Social Impact Assessment Guidelines and Approach

FOR THE MALAYSIAN SUSTAINABLE PALM OIL (MSPO) REVISED STANDARDS

Draft 2
30 October 2021

LIST OF ACRONYMS AND ABBREVIATIONS

CBO	Community Based Organisation
CPO	Crude Palm Oil
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
DSM	Department of Standards Malaysia
FAO	Food and Agriculture Organisation
FFB	Fresh Fruit Bunches
FPIC	Free Prior Informed Consent
HCV	High Conservation Value
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysian Palm Oil Certification Council
MSIA	Malaysian Association of Social Impact Assessment
MSPO	Malaysian Sustainable Palm Oil
NGO	Non-Governmental Organisation
NTFP	Non-Timber Forest Product
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

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Chapter 1 – Introduction, Purpose and Scope

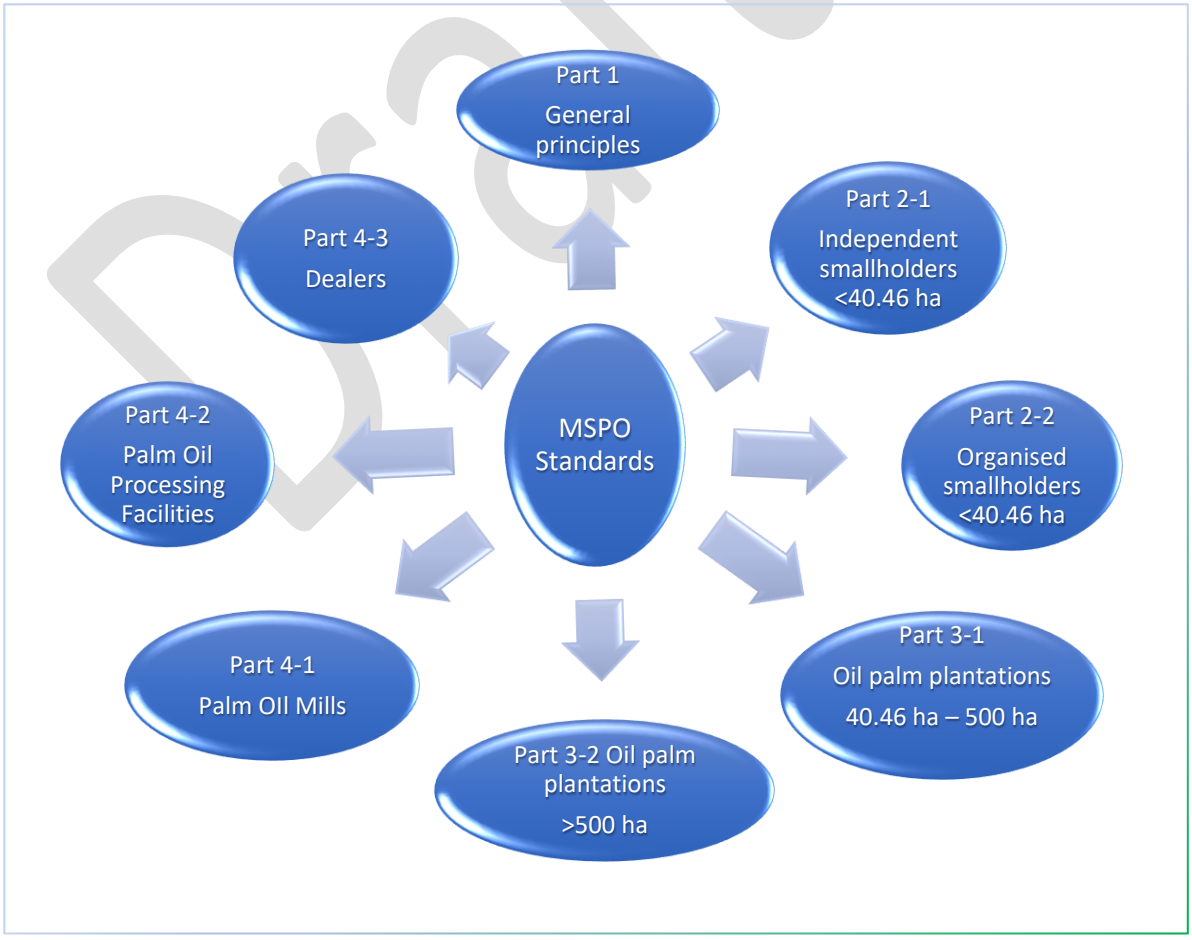
1.1 MSPO Certification Scheme

The Malaysian Sustainable Palm Oil (MSPO) Certification Scheme is a scheme which enables the certification of oil palm plantations, smallholdings, dealers and palm oil processing facilities under the MSPO Standards. The MSPO Certification Scheme (MS 2530:2013) was first implemented on a voluntary basis in 2015 and subsequently made mandatory in December 2019. The first edition of the MSPO Standards have since undergone a systemic review and revised by the standards owner, the Department of Standards Malaysia (DSM), together with the Malaysian Palm Oil Certification Council (MPOCC) as joint secretariat. The revised edition is now known as xxxxx, and will be referred to as the MSPO Standards throughout this Guidelines.

Whilst the requirement to comply with local, national and ratified international laws and regulations is encapsulated under Principle 3 of the MSPO Standards, this document can guide users on how the implementation can be further enhanced.

1.2 Different Parts within the MSPO Standards

The MSPO Standards comprise eight different Parts which are summarized in the diagram below:



For clarity, the references to some of the different Parts are as follows:

TABLE 1 – DIFFERENT PARTS OF THE MSPO STANDARDS

Parts	Categories	Hectarage	Description
1	General principles	N/A	N/A
2-1	Independent smallholdings	<40.46 ha	Individual farmers who own or lease and manage the farm themselves. Independent smallholders may employ employees to carry out daily work at their farms.
2-2	Organised smallholdings	<40.46 ha	Individual farmers who own or lease of an oil palm smallholding and the holdings managed by government agencies such as FELDA, RISDA, FELCRA, SALCRA, SLDB and other organisations.
3-1	Plantations	40.46 ha to 500 ha	Small estates
3-2	Plantations	>500 ha	Large estates/plantations
4-1	Palm oil mills	N/A	Mills that process fresh fruit bunches (FFB) to crude palm oil (CPO) and by-products of FFB processing. Supply chain requirements for traceability are also included.
4-2	Oil palm processing facilities	N/A	Facilities such as refineries that process crude palm oil and palm kernel to other products. Supply chain requirements for traceability are also included.
4-3	Dealers	N/A	Organisations which have dealership licence issued by the MPOB. They include exporters and importers that purchase and sell oil palm products that do not change the chemical properties of the materials. Supply chain requirements for traceability are also included.

1.3 Requirements for SIA under the MSPO Standards

For your ease of reference, Tables 2 to 9 below list down excerpts from the MSPO Standards related to the requirements for an SIA which are applicable for each different Parts.

TABLE 2 – MSPO PART 1: GENERAL PRINCIPLES

MSPO Standards	Criteria / Indicators
MS 2530 Part 1	4.1.4 - Review of SIA, EIA and HCV assessments shall be conducted prior to any activities on site. 4.4.1 - Social impact assessments shall be conducted with the participation of stakeholders.

TABLE 3 – MSPO PART 2-1: INDEPENDENT SMALLHOLDERS <40.46 HA

MSPO Standards	Criteria / Indicators
MS 2530 Part 2-1	4.4.1.1 - Social Impact Assessment is not relevant for independent smallholders. However, they can consult relevant institution or agencies providing extension service for assistance in the analysis of impacts.

TABLE 4 – MSPO PART 2-2: ORGANISED SMALLHOLDERS <40.46 HA

MSPO Standards	Criteria / Indicators
MS 2530 Part 2-2	4.1.2.3 - A social impact assessment (SIA) shall be conducted prior to establishing new plantings in accordance with guideline established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 4.4.1.1 – A social impact assessment shall be conducted with the participation of relevant stakeholders in accordance to guidelines provided by the authority to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 4.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 4.4.1.3 - The SIA conducted shall be reviewed prior to replanting activity or at five-year intervals.

TABLE 5 – MSPO PART 3-1: OIL PALM PLANTATIONS ABOVE 40.46 HA TO 500 HA

MSPO Standards	Criteria / Indicators
MS 2530 Part 3-1	4.1.2.3 – A social impact assessment (SIA) shall be conducted prior to establishing new plantings in accordance with guidelines established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 4.4.1.1 – A Social Impact Assessment shall be conducted with the participation of relevant stakeholders in accordance with guidelines provided by the authority to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 4.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 4.4.1.3 - The SIA conducted shall be reviewed prior to replanting activities or at five-year intervals.

TABLE 6 – MSPO PART 3-2: OIL PALM PLANTATIONS ABOVE 500 HA

MSPO Standards	Criteria / Indicators
MS 2530 Part 3-2	5.1.2.3 – A social impact assessment (SIA) shall be conducted prior to establishing new plantings in accordance with guidelines established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 5.4.1.1 – A social impact assessment shall be conducted with the participation of relevant stakeholders in accordance with guidelines provided by the authority to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 5.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 5.4.1.3 - The SIA conducted shall be reviewed prior to replanting activities or at five-year intervals.

TABLE 7 – MSPO PART 4-1: PALM OIL MILLS

MSPO Standards	Criteria / Indicators
MS 2530 Part 4-1	5.1.2.3 – A social impact assessment (SIA) shall be conducted prior to new establishment in accordance with guideline established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 5.4.1.1 - Social Impact Assessment shall be conducted with the participation of relevant stakeholders in accordance to guidelines provided by the authority or governing body to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 5.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 5.4.1.3 - The SIA conducted shall be reviewed at least five years interval or if there are any changes which affects social or environment.

TABLE 8 – MSPO PART 4-2: PALM OIL PROCESSING FACILITIES

MSPO Standards	Criteria / Indicators
MS 2530 Part 4-2	5.1.2.3 – An SIA shall be conducted prior to new establishment in accordance with guideline established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 5.4.1.1 – Social Impact Assessment shall be conducted with the participation of relevant stakeholders in accordance to guidelines provided by the authority or governing body to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 5.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 5.4.1.3 - The SIA conducted shall be reviewed at least five years interval or if there are any changes which affects social or environment.

TABLE 9 – MSPO PART 4-3: DEALERS

MSPO Standards	Criteria / Indicators
MS 2530 Part 4-3	5.1.2.3 – A social impact assessment (SIA) shall be conducted prior to new establishment that physically handle oil palm products in accordance with guideline established by the authority. The results of the SIA shall be incorporated into a management plan(s) and/or operational procedures. The management plan shall be implemented, monitored and reviewed. 5.4.1.1 – Social Impact Assessment shall be conducted with the participation of relevant stakeholders in accordance to guidelines provided by the authority or governing body to mitigate negative impacts and promote positive impacts. Food security shall be incorporated as one of the aspects to be assessed. 5.4.1.2 - The results of the assessment shall be incorporated into an appropriate management plan(s) and/or operational procedures and reviewed annually. 5.4.1.3 - The SIA conducted shall be reviewed at least five years interval or if there are any changes which affects social or environment.

1.3 Terminologies and salient points

Below are some of the salient points and terminologies found in the MSPO Standards which you may find useful:

a) A comprehensive SIA is required to be carried out prior to any new planting or new establishment.

b) All SIAs are to be carried out in a participatory manner, i.e., with the active and meaningful participation of the impacted stakeholders.

c) Agencies such as FELDA, RISDA, FELCRA, SALCRA, SLDB will assist organised smallholders under their respective management to carry out the SIA on a group basis.

d) Dealers that are subjected to the SIA requirements under the MSPO Standards are those that fall under the following category:
   i. Licensed by the MPOB to purchase, sell and store physical oil palm; and
   ii. As part of their business expansion or diversification, provide extension services which include, but not limited to harvesting, manuring, spraying, FFB evacuation and transportation services.

e) Food security is one of the impacts to be assessed in the SIA.

f) The results of the SIA are to be incorporated into a management plan or into operational procedures for implementation, monitoring and review.

g) Review of the management plan and operational procedures are required annually.

h) Review of the SIA is required after every 5-years.

i) Review of the SIA would become necessary if the replanting area in any given financial year is 500 ha or more (Refer to Section 4.3 below for more details on Review).

j) "New planting" is planned or proposed planting on land not previously cultivated with oil palms.

k) "New establishment" is establishment of operating & trading sites, for palm oil processing & transaction, e.g., palm oil mill, processing facilities, and dealers, trades & repackers. It does not include plantation activities.

l) "Replanting" is planting from oil palm to oil palm on land previously cultivated with oil palm.

m) Independent smallholders are exempted from undertaking an SIA. Nevertheless, an independent smallholder can still consult a third-party that provides extension services such as the MPOB to assist in the analysis of social impacts on employees and neighbours arising from their smallholding activities. (Refer to Table 19).

1.4 Purpose of this document

Prior to this document, there was no official and practical guidelines on how an SIA should be conducted by oil palm practitioners in accordance with the requirements of the MSPO Standards. Although there are several guidance documents already available, none of them are directly applicable. There are several scenarios peculiar to the oil palm industry which oil palm practitioners have to take into account when conducting an SIA, but are not in those guidelines. This document aims to fill in those gaps.

1.5 Scope

The range of oil palm organisations in Malaysia is very wide; from smallholdings to medium and large-scale plantations, and from collection centres to refineries. These operations vary in terms of type, size, capacity and stakeholders involved, as well as geographical and operational landscapes in which they operate. The general principles of an SIA remain applicable and relevant to all types of operations. However, the detailed requirements are scaled down to suit the different sizes and capacities of different operations. Therefore, the ability and requirements to undertake an SIA would also vary based on the scale of these operations.

For example, if you are operating a mill or a plantation near villages and indigenous community settlements, you may need to consider social impacts your operations might have on these communities, and on their food security. On the other hand, if you are operating an oil palm refinery which is located within a designated industrial area far from villages and housing areas where social impacts would be minimal, the intensity of your SIA may differ from that of the said plantation.

This document has been developed to give a general understanding of the principles and basic concepts of an SIA and navigate users through the complete and practical process of its undertaking. You may also find that some of the suggestions in this Guidelines to be more than what is necessary for the categories or business operations you are in. Therefore, you are expected to adopt the suggestions and recommendations in this Guidelines judiciously. When doing so, please refer to the appendices below as to which approach is suitable for you based on the scale of your operations and the types of stakeholders involved.

1.6 Who can use this document?

This document can be used by oil palm practitioners, namely, agencies managing organized smallholdings, medium and large-scale plantations, dealers (please refer to para 1.3 (d) above), oil palm mills, and refineries.

Whether you wish to conduct the SIA internally within your own team, or wish to engage third-party consultants to do so, this Guidelines can be used as a reference document. It aims to give a general understanding of the principles and basic concepts of an SIA and guide users accordingly through all the processes.

As described in Table 3 and paragraph 1.3 (m) above, independent smallholders are exempted from undertaking an SIA. Nevertheless, they can engage a third-party, such as the MPOB, to provide extension

services and assist in the analysis of social impacts on employees and neighbours arising from the smallholding activities. Refer to Table 19 for further guidance.

CHAPTER 2 – SIA Principles and Concept

This Chapter presents a series of definitions, principles and concepts related to SIA that are generally applicable across the range of oil palm industry scenarios in Malaysia.

2.1 Social Impact Assessment

The term Social Impact Assessment, or SIA, has been defined in the MSPO Standards as

"The process of analysing, monitoring and managing the intended and unintended social consequence, both positive and negative, of planned interventions (policies, programmes, plans, projects) and any social change process invoked by those interventions".

The Malaysian Association of Social Impact Assessment has defined SIA as

"A process to identify, predict, evaluate and communicate information about impacts of a proposed project, policy, programme or plan on a community and their activities, and to detail mitigation measures prior to approval and implementation".

Carrying out an SIA is a good management practice which forms part of your organisation's commitment to continual improvement. It is a process used to identify, assess and manage social impacts that have arisen in the surrounding community and on other relevant stakeholders as a result of your ongoing operations, or which may result from your future operations. The whole SIA process which promotes community development and empowerment and builds community capacity must involve the participation of affected stakeholders.

Iterative process

Stakeholder consultation is an iterative process which you have to do frequently. It cannot be completed in one single sitting.

2.2 Iterative process

Stakeholder consultation is not a one-off, but is in fact an iterative and continuous process commencing prior to any development and carried throughout the life of the project cycle, and until decommissioning. The reason why an SIA should be conducted prior to new planting or establishment is because it allows for early detection of

potential social impacts. Social impacts that are detected during the early stages can be addressed and mitigated in the planning stages. It also accords early buy-in from affected stakeholders. Once a project has commenced, any mitigation measures to address the social impacts may lead to increased costs and deviate manpower resources to address those impacts. The iterative nature of an SIA allows social impacts and its mitigation or enhancement measures, as the case may be, to be continuously taken.

Early detection

An SIA would be able to detect, prevent and manage potentially costly social errors which you may not know of, or able to detect.

2.3 Basis for FPIC

An SIA is also a basis for the process of negotiations with local communities or indigenous peoples. The process of giving or withholding free, prior, informed consent (FPIC) requires accurate, relevant and culturally appropriate information about potential social impacts and benefits to the communities. Without information on social impacts shared with the local communities or indigenous peoples, there is no element of "informed consent" in the FPIC process.

2.4 Social impacts

Social impacts are changes to a community, or to a group of stakeholders e.g., your employees, local communities, contractors and suppliers, etc., that occur as a result of any decision, action or inaction, activity, project, or policy that you have taken, or may take in the future. Social impacts can be caused by any or more of the following:

a) Changes to way of life, e.g., how they live, work, interact with one another.

b) Cultural changes, e.g., their customs, beliefs, values, language, etc.

c) Socio-economic changes, e.g., education, income level, employment opportunities, available infrastructure.

d) Changes to the community, e.g., stability, cohesion.

e) Environmental changes, e.g., quality of air, water, noise.

f) Changes to their food security, e.g., land for cultivation, access to foraging and hunting grounds.

g) Fear and concern for safety, crime rate, their future and that of their children.

2.5 Examples of social impacts

Below are some examples of social impacts – both positive and negative – which are commonly found in an oil palm environment. These examples are not exhaustive and you can refer to them as possible impacts to look out for when conducting an SIA. However, participatory stakeholder consultation is still key when assessing actual social impacts faced by your stakeholders.

2.5.1 For local and/or indigenous communities

a. Positive impacts:

i. Communities now enjoy better infrastructure e.g., access roads, schools, medical facilities, telecommunication, piped water, electricity, etc.

ii. Gains from effects of job creation and business opportunities e. g., becoming suppliers/contractors, etc.

iii. Job opportunities and professional development.

b. Negative impacts:

i. Concern over influx of outsiders coming into the area as employees and perception of disruption to existing social dynamics.

ii. Concern over changes to the environment and comfort level in terms of air and water quality, road conditions, noise pollution, etc.

iii. Neighbours impacted by infestations of bagworms and rhinoceros beetles.

iv. Degraded water quality due to soil erosion and chemical contamination for communities living downstream.

v. Overlapping land/user rights by the indigenous communities.

vi. Loss of traditional hunting and foraging grounds for the indigenous communities as a result of deforestration and oil palm-related developments.

vii. Changes to traditional way of life and culture for the indigenous communities following the depletion of herbs and plants for medicines and cultural activities as a result of land clearing for oil palm plantations.

viii. Contractors who provide FFB transportation services to the mill being impacted by replanting activities.

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2.5.2 For employees

a. Positive impacts:

i. Provides productive employment opportunities, regular income, job security and social protection such as accommodation, insurance and medical coverage to all employees, including migrants.

ii. Availability of educational opportunities for migrant employees' children where facilities such as HUMANA, CLC, Etania schools are provided.

iii. Accommodation and in-house medical facilities extended to family members allowing the family unit to remain together.

b. Negative impacts:

i. Risks of forced labour and human trafficking.

ii. High medical costs payable at public hospitals by migrant employees' family members.

iii. Concerns about the immigration status of migrant workers' family members, particularly those who live in the accommodation provided by the company.

iv. Dilapidated conditions of employees' accommodation.

v. Inadequate basic amenities such as playing fields, electricity and water supply, etc.

vi. Inability to perform religious obligations such as Friday prayers, because they are not allowed to take time off by management.

vii. Inability to attend congregational prayers because no house of worship is available for the respective religions.

viii. No access to nutritious and affordable food because items sold at the estate sundry stores are too expensive or of poor quality.

ix. No available facility to leave their children attended during working hours.

x. Employees under triangular employment situations are deprived of their full rights as employees, e.g., right to join a workers' union or to bargain collectively on their terms and conditions of employment.

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2.6 Benefits of an SIA

The SIA has many benefits and below are some of them.

2.6.1 Managing existing and future social impacts

An SIA is not just a process of anticipating and assessing social impacts. It is also a process of managing existing and future social impacts. An SIA:

a) Contributes to local development through increased community participation;

b) Focuses attention on important social issues that need to be taken into account when designing and implementing operational activities; and

c) Allows sharing of information.

2.6.2 SIA as a useful tool

An SIA can be used as a tool to:

a) Examine the impacts of your existing operations on the surrounding communities and other stakeholders;

b) Design and put in place policies and procedures to help manage impacts accordingly so that the positive impacts are enhanced, and the negative ones mitigated;

c) Establish a suitable grievance mechanism;

d) Where applicable, can be used as a basis for considering appropriate compensation to impacted stakeholders; and

e) Anticipate and factor in all relevant costs related to the above.

2.7 Manage, implement and monitor

Any measures planned to carry this out would be translated into a management plan for purposes of implementing and monitoring. These measures can be in the form of organizational or project-specific mechanisms. The implementation of the management plan must be monitored at suitable frequencies and reviewed annually to ensure its effectiveness. Refer to Chapter 5 for further details.

2.7.1 Stakeholders' involvement

When the MSPO Standards state that an SIA shall be conducted with the participation of relevant stakeholders, it means that the affected stakeholders must be involved in the process of monitoring and managing those impacts too. Involving the affected stakeholders in the complete cycle of assessing,

implementing, monitoring and reviewing would give the affected stakeholders a sense of ownership in the process and gain their buy-in. This in turn would accord you with a level of acceptance from the affected communities and other stakeholders.

2.8 Social license

The SIA encourages transparent and continuous engagement with the affected community and stakeholders from the start of a business operation until decommissioning. Not only does it facilitate informed decision-making, this continuous engagement would also lead to the operation being accorded social acceptance or social license to operate within that particular area. This means that your activities are accepted by the local communities, particularly those who are impacted by it.

Not carrying out any SIA and not continuously engaging with your stakeholders may lead to feelings of distrust and suspicion. This in turn could result in protests, blockades, possible legal action and negative media coverage which may lead to reputational damage and adverse financial consequences to your business operations.

2.9 Sustainable operations

By addressing the social impacts, you are one step closer to ensuring that your operations are sustainable. It also ensures that all activities arising from plantation operations, milling, refining and dealership activities, as the case may be, are carried out in a balanced and sustainable manner, bringing about benefits to the surrounding community and other relevant stakeholders. This is also in tandem with the Government of Malaysia's commitment and the aim of the MSPO Standards in ensuring that the country's palm oil is sustainable and achieved through a balance between environmental, societal and economic considerations.

2.10 Stakeholders

Stakeholder identification is the starting point of any SIA, and it helps to address fundamental questions such as:

a) Who are your key stakeholders?

b) What are their interests relative to your operations?

c) Will they be impacted by your project; and if so, would the impacts be positive or negative?

2.10.1 Definitions

The MSPO Standards have defined stakeholders as

"Individuals or groups that have interest in any decision or activity of an organisation".

Stakeholders have also been defined as

"…people, groups, or institutions which are likely to be affected by a proposed intervention (either negatively or positively), or those which can affect the outcome of the intervention"[1]

2.10.2 Stakeholder identification

Stakeholders can be individuals, groups or organizations. Identifying your stakeholders prior to any new planting or new establishment will assist you in analysing social impacts that the stakeholders may encounter arising out of your intended operational activities. Different stakeholder groups may have different interests in, and influence on your operations. Therefore, the right stakeholder identification will assist you in developing appropriate forms of participatory involvement for the different stakeholder groups.

As an oil palm practitioner, your stakeholders can broadly be categorized into these main groups:

1. All employees.
2. Employees' family members who live in the company-provided accommodation.
3. Local communities including local politicians, religious leaders, community leaders, youth and women's groups.
4. Adjacent/neighboring entities
5. Contractors, suppliers, customers.
6. Shareholders/investors/funders.
7. Regulators/licensors and relevant government agencies.
8. Embassies, High Commissions and Consulates.
9. Social and environmental NGOs or CBOs.
10. Trade unions.
11. Works councils, employees' committees or other informal employees' representations.
12. Media organizations.

However, these are broad suggestions and may vary on a case-by-case basis. Who your stakeholders are would be for you to analyse and determine based on your own situation. For example, if you are an

[1] Rietbergen-M Participation and Social Assessment: Tools and Techniques Cracken, et al. 1998.

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organized smallholder (owning 40.46 ha of farm and below) or the operator of a collection centre who is self-funded and hire only local employees, shareholders/investors/funders and embassies, high commissions or consulates would not be considered your stakeholders. However, if you operate a palm oil mill or a plantation near villages and settlements, employ local and migrant employees who are unionized and live on the mill/plantation premises, your stakeholders may include all the 12 stakeholder categories.

Nevertheless, not all of these stakeholders would be socially impacted as a result of your operations. For example, it would be hard to imagine media organizations, regulators and licensors to be among those impacted socially. Therefore, the identification of your relevant stakeholders is to be determined principally based on the nature of your business operation, size, location and employee profile.

Stakeholder identification

Identify which stakeholder categories are socially impacted by your business operations. This is determined by:

- ✓ Nature of your business operation
- ✓ Location
- ✓ Size
- ✓ Employee profile.

Below are further examples to illustrate this point.

a) If you are operating a refinery, you are most likely located in an industrial area far from local communities and indigenous peoples. Therefore, stakeholders who might be socially impacted by your business operations, decisions, policies, etc., might be limited to your employees, contractors and possibly communities living along the transportation route.

b) If your organised smallholding is situated within a village or a settlement, the stakeholders who would most likely be socially impacted by your activities would be your neighbours, those who own and/or live on the adjacent land, your employees, contractors and suppliers, and those who live along the FFB transportation routes to the mill.

c) If you are a collection centre, and located near a village or settlement, the stakeholders who might be socially impacted by your activities would probably the farmers or independent smallholders who sell their FFB to you, your employees e.g., FFB graders, weighbridge clerks, drivers, including those you employ to provide harvesting and maintenance services on your customers' farms, as well as those who assist with the FFB transportation from the farm to the collection centre, and from the collection centre to the mill. And if you also provide extension services to your stakeholders such as harvesting, manuring, spraying, transportation from the ramp to the collection centre and/or mill, your stakeholders would be your customers who benefit from this arrangement.

d) If you operate an oil palm mill, the stakeholders who might be socially impacted by your business operations, decisions, policies, etc., might be your FFB suppliers comprising independent smallholders, smallholders under your organised smallholder management scheme, collection centres, local communities who live near the mill, FFB transporters from the farms/plantations to

the mill, CPO and PK transporters from the mill to the refineries, and communities living along these transportation routes.

e) If you operate a plantation, the stakeholders who might be socially impacted by your business operations, decisions, policies, etc., may comprise adjacent local communities, villagers living downstream of your operations, your employees, contractors and suppliers, etc.

Generally, the bigger the size of your operations, and the closer you are to where communities live, the bigger would be the likelihood of social impacts.

Please note that these are only examples given based on scenarios commonly encountered onsite. However, the situation may not be the same for every organisation as it all depends on the size, location of your operation and your employee profile. You would only ascertain who the socially impacted stakeholders are, after you have done a stakeholder identification and consultation.

Many oil palm plantations and mills separate their stakeholders into internal and external, or primary and secondary. However, for purposes of an SIA, this is not necessary unless you feel that it is useful for your own administrative purposes.

2.10.3 Other factors to consider

When identifying local community stakeholders, the common practice is to identify those who live within a specific radius, usually 5 kms of the operation boundaries. These communities are often perceived as being directly affected because of their proximity to the operations. Although there is no hard and fast rule to this method of stakeholder identification, the risk is that those who live farther away may erroneously be deemed not impacted by virtue of their distance. A stakeholder's "stake" cannot be determined solely by their physical proximity to your operations. There are also other factors to consider because the intensity of social impacts does not necessarily decrease with distance from the operation boundaries. The identification of local community stakeholders must not be done in too rigid a manner. It has to be flexible and exercised with reasonable discretion and common sense.

Stakeholder's stake

The intensity of social impacts does not necessarily decrease with distance from the operation boundaries

Table 10 below lists out possible stakeholders who might be socially impacted by your operations even if they are more than 5km away from your boundaries.

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TABLE 10 – POSSIBLE SOCIAL IMPACTS ON STAKEHOLDERS LIVING >5KMS AWAY FROM YOUR OPERATIONS

Impacted stakeholders	Positive impacts	Negative impacts
Indigenous communities	▪ Job and business opportunities ▪ Possible benefits from your company's CSR activities	▪ Limited or loss of hunting and foraging grounds due to conversion of area into oil palm plantation. ▪ Limited or loss of access to sacred, religiously or culturally significant sites which are located within plantation areas. ▪ Loss or diminished area for shifting agriculture due to land conversion into plantation ▪ Inability to gain access via oil palm plantation to hunt and forage for food, or to access sacred and culturally significant sites.
Local communities and indigenous communities who live along the FFB and CPO transportation routes	▪ Job and business opportunities ▪ Possible benefits from your company's CSR activities	▪ Frequent flow of heavy vehicles ▪ Damaged roads ▪ Road safety issues ▪ Noise and air pollution
Local communities and indigenous communities who live downstream of your operations	▪ Job and business opportunities ▪ Possible benefits from your company's CSR activities	▪ Diminished water quality for drinking, washing and cleaning as a result of surface run-off or chemical contamination from your operations. ▪ Reduced food resources such as fish and crustaceans as a result of chemical contamination from your operations.

Nevertheless, the above are only examples and they are non-exhaustive. As mentioned above, the actual situation can only be confirmed by carrying out a participatory stakeholder engagement with the affected stakeholders.

2.11 Stakeholder consultations

Stakeholder consultation is a key principle of any SIA. It is an important procedural tool that facilitates transparent stakeholder engagement, disclosure and consultation as required under the MSPO Standards on transparent communication and consultation with stakeholders.

2.11.1 Objectives

The objective of a stakeholder consultation is for you to effectively obtain all relevant information in a participatory way. As mentioned in 2.2 above, stakeholder consultation is an iterative process. It is something which you have to do frequently and cannot be completed in one single sitting. This iterative process allows you to:

a) Share and seek initial inputs from your stakeholders;

b) Obtain feedback on your operational activities;

c) Discuss and obtain suggestions of enhancement or mitigation measures; and

d) Discuss and obtain feedback on SIA report and management/monitoring plans.

2.11.2 Face-to-face meetings

There is no one-size-fits-all approach, or one right way of undertaking a stakeholder consultation. It all depends on the dynamics and level of comfort that exist between you and your stakeholders. The most effective way would be via face-to-face meetings as this gives both parties the following benefits:

a) If you don't already know them beforehand, it gives the opportunity to meet and know your stakeholders in person, and vice versa. This allows you to have a two-way communication with your stakeholders.

b) Exhibits transparency in the stakeholder engagement process.

c) Gain their confidence by listening to their concerns, fears and hopes.

d) Prevent any suspicion and feelings of mistrust.

e) Able to provide all relevant information and answer questions as they arise.

f) Opportunity to build long-lasting rapport with your stakeholders especially if you are not from within the same community.

g) Sending a message to the community that you value their inputs enough to make the time to travel and meet them in person.

h) Builds up the stakeholder's sense of ownership over the stakeholder engagement process knowing that they have played a role in the outcome of any decisions.

i) Allows a transparent process for the community to identify their own elected representative(s). This would also prevent the embarrassing situation where unauthorized people claim to speak on behalf of the community.

You would need to conduct multiple follow-up meetings and allow time for the community to deliberate before getting back to you without any feeling of being hurried or coerced into doing so.

2.11.3 Suggestions for a good stakeholder consultation

Ideally, a good stakeholder consultation process should be carried out as follows:

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a) Communication and consultation should be carried out in a culturally appropriate manner, taking into account the stakeholders' sensitivities with regards to gender, ethnicity, race, class, and other vulnerabilities.

b) Stakeholders are also to be assured that there would be no ramifications or reprisals against them resulting from the engagement.

c) Use language that the stakeholders understand. Avoid using technical jargon especially with lay-persons.

d) Allow the stakeholders to choose and decide on a suitable meeting venue i.e., somewhere they feel comfortable and familiar with, able to express their views and concerns freely and not feel intimidated by unfamiliar surroundings. In general, those who choose a venue where their stakeholders feel more comfortable, tend to have more productive engagement processes.

e) Present any information in a readily understandable format. If many of the stakeholders are illiterate, avoid any wordy presentations, but use pictures or drawings instead.

f) Be as gender inclusive as possible because men and women have different perspectives and may be impacted differently. Therefore, getting the women's views is also important. In societies where women culturally feel shy to voice an opinion in a big group, or in the presence of men, separate the two groups by gender so it allows the women to speak freely and openly.

g) Ensure that vulnerable groups or those with special needs (such as women's groups, illiterate stakeholders, migrant employees wo are not proficient in the Bahasa or English) are given voice through special arrangements.

h) Involve different age groups, including the youth and the elderly of both genders too.

i) Document the process and include information such as date, time, venue, attendance, contents of discussions and any decisions taken. If still photos were taken, include these as part of the documentation. This information is to be incorporated into the appendices of the SIA report and can be used in subsequent consultations and for future references.

j) Should you wish to voice or video record the meeting, or take still photos, do inform the stakeholders of your intention and the reasons for doing so. Only proceed with the recording upon receiving their consent.

k) Do not hurry or coerce the stakeholders into a decision bearing in mind that they would need to go back and consult the wider community and/or take time to deliberate.

2.12 Participatory process

The MSPO Standards require that an SIA be conducted with affected stakeholders in a participatory manner. Social impacts cannot just be presumed to be present; it must be analysed and determined through a participatory process where you and your stakeholders engage in open dialogues and meaningful discussions. It is a process which requires the affected stakeholders to:

a) Be involved in identifying present and future social impacts.

b) Be able to freely state their views on issues that concern them. This is important because their participation would effectively identify present and future social impacts, whether perceived or real.

c) Participate in meetings and discussions and to provide their opinions openly without fear of any ramifications.

d) Be included when discussing mitigation measures for inclusion into the management plan.

e) Be included in the monitoring and review of the management plans.

Participatory process means

- ✓ Open dialogues
- ✓ Active participation
- ✓ Meaningful discussions

2.12.1 How to engage in a participatory manner

A participatory stakeholder engagement is an important process because local communities sometimes feel that they are being sidelined and their views, needs and concerns ignored or not taken into account in development projects. A participatory process not only provides first-hand information, but it also strengthens a two-way relationship between you and your stakeholders, establishes trust, mutual understanding and buy-in. An effective stakeholder participation can be done in several ways.

a) Meetings or group discussions.

i. Meetings where all relevant stakeholders meet as one or in separate groups. This is one way to elicit views, but it has its drawbacks.

ii. Some meeting participants are shy and reserved and therefore often hesitate to share their views in a large group. In such a situation, the groups may be broken into smaller sub-groups or even engaged on a one-to-one basis to encourage active participation.

iii. To have an effective discussion, the size of the group should be limited to between 8 – 12 people.

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iv. During the discussion, ask open-ended questions to encourage participants to elaborate on their responses. Open-ended questions are those that require more than just a 'yes' or a 'no' answer. Open-ended questions start with 'what', 'where', 'when', 'who', 'why', 'how', and require the other person to provide a longer answer, often with an explanation.

b) Gender groupings.

i. In some communities or culture, women are not used to airing their views in public. This would also give the opportunity to the women to speak without feeling shy or hesitant in the presence of strangers and the opposite gender.

ii. It also allows for a focused discussion with the women who in some instances have a different perspective on social impacts. (Please see 2.16 below on Gender Consideration).

c) Internal committees.

i. Some mills and plantations have various committees representing their employees. These include the gender committees, trade unions, health and safety committees, employees' committees and other informal employees' representations. The names of the committees vary from one plantation/mill to the other, but essentially these are committees which receive feedbacks from employees on various social, health, safety, and gender related issues.

ii. Inputs obtained from these meetings are usually recorded, collected and considered as part of the stakeholder engagement process for the SIA. These are used as inputs for mitigation measures in the Social Management Plans.

iii. This method can also be considered as a form of stakeholder participation. However, this method has its drawbacks because being a committee, only the committee members attend such meetings. Using this method can be considered as a partial participatory process, but it may not be considered as an effective one.

iv. Some employees would not bring up any issues unless they are personally asked. Therefore, a face-to-face meeting or discussion held at a venue where the employees are comfortable and feel relaxed to freely communicate is a preferred and better option.

d) Annual stakeholder meetings.

i. This is especially relevant to plantations or mills that have been MSPO certified before, where annual meetings are regularly held with the stakeholders. Sometimes stakeholder feedbacks are obtained during these annual meetings. This can be considered as a method of stakeholder participation, but this too has its own drawbacks.

ii. Sometimes the relevant stakeholders would send their representatives (e.g., land clearing contractor sending his ATC machine driver as the company's representative) who has no

authority to decide or agree on any decision, and often does not know enough to contribute effectively to the discussion.

e) Questionnaires.

i. In some cases, questionnaires are sent out to stakeholders and they are required to return the completed document by a certain date for analysis. This too is not an effective way of obtaining stakeholder participation because usually not many would take the time to respond. This is a one-way process with no possibility of any Q & A sessions, fact verification, etc. It is therefore not a recommended method of stakeholder participation.

ii. Sometimes the questionnaire only requires box-ticking. Although an extra column is given for added written comments, this is often not viable because of stakeholders' literacy issues and the inability to express a point well in writing.

2.13 Stakeholder representatives

Once you have identified your stakeholders, you may want to identify their representative(s). Identifying stakeholder representatives and consulting with them would be useful in a situation where a large population is involved and it is impractical to do consultations with large groups spread over a wide area. Stakeholder representatives can efficiently provide information to, and disseminate information from you to a large number of stakeholders, and vice versa.

2.13.1 Identification of stakeholder representatives

Stakeholder representatives can be any of the following:

a) Community heads

Potential stakeholder representatives can be found among village headmen, *Tuai Rumah, Tok Batin*, or other tribal/community leaders, head of local women's groups, religious leaders, etc. However, it is important to bear in mind that some stakeholder representatives are not recognized by the group he/she claims to represent. Sometimes there are several factions within the community where each faction has its own representative. In such situations, it is advisable to consult the groups separately and identify and engage representatives whom they agree on.

b) NGOs, CBOs, CSOs or individuals

Some NGOs, CBOs, CSOs or individuals have expertise in stakeholder engagements, and have valuable knowledge about a particular area, tribe, clan, etc., and are often able speak the local language or dialect. Local communities and indigenous peoples can choose to appoint these NGOs, CBOs, CSOs or individuals to represent them in stakeholder engagements where they can act as a conduit, or middle person between you and the affected local communities.

c) Employees' representatives
With regards to your own employees, sometimes it is not practical to have a face-to-face meeting with all employees due to different work schedules and work shifts. In such a situation, it would be necessary to engage with the employees' representatives of each job scope, nationality, tribe or clan. If there are employees from various nationalities, tribes, clans, it would be ideal to meet with them in their own separate groups. Each nationality, tribe or clan may have social issues different from the others, or they may have issues they do not wish to discuss openly with the other groups.

Consult also representatives of female employees. By engaging with them separately from the male employees, you would be able to get them to be more open, and parties can delve deeper into the issues raised.

d) Trade union
Other worker representatives that should be consulted include trade union leaders and/or union office bearers.

2.13.2 Other factors to consider

Among the factors to consider when engaging with stakeholder representatives include:

a) Ensuring that the representatives can be relied on to truthfully and faithfully provide a two-way communication between you and the remaining members of the group.

b) The representatives communicate results of stakeholder engagements to their community and back to you. This can be verified by talking directly with the group that the representatives claim to represent.

c) If you find any inconsistencies between the group and the representatives, you may need to engage with the person(s) who truly represent the views of the group.

d) If there are several factions within a community, consult all factions separately.

2.14 Sampling method

Using the correct sampling method is important to ensure inputs received during stakeholder consultations are representative of all affected stakeholders. Tables 11 to 14 below list down the groups of stakeholders to sample, and also provide suggestions on the sampling number for each type of operation.

TABLE 11 – ORGANISED SMALLHOLDING AND PLANTATIONS

Groups of stakeholders	Who to sample
Local communities, adjacent or neighbouring entities	a) All villages/settlements/neighbouring entities situated in and around your operations. Depending on the scale of your operation, the 5km radius general rule of thumb is used.

	b) If there are rivulets, streams or rivers running through your operations, sample also the communities living downstream. c) Communities living along the FFB transportation routes; i.e., ramp to collection centre or to mill.
Employees	At least 3 employees from the following groups: a) Recruited within the past 1 year b) Recruited between 1 to 3 years c) Recruited between 3 to 5 years d) Recruited for more than 5 years e) Repeat migrant employees f) Contracted employees i.e., those hired by third-parties to work in the smallholdings or plantations on a contractual basis. The sample above must include: a) All scopes of work, e.g., harvesters, sprayers, manurers, general employees, and non-executives. b) Every nationality, ethnicity, tribe, and clan. c) Male and female. If the total number of each group is less than 3, sample everyone from within that group.
Contractors, suppliers and customers	a) Sample each business category. For example, if you have several entities contracted as FFB transporters, replanting contractors, manpower providers, foreign employees' agents, domestic waste collector, fertilizer supplier, chemical supplier, etc., sample all different categories. b) If there are 3 or less entities in a category, sample all. c) If there are 4 or more entities in a category, use the *√n +1* formula. The stakeholder consultation must be carried out with the decision maker, such as the business owner or manager of the respective entities.
Trade unions, works council/employee committees	At least the Chairperson and Secretary of each entity
NGOs/CBOs/CSOs	At least the Chairperson and Secretary of each entity

TABLE 12 – DEALERS

Groups of stakeholders	Who to sample
Local communities, adjacent or neighbouring entities	a) All villages/settlements/neighbouring entities situated in and around your operations. Depending on the scale of your operation, the 5km radius general rule of thumb is used. b) Communities living along the FFB transportation routes, i.e., ramp to collection centre, collection centre to mill. c) At least 10% of the smallholders who sell their FFB to you. d) At least 10% of smallholders who benefit from extension services you provide such as harvesting, field maintenance, transportation services, etc.
Employees	At least 3 employees from the following groups: a) Recruited within the past 1 year b) Recruited between 1 to 3 years c) Recruited between 3 to 5 years d) Recruited for more than 5 years e) Repeat migrant employees f) Contracted employees i.e., those hired via third-parties to work with you on a contractual basis.

	The sample above must include: a) At least 3 employees from each different work stations including weighbridge operator, clerk, FFB graders, drivers. b) Every nationality, ethnicity, tribe, and clan. c) Male and female. If the total number of each group is less than 3, sample everyone from within that group.
Contractors, suppliers and customers	a) Sample each business category. b) If there are 3 or less entities in a category, sample all. c) If there are 4 or more entities in a category, use the *√n +1* formula. The stakeholder consultation must be carried out with the decision maker, such as the business owner or manager of the respective entities.
Trade unions, works council/employee committees	At least the Chairperson and Secretary of each entity, if applicable.
NGOs/CBOs/CSOs	At least the Chairperson and Secretary of each entity, if applicable.

TABLE 13 – OIL PALM MILLS

Groups of stakeholders	Who to sample
Local communities, adjacent or neighbouring entities	a) All villages/settlements/neighbouring entities situated in and around your operations. Depending on the scale of your operation, the 5km radius general rule of thumb is used. b) If there are rivulets, streams or rivers running through your operations, sample also the communities living downstream. c) Communities living along the transportation routes of FFB/CPO/PKO, i.e., from ramp or collection centres to mill, from mill to the refinery.
Employees	At least 3 employees from the following groups: a) Recruited within the past 1 year b) Recruited between 1 to 3 years c) Recruited between 3 to 5 years d) Recruited for more than 5 years e) Repeat migrant employees f) Contracted employees i.e., those hired by third-parties to work in the mill on a contractual basis. The sample above must include: a) At least 2 employees from each different work stations including workshop attendants, weighbridge operators, FFB graders, drivers, general employees, and non-executives. b) Every nationality, ethnicity, tribe, and clan. c) Male and female. If the total number of each group is less than 3, sample everyone from within that group.
Contractors, suppliers and customers	a) Sample each business category. b) If there are 3 or less entities in a category, sample all. c) If there are 4 or more entities in a category, use the *√n +1* formula. The stakeholder consultation must be carried out with the decision maker, such as the business owner or manager of the respective entities.
Trade unions, works council/employee committees	At least the Chairperson and Secretary of each entity
NGOs/CBOs/CSOs	At least the Chairperson and Secretary of each entity

TABLE 14 – REFINERIES

Groups of stakeholders	Who to sample
Local communities, adjacent or neighbouring entities	a) All villages/settlements/neighbouring entities situated in and around your operations. Depending on the scale of your operation, the 5km radius general rule of thumb is used. b) If there are rivulets, streams or rivers running through your operations, the communities living downstream. c) Communities living along the transportation routes of CPO/PKO from mill and the refined product from the refinery to the seaport.
Employees	At least 3 employees from the following groups: a) Recruited within the past 1 year b) Recruited between 1 to 3 years c) Recruited between 3 to 5 years d) Recruited for more than 5 years e) Repeat migrant employees f) Contracted employees i.e., those hired by third-parties to work at refinery on a contractual basis. The sample above must include: a) At least 2 employees from each different work stations including workshop attendants, weighbridge operators, FFB graders, drivers, general employees, and non-executives. b) Every nationality, ethnicity, tribe, and clan. c) Male and female. If the total number of each group is less than 3, sample everyone from within that group.
Contractors, suppliers and customers	a) Sample each business category. b) If there are 3 or less entities in a category, sample all. c) If there are 4 or more entities in a category, use the *√n +1* formula. The stakeholder consultation must be carried out with the decision maker, such as the business owner or manager of the respective entities.
Trade unions, works council/employee committees	At least the Chairperson and Secretary of each entity
NGOs/CBOs/CSOs	At least the Chairperson and Secretary of each entity

2.15 Socio-economic baseline data

'Baseline' is the starting point of a given situation before any intervention. 'Baseline data' on the other hand, is a set of indicators selected at the beginning of a project used to track change over time. Baseline data is also used in making future comparisons.

For example, if you want to understand the impact of any intervention on the average income of a particular community, you would need to know their average monthly income before the start of any intervention. This baseline data is then compared to the community's average monthly income after intervention measures have taken place so that you will know if the measures undertaken have been successful or otherwise.

For purposes of an SIA, you should obtain the socio-economic baseline data of your local community stakeholders, suppliers and contractors and others that you conduct an SIA on.

Baseline data is a starting point to

- ✓ Evaluate the effects of a change
- ✓ Track the progress of project
- ✓ Measure the difference between two periods of time.

2.15.1 Recommended information to obtain

For local communities and indigenous peoples, basic information that you are recommended to gather include:

a) number of houses in that area;

b) population number;

c) community's main source of income and range of basic monthly income;

d) reliance on natural resources for food, water and daily needs (e.g., river/stream for fishing, drinking, cooking, cleaning);

e) any practices of hunting or foraging for NTFPs;

f) need for land for agriculture (plants and animal rearing);

g) access to education facilities;

h) access to health facilities;

i) access to potable water and electricity;

j) access to hunting/fishing/food gathering;

k) access to agricultural land; and

l) access to religious, cultural and sacred sites.

In some situations, these baseline data may already be available in the form of existing stakeholder databases, community meetings minutes, grievance records, previous studies done, or studies and consultation processes completed during an earlier phase of the project. If not outdated, this information can still form your baseline data.

Once the management plan has been put in place and implemented, the baseline data can be compared to the post-intervention data when monitoring the effectiveness of your interventions. Refer to 5.2 below for details on Monitoring.

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2.16 Gender consideration

The term 'gender' refers to the different roles men and women play in the household or even in a community. For example, men are often seen as the 'head of the household', or 'the breadwinner', even if their role in the household may only be limited to earning income. However, a women's responsibility may include caring for children, the elderly, tending to the family's livestock, etc. In some communities, they may even be collecting subsistence food and would be more familiar with issues related to food security. The tendency often is just to consult the men, especially when the women appear less vocal and reserved. It is important to equally consult men and women stakeholders when you conduct an SIA because social impacts are likely to impact men and women differently. If you consult only the men, you might not fully identify all social impacts from the women's perspectives.

Men and women

- ✓ Play different roles in a family/society
- ✓ Can be differently impacted
- ✓ Their views are equally important

2.16.1 Engaging the womenfolk

Engaging women in the SIA process is therefore important to get a balanced view from the community as you take into consideration their gender-specific knowledge, roles, responsibilities and social impacts. To ensure women are adequately consulted, you may need to hold separate meetings for the women. This would allow the women to feel comfortable sharing their views and inputs openly. It is also a good idea to have the meeting facilitated by a female facilitator from your team to put the women at ease.

2.17 Food security

The MSPO Standards specifically require that food security be included in the SIA. This can be done by including questions related to food security when you conduct the SIA. This section will provide guidelines on what is meant by food security and what to look out for when doing the assessment.

2.17.1 Definition

According to the FAO,

"Food security exists when all people at all times have physical and economic access to sufficient, safe and nutritious food that meet their dietary needs and food preference for an active and healthy life".

Generally, impacts on food security may occur in communities living around development projects. The possible causes that could lead to food security issues include any one or more of the following:

a) River pollution reducing the availability of clean drinking water.

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b) Land clearing or land conversion into plantations causing the reduction of quality or availability of arable land for cultivation or swidden agriculture.

c) Weather-related events such as recurrent drought or floods.

d) Natural disasters such as landslides.

e) Poverty.

f) Lack of nutritional knowledge.

g) Living in an isolated community far from the nearest shops.

h) War or conflicts (though this is not relevant in Malaysia).

2.17.2 Relevance of assessing food security during an SIA

A food security assessment is carried out to understand the following:

a) If the stakeholders are facing any food insecurities, e.g., food shortage or scarcity.

b) How long the communities have been using the land for farming, agriculture, or relying on the water source before food insecurity emerges.

c) What has caused food insecurity situations.

d) The severity of food insecurity.

The following are the possible scenarios which you may find when assessing the food security of your stakeholders:

a) Indigenous communities who still practice hunting, shifting cultivation, or where they forage for non-timber forest products (NTFPs) such as tubers, vegetables, fruits, legumes, and nuts. All these would provide them with a balanced and nutritious diet. Food security for them would mean a healthy forest cover and sufficient area for swidden agriculture, hunting and foraging for plants.

b) Situations where their food security can be impacted include:
    i. Land clearing for plantation which diminishes their access to hunting and foraging areas causing them to hunt and forage farther away.
    ii. Shrinking or overlap of land area affecting the practice of swidden cultivation.
    iii. Loss of NTFPs e.g., honey, fruits, nuts, legumes, and other plants, etc., as a result of deforestation.

c) Indigenous or local communities who still rely on natural resources such as rivers, and weirs for their fish and daily drinking water supply. Issues that may affect food security include:
    i. Depletion of aquatic species such as fish and crustaceans due to water contamination from use of pesticides, effluent discharge, etc.

    ii. Quality of drinking water as a result of water turbidity caused by soil surface run-off.

    iii. Inability to freely access water resource e.g., weirs, rivers, which are located within plantation premises.

d) Employees who live on estate or mill premises situated far from the nearest town or shops. Issues that may affect food security include:
    i. Inability to access sufficient, safe, nutritious and affordable food.

    ii. No allocated vegetable patch to supplement their daily dietary needs.

    iii. Food items sold at the estate/mill sundry shops are exorbitantly high and not regularly monitored by management for price and quality.

If your assessment finds that food insecurity has resulted from your policies, procedures, decisions or operational activities, it becomes an impact that must be mitigated and taken into account when preparing the management plan. The mitigation measures must be identified and discussed in a participatory manner with the affected stakeholders.

Among the possible measures that could be taken include:

a) Allocate an area for cultivation.

b) Assist in procuring good selection of seeds.

c) Train villages on sustainable agriculture practices.

d) Assist villages to grow more varied food crops, vegetables, livestock and fish.

Some of the causes of food insecurity are caused by reasons beyond your control, e.g., heavy rain, flooding, drought, or natural disasters. Is such a situation, you may want to intervene and reduce any impacts as part of your company's CSR activities.

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Chapter 3 – Undertaking an SIA

After having familiarized yourself with the principles and concept of SIA in Chapter 2, you are now ready to embark on an SIA of your stakeholders. Below are the recommended steps you should take when conducting an SIA.

3.1 Identifying relevant stakeholders

The first step prior to an SIA is that you must identify who your stakeholders are. As you are aware, stakeholder identification is the starting point of any SIA, and it helps to address fundamental questions about who your stakeholders are, their interests in your operations, how are they impacted by your operations, and also how they may impact your operations.

If you have been certified under the MSPO Standards, you would already have a list of stakeholders as per the MSPO certification requirement. For those who are new to the MSPO Standards, kindly refer to Principle 2 which requires that you identify and list down your stakeholders.

3.1.1 List of potential stakeholders

As mentioned in Chapter 2 above, your potential stakeholders would generally fall into 12 different categories. To recapitulate, the 12 categories are:

1. All employees
2. Employees' family members who live in the company-provided accommodation.
3. Local communities including local politicians, religious leaders, community leaders, youth and women's groups.
4. Adjacent/neighboring entities.
5. Contractors, suppliers, customers.
6. Shareholders/investors/funders.
7. Regulators/licensors and relevant government agencies.
8. Embassies, High Commissions and Consulates.
9. Social and environmental NGOs or CBOs.
10. Trade unions

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11. Works councils, employees' committees or other informal employees' representations.

12. Media organizations.

For each of the stakeholder categories, it is recommended that you determine if they are impacted by your operational activities, decisions, and policies as this will help to determine if they fall within the scope of the SIA. You are now ready to proceed with the next step which is the scoping assessment. Although a scoping assessment is not mandatory, it is highly recommended prior to conducting an SIA especially when assessing local community stakeholders.

3.2 Scoping assessment

Although a scoping assessment is not mandatory prior to an SIA, it is nevertheless a very useful exercise to undertake. A scoping assessment provides useful background information which could better prepare you for the SIA you are about to undertake.

3.2.1 Benefits of a scoping assessment

A scoping assessment is especially useful and recommended in the following situations:

Scoping assessment

- ✓ Has many benefits
- ✓ Highly recommended
- ✓ Not mandatory

a) You are new to, and not familiar with a particular area.

b) You do not know or are not familiar with the communities living in the said area.

c) You want to understand the social structure of the communities better to help you in your decision-making process.

d) You want to get an initial idea of any existing or potential social impacts that may arise from your operations.

Among the benefits of a scoping assessment, especially if you are not from within the local community are:

a) Establishing initial contacts with the local communities to obtain background information of the area and the communities involved.

b) Understand initial stakeholder concerns so you can identify and prioritize the possible range of social impacts that are important to the community.

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c) Identification of possible assessment areas which may go beyond the 5km radius. Determination of your possible assessment areas must not be rigid and would require discretion and common sense. Please refer to section 2.10.3 above.

d) It also helps to logistically prepare and plan for the SIA by gathering information such as:
   i. Time and manpower needed to carry out the SIA.
   ii. Transportation requirements and the routes to reach the various communities. This is especially relevant for communities who live in remote locations.
   iii. Possible venue(s) for stakeholder consultations, bearing in mind their transport limitations if any, and time required to travel to the venue, etc.
   iv. Determine if you need to engage a translator or someone who speaks the local language/dialect, or is familiar with the social context and trusted by the local communities.
   v. Estimate number of days required for consulting different community groups.
   vi. Identify appropriate and most effective methods of consultation (community meetings, interviews with key members of the community and other community members, group discussions, etc.)
   vii. Logistical issues such as seeking formal approval from authorities, formal invitation letters to send, vaccination requirements, etc.
   viii. Determine budget allocation for the successful implementation of the SIA.

3.2.2 Optional scoping assessment

For other categories of stakeholders, (e.g., employees, contractors, suppliers, customers, government authorities, etc.,) scoping assessment would be optional because you would generally have been in constant touch with them through your day-to-day business transactions, have a general idea of their background, or simply that their position itself is not suitable for a scoping assessment (e.g., in the case of embassies, high commissioners, licensors and regulators).

3.2.3 Recommended steps in scoping assessment

Below are some recommended steps you could take when conducting a scoping assessment.

a. Review any relevant literature for that particular community or area, if available, before going to meet the local communities. These can include reports by JAKOA or relevant NGOs, news or articles written on the area, government census report, etc. Doing so would enable you to better understand any issues or possible social impacts within that particular area.

b. Study the map of the area. The map would also be useful in helping to identify areas such as villages, settlements as well as the communities living therein who could potentially be impacted by your operations.

c. Visit to see the areas identified.

d. Introduce yourself, and explain your purpose for being there. It is good to be open and transparent from the first meeting and establish a good rapport.

e. Get to know the village social structure and who the community leaders are.

f. Observe the common language/dialect spoken and if possible, the general level of literacy.

g. Assess existing road access, available infrastructure or lack of it, etc.

h. Find out if there are any social issues of concern that could be related to your operations.

After you have compiled all the information obtained during the scoping assessment, you can now start to plan, organize and coordinate your team for the SIA.

3.3 Conducting the SIA

An SIA is conducted based on the principles of transparency, accountability, inclusivity and non-discriminatory. The paragraphs below will detail out the steps necessary when undertaking an SIA under the MSPO Standards. Should you require clarifications or further information on certain terminologies used e.g., stakeholder identification, gender consideration, food security, participatory process, etc., you may refer to the relevant sections in Chapter 2 above.

It is acknowledged that the ability and requirements to undertake an SIA would vary according to the scale of your operations. However, the basic principles of an SIA remain applicable for all types of operations. Any variations that you may find as a result of different operational scale or type would be in the following areas:

a) Number of stakeholders involved;

b) Types and extent of social issues that may arise from your operational activities; and

c) Details in report writing and documentation.

Whichever your business operation category is, whether you choose to carry out the SIA with your own internal team, with the assistance of a third-party consultant, or if you are doing it as the Manager of several organised smallholdings, you would still have to go through two main phases. These two main phases are as follows:

3.3.1 Phase 1: Understanding issues/impacts.

a) Determine which stakeholders to sample and determine the sampling size. Refer to Section 2.14 above.

b) Obtain baseline data of your stakeholders. At a minimum, you would want to know number of houses in that area, population number, community's main source of income and range of basic monthly income, reliance on natural resources for food, water and daily needs (e.g., river/stream for fishing, drinking, cooking, cleaning), any practices of hunting or foraging for NTFPs, need for land for agriculture (plants and animal rearing), access to education facilities, health facilities, potable water and electricity. If there are indigenous communities, include also their access to hunting/fishing/food gathering, agricultural land, religious, cultural and sacred sites, etc. This information would be useful for purposes of future comparison.

c) Based on the preliminary data obtained during the scoping assessment, arrange to meet the stakeholders for a participatory stakeholder consultation. If they are your employees, ensure that you meet them in separate groups according to nationalities, tribes, clans and gender. Similarly, in a big group of villagers, consider separating according to gender and obtain views from a cross-section of the community.

d) If you are meeting the stakeholder representatives, ensure their legitimacy and community acceptance, while making sure also that they represent all the various groups of stakeholders including the women and youths.

e) Commence the participatory consultations.

   i. Begin by explaining the purpose of the meeting.

   ii. Explain the participatory nature of the meeting, and that this is a dialogue where they are invited to openly share their views and perceptions of your operations without any fear of ramifications. Explain that this participatory meeting is iterative in nature, it is not a one-off, and that there would be subsequent follow-up meetings.

   iii. Provide a clear background of your operations e.g., hectarage, lease duration (if it's a leasehold), manpower requirement and their source country, number of project cycles, your operational activities, replanting plan, etc.)

   iv. Be as transparent and as open as possible during the meeting. Provide full information about the operations, and how the operations and activities may have impacts on them.

   v. Ensure a balanced presentation and include all the positive and negative impacts that may arise from the operations. For illustration purposes, and to give them a sense of how they are likely to be impacted, you may refer to examples of similar operations elsewhere.

vi. Find out directly from them how they perceive they would be impacted (both positively and negatively) as a result of your operations.

vii. If you are already operational, find out what social impacts they have encountered since the commencement of the operations.

viii. Find out about any food security issues they might be facing. Please refer to Section 2.17 above on Food Security.

3.3.2 Phase 2: Analyse and develop enhancement/mitigation measures

a) Collate all the information received in Phase 1. Together with the affected stakeholders, analyse and determine if the identified impacts (existing and in the future) and food security issues are a result of your business operations.

b) Once the social impacts and food security issues have been analysed and determined to have arisen from your operational activities, together with the affected stakeholders, identify measures for addressing the same. Findings should be discussed with affected stakeholders to ensure that conclusions and recommendations are appropriate. The desired outcome of this discussion would be identified measures to enhance the positive impacts and reduce the negative ones.

c) These measures can be in the form of organizational or project-specific mechanisms which you now will incorporated into a Management Plan.

d) If the impacts have not resulted from your operations, decisions, policies, etc., explain to the stakeholders that those impacts would not be considered under the SIA, but may instead be considered as part of your organisation's CSR.

3.4 Replanting

Replanting activities have their own unique set of impacts. If you have planned for replanting within the next five years, you need to assess during the SIA the potential social impacts that may arise during replanting. This section has been included to guide you on what possible social impacts to consider.

3.4.1 Definition and applicability

Replanting, as defined by the MSPO Standards is

"planting from oil palm to oil palm on land previously cultivated with oil palm".

Since replanting activities are only applicable to plantations, it logically follows that this Chapter is relevant only for the following categories:

a) Part 2-2: Organised smallholdings

b) Part 3-1: Oil palm plantations of 40.46 ha to 500 ha

c) Part 3-2: Oil palm plantations of above 500 ha

For purposes of this section, all the above categories would be collectively referred to as "plantations", irrespective of size.

The most likely stakeholders to be impacted by replanting activities would be your employees, neighbouring communities including communities living downstream, your contractors and suppliers. These impacts can be either positive or negative, and need to be assessed and identified using the cardinal principle of participatory stakeholder consultations.

For purposes of illustration, this Guidelines will touch upon these most likely impacted stakeholders, and list down the likely social impacts – both positive and negative - they may face as a result of a planned replanting.

3.4.2 Impacts on employees

a) Positive impacts
   i. Some plantations pay harvesters higher rates harvesting young palms.
   ii. Harvesters may find it easier to harvest young palms.
   iii. Lighter fruit bunches make for easier FFB evacuation.

b) Negative impacts
   i. Some skilled harvesters no longer receive extra allowance for harvesting tall palms.
   ii. Exposure to heat and direct sun.
   iii. Less grazing areas for employees who own cattle.
   iv. Some organised smallholders practice integrated farming by allowing third-parties lease to plant bananas, watermelon, pumpkin in between the palm rows. This may disrupt oil palm employees from carrying out oil palm maintenance work and can cause social conflicts with the third parties.

3.4.3 Impacts on local communities

a) Positive impacts
   i. Job and business opportunities

b) Negative impacts

i. Indigenous communities who use the plantation to access their foraging areas can no longer do so due to on-site replanting safety protocols.

ii. Local communities whose cattle used to graze in the area can no longer do so especially with rat baiting activities are going on.

iii. Top-soil runoff and erosion would cause deterioration of water quality to communities living downstream, especially those who rely on clean water supply from the river for their daily needs.

iv. Movement of heavy machineries causing dusty road conditions, road damage, and road safety issues.

v. Infestations of rhinoceros beetles and bagworms on neighbours' crops and fruit trees.

3.4.4 Impacts on contractors and suppliers

a) Positive impacts

i. Opportunity to adapt and diversify business

b) Negative impacts

i. Contractors who were once providing transportation of FFB from the plantation to the mill now no longer do so and this might have an adverse impact on their income. They would now have to wait for at least three to four years before the young palms are ready for harvesting.

3.4.5 Mitigation and enhancement measures

After you have participatorily identified the potential social impacts with your stakeholders, you now need to discuss the measures to be taken to enhance the positive impacts and mitigate the negative ones. You can combine this process with other types of social impacts that have been identified. Refer to section 3.3.2 above.

3.5 Management Plan and/or Operational Procedures

The MSPO Standards require that following an SIA, any agreed measures to address the social impacts are to be incorporated into a Management Plan, and/or into Operational Procedures for purposes of implementation, monitoring and review. This Management Plan is to be implemented and collaboratively reviewed with the affected stakeholders to ensure the effectiveness of any mitigation measures taken.

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3.5.1. Management Plan

An SIA Management Plan is a document that is produced at the end of Phase 2, after both parties have participatorily identified and agreed on the measures to be taken. A Management Plan is best tabulated for easy reference and made an integral part of the SIA Report. (Refer to Chapter 5 below on SIA Report).

At a minimum, the SIA Management Plan must contain the following:

a) Date the Management Plan was prepared. This date is useful to know when planning for the annual review.

b) Social impacts that have been identified as a result of your operational activities. Separate the positive impacts from the negative ones.

c) Identify the impacted stakeholders either by individual names or by village, depending on the extent of the impact and who are affected.

d) Responses from company management or representative to each of the social impacts identified.

e) The solutions or measures that have been participatorily agreed upon during Phase 2. These are measures to enhance the positive impacts and mitigate the negative ones.

f) Timeframe for implementing each measure which has been agreed in a participatory way.

g) You may decide together with your stakeholders what priority level of implementation to be given to each measure. Example would be "low", "medium", and "high". As a suggestion, you may want to categorise the priority levels for implementation as follows:

   i. "Low" (within 8 – 12 months).

   ii. "Medium" (between 4 – 8 months).

   iii. "High" (Immediate to 3 months).

h) Identify target date for implementation against actual date of implementation. It would be useful to add a column to remark the reason for not implementing by the agreed timeframe. This would be useful when monitoring the implementation of the Management Plan.

i) Identify person(s) responsible for ensuring implementation together with his/her designation.

j) Expected outcome, including timeframe.

The Management Plan can stand on its own, or it could also be read in conjunction with your Operational Procedures.

Draft 2

3.5.2. Operational Procedures

Operational procedures include process, guidelines, diagrams, SOPs, etc., which generally, is a compilation of step-by-step instructions to guide employees during the execution of a routine task. It can also be used to manage any of the social impacts.

For example, a neighbour complains about having to endure constant flooding each time it rains. Further investigation reveals that this was as a result of palm fronds from your plantation getting into the nearby drain and causing disruption to water flow. Among the measures that both parties can agree on is an Operational Procedure which details out the following process:

a) Proper fronds stacking by your employees;

b) Inspection of the drains to be conducted by your employees after heavy rain;

c) Immediate removal of any palm fonds from the drain, if any; and

d) Ensure all culverts are cleared, drains desilted regularly and kept clear of debris and blockages.

The Operational Procedure must also identify the person(s) responsible to ensure its implementation. This would be useful for monitoring purposes.

The Management Plan can include drawing up of an operational procedure as one of the measures agreed upon.

Draft 2

Chapter 4 – Implementation, Monitoring and Review

Following the identification of social impacts, you would have prepared an SIA Management Plan and/or Operational Procedures. These documents would have been prepared in a participatory way with the affected stakeholders and contain actions to be taken in managing all the identified social impacts. (Refer to Section 3.5 above on Management and/or Operational Procedures).

In an SIA, the participatory process with impacted stakeholders continues throughout the implementation, monitoring and review stages. This Chapter will guide you throughout these stages.

4.1 Implementation

The implementation of a Management Plan and/or Operational Procedures requires you to carry out the agreed measures in accordance with the manner and timeframe contained in the said documents. Implementation of the Management Plan and/or Operational Procedures is the responsibility of the person(s) identified in the documents, and is usually from the company's side where the social impacts have emanated from.

To aid with the monitoring and reporting back to the stakeholders, all actions taken during implementation stage must be documented. This document is called the Implementation Document.

4.1.1 Contents of an Implementation Document

It is up to you and your stakeholders how the Implementation Documentation is crafted. It depends on your own preference and that of your stakeholder's. However, at a minimum, the Implementation Document must have the following information:

a) Summary of the social impacts that have been identified.

b) Agreed implementation measures to address these impacts.

c) Target date for implementation. If implementation is to be done in stages, state the dates for each stage of implementation.

d) Person (s) responsible to carry out the implementation, together with his/her designation.

e) Types of action taken and date(s) of implementation. If it is an ongoing activity, this can also be remarked as 'ongoing'. Instances where the implementation is a continuous process can be:
   i. Allowing local community or indigenous peoples access via the main entrance to get to their village, cultural or religious sites, fruit orchards, shifting agriculture farm, etc.

   ii. Open offer of employment opportunities to the local communities.

iii. Continuous monitoring of road conditions following ingress and egress of transportation lorries.

f) Acknowledgment by the impacted stakeholder(s) confirming that the agreed measures have been implemented. This can be by way of a signature or thumbprint, and it must be dated.

g) Pictorial evidence in support. Preferably, the picture has the date stamped.

4.2 Monitoring

Monitoring provides you with the opportunity to keep track of how impacts are managed, and the effectiveness of the Management Plan and/or Operational Procedures.

4.2.1 How is Monitoring done?

This can be done by regularly monitoring the Implementation Document (Refer to 4.1.1 above) together with your affected stakeholders. By monitoring the Implementation Document, you can do the following:

a) Track the progress of the agreed implementation measures.

b) Identify any deviations between planned activity against actual progress of any agreed measure.

c) Identify remedial steps to be taken if deviations are found.

4.2.2 How do you monitor the implementation effectively?

The following are the suggested steps you can take to ensure that monitoring is done in an effective way.

a) Agree with the impacted stakeholders on the indicators to be used to measure the status of implementation. Improvements in the stakeholders' socio-economic baseline data (Refer to Section 2.15 above) can also be used as an indicator.

b) Agree on the frequency of monitoring. E.g., weekly, monthly, quarterly, bi-annually, etc. The frequency of monitoring would also depend on how soon the result of intervention can be measured. There is no point in fixing monitoring frequency at weekly intervals if the result of intervention can only be seen after, for example, three months.

c) Invite the affected stakeholders to participate in the monitoring exercise. This gives the monitoring exercise a legitimacy; for otherwise it would be seen as just another formality or a box-ticking exercise.

d) Compare baseline date obtained earlier with the latest data.

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e) Written or oral feedbacks (which needs to be documented) received from the impacted stakeholders supported by pictorial evidence of progress of measures taken, or fulfilment of indicators.

f) Meeting with the impacted stakeholders to record their feedback on the status of implementation.

g) Onsite verification visits, accompanied by pictures stamped with time and date of the visit.

4.3 Review

A review is necessary because social and environmental situations, business structure and operational activities can evolve and change over time, rendering the earlier assessment and the subsequent management plans obsolete. To avoid that from happening, reviews are to be carried out and adaptations made accordingly.

4.3.1 Participatory review

All reviews are to be carried out in a participatory way with the impacted stakeholders, and minuted. Not having stakeholder participation during the review process could cause it to be seen as part of a tick-box exercise, and could even reduce your social license to operate.

4.3.2 Benefits of a review

Adaptive management is inherent when reviewing social impacts because even the best social practices may change over time. This is especially pertinent in an oil palm setting which has a long project life expectancy. What was once considered good social practice may become outdated and no longer applicable, thus rendering a review process necessary. Below are some of the benefits of a review process:

a) Ensures that the project remains up to current national and international good practice;

b) Provides an opportunity for you and your stakeholders to reflect on the efficacy of the SIA processes;

c) Provides an opportunity for you and your stakeholders to find out what worked and what didn't work; and

d) Useful when planning for better outcomes in the future based on lessons learned in the current process.

4.3.3 Review prior to replanting

When the SIA was initially conducted, you would have identified a wide range of possible social impacts – both current and future - on your stakeholders. You may also have included replanting as one of the future social impacts during the SIA.

However, this SIA may have been conducted several years back; and the stakeholders you consulted during the SIA and the social impacts considered then may have since changed. This, therefore, are the reasons for an SIA review prior to the commencement of replanting activities.

4.3.4 Conditions necessary for SIA review

It is acknowledged that plantations would usually plan its replanting activities in what is known as the replanting plan. This is where identified oil palm blocks are earmarked for replanting. Therefore, assuming that potential social impacts arising out of these planned replanting activities had already been considered during the previously conducted SIA, a review of the SIA would become necessary if the replanting area in any given financial year is 500 ha or more. If the total replanting area is less than 500 ha in any given financial year, a review of the SIA is not necessary, but subject to Section 4.3.5 below.

4.3.5 What do you review?

When you conduct a review, you look out for any new social impacts on your stakeholders arising from your operations, decisions, etc., since the last SIA was conducted. If changes are present, you would now have to assess these social impacts – positive or negative – and together with your affected stakeholders, mutually agree on new enhancement or mitigation measures. These new findings, if any, together with the new measures to be taken will be incorporated into the Management Plan and Implementation Document, and then monitored and reviewed.

4.3.6 Exception to the 500 ha limit

However, if potential social impacts arising from replanting were overlooked or not considered during the previously conducted SIA, then, an SIA review must be conducted, irrespective of the replanting hectarage. The SIA review must take into account potential social impacts from replanting that were not previously considered before any replanting activities can commence onsite. This review needs to be done before the start of any activities in the field, which includes the arrival of machineries for felling and chipping.

TABLE 15 – DOCUMENTS AND FREQUENCY OF REVIEWS

Documents for review	Frequency
• **Management Plan and/or Operational Procedures.** To review the effectiveness of the Management Plan and/or Operational Procedures	Annually
• **SIA Document** To review any changes which affect social impacts	Every 5 years
• **SIA Document** To review any changes which affect social or environmental impacts	Prior to replanting if: a) the replanting area exceeds 500 ha in total for each financial year; and/or;

	b) If potential social impacts arising from replanting were overlooked or not considered during the previously conducted SIA, irrespective of replanting hectarage.

4.4 Communication of actions, outcomes and progress of SIA

The SIA involve continuous reporting back to the affected stakeholders and therefore should be seen as a process and not a product. Progress and actions taken during implementation stage, the monitoring of the management plan and the reviews are to be documented and reported back to the impacted stakeholders. Reporting back to the affected stakeholders demonstrates commitment and accountability. It also helps in building trust with your stakeholders.

The reporting back must be in forms which are appropriate, understandable and mutually agreed with the affected stakeholders. This can be by way of verbal briefings during meetings, reports and pictures, etc., depending on your stakeholders' preferences.

Draft 2

Chapter 5 – SIA Report

An SIA Report is required as a way of documenting methodology, procedures, and findings of the SIA processes. It is also a form of reporting back to the affected stakeholders. References can be made to it when implementing the agreed enhancement and mitigation measures. The SIA Report is also useful when conducting monitoring and review. Therefore, it is important to ensure the incorporation of all important information into the SIA Report.

5.1 Contents of an SIA Report

Taking cognisance of the wide range of oil palm operators in the country, this Guideline recommends that the contents and write-up of an SIA Report be tailored according to following categories:

Category 1 - Large-scale plantations, oil palm mills and refineries (Part 3-2, Part 4-1 and Part 4-2)

Category 2 – Medium-scale plantations (Part 3-1)

Category 3 – Organised smallholders and dealers (Part 2-2 and Part 4-3)

Category 4 – Independent smallholders (Part 2-1)

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TABLE 16 – SUGGESTED CONTENTS OF AN SIA REPORT FOR CATEGORY 1: LARGE-SCALE PLANTATIONS, OIL PALM MILLS AND REFINERIES

Chapters	Explanation
General introduction to the operation site	1. Describe the location, size, and type of operational activities. 2. Land title. 3. What was the previous land use? 4. Describe the surrounding landscape, topography and geographical terrain. Is the terrain flat, hilly and undulating? Are there any rivers or streams flowing inside your land? 5. Are you located within an industrial zone, near villages or indigenous community settlements? If you are located near villages or indigenous community settlements, does the river/stream flow through any villages/settlements? 6. How long have you been operational, or are you about to commence operations (land clearing, construction, and planting?) 7. If you haven't started operations, when do you plan to start? 8. Describe the adjacent communities and nearby entities. How many villages are nearby and what is their distance to your operations? What is the population size, community's main source of income and available infrastructure? 9. If possible, include maps and pictures.
Description of the manpower and operation	1. Describe your manpower profile - their different job specifications, countries of origin, gender breakdown, how were they sourced (via local/foreign agents, walk-ins, etc). 2. Are you planning for a larger manpower? If so, by how many? 3. Describe the amenities and benefits provided to your employees. 4. Anticipated timeframe for operation in terms of years. 5. Licenses and permits to operate.
Description of stakeholders and the consultation process	1. Describe the scoping assessment carried out, if any. What were the findings? 2. Describe the socio-economic baseline data. 3. Describe all stakeholders in general – their activities, location, interest or influence in your operations. 4. Do they use your area to gain access to their properties, villages, or other daily needs? 5. Describe the sampling method used in stakeholder selection and identification. 6. How many stakeholders were consulted, and which categories were they from? 7. If you consulted the representatives, describe how they were identified. 8. What was the method of consultation adopted? 9. Describe the profile of the stakeholders you consulted. What are they interests in your operation? 10. If some of them were not consulted, explain why. 11. Describe the briefings given during the stakeholder consultation process. 12. How many meetings were conducted with the stakeholders? 13. Was food security considered? What were the findings on food security?

SIA findings	1. Describe the social impacts and how were they identified 2. Describe the impacted stakeholders and how were they impacted
Mitigation measures	1. What were the mitigation measures identified to address the impacts? 2. How were the mitigation measures identified? Who decided on what mitigation measures to take?
Management Plan	1. How was the Management Plan developed and who participated in the development? 2. Attach the Management Plan to the SIA Report. 3. This Management Plan should contain all social impacts identified, identified enhancement and mitigation measures, person in charge, timeframe for implementation and Management Plan review date.
Others	1. Attach stakeholder consultation attendance sheets 2. Attach discussion notes containing salient points raised by stakeholders during the discussion and company's responses. 3. Attach pictures, if any.

TABLE 17 - SUGGESTED CONTENTS OF AN SIA REPORT FOR CATEGORY 2: MEDIUM-SCALE PLANTATIONS

Chapters	Explanation
General introduction to the operation site	1. Describe the location, size, and type of operational activities. 2. Land title. 3. Are there any rivers or streams flowing inside your land? 4. If you are located near villages or indigenous community settlements, does the river/stream flow through any villages/settlements? 5. Briefly describe the neighbouring communities. 6. How many villages are nearby and what is their distance to your operations? 7. If possible, include maps and pictures.
Description of the operation	1. Describe total manpower, or required manpower. 2. Anticipated timeframe for operation in terms of years. 3. Licenses and permits to operate.
Description of stakeholders and the consultation process	1. Describe the scoping assessment carried out, if any. What were the findings? 2. Describe all stakeholders in general – their activities, location, interest or influence in your operations. 3. Do they use your area to gain access to their properties, villages, or other daily needs? 4. Describe the sampling method used in stakeholder selection and identification. 5. How many stakeholders were consulted, and which categories were they from? 6. If you consulted the representatives, describe how they were identified.

	7. Describe the profile of the stakeholders you consulted. What are they interests in your operation? 8. Describe the briefings given during the stakeholder consultation process. 9. How many meetings were conducted with the stakeholders? 10. Was food security considered? What were the findings on food security?
SIA findings	1. Describe the social impacts and how were they identified 2. Describe the impacted stakeholders and how were they impacted
Mitigation measures	1. What were the mitigation measures identified to address the impacts? 2. How were the mitigation measures identified? Who decided on what mitigation measures to take?
Management Plan	1. How was the Management Plan developed and who participated in the development? 2. Attach the Management Plan to the SIA Report. 3. This Management Plan should contain all social impacts identified, identified enhancement and mitigation measures, person in charge, timeframe for implementation and Management Plan review date.
Others	1. Attach stakeholder consultation attendance sheets 2. Attach discussion notes containing salient points raised by stakeholders during the discussion and company's responses. 3. Attach pictures, if any.

TABLE 18 - SUGGESTED CONTENTS OF AN SIA REPORT FOR CATEGORY 3: ORGANISED SMALLHOLDERS AND DEALERS

Chapters	Explanation
General introduction to the operation site	1. Describe the location, size, and type of operational activities. 2. Land title. 3. Are there any rivers or streams flowing inside your land? 4. If you are located near villages or indigenous community settlements, does the river/stream flow through any villages/settlements? 5. Briefly describe the neighbouring communities. 6. How many villages are nearby and what is their distance to your operations? 7. If possible, include maps and pictures.
Description of the operation	1. Describe total manpower, or required manpower. 2. Anticipated timeframe for operation in terms of years. 3. Licenses and permits to operate.

Description of stakeholders and the consultation process	1. Describe the scoping assessment carried out, if any. What were the findings? 2. Describe all stakeholders in general – their activities, location, interest or influence in your operations. 3. Do they use your area to gain access to their properties, villages, or other daily needs? 4. Describe the sampling method used in stakeholder selection and identification. 5. How many stakeholders were consulted, and which categories were they from? 6. If you consulted the representatives, describe how they were identified. 7. Describe the profile of the stakeholders you consulted. What are they interests in your operation? 8. Describe the briefings given during the stakeholder consultation process. 9. How many meetings were conducted with the stakeholders? 10. Was food security considered? What were the findings on food security?
SIA findings	1. Describe the social impacts and how were they identified 2. Describe the impacted stakeholders and how were they impacted
Mitigation measures	1. What were the mitigation measures identified to address the impacts? 2. How were the mitigation measures identified? Who decided on what mitigation measures to take?
Management Plan	1. How was the Management Plan developed and who participated in the development? 2. Attach the Management Plan to the SIA Report. 3. This Management Plan should contain all social impacts identified, identified enhancement and mitigation measures, person in charge, timeframe for implementation and Management Plan review date.
Others	1. Attach stakeholder consultation attendance sheets 2. Attach discussion notes containing salient points raised by stakeholders during the discussion and company's responses. 3. Attach pictures, if any.

TABLE 19 - SUGGESTED CONTENTS OF AN SIA REPORT FOR CATEGORY 4: INDEPENDENT SMALLHOLDERS

Chapters	Explanation
General introduction to the operation site	1. Describe the location and size 2. Are there any rivers or streams flowing inside your land? Where does it flow. 3. Land title.
Description of the operation	4. Who does the harvesting and maintenance? 5. If you have employees, how many are they, where are they from?. 6. Do they have contracts with you? 7. What are their working hours.

	8. How are their wages calculated? 9. What are benefits given to employees (PPE? Housing? Etc) 10. Do you provide training to your employees on safety?, 11. Licenses and permits to operate.
Description of stakeholders and the consultation process	1. What are the issues with your neighbours related to your smallholding, if any. 2. Are the issues resolved? 3. If yes, describe how the issues were resolved. If not, how do you plan to remedy it.

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Chapter 6 – Challenges

Below are some of the challenges that you may face when conducting an SIA, and possible solutions to overcome them.

1. Hostility and unwillingness to participate in consultations.
   Some stakeholders are not willing to participate and provide any feedback due to previous unpleasant encounters or interactions with other parties. Some are also skeptical and view outsiders as encroachers, disruptors to their daily routine, or land grabbers. In such situations, it may be worthwhile to involve a trusted third-party e.g., an NGO, CBO or individual to play the role of a mediator.

2. Unknowingly missing out on relevant stakeholders.
   This could happen when there are remote communities involved coupled with insufficient research and fact-finding. Background reading, in-depth fact-finding and consultations with relevant government agencies or NGOs might address this challenge.

3. Not getting enough valuable information.
   This might happen when the stakeholders don't attend stakeholder meetings, or send a representative who is unable to provide any meaningful inputs. This could be addressed by following-up with the relevant stakeholders either by phone or face-to-face meetings for a proper and meaningful consultation.

4. Confusing between social impacts arising from your operations, or those which are unrelated. There could be numerous social issues faced by the local communities. However, not all of them are the result of your operational activities. For example, a group of villagers who have no access to potable water in the village have been relying on rain water for supply even before your operations commenced. This would not be considered an SIA-related issue for you to solve. However, assistance may be rendered as part of your company's CSR.

5. Not having a competent person to conduct the SIA. A competent person would be someone who is well-versed with the principles and concept of an SIA, able to interact effectively with the affected stakeholders, preferably speaks the local language and familiar with local culture. Providing training, capacity building and guidance on how to conduct SIA from project conception would be helpful.

6. Stakeholder consultation and the processes involved in an SIA is a big commitment and undertaking. Ideally, there should be a dedicated team to deal with these issues. Some companies do not have sufficient manpower and would have to consider recruiting a dedicated team of personnel specifically for this.

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7. The costs involved in addressing the social issues may be substantial and can eat up into a tight budget. It is therefore important that the SIA be conducted before any work onsite commences. This would allow you to understand the potential social impacts that may arise as a result of your operations and apply for the necessary budget to manage the same.

Draft 2

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Appendices

1. Appendix 1 - Summary of SIA process flow
2. Appendix 2 - SIA checklist

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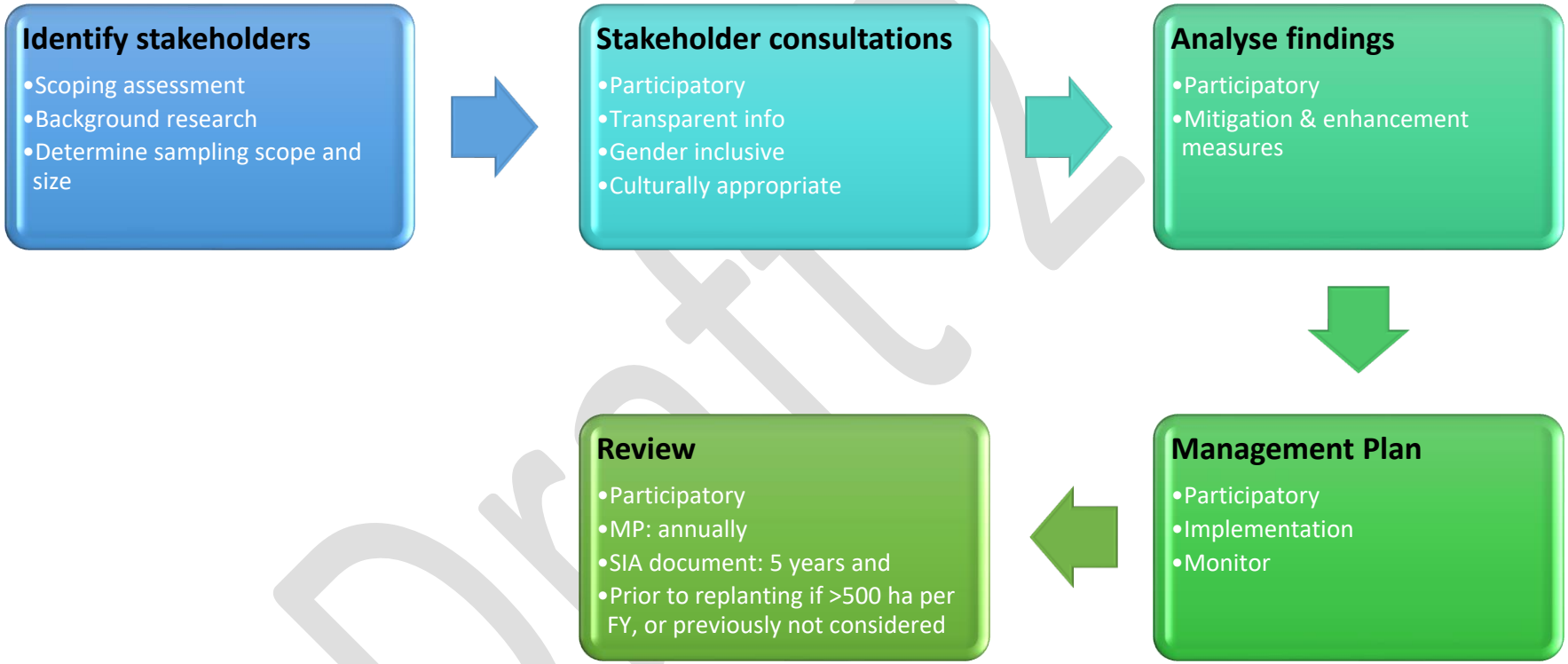
Appendix 1 – Summary of SIA process flow



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SIA Checklist

Scoping assessment (Refer to Section 3.2)

- ☐ 1. Study map of the area
- ☐ 2. Review relevant literature
- ☐ 3. Carry out field visit
- ☐ 4. Compile info and prepare for SIA.

Prior to stakeholder consultation

- ☐ 1. Socio-economic baseline data
- ☐ 2. Determine sampling scope and size (Refer to Section 2.14)
- ☐ 3. If meeting representatives, determine their legitimacy
- ☐ 4. Coordinate with stakeholders on suitable venue and date
- ☐ 5. Ensure formalities are compiled with such as
  - ☐ a. Formal notifications
  - ☐ b. Approval letters/permits
  - ☐ c. Vaccination requirements

Stakeholder consultations (Sections 2.11.3 and 3.3.1)

- ☐ 1. Ensure adequate sampling (Refer to Section 2.14)
- ☐ 2. Briefing on operational activities
- ☐ 3. Discuss possible social impacts (both positive and negative)
- ☐ 4. Assess issues related to food security (Refer to Section 2.17)
- ☐ 5. Do not hurry the process. Arrange for follow-up consultations.

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Post stakeholder consultations (Section 3.3.2)

- ☐ **1.** Analyse data together with impacted stakeholders
- ☐ **2.** Incorporate identified enhancement and mitigation measures into the Management Plan (Refer to Section 3.5)
- ☐ **3.** Agree with your stakeholders and draw up an Implementation Document (Refer to Section 4.1)
- ☐ **4.** Annual review of Management Plan/Operations Procedures (Refer to Section 4.3)
- ☐ **5.** 5-year review of SIA (Refer to Section 4.3)
- ☐ **6.** Review of SIA prior to replanting (Refer to Section 4.3)

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