



**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**

**CLIENT : BOUSTEAD 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	117.8552'N	5.9000'E	Mile 3 off 19 mile, Labuk Road, 90009 Sandakan Sabah
	NAK Estate	117.8522'N	5.9028'E	Mile 19, 27KM Labuk Road, 90009 Sandakan, Sabah
	Resort Estate	117.78423'N	5.6964'E	Km 100 Sandakan Road, 90009 Sandakan, Sabah.
	Sutera Estate	117.3662'N	5.6545'E	Off Mile 45, 68 km Lahad Datu Road, Sandakan, 90009 Sabah.
	Ladang Tabung Tentera Sabah (LTTS)	117.9034'N	5.2852'E	Lahad Datu – Sandakan, Off-Road KM16, Sungai Pin, 91109 Lahad Datu, Sabah.

**MAP :** See Attachment 1

**AUDIT DATE :** 20-23 February 2018

**DURATION :** 16 auditor days

**TYPE OF AUDIT :**

☒

Annual Surveillance Audit



Recertification Audit

**STANDARD :** RSPO PRINCIPLE & CRITERIA MYNI 2014, AND RSPO SUPPLY CHAIN CERTIFICATION STANDARD 2014 (REVISED 14 JUNE 2017)

**SCOPE OF CERTIFICATION:** Production of Sustainable Crude Palm Oil and Palm Kernel Using the Identity Preserved Supply Chain 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**

**Acknowledgement by Client's Representative**

Name : ROZAIMEE BIN AB RAHMAN

Name :

ANUAR SEMAIL  
Planting Advisor

Signature :

Signature :

Date : 30/05/2018

Date :

1/6/2018

## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF AUDITS

SUMMARY OF AUDITS

Stage 2 Audit				
On-site audit date	:	1 – 5 December 2014		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 Estate		

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	Suppliers
		X		X	X
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractor	Others (Please specify)	
			X		
Supply base sampled	:	Resort Estate and Sutera Estate			
Changes since the last audit	:	No changes.			

Annual Surveillance Audit 2					
On-site audit date	:	6-10 March 2017		No. of auditor days	13 Auditor Days
Audit team	:	Mohd Zulfakar Kamaruzaman (LA) , Rozaimée Ab Rahman, Hazani Othman, Mohd Abd Raouf Asis (Trainee Auditor)			
No. of major NCR	:	2	2.1.1, 4.4.2		Closing date : 9 May 2017
No. of minor NCR	:	5	2.1.2, 4.1.3, 5.2.3, 5.2.4, 6.12.3		
Indicate by ticking the stakeholders interviewed during the on-site audit	:	Employees	Settlers	Villagers	Suppliers
		X		X	X
		Contract workers	NGOs	Govt. agency	Independent growers
				X	
		Indigenous people	Contractor	Others (Please specify)	
			X		
Supply base sampled	:	Nak Estate and Ladang Tabung Tentera Sabah (LTTS)			
Changes since the last audit	:	New Estate has been included in NAK Business Unit which is Ladang Tabung Tentera Sabah (LTTS)			

## RSPO PUBLIC SUMMARY REPORT

Annual Surveillance Audit 3				
On-site audit date :	20-23 February 2018	No. of auditor days :	16	
Audit team :	Rozaimée, Zulfakar, Ruzita, Mohd Ab Raof			
No. of major NCR :	1	Indicator:4.6.11	Closing date : 23 April 2018	
No. of minor NCR :	2	Indicator :4.1.2, 6.5.3		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers / Local communities	Suppliers
	√		√	√
	Contract workers	NGOs	Govt. agency	Independent growers
	√			
	Indigenous people	Contractors	Others (Please specify)	
	√	√		
Supply base sampled :	Sutera Estate and Resort Estate			
Justification of audit planning :	Total allocation of auditor days for NAK CU were: <ul style="list-style-type: none"> <li>Mill = 6 days (5 days for safety and health, environment, mill best practices, GHG verification) + (1 day for supply chain certification systems)</li> <li>Sutera &amp; Resort Estate = 5 days each for verification of safety and health, environment, good agriculture best practices, GHG verification.</li> </ul>			
Changes since the last audit :	Changes on planted area based on the latest resurvey carried out by the estate.			

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 / Local communities	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractors	Others (Please specify)	
Supply base sampled :				
Justification of audit planning :				
Changes since the last audit :				

Recertification Audit				
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 / Local communities	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractors	Others (Please specify)	
Supply base sampled :				

<b>RSPO PUBLIC SUMMARY REPORT</b>
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Justification of audit planning :	
Changes since the last audit :	

# RSPO PUBLIC SUMMARY REPORT

## SUMMARY OF INFORMATION

TABLE 1

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		Apr 2016 – Mar 2017	Mar 2017 – Feb 2018	Mar 2018 – Feb 2019	
Certified Area (Ha)		4,721.90	6,744.90	6,744.90	
Planted Area (Ha) (Mature + Immature)		4,511.6	6,462.20	6,417.77*	
Production Area (Ha) (Planted – Immature)		3,987.70	5,157.76	4,926.62	
HCV Area (Ha)		6.90	6.90	6.90	
Certified FFB Processed (MT)		72,725.00	105,100.00	80,870.00	
Production of Certified CPO (MT)		15,454.06	22,333.75	17,387.05	
Production of Certified PK (MT)		3,200.00	4,624.40	3,234.80	
REMARKS		-	Inclusion of Ladang Tabung Tentera Sabah Estate	*Amount of the planted area was decreased (in comparison with the previous year). This has been based on land resurvey carried out in Jan 2018.	

TABLE 2

	CPO	PK
Last years certified volume (MT)	22,333.75	4,624.40
Last years actual certified sold (MT)	16,718.00	3,015.10
Last years actual sold under other schemes (MT)	-	-
Last years sold conventional (MT)	-	-
New year certified volume (MT)	17,387.05	3,234.80

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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) and the International Automotive Task Force (IATF). 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
Rozaimiee Ab Rahman	Lead Auditor / Environment & safety, mill	<ul style="list-style-type: none"> <li>Holds a B. Sc. in Agriculture from University Putra Malaysia. He had more than 5 years of working experience in the oil palm operation.</li> </ul>
Mohd Zulfakar Kamaruzaman	Auditor / HCV and Social	<ul style="list-style-type: none"> <li>Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.</li> </ul>
Mohd Ab Raouf Asis	Auditor / GAP, Health & Safety, plantation	<ul style="list-style-type: none"> <li>Holds a B. Sc. in Manufacturing (Production and Operation). He had more than 7 years of working experience in the oil palm operation.</li> </ul>
Ruzita Ab Gani	Auditor / Environment & safety and Supply Chain, mill	<ul style="list-style-type: none"> <li>Holds a Bachelor in Chemical Engineering and 6 years of experience in the palm oil milling. She had been involved in auditing of EMS and OHSMS for the past 14 years. She is also a qualified RSPO lead auditor and a DOE registered Environmental Auditor.</li> </ul>

### 1.3 Audit methodology

The audit covered the Nak palm oil mill 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 Sutera Estate and Resort 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 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by announcing the invitation in the the SIRIM QAS International's websites. There was no comment received for this Certification Unit.

### 1.5 Audit plan : Refer to Attachment 2

### 1.6 Date of next audit : The next surveillance audit will be conducted within 12 months but not sooner than 8 months from this audit.

## 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 business unit under the Boustead Plantation Bhd (BPB). The CU is also known as Boustead Nak Business Unit. The CU was initially comprises of the Nak Palm Oil Mill (Nak POM) and three supply base i.e. the Nak Estate, Resort Estate and Sutera Estate. In 2017 audit, the Boustead management had decided to include a new estate Ladang Tabung Tentera Sabah (LTTS) in the certification.

All of the estates are owned by BPB. The Nak POM has a mill capacity of 40 mt/hr.

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

The FFB sourced from company owned estates that are certified. Details of the FFB contribution from each source to Nak Palm Oil Mill are shown in the following tables:

Table 1: Actual FFB production by the supply base for the last reporting period (March 2017 to February 2018)

Estates	FFB Production	
	Tonnes	Percentage (%)
Nak Estate	19,223.11	24.72
Resort Estate	32,107.99	41.30
Sutera Estate	14,305.71	18.40
LTTS	12,114.20	15.58
<b>Total</b>	<b>77,751.01</b>	<b>100.00</b>

Table 2: Projected FFB production by the supply base for the next reporting period (March 2018 to Feb 2019)

Estates	FFB Production	
	Tonnes	Percentage (%)
Nak Estate	22,270	28
Resort Estate	32,400	40
Sutera Estate	8,500	10
LTTS	17,700	22
<b>Total</b>	<b>80,870</b>	<b>100%</b>

Table 3: Actual FFB received and CPO & PK dispatch by the Nak POM for the last reporting period (March 2017 to February 2018)

	Tonnes (mt)
FFB Received	77,751.01
FFB Processed	77,751.01
Certified FFB	77,751.01
Non Certified FFB	-
CPO Production	16,718.00
PK Production	3,015.10
CPO delivered as IP	16,718.00
CPO delivered as non-RSPO certified	-
PK delivered as IP	3,015.10
PK delivered as non-RSPO certified	-



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Table 4 : Projected FFB received and CPO & PK dispatch by Nak POM of the next reporting period  
(March 2018 to February 2019)

	<b>Tonnes (mt)</b>
FFB Received	80,870.00
FFB Processed	80,870.00
Certified FFB	80,870.00
Non Certified FFB	-
CPO Production	17,387.05
PK Production	3,234.80
CPO delivered as IP	17,387.05
CPO delivered as non-RSPO certified	-
PK delivered as IP	3,234.80
PK delivered as non-RSPO certified	-

Table 5: Planted and certified area of the Nak BU

Estate	Planted (ha)	Certified (ha)
Nak	1,311.50	1,386.10
Sutera	2,100.80*	2,200.70
Resort	1,054.87*	1,135.10
LTTS	1,950.60	2,023.00
<b>Total</b>	<b>6,417.77</b>	<b>6,744.90</b>

\*Newly revised planted area based on land resurvey, carried out by the estate on Jan 2018.

Table 6: Planting profile for Nak Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994	1 <sup>st</sup> Generation	Mature	141.40	11%
1995	1 <sup>st</sup> Generation	Mature	272.00	21%
1996	1 <sup>st</sup> Generation	Mature	147.50	11%
2001	1 <sup>st</sup> Generation	Mature	114.90	9%
2002	1 <sup>st</sup> Generation	Mature	163.80	13%
2006	2 <sup>nd</sup> Generation	Mature	86.80	7%
2007	2 <sup>nd</sup> Generation	Mature	52.10	4%
2008	2 <sup>nd</sup> Generation	Mature	42.30	3%
2009	2 <sup>nd</sup> Generation	Mature	80.60	6%
2010	2 <sup>nd</sup> Generation	Mature	57.60	4%
2016	2 <sup>nd</sup> Generation	Immature	68.90	5%
2017	2 <sup>nd</sup> Generation	Immature	83.60	6%
<b>Total</b>			<b>1311.50</b>	<b>100</b>

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Table 7: Planting profile for Sutera Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994	1 <sup>st</sup> Generation	Mature	475.00	23%
2005	2 <sup>nd</sup> Generation	Mature	178.30	8%
2006	2 <sup>nd</sup> Generation	Mature	139.70	7%
2007	2 <sup>nd</sup> Generation	Mature	101.60	5%
2009	2 <sup>nd</sup> Generation	Mature	141.60	7%
2010	2 <sup>nd</sup> Generation	Mature	145.90	7%
2011	2 <sup>nd</sup> Generation	Mature	145.80	7%
2012	2 <sup>nd</sup> Generation	Mature	137.00	7%
2013	2 <sup>nd</sup> Generation	Mature	93.00	4%
2014	2 <sup>nd</sup> Generation	Mature	105.8	5%
2015	2 <sup>nd</sup> Generation	Immature	89.60	4%
2016	2 <sup>nd</sup> Generation	Immature	100.20	5%
2017	2 <sup>nd</sup> Generation	Immature	247.30	12%
<b>Total</b>			<b>2,100.80</b>	<b>100%</b>

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Table 8: Planting profile for Resort Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1993	1 <sup>st</sup> Generation	Mature	134.61	13.0
1995	1 <sup>st</sup> Generation	Mature	212.11	20.0
2015	2 <sup>nd</sup> Generation	Immature	158.86	15.0
2016	2 <sup>nd</sup> Generation	Immature	169.17	16.0
2017	2 <sup>nd</sup> Generation	Immature	169.55	16.0
2018	2 <sup>nd</sup> Generation	Immature	210.57	20.0
<b>Total</b>			<b>1,054.87</b>	<b>100</b>

Table 9 : Planting profile for LTTS Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1991	1 <sup>st</sup> Generation	Mature	145.6	7.46
1992	1 <sup>st</sup> Generation	Mature	192.1	9.85
1993	1 <sup>st</sup> Generation	Mature	128.5	6.59
1994	1 <sup>st</sup> Generation	Mature	567.7	29.10
1998	1 <sup>st</sup> Generation	Mature	238.5	12.23
2006	2 <sup>nd</sup> Generation	Mature	81.8	4.19
2007	2 <sup>nd</sup> Generation	Mature	68.1	3.49
2008	2 <sup>nd</sup> Generation	Mature	56.9	2.92
2009	2 <sup>nd</sup> Generation	Mature	83.4	4.28
2014	2 <sup>nd</sup> Generation	Mature	194.6	9.98
2015	2 <sup>nd</sup> Generation	Immature	193.4	9.91
<b>Total</b>			<b>1,950.6</b>	<b>100</b>

### 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/+6089-667-360
Fax no.	:	-
Email	:	<a href="mailto:tarmizi.bea@boustead.com.my">tarmizi.bea@boustead.com.my</a>

### 3.0 AUDIT FINDINGS

- 3.1 Changes to certified products in accordance to the production of the previous year  
No change to the certified products in the previous year.

- 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"/>	

The time bound plan for Boustead Plantation Berhad which was updated in December 2017 is provided in Attachment 7 of this report.

- 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 are 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.

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.)  
No Changes.

- 3.7 Status of previous non-conformities \*

Closed ☒ Not closed ☐

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

- 3.8 Complaint received from stakeholder (if any)

There were some stakeholders interviewed during the conduct of this audit. These included the workers, contractors and suppliers. In general, all the interviewed stakeholders had given positive feedback on the CU.

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### 4.0 DETAILS OF NON-CONFORMITY REPORT

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

Total no. of minor NCR(s)  
(details refer to Attachment 4 )      List : 2      RR 01, MZK 01

Total no. of major NCR(s)  
(details refer to Attachment 4 )      List : 1      RR02

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

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

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

### 5.0 AUDIT CONCLUSION

The audit team concludes that the organisation 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 achieve agreed criterion & requirements.

### 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.*

### 7.0 IT IS CONFIRMED THAT ALL CORRECTIVE ACTIONS TAKEN ON MAJOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED, ACCEPTED AND VERIFIED AND ALL CORRECTIVE ACTIONS PLANS PROVIDED ON MINOR NON CONFORMITIES HAVE BEEN SATISFACTORILY REVIEWED AND ACCEPTED. RECOMMENDED FOR CONTINUATION OF RSPO P & C CERTIFICATION.

Audit Team Leader : ROZAIMEE AB RAHMAN

(Name)

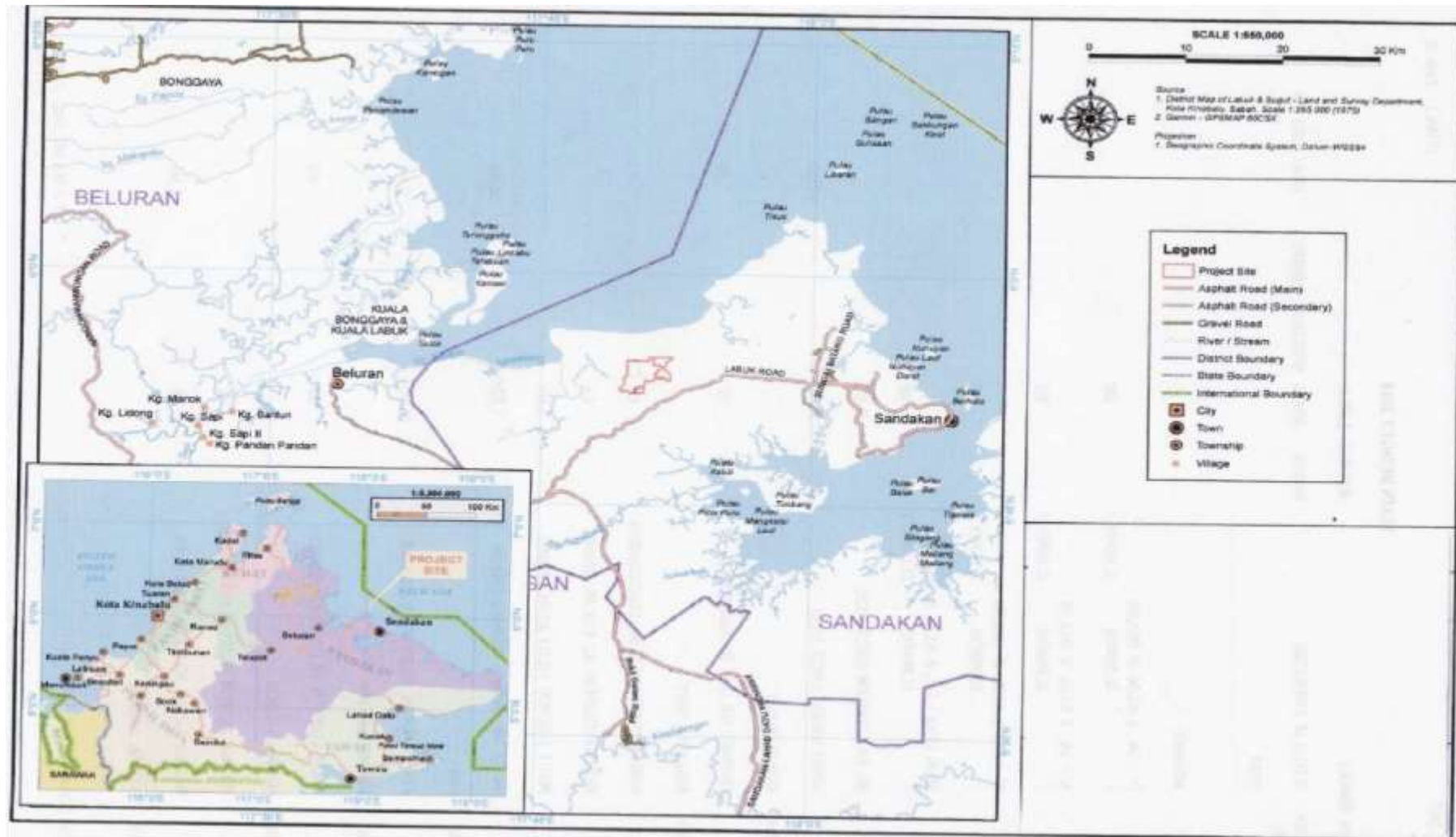


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23/4/2018

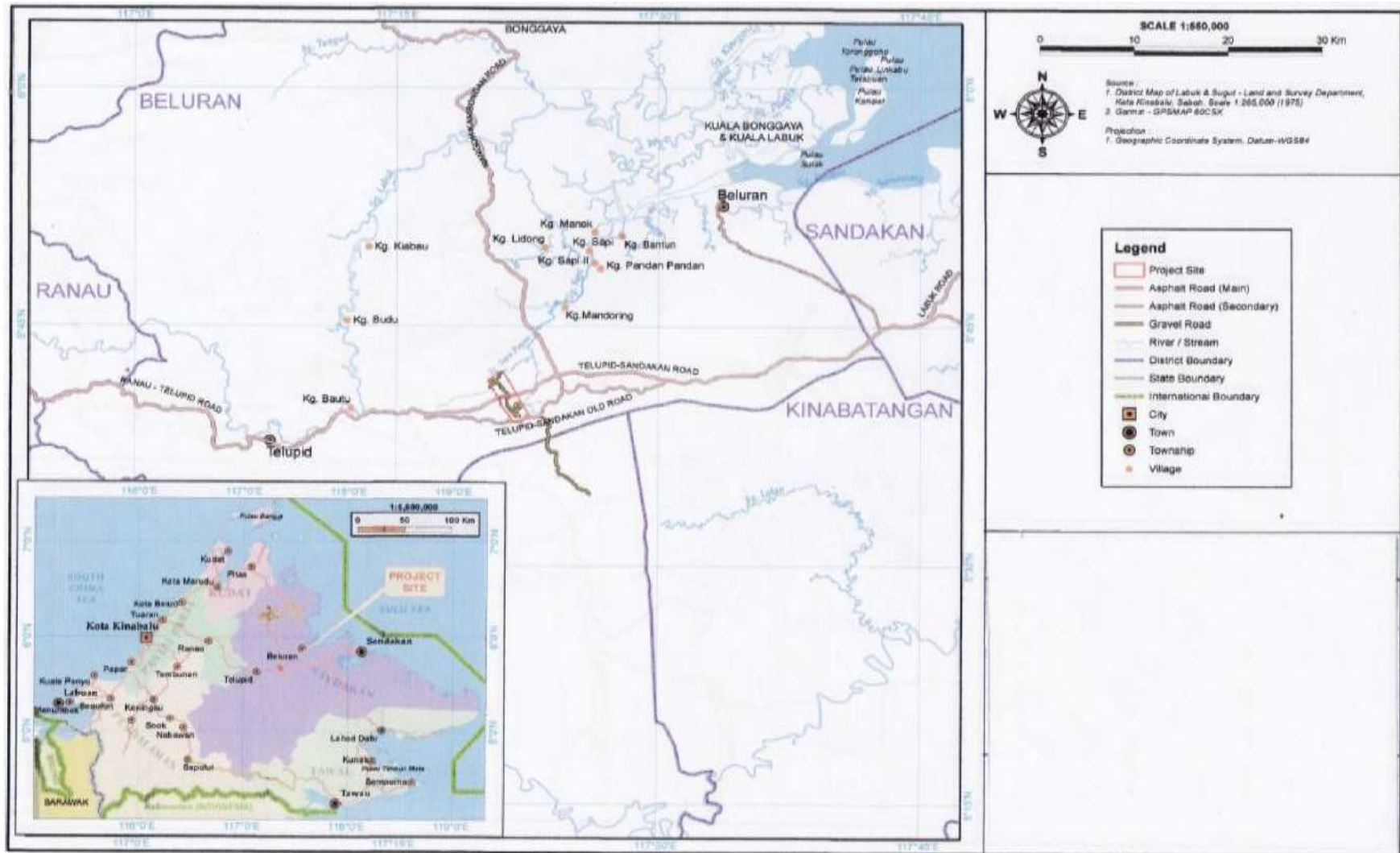
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Map of Nak Estate - Nak CU



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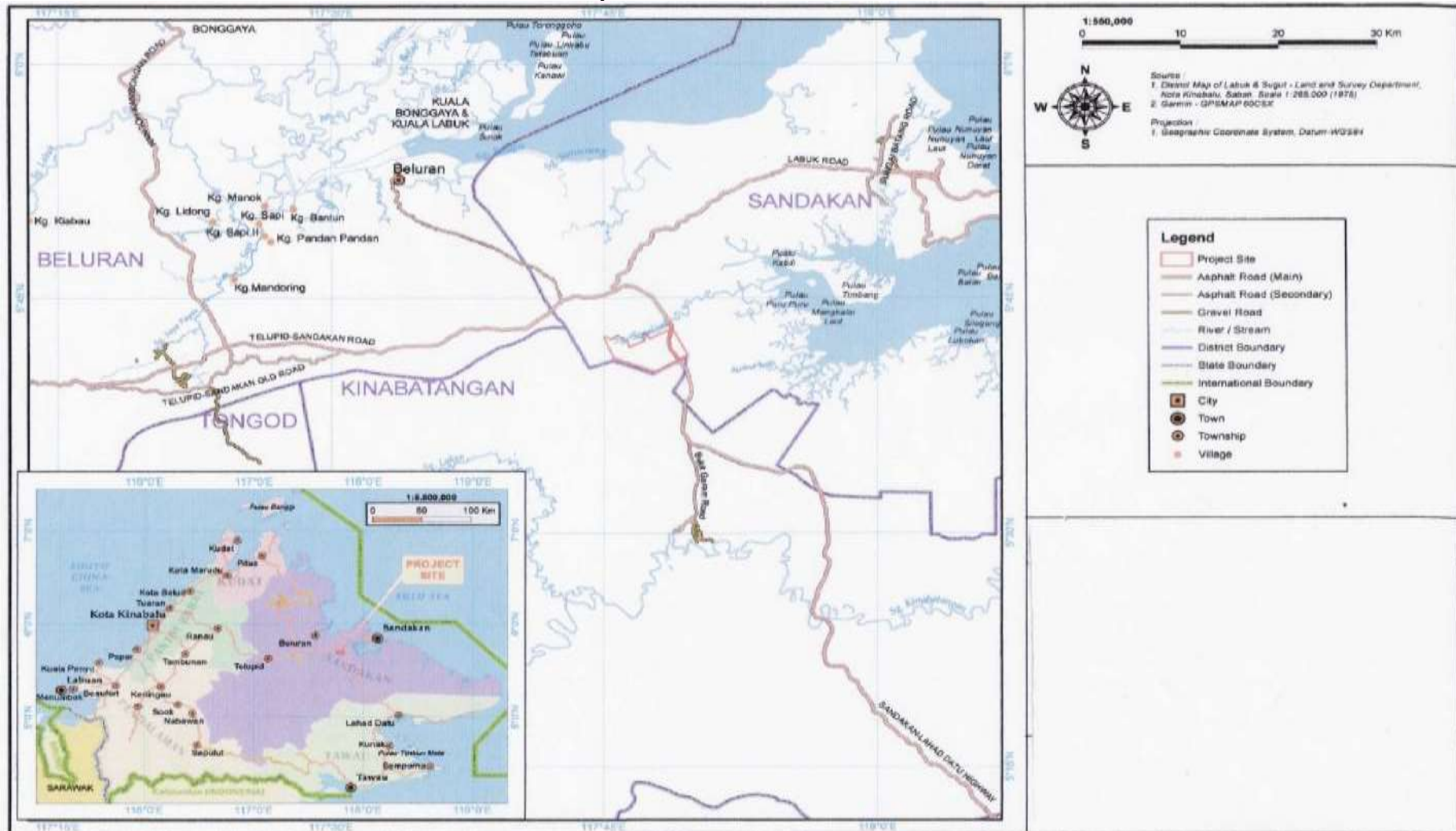
### Map of Resort Estate - Nak CU





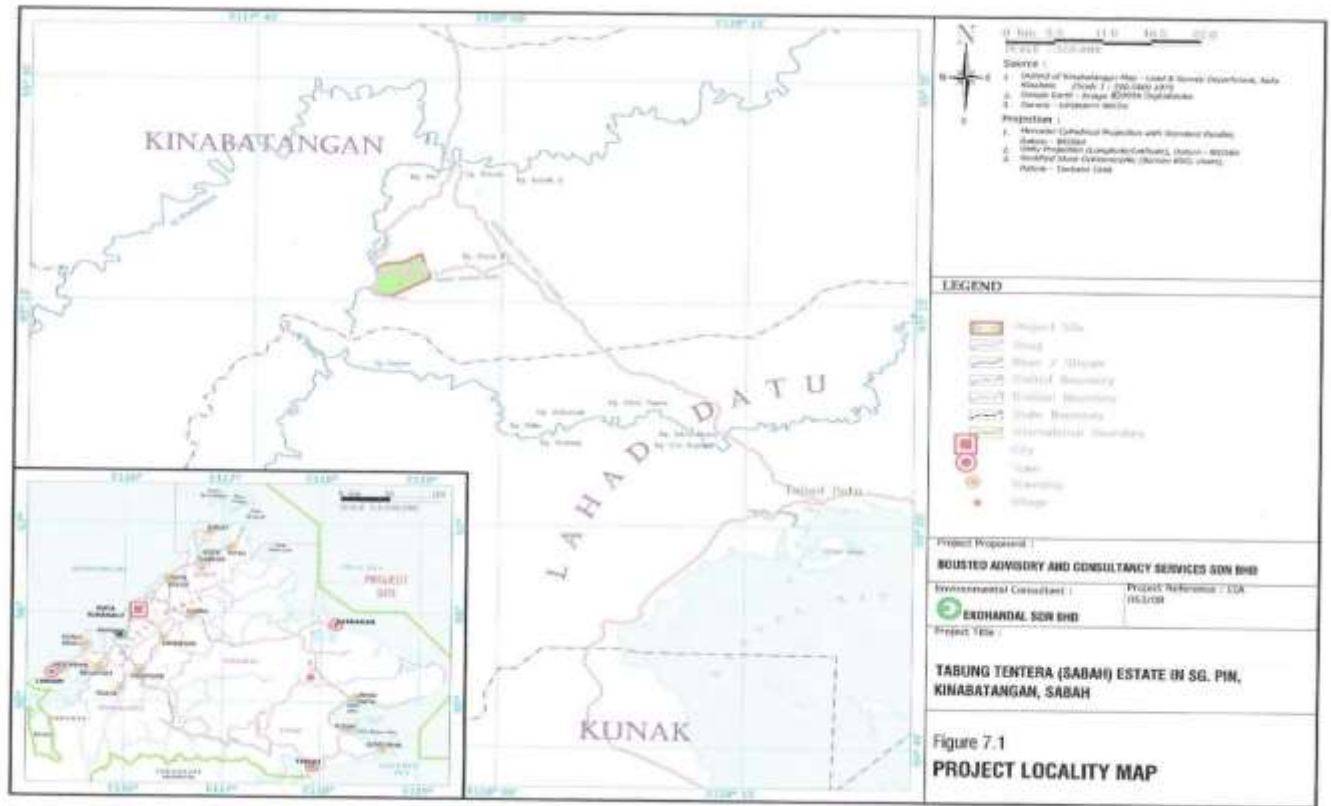
# RSPO PUBLIC SUMMARY REPORT

## Map of Sutera Estate - Nak CU





Map of LTTS Estate - Nak CU



## SURVEILLANCE 3 AUDIT PLAN

### 1. Objectives

The objectives of the audit are as follows:

- (i) To determine **Nak Business 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 assessment** : 20 - 23 February 2018

3. **Site of assessment** : Nak Business Unit

- Nak Palm Oil Mill
- Sutera Estate
- Resort Estate

### 4. Reference Standard :

- a) RSPO P&C MYNI:2014
- b) RSPO Certification Systems June 2007
- c) RSPO Supply Chain Standard 2014 (revised June 2017)
- d) Company's audit criteria including Company's Manual/Procedures

### 5. Assessment Team

Assessor: Rozaimie Bin Ab Rahman (Env ,Safety (mill))  
 Mohd Zulfakar Kamaruzaman (HCV, Social)  
 Mohd Ab Raouf Bin Asis (GAP, Safety (estate))  
 Ruzita Ab Gani (GHG, SCCS, PARTIAL CERT. (Evaluator))

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

### 7. Audit Method

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

### 8. Audit Findings

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 90 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 90 days, the certificate shall be terminated.

If there are five or more major non-compliances within one Principle found during the audit, immediate suspension of RSPO certification shall be recommended.

For minor non conformities raised in the surveillance audit, corrective action shall be verified in the next audit. These shall be upgraded to major non conformities if the corrective actions are not satisfactory implemented in the next audit.

**9. Confidentiality Requirements**

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

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

**11. Reporting**

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 2 weeks after the closure of the Major NC / or if only minor NC, 30 days from the last day of this audit.

**12. Facilities Required**

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

**13. Assessment Programme Details** : As below

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### Day 1: 20/02/2018 (Tuesday)

Time	Activities / areas to be visited				Auditee
8.30 – 9.00 am	<b>Opening Meeting at Nak POM</b> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes.				
9.00 – 9.30 am	<b>Organization representative to brief on the following:</b> 1) RSPO implementation at Nak BU (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.				Management Representative
9.30 - 1.00 pm	<b><u>Rozaimie</u></b> <b><u>Resort Estate</u></b>  Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• witness activities at site (weeding/ spraying, etc)</li> <li>• Interview with workers and contractors</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Chemical store/fertilizer implementation, training and safe use of agro-chemicals.</li> <li>• Continuous improvement</li> <li>• Interview with workers, environment committee and contractors.</li> </ul>	<b><u>Mohd Ab Raouf</u></b> <b><u>Resort Estate</u></b>  Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with estate workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc</li> <li>• EFB mulching, POME application.</li> <li>• Commitment to long-term economic and financial viability.</li> <li>• Plantation on hilly/swampy area</li> <li>• New planting</li> </ul>	<b><u>Zulfakar</u></b> <b><u>Resort Estate</u></b>  Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, Contractors, gender committee, local communities and stakeholders</li> <li>• Check pay slip, Contract Agreement</li> <li>• Check Sundry Shop</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighboring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<b><u>Ruzita</u></b> <b><u>Resort Estate</u></b>  Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• To verified time bound plan and partial certification systems.</li> <li>• Verified GHG data and information</li> </ul>	Guide(s) for each assessor.
1.00 – 2.00 pm	<b>LUNCH BREAK</b>				All
2.00 – 4.30 pm	Continue assessment				Guide(s)
4.30.- 5.00 pm	Audit team discussion / End of Day 1 audit				

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### Day 2: 21/02/2018 (Wednesday)

Time	Activities / areas to be visited				Auditee
8.30 - 1.00 pm	<b>Rozaimée</b>	<b>Mohd Ab Raouf</b>	<b>Zulfakar</b>	<b>Ruzita</b>	Guide(s) for each assessor.
	<b><u>Sutera Estate</u></b>  Continue coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• witness activities at site (weeding/ spraying, etc)</li> <li>• Interview with workers and contractors</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Chemical store/fertilizer implementation, training and safe use of agro-chemicals.</li> <li>• Continuous improvement</li> <li>• Interview with workers, environment committee and contractors.</li> <li>• Training and skill development programmes.</li> </ul>	<b><u>Resort Estate</u></b>  Continue coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with estate workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc</li> <li>• EFB mulching, POME application.</li> <li>• Commitment to long-term economic and financial viability.</li> <li>• Plantation on hilly/swampy area</li> <li>• New planting</li> </ul>	<b><u>Sutera Estate</u></b>  Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, Contractors, gender committee, local communities and stakeholders</li> <li>• Check pay slip, Contract Agreement</li> <li>• Check Sundry Shop</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighboring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<b><u>Sutera estate</u></b>  Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• To verified time bound plan and partial certification systems.</li> <li>• Verified GHG data and information</li> </ul>	
1.00 – 2.00 pm	<b>LUNCH BREAK</b>				All
2.00 – 4.30 pm	Continue assessment				Guide(s) for each auditor
4.30.- 5.00 pm	Audit team discussion / End of Day 2 audit				

## RSPO PUBLIC SUMMARY REPORT

### Day 3: 22/02/2018 (Thursday)

Time	Activities / areas to be visited				Auditee
8.30 - 1.00 pm	<b>Rozaimée</b> <b><u>Nak POM</u></b> Continue coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• implementation, training and safe use of agro-chemicals.</li> <li>• Continuous improvement</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors.</li> <li>• Training and skill development programmes.</li> <li>• Laws and regulations</li> <li>• witness activities at site (lab/ boiler, WTP, etc)</li> <li>• Environmental management – witness activities at site</li> <li>• Waste &amp; chemical management</li> <li>• Chemical store</li> </ul>	<b>Mohd Ab Raouf</b> <b><u>Sutera estate</u></b> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with estate workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc</li> <li>• EFB mulching, POME application.</li> <li>• Commitment to long-term economic and financial viability.</li> <li>• Plantation on hilly/swampy area</li> <li>• New planting</li> </ul>	<b>Zulfakar</b> <b><u>Nak POM</u></b> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Land titles user rights</li> <li>• Social Impact Assessment (SIA), management plan &amp; implementation</li> <li>• Complaints and grievances</li> <li>• Consultation with relevant government agencies</li> <li>• Interview workers, Contractors, gender committee, local communities and stakeholders</li> <li>• Check pay slip, Contract Agreement</li> <li>• Check Sundry Shop</li> <li>• Inspection of protected sites with HCV attributes</li> <li>• Forested area, plantation boundary, adjacent and neighbouring land use</li> <li>• Riparian zone</li> <li>• Continuous improvement</li> </ul>	<b>Ruzita</b> <b><u>Nak POM</u></b> Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement To verified time bound plan and partial certification systems</li> <li>• Verified GHG data and information</li> </ul>	Guide(s) for each assessor.
1.00 – 2.00 pm	<b>LUNCH BREAK</b>				All
2.00 – 4.30 pm	Continue assessment				Guide(s) for each assessor.
4.30.- 5.00 pm	Audit team discussion / End of Day 3 audit				

### Day 4: 23/02/2018 (Friday)

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Time	Activities / areas to be visited				Auditee
8.30 - 1.00 pm	<b>Rozaimée</b>	<b>Mohd Ab Raouf</b>	<b>Zulfakar</b>	<b>Ruzita</b>	
	<b><u>Nak POM</u></b>  Continue coverage of assessment: <ul style="list-style-type: none"> <li>• Waste &amp; chemical management</li> <li>• Chemical store</li> <li>• implementation, training and safe use of chemicals.</li> <li>• Continuous improvement</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> </ul>	<b><u>Sutera Estate</u></b>  Coverage of assessment: P1, P2, P3, P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Laws and regulations</li> <li>• Interview with FFB supplies and other supplies</li> <li>• Interviews with estate workers</li> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• Good Agricultural Practice- witness activities at site (weeding/ spraying, etc</li> <li>• EFB mulching, POME application.</li> <li>• Commitment to long-term economic and financial viability.</li> <li>• Plantation on hilly/swampy area</li> </ul>	<b><u>Nak POM</u></b>  Site visit and assessment on Supply Chain Implementation including the Model used <ul style="list-style-type: none"> <li>• General Chain of Custody System Requirements for the supply chain</li> <li>• Documented procedures</li> <li>• Purchasing and goods in</li> <li>• Outsourcing activity</li> <li>• Sales and goods out</li> <li>• Processing</li> <li>• Records keeping</li> <li>• Registration</li> <li>• Training</li> <li>• Claims</li> </ul>	<b><u>Nak POM</u></b>  Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> <li>• Facilities at workplace</li> <li>• Occupational safety &amp; health practice – witness activities at site</li> <li>• Interview with workers, safety committee and contractors</li> <li>• Training and skill development programmes.</li> <li>• Continuous improvement</li> <li>• To verified time bound plan and partial certification systems.</li> <li>• Verified GHG data and information</li> </ul>	Guide(s) for each assessor.
1.00 – 2.00 pm	<b>LUNCH BREAK</b>				All
2.00 – 3.30 pm	Continue assessment				Guide(s) for each auditor
3.30.- 4.00 pm	Continue assessment on unfinished area <ul style="list-style-type: none"> <li>• Verification on outstanding issues</li> <li>• Audit Team discussion, preparation on audit findings and issuance of NCR (if any)</li> </ul>				
4.00 – 5.00 pm	Closing meeting				all

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Attachment 3

### RSPO P&C AUDIT CHECKLIST AND FINDINGS

#### 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 continued to use 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 <a href="http://www.bousteadplantations.com.my/home.html">http://www.bousteadplantations.com.my/home.html</a> . It was evident that Nak CU provided relevant information on environmental, social and/or legal upon request by the stakeholders either through letter or during the annual stakeholder meeting.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	YES	Records of communication (classified as internal and external) were identified and maintained in different files, depending on the stakeholders. Among the records reviewed were correspondences with the authorities, local communities and employees. The procedure for responding to any communication has been outlined in "The flow chart" and displayed at the notice boards in the Estate office and Muster grounds. 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, <a href="http://www.bousteadplantations.com.my/home.html">http://www.bousteadplantations.com.my/home.html</a> to include all management documents relating to the unit's environmental, social and legal issues demonstrating commitment towards compliance to RSPO criteria.
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	YES	Land titles for Nak POM, Sutera Estate and Resort Estate were available and kept at their respective office. Details in to 2.2.1 of this checklist.
		Occupational health and safety plans	YES	Occupational Health & Safety Plan titled as 'Safety Program FY2018' has been established. Indicators set in the plan were 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	Plans and impact assessments relating to environmental and social impacts maintained available (refer to Criteria 5.1 and 6.1).
		HCV documentation summary	YES	Documents related to HCV are available at the Resort Estate and Sutera Estate. The documents reported their activities, HCV area, riparian zone, map and the appointed person in-charge.
		Pollution prevention and reduction plans	YES	Pollution prevention and reduction plans maintained available (refer to Criterion 5.6).
		Details of complaints and grievances	YES	There were no complaints and grievances observed (refer to Criterion 6.3).



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		Negotiation procedures (Criterion 6.4);	YES	Negotiation procedure maintained available (refer to Criterion 6.4).
		Continual improvement plans (Criterion 8.1);	YES	Continuous improvement plans for 2017 are available for Nak POM, Resort Estate and Sutera Estate.
		Public summary of certification assessment report;	YES	Public summary is available at SIRIM QAS website.
		Human Rights Policy (Criterion 6.13).	YES	Human rights policy maintained available (refer to Criterion 6.13).
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	Documented code of ethical conduct and integrity titled 'Code of Ethics and Conduct' maintained and had been communicated to all level of the workforce of the CU.

### **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	YES	It was evident that Nak POM and the estates continue to comply with most of the applicable laws and regulations with regards to: 1) Factory and Machinery Act 1967 i) <i>Person In Charge Regulation 1970</i> ii) <i>Steam Boiler and Unfired Pressure Vessel 1970</i> Boiler name plate PK PMD 399 and name of manufacturer was found affixed to the boiler. iii) <i>The Factories and Machinery (Notification, Certificate of Fitness and Inspection), Regulations, 1970, Regulation 10(2)</i> iv) <i>Noise Exposure Regulations 1989</i> 2) EQ (Prescribed Premise) Crude Palm Oil Regulations 1977 3) Scheduled Waste Regulations 2005 4) OSHA 1994, Use and Standards Of Exposure of Chemicals Hazardous to Health Regulations 2000 5) Licenses i.e. MPOB, DOSH, KPDNKK, Energy Commission etc.
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	Document titled "List of Legal Register" was maintained accordingly.

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	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	The legal register has been used as guidance in carrying out the periodic evaluation of compliance exercise. Through this exercise, the CU determined their status of compliance with the applicable regulations. Appropriate actions shall be taken should there be any non-compliance found. Based on the verification of this exercise, the auditors confirmed that most of the non-compliance found have been acted upon.																														
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	Changes to the law and regulation are monitored by the OSH Department of Boustead Sandakan Office. Various sources were referred in obtaining information about the updates of legal requirements. This include checking with the industrial association (e.g. MPOA, EMPA, SECA, etc.), attending seminar/conference, buying of the law books, government agencies websites, etc. The CU maintained documented system for identifying and tracking the updates of the applicable legal requirements through various media such as LawNet, internet, newsletter, etc. The legal register management noted had been update accordingly. All the new amendment of applicable regulations were included in the legal register.																														
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	<p>It has been verified that Boustead Plantations has bought the land in 1990, as Country Lease. It was previously owned by Sabah Land Development and the land titles were for planting either oil palm or agricultural crops for economic value. It has been confirmed that Boustead Plantations has the right to use the land which is legitimately owned by their company.</p> <p>The land titles are available for the visited estates as follows:</p> <table border="1"> <thead> <tr> <th></th><th>Land title</th><th>Area</th><th>Entitled Date</th><th>Lease period</th></tr> </thead> <tbody> <tr> <td>Nak POM</td><td>CL 076222627</td><td>549 ha</td><td>8 July 1969</td><td>99 years</td></tr> <tr> <td>Nak Estate</td><td>CL 075333827 CL 075333818 CL 075333809 CL 075333792 CL 075212225 CL 076220829 CL 075222627 CL 076290143 CL 075365203 CL 075365212 CL 075333783</td><td>1,356.85 ha</td><td>24 April 1973</td><td>999 years</td></tr> <tr> <td>Sutera Estate</td><td>CL 075109465 CL 075112720</td><td>2,200.70 ha</td><td>10 July 1988</td><td>999 years</td></tr> <tr> <td>Resort Estate</td><td>CL 085310176</td><td>1,135.10 ha</td><td>25 January 1973</td><td>999 years</td></tr> <tr> <td>LTT Estate</td><td>CL 095311630</td><td>2,023.00 ha</td><td>29 January 1985</td><td>999 years</td></tr> </tbody> </table>		Land title	Area	Entitled Date	Lease period	Nak POM	CL 076222627	549 ha	8 July 1969	99 years	Nak Estate	CL 075333827 CL 075333818 CL 075333809 CL 075333792 CL 075212225 CL 076220829 CL 075222627 CL 076290143 CL 075365203 CL 075365212 CL 075333783	1,356.85 ha	24 April 1973	999 years	Sutera Estate	CL 075109465 CL 075112720	2,200.70 ha	10 July 1988	999 years	Resort Estate	CL 085310176	1,135.10 ha	25 January 1973	999 years	LTT Estate	CL 095311630	2,023.00 ha	29 January 1985	999 years
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	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 and Resort Estate, observed that the physical markers; the boundary stones were visibly maintained between the estate and the neighboring private oil palm estates and also with nearby village; Kampung Sungai Segaliud.
	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 FPIC. Minor Compliance	YES	As reported in 2.2.1 of this checklist, it has been verified that the land is now legitimately owned by Boustead Nak CU since 1990. The audit team had confirmed that there were no land issues related to previous owners. The audit team has also interviewed relevant stakeholders and from the interviews, it can be concluded that there was no evidence of any land dispute at Boustead Nak CU.
	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	As reported in 2.2.1 of this checklist, it has been verified that the land is legitimately owned by Boustead Nak CU since 1990. Hence, there is no land conflict anticipated and no need for acceptable conflict resolution processes. The audit team has also interviewed relevant stakeholders and from the interviews, it can be concluded that there was no evidence of any land dispute at Boustead Nak CU with their neighbouring private oil palm estates and villagers.
	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	As reported in 2.2.1, it has been verified that there is no conflict or dispute over the land. Auditor has verified this through JCC and JKKR Meetings and interviewed with settlers and other oil palm plantation companies that there was no violence action taken by the NAK CU in maintaining peace. Nak CU only employed watchmen in order to guard their workers, staffs and children life, their belongings and company properties. Auditor has also interviewed the representatives from neighbouring village and it has been confirmed that there was no land conflict between Nak CU and neighbouring communities.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	As reported in 2.2.1 of this checklist, it has been verified that the land is owned by Boustead Nak CU since 1990. Hence, there was no land conflict anticipated nor the need to avoid escalation of conflict is required. Auditor has verified this through JCC and JKKR Meetings and interview with settlers and other oil palm plantation companies. The audit team has also interviewed relevant stakeholders and from the interviews, it can be concluded that there was no evidence that the oil palm operations have instigated violence in maintaining peace and order in their current and planned operations.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users	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	As reported in 2.2.1 of this checklist, Boustead Nak CU has been developed since 1990, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in Boustead HQ Office and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. Hence, there was no need for the establishment of map showing the legal, customary, or user right of other users as required by this indicator.

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without their free, prior and informed consent.	2.3.2	<p>Copies of negotiated agreements detailing the process of FPIC shall be available and shall include:</p> <p>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;</p> <p>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;</p> <p>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.</p> <p>Minor Compliance</p>	YES	<p>As reported in 2.2.1 of this checklist, Boustead Nak CU has been developed since 1990, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in Boustead HQ Office and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviews of relevant stakeholders and based on the audit findings, copies of negotiated agreements on FPIC and other evidences required by these indicators a) to c) were not applicable.</p>
	2.3.3	<p>All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>Minor Compliance</p>	YES	<p>As mentioned in 2.3.2 a) to c) of this checklist, this requirement in this indicator does not apply to Boustead Nak CU.</p>
	2.3.4	<p>Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel.</p> <p>Major Compliance</p>	YES	<p>As mentioned in 2.3.2 a) to c) of this checklist, this requirement in this indicator does not apply to Boustead Nak CU.</p>

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### **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 (min 3yrs) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	2 estates and 1 mill visited maintained to have minimum 4 years business plans called business horizon plan. The budget allocations at estates, include activities for operating expenditure i.e. upkeep, cultivation, harvesting & evacuation, welfare, other than that, capital expenditure, RSPO compliance, etc. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years. While, provisions at mill, include the activities for milling process, general charges, RSPO compliance and capital expenditure.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES	Replanting program was tabulated annually consistence with business plans reviewed. The decision for replanting was guided by Oil Palm Circular (OPC) and top management.

### **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 implemented monitored	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 on 17/05/2013. The manual was reviewed by the auditors during the audit. It was 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, Safe Work Procedure and Supply Chain Procedure. The manuals are approved by the Boustead Group Engineer. For Supply Chain certification, An integrated RSPO: Supply Chain procedure revised dated July 2016 describing the procedures on the following activities related on its supply chain certification standard required by the RSPO.
	4.1.2	A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	NO	Even there were evidence that the mechanism to check on implementation of procedures in Resort and Sutera Estate were available, it was noted that during the site visit at Sutera Estate, oil trap and oil sump were not properly maintain at the gen-set area. It was full of oil and leaking into the estate drain. Thus, #Minor NCR RR 01 2018 has been raised.
	4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	Relevant records on implementation and monitoring of OPC and other SOP at the CU were clearly verified. Among the records sighted were: Program sheets, Field cost books, Planting Advisor reports, Agronomic reports, Audits by Sustainability Officers, Harvesting Interval records, Rat baiting records, Fertiliser application records, Monthly Progressive Reports, scheduled wastes records, PPE Checklist etc. Most records are being maintained for more than a year and some much longer.

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	4.1.4	The mill shall record the origins of all third-party sourced FFB. Major Compliance	N/A	Auditor has verified that there was no third party FFB supplier send their FFB to Nak POM. The CU is certified under the Identity Preserved supply chain model. Hence, this indicator is not applicable.
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 SOPs are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention and some EFB application. Fertiliser application was carried based on the recommendation made by third party through annual foliar sampling. Soil sampling was carried out yearly consistence with foliar sampling.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser inputs were based on recommendation made by third party. The application programs were monitored using program sheets, bin cards, field cost book and manuring program sheets. Records of programs and applications of fertilisers were available. Records showed that actual applied in 2017 was in line with recommendations in both estates.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	<u>Resort Estate</u> The periodic foliar and soil sampling will be carried out in Apr 2018 (last year in Apr 2017). This was verified through the appointment letter dated in Dec 2017. The results of the sampling will used as basis for the recommendation of fertilizers input. <u>Sutera Estate</u> Latest periodic foliar and soil sampling were carried out in Aug 2017. The results of the sampling were used as basis for the recommendation of fertilizers input.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance	YES	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose. EFB were also applied. EFB applied in the mature and immature oil palm area (replants).
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	There were no fragile/marginal soils in both estates visited based on the soil maps provided sourced from Soil of Sabah.
	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 had a management strategy for planting on slopes and to minimise and control erosion and degradation of soils. It was observed in both mature and immature areas that slopes were terraced. The terrain in both estates was mainly flat and undulating with no slopes above 25°. It was also observed that practices to minimise and control erosion and degradation of soils were in place through proper stacking of fronds, EFB application, avoidance of blanket spraying, construction terraces, road maintenance and maintenance of soft vegetation in interlines. Cover crop was observed planted in the replants and in some mature areas.
	4.3.3	A road maintenance programme 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 and accessibility were made possible by regular maintenance. There was evidence of road maintenance programmes which consist of road resurfacing with grading and compaction and culvert maintenance.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground	YES	There were no peat soils in both audited estates.

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		cover management programme shall be in place. Major Compliance		
	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	Not applicable as there were no peat soils in both estates.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	Not applicable as there were no fragile and problem soils in both estates.
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 BU had its Water Management Plan developed in order to maintain the quality and availability of natural water resources by practicing efficient water consumption through various methods such as minimizing wastage of treated water and pollution prevention on natural water sources. Noted that the plan was implemented accordingly.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance	YES	Riparian buffer zones areas were identified and marked and noted that no activities in buffer zone area. Vetiver grass had been planted along the river banks and water spring. During the field visit, there were evidences that these areas were free from chemical spraying and manuring application.
	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	Treatment of effluent from the mill is using the open ponding system. The CU is committed to continually improvement the environmental impacts where the mill is in-progress of commissioning a Tertiary Plant of ETP to reduce the BOD level to 20 mg/l and budgeted for the installation of 1 unit bagging station for Dewatering Machine to reduce solid content. Quality of effluent is continued to be monitored and analysed in quarterly basis. The results were in compliance with the conditions of license imposed by DOE to the mill.
	4.4.4	Mill water use per tonne of FFB shall be monitored. Minor Compliance	YES	Processing water obtained from water catchment near to the mill. The mill water usage per tonne of fresh fruit bunches (FFB) continued to be monitored on monthly basis. The average was between 1.03 – 1.20m <sup>3</sup> /FFB.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of IPM plans shall be monitored. Major Compliance	YES	NAK CU continued to implement Integrated IPM in Resort and Sutera Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPC. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Training related to IPM implementation as per the OPC and was conducted by the Plantation Staff in Mar & Aug 2017. It was attended by employees from Sutera Estate and Resort Estate. Records of training were available for verification.
C 4.6 Pesticides are used in ways that do not	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed	YES	The required information was provided in the OPC. The manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.

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endanger health or the environment		or disease and which have minimal effect on non-target species shall be used where available. Major Compliance		
	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	Both visited estates maintained records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had been used. The total quantity used, number of applications and active ingredients (ai) per Ha were also recorded. These includes mature and immature areas.
	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 continued to implement IPM in Resort and Sutera Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPC. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma.
	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) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised by World Health Organisation as Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had not been used.
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary	YES	Records showed that pesticides were handled, used and applied by trained personnel and as per the SDS of the pesticide. The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were trained. Interview with mandores concerned, showed that they



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		training and shall always be applied in accordance with the product label. Appropriate safety and application eq. shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by worker. Major Compliance		understood the hazards involved and the usage and handling of chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the SDS training. It was also noted that SDS are available at all sites such as chemical store and fertilizer store.
	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. 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	The chemical stores in both estates were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. Record of the purchase, storage and use had been properly maintained. All of the stores had been well ventilated, had exhaust fans and secured. Only authorized personnel were allowed to handle the chemicals. All the chemicals were stored and segregated accordingly.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by Boustead Plantations Berhad OPC manual, CHRA and by SDS supplied by the manufacturer. The Manual had included a chemical register list, which indicates the purpose of usage (intended target), hazards signage, trade and generic names. The SOP also had written justifications for every applications for better understanding.
	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 spraying of pesticide was not practiced by Resort Estate and Sutera Estate and there was no evidence to show that any had been carried out.
	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. (see Criterion 4.8).Minor Compliance	YES	The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. The training were regularly conducted by the estate management to enhance knowledge and skills of employees. The training included the safety aspects and usage of PPE. Records of training were maintained for verification. Random interviews with the workers showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.

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	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 were being handled in accordance with the product safety precautions. SDS were made available at point of use, for example workshop, store, and estate water treatment plant. Domestic wastes and recycle wastes were segregated by the workers. Only organic wastes are disposed at the landfill. Recycle materials such as cans, glass bottle, plastic bottle and paper are sent to recycle area. Records of disposals were sighted.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	NO	<u>Nak POM</u> The medical surveillance was carried out in Aug 2017 by appointed competent person for workers who work at the lab and workshop with exposure to chemical need monitoring, and the result for all workers were concluded to be satisfactory and fit to handle chemical. <u>Sutera Estate</u> All sprayers, store keepers, water treatment operator and manuring operators were sent for annual medical surveillance at approved clinic in Feb 2018 and the results was satisfactory. However, it has been noted that for Sutera Estate, it was recommended by the CHRA Assessor to install emergency shower, PPE Storage, first aid boxes and SDS at water treatment plan. All of these were not available. Thus, #Major NCR RR 022018 has been raised. <u>Resort Estate</u> Sprayers, premix, foremen and store keeper were sent in to the appointed clinic in Feb 2018. The results for blood test, cholinesterase test, baseline test, and urine fame test was satisfactory and all workers were fit to handle chemical.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	The estates had policy "handling high toxic pesticide" which stated that no work with pesticides shall be undertaken by pregnant or breast-feeding women. At both estates, identification of pregnancy was done by the HA based on interview with their women workers on the last menstrual period dates. This interview was done during the monthly medical check-up. Pregnancy test was carried on doubtful cases. There was no evidence that the work with pesticides was undertaken by pregnant or breast-feeding women. This has also been confirmed through interviewed with workers. Monthly medical check-up for women sprayer is being carried out by VMO. Female sprayers pregnancy and breast feeding status are being monitored.
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 employees of the organization. The communication was carried out through briefings and 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. An OHS management plan for Nak CU was established. The plan included issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, treatment of illness/injury during the job, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans were acceptable and carried out accordingly.
	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	YES	The HIRARC procedure has been established. Sutera Estate have conducted the risk assessment on all its operation as well as determining their control measures. Last review was carried out in Jan 2018. For Resort Estate, it was last reviewed in Oct 2017. Risk assessment on activities such as harvesting, spraying, manuring, pruning, weeding, pest & disease, FFB evacuation, etc., have been carried out and control measures have been determined.

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		identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance		For Nak POM, the mill had conducted risk assessment on all its operation as well as determining their control measures annually. Last reviewed was in Dec 2017. Risk assessment on activities such as grading, loading ramp, sterilizer, digester & press, clarification, etc. have been carried out and control measures determined.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance	YES	All staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were continuously trained and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.
	4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	YES	Occupational Safety Health and Environment Committee was established. The OSH committee organisation chart for 2018/2019 was available. Review of the minutes of the meeting confirmed that among the agenda discussed, included the following: Passing of previous minutes and arising matters, Accident report (Monthly Accident statistics), Estate Inspection Report, Safety and environment report and programme. <u>Nak POM</u> The mill manager is the chairman and the General Clerk is the secretary. As of todate, only 2 accidents were recorded and were without losing of working days. Total record without accident was 837 days. Last accident occurs on 22/12/2016. <u>Sutera Estate</u> The Estate Manager is the chairman and the nurse estate is the secretary. As of todate, 18 accident were recorded with total of losing working days to 22 days. Last accident occurs on 22/11/2017. Estate has been monitored by monthly in LTI File (accident report). <u>Resort Estate</u> The Estate Manager is the chairman and the estate hospital assistant is the secretary. The meetings were chaired by the Estate Manager. As at Dec 2017, 6 accidents were recorded with total of losing working day as 9 days. Last accident occurs on 10/10/2017. Estate has been monitored by monthly in LTI File (accident report).
	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.	YES	Accident and emergency procedures were available in OSHA Manual. Emergency situations identified were fire, explosions, and medical emergencies, uncontrolled release of hazardous substances, security threats and floods. Interview with field workers and staffs revealed that they were aware and understood the established procedure. The estate shall test their emergency response plans at least annually. The fire drill training was conducted in Feb 2018 together with Jabatan BOMBA Sandakan.

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		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		
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	YES	It was confirmed that the local workers are covered by SOCSO (Pertubuhan Keselamatan Sosial) and foreign workers at Nak POM, Nak Estate and LTT Estate were covered by Workmen Compensation provided as per Compensation Act 1952 through AXA Affin General Insurance Berhad.
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	To-date, there was no accident happened at LTT Estate. The JKPP 8 was sent to DOSH on 23/1/2018. The LTA was monitored through Month Target Zero Accident Records which indicated that the last lost time accident had occurred in 2014. The cumulative actual manhour worked without 'LTI' was 1,628,420 for LTT Estate and 160,576 for Nak POM. There were no accidents in 2017. Resort Estate has reported a total of 9 loss man-days for 6 accidents while Sutera Estate had 22 loss man-days for 17 accidents (MC<4 days). JKPP 8 for the year 2017 were submitted by both estates, accordingly.
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	Training programmes for 2016/2017 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Nak POM and both estates. Year 2018 Training Plan was established in Jan 2018. A training needs identification matrix has been established with target dates for the training to be conducted. The training program includes ESH Legal & Other requirements, Safe handling of Electrical Equipment, USECHH 2000, Accident Investigation Techniques, Emergency Respond Plan Training (e.g. Chemical spill, poisoning, Fire. Lightening), First Aid Training etc.
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Records of training conducted were available and it was verified during the audit.

### 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 env. impacts	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES	NAK POM has established its environmental aspects / impacts register associated with their activities. The EAI which covers from upstream activities such as FFB reception until downstream processes was sighted during assessment. Established for 2017/ 2018 dated Oct 2017, Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the most significant environmental receptors are the boiler

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are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.				stack emission which associated with air emission, POME discharge and land contamination which related to managing the schedule waste and general waste. For the estate operation, all activities from harvesting, pest and disease, upkeep programme until delivery to mill has been identified. For both estates, latest environment aspect impact assessment was reviewed on Jan 2018 covering all activities in estates certification units. The main purposed of this assessment was to evaluate and analyse the operations impact on soil, water, and lair associated with the organization activities. Among environment aspects assessed were agrochemical applications, land and water contamination from hazardous material and farm vehicles, human settlement disturbance and abandonment areas.
	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 person/persons. Minor Compliance	YES	Mitigation measures of significant aspects that could negatively affect the environment maintained implemented as per established plans. The plans among others contain actions, responsibilities and timetable.
	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 operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	The plans among others contain actions, responsibilities and timetable. The plans were reviewed annually by the management. Among content of plans were reduction of diesel usage / GHG emission, reduction of POME generation, maintain water quality, reduce soil erosion, reduce usage of chemical, reduce land contamination, improve soil fertility and reduce waste.
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	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 (such as wildlife corridors). 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 7 May 2012 and had identified all the HCV within and adjacent to the Nak CU. The HCV assessment had also identified the rare, threatened and endangered species 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 52 species of bird at Sutera Estate and 23 species at Resort Estate.
	5.2.2	Where rare, threatened or endangered (RTE) species, or	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

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or mill mgmt. shall be identified and operations managed to best ensure that they are maintained and/or enhanced.		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		Conservation Value & Social Impact Assessment (Boustead Plantation Sabah) prepared by Wild Asia, dated in 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 naturalized 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	A training programme for year 2018 was available, Sighted training name 'Taklimat tentang kawasan zon penampan' conducted to Staff, Workers and Security in Mar 2017. An also awareness training like morning briefing has been conducted by Assistant Manager from Sutera Estate to all workers (Sprayer, Manuring, Harvester, Maintenance). 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 the procedure has been developed for disciplinary measures titled 'Prosedur Pemburuan Haiwan Liar'. In Resort Estate, although no HCV has been set aside but, they still have to monitor the water catchment inside the estate due to that area attract migrant bird and mammal. This was consistent with the recommendation made by the HCV assessor. Noted that relevant training of HCV was carried out in Jan 2018.
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan. Minor Compliance</li> </ul>	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. Weekly monitoring for illegal hunting was conducted accordingly.
	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	It has been confirmed with the HCV assessment that there was no HCV set-asides for existing rights of local communities identified in the Nak BU. Hence, this indicator was not applicable with this CU.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	The CU maintained its documented of identified sources of pollution in Environmental Improvement Plan - Environmental Impact Evaluation (EIE), Waste Management Action Plan 2017/18, Environmental Management Programme (EMP), Pollution Prevention Plan and Identification and Management of Wastewater. Among others, the documents contain type of item / waste, source,

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environmentally and socially responsible manner.				action, timeframe, responsibilities. Among type of wastes are agricultural organic wastes, rubbish, used oils, used batteries, empty pesticide containers, clinical waste, scrap iron, wastewater, etc.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Among the identified wastes include empty chemical containers including pesticides containers. Empty pesticides containers were washed at washing station prior to disposal. Disposals were carried out in compliance with relevant regulation of scheduled waste. Inventory and consignment documents verified for confirmation of proper management and disposal. The scheduled wastes generated at Nak CU were stored not more than 180 days. Last disposal was made through approved contractors.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	Waste management and disposal plan to avoid or reduce pollution had been documented and implemented as discussed in Indicator 5.1.3 above. Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. Mill wastes had been disposed as follows; EFBs were sent for mulching in the field, while crop residue/biomass i.e. fiber and shell were used as fuel in the boiler. On the monitoring of water and effluent discharge, a monthly and quarterly report for final discharge were submitted to DOE in a timely manner, as required by the written approval.
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	YES	The CU had established a plan for improving efficiency of the use of fossil fuels and to optimise renewable energy. Among others, the plan contain source of usage, means to reduce usage, and monitoring. Among action observed were installation of 3 unit of solar panel for lighting of guard houses, and periodical maintenance of tractor and power generator, application of biomass as fertiliser. Renewable energy were continued to be used in the mill's boilers. The plan and usage of energy observed monitored monthly.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	There was no land preparation in the CU by burning as Boustead Plantations Berhad practiced the zero burning. A policy on the zero burning has been established in Jan 2011. It was also observed that signage " <i>Dilarang Membaka</i> " was available at various locations within the estates.
	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 ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	There was no evidence that fire had been used to prepare land for replanting in both estates. No open burning at all the visited replanting areas within the two estates. Also, no fire was used for waste disposal.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions.	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 "Environmental Aspect & Impact Assessment Identification (EAI)" had included assessment of gaseous emissions, particulate/soot emissions and effluent.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions	YES	The "Environmental Aspect & Impact Assessment Identification (EAI)" had included significant environmental aspect of greenhouse gas (GHG). Plans to reduce the GHG had been documented

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However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognised that it is not always feasible or practical to reduce or minimise these emissions.		shall be identified, and plans to reduce or minimise them implemented. Major Compliance		in “Plan for Improving Fossil Fuel & Palm GHG FY 2017/18”. The plan observed being implemented. Among other, the plan contain source of usage, means to reduce usage, and monitoring. Among actions observed were, installation of 3 unit of solar panel for lighting of guard houses, and periodical maintenance of tractor and power generator, application of biomass as fertiliser.																														
Growers and millers commit to an implementation period until the end of December 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 the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	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	YES	<b><u>Summary of net GHG emissions from PalmGHG calculator</u></b>  <b>PalmGHG calculation option used: Option 1</b>  <b><u>Summary of Net GHG Emissions</u></b> <table><tr><th>Emissions per Product</th><th>tCO2e/tProduct</th></tr><tr><td>CPO</td><td>1.61</td></tr><tr><td>PK</td><td>1.61</td></tr></table> <table><tr><th>Extraction</th><th>%</th></tr><tr><td>OER</td><td>21.58</td></tr><tr><td>KER</td><td>3.89</td></tr></table> <table><tr><th>Production</th><th>t/yr</th></tr><tr><td>FFB Processed</td><td>72,112.29</td></tr><tr><td>CPO Produced</td><td>15,561.00</td></tr></table> <table><tr><th>Land Use</th><th>ha</th></tr><tr><td>OP planted area</td><td>6,442.34*</td></tr><tr><td>OP planted on peat</td><td>0</td></tr><tr><td>Conservation (forested)</td><td>30.8</td></tr><tr><td>Conservation (non-forested)</td><td>0</td></tr><tr><td><b>Total</b></td><td><b>6,473.14</b></td></tr></table> *Figure before Jan 2018	Emissions per Product	tCO2e/tProduct	CPO	1.61	PK	1.61	Extraction	%	OER	21.58	KER	3.89	Production	t/yr	FFB Processed	72,112.29	CPO Produced	15,561.00	Land Use	ha	OP planted area	6,442.34*	OP planted on peat	0	Conservation (forested)	30.8	Conservation (non-forested)	0	<b>Total</b>	<b>6,473.14</b>
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### Summary of Field Emissions and Sinks

	Own Crop	
	tCO2e	tCO2e/tFFB
<b>Emissions</b>		
Land Conversion	45,552.40	8.12
*CO2 Emissions from Fertiliser	3,903.96	0.8
**N2O Emissions	3,653.90	0.74
Fuel Consumption	1,629.65	0.37
Peat Oxidation	0	0
<b>Sinks</b>	-45,114.82	-8.87
Crop Sequestration	0	0
Conservation Sequestration	9,595.09	1.16
<b>Total</b>	<b>45,552.40</b>	<b>8.12</b>

### Summary of Mill Emissions and Credits

	tCO2e	tCo2e/tFFB
<b>Emissions</b>	19,051.04	0.26
POME	965.50	0.01
Fuel Consumption	0	0
Grid Electricity Utilisation	-85.03	0
<b>Credits</b>	0	0
Export of Grid Electricity	0	0
Sales of PKS	19,931.51	0.28
Sales of EFB	19,051.04	0.26
<b>Total</b>	<b>965.50</b>	<b>0.01</b>

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				<p><b>Palm Oil Mill Effluent (POME) Treatment</b></p> <table><tr><td>Divert to compost</td><td>%</td></tr><tr><td>Divert to anaerobic digestion</td><td>100%</td></tr></table> <p><b>POME Diverted to Anaerobic Digestion:</b></p> <table><tr><td>Divert to anaerobic pond</td><td>100%</td></tr><tr><td>Divert to methane capture (flaring)</td><td>0%</td></tr><tr><td>Divert to methane capture (electricity generation)</td><td>0%</td></tr></table>	Divert to compost	%	Divert to anaerobic digestion	100%	Divert to anaerobic pond	100%	Divert to methane capture (flaring)	0%	Divert to methane capture (electricity generation)	0%
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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	The HCV and SIA dated in May 2012 was made available during audit. It was noted that the report had covered all the three 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. Nak Estate is neighbouring with Kampung Sungai Tiram, while Sutera Estate is neighbouring with Kampung Sungai Segaliud. There is no village nearby to Resort Estate. The CU also had conducted SIA for Ladang Tabung Tentera (LTT Estate) in March 2017. LTT Sabah Estate is neighbouring with Kampung Sri Takala.
	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 in Nov 2011 with workers, kindergarten teacher, clinic attendant, independent smallholders, small growers, Kampung Sungai Segaliud and Kampung Sungai Tiram. 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. The updated stakeholder meeting has been conducted at Nak POM and Resrt estate in Nov 2017 and at Sutera Estate in Dec 2017.

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	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, doc. and timetabled, including responsibilities for implementation. Major Compliance	YES	Auditor has verified the Social Action Plan for NAK CU. The Social Action Plan specified the issues and strategies to be implemented. The plan also specifies the responsible person and the timeframe for the action plan to be conducted.
	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 SIA Action Plans are being updated every year, or sooner, such as when issues arise and are discussed with the affected parties. It was evident that the review included participation from relevant parties.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	YES	It has been confirmed that there were no smallholder schemes in Nak certification unit. Hence, the requirement of this indicator did not apply to the 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	The consultation and communication procedures were documented. External and internal communication procedures developed by Boustead Plantation for the estates and mill maintained to be followed and available at the audited sites.
	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 the Social Liaison Officer as the responsible person in handling all matters and issues pertaining to social.
	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	YES	The list of stakeholders for Nak BU are maintained, and made available during the audit. The stakeholders list at Nak POM, Sutera Estate and Resort Estate include the contractors, vendors, neighbouring estates/smallholders, villagers and government agencies. Records of communications are documented and filed. Records also show actions taken in response to inputs from stakeholders, and that efforts are made to ensure understanding by affected parties.

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		stakeholders, shall be maintained. Minor Compliance		
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	All estates and mill have a complaints form which anyone can fill up and submit to the office. The forms sighted were all filled up by internal stakeholders only, i.e. staff and workers. Most recorded complaints were resolved within 2 to 7 days, depending on the complication. In some cases, some delays were noted. All the complaints forms sighted contain sections for complainants to fill up their names, and in some forms, their job and address. The CU maintained affirms that its dispute system is open to any affected parties. Relevant policy titled 'Polisi Pemberian Maklumat (Whistleblowing)' and procedures were observed maintained available for sighted. Anonymity of complainants and whistle-blowers 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 titled 'Borang Aduan Pekerja/Stakeholder'. However, during this audit, there was no dispute case on NAK CU.
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 through their own representative institutions.	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/request record form/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. NAK CU also has developed a SOP - Fair Compensation to handle any issues related with compensation. The procedure ensure that 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 through their own representative institutions.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance	YES	Fair Compensation procedure details out the procedures for calculating and distributing compensation in a fair manner. This procedure specifies that it would take into account ethnic group, gender differences, etc. A flowchart to the same effect was also sighted. Nevertheless, no case of compensation related to loss of legal or customary rights of indigenous peoples, local communities or external stakeholders was observed. Interviews with the relevant stakeholders has confirmed that there was no existing/known dispute that causing the need for any negotiation resulting in compensation process etc. either in the mill or the estate.

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	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	It has been confirmed that there was no issue on compensation claim occur as verified by the auditors with the representative from the nearby villages. Hence, there were no documented evidences available.
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	For Nak CU, the documentation of pay was in the form of monthly pay slips. Conditions of pay are contained in the workers' respective employment contracts. Samples of the monthly pay slips and employment contracts were made available and reviewed during the audit. Each pay slip documents the name of employee, month of pay, income (basic, overtime, reimbursement, allowances), deductions (statutory such as EPF, SOCSO and non-statutory such as donation to mosque funds), net salary, annual leave and medical leave taken, etc. Interview with workers reveal that they understand the contents of the pay slips and seeks explanation from the office whenever they needed any clarifications. Samples of payslips were also sighted and verified that workers are being paid in accordance with the requirements stipulated under the Minimum Wages Order 2016 and Employment Act 1955.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	Contracts for local and Indonesian foreign workers at Sutera Estate, Resort Estate and Nak Palm Oil Mill were sampled. The terms and conditions of employment are contained in the employment contracts and include duration of employment, place of work, salary, working hours, medical benefits, accommodation, annual leave, sick leave, termination of service, and other benefits provided (housing, employment cost, etc). For contracts that were prepared in English, explanation and briefing were given to the workers prior to signing. This was further confirmed by the workers during interviews. Contracts were prepared in Bahasa Malaysia, and signed by the workers. .
	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	NO	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 and below will stay at the Creche until their parents finish their job. For children above 4 years, they were sent to CLC School for basic education. Transportation is provided for all children from their house to CLC or Government school. Although linesite sanitary checking was conducted on weekly basis for others, it was found that at Sutera Estate, workers' housing inspection was carried out monthly basis not weekly as per Section 23(2) of the Workers' Minimum Standards of Housing & Amenities Act 1990. Therefore, Minor NCR MKZ 01 2018 was raised.

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	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	NAK CU has 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 dated in Sep 2017 was sighted.
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 association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association 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 in January 2011 is available in bilingual. The policy is posted at the POM, Sutera Estate and Resort Estate notice board and information wall.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	Although there were no official trade unions in Sabah operating within the NAK CU, workers had appointed their own representatives to sit on the Workers Representative Committee. The Workers Representative Committee comprise worker and management representatives. Minutes of the Workers Representative Committee meetings were documented, sighted and verified.
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 Boustead <i>Polisi Penggajian Pekerja Kanak-Kanak dan Had Umur Minima</i> dated in Feb 2017 was publicly available at the offices of the Nak Palm Oil Mill, Sutera Estate and Resort Estate. The Policy defines child labour, and Boustead commitments not to employ children, and will comply with all applicable child labour laws. Based on the workers list sighted at the Nak CU, copies of passports sighted, and further verified during field interviews and field observations, there is no evidence that the Nak CU employs anyone below 18 years.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	YES	The Boustead Equal Opportunity Policy updated in Jan 2011 is publicly available at the offices of the Nak Palm Oil Mill, Sutera Estate and Resort Estate. This Policy states Boustead Policy on equal opportunity in all aspects of its employment including recruitment, training and promotion. The Policy identifies under-represented groups where they are encouraged to apply for training and employment opportunities with the Company, and that where possible, special training will be provided for such groups to prepare them to compete on equal terms for jobs and promotion.
	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 in 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. A functioning grievance mechanism is in place. The <i>Persatuan Pekerja</i> and Gender Committee also looks into allegation of discrimination if reported.

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	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	As stipulated in the contracts, Job Description and Yearly Salary Scale for workers and Staff the recruitment selection, hiring and promotion where relevant are based on availability, skills, capabilities, qualities, and medical fitness necessary for the jobs. For monthly paid employees, interviews are done by Estate Manager/Mill before a panel of interviewers who would objectively assess the candidate for suitability. Promotions are based on recommendations, Years of service and performance.
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 has been established in Jan 2011. The policy was signed by the Plantation Director and is available 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. NAK POM, Sutera Estate and Resort Estate have briefed their employees during morning muster.
	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 dated in Aug 2015. Nak POM, Sutera Estate and Resort Estate have briefed their workers during muster. 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 channeling issue to management. The management has directed the chairman of the Gender Committee to respects and protects anonymity and complainants where requested. The mechanism has been communicated to all levels of the workforce as verified by auditor during interview with female 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 (FFB) shall be publicly available. Minor Compliance	YES	This indicator was not applicable as the mill only received FFB from their own supply base.
	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 to sampled contractors, it was noted that the pricing is as agreed by both parties. The agreement was 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	Interviewed with the suppliers/contractors and tenant interviewed observed that the BU had signed and provided contractual agreements to them. They also acknowledged that the agreements were fair, legal and transparent, and they understand the content.

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	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Payment has made in timely manner for CPO transporters between 5 <sup>th</sup> and 10 <sup>th</sup> of the month.
C 6.11 Growers and millers contribute to local Sustainable development 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, which usually involves stakeholders, in particular local communities neighbouring the company for contributions and donations on various occasions.
	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 or trafficked labour are used. Major Compliance	YES	A perusal of the employee list, pay slips, employment contract and letter of job offer confirmed that the CU did not use any form of forced or trafficked labour. Rest days, overtime payment, rest day payment, sick leave, medical benefits, insurance, etc. were clearly stated in the contracts and offer letter. Staff and workers interviewed during the audit confirmed this fact.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	During the auditing process no evidence of contract substitution emerged. This issue was also not raised by the employees interviewed.
	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 'Polisi Pekerja Buruh Asing'. 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. The CU maintained its specific procedure / flowchart for employment of foreign workers titled 'Sourcing Process for Foreign Workers'. The procedure has been implemented for any employment related with 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 has been established by the CU dated in Jan 2016. Auditor has verified through interview with workers that the policy has been communicated to all levels of the workforce and operations in Jan 2018.
	6.13.2	As long as children of foreign workers in Sabah & 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	Sutera Estate has constructed new CLC and start its operation in Jan 2018 for workers children. Before this they have to send their children to outside humana. Resort Estate also has CLC who operate since 2016, Nak POM has provided transport CLC School 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

Auditors has verified through checking the [www.globalforestwatch.com](http://www.globalforestwatch.com), GOOGLE Maps, Estate Maps and also through site visit to the sampled estates area. It was confirmed that Nak CU has no plan for any new planting and new development of area.

### 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	Both estates continued to manage pests, disease and weeds using appropriate IPM techniques. In order to minimize use of insecticides, the estates have established nurseries for beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . This was to ensure continuity in the planting of beneficial plants. The estates were committed to reduce the use of chemicals. The estates have implemented and will continue to only spray Circles (Strip) and noxious weeds. Spraying was only carried when required. Soft weeds and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. EFB was applied in single layers and was not dumped in large amounts to prevent breeding of Rhinoceros Beetles. To ensure efficient loose fruit collection, circle raking was carried to avoid VOPs from merged and for the purpose to reduce of chemical usage.
	b) Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	The CU maintained established and implemented environmental improvement plans and measures. Among the relevant plans and measures were: <ul style="list-style-type: none"> <li>• Environmental Improvement Plan - Environmental Impact Evaluation (EIE).</li> <li>• Waste Management Action Plan 2017/18.</li> <li>• Environmental Management Programme (EMP).</li> <li>• Pollution Prevention Plan.</li> <li>• Identification and Management of Wastewater.</li> <li>• "Prosedur Untuk Pelupusan Sampah Domestik / Bahan Buangan Setempat".</li> <li>• "Prosedur 3 Kali Pembilasan Bekas Simpanan".</li> </ul> Among content of plans were: <ul style="list-style-type: none"> <li>• reduction of diesel usage / GHG emission.</li> <li>• reduction of POME generation.</li> </ul>

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				<ul style="list-style-type: none"> <li>• maintain water quality.</li> <li>• reduce soil erosion.</li> <li>• reduce usage of chemical.</li> <li>• reduce land contamination</li> <li>• improve soil fertility</li> <li>• reduce waste</li> </ul> <p>Among improvements observed were</p> <ul style="list-style-type: none"> <li>• installation of roofing for EFB Hopper No.1 to prevent leachate contamination.</li> <li>• installation of roofing at boiler station to prevent ash contamination.</li> <li>• in-progress of commissioning of Tertiary Plant of ETP to achieve BOD level below 20mg/l</li> <li>• construct cemented and zink partition at water spring to avoid animal encroachment / chemical leaching.</li> </ul> <p>Further, the CU already has planned for:</p> <ul style="list-style-type: none"> <li>• installation of roofing for EFB hopper no.2.</li> <li>• installation of 1 unit of bagging station for Dewatering Machine to reduce solid content.</li> </ul>
c)	Waste reduction (Criterion 5.3);	YES	<p>The CU continued established and implemented waste reduction plans. Among the plans were:</p> <ul style="list-style-type: none"> <li>• Environmental Improvement Plan - Environmental Impact Evaluation (EIE).</li> <li>• Waste Management Action Plan 2017/18.</li> <li>• Environmental Management Programme (EMP).</li> <li>• Pollution Prevention Plan.</li> <li>• Identification and Management of Wastewater.</li> </ul> <p>Among the type of wastes are agricultural organic wastes, rubbish, used oils, used batteries, empty pesticide containers, clinical waste, scrap iron, wastewater, etc.</p> <p>Non-reusable empty chemical containers were disposed as per relevant requirements of scheduled wastes. Reusable agrochemical containers were used for collecting of triple-rinsing wastewater. Scheduled wastes were labelled with relevant information and hazard sign, and disposed to DOE's licensed contractor.</p>	
d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	<p>The CU continued to establish and implement GHG emission reduction plan. Among the plan implemented were, installation of 3 unit of solar panel for lighting of guard houses, and periodical maintenance of tractor and power generator, application of organic material (biomass) as fertiliser.</p>	
e)	Social impacts (Criterion 6.1);	YES	<p>The CU continued to establish and implement the social improvement / action plan. Among social improvement were:</p> <ul style="list-style-type: none"> <li>• construction of 12 new houses for workers.</li> <li>• repainting of existing workers house.</li> <li>• construction of 1 unit worker's rest area.</li> <li>• construction of 1 unit of <i>surau</i>.</li> <li>• changed of harvesting pole from aluminum type to graphite, which is lighter and improved productivity and harvesters' earning.</li> <li>• erection of fence for play area of pre-school.</li> </ul>	

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				<p>Next, the CU plan to:</p> <ul style="list-style-type: none"> <li>• introduce cutting machine, to further improve productivity.</li> <li>• construct water treatment plant.</li> <li>• continue construct more new units of workers house.</li> </ul>
	f)	Encourage optimising the yield of the supply base	YES	In order to optimise yields, both Estates were committed to implement best agricultural practices inclusive of timely and proper fertiliser application, Improve on accessibility to maximise crop evacuation, maintaining harvesting interval below 10 days, To collect all loose fruit to minimise losses, water bodies and water conservation pits were constructed to conserve moisture.

### RSPO Certifications Systems for Principles & Criteria June 2017

Clause	Indicators		Comply Yes/No	Findings
<p>4.5.3 Time-bound plan</p> <p>Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;</p>	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	Yes	For the time-bound plan, Boustead Plantations Berhad has committed to ensure all their business unit (BU) to be certified within 5 years i.e. year 2018 to 2022.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	Yes	<p>There are seven CU highlighted in the time-bound plan and the certification progress aligns with that in the time-bound plan. Segaria CU has been audited by BSI on fourth quarter of 2017 and as of todate, it has undergone the Peer reviewer process.</p> <p>For another 2 CUs i.e. Telok Sengat BU and Segamaha, Boustead was in the process of selecting the certification body and certification audit shall be held in mid-2018.</p> <p>As for another CUs i.e. Lapan Kabu, Sugut, Loagan Bunut &amp; Kanowit, the Sustainability team has conducted the periodic internal audit accordingly.</p>
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	Yes	No revision of time-bound plan.

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4.5.4 Requirements for uncertified management units:	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 <sup>st</sup> January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;	Yes	Verification through <a href="http://www.globalforestwatch.com">www.globalforestwatch.com</a> , GOOGLE maps data, estates maps and through HCV assessment report, and planting profile there was no new planting and no new development of area was observed.
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	Yes	Series of Internal Audit on their uncertified unit was conducted against RSPO P&C and RSPO Partial Certification Requirements. Noted that Kanowit BU and Loagan Bunut BU has land conflict and they are being resolved. Meeting with several parties were conducted and minuted.
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	Yes	Series of Internal Audit on their uncertified unit was conducted against RSPO P&C and RSPO Partial Certification Requirements. No case of labour dispute reported in the internal audit report.
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	Yes	Series of Internal Audit on their uncertified unit was conducted against RSPO P&C and RSPO Partial Certification Requirements. Several issues of legal non-compliance reported in the internal audit report such as lapses in scheduled waste management and it is being solved progressively.

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	(e)	<p>The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:</p> <ul style="list-style-type: none"> <li>• A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement;</li> <li>• Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team.</li> <li>• Desktop study e.g. web check on relevant complaints</li> <li>• If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements.</li> </ul>	Yes	<p>Series of Internal Audit on their uncertified unit was conducted against RSPO P&amp;C and RSPO Partial Certification Requirements. Evidence of audit attendance list, audit checklist &amp; report were made available to auditor as the supporting evidence.</p> <p>Verification through <a href="http://www.globalforestwatch.com">www.globalforestwatch.com</a> , GOOGLE maps data, estates maps and through HCV assessment report, and planting profile there was no new planting and no new development of area was observed.</p>
<p>4.6.4</p> <p>The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p>		No additional indicators	Yes	<p>As it has been mentioned in 2.2.1 of this checklist, Boustead Nak owned the land as it was bought from the previous land owner, the Sabah Land Development. Based on the interviews and this audit finding, it has been confirmed that there was no such case concerning the rights of local communities and indigenous peoples at Nak CU.</p>
<p>Note:</p> <p>1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&amp;C.</p> <p>For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;</p> <p>2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p>				

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Attachment 4

### Details of Non-conformities and Corrective Actions Taken for RSPO P&C MYNI 2014

P & C Indicator	Specific ation Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Auditors
Indicator 4.1.2	Minor	<b>#NCR No : RR 01 2018</b> Finding : Pollution prevention plan and safety was not effectively implemented. Objective evidence : At Sutera Estate, the oil trap and oil sump were found not properly maintained at genset area. During the site visit, both trap and sump were full with oil and the oil were leaking into the estate drain.	<b>Corrective Action:</b> The estate will regularly (twice a month) conduct a monitoring to ensure that no spillage flow out to environment. The upkeep of oil sump was done on 24c February 2018. <b>Status:</b> Open. The effectiveness of the corrective action will be verify during next audit.
Indicator 4.6.11	Major	<b>#NCR No : RR 02 2018</b> Finding : The recommendation for medical surveillance made in the CHRA (2013) was not complied. Objective evidence : At Sutera Estate, the CHRA assessor has recommended the estate to install emergency shower, PPE storage, first aid boxes and MSDS to be available at the water treatment plant.	<b>Corrective Action:</b> The estate has constructed the emergency shower; provide the PPE storage, First Aid Kit and SDS at the water treatment plant. <b>Auditor Verification:</b> Auditor has viewed picture of the installation of the emergency shower, PPE storage and the first aid kit, The SDS was made available at the water treatment plant area. <b>Status:</b> Closed.
Indicator 6.5.3	Minor	<b>#NCR No : MZK 01 2018</b> Finding: Non-compliance against Section 23(2) of the Workers' Minimum Standards of Housing & Amenities Act 1990. Objective evidence: At Sutera Estate, workers' housing inspection was carried out monthly on Nov 2017, Dec 2017, Jan 2018 and on Feb 2018, instead of weekly required Section 23(2) of the Workers' Minimum Standards of Housing & Amenities Act 1990.	<b>Corrective Action:</b> The estate has started the weekly inspection on workers' housing and other amenities done by estate's nurse and assistant. <b>Auditor Verification:</b> Sighted weekly housing inspection has been carried out by PIC starting date on 24/02/2018 and 03/03/2018 <b>Status:</b> Open. The effectiveness of the corrective action will be verify during next audit.

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Attachment 5

### SECTION B : GENERAL CHAIN OF CUSTODY REQUIREMENTS FOR THE SUPPLY CHAIN

	Requirements	Remarks
<b>1</b>	<b>Applicability of the general chain of custody requirements for the supply chain</b>	
1.1	Organization takes legal ownership and physically handles RSPO Certified Sustainable oil palm products at a location under the control of the organization including outsourced contractors.	It was confirmed Nak mill has received and process certified fresh fruit bunches (FFB) to produce certified crude palm oil (CPO) and certified palm kernel (PK).
1.2	Traders and distributors require a licence obtained from RSPO to sell RSPO certified product but do not themselves require certification. When selling RSPO certified product a licensed trader and/or distributor must pass on the certification number of the product manufacturer and the applicable supply chain model.	Not applicable.
1.3	Either the operator at site level or its parent company seeking certification shall be a member of the RSPO and shall register on the RSPO IT platform	Nak mill is subsidiary of Boustead Plantations Berhad and the RSPO membership no. : 1-0012-04-000-00. All the transaction were registered in RSPO IT platform (palmtrace).
1.4	Processing aids do not need to be included within an organization's scope of certification.	No processing aid involved in Nak mill scope of certification.
<b>2</b>	<b>Supply chain model</b>	
2.1	The site can only use the same supply chain model as its supplier or go to a less strict system. Declassification/downgrading can only be done in the following order: Identity Preserved -> Segregated -> Mass Balance.	Nak mill has aware on the need to downgrading of supply chain model. Incoming FFB and products dispatch record was verified and confirmed no downgrading was implemented.
2.2	The site can use one (1) or a combination of supply chain models as audited and certified by the CB.	Nak mill has continued to maintain IP model.
<b>3</b>	<b>Documented procedures</b>	
3.1	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following:	While for Supply chain procedure was revised January 2018 (revision : 3) The Procedure was sighted and found all elements of the RSPO Supply Chain standard were covered.
a)	Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements.	Supply chain procedure was revised January 2018 (revision: 3) The Procedure was sighted and found all elements of the RSPO Supply Chain standard were covered.
b)	Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records).	Sighted CPO and PK production record, weighbridge report, dispatch record and training record was up to date and well maintained.
c)	Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and	Sustainability chairman have overall responsible and authority over the implementation of RSPO supply chain requirement. Interview with sustainability committee member,

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	compliance with all applicable requirements. This person shall be able to demonstrate awareness of the organization's procedures for the implementation of this standard.	mill manager, assistant mill manager & weighbridge operator was confirmed they are understood the supply chain requirements.
3.2	<p>The site shall have a written procedure to conduct annual internal audit to determine whether the organization;</p> <p>i. Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents.</p> <p>ii. Effectively implements and maintains the standard requirements within its organization.</p> <p>Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct nonconformities shall be subject to management review at least annually. The organization shall be able to maintain the internal audit records and reports.</p>	<p>RSPO internal audit was conducted in Jan 2018 appointed internal auditors. The previous internal audit was conducted on 6 April 2017. There are 4 non-conformance reports (NCRs) and 3 opportunities for improvement (OFI) were raised by auditor. Audit Attendance sheet, audit plan, audit notes, OFI and NCR was sighted by auditor. Nak mill has taken necessary action to close out all 4 NCRs.</p>
<b>4</b>	<b>Purchasing and goods in</b>	
4.1	<p>The receiving site shall ensure that purchases of RSPO certified oil palm products are in compliance and following minimum information for RSPO certified products is made available by the supplier in document form:</p> <ul style="list-style-type: none"> <li>• The name and address of the buyer;</li> <li>• The name and address of the seller;</li> <li>• The loading or shipment / delivery date;</li> <li>• The date on which the documents were issued;</li> <li>• A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</li> <li>• The quantity of the products delivered;</li> <li>• Any related transport documentation;</li> <li>• Supply Chain certificate number of the seller;</li> <li>• A unique identification number.</li> </ul> <p>Information shall be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation).</p>	<p>Nak mill has continued received and process certified FFB came from own supply base/estates namely Nak Estate, Resort Estate, Sutera Estate and Ladang Tabung Tentera (LTT) 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>A Delivery Note and FFB ticket from Resort estate was sighted. Both documentation has clearly indicate information such as name &amp; address of estate, delivery date , date of document was issue and FFB quantity.</p>
a)	The site shall have documentation that demonstrate that purchases are made to the material category agreed with their supplier (IP, SG or MB).	Nak mill had continued received source of RSPO certified FFB from own group estate.



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b)	The site ensure that the products are verified as being RSPO certified. For sites that are required to announce and confirm trades in the RSPO IT platform, this shall include making Shipping Announcement and Shipping Confirmation on the RSPO IT platform on the level of each shipment.	Shipping announcement of certified CPO produce were made in the RSPO IT Platform (palm trace).
c)	A check of the validity of the Supply Chain Certification of suppliers for all sites that are SC certified. This shall be checked via the RSPO website at least annually or through the RSPO IT platform by confirmation of shipping announcements.	Sighted summary of weighbridge report and confirmed Nak mill had continued received source of RSPO certified FFB from own group estate.
4.2	The site shall have a mechanism in place for handling non-conforming material and/or documents.	Nak mill has established BMS (Boustead management system) is cater to control incoming material and outgoing products. The FFB supplier & Product buyer & its vehicle registration has to been registered in the system prior weighing. RSPO Supply Chain procedure item 7.4 has indicate the mechanism to handle non-conforming material/documents such as validity of certificate supplying estate.
<b>5</b>	<b>Outsourcing activities</b>	
5.1	<p>In cases where an operation seeking or holding certification outsources activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the operation seeking or holding certification shall ensure that the independent third party complies with the requirements of the RSPO Supply Chain Certification Standard.</p> <p><i>This requirement should not apply to outsourced storage facilities where the management of the oil palm product(s) and instructions for tank movements are controlled by the organization (not the tank farm manager).</i></p>	No outsource activity except for CPO and PK transporter. The agreement document was available and communication on the RSPO supply chain requirement were communicated to them. Record of training was sighted.
5.2	<p>Sites which include outsourcing within the scope of their RSPO Supply Chain certificate shall ensure the following:</p> <ul style="list-style-type: none"> <li>a) The site has legal ownership of all input material to be included in outsourced processes;</li> <li>b) The site has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The responsibility is on the site to ensure that certification bodies (CBs) have access to the outsourcing contractor or operation if an audit is deemed necessary.</li> <li>c) The site has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</li> </ul>	Nak mill has outsource the transportation of certified CPO and certified PK to a transporter. An agreement covering the outsources activity were sighted and during stakeholder meeting, representatives from the transporter attended the meeting. It has been noted that the meeting highlighted the information on the implementation of RSPO standard.

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	d) The site seeking or holding certification shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to their respective operations, systems, and any and all information, when this is announced in advance.	
5.3	The site shall record the names and contact details of all contractors used for the processing or production of RSPO certified materials.	No contractor involved in the processing of CPO and PK.
5.4	The site shall at its next audit inform its CB of the names and contact details of any new contractor used for the processing or production of RSPO certified materials.	As of todate, no contractors used for processing or production of the RSPO certified materials.
<b>6</b>	<b>Sales and goods out</b>	
6.1	<p>The organization shall ensure that the following minimum information for RSPO certified products is made available in document form. Information must be complete and can be presented either on a single document or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documents and specification documentation):</p> <ul style="list-style-type: none"> <li>• The name and address of the buyer;</li> <li>• The name and address of the seller;</li> <li>• The loading or delivery date;</li> <li>• The date on which the documents were issued;</li> <li>• A description of the product, including the applicable supply chain model (Identity Preserved, Segregated or Mass Balance or the approved abbreviations);</li> <li>• The quantity of the products delivered;</li> <li>• Any related transport documentation;</li> <li>• Supply chain certificate number;</li> <li>• A unique identification number.</li> </ul>	The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by Boustead Estate Agency Sdn Bhd., Marketing Department (HQ) on behalf of Nak mill. Sampled document fulfilled the requirement of the standard.
<b>7</b>	<b>Registration of transactions</b>	
7.1	<p>Supply chain actors who:</p> <ul style="list-style-type: none"> <li>• are supply chain actors between the mill and final refinery;</li> <li>• take legal ownership and physically handle RSPO Certified Sustainable oil palm products; and</li> </ul>	Nak mill has aware on the needs to register the sale of certified CPO and PK in the palm trace.

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	<ul style="list-style-type: none"> <li>are part of the supply chain of RSPO Certified Sustainable oil palm products</li> </ul> <p>must register their transaction in the RSPO IT platform at the time of physical shipment as required by the rules set by RSPO.</p>	
<b>8</b>	<b>Training</b>	
8.1	The organization shall have a defined training plan, which is subject to on-going review and is supported by records of the training provided to staff.	Training plan has included the RSPO Supply chain training scheduled in Feb 2017 for staff & workers.
8.2	Appropriate training shall be provided by the organization for personnel carrying out the tasks critical to the effective implementation of the supply chain certification system. Training shall be specific and relevant to the task(s) performed.	Training was conducted for workers in Feb 2017 by the Mill assistant attended by relevant staff and workers. Attendance list & photograph was seen.  The lead auditor for RSPO internal audit has attended the RSPO lead auditor course by RSPO endorsed trainer, David Ogg.
<b>9</b>	<b>Record keeping</b>	
9.1	The site shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these RSPO Supply Chain Certification requirements.	All relevant document and recors were sighted and found that Nak mill maintained accurate, complete, up to date, and accessible records and reports covering all aspects of these RAPO SC Standard requirements. Among the record sighted incoming FFB weighbridge ticket, delivery note, mill production report, outgoing CPO and PK, dispatch note, contract order and training record.
9.2	Retention times for all records and reports shall be a minimum of two (2) years and must comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	All records related to RSPO SC were maintain minimum for 2 years. Sample CPO dispatch note Jan 2016 was available and well maintained.
9.3	The organization shall be able to provide the estimate volume of palm oil / palm kernel oil content (separate categories) in the RSPO certified oil palm product and keep an up to date record of the volume purchased (input) and claimed (output) over a period of twelve (12) months.	The estimate volume of FFB, CPO and PK were verified and record were maintained for 12 months period.
<b>10</b>	<b>Conversion factors</b>	
5.10.1	Where applicable a conversion rate must be applied to provide a reliable estimate for the amount of certified output available from the associated inputs. Organizations may determine and set their own conversion rates which must be based upon past experience, documented and applied consistently. Guidance on conversion rates is published on the RSPO website ( <a href="http://www.rspo.org">www.rspo.org</a> ). This is in particular relevant for derivatives of Palm Oil and Palm Kernel Oil, as used in the oleochemical and personal care industries. The guidance document for oleochemicals is available on the RSPO website ( <a href="http://www.rspo.org">www.rspo.org</a> ).	The amount of CPO and PK has been determined using Oil Extraction Ratio (OER) and Kernel Extraction Ratio (KER).

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10.2	Conversion rates shall be periodically updated to ensure accuracy against actual performance or industry average if appropriate.	Both conversion rates, the OER and KER has been based on the actual performance of the mill.
<b>11</b>	<b>Claims</b>	
11.1	The site shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO rules on communications and claims.	No claim has been made.
<b>12</b>	<b>Complaints</b>	
12.1	The organization shall have in place and maintain documented procedures for collecting and resolving stakeholder complaints.	Procedure was available to handle stakeholder complaint.
<b>13</b>	<b>Management review</b>	
13.1	The organization is required to hold management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	Documented procedure has defined management review will be conducted once a year
13.2	<p>The input to management review shall include information on:</p> <ul style="list-style-type: none"> <li>• Results of internal audits covering RSPO SCCS</li> <li>• Customer feedback</li> <li>• Status of preventive and corrective actions</li> <li>• Follow-up actions from management reviews</li> <li>• Changes that could affect the management system</li> <li>• Recommendations for improvement</li> </ul>	<p>Management review meeting dated 19 Jan 2018 ( combine RSPO SC and MSPO traceability)</p> <ul style="list-style-type: none"> <li>• Internal audit – 4 NCR &amp; 3 OFI</li> <li>• Customer feedback – data analysis show result from customer survey (i.e. RSPO-CSPO related to meeting the contract volume, timely delivery, dispatch documentation) result meet 75% above the set target of 65%. Survey was send six monthly.</li> <li>• Previous meeting – was highlighted</li> <li>• Changes</li> <li>• Recommendation for improvement – improve the established system</li> </ul>
13.3	<p>The output from the management review shall include any decisions and actions related to:</p> <ul style="list-style-type: none"> <li>• Improvement of the effectiveness of the management system and its processes</li> <li>• Resource needs</li> </ul>	<p>Recommendation for improvement</p> <p>Resource sufficient.</p>

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### SECTION C : SUPPLY CHAIN MODELS

	<b>Module D – CPO Mills: Identity Preserved</b>	
<b>D.3</b>	<b>Documented procedures</b>	
D.3.1	<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> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p> <p>This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.</p>	<p>a) Supply chain procedure was revised January 2018 (revision : 3) The Procedure was sighted and found all elements of the RSPO Supply Chain standard were covered which cover new requirements</p> <p>b) RSPO chairman is the overall responsible in the implementation of RSPO supply chain standard requirements. Sustainability committee consist of key person for selected departments.</p>
D.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The documented procedure has identified that Nak mill shall only received certified FFB from certified estate namely Resort estate, Nak estate, Sutera estate and Ladang Tabung Tentera Sabah.
<b>D.4</b>	<b>Purchasing and goods in</b>	
D.4.1	The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.	Random sample through weighbridge summary report has confirmed that there were no uncertified FFB received from the estate. Supplying estate from 1 March 2017 to 20 Feb 2018 are Resort estate, Nak estate, Sutera estate and Ladang Tabung Tentera Sabah only.
D.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	Base on inventory record no overproduction from period March 2017 to Feb 2018,
<b>D.5</b>	<b>Record keeping</b>	
D.5.1	The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis.	Record of certified and delivery of RSPO certified CPO and PK was established i.e. weighbridge daily report which indicate estate name, vehicle no. , date & time enter in Nak mill. While the weighbridge summary report also record buyer name, product name i.e. CPO or PK, vehicle no. , date & time of delivery.
<b>D.6</b>	<b>Processing</b>	

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D.6.1	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 oil palm product including during transport and storage.	RSPO supply chain procedure (rev. 3) clause 9.0 CPO and PK dispatch did required inspection need to be carried out on the vehicle carried sustainable product. The inspection was carried out accordingly.
	The objective is for 100 % segregated material to be reached.	Interview with mill security, weighbridge clerk and mill supervisor were confirm no uncertified FFB was received and process in Nak mill. They are also aware on the requirement of RSPO SC related to 100% segregated from uncertified FFB. Also weighbridge summary report has reported no uncertified FFB was received from period March 2017 to Feb 2018. In conclusion, the objective for 100 % segregated material has been achieved.

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### Attachment 6

#### Status of Non-conformities Previously Identified

P & C Indicator	Specific ation Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
Indicator 2.1.1	Major	<b>#NCR No : RAR 01-2017</b> Finding : Noncompliance against the Occupational Safety and Health (Use and Standards of Exposure of Chemicals Hazardous to Health) Regulations 10. Objective evidence : At Nak Estate the CHRA was not carried out in 5 years interval. Last assessment was conducted on 04/11/2008	<b>Corrective Action:</b> CHRA was misplace during the audit, The filing system has been improved and the file been placed at the appropriate place. Immediately.	<b>Auditor Verification:</b> Auditor has received copy of latest CHRA which was dated 16/12/13, conducted by Klinik Mansor Sdn Bhd.  <b>Status:</b> Closed
Indicator 2.1.2	Minor	<b>#NCR No : MZK 01 2017</b> Finding : The indicator requirement regarding to Legal Register was not complied with. Objective evidence : LTT estate and Nak Estate - Legal Register at LTT and Nak estate was not updated to include Minimum Wages Order 2016, Sabah Land Code, Environmental Quality Act 1974 amended 2014 regarding to competent person and etc	<b>Corrective Action:</b> The staff in-charge was refer and liaise with the Nak Palm Oil Mill regarding the legal register format requirement. The Legal register Minimum Wages Order 2016, Sabah Land Code, Environmental Quality Act 1974 amended 2014 now has been prepared and updated.	<b>Auditor Verification:</b> legal register was updated and include Minimum Wages Order 2016, Sabah Land Code and Environmental Quality Act 1974 amended 2014 regarding to competent person  <b>Status:</b> Closed.
Indicator 4.1.3	Minor	<b>#NCR No : MAR 01 2017</b> Finding: Rat baiting campaign does not fall below 20%, but no campaign continued to comply as document from Applied Agricultural Resources Sdn Bhd for NAK Estate. Objective evidence: Nak Estate - Assessment of bait acceptance at Field No PM06A, PM06B and PM03A showing that the rat baiting campaign did not stop below 20% acceptance.	<b>Corrective Action:</b> Nak Estate will ensure that enough bait in the future in order the campaign will be implemented as per Operating Procedure. We also will be looking for other supplier which able to supply sufficient quantity of rat bait. Besides that, we will also ensure the training will be conducted before the campaign. Will be implemented immediately.	<b>Auditor Verification:</b> Training for rat baiting campaign were made available and estate have provide rat baiting program in order to monitor the ordering process.  <b>Status:</b> Closed

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Indicator 4.4.2	Major	<b>#NCR No : MZK 02 2017</b> Finding: Management did not maintain their buffer zones and prevent from any chemical activities. Objective evidence: Nak Estate <ol style="list-style-type: none"> <li>During site review at Pond/Lake in Block 96C, auditor has found that buffer zone mark was not maintained and no signage has been placed.</li> <li>And there was a sign of spraying activities in the buffer zone area.</li> </ol>	<b>Corrective Action:</b> Repainting has been done for each palm that located 20 meter from the pond using white and red paint at the palm trunk. Fencing using barb wire also been installed and also 3 units of signboard has been installed at the pond area to prohibited people from carrying out any activities at the range of 20 meter from the pond. Planting of fern such as <i>Nephrolepis biserrata</i> has been carried out. Training also been conducted immediately to all the sprayers in order not doing spraying on that prohibited area. Completion Date: 15 <sup>th</sup> April 2017	<b>Auditor Verification:</b> During site visit at both estates auditor has found all the riparian / buffer zone has been maintained with natural grasses. Thus, previous NCR was satisfactory closed  <b>Status:</b> Closed
Indicator 5.2.3	Minor	<b>#NCR No : MZK 03 2017</b> Finding : The indicator requirement regarding to training on HCV/RTE was not complied with. Objective evidence : Nak Estate <ul style="list-style-type: none"> <li>Although no HCV has been set aside but pond/lake at block 96C area still attract bird, migrant bird and small mammal. as per recommended by the HCV assessor the estate must give training/awareness to workers regarding to this Bio Diversity, However, sighted that there is no programme/training regularly regarding to Biodiversity/HCV</li> </ul>	<b>Corrective Action:</b> Training regarding the biodiversity has been conducted to all workers during morning muster ground. 3 units signboard pertaining protected animals and the related law and regulation has been installed in month of March 2017.	<b>Auditor Verification:</b> A training programme for year 2018 was available, Verified training name 'Taklimat tentang kawasan zon penampian' conducted to Staff, Workers and Security dated 2/3/2017. An also awareness training like morning briefing has been conducted by Assistant Manager from Sutera Estate to all workers (Sprayer, Manuring, Harvester, Maintenance). In Resort Estate, although no HCV has been set aside but, they still have to monitor the water catchment inside the estate due to that area attract migrant bird and mammal. Recommendation also has been made by the HCV assessor to monitored that area, Sighted training dated 15/1/2018  <b>Status:</b> Closed
Indicator 5.2.4	Minor	<b>#NCR No : MZK 04 2017</b> Finding : The indicator requirement regarding to Monitoring HCV/Conservation Area was not complied with. Objective evidence : Nak Estate	<b>Corrective Action:</b> The AP patrolling book for monitoring the conservation area has been provided and now in use. Has been implemented in March 2017.	<b>Auditor Verification:</b> Sighted Weekly monitoring for illegal hunting was conducted by Sutera Estate. Records dated 10/2/2018, 12/2/2018, 16/2/2018, 18/2/2018 and



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		Although AP Patrolling stated to be carried out at Conservation area, no record has been showed to Auditor to proof that monitoring has been done.		20/2/2018 were sighted. The monitoring activities was recorded in the form 'Rondaan Pemburuan Haram'. At Resort Estate Records dated 2/1/2018, 5/2/2018 were sighted. The monitoring activities was recorded in the form 'Rondaan Pemburuan Haram'.  <b>Status:</b> Closed
Indicator 6.13.2	Minor	<b>#NCR No : MAR 02 2017</b> Finding : There is no evidence that the children in NAK Estate has been provided with access to education as a moral obligation. Objective evidence : There are children of foreign workers in Nak Estate not provided access to education.	<b>Corrective Action:</b> The renovation process of the kindergarten building are still in progress. This building was agreed by the Planting Advisor to convert it to HUMANA school by 2018. The estate management will liaise with the Indonesia Consulate in month of September 2017 pertaining the requirement and also the preparation for establishment of the HUMANA school. Completion Date: End of Year 2017.	<b>Auditor Verification:</b> Auditor has verified, Sutera Estate has construct new CLC and start operate on 10 January 2018 to workers children. Before this they have to send to outside humana Schools/CLC. Resort Estate also has CLC who operate since 2016, Nak POM has provided transport CLC School for foreign workers' children to take care their children during working hours without any fee. For past NCR there is new CLC has been construct at Nak Estate and Indonesian consulate has already approved on 13 February 2018  <b>Status:</b> Closed

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## Attachment 7

### Boustead Plantations Berhad Time-bound Plan for RSPO Certification.

Business Unit	2011	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
	1	2	3	4	5	6	7	8	9	10	11
Sg. Jernih Business Unit											
Nak Business Unit ,											
TRP Business Unit											
Segaria Business Unit											
Telok Sengat Business Unit											
Segamaha Business Unit											
Lapan Kabu Business Unit											
Sugut Estates Business,											
Loagan Business Unit											
Kanowit Business Unit											