

# **Wilmar Integrated Policy Rapid Assessment**

## **Bintulu Edible Oils Overarching Report**

**Bintulu, Sarawak**  
**July 2017**

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## EXECUTIVE SUMMARY

### Context

Seven mills were selected from a sample of 'high priority' mills identified through the Mill Prioritisation Process (MPP) in October 2015, from a total of 61 mills supplying to Bintulu Edible Oils (BEO) refinery.

Field visits have been completed for all seven palm oil mills (POM) and their supply bases in Sarawak. The assessments were carried out by Wilmar representatives and their consultants.

This report portrays a summary of findings from all the visits completed under the Aggregator/Refinery Transformation (ART) plan, and intends to give readers some ideas on the current situation on the ground and areas that require improvement. Actions and recommendations have been proposed to effectively tackle these issues. Involvement from various stakeholders will be critical to bringing about necessary changes and mills in the supply chain will need to take ownership in driving a positive transformation through their FFB supply base.

### **Common Findings**

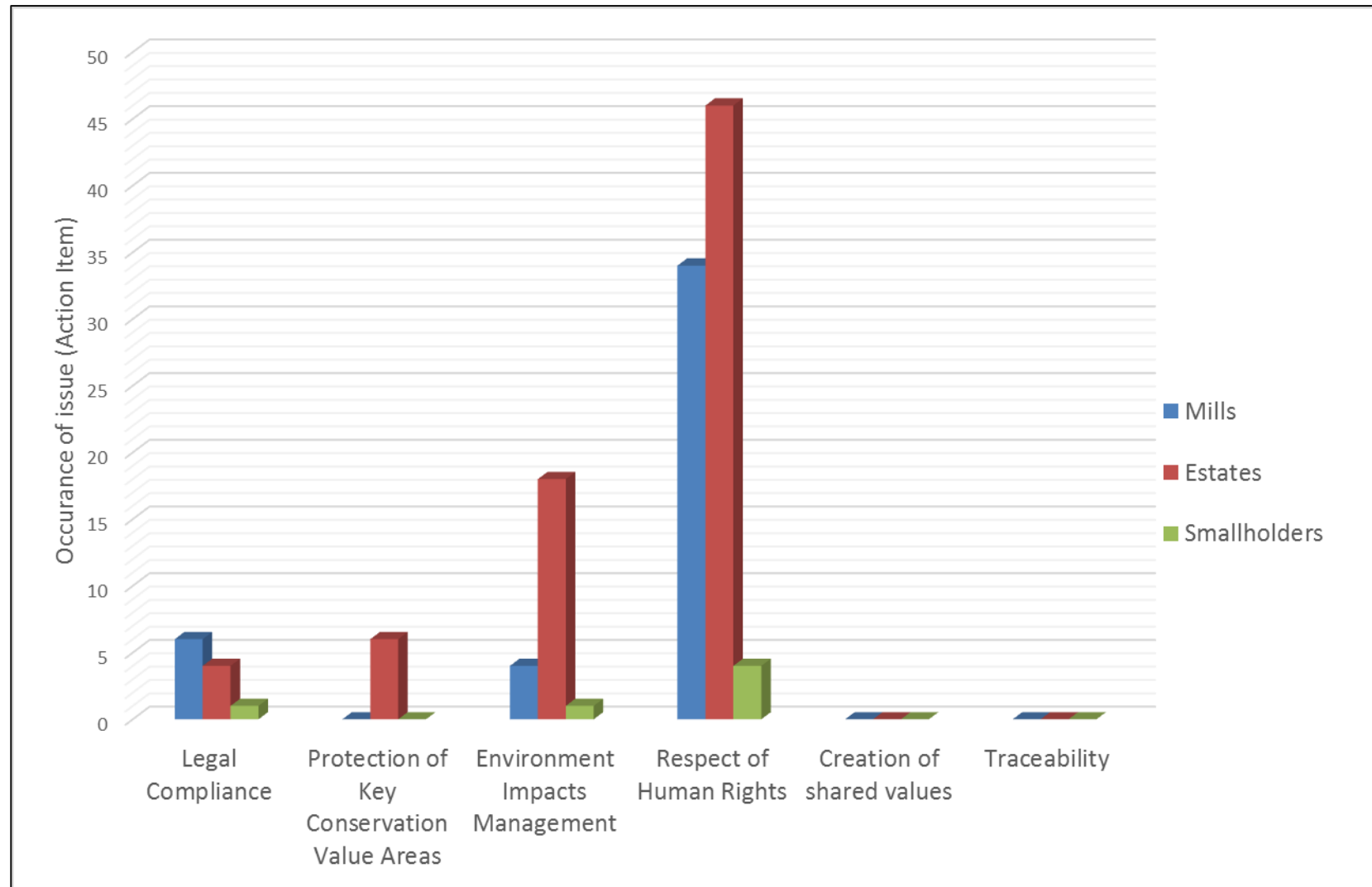
#### **Positive findings:**

1. Major licenses such as Malaysian Palm Oil Board (MPOB) and Department of Environment (DOE) licenses are displayed and available for viewing at mill and estate offices.
2. All the POMs visited have monitoring systems in place for effluent discharges.
3. Diesel storage tank at all entities have adequate secondary containment (110% storage capacity).
4. There are no reported harassment issues by the workers at all the companies.
5. All the companies generally have good relationships with their smallholders and the local communities.

#### **Areas for improvement:**

1. Management awareness on the permits required by law.
  - Most of the companies are unaware of some of the relevant permits such as the wage deduction permit, overtime extension permit, and permit to store controlled items (diesel).

2. Chemical and waste management systems.
  - Many of the chemical and lubricant stores require improvements mainly in bunding.
3. Retention of workers' document (passport).
  - In most cases, foreign workers' passports are kept by the management without documented consent from the workers and some workers had to pay deposits in order to retrieve their passports.
4. Provision of employment contracts and payslips.
  - Workers are often not provided with, a signed copy of their employment contract and a copy of their payslips in a language understood by them.
5. Excessive overtime.
  - Most of the mill workers exceed the statutory limit of 104 hours although the company does not have a permit to do so.
6. Lacking grievance mechanism for workers, smallholders and local communities.
  - Most of the companies do not have a mechanism to handle possible future grievances and complaints.
7. Occupational Safety and Health (OSH) of workers.
  - Overall, there are a high percentage of issues found under the OSH section that requires improvements.



*Figure 1. Overall findings requiring 'Action Items' at the mills and supply bases across all six principles of criteria under BEO hub*

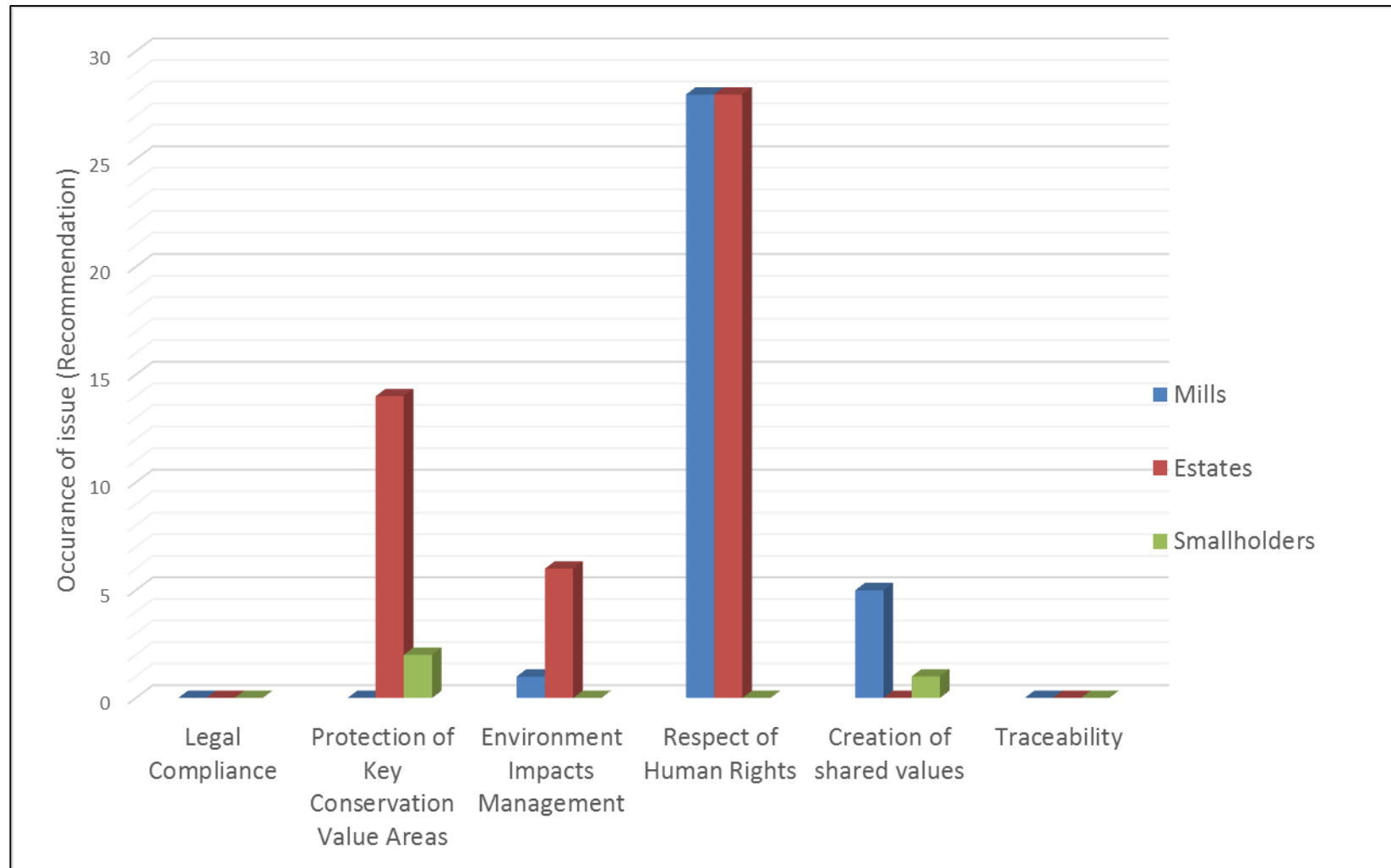


Figure 2. Overall findings for 'Recommendations' from the mills and supply bases across all six principles of criteria under BEO hub



## INTRODUCTION

### **Wilmar's Integrated Policy:**

There is a growing recognition across many of the major palm oil companies that the industry must change to ensure it remains sustainable and profitable for the long term.

Wilmar International Limited is fully committed to playing its part. Hence, on 5th December 2013 they launched their No Deforestation, No Peat and No Exploitation Policy.

The provisions in the integrated policy apply to all Wilmar operations worldwide and all third-party suppliers whom Wilmar purchases from or with whom Wilmar has a trading relationship.

As part of the process of verifying suppliers against Wilmar's Integrated Policy, the supplying mills of Bintulu Edible Oils Sdn. Bhd (BEO), a Wilmar-owned refinery in Bintulu, Sarawak are assessed.

### **Prioritizing Mill Visits**

In order to prioritize which mills to visit, the Mill Prioritisation Process (MPP) method was first carried out. The MPP analyses both spatial and non-spatial factors in relation to each mill. Spatial factors include information on legally protected areas, key biodiversity areas, peat areas and potential forest disturbance areas within a mill's estimated supply base.

The non-spatial elements in the MPP include the mill's own sustainability policy, RSPO status, supplying volume to the refinery and publicly reported information. This method helps prioritise supplier visits based on potential risks around environmental and social factors associated with the POM and its supply base (estates, smallholders and small-growers).

Seven supplying mills were selected for field visit (approximately 11% of the supplying mills to BEO refinery). Field visits were carried out by Wilmar together with their consultants. This report presents overall findings from all seven POMs and their FFB suppliers (integrated and third party suppliers) who were visited. Proposed actions and recommendations are included in the report to assist in areas for transformation and continuous improvement, to meet Wilmar's Integrated Policy.

### **Bringing change**

Each entity visited (mill, estate, smallholder) is issued with its own individual entity report, which outlines in detail the findings at the particular entity and provides recommendations and action items for improvement. As part of the deep engagement process, these entities will be revisited in order to discuss together on the implementation of the proposed actions and to establish practical action plans for ongoing



monitoring. The mills and growers in the BEO refinery base not visited will be then engaged as part of a broader engagement to share the general findings. They will be issued with this report explaining the common findings across the visits and proposing actions that could be taken to resolve commonly found issues.

Trainings and assistance tailored to these common issues will then be provided to assist these entities.

## SCOPE OF ASSESSMENT

This report presents the findings from seven visits to the selected POMs and a sample of their integrated and third party Fresh Fruit Bunch (FFB) suppliers. These FFB suppliers include estates and smallholders. FFB collecting centres (FFBCC) and dealers were also prominent suppliers to the mills visited in this region. FFBCC and dealers were engaged as part of the visits in order to gain an understanding of their supply catchment; however, these findings are not included in this report.

The sample of each mill's suppliers visited was in most cases selected by Wilmar and their consultants based on each mill's supplier list, prior to, and on occasion at the beginning of, the visit. The suppliers selected were often the larger volume suppliers to the POMs as well as those located in geographical priority areas. Availability of the owner/management was also influential to decision making in some cases.

The categories of the plantations are as follows:

| Categories of plantation | Acronym | Hectarage  |
|--------------------------|---------|--|
| Smallholder              | SH      | 40 hectares and below                            |
| Small Growers            | SG      | More than 40 hectares but less than 500 hectares |
| Estate                   | Est.    | 500 hectares or above                            |

The mills, estates and smallholders were assessed against Wilmar's Integrated Policy<sup>1</sup> which primarily covers:

1. No deforestation of high conservation value (HCV) lands or high carbon stock (HCS) areas.
2. No new development on peat regardless of depth.
3. No exploitation of rights of indigenous and local communities.

The report lists some positive management and operational standards identified during the assessment visits and provide examples (**Recommendations**) on how these positive findings could be strengthened and maintained in mill and estate operations, and among smallholders.

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<sup>1</sup> <http://www.wilmar-international.com/wp-content/uploads/2012/11/No-Deforestation-No-Peat-No-Exploitation-Policy.pdf>

At the same time, the report also calls attention to areas and issues that require immediate and long-term management and operational attention (**Action Items**). These concerns are highlighted to ensure the integrity of Wilmar's supply chain is maintained and should be prioritized.

It should be emphasized that the issues of concern highlighted in the report are common across the industry and are not specific to Wilmar's supply chain.

## DESCRIPTION OF FINDINGS FOR MILLS AND PLANTATIONS

This section presents the findings by criteria for the entities visited during the seven visits. The following section presents 'Action Item' for those critical (red) issues found, as well as 'Recommendation' to address minor (yellow) issues and strive for continuous improvement. Entities should seek to prioritize action items first when planning their action plans for change. Due to multiple entities being assessed, the entries reflected in this section are intended to best represent the aggregated situation on the ground.

### 1. Legal Compliance

#### 1.1. Land title, licenses, land rights verification, clearly demarcated boundaries

Malaysian Palm Oil Board (Licensing) Regulation 2005<sup>2</sup> that was put into effect on 1<sup>st</sup> January 2006 requires all palm oil businesses to obtain appropriate licenses from MPOB. Regulation 5 states that producing/selling is prohibited without license.

Companies are also required to have valid licenses and permits such as permit for wage deduction, permit to exceed overtime limit (if necessary) and permit to store controlled items (eg. Diesel).

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| Most of the companies kept the required permits at headquarters such as permit for wage deduction, extension of overtime hours and controlled items. | Companies need to apply for all the relevant permits and ensure that a copy of the permits is available at on-site. | Mill, Est, SG, SH    |

<sup>2</sup> <http://www.mpob.gov.my/en/licensing-a-enforcement/law-a-legislation/511-achievements>

## 2. Protection of Key Conservation Value Areas

### 2.1. No development of High Carbon Stocks (HCS) and High Conservation Value (HCV) areas

Tropical forests hold large stores of carbon, harbour important biodiversity and are critical for the livelihoods of many thousands of local communities. The conversion of these forests into monoculture plantations for agriculture will result in loss of biodiversity and carbon stocks. To reduce these impacts, companies are encouraged to conduct HCS and HCV assessments prior to any new planting/development<sup>3</sup>.

The High Conservation Value (HCV) concept<sup>4</sup> is defined by the Forest Stewardship Council as having outstanding and critical importance due to its high environmental, socio-economic, biodiversity or landscape values. Under Wilmar's Integrated Policy, Wilmar is committed to conduct HCV and HCS assessments prior to any land clearing/ new plantation development, which extends to its third party suppliers as well.

Most of the plantations visited were developed prior to the December 2013 Wilmar's Integrated policy and have no further plans for expansion.

| Observations/Issues  | Action items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| A few of the companies did not conduct HCV/HCS assessments prior to new development on NCR land. | The companies should establish a HCV and HCS commitment/policy. HCV and HCS assessments must be conducted prior to any land clearing works to ensure that these areas are protected. | Est, SG, SH          |

### 2.2. Management minimizes peatland degradation, monitors effectiveness of peatland management and ensure there is no new development on peat areas.

Peat soils contain more than 65% organic matter and act as a critical carbon sink. Peat swamp areas are important to water catchments due to their water retention capacity and the draining of peat areas can lead to fires. Wilmar's Integrated Policy states that there should be no development on peatland regardless of depth and where

<sup>3</sup> <http://highcarbonstock.org/>

<sup>4</sup> <https://www.hcvnetwork.org/about-hcvf>

feasible, options for peat restoration should be explored. Where past plantations have been established on peat, Wilmar and stakeholders will work to ensure best management practices (as defined by RSPO and experts) for peat are adopted<sup>5</sup>.

Most of the plantations visited were planted on peatland before 2013 and companies did not have plans for expansion.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| A few entities did not have documented/formal emergency response plans (ERPs) for peat fires.                            | Companies need to have Emergency Response Plans (ERP) for peat fires and ensure that it is documented as these can serve as a guide for the training of new employees.   | Est, SG, SH          |
| Most of the companies that have developed on peat do not have a system to monitor peat water level and water subsidence. | Companies should monitor the effectiveness of the management through peat subsidence and water level monitoring.<br><br>Reference to guidelines on Best Management Practices on Peat by RSPO would provide guidance on management of peat in the estate. |                      |
| Most companies did not have a written commitment to not develop on peat.   | All the companies are advised to establish a commitment/policy that any new developments will not take place on peat regardless of depth.  |                      |

### 3. Environmental Impact Management

#### 3.1. Operations are carried out to avoid, reduce and minimize negative environmental impacts

Under the Natural Resources and Environment (Prescribed Activities) Order 1997<sup>6</sup> that came into force on 1<sup>st</sup> June 1997, agricultural development: of land area exceeding 500 ha, from land under secondary or primary forest, which involves necessitating the resettlement of 100 families or more, which would involve modification in the use of land, and conversion of mangrove swamps into agricultural estate of area exceeding 50 ha, is required to submit

<sup>5</sup> [http://www.rspo.org/file/RSPO\\_BMP\\_1\\_Update\\_24\\_April\\_2013\\_small.pdf](http://www.rspo.org/file/RSPO_BMP_1_Update_24_April_2013_small.pdf)

<sup>6</sup> [http://www.nreb.gov.my/modules/web/download\\_show.php?id=24](http://www.nreb.gov.my/modules/web/download_show.php?id=24)

a report to the Natural Resources and Environment Board prepared by such expert or authority approved by the board.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| A few companies did not retain riparian buffers at riverbanks and the newly developed NCR land.             | Riparian buffers are important for erosion control and watercourse protection. These should be established and protected. Riparian areas should ideally be left with natural vegetation.<br><br>If it has been developed, the company should stop chemical usage in those areas whilst continuing to harvest the area until it has regenerated and becomes inaccessible. | Est, SG, SH          |
| One of the estates had their Environmental Impact Assessment (EIA) report kept at the company headquarters. | It is strongly recommended that a copy of the EIA report and Environmental Monitoring Report (EMR) is kept in the office.  |                      |
| Some estates had EFB being applied on peat areas.   | It is also advised that the management refrain from applying EFB on peat areas to prevent leaching.  |                      |
| One entity has patches of oil on the ground near to the water source.                                       | For the area surrounding the water source, it is recommended that a fence is built and signs are put up to avoid any contamination.  |                      |

### 3.2. Chemical management

Mill and plantation operations typically require chemical activities such as pest and weed control. All these chemicals are hazardous to humans to a certain extent and if necessary precautions are not taken, the effects can be fatal. Standard operating procedures (SOP) for the best management of chemicals must be in place and the awareness of the SOP should be inculcated with workers to minimize accidents related to chemical use.

| Observations/Issues | Action Items/Recommendations | Applicable to Action |
|---------------------|------------------------------|----------------------|
|---------------------|------------------------------|----------------------|

|  |  |                   |
|--|--|-------------------|
| Chemical and lubricant stores are not on sealed floors.  | The floors at the store should be sealed/ impervious (concrete) to prevent leakage of these chemicals into the environment.  | Mill, Est, SG, SH |
| Mixing of pesticide/herbicide in the field using peat water.                                     | It is suggested that premixing is done at an allocated area before going out to the field to reduce the number of persons exposed to concentrated chemicals and the risk of pilferage.   | Est, SG, SH       |
| Fire extinguishers located at the skid tank was observed to be potentially out of reach.         | Fire extinguishers should be easily accessible during emergencies. It is recommended that they are placed near the intended place of use, free from obstructions and with its base not more than 3 feet from the ground.   | Mill, Est, SG     |
| A few companies did not have adequate bunds and spill kits at the chemical and lubricant stores. | <p>The management is advised to have adequate bunds at the chemical and lubricant store and ensure that it meets at least 110% holding capacity of the largest container volume to prevent any overflow.</p> <p>Spill kits should be made available in the store as well in case of spillage. Trays could also be used to prevent spillage at workshops.</p> | Mill, Est, SG, SH |



*Figure 3 Lubricant store floors are wooden and not sealed.*



### 3.3. Waste management

According to Environmental Quality (Scheduled Waste) Regulations 2005<sup>7</sup>, any scheduled waste generated must be notified to the Department of Environment (DOE) and can only be disposed of by licensed contractors. DOE introduced the e-scheduled waste inventory system (eSWIS) to facilitate the management of scheduled wastes.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| Scheduled waste not categorized and stored properly according to DOE requirements.  | Scheduled waste should be managed according to the Environmental Quality Act (Scheduled Waste) Regulation 2005.  | Mill, Est, SG        |
| Poor scheduled waste storage facilities and labelling.  | Management should improve storage facilities according to DOE requirements.<br><br>Refer to regulation 9 and 10; and schedule 3 of Environmental Quality Act (Scheduled Waste) Regulations 2005. |                      |
| No proper landfill – Rubbish was piled up at the landfill area and not buried.  | The management is recommended to build a proper landfill with discharge outlet for domestic waste.   |                      |
| There was one case where consignment notes (schedule 6) were not seen although scheduled waste was supposedly collected by licensed contractor. | Company to ensure that scheduled wastes are handled according to the Environmental Quality (Scheduled Waste) Regulation 2005.  |                      |

<sup>7</sup> [https://www.doe.gov.my/portalv1/wp-content/uploads/2015/01/Environmental\\_Quality\\_Scheduled\\_Wastes\\_Regulations\\_2005\\_-\\_P.U.A\\_294-2005.pdf](https://www.doe.gov.my/portalv1/wp-content/uploads/2015/01/Environmental_Quality_Scheduled_Wastes_Regulations_2005_-_P.U.A_294-2005.pdf)



*Figure 4 Burning of domestic waste in the landfill.*



*Figure 5 No proper landfill for waste disposal.*



*Figure 6 Poor scheduled waste management - Chemical containers are disposed of at the landfill area.*

### 3.4. Open Burning

Wilmar's Integrated Policy has a section on no burning which states that there can be no use of fire in the preparation of new plantings or re-plantings or any other developments<sup>8</sup>.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| Burning of forest to develop NCR land for local communities. | The management needs to be careful of fires adjacent to their area and control/ prevent the fire from spreading into their area. The management should also ensure that fire is not used for development in their operations. It is advised that a | Est, SG, SH          |
| Windrow stacks are seen burnt at a newly developed NCR land. |  |                      |

<sup>8</sup> <http://www.wilmar-international.com/wp-content/uploads/2012/11/No-Deforestation-No-Peat-No-Exploitation-Policy.pdf> Page 4

|   |  |  |
|---|--|--|
|   | "No Burning" policy is implemented to prevent any future burning. The company may consider reaching out to the smallholders on the awareness of burning as well. |  |
| Most of the plantations visited claim to not use fire for land preparation/ development but there is no written commitment/ policy. | The management is advised to have a written commitment/policy that no fire will be used in land preparation.   |  |



*Figure 7 Land clearing using fire.*

### 3.5. Use of class 1A/1B pesticides

Wilmar's Integrated Policy prohibits the use of pesticides that are categorized as World Health Organization Class 1A or 1B listed by the Stockholm or Rotterdam Conventions except in specific and urgent situations. The use of paraquat is strictly prohibited<sup>9</sup>.

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| Workers interviewed claim to still use paraquat and paraquat was listed on the stock | Management to phase out the use of paraquat and replace with other chemicals such as glufosinate ammonium for | Est, SG, SH          |

<sup>9</sup> <http://www.wilmar-international.com/wp-content/uploads/2012/11/No-Deforestation-No-Peat-No-Exploitation-Policy.pdf> Page 5

|  |  |  |
|--|--|--|
| update board at the store.<br><br>A smallholder mentioned that paraquat is used in his plantations.  | immature palms and glyphosate for mature stands.       |  |
| According to a company's environmental monitoring report (EMR), paraquat was used up to Quarter 4 of 2015.   |  |  |
| Chemical register of one company has erroneously stated the use of paraquat although it has been phased out (store/stock records showed no use of paraquat as well). | Management is advised to update the chemical register. |  |

#### 4. Respect of Human Rights

##### 4.1. Ethical recruitment

Ethical recruitment practices are to include documenting the recruitment process transparently. In most cases, the foreign workers are unfamiliar with Malaysian law and regulations which may lead to them being unfairly treated without them realising it. This could potentially cause issues such as forced/bonded labour, exploitation of workers/workers' rights and etc. Wilmar's Integrated Policy also states that the company and its suppliers/sub-contractors shall ensure that no fees or costs have been charged, directly or indirectly, in whole or in part, to job-seekers and workers for the services directly related to recruitment for temporary or permanent job placement.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| Workers in one estate are charged RM1200 by the agents for recruitment which is then deducted from workers' salaries. | The management should ensure that no recruitment fees are charged to the workers. This should be clearly stated in a formal agreement between the companies and the agents which | Mill, Est, SG, SH    |

|   |   |  |
|---|---|--|
| A few other entities had workers claiming to have been charged by recruitment agents.   | includes all ethical recruitment practices. |  |
| Workers are often brought in by family/friends of current workers, head gangs of villages and agents. Most of the companies bear all employment costs but have no monitoring system to ensure agents do not charge the workers. |   |  |

#### 4.2. Forced labour, bonded labour, abuse, etc.

Under the International Labour Organization (ILO) Forced Labour Convention 1930 (No. 29), the term forced or compulsory labour means all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily<sup>10</sup>. Bonded labour is also known as debt bondage which occurs when a person is forced to work to pay of loans/debts. In this case, workers are often tricked into working for little or no pay. Passport Act 1966 Section 12 (1f) states that any person who, without lawful authority, has in his possession any passport or internal travel document issued for the use of some person other than himself shall be guilty of an offence<sup>11</sup>.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| Most of the companies keep workers passport for safekeeping purposes but without documented consent. A few companies require the workers to pay a deposit or have a guarantor to acquire their passports.<br>One entity has a clause | Passports should be kept by the worker. Workers can also opt to lodge it with the management for safekeeping. If the workers choose to keep the passports themselves, the management can assist, for example by providing them safety lockers. If they want the company to help keep their passports, this must be requested or consented by | Mill, Est, SG, SH    |

<sup>10</sup> [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C029](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029)

<sup>11</sup> <http://www.agc.gov.my/agcportal/uploads/files/Publications/LOM/EN/Act%20150.pdf>

|   |   |                   |
|---|---|-------------------|
| in the employment contract stating that passports would be kept at the office for safekeeping.  | <p>them. Consent must be given freely and without threat of penalty. Passport retrieval should also be free without any pre-conditions.</p> <p>Management should be able to show that they are actively encouraging workers to hold their own passport, for example by carrying out briefing sessions or announcements at muster. Management must ensure workers and staff understand their rights and obligations.</p> |                   |
| According to the management at one company, passports are kept with workers' consent for safekeeping purposes and this was verified with the workers. Workers have free unhindered access to their passports. | It is recommended to adopt the practice of returning the passports to workers and the management could also assist, for example by providing them safety lockers.   | Mill, Est, SG, SH |

#### 4.3. Child labour

Malaysia has signed and ratified the United Nations Convention on the Rights of the Child and ILO Worst Forms of Child Labour Convention 1999 (No. 182)<sup>12</sup>. "Child" according to ILO refers to all persons under the age of 18 whereas under the Sarawak Labour Ordinance (ACT A1237)<sup>13</sup>, the term "child" refers to a person under the age of 15 and "young person" is a person who has ceased to be a child but has not attained the age of 18. Wilmar adheres to a strict "No Child Labour" policy where it does not employ anyone under the age of 18.

| <b>Observations/Issues</b>  | <b>Action items/Recommendations</b>  | <b>Applicable to Action</b> |
|---|--|-----------------------------|
| A worker at one company mentioned that her 11 year old child assists her in the | Children are strictly prohibited to work in the field. The company is recommended to provide childcare facilities and consider | Mill, Est, SG, SH           |

<sup>12</sup> [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100\\_ILO\\_CODE:C182:NO](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100::NO:12100:P12100_ILO_CODE:C182:NO)

<sup>13</sup> <http://minimumwages.mohr.gov.my/pdf/Ordinan-Buruh-Sarawak1.pdf>



|   |   |  |
|---|---|--|
| field.  | alternative means of education for children in the plantations such as childminders that can teach children to read and write. It is also recommended that the company adopts a policy of no child labour that is applicable to all its operations as well as to their contractors and suppliers. |  |
| The companies visited had no evidence of child labour but there was no policy/written commitment on it. |   |  |

#### 4.4. Employment contracts

Wilmar's Integrated Policy states that the company and its suppliers/sub-contractors shall ensure that workers are given in writing, in a language that they understand, the details of their working conditions including but not limited to the nature of work, rate of pay and pay arrangements, working hours, vacation, leaves, other benefits of employment and other details in accordance with the law.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| In most cases, the employment contracts were in English and workers did not fully understand their terms of employment. Employment contracts also lacked detailed terms and conditions required by law and workers were not provided with a copy of their employment contract. | Management to ensure that workers are able to understand the contract. It is recommended that the contract is translated into a language understood by the workers. Terms and conditions of the contract should be updated/revised according to legal requirements and contracts should be explained to the workers prior to them signing the contracts. Copies of signed contracts should also be given to the workers. | Mill, Est, SG, SH    |
| Contractor workers did not sign any employment contract with their employers.  | All workers are required to sign contracts and should be given a copy of their signed contract and this includes all indirectly employed (contractor) workers. The company can also include this as part of the agreement with their contractors.  |                      |
| At one company   | The management is required to  |                      |

|  |                                    |  |
|--|------------------------------------|--|
| employment contracts had a minor error whereby local workers' contracts had clauses for levy deductions. | rectify the error in the contract. |  |
|--|------------------------------------|--|

#### 4.5. Wages and pay slips

Based on the Minimum Wages Order 2016, as of 1 July 2016 the monthly minimum wage for Peninsular Malaysia is RM1000 and Sabah, Sarawak and Federal Territory of Labuan is RM920. In relation to an employee who is not paid basic wages but is paid based only on piece rate, tonnage, task, trip or commission, the rate of monthly wages payable should not be less than the rate as mentioned above<sup>14</sup>. Also, no deductions shall be made by an employer from the wages of an employee otherwise than in accordance with the provisions of the Sarawak Labour Ordinance<sup>15</sup>.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| A few of the entities were found to be paying workers below the minimum wage and at incorrect rates on public holidays and rest days. | Workers should be paid at least the minimum wage and the management needs to ensure that workers are paid at the correct rate such as x2 on a rest day and x3 on a public holiday.                                   | Mill, Est, SG, SH    |
| Some workers had their wages deducted without having the permit (wage deduction permit) to do so.                                     | The management is required to apply for the wage deduction permit.   |                      |
| A few entities did not provide workers with payslips and some had payslips written in English.  | All workers need to be provided with payslips/payment vouchers in a language understood by workers. Details on the payslips should be properly explained to workers so that workers can have a better understanding. |                      |
| Payroll/check roll is kept at the headquarters.   | Records of payments to workers should be kept on-site at the mill and estate offices.  |                      |

<sup>14</sup> [http://minimumwages.mohr.gov.my/pdf/perintah\\_GM\\_PUA116.pdf](http://minimumwages.mohr.gov.my/pdf/perintah_GM_PUA116.pdf)

<sup>15</sup> <http://minimumwages.mohr.gov.my/pdf/Ordinan-Buruh-Sarawak1.pdf> Page 62



#### 4.6. Working hours

Overtime refers to the number of hours or work carried out in excess of the normal hours per day and includes any work carried out in excess of the normal hours of work on a rest day or public holiday where the workers shall be paid not less than 2 times or 3 times the hourly rate of pay respectively<sup>16</sup>. Wilmar's Integrated Policy states that the overtime hours worked have to be on a voluntary basis and workers must have at least one day off in seven.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| Overtime exceeding the statutory limit of 104 hours per month without a permit (extension of overtime permit).   | The management has to monitor their workers' working hours and document it. Working hours must be in accordance with the law.  | Mill, Est, SG, SH    |
| A few companies had workers and contractor's workers that worked overtime without being paid in line with legal requirements. Some workers worked every day with no rest day as they are unaware of their entitlement. | Management should ensure that overtime is done on a voluntary basis and workers are aware of their entitlement to 1 rest day per week. If they work on their rest day, they should be entitled to either a replacement day off or compensated in line with legal requirements. | Mill, Est, SG, SH    |
| One entity has employment contracts that state working hours are 8 hours/day but shifts were from 7am to 7pm (12hours).  | The company should clarify the working hours and ensure that any overtime is done on a voluntary basis.  | Mill                 |
| One entity has genset operators working every day (30days) for 20 or more hours due to the lack of man power. There are only two competent persons in charge of operating the genset. When one is unavailable, the     | The management should monitor the working hours and the records of the workers who worked 30 or 31 days a month to ensure that the working hours is not excessive and that the company is in accordance with the law.<br><br>As for the issue on the lack of                   |                      |

<sup>16</sup> <http://minimumwages.mohr.gov.my/pdf/Ordinan-Buruh-Sarawak1.pdf> Page 49

|   |   |                   |
|---|---|-------------------|
| other has to step in for his shifts as well.  | manpower, the management should recruit and train another worker to operate the genset.   |                   |
| Overtimes were within the statutory limits but some workers chose to work every day although they are entitled to having 1 rest day/week. | <p>Management also needs to ensure that work on rest days/ public holidays as well as overtimes do not adversely affect the health and safety of the worker.</p> <p>If they work on their rest day, they should be entitled to either a replacement day off or compensated in line with legal requirements.</p> | Mill, Est, SG, SH |

#### 4.7. Freedom of workers to form or join unions

All workers regardless of rank or job grade should have the right to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under the law, parallel means of independent and free association and bargaining should be available to all such personnel. The Sarawak Labour Ordinance, Section 10C mentions that contracts of service shall not in any manner restrict the right of any employee to join, participate in or organize trade unions<sup>17</sup>.

| Observations/Issues  | Action Items/Recommendation  | Applicable to Action |
|--|--|----------------------|
| Employment contract at one company has a clause that states that industrial action is not allowed. | <p>There should be no clause in the employment contract that prevents workers from joining unions or similar platforms.</p> <p>Workers should be free to choose whether they want to join a union or not and this should not be conditional to their recruitment. Company should be able to demonstrate that they are allowing the freedom for workers to set up associations or similar organizations, eg. Through a written policy or included in the contracts.</p> | Mill, Est, SG, SH    |

<sup>17</sup> <http://minimumwages.mohr.gov.my/pdf/Ordinan-Buruh-Sarawak1.pdf> Page 23

#### 4.8. Respect the diversity in the workforce

Wilmar urges all suppliers/sub-contractors to protect workers from any discrimination that would constitute a violation of their human rights, establish working practices that safeguard against any unlawful or unethical discrimination and ensure that migrant workers are treated no less favourably than other workers performing similar task. Malaysia also ratified the ILO Equal Remuneration Convention 1951 (No. 100) which emphasizes on the principle of equal rates of remuneration for men and women workers for work of equal value<sup>18</sup>.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| In one entity, workers with and without passports had different payment rates.<br><br>Also, due to insufficient number of houses, workers without passports were asked (through a notice) to move out of the newly built houses to give priority to workers with passports. | The management needs to ensure that the wages are fair between workers and the issue of the absence in workers' passports needs to be resolved as soon as possible.<br><br>The notice should be removed and workers should be provided a place to stay for the time being while new houses are being built.<br><br>The management is also encouraged to have a policy on discrimination. | Mill, Est, SG, SH    |
| In most cases, there was no evidence of discrimination or claims of discrimination from the workers but there is no policy against discrimination.  | Companies are encouraged to have a written document/policy to prevent discrimination.  |                      |

#### 4.9. Harassment and abuse

Harassment and abuse can be motivated by race or ethnicity; skin colour; religion; sex and gender etc., which has the purpose and effect of creating an intimidating work place which interferes with work performance or affects employment opportunities. Wilmar will not stand for or tolerate any form of harassment and abuse in the

<sup>18</sup> [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312245](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312245)

company and its suppliers/sub-contractors' company. Wilmar's Integrated Policy states that the company and its suppliers/sub-contractors shall ensure the implementation of policies to prevent and remediate harassment and abuse, including sexual harassment and abuse.

| Observations/Issues   | Action Items/Recommendations   | Applicable to Action |
|---|--|----------------------|
| Most companies have no evidence of harassment/abuse. However, there is no policy against harassment/abuse and mechanism to handle/prevent any form of harassment and abuse. | Companies are encouraged to have a policy on harassment and implement a system for reporting, handling and preventing all forms of harassment. | Mill, Est, SG, SH    |

#### 4.10. Complaints and grievance mechanism in the company

It is essential that companies and its suppliers/sub-contractors ensure workers have access to judicial remedy and to credible grievance mechanisms without fear of recrimination or dismissal.

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| Most of the companies did not have any mechanism for workers to voice their concerns and complaints.<br><br>One had a suggestion box seen outside the estate office but none of the workers were aware of it.<br><br>One entity had no formalised procedures for grievances but the workers were able to channel their grievances/complaints to the head gang/mandore who would bring it up to the managers/person | All workers should be made aware of the suggestion box provided to them.<br><br>A grievance mechanism which respects anonymity should be established and communicated to all workers. A policy and SOP should be put in place to ensure workers have access to remedy and to credible grievance mechanisms, without fear of dismissal or deportation. All grievances lodged and actions taken should be recorded. | Mill, Est, SG, SH    |

in charge.

#### 4.11. Occupational Safety and Health (OSH) management

ILO Promotional Framework for Occupational Safety and Health Convention 2006 (No. 187) mentions about promoting continuous improvement of occupational safety and health and also taking active steps towards achieving progressively a safe and healthy working environment<sup>19</sup>. According to the Malaysia's Occupational Safety and Health Act 1994 Section 15, it is the duty of every employer and self-employed person to ensure, so far as is practicable, the safety, health and welfare at work of all his employees<sup>20</sup>.

| Observations/Issues   | Action Items/Recommendations  | Applicable to Action |
|---|---|----------------------|
| One entity was found to be charging their workers for personal protective equipment (PPE).  | PPE should be provided free of charge. They remain as company property but are issued to the workers who take responsibility for using them properly and to look after them. Replacement of worn out PPE should also be free of charge and training on their use, care and maintenance should also be given to workers. | Mill, Est, SG, SH    |
| A few entities did not do/update the Chemical Health Risk Assessment (CHRA) and Hazard Identification, Risk Assessment and Risk Control (HIRARC). | The management should ensure that CHRA is up to date and HIRARC is done. These should be made available and kept at the mill/estate office.   |                      |
| Some companies did not conduct and record safety trainings for workers.   | Safety trainings should be provided to all workers and this should be properly recorded.  |                      |
| A few companies have accident cases that were not recorded in the JKKP 8 logbook that were found in the JKKP 6 logbook.                           | JKKP 8 is a statutory requirement. Whilst only work related accidents resulting in fatalities, >4 days off work and dangerous occurrences need to be reported in JKKP 6, all work related accidents must be   |                      |

<sup>19</sup> [http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_INSTRUMENT\\_ID:312332](http://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_INSTRUMENT_ID:312332)

<sup>20</sup> <http://www.dosh.gov.my/index.php/en/list-of-documents/acts/23-02-occupational-safety-and-health-act-1994-act-514/file>

|  |   |                   |
|--|---|-------------------|
|  | reported in JKKP 8 annually. To keep in line with the law, the company should ensure that all accidents are reported in JKKP 8. |                   |
| One mill was found to have insufficient number of safety signs in mill eg. High noise level areas which could potentially damage the workers' hearing abilities. | The mill is encouraged to have more safety signage especially for noise.  | Mill              |
| Faulty emergency showers and eye washes are found at a few entities.   | The management should ensure that there are proper emergency eye wash and showers that are fully functioning.                   | Mill, Est, SG, SH |

#### 4.12. Accommodation

Where workers and their dependants are provided with housing at their place of employment, it shall be the duty of the employer to provide free, adequate and potable piped water, adequate electricity supply, ensure buildings are kept in good state of repair and no unauthorized extensions alterations are made to the buildings. A worker shall not be required to make any payment for rent or charged in respect of any housing, nurse, sport facilities, etc under the Workers' Minimum Standards of Housing and Amenities Act 1990<sup>21</sup>.

| <b>Observations/Issues</b>  | <b>Action Items/Recommendations</b>   | <b>Applicable to Action</b> |
|---|---|-----------------------------|
| Chemical containers and spraying equipments found at the workers' quarters of a few entities. | The management should raise awareness among the workers of the health hazards of keeping spraying equipments and containers at the housing site. All spraying equipments and chemical containers should be kept locked away in the store after use. | Mill, Est, SG, SH           |
| One entity has wild/protected birds held captive at workers' quarters.                        | The management should raise awareness among workers on the capturing of wild/protected birds as it is illegal and instruct the workers to release the birds back into the wild.   |                             |

<sup>21</sup> <http://www.ilo.org/dyn/natlex/docs/ELECTRONIC/87154/118009/F797374692/MYS87154.pdf>



|  |  |  |
|--|--|--|
| <p>One entity has an inconsistency in the electricity supply at workers' quarters.</p> <p>A few entities did not have running water at the workers' quarters.</p>                              | <p>It is advised that the management improves the electricity supply and explain to workers the electricity supply times.</p> <p>The management should ensure that workers have access to clean and safe water supply.</p> |  |
| <p>A few entities have insufficient/ inadequate houses for workers/ contractor workers – some had 8 bachelors staying in one house and another had 2 related families living in one house.</p> | <p>Companies are encouraged to increase their number of houses so that there is sufficient housing for workers - ideally, one house should be for one family.</p>  |  |



*Figure 8 Chemical containers and spraying equipments at workers' quarters.*



*Figure 9 Domestic waste scattered at the back of workers' accommodation.*



*Figure 10 Wild/protected birds caged at worker's house.*

#### 4.13. Respect the land tenure rights, and recognize duties and responsibilities associated with tenure rights.

Free Prior and Informed Consent (FPIC) is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or other use. FPIC implies informed, non-coercive negotiations between investors, companies or governments and indigenous peoples prior to the development and establishment of oil palm estates, timber plantations or other enterprises on their customary land<sup>22</sup>. Wilmar pledges to respect and recognize the long-term customary and individual rights of indigenous and local communities, and commit to ensuring legal compliance as well as international best practices in FPIC is implemented prior to commencing any new operations.

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| At one company, there is a community claiming ownership of 5 to 10ha of land. The community is being paid every month as compensation. | The company should document all claims, negotiations, agreements or payments to show that claimants are agreeable to the terms and are not forced into any agreements by the company. | Est, SG              |

#### 4.14 Monitoring to minimize negative impacts on indigenous people

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| There was a flood case at one entity and the peat water from the estate overflowed into the river in which the local communities often use, making it unusable.<br><br>Now, the company supplies water tanks to the natives and they are currently satisfied with their living | The company should adopt best management practices (BMPs) on peat. This is to monitor the water level in the plantation with proper facility such as water gates. | Est, SG, SH          |

<sup>22</sup> <http://www.forestpeoples.org/guiding-principles/free-prior-and-informed-consent-fpic>



conditions.

#### 4.15 No new plantings are established without the free, prior and informed consent (FPIC) of indigenous and local communities

| Observations/Issues  | Action Items/Recommendations  | Applicable to Action |
|--|---|----------------------|
| <p>A company mentioned that they have an agreement with the local communities regarding the NCR land and they only develop the land that has been given consent by the local communities.</p> <p>However, this was not verified.</p> | <p>If there is no documented process in place to ensure consent by local communities, then it is recommended that FPIC principles are applied in the company's engagement with local communities.</p> | <p>Est, SG</p>       |

#### 4.16 Complaints and grievances related to land acquisition by indigenous people

Wilmar commits to actively promote and support the responsible resolution of any conflicts by working with relevant stakeholders to ensure that conflicts are resolved through mutually agreed processes that respect customary and individual rights and ensure the FPIC of relevant stakeholders to any resolution agreements.

| Observations/Issues  | Action Items/Recommendations   | Applicable to Action |
|--|--|----------------------|
| <p>There was a case where the local communities complained that the Tuai Rumah sold their land to the company but no information regarding the amount paid were given to them.</p> <p>Most of the companies do not have a grievance system for the local communities</p> | <p>The companies should establish a mechanism to deal with complaints if any were to arise. All complaints/ grievances should be recorded.</p> | <p>Est, SG</p>       |

|   |  |  |
|---|--|--|
| to channel their grievances and complaints. |  |  |
|---|--|--|

## 5. Creation of Shared Values

Smallholders are a critical part of the industry and companies should facilitate the inclusion of smallholders into the supply chain. Wilmar urges its suppliers and their suppliers/sub-contractors to not marginalise the smallholders in the supply chain. The smallholders should be given, fair and transparent FFB price and a mechanism for them to channel their complaints and grievances.

| Observations/Issues   | Action items/Recommendations  | Applicable to Action |
|---|---|----------------------|
| A few of the entities do not have a monitoring/ grievance mechanism to deal with possible future conflicts with smallholders. | Companies are encouraged to have a system/ mechanism in which the smallholders could raise their concerns and complaints. | Mill                 |

## 6. Traceability

Wilmar recognises the importance of being able to trace supply flows from ports and refineries back to POMs and plantations. Wilmar encourages all its suppliers to seek greater visibility of the FFB sources from which it sources which includes dealers and collecting centres as well.

There were no particular issues in this section as the FFB of suppliers were traceable up to collecting centres and field of direct suppliers through MPOB/DOE license and FFB delivery records into the mill. Some suppliers also receive more than 99% of FFB from their own plantations and only less than 1% from surrounding smallholders.

## DISCUSSIONS AND NEXT STEPS

Understanding and addressing the issues and findings from visits to the mills and FFB suppliers shall be the basis for a plan of action (with those mills already assessed) to close gaps in areas where issues have been identified. Wilmar shall re-engage with the mills to discuss and agree on the most viable approach to ensure the issues identified are addressed in an effective and timely manner.

Wilmar requires mills to:

- a) First, close gaps found in the progress tracker provided by Wilmar.
- b) Provide continuous updates to Wilmar on progress.

The commonalities in the findings among the seven mills assessed are strong indicators that the rest of the suppliers in the BEO Refinery catchment could possibly be facing similar issues. Therefore, Wilmar and their consultants shall use the common findings to introduce and drive the ART plan with the remaining suppliers that were not assessed in Wilmar's BEO Refinery supply base. This shall be done in parallel with the mill re-engagements (assessed mills).

Moving forward, the following broad steps are proposed:

- a) Based on the overarching report, organise workshops/trainings to present common issues and discuss solutions.
- b) Roll out the Progress Assistance Tool (PAT) to suppliers that were not previously assessed.

# APPENDIX

Table 1. Overall findings requiring 'Action Items' at the mills and supply bases across all the criteria under BEO Hub

| Criteria   |                    | 1.1                                 | 1.2   | 1.3                                  | 2.1  | 2.2  | 2.3   | 2.4   | 2.5  | 2.6  | 2.7   | 2.8  | 3.1  | 3.2   | 3.3   | 3.4  | 3.5                           | 4.1                                     | 4.2                      | 4.3          | 4.4                  | 4.5               | 4.6           | 4.7                                       | 4.8                                     | 4.9                  | 4.10  | 4.11  | 4.12           | 4.13  | 4.14   | 4.15  | 4.16  | 5.1  | 5.2   | 5.3   | 6.1                       | 6.2                                       | 6.3  |    |   |
|--|--------------------|-------------------------------------|---|--------------------------------------|--|--|---|---|--|--|---|--|--|---|---|--|-------------------------------|---|--------------------------|--------------|----------------------|-------------------|---------------|---|---|----------------------|---|---|----------------|---|--|---|---|--|---|---|---------------------------|---|--|----|---|
|  |                    | Land title, land rights, boundaries | Illegal/unauthorized third party activities | Foreign workers legal documentations | No new plantations on HCS areas            | HCS forest areas under company management are adequately protected and managed | HCV assessments are completed prior to any new land development | HCV areas under company management are adequately protected and managed | No new plantations are established on peatland | Management minimizes degradation of peatland | Management shall ensure the effectiveness of peatland management activities | Environmentally sensitive peat areas restored close to its former function | Operations are carried out to avoid/reduce and minimise negative impacts | Chemical management (hazard, storage, etc.) | Waste Management (Domestic & Scheduled waste) | Open burning for planting & handling waste | Use of Class 1A/1B pesticides | Ethical recruitment, deduction of wages | Forced and bonded labour | Child labour | Employment contracts | Wages & pay slips | Working hours | Freedom of workers to form or join unions | Respect the diversity in the work force | Harrasment and abuse | Complaints and Grievance mechanism in the company | Occupational Safety and Health (OSH) management | Accommodations | Respect customary rights and land tenure of local communities | Monitoring to minimize negative impacts on indigenous people | No new plantings are established without FPIC | Complaints and grievances related to land acquisition | Smallholders are maintained and not marginalized in the supply chain | Smallholders are given fair and transparent FFB price | Complaints and grievances mechanism is available for smallholders | All FFB sources are known | Traceability into the facility is ensured | Segregation in production line to ensure produced material is made of FFB sources assessed |    |   |
| Palm Oil Mill  | No. of plantations | Legal Compliance                    |   |                                      | Protection of Key Conservation Value Areas |  |   |   |  |  |   |  | Environment Impacts Management   |   |   |  |                               | Respect of Human Rights                 |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   | Creation of Shared Values  |   |   | Traceability              |   |  |    |   |
| Mil 1  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 1   | 0   | 0  | 0                             | 0                                       | 1                        | 0            | 1                    | 1                 | 1             | 0   | 0                                       | 0                    | 0   | 1   | 1              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 1  | 1   | 1   | 1  | 1                             | 0                                       | 1                        | 0            | 1                    | 1                 | 0             | 0   | 1                                       | 0                    | 0   | 1   | 1              | 0   | 0  | 1   | 1   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
|  | 1 SH               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 1                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 2  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 1   | 0  | 0                             | 1                                       | 1                        | 0            | 1                    | 1                 | 1             | 0   | 0                                       | 0                    | 1   | 1   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
|  | 1 Est.             | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 1   | 0  | 1  | 1   | 1   | 0  | 1                             | 1                                       | 1                        | 0            | 1                    | 1                 | 0             | 0   | 0                                       | 0                    | 1   | 1   | 1              | 0   | 0  | 0   | 0   | 1  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 3  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 1   | 1   | 1  | 0                             | 0                                       | 1                        | 0            | 1                    | 1                 | 1             | 0   | 0                                       | 0                    | 1   | 1   | 1              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 1   | 1  | 0  | 1   | 0  | 1  | 1   | 1   | 1  | 0                             | 0                                       | 1                        | 0            | 1                    | 1                 | 0             | 0   | 0                                       | 0                    | 1   | 1   | 1              | 0   | 0  | 0   | 0   | 0  | 1   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 4  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 1                        | 1            | 0                    | 1                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 1                                       | 1                        | 0            | 1                    | 1                 | 0             | 0   | 0                                       | 0                    | 0   | 1   | 1              | 0   | 1  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 5  | Mil                | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 1                    | 0                 | 1             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
|  | 1 SH               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 1                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 1              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 6  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 1                        | 0            | 1                    | 0                 | 1             | 1   | 0                                       | 0                    | 1   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 1  | 1   | 1   | 0  | 1                             | 0                                       | 1                        | 1            | 1                    | 1                 | 0             | 1   | 0                                       | 0                    | 1   | 1   | 1              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Mil 7  | Mil                | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 1                        | 0            | 1                    | 0                 | 0             | 0   | 0                                       | 0                    | 1   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  | 1 Est.             | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 1   | 0   | 0  | 0                             | 1                                       | 1                        | 0            | 1                    | 0                 | 1             | 0   | 0                                       | 0                    | 1   | 0   | 0              | 1   | 0  | 0   | 0   | 1  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
|  | 1 SH               | 1                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 0                    | 1                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| Total  |                    | 7 Mills                             | 6   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 2   | 2   | 0  | 0                             | 3                                       | 6                        | 0            | 7                    | 3                 | 5             | 1   | 0                                       | 0                    | 4   | 3   | 2              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  |                    | 7 Est                               | 4   | 0                                    | 0  | 0  | 1   | 1   | 0  | 2  | 2   | 0  | 4  | 5   | 4   | 2  | 3                             | 3                                       | 6                        | 1            | 6                    | 5                 | 1             | 1   | 1                                       | 0                    | 4   | 6   | 5              | 1   | 1  | 1   | 4   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
|  |                    | 3 SH                                | 1   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 1                             | 0                                       | 1                        | 0            | 1                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 1              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0  | 0 |
| 17 Total   |                    | 11                                  | 0   | 0                                    | 0  | 0  | 0   | 1   | 1  | 0  | 2   | 2  | 0  | 4   | 7   | 6  | 2                             | 4                                       | 6                        | 13           | 1                    | 14                | 9             | 6   | 2                                       | 1                    | 0   | 8   | 9              | 8   | 1  | 1   | 1   | 4  | 0   | 0   | 0                         | 0   | 0  | 0  |   |
| %11  |                    | 65%                                 | 0%  | 0%                                   | 0%   | 0%   | 6%  | 6%  | 0%   | 12%  | 12%   | 0%   | 24%  | 41%   | 35%   | 12%  | 24%                           | 35%                                     | 76%                      | 6%           | 62%                  | 53%               | 35%           | 12%                                       | 6%                                      | 0%                   | 47%   | 53%   | 47%            | 6%  | 6%   | 6%  | 24%   | 0%   | 0%  | 0%  | 0%                        | 0%  | 0%   | 0% |   |
| [1] Referring to the percentage bar which represents issues found in the plantations (regardless of categories) out of total plantations visited.  |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |    |   |
| Yellow indicates less common issues (<40%).<br>Orange indicates common issues (40% and above);<br>Red indicates critical issues regardless whether they are commonly found or not;<br>White indicates no issues found. |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |    |   |

Table 2. Overall findings requiring 'Recommendations' at the mills and supply bases across all the criteria under BEO Hub

| Criteria  |                    | 1.1                                 | 1.2   | 1.3                                  | 2.1  | 2.2  | 2.3   | 2.4   | 2.5  | 2.6  | 2.7   | 2.8  | 3.1  | 3.2   | 3.3   | 3.4  | 3.5                           | 4.1                                     | 4.2                      | 4.3          | 4.4                  | 4.5               | 4.6           | 4.7                                       | 4.8                                     | 4.9                  | 4.10  | 4.11  | 4.12           | 4.13  | 4.14   | 4.15  | 4.16  | 5.1  | 5.2   | 5.3   | 6.1                       | 6.2                                       | 6.3  |   |
|---|--------------------|-------------------------------------|---|--------------------------------------|--|--|---|---|--|--|---|--|--|---|---|--|-------------------------------|---|--------------------------|--------------|----------------------|-------------------|---------------|---|---|----------------------|---|---|----------------|---|--|---|---|--|---|---|---------------------------|---|--|---|
|   |                    | Land title, land rights, boundaries | Illegal/unauthorized third party activities | Foreign workers legal documentations | No new plantations on HCS areas            | HCS forest areas under company management are adequately protected and managed | HCV assessments are completed prior to any new land development | HCV areas under company management are adequately protected and managed | No new plantations are established on peatland | Management minimizes degradation of peatland | Management shall ensure the effectiveness of peatland management activities | Environmentally sensitive peat areas restored close to its former function | Operations are carried out to avoid/reduce and minimise negative impacts | Chemical management (hazard, storage, etc.) | Waste Management (Domestic & Scheduled waste) | Open burning for planting & handling waste | Use of Class 1A/IB pesticides | Ethical recruitment, deduction of wages | Forced and bonded labour | Child labour | Employment contracts | Wages & pay slips | Working hours | Freedom of workers to form or join unions | Respect the diversity in the work force | Harassment and abuse | Complaints and Grievance mechanism in the company | Occupational Safety and Health (OSH) management | Accommodations | Respect customary rights and land tenure of local communities | Monitoring to minimize negative impacts on Indigenous people | No new plantings are established without FPIC | Complaints and grievances related to land acquisition | Smallholders are maintained and not marginalized in the supply chain | Smallholders are given fair and transparent FFB price | Complaints and grievances mechanism is available for smallholders | All FFB sources are known | Traceability into the facility is ensured | Segregation in production line to ensure produced material is made of FFB sources assessed |   |
| Palm Oil Mill   | No. of plantations | Legal Compliance                    |   |                                      | Protection of Key Conservation Value Areas |  |   |   |  |  |   |  | Environment Impacts Management   |   |   |  |                               | Respect of Human Rights                 |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   | Creation of Shared Values  |   |   | Traceability              |   |  |   |
| Mill 1  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 1                    | 1   | 1   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 0   | 0   | 0  | 0  | 1   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 0                    | 1   | 1   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 SH               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 2  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 1                    | 1   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 0   | 0   | 0  | 0  | 1   | 0  | 0  | 0   | 0   | 1  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 1                    | 1   | 0   | 0              | 0   | 0  | 1   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 3  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 1                    | 1   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 0   | 0   | 0  | 0  | 1   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 1   | 1                                       | 1                    | 1   | 0   | 0              | 0   | 0  | 0   | 1   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 4  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 1   | 1                                       | 1                    | 0   | 0   | 0              | 1   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 0   | 0   | 0  | 0  | 1   | 0  | 0  | 0   | 0   | 0  | 1                             | 0                                       | 0                        | 1            | 0                    | 0                 | 1             | 1   | 1                                       | 0                    | 0   | 0   | 0              | 1   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 5  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 1   | 0  | 0                             | 0                                       | 1                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 SH               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 6  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 0   | 0   | 0  | 1  | 0   | 0  | 0  | 0   | 0   | 1  | 0                             | 0                                       | 0                        | 0            | 0                    | 0                 | 0             | 0   | 0                                       | 0                    | 0   | 0   | 0              | 0   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| Mill 7  | Mill               | 0                                   | 0   | 0                                    | 0  | 0  | 0   | 0   | 0  | 0  | 0   | 0  | 0  | 0   | 0   | 0  | 0                             | 0                                       | 1                        | 0            | 1                    | 0                 | 0             | 1   | 1                                       | 1                    | 1   | 0   | 0              | 1   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
|   | 1 Est.             | 0                                   | 0   | 0                                    | 1  | 0  | 1   | 0   | 0  | 0  | 1   | 1  | 0  | 0   | 1   | 1  | 1                             | 0                                       | 0                        | 1            | 0                    | 0                 | 0             | 0   | 1                                       | 1                    | 1   | 0   | 0              | 1   | 0  | 0   | 0   | 0  | 0   | 0   | 0                         | 0   | 0  | 0 |
| 17 Total  | 17 Total           | 0                                   | 0   | 0                                    | 6  | 1  | 1   | 0   | 5  | 2  | 1   | 0  | 0  | 0   | 2   | 3  | 2                             | 2                                       | 1                        | 11           | 0                    | 0                 | 4             | 10  | 11                                      | 8                    | 2   | 0   | 3              | 1   | 1  | 1   | 1   | 1  | 3   | 1   | 2                         | 0   | 0  | 0 |
|   | %[1]               | 0%                                  | 0%  | 0%                                   | 35%  | 6%   | 6%  | 0%  | 29%  | 12%  | 6%  | 0%   | 0%   | 0%  | 12%   | 18%  | 12%                           | 12%                                     | 6%                       | 65%          | 0%                   | 0%                | 24%           | 59%                                       | 65%                                     | 47%                  | 12%   | 0%  | 18%            | 6%  | 6%   | 6%  | 6%  | 18%  | 6%  | 12%   | 0%                        | 0%  | 0%   |   |
| [1] Referring to the percentage bar which represents issues found in the plantations (regardless of categories) out of total plantations visited; |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |   |
| Yellow indicates less common issues (<40%);   |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |   |
| Orange indicates common issues (40% and above);   |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |   |
| Red indicates critical issues regardless whether they are commonly found or not;  |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |   |
| White indicates no issues found.  |                    |                                     |   |                                      |  |  |   |   |  |  |   |  |  |   |   |  |                               |   |                          |              |                      |                   |               |   |   |                      |   |   |                |   |  |   |   |  |   |   |                           |   |  |   |

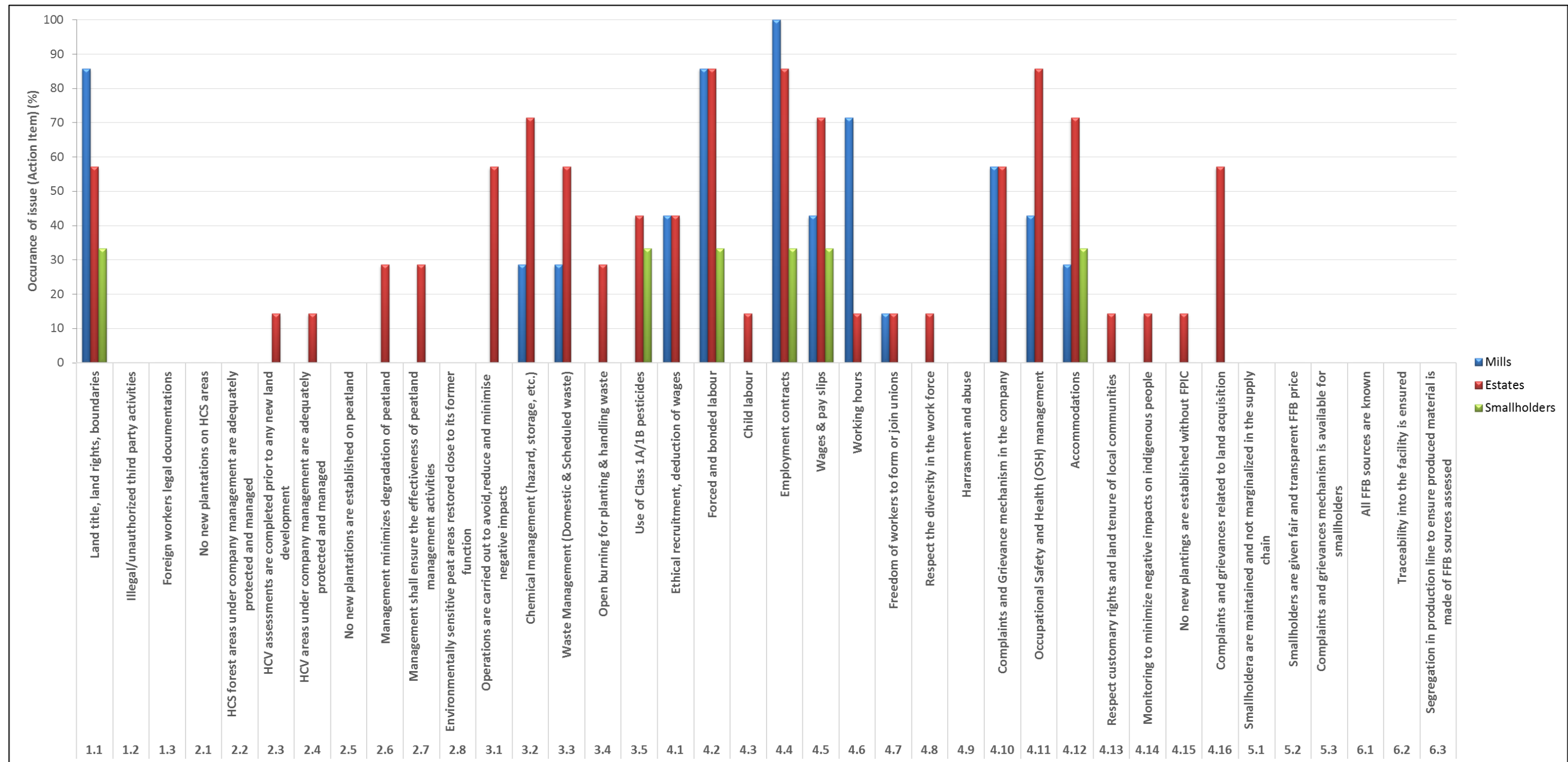


Figure 11 Percentage of overall findings under 'Action Items' at 7 mills, 7 estates and 3 smallholders across all the criteria under BEO hub

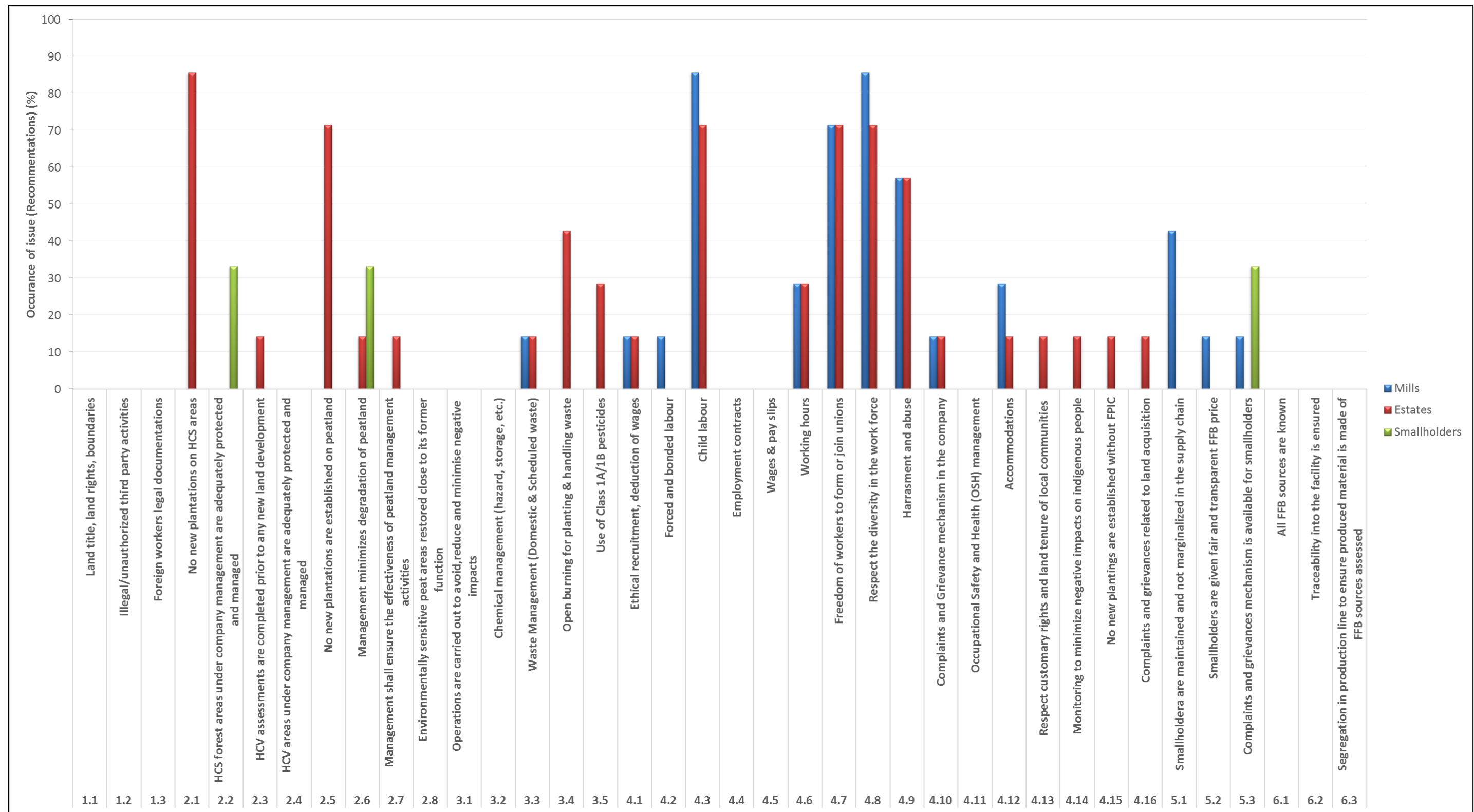


Figure 12 Percentage of overall findings under 'Recommendation' at 7 mills, 7 estates and 3 smallholders across all the criteria under BEO hub