

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

Palmgroup Holdings Sdn Bhd
Client company Address: 25.1-25.2, Level 25, Wisma Sanyan No. 1, Jalan Sanyan 96000 Sibul, Sarawak
Certification Unit: Victoria Square Development Sdn Bhd
Location of Certification Unit: Lot 540, Engkilo Land District Sibu Division & block 42, Lot 1 Kabang Land District, 96000 Sibul, Sarawak

Report prepared by:
Valence Shem (Lead Auditor)

Report Number:
8814254

Assessment Conducted by:
BSI Services Malaysia Sdn Bhd,
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TABLE of CONTENTS	Page No
Section 1: Executive Summary	3
1.1 Organizational Information and Contact Person	3
1.2 Certification Information.....	3
1.3 Location of Certification Unit.....	3
1.4 Plantings & Cycle	4
1.5 FFB Production (Actual) and Projected (tonnage).....	4
1.6 Certified CPO / PK Tonnage	4
1.7 Certified Area	4
1.8 Details of Certification Assessment Scope and Certification Recommendation:	5
Section 2: Assessment Process	6
1. Assessment Program	7
Section 3: Assessment Findings	8
3.1 Details of audit results	8
3.2 Details of Nonconformities and Opportunity for improvement.....	8
3.3 Status of Nonconformities Previously Identified and OFI	10
3.4 Issues Raised by Stakeholders	10
3.5 Summary of the Nonconformities and Status.....	11
3.6 Summary of the findings by Principles and Criteria	12
Section 4: Assessment Conclusion and Recommendation	53
Appendix A: Assessment Plan.....	54
Appendix B: List of Stakeholders Contacted	55
Appendix C: Smallholder Member Details.....	56
Appendix F: Location and Field Map.....	57
Appendix G: List of Abbreviations	59

Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Victoria Square Estate : 549549002000		
Company Name	Victoria Square Development Sdn Bhd		
Address	Lot 540, Engkilo Land District, Sibuland Division & Block 42, Lot 1 Kabang Land District 96000 Sibuland, Sarawak		
Group name if applicable:	Mafrica Corporation		
Subsidiary of (if applicable)			
Contact Person Name	Mr Raymond Nyian		
Website	https://www.mafrica.com.my	E-mail	raymondny@mafrica.com.my
Telephone	+60 84- 353 155 +6012 881 0052	Facsimile	+60 84 332 153

1.2 Certification Information			
Certificate Number	MSPO 681157		
Issue Date	12/10/2018	Expiry date	11/10/2023
Scope of Certification	Palm Oil Plantation		
Stage 1 Date	16/11/2017		
Stage 2 / Initial Assessment Visit Date (IAV)	22/03/2018		
Continuous Assessment Visit Date (CAV) 1			
Continuous Assessment Visit Date (CAV) 2			
Continuous Assessment Visit Date (CAV) 3			
Continuous Assessment Visit Date (CAV) 4			
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
N/A			

1.3 Location of Certification Unit			
Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Latitude	Longitude

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Victoria Square Development Estate	Lot 540, Engkilo Land District Sibu Division & block 42, Lot 1 Kabang Land District, 96000 Sibu, Sarawak	2° 23 '21.76"	111° 45' 12.09"
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1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Victoria Square	12.50	3,620.18	0	0	0

1.5 FFB Production (Actual) and Projected (tonnage)

Producer Group	Projected from last audit	Actual production Jan – Dec 2017	Projected production for next 12 months (Jan – Dec' 2018)
Victoria Square	NA	57,617.07	74,999.27

1.6 Certified CPO / PK Tonnage

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

1.7 Certified Area

Estate	Total Planted (Mature + Immature) (ha)	HCV (ha)	Infrastructure & Other (ha)	Total Area (ha)	% of Planted
Victoria Square	3,632.68	0	361.32	3,994.00	91
TOTAL	3,632.68	0	361.32	3,994.00	

1.8 Details of Certification Assessment Scope and Certification Recommendation:

BSI Services Malaysia Sdn Bhd has conducted the Initial Assessment of Victoria Square Development Sdn Bhd, located in Sibul, Sarawak comprising 1 estate and infrastructure

The assessment was conducted onsite to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders.

The onsite assessment was conducted on 22/03/2018.

Based on the assessment result, Victoria Square Development Sdn Bhd complies with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for oil palm plantations and organised smallholders and recommended for certification.

Section 2: Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
Unit 3, Level 10, Tower A
The Vertical Business Suites, Bangsar South
No. 8, Jalan Kerinchi
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Tel +603 2242 4211 Fax +603 2242 4218
Nicholas Cheong: Nicholas.Cheong@bsigroup.com
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BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems.

Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted on 22/03/2018. The audit programme is included as Appendix A. The approach to the audit was to treat the Victoria Square Development Estate as a MSPO Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, declared conservation areas and local communities. Prior to audit conducted, public consultation was made on 10/03/2018; refer <https://www.bsigroup.com/en-MY/RSP0-MSPO-Certification/MSPO-clients-and-reports1/>

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

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

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

The assessment findings for the initial assessment are detailed in Section 4.2.

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

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

MSPO Public Summary Report
Revision 0 (Aug 2017)

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

1. Assessment Program					
Name (Mill / Plantation / Group smallholders)	Year 1 (Certification)	Year 2 (ASA 1)	Year 3 (ASA 2)	Year 4 (ASA 3)	Year 5 (ASA 4)
Victoria Square Development Estate	√	√	√	√	√

Tentative Date of Next Visit: May 6, 2018 - [Click here to enter a date.](#)

Total No. of Mandays: 2 mandays

BSI Assessment Team:

Valence Shem – Lead Assessor

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

Hafriazhar Mohd Mokhtar –Team Member

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

Accompanying Persons: Not applicable

Section 3: Assessment Findings

3.1 Details of audit results

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

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

3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Initial Assessment there were two (2) Major nonconformities raised. The Victoria Square Development Estate Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
1608413-201808-M1	MS2530-3:2013	4.5.3.3
Requirements:	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1674 to ensure proper and safe handling, storage and disposal.	
Statement of Nonconformity:	The documentations of movement and disposal of scheduled wastes were not adequate.	
Objective Evidence:	The estate has disposed its scheduled wastes such as spent lubricants (SW305), contaminated filters (SW410) and used batteries (SW102) to a facility (Kien San Metal Sdn Bhd) and transported by Jun Enterprise. However, the recordings of inventory in accordance to the Fifth Schedule and the utilization of consignment note in accordance to the Sixth Schedule of the EQ (SW) Reg. 2005 were not done. The vehicles used to transport the scheduled wastes were also found to be not in the registered list of the DOE's website.	
Corrections:	To updating the inventory records in accordance to 5th schedule and to completely fill-in the 6th schedule as per requirements.	

MSP0 Public Summary Report
Revision 0 (Aug 2017)

Root cause analysis:	No responsible person assigned to monitor the process at respective units/ departments.
Corrective Actions:	<ol style="list-style-type: none"> 1. To assign responsible person with appointment letter at every respective section to ensure the documentation process is completed. 2. Provide training to the responsible person.
Assessment Conclusion:	<p>Evidence submitted:</p> <ul style="list-style-type: none"> • Completed 5th and 6th schedule of the EQ (SW) Reg. 2005 • Appointment letters dated 16/5/2018 to Fong Pak Boon, Ha Tiung Ong & Jenny Pius as persons responsible in handling SW. Job description was also attached with the letter • Training records of SW handling and storage guidance dated 23/4/2018 for the appointed persons <p>The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.</p>

Major Nonconformities:		
Ref	Area/Process	Clause
1608413-201802-M2	MS2530-3:2013	4.4.5.11
Requirements:	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	
Statement of Nonconformity:	<p>Requirements 6. (1) (a) was found not fully complied for housing in Victoria Square Estate as per Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) Clause 6: Supply of water and electricity and maintenance of houses:</p> <p>6. (1) Where workers and their dependents are provided with housing at their place of employment it shall be the duty of the employer of such place of employment -</p> <p>(a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General;</p>	
Objective Evidence:	Sampled labour lines Phase Camp Aman.	
Corrections:	To get proper consent and approval in writings from respective authorities such as Jabatan Tenaga Kerja Sarawak.	
Root cause analysis:	No verification and approval made on the standard requirement applicable to Sarawak.	
Corrective Actions:	<ol style="list-style-type: none"> 1. To check and to consult from time to time in the future with relevant authorities for additional measures. 2. To ensure that the existing measures such as analysis on water drinking is continuously monitor. 	
Assessment Conclusion:	Evidence submitted:	

MSPO Public Summary Report
Revision 0 (Aug 2017)

	<ul style="list-style-type: none"> - E1 Consent Letter From JTK Sarawak - E2 Water Management Plan <p>Auditor's conclusion: The evidence of the correction and corrective action were adequate to close the NCR. Effectiveness of the implementation shall be verified in the next assessment.</p>
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Opportunity For Improvement		
Ref	Area/Process	Clause
<i>NC ID from eReport</i>		
Requirements:		
Objective Evidence:		

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

3.3 Status of Nonconformities Previously Identified and OFI

Not applicable as this is Initial Assessment

3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues: Field Service Contractor (Nanang & Son Enterprise) – Good relationship with company since 2006. No issue.</p>
	<p>Management Responses: Info noted.</p>
	<p>Audit Team Findings: Positive feedback. No further issue.</p>
2	<p>Issues: Machinery Vendor – Good relationship with company since 2006. No issue.</p>
	<p>Management Responses: Info noted.</p>
	<p>Audit Team Findings: Positive feedback. No further issue.</p>

2	Issues: SK Sg. Aur – – Good support by company management towards school programs and events. Company often contributes to school in terms of facilities repair/upkeep and etc.
	Management Responses: Info noted.
	Audit Team Findings: Positive feedback. No further issue.

3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1608413-201802-M1 - 4.5.3.3	Major	22/03/2018	Closed out on 21/5/2018
1608413-201802-M2 – 4.4.5.11	Major	22/03/2018	Closed out on 21/5/2018

3.6 Summary of the findings by Principles and Criteria

A) MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders – Victoria Square Estate

Criterion / Indicator		Assessment Findings	Compliance
4.1 Principle 1: Management commitment & responsibility			
Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy			
4.1.1.1	A policy for the implementation of MSPO shall be established. - Major compliance -	Victoria Square Development Sdn Bhd has established a policy on sustainable palm oil production. Signed by MD, Mr Tiong Chiong Hee dated 5/5/2017 [Reference: MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/2016.	Complied
4.1.1.2	The policy shall also emphasize commitment to continual improvement. - Major compliance -	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the estate operation.	Complied
Criterion 4.1.2 – Internal Audit			
4.1.2.1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement. - Major compliance -	Based on the company's internal audit procedure Clause 7.2.1, internal audit shall be conducted semi-annually. The internal audit was carried by Sustainability team on 21-23/7/17 and 16-19/10/17 for Victoria Square estate by 3 internal auditors. Audit covered both documentation and field operations. Rating was given based on audit finding. Audit report was available with the summary of	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		findings for each respective work units.	
4.1.2.2	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p>- Major compliance -</p>	<p>Victoria Square Development Estate has implemented its Internal Audit Procedure under the MSPO Management Policy and Procedure, PGHSB/SOPP/014/2016, version 1 dated 20/4/16 which was prepared by Assistant Manager OHS and Environment, Mr Raymond Nyian. Internal audit procedure is under Appendix 1 of the procedure.</p> <p>The procedure has incorporated the internal auditor competency requirement. By default, internal audit is planned once a year. There were 10 NC raised in the first audit and 42 NC in the second audit. All the NC have been satisfactorily closed out by the estate.</p>	Complied
4.1.2.3	<p>Report shall be made available to the management for their review.</p> <p>- Major compliance -</p>	Internal audit report for both audits were made available for management review.	Complied
Criterion 4.1.3 – Management Review			
4.1.3.1	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p>- Major compliance -</p>	<p>Management review is conducted in various meetings i.e. Estate’s TQM Meeting (estate level) and TQM Management Meeting. Among the agenda addressed were:</p> <ul style="list-style-type: none"> • Management commitment & responsibility • Transparency • Traceability • Compliance to Legal • Social responsibility, health, safety and employment condition • Commitment to contribute local sustainability development • Employees S&H 	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> • Employment condition • Environmental, Natural resources, biodiversity • Best practice • Development of new planting • Internal audit results • Last MR meeting was on 8/11/17. 	
Criterion 4.1.4 – Continual Improvement			
4.1.4.1	<p>The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.</p> <p>- Major compliance -</p>	<p>Action plan for continual improvement was established based on EIA conducted, entitled "The Proposed Victoria Square's Engkilo Oil Palm Plantation on Lot 540, Engkilo Land District, Sibul Division, Sarawak" by Ecosol Consultancy Sdn Bhd, report dated August 2007 and approved by NREB on 19/9/2007 – undertaking agreement has been signed on 13/12/2007 by Dr. Tie Yiu Liong (MD) [EIA report approval ref. no. (13)NREB/6-1/2E/41].</p>	Complied
4.1.4.2	<p>The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.</p> <p>- Major compliance -</p>	<p>This is obtained through participation on various trainings or seminars such as ISP, Sarawak Oil Palm Plantation Owners Association (SOPPOA) and training by suppliers (agrochemicals, tools, machinery).</p>	Complied
4.1.4.3	<p>An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.</p> <p>- Major compliance -</p>	<p>If there is any new techniques or new industry standard or technology suitable to be implemented by the company, action plan is normally incorporated in the company's training plan where type of training is identified, date of training, identified participants and training provider.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
4.2.1.1	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Information requested by relevant stakeholders was communicated in appropriate languages and forms as per sighted Procedure of Application for Company’s Information & Application for Company Information Flow Chart that requires stakeholder need to fill in Information Request Form. The procedure was established by Agronomy & Sustainability Department – Mafrica Group. Palm Holding for Sustainability Team.</p> <p>The Procedure of Application for Company’s Information & Application for Company Information Flow Chart requires stakeholder/requester to fill in Information Request Form. The “Records Book of Stakeholders or Interested Party Who Has Viewed/Obtained Documents” has been spelt out in the procedure/flow chart.</p> <p>The traceability or control of “Application for Company Information Flow Chart” form (which might include running number doc. & form ref. # & date in case of any revision/changes) was made available.</p>	<p>Complied</p>
4.2.1.2	<p>Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p>- Major compliance -</p>	<p>Among management documents consist of records of requests and responses – form records including records of requests and responses <i>Borang Aduan (Formal/Tidak Formal/Sensitif)</i> and others are as following samples:</p> <ul style="list-style-type: none"> - MPOB license # 549549002000; 1/5/17-30/4/18; Area reg.: 3994ha; Victoria, Lot 63, Block 6, Engkilo Land District, & Lot 	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
	<p>42, Block 2, Kabang Land District, 96000 Sibul, Sarawak; Permit Potongan Daripada Gaji Pekerja Di Bawah Seksyen 114 Ordinan Buruh (Sarawak Bab 76) Potongan Levi Untuk Pekerja Asing; Serial # JTKSWK/PL/037/17/(SBU); Dated: 11/8/2017; Permit Menyimpan Daftar Pekerja DI Ibu Pejabat Syarikat Di Bawah Kaedah-Kaedah Buruh (Sarawak) 2009; Serial # JTKSWK/DFHQ/048/16/(SBU); Dated: 27/9/2016</p> <ul style="list-style-type: none"> - Land titles/user rights – 2 titles: <ul style="list-style-type: none"> i) # 03-LCLS-002-006-00063; 2040ha; 17/4/2007 – 16/4/2067 (60 years lease); Lot/District: Lot 63, Block 6, Sungai Engkilo Land District, 96000 Sibul, Sarawak ii) # 03-LCLS-006-042-00002; 1954ha; 9/11/2007 – 8/11/2067 (60 years lease); Lot/District: Lot 2, Block 42, Kabang Land District, 96000 Sibul, Sarawak - Area statement: Perimeter area: 3994 ha; Mature 2008: 484.69 ha; Mature 2009: 1401.08 ha; Mature 2010: 1114.72 ha; Mature 2011: 594.55; Mature 2012: 25.14 ha; Immature 2017: 12.50 ha; Total planted area: 3632.68 ha; Total unplanted area: 361.32 ha - Safety and health plan – Occupational Safety & Health Plan for 2017-2018 dated 11/1/2017 - Plans and impact assessments relating to environmental and social impacts: <ul style="list-style-type: none"> i) Social Impact Assessment (SIA) Mitigation Plan; Version: 1 (OCT2016)/SU; Dated: 10/10/2016; By: Raymond Nyian ii) Social Monitoring Plan 2017 dated 1/1/2017 included parameter to monitor for impacts identified such as facility, complaint & grievance, communication & consultation, sexual harassment, customary land rights & compensation 	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>procedure, child labour and etc.</p> <p>iii) Environmental Impact Assessment For The Proposed Victoria Square’s Engkilo Oil Palm Plantation on Lot 540, Engkilo Land District, Sibul Division, Sarawak; August 2007 by Ecosol Consultancy Sdn. Bhd.; Occupied area about 2023 ha</p> <p>iv) EIA Report Approval by NREB Sarawak; Date of approval: 19/11/2007; Ref. # (13)NREB/6-1/2E/41; Serial # 0474</p> <p>v) The Proposed Extension to the Victoria Square’s Engkilo Oil Palm Plantation, between Batang Igan and Sungai Sawai near Sibul Division, Sarawak’ Project area about 1955 ha</p> <ul style="list-style-type: none"> - Environmental Monitoring Plan – Master Plan established accordingly included parameter to monitor for impacts identified such as following: <ul style="list-style-type: none"> i) Water Quality Management ii) Soil Erosion, Slope and Sediment Pollution iii) Domestic Waste Management iv) Scheduled Waste Management v) Chemical Management and etc. - Records of complaints and grievances – records of meeting, training & grievance form and etc. - Continual improvement plan – as part of Environmental Monitoring Plan, Social Mitigation Plan, Staff & Workers Annual Training Schedule year 2017 dated 11/1/2017 	
Criterion 4.2.2 – Transparent method of communication and consultation			
4.2.2.1	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>Procedures established for the whole operating units under Palmgroup Holdings Sdn. Bhd. verified as following:</p> <p>i) Communication and Consultation Procedures; Ref. #</p>	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>PGHSB/SOPP/001; Ver. 1; Date issued: 21/12/2015;</p> <p>ii) Complaint and Grievance Procedures; Ref. # PGHSB/SOPP/002/2015; Ver. 1; Date issued: 21/12/2015</p> <p>iii) Task: TQM Management Plan on Grievance and Complaint Procedure-C6.3</p> <p>iv) Flowchart of Complaint in Victoria Square Development Sdn. Bhd.</p> <p>v) Complaint and Grievance Policy; Signed by Managing Director; Date: 5/5/2017</p> <p>vi) Environmental Monitoring Report (EMR) for the Victoria Square’s Engkilo Oil Palm Plantation on Lot 540, Engkilo L.D. & Extension Area on Block 42, Lot 1, Kabang LD Sibu Division, Sarawak; Ref. # NREB/6-1/2D/43; Ref. # NREB/6-1/2G/14; Period: May – July (2nd quarter 2017) by Envisar Sdn. Bhd.</p> <p>Post-EIA Inspection to Worldsign Harvest OPP on Lot 79, Balingian LD, Mukah Division; Ref. # (69)NREB/MKH/6-1/2E/53; dated: 29/9/2017</p>	
4.2.2.2	<p>A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.</p> <p>- Minor compliance -</p>	<p>A management official was nominated as per following:</p> <ul style="list-style-type: none"> - Appointment – Estate Social & Legal Coordinator; Letter; Ref. # VSDBS/TQM/Social & Legal/001; Date: 20/6/2017; Kong Kai Siong (AM) <p><i>Surat Perlantikan Sebagai Wakil Pekerja Menerima Aduan</i> (Complaints & Grievances Handling Committee); Ref. # VSDBS/C&G/AL/2017/02; Date: 15/5/2017; John Ling Fong (Estate TQM Coordinator) with 11 other workers, staffs & executives</p>	Complied
4.2.2.3	List of stakeholders, records of all consultation and	The lists and records were properly maintained in file Title: Registers of Stakeholders; Ref. # ST 02; Ver. 10/12/2016; Report	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>communication and records of action taken in response to input from stakeholders should be properly maintained.</p> <p>- Major compliance -</p>	<p>date: 31/10/2017 categories:</p> <ul style="list-style-type: none"> - List of Contractors - List of Suppliers - List of Government Bodies - List of Community Groups & NGOs - List of Local Community - List Internal Stakeholders – Store, mess, workshop, security house, estate genset room <p>Records of consultation, communication & action as following:</p> <ul style="list-style-type: none"> - Monitoring of Action Request; ST 19; Ver. 1; Review date: 31/10/2017; Source of requests came from Staff & Executive Meeting, OSH Meeting, JCC Meeting, MSPO Internal Audit & etc. - Training on the complaints form (C6.9-explain to worker grievance mechanism which respects anonymity and process complaints) dated 15/6/2017 - Internal stakeholders – Joint Consultative Committee Meeting; Date: 3/8/2017; attended by staff & workers representative - Training/Briefing to Contractors – MSPO Requirements; Date: 6/7/2017; (as per 4.6.4.1) - Freedom of Association and Collective Bargaining Policy; Signed by MD; Dated: 5/5/2017 - Compliance with EIA Approval Conditions for Jobenar Raya Oil Palm Plantation on Lot 81, Blick 5, Balingian LD, Mukah Division, Sarawak - Communication for contractor Lim Chee Hong dated 1/3/2018 related to MSPO Certification - Meeting between Estate and Landwoners on 20/12/2017 – 	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		<p>attended by rep. of Rh. Helena Tanjung Penasu, Igan & Rh. Bayuh, Tanjung Penasu, Igan</p> <ul style="list-style-type: none"> - Stakeholder consultation with KTS group (neighbor company estate & buyer mill) on 29/11/2017 <p>Training/briefing to contractors on MSPO requirements and meeting with other external stakeholder identified was conducted</p>	
Criterion 4.2.3 – Traceability			
4.2.3.1	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p>- Major compliance -</p>	<p>SOP on the traceability of the FFB has been established under Guidelines on Traceability Procedures, PGHSB/SOPP/001/2017, rev:01 dated November 2016.</p>	Complied
4.2.3.2	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p>- Major compliance -</p>	<p>Regular inspections were checked through “Management BMP Field Inspection Checklist for Harvesting”.</p>	Complied
4.2.3.3	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p>- Minor compliance -</p>	<p>The assistant managers were appointed as the persons in-charge in ensuring the implementation of the traceability system [ref.: Clause 4.2 of the MSPO procedure].</p>	Complied
4.2.3.4	<p>Records of sales, delivery or transportation of FFB shall be maintained.</p> <p>- Major compliance -</p>	<p>Based in verification of FFB delivery documents such as FFB dispatch chit, mill weighbridge ticket, FFB daily records book and monthly summary of FFB dispatch, the traceability was found to be in order. The information about date of delivery, origin field of FFB, weight and number of bunches was well recorded.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
4.3 Principle 3: Compliance to legal requirements			
Criterion 4.3.1 – Regulatory requirements			
4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations. - Major compliance -	The estate was able to demonstrate its compliance with legal basically by having a list of applicable legal requirements and recording the status of compliance. Among the evidence of compliance seen during the assessment were MPOB license, permit to hire foreign workers, permit to work overtime, business license, certificate of fitness for air compressor and permit to store diesel.	Complied
4.3.1.2	The management shall list all laws applicable to their operations in a legal requirements register. - Major compliance -	A list of applicable laws was established through the utilization of OT05 format dated November 2017. Among the major legal requirements registered were OSHA, FMA, EQA and Labour Ordinance to name a few.	Complied
4.3.1.3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. - Major compliance -	The Sustainability Unit (in HQ) is responsible to update the legal requirements register. The most common method used were obtaining information from websites of government agencies and news.	Complied
4.3.1.4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. - Minor compliance -	A person responsible to monitor compliance and to track and update changes in regulatory requirements has been appointed and the name was stated in the Legal Register list. Based on interview, the person was able to explain about the evidence of compliance and the changes made in the legal list.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.3.2 – Lands use rights			
4.3.2.1	<p>The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.</p> <p>- Major compliance -</p>	<p>The management ensured their oil palm cultivation do not diminish the land use rights based on verification as following:</p> <ul style="list-style-type: none"> - Estate Facilities Plan – Main office, store, quarters, field block Phase 1 & Phase 2 - Location of neighbor – KTS OPP & Loba Kabang OPP (Sawai Block) <p>A1 map title: Boundary Pegs; Map ref. # VS-VSD-2017-06-20-01; Date: 20/6/2017; Sample boundary: WHSB/PCB2 peg # Station T 12; Coordinate: 2229614.836° E; 5264213.899° N</p>	<p>Complied</p>
4.3.2.2	<p>The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.</p> <p>- Major compliance -</p>	<p>All relevant documents showing legal ownership were verified as per indicator 4.2.1.2 and 4.3.2.1 above.</p>	<p>Complied</p>
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p>- Major compliance -</p>	<p>The legal perimeter boundary markers were clearly demarcated and visibly maintained on the ground as per sample sighted in the field block boundary to stakeholder area visited.</p> <p>The brief procedure for establishment and maintenance of boundary was documented.</p>	<p>Complied</p>
4.3.2.4	<p>Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been</p>	<p>No any disputes on land ownership where in case of any, the process will be conducted based on Flow Chart 1: FPIC Process Guide – Title: Identification of Customary Land Rights and Compensation Procedure; Ver. # 1; Ref. # PGHSB/SOPP/005/2015;</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
	accepted with free prior informed consent (FPIC). - Minor compliance -	Date: 21/12/2015	
Criterion 4.3.3 – Customary rights			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. - Major compliance -	There's no land encumbered by customary rights in Victoria Square Estate, hence this indicator is not applicable. It was sighted however an agreement between Victoria Square Development Sdn. Bhd. with Daniel Anak Bujal & Helena Buga dated 1/4/2013 for approximate 2 acres of land to build a wharf for period of 5 years. Renewal of agreement in progress.	Not applicable
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available. - Minor compliance -	There's no land encumbered by customary rights in Victoria Square Estate, hence this indicator is not applicable.	Not applicable
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	There's no land encumbered by customary rights in Victoria Square Estate, hence this indicator is not applicable.	Not applicable
4.4 Principle 4: Social responsibility, health, safety and employment condition			
Criterion 4.4.1: Social Impact Assessment (SIA)			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance -	Plans and impact assessments relating to environmental and social impacts based on records of following: Internal: Social Impact Assessment (SIA) Mitigation Plan; Version: 1 (OCT2016)/SU; Dated: 10/10/2016; By: Raymond Nyian;	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator	Assessment Findings	Compliance
	<ul style="list-style-type: none"> - SR0: Social Management System – Stakeholder Register - Template ST02 Register of Stakeholder; Communication and consultation mechanisms - SR1: Local community; - SR2: Traceability & fair trade - SR3: OSH - SR4: Work Conditions - SR5: Living conditions (Poor risk rating given by Wild Asia) – Mitigation plan: housing inventory, complaint & grievance record, emergency response plan fire evacuation, water shortage, facility inspection record - SR6: Women & Children <p>External: Wild Asia (Malaysia); Project Ref.: P438 Palmgroup; Draft Report Social Impact Assessment; Palmgroup Holdings Sdn. Bhd. 13 March 2018. Summary of Findings:</p> <ul style="list-style-type: none"> - Hiring of workers in relation to legal and national legislation compliance - Work conditions covering human rights issues and national legislation compliance - Housing or workers in relation to legal and national legislation compliance - Health and safety with regards to workers and women groups - Workforce suppliers in relation to legal and national legislation compliance - External stakeholder engagement - Social Monitoring Plan 2017 dated 1/1/2017 included parameter to monitor for impacts identified such as facility, complaint & grievance, communication & consultation, sexual harassment, customary land rights & compensation procedure, child labour 	

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		and etc.	
Criterion 4.4.2: Complaints and grievances			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented. - Major compliance -	A system for dealing with complaints and grievances established as Complaint and Grievance Procedures; Ref. # PGHSB/SOPP/002/2015; Ver. 1; Date issued: 21/12/2015	Complied
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. - Major compliance -	Based on sampled <i>Borang Aduan</i> and above procedure, the system able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	Complied
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. - Minor compliance -	The complaints/disputes were mainly made by workers on housing issues as per Monitoring of Action Request; ST 19; Ver. 1; Review date: 31/10/2017; Source of requests came from Estate Meeting, JKKP Meeting, Complaint & Grievance Meeting, MSPO Internal Audit & etc.	Complied
4.4.2.4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. - Minor compliance -	The employees and surrounding communities were made aware that complaints or suggestions can be made any time as per Communication and Consultation Procedures; Ref. # PGHSB/SOPP/001; Ver. 1; Date issued: 21/12/2015; following sighted: - Briefing on Communication Policy; dated 3/10/2017 to internal stakeholder (Local /TKI) Training on Complaint & Grievance Procedure dated 16/6/2017 to	Complied

Criterion / Indicator		Assessment Findings	Compliance
		internal stakeholder (local/TKI)	
4.4.2.5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request. - Major compliance -	All complaints and resolutions were documented and made available upon request as per Sample: <i>Borang aduan kerosakan rumah</i> ; date: 15/9/2107; Camp Kenyalang Block # 7; Resolve date: 30/9/2017	Complied
Criterion 4.4.3: Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities. - Minor compliance -	Contributions to local development in consultation with local communities were made upon discretion of the management as per samples sighted as following: Employees compassionate contribution to employee due to parent's demise	Complied
Criterion 4.4.4: Employees safety and health			
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. - Major compliance -	Victoria Square estate has implemented an OSH Management Plan for improvement of safety of employees that was updated in January 2017 for the calendar year.	Complied
4.4.4.2	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented.	a) Safety & Health policy is available, signed by MD, dated 5/1/2015 – method of communication – displays at various strategic workplace, training & orientation b) HIRARC is available, last reviewed 27/10/2017 by Bagung ak Daut (S&H coordinator). Among the activities covered were field maintenance, manuring, transportation, diesel station, domestic waste, security, workshop, store/warehouse	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept</p>	<p>c) Awareness and training were addressed in the "Staff & Workers Annual Training Schedule, 2017" – training on standard & safe operating procedures.</p> <p>d) addressed in "Safe Operating Procedures" – sampled chemical spraying. Based on the site visit, the workers were adequately provided with appropriate PPE in accordance to the SOP.</p> <p>e) addressed in "Safe Operating Procedures" – sampled chemical spraying, store, chemical mixing, fertilizer application. CHRA was last conducted on 28/9/2017 by Henry Wong Leh Wei [JKKP IH 127/171-2(71)]</p> <p>f) addressed through appointment of Safety & Health Coordinator – sampled Mr. Bagung Daut [appointment letter dated 5/7/17, ref. no.: VDSB/TQM/LOA/Safety & Health/001]</p> <p>g) addressed through "Safety & Health Committee quarterly meeting". Meetings were conducted quarterly and minutes of meeting were available for verification.</p> <p>h) addressed in various procedures, e.g.:</p> <ul style="list-style-type: none"> - Building's fire Emergency Response and Actions Plan - *Estate/forest's fire Emergency Response and Action Plan - *Accident, dangerous occurrence, poisoning, disease and damage reporting procedure <p>*based on 2018 training programme</p> <p>Communicated through training, e.g.:</p> <ul style="list-style-type: none"> • fire safety briefing and fire extinguisher on 5/9/2017 – attended by 47 employees • for 2018, training on responding fire breakout at field (peat soil area) is planned to be conducted in April 2018 • accident, dangerous occurrence, poisoning, disease and 	

Criterion / Indicator		Assessment Findings	Compliance
	<p>and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p>- Major compliance -</p>	<p>damage reporting procedure planned to be conducted in June 2017</p> <p>i) There are 5 certified first aider and in progress to train workers for first aider</p> <p>j) recorded in:</p> <ul style="list-style-type: none"> - "Accident and Near Miss Record Book" - "Accident (and near miss) Records [ST 10]" - JKKP 6, 7, 8, 9 - "<i>Laporan Siasatan Kemalangan</i>" 	
Criterion 4.4.5: Employment conditions			
4.4.5.1	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p>- Major compliance -</p>	<p>The policies on good social practices regarding human rights in respect of industrial harmony for Palmgroup Holdings Sdn Bhd were established as as following:</p> <ul style="list-style-type: none"> - Employment Policy; Ref. # PGHSB/SOPP/011/2016; Ver. 01; Date issued: 22/2/2016 - Child Labour Policy; Ref. # PGHSB/SOPP/005/2016; Ver. 02; Date issued: 5/5/2017 - Equal Opportunity Policy; Ref. # PGHSB/SOPP/007/2016; Ver.02; Date issued: 5/5/2017 - Special Labour and Forced Labour Policy; Ref. # PGHSB/SOPP/008/2017; Ver. 02; Date issued: 5/5/2017 - Freedom of Association & Collective Bargaining Policy; Ref. # PGHSB/SOPP/009/2017; Ver. 02; Date issued: 5/5/2017 - Human Rights Policy; Ref. # PGHSB/SOPP/010/2017; Rev. 02; 	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		Date issued: 5/5/2017 - Sexual Harassment Policy; Ref. # PGHSB/SOPP/012/2017; Rev. 02; Date issued: 5/5/2017 - Women Rights Policy; Ref. # PGHSB/SOPP/013/2017; Rev. 02; Date issued: 5/5/2017 - Zero Burning Policy; Ref. # PGHSB/SOPP/014/2015; Rev. 01; Date issued: 21/7/2015 - Complaints and Grievance Procedures; SOPP/002 - Communication and Consultation Procedures; SOPP/001 Identification of Customary Land Rights and Compensation Procedures; SOPP/005	
4.4.5.2	The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics. - Major compliance -	The management demonstrated that no engagement or support on discriminatory practices as per policies above.	Complied
4.4.5.3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. - Major compliance -	Employees pay and conditions were verified met legal minimum standards as per Employment Contract (<i>Kontrak Penggajian</i>). Based on the Statistic of Gender, Race, Nationality of Workers file, the following sampled daily-rated workers' pay slips were checked: i) Monthly Local Employee ID (Emp. # MY00005323); Date: 1/8/2016 ii) Local Employee ID (Emp. # MY00005263); Date: 1/5/2017 iii) FW Employee ID (Passport): AR 614046; Contract date: 1/7/2016	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		iv) Foreign worker – hiring status report; date as at 14/11/2017 v) New Worker Process – dated 26/10/2017 – Working Permit & Labour License For harvester: Rates for FFB Harvesting, Loading & Transporting and Field Maintenance & Upkeep Work	
4.4.5.4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. - Minor compliance -	No external contractors employees involved in direct estate operations i.e. production (harvesting) and maintenance (upkeep, spraying, manuring, etc.) except for FFB transporters and palm tree felling & chipping of replanting machinery operator. Sighted the following sample Contract Work Agreement terms for Contractors/Piece Rate Workers: - Contract Work Agreement (Harvester); Sample no.: VSDSB/NC17010012 for Servasius Un-PD2485654 (AT 727236); Period: 1/1/2017-31/12/2017; Activity & Cost/Uom – Transporting FFB (Internal): RM2/mt; Loading FFB: RM4/mt; Request for payment sample ref. # VDSB/PE17100025; Date: 31/10/2017 (Used as paysli); Confirmation of Payment Details by RHB Bank Bhd Contract Work Agreement (from FIS) was printed out & signed by workers (piece rate)	Complied
4.4.5.5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.	Payslip, daily payroll record (Check Roll for the month of...) sample October 2017 includes the motorcycle allowance, block number, work distribution (manuring, weeding, P&D supervisions for field mandore & workers) & attendance list (time in & time out for morning & afternoon) for local staffs & executives.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p>- Major compliance -</p>	<p>All employees were provided with fair contracts that have been signed by both employee and employer. Copy of contract available ass per sample employment contract file and pay slips verified as per sampled employment contract file:</p> <p>1) Employee ID # PD5684837; Date joined: 4/12/2015; Post: Harvester (Piece-rated); Nationality: Indonesia; Contract # VSDBS/NC18010040; dated 1/1/2018; Sample Payment Advise # VSDBS/PE18020047; date: 1/3/2018</p> <p>Employee ID # MY00005214; Date joined: 4/12/2015; Post: Census Team (Daily-rated); Nationality: Indonesia</p>	Complied
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p>- Major compliance -</p>	<p>Based on the sampled pay slips of workers as above, there is no trace of breach of payment as stipulated in their contract.</p> <p>Interview with workers shows no issue on wages received.</p> <p>During site visit, interview with both local and foreign workers revealed no discrimination on overtime hours as well on wages received for overtime work done.</p> <p>This was also cross checked in their respective pay slips against punch card monthly/daily and daily payroll records sample for October 2017 and no discrepancies found.</p>	Complied
4.4.5.8	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate</p>	<p>Based on the agreement, Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to the Sarawak Labour Ordinance.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p>applicable and shall meet the applicable legal requirement.</p> <p>- Major compliance -</p>	<p>As at current status, there was none has crossed 80 hours of overtime. Verified the pay slips, the payment and calculation of overt time well distributed.</p> <p>The overtime rate after 8 hours daily rated is: (upkeeps)</p> <ul style="list-style-type: none"> - Mon - Sat – daily rated / 8 hours x 1.5 - Sunday - daily rated / 8 hours x 2.0 - Public holiday – daily rated / 8 hours x 3.0 <p>The overtime rate after 8 hours piece rated is: (harvesters)</p> <ul style="list-style-type: none"> - Mon - Sat – flat rate - Sunday – flat rate x 2.0 - Public holiday – flat rate x 3.0 	
<p>4.4.5.9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p>- Major compliance -</p>	<p>Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker.</p> <p>Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Deductions were based on following permits:</p> <ul style="list-style-type: none"> - <i>Permit potongan daripada gaji pekerja di bawah seksyen 114 ordinan buruh (Sarawak bab 76) potongan levi untuk pekerja asing; no. siri: JTKSWK/PL/038/17/(SBU); dated: 11/8/2017;</i> - <i>Permit potongan daripada gaji pekerja di bawah seksyen 114 ordinan buruh (Sarawak bab 76); no. siri: JTKSWK/PG/039/17/(BTU); Date: 6/12/2017</i> 	<p>Complied</p>
<p>4.4.5.10 Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.</p> <p>- Minor compliance -</p>	<p>The social benefits for:</p> <p>Local - incentives for good work performance by giving hampers for general workers during annual dinner and for staff is based on KPI eligible for incentive, bonus payment, professional development for only executive and above, medical care and health provisions are for entire work force including periodical medical surveillance for</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>sprayers.</p> <p>Foreigner – new employees arriving from overseas are given the basic necessities and food and a return air tickets each for a contracted period. Sighted the insurance benefits for foreign workers as following:</p> <p>i) Zurich Insurance Malaysia Berhad Insurance Policy – Class (for company): Foreign Workers (Immigration Bond – IG); Cover Note Policy # 631700029446-00; Period of Insurance: 24/8/2017-23/9/2018</p> <p>Zurich Insurance Malaysia Berhad Insurance Policy – Class (for workers): Foreign Workers Compensation Scheme (FWCS); Cover Note Policy # 631700026545-00; Period of Insurance: 13/6/2017-12/6/2019</p>	
4.4.5.11	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.</p> <p>- Major compliance -</p>	<p>Based on the applicable housing requirements as per Act A1237 Labour Ordinance of Sarawak (Amendment) Act 2005; JR/LAW/022 and Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) Clause 6: Supply of water and electricity and maintenance of houses:</p> <p>6. (1) Where workers and their dependents are provided with housing at their place of employment it shall be the duty of the employer of such place of employment -</p> <p>(a) to provide free and adequate piped water drawn from a public main, or where the Director General so permits in writing, to provide free and adequate supply of potable piped water drawn from any other source which shall be filtered and treated in a manner approved by the Director General;</p> <p>Requirements 6. (1) (a) was found not fully complied for housing in Palmraya Pelita Sikat Estate for sampled labour lines Phase 1 Camp Aman.</p>	Major nonconformance

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
		Hence a major nonconformity has been raised.	
4.4.5.12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. - Major compliance -	The management established the Sexual Harassment Policy – 012/2016 to prevent all forms of sexual harassment and violence at workplace. Latest briefing was done to Executives and Staff dated: 11/7/2017.	Complied
4.4.5.13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. - Major compliance -	The management established the Freedom of Association & Collective Bargaining Policy - 009 to facilitate the collective bargaining in accordance with applicable laws and regulations. Sighted the latest JCC meeting for Worker-Management Committee Organization Chart 2017 appointment as Complaint & Grievance Committee (<i>Surat Perlantikan Sebagai Ahli Jawatankuasa Menerima Aduan</i> ; Ref. # VSSB/PH/CCP&CGP/001; Date: 28/4/2017).	Complied
4.4.5.14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions. - Major compliance -	In-line with the established Child Labour Policy – 005/2016; it was verified during site visit to field and line site, there was no evidence of workers below 18 years old been employed. Workers were also aware of the minimum age policy is being strictly enforced by the management at which the age limit is above 18 years old.	Complied
Criterion 4.4.6: Training and competency			

Criterion / Indicator		Assessment Findings	Compliance
4.4.6.1	<p>All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.</p> <p>- Major compliance -</p>	<p>Year 2018 training programme is available which includes the training on BMP, Standard Operating Procedure, SOP, emergency response, S&H awareness, Social & Legal Policy.</p> <p>Among the trainings conducted:</p> <ul style="list-style-type: none"> • SSOP for chemical and P&D on 14/3/2018 – attended by 33 workers • SSOP for machinery (tractor, lorry, backhoe, grader, excavator, etc.) operator on 19/1/2018 – attended by 34 workers • SSOP first aid training to each worksite on 16/3/2018 – attended by 18 <p>SSOP for harvester workers on 10/1/2018 attended by 73 workers</p>	Complied
4.4.6.2	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p>- Major compliance -</p>	<p>Training needs analysis is available as the basis to establish the training programme. Training programme for 2018 is available – basically divided to:</p> <ul style="list-style-type: none"> • BMP and SOP • Safe Operating Procedure • Emergency response <p>Safety and health awareness</p>	Complied
4.4.6.3	<p>A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure.</p> <p>- Minor compliance -</p>	<p>Continuous training programme has been planned and implemented covering all employees and contractors in accordance to the documented training procedure. For example, the training programme for 2018 is basically consist of occupational safety and health, environmental, bio-diversity and social, was established as part of part of the continuous training programme for the employees.</p>	Complied
<p>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</p>			

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.5.1: Environmental Management Plan			
4.5.1.1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - Major compliance -	Victoria Square Estate has an Environmental policy that was signed by the MD, dated 21/11/2016 and environmental management plan with relevant to the applicable laws and regulations. Interviews of staff and workers found that the policy has been communicated and implemented.	Complied
4.5.1.2	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations. - Major compliance -	Aspect and impact analysis is available. Utilization of the form is guided by the "Guideline on Identification of Environment Aspects and Impacts Significant", ver. 1, October 2016.	Complied
4.5.1.3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. - Major compliance -	Addressed in the Environmental Monitoring Plan. E.g.: - Water quality management - Soil erosion - Domestic waste management - Scheduled wastes management - Manage hydrocarbon wastes properly - chemicals management - Peat management - management of drainage and sanitary of labour quarters	Complied
4.5.1.4	A programme to promote the positive impacts should be included in the continual improvement plan. - Minor compliance -	No positive impact identified.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. - Major compliance -	Training programmes established in "Staff & Workers Annual Training Schedule", e.g. SW handling and storage guidance, SW monitoring, domestic wastes monitoring, recycle programme, buffer zone protection, water management in peat, water usage monitoring.	Complied
4.5.1.6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - Major compliance -	Regular meetings with employees were addressed in Best Management Practice (BMP) & Environment meeting which were conducted quarterly. Minutes of meetings were available for verification.	Complied
Criterion 4.5.2: Efficiency of energy use and use of renewable energy			
4.5.2.1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - Major compliance -	The estate maintained the fossil fuel consumption per FFB produced. This is to ensure the consumption is within the budgeted amount which is used as baseline. Based on the to-date records, the consumption was within the budget.	Complied
4.5.2.2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.	Normally the estimation of fossil fuel consumption is stated in the annual budget. The establishment of the estimation was mainly based on the historical track records and budgeted crop.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.5.2.3	The use of renewable energy should be applied where possible. - Minor compliance -	There was no possible area identified that can use renewable energy.	Complied
Criterion 4.5.3: Waste management and disposal			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	This was addressed in environmental monitoring plan, e.g.: <ul style="list-style-type: none"> • Domestic wastes, sourced from line-site population • Scheduled wastes, sourced from workshop, chemical store, WTP Recyclable wastes such as paper, plastic bottle, aluminium, scrap iron, sourced from line-site population and workshop	Complied
4.5.3.2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: <ol style="list-style-type: none"> Identifying and monitoring sources of waste and pollution Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products - Major compliance -	Addressed in environmental monitoring plan as mentioned above. The domestic wastes were disposed to landfill through the local district council, scheduled wastes were disposed through authorised contractors and recyclable wastes were disposed through recycle centres.	Complied
4.5.3.3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper	Addressed in "Scheduled Wastes Handling and Storage Guidance" [PGHSB/SOPP/014/2016, ver 1, dated 21/11/2016]. The estate has disposed its scheduled wastes such as spent lubricants (SW305), contaminated filters (SW410) and used	Major nonconformance

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	and safe handling, storage and disposal. - Major compliance -	batteries (SW102) to a facility (Kien San Metal Sdn Bhd) and transported by Jun Enterprise. However, the recordings of inventory in accordance to the Fifth Schedule and the utilization of consignment note in accordance to the Sixth Schedule of the EQ (SW) Reg. 2005 were not done. The vehicles used to transport the scheduled wastes were also found to be not in the registered list of the DOE’s website. Thus, a non-conformity was assigned due to this lapse.	
4.5.3.4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer’s labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. - Major compliance -	Addressed in “Scheduled Wastes Handling and Storage Guidance” [PGHSB/SOPP/014/2016, ver 1, dated 21/11/2016. At the point of visit, the empty chemical containers were still kept in a store after being triple rinsed and punctured. G Planter has already been notified on 15/3/2018 to collect the items [ref. UPPCR Quantity Form – estimated around 3,342 pieces of ECC].	Complied
4.5.3.5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. - Minor compliance -	Domestic wastes were disposed at SMC Kemuyang Landfill. The service was chargeable at RM5/trip. Verified latest 2 trips receipt from Sarawak Government #132802 (dated 7/2/2018, 720 kg) and #132804 (dated 6/3/2018, 910 kg)	Complied
Criterion 4.5.4: Reduction of pollution and emission			
4.5.4.1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	The assessment of polluting activities was addressed through the method mentioned in 4.5.1.2 including GHG emission. The GHG emissions calculated using RSPO GHG calculator and compiled by the mill. CO2 emission from peat is by default value i.e. 54.60	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	tCO2/ha.yr	
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. - Major compliance -	Action plan to reduce the identified significant pollutants was incorporated in Environmental Monitoring Plan. The plan was found to be satisfactorily implemented. To minimise the GHG emission from peat, VS implements their BMP & Policies on Water Management in Peat Soil [PGHSB/BMPP/04/2014, ver. 1, dated 1/7/2017]. Subsidence rate = ~0.1 cm/yr – monitored quarterly through utilization of Peat Subsidence Monitoring Records [C4.3f]	Complied
Criterion 4.5.5: Natural water resources			
4.5.5.1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a. Assessment of water usage and sources of supply. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.). d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones	uidelines on Water Use Monitoring [PGHSB/SOPP/004/2015, dated 21/12/2015] has been established to guide managers to establish and monitor water use in a plantation in order to ensure water availability for communities. There is no buffer zone allocated in Victoria Square due to no main river crossing the estate. EMR is done quarterly and for year 2017, all EMR was done in timely manner and reports were available for verification. There is only 1 sampling point (WM1) in the estate..	Complied

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

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

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

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	<p>documented and consistently implemented and monitored.</p> <p>- Major compliance -</p>	<ul style="list-style-type: none"> • Oil Palm Harvesting [001, 27/7/13] • Oil Palm Frond Pruning [001, 20/9/13] • Control of Tirathaba Bunch Moth [PGHSB/BMPP/002/2014, 2/5/14] • Water Management in Peat Soil [PGHSB/BMPP/004/2014, 1/7/14] • Weeding [PGHSB/BMPP/005/2014, 1/7/14] • Termite Management in Peat Soil [PGHSB/BMPP/001/2014, 1/7/14] • IPM in Oil Palm Agroecological System [PGHSB/BMPP/007/2014, 14/7/14] • Fertilizer Management [PGHSB/BMPP/006/2014, 14/7/14] • Oil Palm Nursery Management [PGHSB/BMPP/003/2014, 1/7/14] • Rat Management in Oil Palm Plantation [PGHSB/BMPP/08/2015, 11/8/2015] 	
4.6.1.2	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p>- Major compliance -</p>	There is no slope area at the estate.	Not applicable
4.6.1.3	<p>A visual identification or reference system shall be established for each field.</p> <p>- Major compliance -</p>	Identification of field reference was mainly made of plastic plat with white font on black background. The plat has the information about Block number, road number, year planted, SPH, Ha and planting material.	Complied

Criterion / Indicator	Assessment Findings	Compliance	
Criterion 4.6.2: Economic and financial viability plan			
4.6.2.1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. - Major compliance -	Business plan was demonstrated through availability of annual budget with 2 years projection. Among the main items included in the annual budget were harvesting and evacuation, field upkeep and employees welfare.	Complied
4.6.2.2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. - Major compliance -	No necessity for replanting programme as oldest palms was planted in 2008.	Complied
4.6.2.3	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment - Major compliance -	The annual budget of the estate contains the information about crop projection, production cost and estimation of material price. The production cost was generally budgeted around RM190/mt FFB. The managers will have regular meeting with the top management to discuss about their estate’s performance and expenses in order to ensure efficiency of cash flow.	Complied
4.6.2.4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly	This is addressed through Monthly Manager Meeting where discussion about the expenditure performance is conducted.	Complied

MSPO Public Summary Report
Revision 0 (Aug 2017)

Criterion / Indicator		Assessment Findings	Compliance
	monitored, periodically reviewed and documented. - Major compliance -		
Criterion 4.6.3: Transparent and fair price dealing			
4.6.3.1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. - Major compliance -	Pricing mechanisms for the products and other services were effectively documented and implemented as per following: - Point of Sales System – Selling Price Report – by consignment (from vendor) FFB pricing mechanism (Piece-Rated Contract Work Agreement)	Complied
4.6.3.2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. - Major compliance -	Fair contracts were transparently agreed and paid in timely manner as per sample sighted as following: PO # VSDSB/R17080049; Date: 25/8/2017; Issue Out/Delivery Note # VS/X17090005; Tax Invoice # MM/17090035	Complied
Criterion 4.6.4: Contractor			
4.6.4.1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. - Major compliance -	Based on the interview with contractors engaged by company, the implementation of MSPO requirement were being communicated and made are to them by the estate management through training of MSPO Topic 4.6.4.1; dated: 6/7/2017 attended by contractors (Lau Huat Kouk, Wong Sheng Yong, Lim Chee Hong, Yapin, Andy Wong Yun Yong)	Complied
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. - Major compliance -	The agreed contracts with the contractor were provided for all external internal contractors (piece-rate workers) as per contract sample sighted available as following: Contract Work Agreement (Harvester); Sample no.: VSDSB/NC17010012 for Servasius Un-PD2485654 (AT 727236);	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Period: 1/1/2017-31/12/2017	
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. - Minor compliance -	The company has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. - Major compliance -	Control points applicable being observed by estate management as per sighted sample agreements above.	Complied
4.7 Principle 7: Development of new planting			
Criterion 4.7.1: High biodiversity value			
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a	Not applicable as there is no development of new planting at the estate.	Not applicable

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



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

Criterion / Indicator		Assessment Findings	Compliance
4.7.5.2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - Major compliance -	Not applicable as there is no development of new planting at the estate.	Not applicable
Criterion 4.7.6: Customary land			
4.7.6.1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. - Major compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - Minor compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Furthermore, as per EIA; Section 4.4.8 NCR Land Tenure and Crop Compensation Problems (Pg C4-10) – from the interviews conducted in EIA study, no land claims are expected as local	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
		people interviewed said they do not farm inside PPA (Proposed Project Area). No settlements within 3km radius of PPA. Six longhouses found at the downstream area of Sg. Setuan Besar, > 4.5km from PPA's northern boundary. 6 longhouses namely Rh Telajan, Rh Latip, Rh Patrick Sandin, Rh Janin, Rh Enchana & Rh Jinin surveyed during EIA. (Section 1.2 Project Background Pg C1-1). Hence, this indicator is not applicable.	
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - Major compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - Major compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - Major compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be	Not applicable as there is no development of new planting at the estate.	Not applicable

Criterion / Indicator		Assessment Findings	Compliance
	established and implemented. - Major compliance -	NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	Not applicable as there is no development of new planting at the estate. NPP done on own land within title and no customary land involved. Hence, this indicator is not applicable.	Not applicable

Section 4: Assessment Conclusion and Recommendation

Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings	
Based on the findings during the assessment Victoria Square Estate Certification Unit complies with the MSP0 MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholder. It is recommended that the certification of Victoria Square Estate Certification Unit is approved.	
Acknowledgement of Assessment Findings	Report Prepared by
Name: Raymond Nyian	Name: Valence Shem
Company name: Victoria Square Development Sdn Bhd	Company name: BSI Services Malaysia Sdn Bhd
Title: Manager (Sustainability)	Title: Client Manager
Signature: 	Signature: 
Date: 1/8/2018	Date: 1/8/2018

Appendix A: Assessment Plan

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

Appendix B: List of Stakeholders Contacted

<p><u>Internal Stakeholders</u></p> <p>Managers Assistant Managers Staffs Workers’ Representatives Workers Joint Consultative Committee Representative Gender Committee Representative Crèche Attendant Medical Assistant</p>	<p><u>External Stakeholders</u></p> <p>Field Service Contractor Machinery vendor</p>
<p><u>Government Departments</u></p> <p>Headmaster, SK Sg. Aur</p>	<p><u>Local Communities</u></p> <p>-</p>

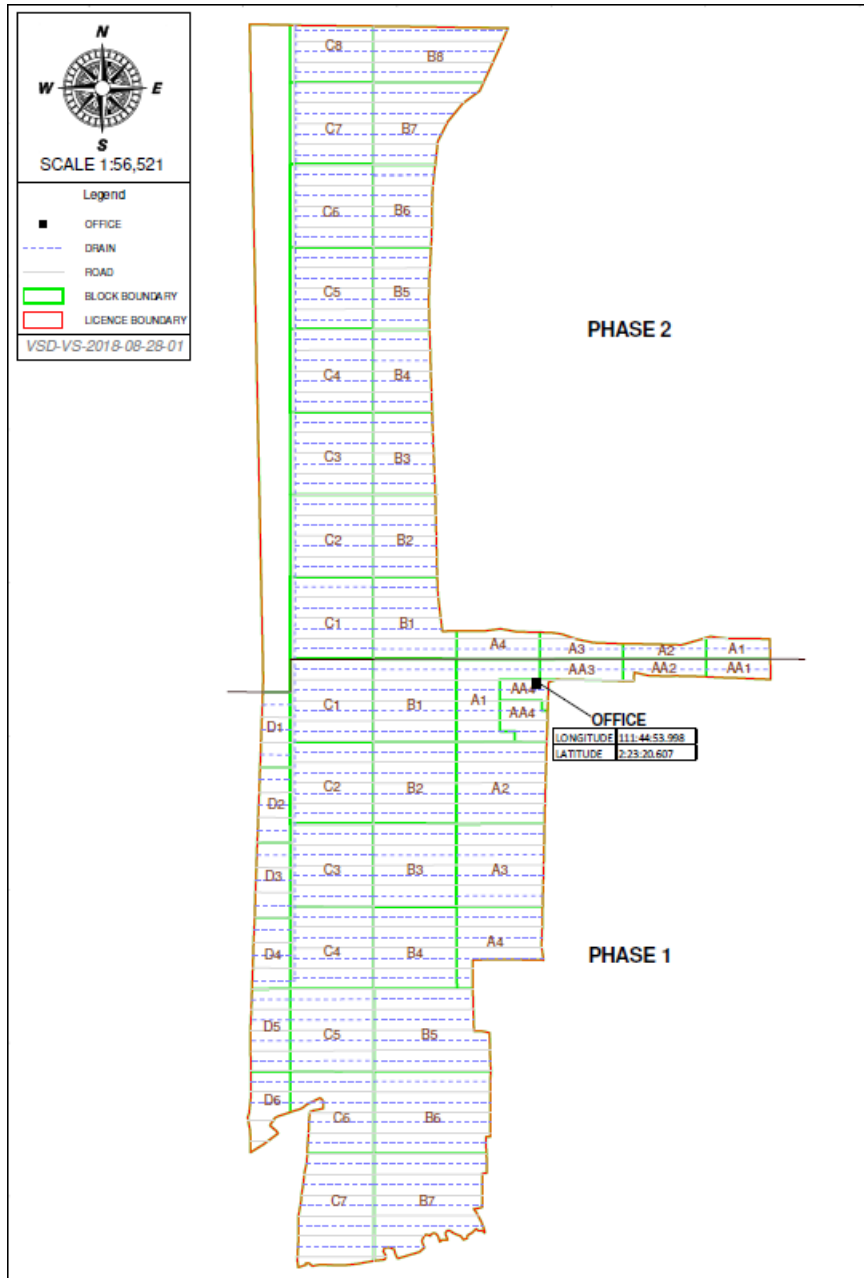
Appendix C: Smallholder Member Details

Not applicable

Appendix F: Location and Field Map



Victoria Square Development Sdn Bhd Estate Map



Appendix G: List of Abbreviations

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSP0	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure