholinesterase and manganese by registered consultants in Dec 2015. All sprayers and welders were fit to work. Medical surveillance for n-hexane for operator at NAK POM was carried out in Oct 2015 and the operators at effluent, water treatment, store and laboratory were fit to work with hexane exposure below limit.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	YES	There was no evidence of pregnant women sprayers being used in the Sutera & Resort Estate.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	An Occupational health and safety policy dated in June 2012 has been communicated to all levels of the organization. The communication was carried out through briefings and also displayed prominently on the notice boards at the mill, estate offices and Muster Ground. The policy is available in both Bahasa Malaysia and English. Random interviewed with the employees showed that they generally understood the basic requirements of the policy. The OSH management plan was established for every unit. The plan included issues related to hazards and risks, legal register and its requirements for compliance, OSH etc. Generally, the OSH plans were acceptable.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	YES	Auditor has reviewed the CHRA reports for NAK POM (dated in July 2014) and Sutera and Resort Estate (dated Dec 2013) carried out by registered consultant. HIRARC at NAK POM, Sutera Estate and Resort Estate were revised in Oct 2016. Therefore, previous Major CAR 06 was satisfactorily closed.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate	NO	Trainings related to safe handling of pesticides were conducted at all sites in Feb 2015. The training was carried out by their internal staffs. The training records, which were kept at the respective unit's office were updated and well maintained. All workers at Sutera & Resort Estate were provided with appropriate PPE. The used of

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		protective equipment shall be available to all workers at the place of work to cover potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance		the PPE was also witnessed during the field audit. During the field audit at BJ12, Sutera Estate, 3 out of the 7 sprayers were wearing N95 (3M 8210) dust mask during spraying. This was found not to be consistent with the recommendation made in the CHRA. Further to that, it was also observed that one of the sprayers was wearing a half cut boot during pesticide spraying. A Major NCR MRS 01 2016 was raised on this issue.
	4.7.4	The responsible persons shall be identified. There shall be records of regular meetings between the responsible persons and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and issues raised shall be recorded. Major Compliance	YES	NAK CU has appointed the mill manager and assistant estate manager to be responsible for the implementation of the OSH plan. Regular safety meetings with the workers were conducted. Safety Committee Meeting has been conducted once in every three months. The meeting minutes were made available at the mill and estate office. The following minutes were sighted; NAK POM - Feb 2016, Nov, Aug & May 2015, Sutera & Resort Estate - Mar 2016, Dec, Sept & June 2015.
	4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance	YES	Accident and Emergency procedures have been established and available at all the operating units. The identified first aiders have been appropriately trained. Accident statistics are maintained at all the operating units within the CU. All Accidents were recorded, root cause investigation were carried out and the corresponding mitigation actions were taken. The use of JKPP 6, 7, 8 & 9 forms were evident. Submission of JKPP 8 form was carried out in Jan 2016. Noted that there was no accident with LTI recorded for the previous year at Nak CU.
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	NAK CU has continued to provide a group insurance for all workers as required under the Workmen Compensation Act 1992. Sighting of records and cross check with workers showed that they are covered with valid insurance policy. Local workers are covered by SOCSO and the foreign workers were covered by Workmen Compensation provided as per Compensation Act 1952.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Monitoring of the Lost Time Accident (LTA) metrics is available. However, there was no accident recorded at NAK CU for year 2015.

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C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	A formal training programme covering all aspects of the RSPO Principles and Criteria has been established. The CU has established a regular assessments of training needs and it has been properly documented.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	It has been verified that trainings were conducted in accordance with the planning and the employees training records have been maintained at each of the operating units.

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	NAK CU has established its environmental aspects/impacts register associated with their activities. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental receptors are the air emission from the boiler stack, the generation of the palm oil mill effluent (POME) and land contamination which related to the management of scheduled wastes and domestic waste. For the estate operation, all activities from harvesting, nursery, pest and disease, upkeep programme until delivery to mill has been identified. An Aspect and Impact assessment has been carried out as follows: Sutera Estate - Feb 2016, Nak Mill - Jan 2016 and Resort Estate Feb 2016.
	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible persons. Minor Compliance	YES	Significant environmental impact was derived from the environmental impact evaluation (EIE). Those activities evaluated as significant were then monitored using the mitigation measure established for each activities where the significant impacts occurred. The management is periodically reviewing the implementation and effectiveness of the established program.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are	YES	At Nak POM, mitigation measure is defined and controlled in the plan named Waste Management Plan. The plan is to ensure proper operational control of the wastes in the mill. For the estates, the Environmental Management Programme for 2016 has been established. The programme covers the objectives, target and action plan. The programme also indicated the proposed start and completion date, budget, PIC as well as the verification status. The established objectives were reviewed. Some of it were as follows: a) Water source contamination – target to ensure water quality index is achieve or met the WQI range 81-100.

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		operational changes that may have positive and negative environmental impacts. Minor Compliance		<p>b) Minimizing of soil erosion – target to ensure the slope or terracing area minimum or free facing soil erosion.</p> <p>c) Agricultural land contamination – target to ensure application of highly toxicity pesticide or herbicides.</p> <p>d) Degradation of Agricultural land – target to minimize soil destruction and reduce frequency of chemical and fertilizer application.</p> <p>e) Chemical reduction – target to substitute chemical to cultural and biological practices</p> <p>As of the day of the audit, the entire programmes are currently in progress. Each of the programmes are monitored by an appointed PIC at each operating units. Therefore, previous audit finding major CAR 10 was closed.</p>
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	The report “High Conservation Value & Social Impact Assessment Boustead Plantations, Sabah, Malaysia” was showed to the audit team. It was noted that the report was prepared by Wild Asia (Malaysia) in May 2012 and it had identified all the High Conservation Value (HCV) within and adjacent to the NAK CU. The HCV assessment had also identified the rare, threatened and endangered species (RTEs) at the Nak, Sutera, and Resort estate. The report has also included the management and action plan. In general, NAK CU had identified no potential HCV in the whole estates but they have identified species of bird at Sutera & Resort Estate.
	5.2.2	Where rare, threatened or endangered species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	YES	Identification and assessment of HCV habitats or protected areas is done prior the main assessment through the appointment of Wild Asia. The HCV Assessment Report Ref: High Conservation Value & Social Impact Assessment (Boustead Plantation Sabah) prepared by Wild Asia, dated Dec 2011 is available during the audit. Observed that the assessment identifies the HCV landscapes and biodiversity of NAK Business Unit for the 3 estates namely Sutera, Resort and NAK. Based on the assessment conducted, the audit team notes that the consultant has concluded “due to the fact that Boustead estates are surrounded by other mature plantations, there are no naturalised vegetated zones in which a large variety of animals can migrate which would explain lack of HCV's identified”.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	<p>A training programme for year 2016 was available and noted that HCV training as done back in June 2015.</p> <p>The awareness training like morning briefing has been conducted by the Assistant Manager from Sutera and Resort Estate to all workers. An appropriate disciplinary measures was instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species, and also specific procedure was developed accordingly.</p>
	5.2.4	Where an action plan has been created there shall be ongoing monitoring:	YES	NAK CU is committed to discourage any illegal or inappropriate hunting, fishing or collecting activities. Evidence was seen during the site review that signage to prohibit hunting were erected at Riparian Zone and border. Patrolling for Illegal hunting is also being implemented to control the illegal activities.

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		<ul style="list-style-type: none"> The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; Outcomes of monitoring shall be fed back into the action plan. <p>Minor Compliance</p>		Weekly monitoring for illegal hunting was conducted by Sutera Estate. The monitoring activities was recorded in the form 'Rondaan Pemburuan Haram bagi Tahun 2016' and it was sighted during the audit.
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There is no HCV set-asides with existing rights of local communities have been identified in The CU.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	NAK CU has identified all of its wastes and sources of pollution. Recycles wastes are sent to recycle center. Other domestic wastes were collected and buried at the estate's landfill.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	All empty containers were recycle and collected by the supplier. Chemical Containers are being disposed in a responsible manner; verified records of triple rinsing for chemical containers for 2016.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	NO	Identification of waste was done through the environmental aspects and impact evaluation. Mitigation measure and management plan were established named Environmental Management Program, to avoid or reduce pollution. The visited operating units have guidance for landfill method as a reference to dispose domestic wastes. Recyclable wastes collection centres were prepared at the estate. Wastes segregation was done for domestic wastes to collect the recyclable ones. The recyclable wastes will then be sent to appropriate vendors. Therefore, Minor CAR 08 was closed. Nonetheless, it was found that the scheduled wastes at the CU store did not included the date of generation. Minor NCR MZK02 2016 was raised
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	NO	Noted that the diesel usage is being monitored by Sutera Estate. Having dais that, the same was not available at Nak POM and Resort Estate. There were no plan established for improving the efficiency of the use of fossil fuel. Hence, Minor NCR MZK03 2016 was raised.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the	YES	There was no burning ever since Boustead Plantations Berhad practiced the zero burning policy (dated Jan 2011). It was also observed that signage " <i>Dilarang Membakar</i> " was available at various locations within the estates.

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situations as identified in the ASEAN guidelines or other regional best practice		<i>ASEAN Policy on Zero Burning' 2003. Major Compliance</i>		
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003. Minor Compliance	YES	There was no evidence that fire had been used to prepare land for replanting in both Resort and Sutera Estate. There was also no evidence of open burning at all the visited replanting areas within the two estates. No fire was used for waste disposal.
C 5.6 Preamble Growers and millers commit to reporting on operational GHG emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and meth. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of De 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	YES	The CU has carried out identification of environmental aspect and impact and evaluation of significance. This document was carried out and the assessment (dated Jan 2015) have included all activities in the estate.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	The CU maintained its documented plans to mitigate environmental pollution associates to its activities. Cross refer to C5.1.
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	NO	There was no evidence that a monitoring system, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools has been established. Therefore, NCR MZK04 2016 was raised

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the RSPO. Plans to reduce pollution and emissions, incl. GHGs, developed, implemented and monitored.				
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Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators		Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	A documented High Conservation Value & Social Impact Assessment (SIA) (dated May 2012) was made available during audit. It was noted that the report had covered all the estates and the mill. The report also covered the stakeholder mapping, wages and decent living wages, employment conditions, living conditions, health & safety in the workplace, public health & safety, respect for human rights, communication with management, and community relations.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	The assessment was done from in Nov 2011 with workers, kindergarten teacher, clinic attendant, independent smallholders, small growers and the villagers. All records of the meetings, consultation takes place during the SIA is incorporated in the assessment document. List of the stakeholders consulted are also available within the document.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, incl. responsibilities for implementation. Major Compliance	YES	Auditor has verified the Social Action Plan for NAK POM, Sutera & Resort Estate. The Social Action Plan specified the issues and strategies to be implemented, specifies the PIC and the timeframe for the action plan to be conducted. Highlighted issues are insufficient electricity supply to the workers quarters and treated water supply during hot season and no vehicle for school children. The actions plans are change 40watt lamp to 20watt lamp at workers quarters, delivery of treated water using water tank and provide van for school children. Therefore, previous audit finding minor CAR 11 was satisfactorily closed.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	YES	The social action plan has been reviewed in Mar 2016. Therefore, previous audit finding, minor CAR 11 was satisfactorily closed.

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	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	There was no smallholder schemes related with NAK CU.
C 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	It has been verified that the CU has established a procedures in order to comply with the requirement and it describe the procedures and mechanism to be taken should any stakeholders being the external or internal wish to communicate with the company on any issues concerning their interest.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	NAK POM, Sutera Estate and Resort Estate have assigned a Social Liason Officer as the responsible person in handling all matters and issues pertaining to social. Letter of appointment dated Jan 2016 was sighted during the audit.
	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	List of stakeholders that is relevant to The CU's operation including local communities, local authorities and NGOs has been established. As mentioned earlier, consultation with the stakeholders during the establishment of Social Action Plan has been carried out accordingly. It has been verified that the stakeholders meeting (in Feb 2016) was participated by government agencies, local communities, NGOs and private sectors (contractors and neighboring estates). Evidence of the above stakeholder consultation conducted are available in the form of signed attendance list as well as pictorial evident showing the consultation that takes place. The minutes of the meeting of the consultation is also maintained.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle-blowers, where requested. Major Compliance	YES	The CU maintained confirms that its dispute system is open to any affected parties. Relevant policy of whistleblowing and procedures were observed maintained available for sighted. Anonymity of complainants and whistleblowers will not reveal to third parties where requested as explained in the job description for management social responsible person.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	NAK POM, Sutera Estate and Resort Estate have developed a complaint form for workers and stakeholders. However, it has been verified that there was no dispute case on NAK CU, as of the date of the audit.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	All records of complaints and grievances by external and internal stakeholders are kept within the grievance record book as well as in gender committee folder and workers union folder. Records of communication for labour and staff complaint at NAK POM, Sutera Estate and Resort Estate were reviewed and found that the process of dispute was resolved in accordance with the established procedure.
	6.4.2	A procedure for calculating and distributing fair compensation shall be established and implemented, monitored and evaluated in a participatory way, and actions taken as a result of this evaluation. This procedure shall take into account: gender	YES	NAK POM, Sutera Estate and Resort Estate are using Fair Compensation Procedure as a procedure for calculating and distributing fair compensation. Therefore, previous Minor CAR 12 was satisfactorily closed.

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through their own representative institutions.		differences in the power to claim rights, ownership and access to land; differences of trans migrants and long-established communities; and differences in ethnic groups' proof of legal vs communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	There was no issue on compensation claim occur as verified by auditor with head of nearby village.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	It has been verified that the employment contract for piece rated workers at Sutera & Resort Estate. The terms of reference is signed between employer and employees stipulating the position, working hours, type of work, location of work, workers' responsibility, wages, allowances, holidays, rest days, annual leave, fringe benefits, levy deductions, dismissal, etc. The employment contract and pay slip of contractor's workers for spraying activities at Sutera Estate was also checked. The minimum wage has been confirmed to be RM32/day. All contractors employed by the company was with formal contract agreement that specifies all aspects as specified by the Sabah Labour Ordinance. Hence, previous finding major CAR 13 was closed.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a mgmt. official. Major Compliance	YES	The management explained the employment contracts to workers (agreement in Bahasa). During interview with the foreign workers, it can be confirmed that they understood the employment contract. Therefore, previous finding minor CAR 14 was closed.
	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	YES	The Nak POM, Sutera Estate and Resort Estate have provided adequate housing, water supplies, medical, educational and welfare amenities. These were found to be in accordance with the Workers' Minimum Standard of Housing Standard of Housing and Amenities Act 1990 (Act 446). Children ≤ 4 years old stays at the Creche until their parents finish their job. For children > 4 years, they are sent to Humana School for basic education. Transportation is provided for all children from their house to Humana or Government school. Therefore, previous finding, minor CAR 15 was satisfactorily closed.

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	6.5.4	Growers and millers shall efforts to monitor and improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	Sutera & Resort Estate have provided sundry shops and canteen in order to help their staff and workers to get their basic food. The estates have listed pricing limit for all the goods.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of assoc. and collective bargaining are restricted under law, the employer facilitates parallel means of ind. and free assoc. and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	A valid freedom of association policy (dated Jan 2011) is available in bilingual (Malay and English). The policy is posted at the company's notice board and information wall.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	Sutera & Resort Estate have maintained its policy to allow workers to form or join Union. There was no union formed in the CU but yearly meeting conducted with representatives from foreign workers (Indonesia and Philippines) with the respective managers to get feedback/suggestion from them. The latest meeting was conducted in Oct 2015.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The relevant policy (dated in Jan 2011) is posted at the notice boards and information wall. It has been observed during the site visit and review of worker's profile that there is no child labour being used in this CU.
C 6.8 Any form of discrimination based on race, caste, national origin, disability, religion, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant groups in the local environment shall be documented. Major Compliance	YES	The CU maintained its documented policy (dated Jan 2011). The policy mentioned about equal opportunities among the employees. The policy is displayed inside and outside the operating unit office.
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	There is a publicly available equal opportunities policy (dated Jan 2011) which states that the company is an equal opportunity employer, whereby the company does not practice discrimination based on race, caste, national, origin, disability, gender, sexual orientation, union membership, political affiliation, or age. There is no evidence of discrimination when a cross section of employees was interviewed.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	Sutera & Resort Estate have made a promotion to public for vacant post as Auxillary Police at nearby villagers. The estate will sorted the education qualification and medical fitness in order to get the job.

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C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	A policy on sexual harassment (dated Jan 2011) is established. The policy was signed by the Plantation Director and is in Malay language. The policy is displayed on the notice boards at the mill and the estates offices. No evidence or acts that contradict this policy were observed. It was evident that the CU has briefed their employees on this policy during gender committee meeting in Aug 2015.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	The company has established a policy accordingly. The CU has briefed their workers during morning muster on this policy. Based on interview with workers, they understood the intent of the policy.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	YES	A grievance mechanism has been maintained by the CU. Chairman of Gender Committee at each operating units responsible in handling and channelling issue to management. The mechanism has been communicated to all levels of the workforce as verified by auditor during interview with workers.
C 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches shall be publicly available. Minor Compliance	YES	This indicator was not applicable due to the mill only received FFB from their own supply base. Previous finding, minor CAR 16 was satisfactorily closed.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	YES	NAK POM has documented their pricing mechanisms for CPO transporters in the contract agreement. From the verification of the contract agreement and payment invoices of the CPO transporters, it was noted that the pricing is as agreed by both parties. The agreement will be renewed on an annual basis.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	Interviews with contractors revealed that they understood the contractual agreement which are fair, legal and transparent. At NAK POM since the mill is using the IP model, so there was no contract agreement with the external FFB suppliers. Previous finding, minor CAR 17 was satisfactorily closed.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Payment has been made in timely manner for CPO transporters before 15 th and 28 th of the month.
C 6.11 Growers and millers contribute to local Sustainable dev. where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	The individual estates and the mill have a very basic form of corporate social responsibility (CSR), which usually involves stakeholders, in particular local communities neighboring the company for contributions and donations on various occasions. These include the following: providing security support for local communities, donation of a ping pong table & the teacher-parent fund to nearby government school and employing local communities as mill operators.

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	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	There are no smallholders FFB supplier involved with NAK POM.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced/trafficked labour are used. Major Compliance	YES	Based on interviews with foreign workers, there was no evidence of forced or trafficked labour in the NAK CU. It has been verified through workers work agreement and payslip.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	There was no contract substitution occurred in The CU.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	A special labour policy for employment of foreign workers has been addressed in the social policy. The policy mentioned that all employees should be treated fairly in terms of recruitment, terms and conditions of work, provide decent living, no contract substitution and post arrival programme will be conducted once arrived for three months. Boustead has established specific procedures for employment of foreign workers.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations. Major Compliance	YES	A policy to respect human rights was established (dated Jan 2016). It has been verified through interview with workers that the policy was communicated accordingly.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	The CU has provided Humana School and Creche Aya (nursery) for foreign workers' children to take care their children during working hours without any fee.

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Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS - No new planting was observed. Thus, this principle is not applicable.

Principle 8: COMMITMENT TO CONTINUOUS IMPROVEMENT IN KEY AREAS OF ACTIVITY

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	YES	In general, The CU is committed to reduce the usage of pesticides by implementing IPM, i.e. increase the planting of beneficial plants. Mill's waste such as EFB is used as fertilizer in the field. Other improvement plans to minimize chemical usage include not practicing blanket spraying and maintained soft vegetation in the field upkeep.
	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	Environmental Improvement Plan / Pollution Prevention Plan FY 2016 has been established. The plan includes: plans to minimise the use of certain pesticide/herbicide, wastes management, plans to maximise recycling and minimise wastes, reduce oil spillage and monitoring on the use of diesel in the tractors.
	c)	Waste reduction (Criterion 5.3);	YES	Waste Management Action Plan 2016 has been established. The type of wastes include scheduled wastes, domestic wastes, clinical wastes, and industrial wastes.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	Pollution and greenhouse gas emission are being monitored. Noted that for the GHG – Potential sources are still in the identification stage. Refer to NCR MZK 04 2016 (raised in this audit).
	e)	Social impacts (Criterion 6.1);	YES	The CU continued to implement the identified social action plan as a result of stakeholder's consultation and meetings. Among the improvement made were to shorten the timeframe for payment of suppliers and contractors. The CU also has allocated budget in FY2016 for social commitment such as donation to public funds, paying the kindergarten teacher's allowance, providing transportation for school children and the nursery.
	f)	Encourage optimising the yield of the supply base	YES	NAK CU is part of a well-established organisation, Boustead Plantations Berhad. The yield performance has always been the top priority in ensuring long-term economic and financial viability. In general, various efforts have been implemented to maximize the yield of the plantation such as maximising crop recovery, optimum ripeness standard, maintaining the soil fertility and only planting high yield planting material.

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Attachment 6

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Classification Major/Minor	Detail Non-conformances	Corrective Action Taken by The CU and Verification by Auditors
Indicator 2.1.1 MZK 01 2016	Major	Non-compliance against the Environment Quality (Scheduled Waste) Regulation 2005, where the disposal of scheduled wastes at Nak CU was found to be not complying to Reg. #4.	Corrective Action: Disposed scheduled wastes by appointing approved contractor by DOE. Auditor Verification: Scheduled wastes were disposed accordingly. This is evident thru verification of consignment notes for disposals in Apr 2016. Status: Closed
Indicator 4.2.1 MNAJ 01 2016	Minor	Good agriculture practices, as contained in the Standard Operating Procedures, was not completely followed to manage the soil fertility to a level that ensures optimal and sustained yield.	Corrective Action: The management provides a plan and checklist to staffs and workers before manuring work to be carried out at the field. Briefing and training was also given to staffs and workers regarding placements of fertilizer. Auditor Verification: Corrective action plan accepted. Follow-up on the corrective action to be verified in the next audit. Status: Open
Indicator 4.5.2 MNAJ 02 2016	Minor	Records of training for those involved in IPM implementation at Resort Estate were not available.	Corrective Action: The established IPM training Plan will be strictly followed by the respective estates. Auditor Verification: Corrective action plan accepted. Follow-up on the corrective action to be verified in the next audit. Status: Open
Indicator 4.7.3 MRS 01 2016	Major	Protective equipment for pesticide sprayers was not appropriate.	Corrective Action: Sutera estate has provided all suitable PPE to Sprayer as Per CHRA recommendation. Refresher training was also provided in April 2016 by 3 rd party. Auditor Verification: The training records in April 2016 and the monitoring records at CDA sprayer gang and CKS sprayer gang were provided. Status: Closed
Indicator 5.3.3 MZK 02 2016	Minor	A waste management and disposal plan to avoid or reduce pollution shall be implemented and as per 1.4.4 Handling, Storing and Labelling. The date of first generated shall be clearly label and shall be with applicable code.	Corrective Action: NAK CU has developed plan to monitor the scheduled wastes management. Proper labelling was carried out as per requirement of the procedure. Auditor Verification: Corrective action plan accepted. Follow-up on the corrective action to be verified in the next audit. Status: Open
Indicator 5.4.1 MZK 03 2016	Minor	A plan for improving efficiency of the use of fossil fuels and to optimize renewable energy shall be in place and monitored. Sighted that no documentation of improving efficiency of the use of fossil fuels at Resort Estate and Nak POM.	Corrective Action: Nak POM and Resort Estate has developed a plan for improving fossil fuel, and the monitoring process will be verified on next audit. Auditor Verification: Corrective action plan accepted. Follow-up on the corrective action to be verified in the next audit. Status: Open

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Indicator 5.6.3 MZK 04 2016	Minor	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Sighted that no report on significant pollutants and emissions from estate and mill operations, using appropriate tools at Boustead Nak CU.	Corrective Action: NAK CU has decided to use Palm GHG calculator by RSPO. Sutera Estate has completed the calculation. As for Nak POM and Resort Estate, the calculation are still on-going. It will be finalized by end of June 2016. Auditor Verification: Corrective action plan accepted. Follow-up on the corrective action to be verified in the next audit. Status: Open
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Attachment 7

RSPO Supply Chain at the palm oil mill – Identity Preserved Model –Module D

Item No	Requirement NOV 2014	Findings Standard Nov 2014																														
D.1 D.1.1	<p>Definition</p> <p>A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.</p> <p>To verify :</p> <p>a) the volume of certified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as IP</p>	<p>A special audit was carried out on 22 August 2015 to change from MB to IP. All FFB received by Boustead Gradient Sdn Bhd POM came from its own supply base. For this audit, the organization have decided to change from MB model to IP model.</p> <p>Actual FFB received from April 2015 to March 2016</p> <table><tr><td></td><td>FFB (Mt)</td><td>%</td></tr><tr><td>RSPO Certified FFB</td><td>72,436.67</td><td>99.1</td></tr><tr><td>Non-RSPO Certified FFB</td><td>666.14</td><td>0.9</td></tr><tr><td>TOTAL</td><td>73,102.81</td><td>100.00</td></tr></table> <p>*Last received of non-certified FFB 2015</p> <p>Total production for RSPO products from April 2015 to March 2016</p> <table><tr><td></td><td>(Mt)</td></tr><tr><td>RSPO Certified CPO</td><td>16,198.70</td></tr><tr><td>RSPO Certified PK</td><td>2,310.14</td></tr></table> <p>Actual Volume despatch RSPO products under IP model from April 2015 to March 2016</p> <table><tr><td></td><td>(Mt)</td></tr><tr><td>RSPO Certified CPO</td><td>0</td></tr><tr><td>RSPO Certified PK</td><td>800</td></tr></table> <p>Tonnage of crude palm oil (CPO) and palm kernel (PK) covered by the certification of Boustead Gradient Sdn Bhd POM from April 2015 to March 2016</p> <table><tr><td></td><td>(MT)</td></tr><tr><td>CPO Production claimed for certification</td><td>-</td></tr><tr><td>PK Production claimed for certification</td><td>2,310.14</td></tr></table>		FFB (Mt)	%	RSPO Certified FFB	72,436.67	99.1	Non-RSPO Certified FFB	666.14	0.9	TOTAL	73,102.81	100.00		(Mt)	RSPO Certified CPO	16,198.70	RSPO Certified PK	2,310.14		(Mt)	RSPO Certified CPO	0	RSPO Certified PK	800		(MT)	CPO Production claimed for certification	-	PK Production claimed for certification	2,310.14
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CPO Production claimed for certification	-																															
PK Production claimed for certification	2,310.14																															
D.2 D.2.1	<p>Explanation</p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p>Based on "Final budget Financial Year 2016", approximation total tonnage potential to be produced for year 2016:</p> <table><tr><td></td><td>(MT)</td></tr><tr><td>CPO Production projection for certification for 2016</td><td>17,660.00</td></tr><tr><td>PK Production projection for certification for 2016</td><td>3,658.00</td></tr></table>		(MT)	CPO Production projection for certification for 2016	17,660.00	PK Production projection for certification for 2016	3,658.00																								
	(MT)																															
CPO Production projection for certification for 2016	17,660.00																															
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D.2 D.2.2	<p>Explanation</p> <p>The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim.</p>	<p>Boustead Gradient Sdn Bhd – Boustead Nak Business Unit has registered RSPO e-Trace. The member ID is RSPO_PO10000002706.</p>																														

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D 3 D 3.1	<p>Documented procedures</p> <p>The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <ul style="list-style-type: none"> a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard. 	<p>An integrated RSPO: Supply Chain procedure revised dated Aug 2015</p> <p>describing the procedures on the following activities related on its supply chain certification standard required by the RSPO. The Procedure was sighted and found all elements were covered accordingly. Retention period of keeping the SCC related records such as contract document, purchasing records, delivery records, etc.</p> <p>The Mill Manager has the overall responsibility and authority over the implementation of the standard requirements and compliance.</p>
D 3.2	The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Receiving of certified and non-certified FFB procedure is stated in RSPO: Supply Chain procedure dated August 2015.
D.4 D.4.1	<p>Purchasing and goods in</p> <p>The site shall verify and document the volumes of certified and non-certified FFBs received.</p>	<p>All certified FFB came from own supply base/estates namely Nak Estate, Resort Estate and Sutera Estate. All delivery documents of certified FFB were verified to ensure the certified status of the FFB. Volumes of certified FFBs received by the mill had been properly recorded and monitored.</p> <p>The company only start receiving certified FFB starting from May 2015 after obtaining RSPO P&C certificate. The company also received FFB from smallholders from January to August 2015. Purchasing activities was done by Marketing Departmet (HQ).</p> <p>Bousted Gradient Sdn Bhd – Boustead Nak Business Unit has received 66,596.990 MT of RSPO FFB from own estates for their processing activities. Within same interval the company received 21,446.210 MT of non-certified FFB.</p>
D 4.2	The site shall inform the CB immediately if there is a projected overproduction.	There was no overproduction observed.
D.5 D.5.1	<p>Record keeping</p> <p>The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p>	For year 2015, Bousted Gradient Sdn Bhd (Boustead Nak Business Unit) monitored their incoming of FFB and outgoing of certified CPO product on three monthly basis. This records contain information about certified FFB received, process, CPO & PK production and todate balance stock.

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<p>D 6 D.6.1 D 6.2</p>	<p>Processing The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage. The objective is for 100% segregated material to be reached.</p>	<p>Since last October 2015, Bousted Gradient Sdn Bhd (Boustead Nak Business Unit) only received RSPO certified FFB. Therefore, objective for 100% segregated material was reached.</p>
	<p>Sales and good out The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance) d) The quantity of the products delivered; e) Reference to related transport documentation.</p>	<p>Bousted Gradient Sdn Bhd – Boustead Nak Business Unit has despatched 800MT of RSPO certified CSPK under MB model for year 2015/2016. Sample of sales document were sighted during the audit and it was found all related information were adequate. Currently, the company sold to 1 buyer only,</p>
	<p>Training The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>The facility has conducted RSPO awareness training for its key personnel to familiarize them on the RSPO new standard. The latest training was conducted in Jan 2016 which was attended by the company's staff whose works were related to the company's RSPO supply chain system. An attendance list on the training was sighted during the audit. Based on interviewed with the Engineer cum Mill Manager, the General Clerk and the Weighbridge Clerk, it can be concluded that their understanding of their RSPO-job related were adequate.</p>
	<p>Claims The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.</p>	<p>Not applicable. RSPO Trade Logo is not in used.</p>

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Attachment 8

Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Verification by Auditor
Indicator: 1.2.1 (in 2008) Now 1.1.1	CAR 01 Major	Currently, the official website for Boustead for the company to promote their company i.e. http://www.bousteadplantations.com.my/home.html Unfortunately none of the management documents listed within the Criterion 1.2 is made publicly available in their website.	Both Estates continued to maintain stake holders for contractors, vendors/suppliers, government agencies, schools, local communities, etc. and also sighted that Boustead has revised their website to include all management documents relating to the unit environmental, social and legal issues demonstrating commitment towards compliance to RSPO criteria. Status: Closed
Indicator: 2.1.4	CAR 02 Minor	Referring to the flow chart entitled "Identification and update on Legal & Other Requirement Flow Chart", the Mill manager is responsible to update any new Legal & Other Requirements into Register. However, the audit team notes that several changes were not updated accordingly.	Changes to law and regulation are now monitored by the centralized OSH Department. Various sources were referred to in obtaining information about the updates of legal requirements such as industrial association (e.g. MPOA, EMPA, SECA, etc.), seminar/conference, law books, government agencies websites, etc. It has also been verified that the legal register was updated appropriately. Status: Closed
Indicator: 4.2.2 (In 2008) Current 4.2.3	CAR 03 Minor	No evidence of latest Soil Sampling for both Nak and Resort Estates.	The soil sampling has been carried out and the corrective action was verified and accepted. Status : Closed
Indicator: 4.4.7 (In 2008) Current 4.4.1	CAR 04 Minor	Verification during the audit showed that the Water Management Plan for Mill is not available. In addition, the Water Management Plan for Resort and Nak Estates do not cover management plan for water for domestic consumption.	Water management plans for each of the unit within The CU have been established. Status : Closed
Indicator: 4.5.4 (In 2008) Current 4.6.2	CAR 05 Last Time Minor now is Major	The audit team notes that there is no evidence of monitoring of active ingredients/ha for pesticides used in NAK estate.	Monitoring records have been made available during the audit. Status : Closed
Indicator: 4.7.1 (In 2008) Current 4.6.2	CAR M06 Major	Osh Plan is not properly Implemented - HIRARC is not periodically reviewed - Workers PPE was not as described in the HIRARC – long rubber boots for harvester, goggles is not provided to workers. - Mandore for contractor did not undergone First Aid Training. - First Aid Kit is not available at worksite.	HIRARC at NAK POM, Sutera Estate and Resort Estate have been revised and workers were provided with long rubber boots and goggle. First Aid Kit was made available at the operation area. All workers and staffs have undergone First Aid training. Status: Closed

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Indicator: 4.8.1 (In 2008) Current 4.8.1	CAR M07 Major	<p>Inadequate training programme that included regular assessment of training needs and documentation, including records of training for employees are kept.</p> <p>A training programme and plan for 2014, including records of training for employees are kept in the training file at each estate and mill. Despite the above, there are several non-conformance pertaining to the training conducted as follows:</p> <ul style="list-style-type: none"> • Training programme established do not consider training requirements stipulated in the HIRARC; • There is no training provided on measuring of chemicals with appropriate measuring cylinders in the pre-mix area; • No training record to Health Assistant made available to the audit team; • No proper training to implement triple rinsing method conducted by the company as observed in NAK Estate whereby empty chemical container is not triple rinsed; and • No competency and safety in operations training provided for contractors workers. 	At NAK POM, Sutera Estate and Resort Estate, training had been conducted as per HIRARC such as chemical handling, first aid kit and safety training for contractors. Status: Closed.
Indicator: 5.3.2 (In 2008) Current 5.3.3	CAR 08 Minor	<p>Although the Unit has identified wastes and pollutants, an operational plan developed to avoid or reduce pollution implementation seemed lacking.</p> <p>The audit team notes that the Waste management plan is not fully implemented whereby there is a presence of recyclable waste from domestic in the land fill such as metal, schedule waste, plastic bottle.</p>	Sighted that CU have guidance for landfill method as a reference to dispose domestic wastes. Recyclable wastes collection centers were prepared at the estate. Wastes segregation was done for domestic wastes to collect the recyclable ones. The recyclable wastes will then be sent to appropriate vendors. Status: Closed.
Indicator: 5.6.1 (In 2008)	CAR M09 Major	<p>No documented plans to mitigate all polluting activities.</p> <p>The audit team observed that there are several incompliance to the requirement of the standard observed during the audit whereby documented plans for mitigating all polluting activities is not available at Mill and NAK Estate. In Resort Estate, such document only limited to domestic pollutant as specified above.</p>	Sighted the Pollution Prevention Plan at Sutera Estate, Resort Estate and Nak Mill which has been updated in Jan 2016. Status: Closed.
Indicator: 5.6.2 (In 2008) Current 5.1.3	CAR 10 Major	<p>Plans are not reviewed annually.</p> <p>Review is not available due to absence of plan during the audit.</p>	Sighted Pollution Prevention Plan at Sutera Estate, Resort Estate and Nak Mill updated in Jan 2016. Status: Closed.
Indicator: 6.1.3 (In 2008) Current 6.1.3	CAR 11 Minor	<p>SIA timetable with the responsibilities for mitigation and monitoring is not reviewed and updated as necessary</p> <p>No evidence showing that the mitigation and monitoring table for SIA is reviewed and approved by the managers.</p>	The Social Action Plan at NAK POM, Sutera Estate and Resort Estate was verified. There established plans specifies the issues and strategies to be implemented. The plan also provides the responsible person (PIC) and the timeframe for the action plan to be conducted. Status: Closed

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Indicator: 6.4.2 (In 2008) Current 6.4.2	CAR 12 Minor	A procedure for calculating and distributing fair compensation (monetary or otherwise) is not established. NAK has yet to develop any procedure for calculating and distributing fair compensation.	NAK POM, Sutera Estate and Resort Estate are using SOP - Fair Compensation as a procedure for calculating and distributing fair compensation. Status: Closed
Indicator: 6.5.1 (In 2008) Current 6.5.1	CAR 13 Major	Documented of pay and conditions is improper It is evidence that lack of implementation regarding pay and conditions between workers and their contractors.	The employment contract and payslip of contractor's workers for spraying activities at Sutera Estate was verified and the minimum wages is RM32/day. All contractors employed by the company has a formal contract agreement with their workers that specifies all aspects/requirements set by Sabah Labour Ordinance. Status: Closed
Indicator: 6.5.2 (In 2008) Current 6.5.2	CAR 14 Last Time Minor now is Major	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment are not explained carefully to them by a plantation management official in the operating unit. Evidence thru interview with workers and records of meeting that details inside the Worker contract are not explained and communicated to workers such as insurance and compensation, passport deduction, PPE distribution, term and condition in the payslips, term and condition for transferring employer and annual leave (contract workers) etc	Management has explained the employment contracts to all workers although the agreement is written in Bahasa. During interview with foreign workers, they were understand the employment contract. Status: Closed
Indicator: 6.5.3 (In 2008) Current 6.5.3	CAR 15 Minor	Growers and millers do not provide adequate housing, water supplies, medical, educational and welfare amenities in accordance with Workers Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. These were noted during the audit: - children in crèche in NAK estate did not receive formal education due to no primary school provided by the estate and no allocation for transport to transporting the children to the nearest school (humana). - Crèche at Resort estate found to be over-crowded.	NAK POM, Sutera Estate and Resort Estate have provided adequate housing, water supplies, medical, educational and welfare amenities accordance with Workers' Minimum Standard of Housing Standard of Housing and Amenities Act 1990 (Act 446). Children 4 years old and below will be stay at Creche until their parent finish their job. For children 5 years above, they will received basic educational at Humana School. Transportation is provided for all children from their house to Humana or Government school. Status: Closed
Indicator: 6.10.2 (In 2008) Current 6.10.1	CAR 16 Minor	Current and past prices paid for FFB are not be publicly available. Interview with smallholders found out that they did not aware on the notice as it is too small and the location of notice has been posted are unknown. The pricing also is not well communicated to the FFB supplier in the means that can be understood by the FFB supplier.	This indicator was not applicable now as the mill only received FFB from their own supply base. Status: Closed
Indicator: 6.10.3 (In 2008) Current 6.10.3	CAR 17 Minor	No evidence that all parties understand the contractual agreements they enter into and that contracts are fair, legal and transparent No contract agreement sealed between the smallholders (FFB suppliers) and the NAK POM	Contractors interviewed were understand with contractual agreement which are fair, legal and transparent. Since the NAK POM has used identity preserved (IP) model, so there was no contract agreement between smallholders (FFB suppliers) and NAK POM. Status: Closed