



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

File Ref.: EH04760003

RSPO PUBLIC SUMMARY REPORT

CLIENT : HAP SENG PLANTATIONS (RIVER ESTATES) SDN BHD

PARENT COMPANY : HAP SENG PLANTATIONS HOLDINGS BHD

RSPO MEMBERSHIP NO.: 1-0098-11-000-00

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

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Tomanggong CU	Tomanggong POM	5°25' 38.3" N	118°39' 33.5" E	Off 80 KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia.
	Tomanggong Estate	5°24' 01.9" N	118°39' 51.7" E	
	Tagas Estate	5°21' 47.3" N	118°38' 14.2" E	
	Litang Estate	5°19' 31.6" N	118°34' 28.3" E	

MAP : See Attachment 1

AUDIT DATE : 07-10/11/2017

DURATION : 12 auditor days

TYPE OF AUDIT : Annual Surveillance Audit No. 3 Recertification Audit

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

SCOPE OF CERTIFICATION: Production of Crude Palm Oil and Palm Kernel Using Mass Balance Supply Chain Model

VALIDITY OF RSPO CERTIFICATE : 09/01/2015-08/01/2020

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

Report by Audit Team Leader

Acknowledgement by Client's Representative

Name : Rozaimée Ab Rahman

Name : *KEE KEOW CHONG*

Signature :

Signature :

Date : 13/02/2018

Date : *21.2.18*

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF AUDITS

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

Annual Surveillance Audit 1				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator:		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

Annual Surveillance Audit 2				
On-site audit date :	22-25/11/16	No. of auditor days :	12	
Audit team :	Hazani Othman, Mohd. Zulfakar Kamaruzaman, Mohd Norddin bin Abd. Jalil			
No. of major NCR :	7	Indicator: E4.1, 2.1.1, 4.6.5, 4.7.2, 4.7.3, 6.1.3, 6.5.2	Closing date: 25/1/2017	
No. of minor NCR :	5	Indicator: 4.1.2, 4.6.9, 4.7.5, 4.8.2, 6.9.3		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	X			X
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
		X		
Supply base sampled :	Litang and Tagas Estates			
Changes since the last audit :	New Manager in Tagas Estate. Tagas Estate: Built new 8 housing blocks (1 block = 2 house units). Litang Estate: New house under construction.			

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF AUDIT

Annual Surveillance Audit 3				
On-site audit date :	7-10/11/2017		No. of auditor days :	12 Days
Audit team :	Rozaimée Ab Rahman, Mohd Zulfakar Kamaruzaman, Abdul Raof Asis			
No. of major NCR :	1	5.2.2	Closing date: 8/01/2018	
No. of minor NCR :	-	Indicator: -		
Indicate by ticking the stakeholders interviewed during the on-site audit	Employees	Settlers	Villagers	Suppliers
	X			X
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
		X		
Supply base sampled :	Tomanggong POM, Tomanggong Estate, Litang Estate			
Changes since the last audit :	No change.			
Report approved by :	Radziah Mohd Daud		Approval date : 13/02/2018	

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

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF INFORMATION

TABLE 1

TYPE OF AUDIT	STAGE 2 / RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period			Nov 2016 – Oct 2017	Nov 2017 – Oct 2018	
Certified Area (Ha)			7,515.73	7,515.73	
Planted Area(Ha)			6,900.70	6,900.70	
Production Area(Ha)			5,866.20	5,877.10	
HCV Area (Ha)			125.64	125.64	
Certified FFB Processed (MT)			129,730.00	139,295.00	
Production of Certified CPO (MT)			29,579.00	31,439.00	
Production of Certified PK (MT)			5,835.00	6,282.00	
REMARKS			-	-	

TABLE 2

	CPO	PK
Last years certified volume (MT)	29,579.00	5,835.00
Last years actual certified sold (MT)	0.00	474.16
Last years actual sold under other schemes (MT)	0.00	0.00
Last years sold conventional (MT)	26,674.75	4,570.37
New year certified volume (MT)	31,439.00	6,282.00

RSPO PUBLIC SUMMARY REPORT

Table of contents	Page
1.0 AUDIT PROCESS	6
1.1 Certification body	6
1.2 Qualification of audit team	6
1.3 Audit methodology	7
1.4 Stakeholder Consultation	7
1.5 Audit plan	7
1.6 Date of next audit	7
2.0 SCOPE OF CERTIFICATION AUDIT	7
2.1 Description of the certification unit	7
2.2 Description of the Supply Base (including planting profile)	8
2.3 Organization Information / Contact Person(s)	12
3.0 AUDIT FINDINGS	12
3.1 Changes to certified products in accordance to the production of the previous year	12
3.2 Time bound plans including changes and reasons for the changes see below	12
3.3 Overall comment in terms of acceptance or non-acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed)	13
3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, are audited within 3 years from when their fruit was first included in the mill certification.	13
3.5 Any new acquisition which has replaced primary forests or HCV areas	13
3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)	13
3.7 Status of previous non-conformities * (refer to Attachment 6)	13
3.8 Complaint received from stakeholder (if any)	13
4.0 DETAILS OF NON-CONFORMITY REPORT	13
4.1 For P&C (Details checklist refer to Attachment 3)	13
4.2 For SC (Details checklist refer to Attachment 5)	13
5.0 AUDIT CONCLUSION	14
6.0 RECOMMENDATION	14

List of Attachments

Attachment 1 : Map of Tomanggong CU	15
Attachment 2 : RSPO Surveillance Audit Plan	16
Attachment 3 : RSPO P&C Audit Checklist And Findings	23
Attachment 4 : Details of Non-conformities and Corrective Actions Taken	52
Attachment 5 : RSPO Supply Chain at the palm oil mill – Identity Preserved model – Module D	53
Attachment 6 : Status of Non-conformities Previously Identified	56
Attachment 7 : Time-bound Plan	61

RSPO PUBLIC SUMMARY REPORT

1.0 AUDIT PROCESS

1.1 Certification Body

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

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

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Rozaimie Ab. Rahman	Auditor Team Leader / Environment and occupational health and safety	Holds a B. Sc. Of Agriculture. He had several years of working experience in the oil palm operation. He is a qualified auditor for RSPO P&C.
Mohd Zulfakar Kamaruzaman	Auditor / Supply chain, social and SCS.	Holds a B. Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation.
Mohd Ab Raof Bin Asis	Auditor Good Agricultural Practices (GAP) and Safety	Holds a Bachelor Management Technology from the University Tun Hussein Onn Malaysia, He had 7 years of working experience in the oil palm operation.

RSPO PUBLIC SUMMARY REPORT

1.3 Audit methodology

The audit covered the Tomanggong palm oil mill and Litang and Tomanggong Estates of Tomanggong CU supply bases. The sampling of the number of the supply base was using the formula of $0.8\sqrt{y}$. The audit included an on-site audit to the estates, mill, linesites, amenities and facilities to verify the implementation of the requirement of the certification. Interviews with the CU's management, employees, contractors and other relevant stakeholders were also conducted during the audit.

1.4 Stakeholder Consultation

Stakeholder consultation was carried out during the on-site audit. In general, there was no negative comments made against this Certification Unit.

1.5 Audit plan:

Refer to Attachment 2.

1.6 Date of next audit:

The next surveillance audit will be conducted within 12 months but not sooner than 8 months from this audit.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

The Tomanggong Certification Unit (Tomanggong CU) is under the Hap Seng Plantations (River Estates) Sdn Bhd. which is a subsidiary of Hap Seng Plantations Holdings Bhd (HSPHB). The CU is located at Ladang Tomanggong Off 80 KM, Jalan Lahad Datu-Sandakan, Kinabatangan, Sabah, Malaysia. The Tomanggong CU consists of Tomanggong Palm Oil Mill (POM) and five supply base, namely the Tomanggong Estate, Litang Estate, Tabin Estate, Tagas Estate and Northbank.Estate. However, due to issues in the new planting procedure at Tabin Estate and Northbank Estate, the management of Tomanggong CU with the consent of RSPO had decided to exclude both estates during the stage 2 audit. A time bound plan had been established to include these two estates in the certification. The milling capacity of Tomanggong POM is 45 mt/hr.

RSPO PUBLIC SUMMARY REPORT

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

The FFB is sourced from company owned estates of Tomanggong CU and independent suppliers, Northbank Estate and Tabin Estate are still in the progress to be certified.

Details of the FFB actual and projected contribution from each source to the mill are shown in the following tables.

Table 1: Actual FFB production by the supply base for the last reporting period (Nov 2016-Oct 2017)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Tomanggong	2,537.27	24	SIRIM
Tagas	4,225.38	39	SIRIM
Litang	3,990.35	37	SIRIM
Total	10,753.00	100	SIRIM
NorthBank	52,301.41	48	Not certified
Tabin	28,536.81	26	Not certified
Outside Crop	27,500.17	25	Not certified
Total Non-certified	108,338.39	100	Not certified

RSPO PUBLIC SUMMARY REPORT

Table 2: Projected FFB production by the supply base for the next reporting period (Nov2017 – Oct 2018)

Estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Tomanggong	37,300.00	27	SIRIM
Tagas	50,695.00	36	SIRIM
Litang	51,300.00	37	SIRIM
Total	139,295.00	100%	SIRIM
NorthBank	61,100.00	44	Not certified
Tabin	41,804.00	30	Not certified
Outside Crop	35,314.00	26	Not certified
Total Non certified	104,256.00	100%	Not certified

Table 3: Actual CPO and PK tonnage for the last reporting period (Nov 2016 – Oct 2017)

	Total (MT)
FFB Received	119,091.39
FFB Processed	119,091.39
Certified FFB	10,753.00
Non Certified FFB	108,338.39
CPO Production	26,674.75
PK Production	5,044.53
CPO delivered as mass balance	-
CPO delivered as non-RSPO certified	26,674.75
PK delivered as mass balance	474.16
PK delivered as non-RSPO certified	4,570.37

RSPO PUBLIC SUMMARY REPORT

Table 4: Projected CPO and PK tonnage for the next reporting period (Nov 2017 – Oct 2018)

	Estimated production Total (MT) Nov 2017 – Oct 2018
FFB Received	277,513.00
FFB Processed	277,513.00
Certified FFB	139,295.00
Non Certified FFB	138,218.00
CPO Production	62,641.00
PK Production	12,506.00
CPO delivered as mass balance	31,439.00
CPO delivered as non-RSPO certified	31,202.00
PK delivered as mass balance	6,282.00
PK delivered as non-RSPO certified	6,224.00

Table 5: Planted and certified area of the Tomanggong CU

Estate	Planted (ha)	Certified (ha)
Tomanggong	2,407.00	2,654.80
Tagas	2,019.00	2,212.33
Litang	2,474.70	2,648.60
Total	6,900.79	7,515.73

RSPO PUBLIC SUMMARY REPORT

Table 6: Planting profile for Tomanggong Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994	2 nd	Mature	324.50	13.48
1996	2 nd	Mature	348.50	14.48
1997	2 nd	Mature	101.00	4.20
1998	1 st	Mature	401.50	16.68
2014	3 rd	Mature	393.20	16.34
2015	3 rd	Immature	143.00	5.94
2016	3 rd	Immature	352.00	14.62
2017	3 rd	Immature	343.30	14.26
Total			2,407.00	100

Table 7: Planting profile for Tagas Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1994	1 st	Mature	189.00	9.36
1997	2 nd	Mature	185.00	9.16
2000	2 nd	Mature	668.00	33.09
2001	2 nd	Mature	414.00	20.51
2004	2 nd	Mature	234.50	11.61
2006	2 nd	Mature	328.50	16.27
Total			2,019.00	100

Table 8: Planting profile for Litang Estate

Year of planting	Planting cycle (1st, 2nd, 3rd, etc. Generation)	Mature / Immature	Planted area (ha)	Percentage of planted area (%)
1993	1 st	Mature	614.50	24.83
1994	1 st	Mature	397.90	16.08
1997	1 st	Mature	321.50	12.99
2011	2 nd	Mature	236.00	9.54
2012	2 nd	Mature	719.50	29.07
2015	2 nd	Immature	146.30	5.91
2017	2 nd	Immature	39.00	1.58
Total			2,474.70	100

RSPO PUBLIC SUMMARY REPORT

2.3 Organizational Information/Contact Person

The details of the contact person is as shown below:

Name	:	Kee Keow Chong
Position	:	General Manager - Agronomy
Address	:	Hap Seng Plantations (River Estates) Sdn. Bhd. Batu 2, Jalan Kastam Baru, 91119 Lahad Datu, Sabah, Malaysia.
Phone no.	:	089-278183 /0195532412
Fax no.	:	089 278168 / 089 278186
Email	:	keekc@hapseng.com.my / thomds@hapseng.com.my

3.0 AUDIT FINDING

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

There was no change to the certified products since last assessment.

3.2 Progress and changes in time bound plan (Refer to Attachment 7 for the time bound plan)

- i. Have all the estates under the parent company been certified? Yes No

If no, comments on the organization's compliance with the RSPO partial certification rules:

Internal Assessment dated in 25 April 2017 was conducted based on RSPO Partial Certification Requirements. No significant non-compliance was observed by the organization. It has been noted that HSP was progressively undergoing the RSPO Certification process towards 100% RSPO certification of their estates/mills. HCV Assessment at Northbank and Tabin Estate has been conducted in year 2013 and completed the report on 20th November 2013. Northbank and Tabin Estate are currently undergone Remediation and Compensation Procedure (RaCP). The required LUCA data was submitted and has passed by the compensation panel. The company has already provided the Concept Note for review by RSPO.

- ii. Are there any changes to the organization's time bound plan? Yes No

If yes, comment in terms of acceptance or non-acceptance on the changes in the time-bound plan?

N/A

RSPO PUBLIC SUMMARY REPORT

iii.	Are there associated smallholders (including scheme smallholders) in the CU	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
	If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification?	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
	If no, please state reasons <u>Not applicable. There is no associated smallholders supplying FFB to the CU.</u>				
iv.	Any new acquisition which has replaced primary forests or HCV areas	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No
	N/A				
3.3	Other changes (e.g. organizational structure, new contact person, addresses, etc.)				
	N/A				
3.4	Status of previous non-conformities *	<input checked="" type="checkbox"/>	Closed	<input type="checkbox"/>	Not closed*
	<i>* If not closed, minor non conformity will be upgraded to major non conformity</i>				
3.5.	Complaint received from stakeholder (if any)				
	No complaints from stakeholders were observed.				

4.0 DETAILS OF NON-CONFORMITY REPORT

4.1	For P&C (Details checklist refer to Attachment 3) :				
	Total no. of minor NCR(s) (details refer to Attachment 4)	List :	NIL		
	Total no. of major NCR(s) (details refer to Attachment 4)	List :	1	RR	01
4.2	For SC (Details checklist refer to Attachment 5) :				
	Total no. of minor NCR(s) (details refer to Attachment 5)	List :	-	N/A	
	Total no. of major NCR(s) (details refer to Attachment 5)	List :	-	N/A	

RSPO PUBLIC SUMMARY REPORT

5.0 AUDIT CONCLUSION

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

6.0 RECOMMENDATION

No NCR recorded. Recommended to continue certification.

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

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

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

Recommended to continue certification.

Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s) which have not been satisfactorily closed out within 90 days of the audit. Recommended for suspension of the certificate.

Note: Major NCRs which are not addressed within a further 90 days shall result in the certificate being withdrawn.

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

Audit Team Leader : ROZAIMEE BIN AB RAHMAN

(Name)

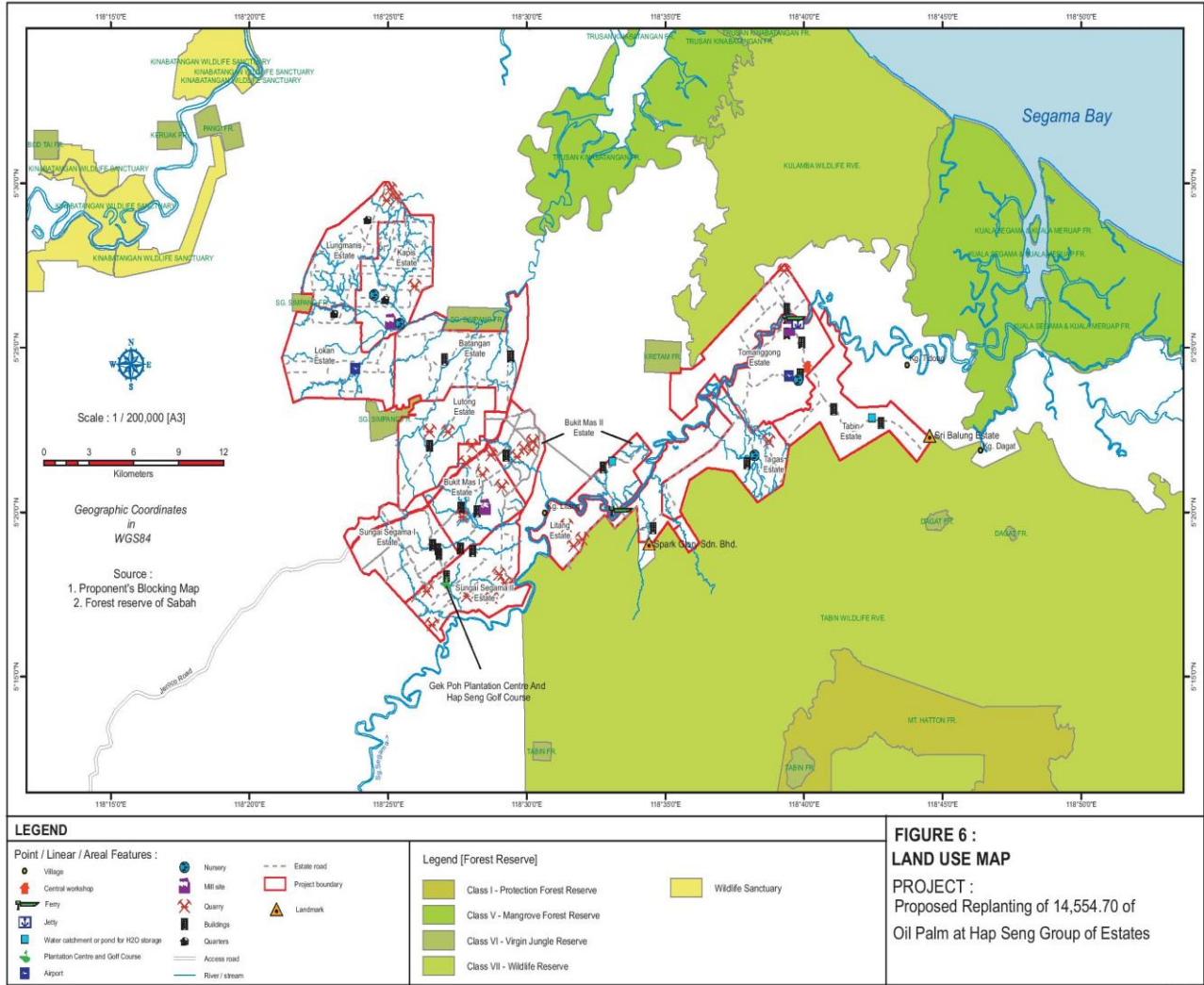


(Signature)

8/01/2018

(Date)

Map of Tomanggong CU under Hap Seng Group of Estates



RSPO PUBLIC SUMMARY REPORT

SURVEILLANCE 3 AUDIT PLAN

1. Objectives

The objectives of the audit are as follows:

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

2. **Date of assessment** : 7 - 10 November 2017

3. **Site of assessment** : Tomanggong Certification Unit

- Tomanggong Palm Oil Mill
- Tomanggong Estate
- Litang Estate

4. Reference Standard :

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

5. Assessment Team

Assessor: Rozaimée Bin Ab Rahman (Env, Safety)
Mohd Zulfakar Kamaruzaman (HCV, Social, SCCS)
Mohd Ab Raouf Bin Asis (GAP, Safety)

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

7. Audit Method

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

8. Audit Findings

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

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

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

9. Confidentiality Requirements

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

RSPO PUBLIC SUMMARY REPORT

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

11. **Reporting**

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

12. **Facilities Required**

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

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

RSPO PUBLIC SUMMARY REPORT

Day 1: 7 November 2017 (Tuesday)

Time	Activities / areas to be visited	Auditee						
8.30 – 9.00 am	<u>Opening Meeting at Tomanggong Palm Oil Mill</u> Lead Auditor to introduce audit team member, brief on audit objectives, scope, methodology, criteria and programmes.							
9.00 – 9.30 am	Organization representative to brief on the following: 1) RSPO implementation at Tomanggong CU (i.e. mill & supply base) including changes 2) Time bound plan for Hap Seng Plantations (River Estates) Sdn Bhd 3) Significant changes on organization activities, machinery, supply bases capacity etc.	Management Representative						
9.30 - 1.00 pm	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: center;">Rozaimée</th> <th style="width: 33%; text-align: center;">Mohd Ab Raouf</th> <th style="width: 33%; text-align: center;">Zulfakar</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> <u>Tomanggong Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • witness activities at site (weeding/ spraying, etc) • Interview with workers and contractors • Environmental management – witness activities at site • Waste & chemical management • Chemical store/fertilizer implementation, training and safe use of agro-chemicals. • Continuous improvement • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors. </td> <td style="vertical-align: top;"> <u>Litang Estate</u> Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Interview with FFB supplies and other supplies • Interviews with estate workers • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Training and skill development programmes. • Continuous improvement • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc • EFB mulching, POME application. • Commitment to long-term economic and financial viability. • Plantation on hilly/swampy area • New planting </td> <td style="vertical-align: top;"> <u>Litang Estate</u> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check pay slip, Contract Agreement • Check Sundry Shop • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighboring land use • Riparian zone </td> </tr> </tbody> </table>	Rozaimée	Mohd Ab Raouf	Zulfakar	<u>Tomanggong Estate</u> Coverage of assessment: P1, P2, P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • witness activities at site (weeding/ spraying, etc) • Interview with workers and contractors • Environmental management – witness activities at site • Waste & chemical management • Chemical store/fertilizer implementation, training and safe use of agro-chemicals. • Continuous improvement • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors. 	<u>Litang Estate</u> Coverage of assessment: P1, P2, P3,P4, P5, P7, P8 <ul style="list-style-type: none"> • Laws and regulations • Interview with FFB supplies and other supplies • Interviews with estate workers • Facilities at workplace • Occupational safety & health practice – witness activities at site • Interview with workers, safety committee and contractors • Training and skill development programmes. • Continuous improvement • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc • EFB mulching, POME application. • Commitment to long-term economic and financial viability. • Plantation on hilly/swampy area • New planting 	<u>Litang Estate</u> Coverage of assessment: P1, P2, P4, P5, P6, P8 <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation • Complaints and grievances • Consultation with relevant government agencies • Interview workers, Contractors, gender committee, local communities and stakeholders • Check pay slip, Contract Agreement • Check Sundry Shop • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighboring land use • Riparian zone 	Guide(s) for each assessor.
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RSPO PUBLIC SUMMARY REPORT

	<ul style="list-style-type: none"> • Training and skill development programmes. • Continuous improvement 		<ul style="list-style-type: none"> • Continuous improvement 	
1.00 – 2.00 pm	LUNCH BREAK			All
2.00 – 4.30 pm	Continue assessment	Continue assessment	Continue assessment	Guide(s) for each auditor
4.30.- 5.00 pm	Audit team discussion / End of Day 1 audit			

Day 2: 8 November 2017 (Wednesday)

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

RSPO PUBLIC SUMMARY REPORT

	<ul style="list-style-type: none"> • Training and skill development programmes. 		<ul style="list-style-type: none"> • Continuous improvement 	
1.00 – 2.00 pm	LUNCH BREAK			All
2.00 – 4.30 pm	<p style="text-align: center;"><u>Litang Estate</u></p> <p>coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • witness activities at site (weeding/ spraying, etc) • Interview with workers and contractors • Environmental management – witness activities at site • Waste & chemical management • Chemical store/fertilizer 	Continue assessment	Continue assessment	Guide(s) for each auditor
4.30.- 5.00 pm	Audit team discussion / End of Day 2 audit			

Day 3: 9 November 2017 (Thursday)

Time	Activities / areas to be visited			Auditee
8.30 - 1.00 pm	Rozaimiee	Mohd Ab Raouf	Zulfakar	
	<p style="text-align: center;"><u>Litang Estate</u></p> <p>Continue coverage of assessment: P1, P2, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • implementation, training and safe use of agro-chemicals. • Continuous improvement 	<p style="text-align: center;"><u>Tomanggong estate</u></p> <p>Coverage of assessment: P1, P2, P3, P4, P5, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Interview with FFB supplies and other supplies • Interviews with estate workers • Facilities at workplace 	<p style="text-align: center;"><u>Tomanggong POM</u></p> <p>Coverage of assessment: P1, P2, P4, P5, P6, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Land titles user rights • Social Impact Assessment (SIA), management plan & implementation 	Guide(s) for each assessor.

RSPO PUBLIC SUMMARY REPORT

	<ul style="list-style-type: none"> Occupational safety & health practice – witness activities at site Interview with workers, safety committee and contractors. Training and skill development programmes. 	<ul style="list-style-type: none"> Occupational safety & health practice – witness activities at site Interview with workers, safety committee and contractors Training and skill development programmes. Continuous improvement Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) EFB mulching, POME application. Commitment to long-term economic and financial viability. Plantation on hilly/swampy area New planting 	<ul style="list-style-type: none"> Complaints and grievances Consultation with relevant government agencies Interview workers, Contractors, gender committee, local communities and stakeholders Check pay slip, Contract Agreement Check Sundry Shop Inspection of protected sites with HCV attributes Forested area, plantation boundary, adjacent and neighboring land use Riparian zone Continuous improvement 	
1.00 – 2.00 pm	LUNCH BREAK			All
2.00 – 4.30 pm	<p style="text-align: center;"><u>Tomanggong POM</u></p> <p>coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> Laws and regulations witness activities at site (lab/ boiler, etc) Interview with workers and contractors Environmental management – witness activities at site Waste & chemical management Chemical store/fertilizer 	Continue assessment	Continue assessment	Guide(s) for each assessor.
4.30.- 5.00 pm	Audit team discussion / End of Day 3 audit			

RSPO PUBLIC SUMMARY REPORT

Day 4: 10 November 2017 (Friday)

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

RSPO PUBLIC SUMMARY REPORT

Attachment 3

RSPO P&C AUDIT CHECKLIST AND FINDINGS

Principle 1: COMMITMENT TO TRANSPARENCY

Clause	Indicators	Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1 There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	YES	Tomanggong CU had continued to implement the communication procedure as had been described and established for estates and mill. At the point of audit, there was no request for information from the stakeholders received by the CU. The CU also has established mechanism to channel such queries through regular meetings with workers. Various issues and complaints were heard by the management and decisions made for subsequent action. Procedure on communication which was updated in November 2012 is available, i.e. Document No.: HSPSB P1 1120 (c) entitled " <i>Procedure Memohon Maklumat</i> " (Request for Information Procedure). The procedure provided a form to be filled up by any stakeholder who has interest to request any information pertaining to Principle 1. The procedure also allows request through verbal or in writing. Review of records during this audit revealed that since the last audit, there was no request for such information by stakeholders. HSPHB has a website, http://www.hapsengplantations.com.my/index.php which contains brief information about the company's structure, corporate profile, vision and mission, the business they were involved, financial and estates profiles information to name a few.
	1.1.2 Records of requests for information and responses shall be maintained. Major Compliance	YES	The estates had identified personnel responsible for complaints. Records of communication were identified and maintained. The internal communication recorded in the 'buku aduan'. Review of this record showed that the requests from internal stakeholders were mainly concerning repairs of employee housing. For external communication, minutes of meetings and 'buku aduan' (for complaint) were maintained. Review of official communication records, including response, found that it has been adequately maintained in the communication file.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1 Land titles/user rights (Criterion 2.2);	YES	The right to use the land at Tomanggong CU can be demonstrated and not disputed by any party. Assessor sighted that there were clear land ownership documents.
	Occupational health and safety plans	YES	Occupational Health & Safety Plan titled 'Occupational Safety & Health Plan 2017' has been established. Indicators set in the plan are being monitored. The audit on the progress monitoring of the programs identified is as in C 4.7 below.
	Plans and impact assessments relating to environmental and social impacts	YES	Environmental and social impact assessment, management action plans, and continuous improvement plan for Tomanggong CU of Estate and mill maintained available by the CU.
	HCV documentation summary	YES	The report of "Potential High Conservation Value Area Assessment Report of Tomanggong CU, Hap Seng Sdn Bhd, Sabah" is available for public but must go through the record request at management and prepared by the Sustainability Executive.
	Pollution prevention and reduction plans	YES	The list of waste generated from estate and mill activities maintained available. All sources of pollution have been identified by management. Mitigation measure and action taken also made available. Among of activities covered include line site, office, drainage, planting, fertilizing, scheduled waste and mill operation.

RSPO PUBLIC SUMMARY REPORT

		Details of complaints and grievances (Criterion 6.3);	YES	The system was open to all aggrieved parties and there is evidence that estate community as well neighbouring community's use of the Grievances Book. The complaints and their outcomes were recorded and filed. Additionally, interested parties/stakeholder can put a complaints/ comment into HSPHB website at http://www.hapsengplantations.com.my/index.php .
		Negotiation procedures (Criterion 6.4);	YES	Management document relating to social observed maintained. However, no case of negotiation observed.
		Continual improvement plans (Criterion 8.1);	YES	Tomanggong CU continued committed to utilize the established system to regularly monitor and review their key activities at the estates, and initiated the relevant action plans for continuous improvement in its key areas of operations on environmental, safety, health and welfare as well as social contribution to workers and community.
		Public summary of certification assessment report;	YES	The public summary was available at website by SIRIM QAS.
		Human Rights Policy (Criterion 6.13).	YES	Human Rights policy was made available at Tomanggong Estate, Tagas Estate, Tomanggong POM. Cross refer Criterion 6.13
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	YES	Tomanggong POM has documented policy to committing on integrity for all their staffs and workers and the CU has communicated the policy to all Staff and Workers during training, also for new staffs and foreign workers during induction course.

Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Clause	Indicators		Comply Yes/No	Findings
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	YES	Generally, Tomanggong CU continued to comply with most of the applicable local, national and ratified international laws and regulations. Relevant licences and permits were verified at CU as follows: <u>Tomanggong POM</u> <ul style="list-style-type: none"> Both MPOB & DOE Written approval valid until June 2018. Monthly Report of 'treated effluent discharge' has been send to 3rd party lab for analysis. Sighted monthly results and all parameters was within the regulatory limit. Quarterly Report submitted to DOE on quarterly basis. The CePPOME competent person was the Mill Manager and he us now in the process of renewing his license. Stack emission monitoring was conducted in June by 3rd party contractor. The average dust load for stack no 1 was below the permitted level. Hence the dust emission of stack no 1 complies with the stipulated in the Env. Quality (Clean Air) Reg. 2014. Summary inventory report has been updated in Oct 2017. Sighted the consignment notes for disposed scheduled wastes in Sept 2017 to licence contractor. The competent person for CePSWaM is the Assistant Mill Manager.

RSPO PUBLIC SUMMARY REPORT

				<p><u>Litang and Tomanggong Estate</u> Relevant licenses and permits were verified at the estates were the MPOB Licenses, Energy Commission and Domestic Trade Ministry for storage of diesel, Licence from Suruhanjaya Tenaga for Tomanggong Estate, Litang Estate and its Ferry operation etc.</p>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	YES	Legal register has been updated by Agronomist department (sustainability team). Latest updated in Apr 2017 was related to Akta Perubatan 1971 and Akta Kemudahan dan Perkhidmatan Jagaan Kesihatan Swasta 1998.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	YES	Tomanggong CU maintained its mechanism for ensuring all the applicable legal requirements are implemented. The mechanism are by; Evaluation of compliance exercise against the legal register by Sustainability Executive, Internal audit on RSPO compliance and Half-yearly Estate Visit Report by plantation advisor.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	YES	The CU maintained documented system for identifying and tracking the updates of the applicable legal requirements through various media such as LawNet, internet, newsletter, etc. The legal register management noted had been update accordingly. All the new amendment of applicable regulations were included in the legal register. Estate Manager, for Tomanggong POM, Litang Estate and Tomanggong Estate was appointed by General Manager, a person in charge of compliance legal requirement.
<p>C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights</p>	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised NCR land) and the actual legal use of the land shall be available. Major Compliance	YES	The right to use the land at Tomanggong CU can be demonstrated and not disputed by any party. Assessor sighted that there were clear land ownership documents. Land titles were and kept in Plantation Central Office, Sg. Segama. Copies of land titles for all estates were sighted. All the estates were under the jurisdiction of Kinabatangan District. Document review shows it was confirmed the terms of the land title for all the estates cultivation of an agricultural crop of economic value have been complied.
	2.2.2	There is evidence that physical markers are located and visibly maintained along the legal boundaries particularly adjacent to state land, NCR land and reserves. Minor Compliance	YES	The perimeter boundary of the estates was visibly maintained by erecting pegs along the boundary, especially the ones that adjacent to state land and Tabin Wildlife forest reserves. During the site review, most of the boundary stones had been located and visibly maintained at Tomanggong Estate and Litang Estate.
	2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with FPIC. Minor Compliance	YES	There was no evidence of land being encumbered by customary rights or disputes from any stakeholder at Tomanggong CU.
	2.2.4	There shall be an absence of significant land conflict, unless	YES	During this surveillance audit, there was no land conflict occurred.

RSPO PUBLIC SUMMARY REPORT

		requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved. Major Compliance		
	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	YES	During this surveillance audit, there was no land conflict occurred.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	YES	Auditor had verified through Stakeholders Meeting and interview with management and other oil palm plantation companies that there was no conflict raised due to violence action taken by Tomanggong CU to maintaining peace and order in their current and planned operations. Tomanggong CU had employed watchmen in order to guard of their workers, staffs, children life, their belongings and companies property.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights shall be developed through participatory mapping involving affected parties. Major Compliance	YES	There was no evidence of land being encumbered by customary rights or disputes from any stakeholder at Tomanggong CU.
	2.3.2	Copies of negotiated agreements detailing the process of FPIC shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken;	YES	There was no evidence of land being encumbered by customary rights or disputes from any stakeholder at Tomanggong CU.

RSPO PUBLIC SUMMARY REPORT

		c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	YES	There was no evidence of land being encumbered by customary rights or disputes from any stakeholder at Tomanggong CU.
	2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. Major Compliance	YES	There was no evidence of land being encumbered by customary rights or disputes from any stakeholder at Tomanggong CU.

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

Clause	Indicators	Comply Yes/No	Findings	
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	YES	All sites visited maintained to have minimum 4 years business plans. At the estates, the budget provisions covered activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance, etc. Attention was given to crop projection, cost of production, cost per ton and per hectare indicators to monitor the performance of each operating unit. The cost of production was reviewed and compared against expenditure each year with projections in place for future years.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	YES	The replanting programmes until 2022 were sighted for both estates. This programme is reviewed once a year and is incorporated in their annual financial budget.

RSPO PUBLIC SUMMARY REPORT

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

Clause	Indicators	Comply Yes/No	Findings
C 4.1 Operating procedures are appropriately documented, consistently implemented and monitored	4.1.1 Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance	YES	Estates in Tomanggong CU continued to use the established manuals i.e. HSPHB's Oil palm Agricultural Policy (OPAP) Manual, Safety Procedure and Accounting and Administrative Procedure (AAP) manual. The Oil Palm Agriculture Policy (OPAP), last revised in Oct 2014 maintained in place for estate operation such as land clearing, field upkeep, pest and disease, FFB harvesting and evacuation, soil conservation and terracing, road construction and maintenance, planting density and replanting. As for mill operation, they had continued to implement SOP that covered aspects related to oil palm processing, boiler operation, effluent treatment plant, laboratory, workshop activity and chemical and waste handling procedures. Documented Safety And Standard Operating Procedure last reviewed in Mar 2017 was available at the office and on site, which covered the safe working practices of all the field operation such as harvesting, manuring, herbicides and pesticides application, workshop, gen-set operation, oil trap, schedule waste store and water treatment. It was noted that the latest update for last year was on landfill and Illegal Hunting.
	4.1.2 A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance	YES	There were mechanism in place to check consistent implementation of procedures. Among the mechanism verified were as follows: Estate Visit Report by Plantation Advisor, Agronomist Report, Internal audit on RSPO compliance and the on site visit.
	4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance	YES	The CU maintained its relevant records of monitoring. In the mill, among monitoring records maintained were related to monitoring of effluent, black smoke, scheduled wastes, processing and production records. As for the estate, among monitoring records maintained were related to Work Program Sheets, Field cost books, Bin cards, Harvesting Intervals, Monthly Estate Report and Account, Monthly Operations, monthly rainfall, pest and diseases monthly return, agrochemical monthly consumption and monthly FFB production, etc.
	4.1.4 The mill shall record the origins of all third-party sourced FFB. Major Compliance	YES	Mechanism of receiving FFB is stated in the internal established procedure. All the received FFB (internal and external) are recorded in a manner that information about the origin, transportation details and volume are made available. Joint Consultative Council Meeting was being maintained accordingly. All certified FFB came from CU estates and non-certified FFB from independent FFB suppliers. All delivery documents of third party FFB were verified to ensure the certified status of the FFB. Volumes of certified and non-certified FFBs received by the mill were recorded and monitored.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	YES	Both estates continued to practice the maintenance of long-term soil fertility by annual application of fertilisers based on periodic foliar and soil analysis, biomass retention and some EFB and compost application. The fertiliser application, which was of paramount importance for maintenance of soil fertility, was carried based on the recommendation made by the Agronomist. Annual fertiliser recommendations were made based on annual foliar sampling. Soil sampling was carried out yearly in fields on a 5-year cycle basis.

RSPO PUBLIC SUMMARY REPORT

	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	YES	Fertiliser inputs were based on recommendation by the Hap Seng's Agronomy Department. The application programs were monitored using program sheets, bin cards, field cost book and manuring program sheets. Records of programs and applications of fertilisers were available. Records showed that actual applied in 2017 was in line with recommendations in both estates.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	YES	Periodic tissue and soil sampling had carried out in Tomanggong CU to monitor changes in nutrient status and its results formed the basis for the fertilizers input recommendation. Foliar sampling were carried out in August 2017 for Litang Estate and July 2017 for Tomanggong Estate by the Agronomy Department. The oil analysis was also conducted in tandem with the foliar sampling to provide indication of soil health and monitor the changes in the organic carbon and total nitrogen.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance	YES	Both estates had a nutrient recycling strategy in place. Palm fronds were stacked in the fields to decompose. EFB were also applied accordingly.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	YES	There were no fragile/marginal soils in both estates visited based on the soil maps provided sourced from Soil of Sabah.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	YES	Tomanggong CU had a management strategy for planting on slopes and to minimise and control erosion and degradation of soils. The plantings on slopes was guided by its Oil Palm Agriculture Policy, last revised in Oct 2014. It was observed in both mature and immature areas that slopes were terraced. The terrain in both estates was mainly flat and undulating with no slopes above 25°. Slopes maps were available. It was observed that practices to minimise and control erosion and degradation of soils were in place through proper stacking of fronds, EFB application, avoidance of blanket spraying, construction terraces, road maintenance and maintenance of soft vegetation in interlines. Cover crop was observed planted in the replants and in some mature areas. The cover crop <i>Mucuna bracteata</i> had been planted along some slopes by management. Large areas with <i>Neprolepis biserrata</i> in the inter rows were sighted during the visit. No bare ground was sighted during the visit.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	YES	During the field visit, it was observed that the main and field roads of Tomanggong CU were in satisfactory condition and accessibility were made possible by regular maintenance. There was evidence of road maintenance programmes which consist of road resurfacing with grading and compaction and culvert maintenance.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. Major Compliance	YES	No peat soil observed in Litang and Tomanggong Estate. It was supported with soil map provided by estate.
	4.3.5	Drainability assessments where necessary will be conducted prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. Minor Compliance	YES	No peat soil observed in Litang and Tomanggong Estate. It was supported with soil map provided by estate.

RSPO PUBLIC SUMMARY REPORT

	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	YES	There were no problematic soils in both estates. Refer to soil types at 4.3.1
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	YES	For Tomanggong POM, Tomanggong and Litang Estates continued to be guided by the CU Water Management Plan which was developed in order to maintain availability of natural water resources. The plan included practicing efficient water consumption through various methods such as minimising wastage of treated water and pollution prevention to the natural water sources. In the Water Management Plan, the CU had identified actions to be taken in the event of water supply shortage (e.g. drought seasons). Workers quarters were provided with separate tanks for rain water harvesting. This water is used for washing. Treated water for drinking is supplied to a separate tank and the amount used was monitored. Water from rinsing of pesticide containers was reused for spraying. Records of rainfall data to assist in the water management plans were sighted from 2007.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones shall be demonstrated. Major Compliance	YES	Both Tomanggong and Litang Estates had continued to protect the water courses, including maintaining and restoring appropriate riparian buffer zones along all natural waterways within the estates. During the site audit at the estates, it was noted that buffer zones were allocated along the natural waterways. Signage and red paint on oil palm trunk were used as demarcations of the buffer zones. The boundary marker for buffer was sufficiently maintained. It was clear that HSPHB had a policy to maintain the buffer by restricting agrochemicals application. There was no sign of agrochemicals applied. The signboard for riparian buffer zone were erected and it contain several order and instruction such as prohibited for intrusion, spraying of agrochemical, fishing, open burning and planting.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance	YES	An Effluent Treatment Plant is available at Tomanggong POM to treat the POME. According to DOE's license, the disposal method of the final discharge is through land irrigation. The ETP is regularly maintained by desludging of the ponds to ensure its efficiency. Final discharge samples were taken on monthly basis and sent to an accredited laboratory for analysis. The results of analysis were submitted to the DOE on quarterly basis. All parameters were within the regulatory limit such as BOD discharged to land irrigation was not more than 100 mg/l.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	YES	The mill had continued to monitor its water usage per tonne FFB processed and recorded in the Summary of Process and Boiler Water Consumption. Trend showing that usage were between 1.29 to 1.32 m ³ /ton FFB.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	YES	Tomanggong CU continued to implement Integrated Pest Management in Litang and Tomanggong Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPAP- Pests and Diseases. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. For bagworm control the program includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> and for rhinoceros beetles is by using pheromone traps. In order to minimize use of pesticides the estates had planted beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> with maps indicating areas planted.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	YES	Training related to IPM implementation was conducted by the Assistant Managers from Litang and Tomanggong Estate. Records of training were available for verification.

RSPO PUBLIC SUMMARY REPORT

<p>C 4.6 Pesticides are used in ways that do not endanger health or the environment</p>	4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. Major Compliance	YES	The use of all agrochemicals by the estates was guided by its OPAP-Upkeep of Mature oil palm for herbicide and for insecticide/rodenticide. SSOP where written justifications had been provided. The manual had included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names.
	4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. Major Compliance	YES	Both visited estates maintained records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had been used. The total quantity used, number of applications and active ingredients (ai) per Ha were also recorded. These includes mature and immature areas. Pesticides are used only when justified and areas used are recorded in bin cards, program sheets, chemical register, field cost books and in progress reports. Records of pesticides used were available for verification. Both estates had documented programs for spraying pesticides.
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	YES	As part of the IPM plans, management of both estates had established nectariferous beneficial plants nurseries for continuous planting in order to attract natural predators and thus to reduce use of insecticides. During visits to the site, noted that a number of beneficial plants were planted. Both estates had plants ready for planting at the Nurseries.
	4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in industry's Best Practice. The use of such pesticides shall be minimised and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance	YES	Both estates only used pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations 2000. From the review of the chemical register, it was noted that all pesticides used were of class ii, iii & class iv. The use of paraquat had been banned in all SDP estates. There was no evidence of pesticides that are categorised as World Health Organisation Class 1A or 1B, or that were listed by the Stockholm or Rotterdam Conventions been used. From records and interviews with workers, staff and estate assistants, found that they were trained, all precautions taken and all legal requirements met.

RSPO PUBLIC SUMMARY REPORT

	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	YES	Records showed that pesticides were handled, used and applied by trained personnel and as per the MSDS of the pesticide. The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were trained. Random interviews conducted showed that they understood the hazards involved and the usage and handling of chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the CSDS training. It was also noted that CSDS are available at all sites such as chemical store, lubricant store and laboratory.
	4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). Pesticides shall be stored in accordance to the Occupational Safety and Health Act 1994 (Act 514) and Regulations and Orders, Pesticides Act 1974 (Act 149) and Regulations. Major Compliance	YES	The chemical stores in all estates were found to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149). Records of purchase, storage and use were maintained. All of the stores were equipped with exhaust fans and the door was secured. Only authorized personnel are allowed to handle the chemicals. All the chemicals were segregated accordingly. The class 1b chemical, Methamidophos (Enforce) in Litang Estate and Tomanggong Estate was packed individually in plastic bags and kept in a locked separate room. Empty pesticides containers were triple rinsed, holes punched in them and stored separately in the scheduled wastes store awaiting proper disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	YES	Pesticide applications were guided by HSPHB's OPAP manual, CHRA and by MSDS supplied by the manufacturer. The CHRA for both estates was reviewed in Dec 2015 by the third party consultant. In the OPAP manual the guidance was in the chapter – Upkeep of Mature oil palm (for herbicide and for insecticide/rodenticide). The Manual had included a chemical register list, which indicates the purpose of usage (intended target), hazards signage, trade and generic names. The SOP procedure also had written justifications.
	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	YES	Aerial spraying was not practiced by both estates. There was no evidence to show that aerial spraying was carried out. Both estates only practices circle spraying and selective spraying which is only for targeted species such as woodies and VOPs.
	4.6.9	Evidence of continual training to enhance knowledge and skills of	YES	The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. The training were regularly conducted by the estate management to enhance

RSPO PUBLIC SUMMARY REPORT

		employees and associated smallholders on pesticide handling shall be demonstrated or made available. Minor Compliance		knowledge and skills of employees. The training included the safety aspects and usage of PPE. Records of training were maintained for verification.
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	YES	Disposal of empty pesticide containers were carried out as per established procedures. Triple rinsing procedures was continually implemented for empty pesticide containers. The rinsed containers were then pierced and stored prior disposal. 5 th schedule inventory was evident. At Litang Estate and Tomanggong Estate noted last disposal was in Aug 2017 (clinical waste) and Sept 2017 (other wastes) through licensed contractor. The 6 th schedule consignment notes were verified.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	YES	Tomanggong CU's medical surveillances were carried out by registered doctor in Oct 2017. All workers sent were found to be fit to work.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women Major Compliance	YES	There was no evidence of pregnant and breast-feeding women sprayers performed spraying activity in both estates. Workers interviewed were aware that pregnant and breast-feeding women should not handle chemicals. Monitoring of pregnancy and lactating was conducted on every quarterly by the estate HA.
C 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. The occupational health and safety plan shall cover the following:	4.7.1	An occupational health and safety policy shall be in place. An occupational health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. Major Compliance	YES	Occupational Safety and Health Policy was established and signed by Chief Executive- Group Plantation, dated 1 April 2015. It contained several key commitments and management is committed to its obligation, as far as reasonable and practicable, to provide a safe and healthy workplace for all employees. The policy had been communicated to all levels of the organization through briefings and also displayed prominently in Bahasa Malaysia and English on notice boards at mill and estate office and Muster Ground. Random interviewed with employees showed that they generally understood the basic requirements of the policy. Occupational safety and health plans for the year 2017 were made available to the auditors. It covering all activities and found to be documented and implemented, with effectiveness monitoring.
	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. Major Compliance	YES	Hazard identification, risk assessment and risk control register covered activities in the estates were verified during the assessment. Among the activities sighted were chemical spraying, P&D rat baiting, manuring, harvesting and FFB collection in the estates, ferry operation, water treatment plant and genset operation, boiler operation and etc. Tomanggong POM, Litang Estate and Tomanggong Estate have reviewed their HIRARC records in Feb 2018 and June 2016 respectively. Auditor also has verified CHRA report dated in Feb 2016 by registered. The report was valid for 5 years.
	4.7.3	All workers involved in the operation shall be adequately	YES	Training and Briefing on the operations were provided for workers to educate them on safe working practices to ensure applicable precautions are adhered. Training for employees are conducted from

RSPO PUBLIC SUMMARY REPORT

	<p>trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. Major Compliance</p>		<p>time to time based on needs through various method such as on the job training, briefings, meetings, etc. The staff and workers such as the storekeepers, Mill workers, harvesters, pruners, field workers, sprayers, fertilizer and rat bait workers were trained and they had understood the hazards involve and how the chemicals should be used in a safe manner. Based on the HIRARC carried out at both estates and POM, the PPE types for the various activity were identified.</p> <ul style="list-style-type: none"> • Harvester- Safety Helmet, Sickle Cover, Hand Glove. Wellington Boots • Sprayers- Respirator, Nitrile Glove (Chemical Resistant) Goggles, Wellington Boots, Apron. • Manuring- Apron, Wellington Boots, Dust Mask • Mill operator – Safety boots, ear muff, safety vest, Helmet, Cotton glove • Water treatment Plant Operator - Safety boots, ear muff, safety vest, Helmet, Cotton glove, Dust Mask.
4.7.4	<p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance</p>	YES	<p>Safety and Health Committee Organization Chart 2017 was available. The Chairman and secretary were the Managers and the Assistants. Safety and Health Committee meeting observed on quarterly basis held, discussion on the following: Previous minutes and arising matters, Medical Assistant Report (Monthly Accident statistics), Workplace Inspection and .Safety programme & training. Minutes were verified.</p>
4.7.5	<p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance</p>	YES	<p>The ERT consisting of trained First Aiders, field staffs, Mandores, Admin clerk, workshop operator and Security personnel. Interviews with estate staffs and mandores revealed they understood and were aware of the emergency procedures requirements. It was observed that all operating units were provided with first aid boxes which were checked on a monthly basis by the Hospital Assistants. At the estates, first aid box was given to mandores and available at estate office and workplace. Records of replenishment were verified by the auditor. Telephone numbers and names of the members of the Emergency Response Team (ERT) were communicated to all employees and displayed at notice boards. Telephone numbers of the PIC, Police Station, Fire Brigade, and Hospital were also included. Tomanggong CU had emergency response plan and has been prepared by ESHS officer. Among of procedure of ERP such as: Fire, Chemical spillage, Emergency preparedness and response, Accident occurrence reporting procedure and Other emergencies such as accident, flooding, et During site visit, it was sighted Emergency Response Plan was available at Boiler station, Chemical store, and Workshop and Lubricant store. During interviews with workers it was noted that all workers understand regarding ERP.</p>
4.7.6	<p>All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance</p>	YES	<p>Tomanggong CU has provided on site clinic with Hospital Assistant. Any serious injury will be send to the nearest hospital. Local workers are covered by SOCSO. Foreign workers are protected through Foreign Workers Compensation (<i>skim pampasan pekerja asing SPPA</i>) provided as per <i>Compensation Act 1952</i>. Generally, the insurance cover for workmen compensation, repatriation expenses, personal accident including accidental death, permanent total disablement, temporary disablement and medical expenses.</p>

RSPO PUBLIC SUMMARY REPORT

	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	YES	Both estates and the mill had monitored the occupational injuries using Lost Time Accident metrics. The records, JKPP 8, were available during the assessment and were verified by the auditor. <u>Tomanggong estate</u> JKPP 8 submit to DOSH department on 27/01/2017. To reported a safety performance for year 2016. Only 1 case accident has been reported with mc 2 days. For Monthly accident key performance indicator (KPI) as per to date October 2017 total work without accident was 50,800. 1 case on 03/10/2017 accident during workshop maintenance with 2 days mc. <u>Litang Estate</u> Monthly accident key performance indicator (KPI) as per todate October 2017 work without accident was 484,610 without no accident case has been reported for year 2017. JKPP 8 submit to DOSH department on 31/01/2017. No accident case has been reported for year 2016. <u>Tomanggong POM</u> JKPP 8 submit to DOSH department on 25/01/2017. To reported a safety performance for year 2016. 13 cases accident has been reported without losing working days. For Monthly accident key performance indicator (KPI) as per to date October 2017 total work without accident was 278,208.
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	YES	Formal training programme which cover all aspects of RSPO P&C was available for year 2017. It was established based on training needs identification. Regular assessments of the effectiveness training continued conducted by the CU management. Training plan for 2017 had been established with target dates for the training identified. The training program includes: Chemical & Spraying Safety Training, Harvesting Training, Manuring Training, First Aid Training, Chemical Handling Training, SOP refresher training, PPE training, Chemical sprayer, Fire drill and fire extinguisher, MSDS training, Policy training, Sexual harassment and HCV and wildlife briefing
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	YES	Records of training conducted were available. It was noted that records training for all employee was maintained properly and evidence that harvester had undergone training at Tomanggong Estate and Litang Estate were sighted.

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

Clause	Indicators	Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented	5.1.1	An environmental impact assessment (EIA) shall be documented. Major Compliance	YES Latest environment aspect impact assessment was reviewed in May 2017 to cover all activities in Tomanggong Groups. The main purposed of for this assessment was to evaluate and analyse impact on soil, water, and lair associated with the organization activities. Among environment aspects assessed were agrochemical applications, land and water contamination from hazardous material and farm vehicles, human settlement disturbance and abandonment. The environmental aspect and impact also covers the upstream activities such as FFB reception until the downstream processes. At the mill, the identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the significant environmental aspects are air emission from boiler stack, generation of the POME and land contamination which related to the management of scheduled wastes and domestic waste.
	5.1.2	Where the identification of impacts requires changes in	No changes were made to the environmental aspects and impacts or current practices which require changes in the environmental action plans. Nevertheless, the existing environmental action plans

RSPO PUBLIC SUMMARY REPORT

and monitored, to demonstrate continual improvement.		current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	YES	had identified timeframes and responsible person at each operating unit assessed. Action plans had identified timeframes and responsible person at each operating unit assessed.
	5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. Minor Compliance	YES	<p>The CU has developed an “Environmental Impact Assessment, Management Action Plans and Continuous Improvement Plan for Jeroco Group” to monitor the effectiveness of the mitigation measures taken. The following activities were being monitored:</p> <p><u>Tomanggong POM</u></p> <ul style="list-style-type: none"> • Activity – production and release of palm oil mill effluent (POME) Impacts - increase BOD and affect aquatic lives, underground water contamination, etc. Action plan – apply POME to land irrigation according to DOE (<100mg/l) • Activity – dark smoke emission Impacts – hazardous to human, contamination of air (greenhouse gas), particulate release. Action plan - implementation of CEMS to ensure smoke emission are continually monitor by mill management. <p><u>Tomanggong Estate</u></p> <ul style="list-style-type: none"> • Activity – harvesting – pruned oil palm fronds Impacts – frond not stacking properly will block the streams, site breeding for rats. Action plan – pruned fronds currently stack on the ground, proper stacked on contour and terrace lip to prevent soil erosion and block the stream. • Activity – manuring -fertilizer and empty fertilizer bags. Impacts – pollution through run off and leaching of fertilizer, over application will contribute to greenhouse emission to environment. Action plans – fertilizer application are based on the fertilizer programmes in order to effectively and adequate apply fertilizer thus reduce the emission. To avoid fertilizer run off, avoid fertilizer application along the stream edges or riparian reserve. <p><u>Litang Estate</u></p> <ul style="list-style-type: none"> • Activity – spraying herbicide, weedicide, etc. Impacts – hazardous effects of spillage into drains, watercourse, and land. Affecting land and aquatic biodiversity. Action plan – accurate dosage of chemical used, spraying operator will be trained and aware not to spray along the river bank / buffer zone, proper of storage and chemical mixing area. • Activity – diesel tank – diesel spillage, fire outbreak, contamination to land. Impacts – hazardous effects to watercourses and land, accidental fire will cause losses and emission to air.

RSPO PUBLIC SUMMARY REPORT

				Action plan – construct diesel bund with capacity 110% from total diesel tank, constructed oil trap, regular cleaning of oil trap, regular monitoring of bund to ensure the bund structure is secure, provide more fire extinguisher nearby the storage.
<p>C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	YES	The report of "Potential High Conservation Value Area Assessment Report of Tomanggong CU, Hap Seng Sdn Bhd, Sabah" is available and prepared by the Sustainability Executive. The report was completed in Oct 2017 had covered all the HCV within and adjacent to the CU. The HCV assessment had identified on the rare, threatened and endangered species (RTEs) for estate named Tomanggong, Litang, Tagas, Tabin and North Bank, including the management and action plan. In general, Tomanggong CU had identified 6 potential HCV in the whole estates.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	NO	Tomanggong CU has established HCV action plan for Kulamba Wildlife Forest Reserve, Tabin Wildlife Forest Reserve Cemetery at Litang and Tomanggong Estate and Sg Segama river. The estate planned to prohibit entrance to HCV areas, erected signboards at the boundary, prohibited logging, illegal hunting, support forestry department, wildlife department, BORA and WWF, periodic visit to the forest boundary. While for riparian, prohibiting any cutting down of the trees at the area, prohibition of manuring and spraying, not allowed encroach into the riparian reserve and periodic visit. And for Cemetery the CU has construct fencing and Signboard. However, during site visit at Tomanggong Estate assessor found a 4 RTE birds named White Rumped Sharma (2) and Hilly Myna (2) (Sabah wildlife Protection-Schedule 2) has been kept by workers in the cage at chicken barn area without proper documentation from wildlife department. Thus, #Major NCR RAR 01 has been raised.
	5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. Minor Compliance	YES	A training programme for year 2017 was available. An awareness training like morning briefing has been conducted by Assistant Manager from Tomanggong and Litang Estate to all workers (Sprayer, Manuring, Harvester, and Maintenance). An appropriate disciplinary measures was instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species, and also Policy and Procedure has been developed for disciplinary measures titled Disciplinary Measures Against Any Activities Involved with Rare Threatened & Endangered Species (RTE).
	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the 	YES	Tomanggong CU is committed to discourage any illegal or inappropriate hunting fishing or collecting activities. Evidence was seen during the site review that signage to prohibit hunting were erected at guard and forest border. Furthermore, CCTV 24 hours monitoring was placed at strategic area surrounding the estate to control everything including controlling the illegal activities.

RSPO PUBLIC SUMMARY REPORT

		action plan. Minor Compliance		
	5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. Minor Compliance	YES	There was no local communities living nearby with Tomanggong CU.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	YES	Tomanggong has identified all wastes and sources of pollution. The List of Waste Generated for Estate and Mill were established to mitigate and control the identified wastes and source of pollution. The most significant environmental receptors for the estates and mill operations were: Air – sources from boiler stack (smoke and particulate), vehicle & generator (smoke and gases), anaerobic processes (ETP, EFB dumping – biogas emission)- GHG , Water – cleaning water/run-off/process station waters (hydro-cyclone /sterilizer condensate/clarification waste) & boiler quenching water and blowdown. Land – scheduled waste, clinical waste, Industrial waste, domestic waste and industrial/process waste.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	YES	Among the identified wastes include empty chemical containers including pesticides containers. Empty pesticides containers were washed at washing station prior to disposal. Disposals were carried out in compliance with relevant regulation of scheduled waste. Inventory and consignment documents verified for confirmation of proper management and disposal.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	YES	Waste management and disposal plan to avoid or reduce pollution had been documented and implemented as discussed in Indicator 5.1.3 above. Procedures and guideline were used to guide the waste disposal activities and to reduce pollution on the routine operation. Among of waste management has been implement by CU were: <ul style="list-style-type: none"> • Organic waste / domestic waste - source generated : linesites, canteen , club house -action taken : disposal of domestic waste was done on daily basis and kept at landfill which is far from housing complex and waterways. • Maintenance oil – source generated: workshop -action taken : proper SW management, appointed SW contractor at both estates and mill. • Digestive waste /fecal matter – source generated: linesites, canteen , club house, workshop -action taken : septic tank were installed to each office, houses, workshop, and club house.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	YES	Fossil fuel such as diesel and petrol were use in both operation of estates and POM, especially on FFB transportation and generating power by gen set. Both estates had developed plan to ensure that used of fossil oil are efficient and monitored properly. Tomanggong CU had developed plan “fossil fuels management plans”.

RSPO PUBLIC SUMMARY REPORT

C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Major Compliance	YES	HSPHB maintained a policy of no open burning. Both estates visited had not practiced any open burning and there was no evidence to show that fire had been used for preparing land for replanting. Observed trunk were chipped and stacked at inter row															
	5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in ' <i>Guidelines for the Implementation of the ASEAN Policy on Zero Burning</i> ' 2003. Minor Compliance	YES	The CU had not practiced any open burning and there was no evidence to show that fire had been used for preparing land for replanting in both estates. All palms were chipped and left decomposed at field.															
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate / soot emissions and effluent (see Criterion 4.4).	YES	No changes on environmental aspects and impact or new polluting activities observed. The existing EIA documents had identified generation of gaseous emissions from its operation such as lorries and farm tractor. Noted the documents had been reviewed annually at each operating units.															
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	YES	Tomanggong Group had identified emission of GHG from their operations such as emission from their farm tractor and gen set operation. The management from both estates and mill had planned to reduce emission by daily inspection and monitoring for their farm tractor and gen set to prevent any leakage and problem that could adverse impact the environment., Fuel Consumption, Peat Oxidation, POME and reported in the PalmGHG Summary Report.															
	5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. Minor Compliance	YES	RSPO made compulsory for submitting GHG starting from Jan 2017. Tomanggong CU had used RSPO PalmGHG Calculator as a tool. Sighted report send to RSPO in Feb 2017 for 2016 data. The final emissions value per product are as below: Milling extraction rate: <table border="1" data-bbox="1032 1093 1615 1209"> <tr> <td>OER</td> <td>22.39</td> </tr> <tr> <td>KER</td> <td>4.24</td> </tr> </table> Mill Emission <table border="1" data-bbox="1032 1289 1834 1409"> <thead> <tr> <th></th> <th colspan="2">Own Crop</th> </tr> <tr> <th></th> <th>tCO2e</th> <th>tCO2e/FFB</th> </tr> </thead> <tbody> <tr> <td>POME</td> <td>3852.78</td> <td>0.02</td> </tr> <tr> <td>Fuel consumption</td> <td>801.52</td> <td>0</td> </tr> </tbody> </table>	OER	22.39	KER	4.24		Own Crop			tCO2e	tCO2e/FFB	POME	3852.78	0.02	Fuel consumption	801.52
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RSPO PUBLIC SUMMARY REPORT

<p>promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.</p>				<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Grid electricity utilisation</td> <td style="text-align: right;">2814.82</td> <td style="text-align: right;">0.01</td> </tr> <tr> <td>Credits</td> <td></td> <td></td> </tr> <tr> <td>Export of excess electricity to housing & grid</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Sale of PKS</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Sale of EFB</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">7469.12</td> <td style="text-align: right;">0.04</td> </tr> </table> <p>Plantation / field emission</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Emissions</th> <th colspan="3">Own Crop</th> </tr> <tr> <th>tCO2e</th> <th>tCO2e/ha</th> <th>tCO2e/FFB</th> </tr> </thead> <tbody> <tr> <td>Land Conversion</td> <td style="text-align: right;">112571.58</td> <td style="text-align: right;">13.75</td> <td style="text-align: right;">0.71</td> </tr> <tr> <td>*CO2 Emissions from Fertiliser</td> <td style="text-align: right;">567.47</td> <td style="text-align: right;">0.07</td> <td style="text-align: right;">0</td> </tr> <tr> <td>**N2O Emissions</td> <td style="text-align: right;">2458.66</td> <td style="text-align: right;">0.27</td> <td style="text-align: right;">0.01</td> </tr> <tr> <td>Fuel Consumption</td> <td style="text-align: right;">2023.27</td> <td style="text-align: right;">0.28</td> <td style="text-align: right;">0.01</td> </tr> <tr> <td>Peat Oxidation</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Sinks</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Crop Sequestration</td> <td style="text-align: right;">-69359.17</td> <td style="text-align: right;">-8.72</td> <td style="text-align: right;">-0.45</td> </tr> <tr> <td>Conservation Sequestration</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">48261.81</td> <td style="text-align: right;">5.66</td> <td style="text-align: right;">0.29</td> </tr> </tbody> </table> <p>The final emissions value per product are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">CPO</td> <td style="text-align: right;">1.45 tCO2e/tCPO</td> </tr> <tr> <td>PK</td> <td style="text-align: right;">1.45 tCO2e/tPK</td> </tr> </table>	Grid electricity utilisation	2814.82	0.01	Credits			Export of excess electricity to housing & grid	0	0	Sale of PKS	0	0	Sale of EFB	0	0	Total	7469.12	0.04	Emissions	Own Crop			tCO2e	tCO2e/ha	tCO2e/FFB	Land Conversion	112571.58	13.75	0.71	*CO2 Emissions from Fertiliser	567.47	0.07	0	**N2O Emissions	2458.66	0.27	0.01	Fuel Consumption	2023.27	0.28	0.01	Peat Oxidation	0	0	0	Sinks	0	0	0	Crop Sequestration	-69359.17	-8.72	-0.45	Conservation Sequestration	0	0	0	Total	48261.81	5.66	0.29	CPO	1.45 tCO2e/tCPO	PK	1.45 tCO2e/tPK
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Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS

Clause	Indicators	Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and	6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	YES	The social impact assessment report for Tomanggong CU was prepared by the Agronomy Department, was updated in Oct 2017 covering the five estates, namely, Tomanggong, Litang, Tagas, Tabin, North Bank, and Tomanggong POM. The report presented the estates' and mill's background information, labour policies, grievance procedures, sexual harassment policies, facilities and amenities offered by the estates, and the social impact assessment procedures and results. Each of the estates and the mill had to formulate its own action plan to address the issues raised by the various stakeholders. Based on the assessment report, there were no local communities living surrounding the Estates and the Estate

RSPO PUBLIC SUMMARY REPORT

plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.				List of stakeholders was updated in Apr 2017 at Litang Estate, Tomanggong Estate and Tomanggong POM. All neighbouring estates were included in the lists. All the SIA information was updated and each of issues was identified for each of the CUs and discussed them in their respective report.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	YES	The SIA report was prepared with the participation of various stakeholders, namely, estate workers, contractors, Government agencies, vendors and suppliers. Evidence on participation was shown by the schedules of interviews between the assessors of the report and the stakeholders concerned. Records of meeting including attendance list in Aug 2017 was verified. The 'List of Participation during the Stakeholder Consultation' of the SIA report presents in detail the comments made by the various stakeholders on social impacts as well as the proposed mitigation plans by the estates/mill. Each of the issues raised by the participant was addressed in the action plan. Example of stakeholders such as MPOA, DOE, EPD-Sandakan, IPD Lahad Datu, Wildlife Department and Fire Department.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, incl. responsibilities for implementation. Major Compliance	YES	A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. Identifying specific person in charge responsible for taking actions on each of the mitigation measures with specific time intervals. The monitoring records were verified at Tomanggong Estate, Litang Estate and Tomanggong POM. Example of the issues highlighted were water supply not enough, mosquitos sprayer, and stray dogs at the Line site. Sighted also Minutes meeting dated in Mar 2017 between Tomanggong CU management, Shopkeepers and workers representative discussing grocery price which were commented as too expensive. It has been confirmed that workers has understood the reason explain by the shopkeeper with regards to the price. The workers also confirmed that they accepted the new price.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes YES should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	YES	The SIA Action Plan for Tomanggong CU was reviewed in Oct 2017 after discussion with related stakeholders during stakeholders meeting in May 2017. Example of the issues highlighted for Internal Stakeholder were water supply not enough, mosquitos sprayer, and stray dogs at line site. There is no issue highlighted by external stakeholder. The issue by internal stakeholder was given timeline and PIC for issue highlighted. The actions were in progress.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	YES	No smallholders included in the CU.
C 6.2 There are open and transparent methods for communication and consultation between growers	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	YES	A documented Consultation and Communication Procedures and The Grievance Procedures for internal and external parties were documented and have been made available.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	YES	The CU noted maintained Assistant Manager at each operating units as management official responsible for social issues. Appointment letter at each operating units noted available.

RSPO PUBLIC SUMMARY REPORT

and/or millers, local communities and other affected or interested parties	6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. Minor Compliance	YES	As stated in the SIA report, the Tomanggong Estate General Manager was nominated as the person to handle social issues and assisted by the Managers of Tomanggong POM and estates.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistle blowers, where requested. Major Compliance	YES	The estates and mill followed the internal established procedures to handle grievances and disputes. The procedures cover issues pertaining to safety, health, cleanliness, environment, conflicts, thefts and other work matters. The procedures require the complainant to fill up a complaint form and forward it to the relevant officers of authority. Complaints from workers will first have to go to the <i>mandore</i> or Supervisor and, subsequently, to the assistant manager, manager and the higher authority for decisions, if necessary. Complaints from external parties, on the other hand, will first go to the chief clerk or assistant manager and subsequently to the higher authority for decision. The system was open to all aggrieved parties and there is evidence that estate community as well neighbouring community's use of the Grievances Book. The complaints and their outcomes were recorded and filed.
	6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. Major Compliance	YES	Complaints on housing and other services are usually entered into record books. The records include the name of the person who complained, his address, date, and type of service required. Visits to the estate and mill line sites at Tomanggong Estate, Litang Estate, Tomanggong POM confirm that actions were taken on the complaints made by the workers. These complaints usually pertain to housing conditions, roads and lighting, among others. The workers (harvester, manure and sprayer) interviewed at the office and during visits to the workplace and line sites gave positive remarks on the manner their grievances have been handled the estate staff. The grievances book (external stakeholder) was verified during the audit and no complaint has been made by external stakeholder.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	YES	HSPHB has developed procedures to deal with land disputes, squatter disputes, and loss of legal and customary rights the procedure title Land Dispute Management has been updated in Mar 2016. In the case of boundary disputes, the procedure requires the estate management and the disputing party to negotiate, first, failing which the case will have to be referred to the Headquarters for further negotiation. If negotiation fails, the case will be brought to court for arbitration. Squatter disputes will be handled either by the Employee Relations Department or the Compliance Department depending on whether it involves on-land disputes or former workers staying in estate quarters. Actions will normally be in the form of negotiation or legal proceedings or both. As of to-date, there was no any dispute on customary rights, boundaries and squatters. As such, the use of the procedures has yet to be verified.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a	YES	According to the estates'/mill's management and verify the stakeholder meeting and interviewed with stakeholder and grievance record, there was no any dispute on land or squatters or any other issues resulting to compensation.

RSPO PUBLIC SUMMARY REPORT

representative institutions.		participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance		
	6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. Major Compliance	YES	According to the estates'/mill's management and verify the stakeholder meeting and interviewed with stakeholder and grievance record, there was no any dispute on land or squatters or any other issues resulting to negotiation and compensation.
C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages	6.5.1	Documentation of pay and conditions shall be available. Major Compliance	YES	For the Tomanggong CU, the documentation of pay is in the form of monthly pay slips. Conditions of pay are contained in the workers' respective employment contracts. Each pay slip documents the name of employee, month of pay, income (basic, overtime, reimbursement, allowances, Holiday pay), deductions (statutory such as EPF, SOCSO and non-statutory such as electricity), net salary and etc. Interview with workers reveal that they understand the contents of the pay slips and seeks explanation from the office whenever they needed any clarifications. Based on interviews with the workers, and samples of pay slips and employment contracts sighted on site, there was evidence that employees are being paid minimum wages as stipulated under the Minimum Wage Order 2016.
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	YES	Contracts for local and Indonesian foreign workers at the Tomanggong CU were sampled and confirmed that all staff or worker has to sign a contract of employment upon joining the estates/mills. As required by the Sabah Labour Ordinance, pay and work conditions are spelled out in this contract (either monthly basis, daily basis or piece rate), which is signed by the workers or staffs. Among others, the contracts spell out The terms and conditions of employment are contained in the employment contracts and include, salary, working hours, medical benefits, annual leave, sick leave, termination of service, and other benefits provided (housing, employment cost, etc), insurance coverage for foreign workers and deductions for every worker. The newer version of employment contracts which was revised in 2017 were available in Bahasa Malaysia.

RSPO PUBLIC SUMMARY REPORT

	6.5.3	Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446) or above, where no such public facilities are available or accessible. Minor Compliance	YES	Tomanggong CU continues provide free housing, water supply, free medical services, subsidized electricity and free education for foreign children. The conditions of the houses at Tomanggong CU of estates are good. The compounds are well kept. Noted that the housing inspections were carried out accordingly and water treatment analysis (drinking water) has been conducted internally on monthly basis and 6 monthly by third party lab. The results showed that the parameters were not exceeded standard limit.
	6.5.4	Growers and millers shall make demonstrable efforts to monitor and where able, improve workers' access to adequate, sufficient and affordable food. Minor Compliance	YES	Workers' access to adequate, sufficient and affordable food is via sundry shops available near the workers' housing. Seven shops were visited during the audit. Among the items sold include sugar, rice, fish, chicken, vegetables flour, cooking oil, eggs, detergent and other daily necessities. Prices at the sundry shops are adequately labelled.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	YES	Tomanggong CU has published statements on freedom of association in the New Sustainable Agriculture Policy dated 21 February 2017. This Policy also available in website http://www.hapsengplantations.com.my/index.php .
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	YES	The workers in the estates and mills are not unionized. Furthermore, there is no formal organization formed among the workers to discuss related work or social matters. Nonetheless, in every estate/mill, a Joint Consultative Committee has just been formed to serve as a platform for the discussion of such issues. This JCC comprises the estate management, field supervisors, <i>mandores</i> , drivers and clerk. The minutes of the meeting reveal that the scope of issues discussed in the meeting is fairly wide covering work safety and housing matters. The meeting was attended by employer, local workers and foreign workers as verified through the meeting minute. Among the issues discussed were crime, security, basic amenities, foreign child education, sexual harassment and etc.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	YES	The policy on non-employment of children is contained in the Hap Seng Child Labour Policy and also in the new Sustainable Agriculture Policy. There was no evidence that the mill and estates employed anyone below the age of 18 years as verified in the Master Lists of workers. Interviews with workers and staffs, as well as observations made during field visits show that those employed were above 18 years.
C 6.8 Any form of discrimination based	6.8.1	A publicly available equal opportunities policy including identification of relevant groups	YES	The equal opportunities policy is contained within the new Sustainable Agriculture Policy. The policy states that all employees shall be treated fairly in terms of recruitment, progression, terms and conditions of work regardless of race, caste, nationality, gender, physique, sexual orientation, union

RSPO PUBLIC SUMMARY REPORT

on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		in the local environment shall be documented. Major Compliance		membership, political view, religion and age. The Sustainable Agriculture Policy was exhibited on notice boards in both Bahasa Malaysia and English
	6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. Major Compliance	YES	There is no evidence of discrimination based on race, gender or national origin or any other factors. As shown in the employment contract and the payslips, there are no differences in the terms of employment between foreign and local workers or between male and female workers. These workers live in the same housing complex and enjoy similar benefits. Interviews also revealed that there is no discrimination on any bases in the estates/mill.
	6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion where relevant are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. Minor Compliance	YES	Based on interview with management and workers at the Tomanggong CU, as well as sighting of job application forms, medical reports, and job interview notes, there was evidence that hiring selection were based on job vacancies, skills, suitability to the job, capabilities and medical fitness. Recruitments of workers were made based on vacancy, and the job availability is usually made verbally during weekly muster briefing, job advertisement placed near the security post and notice board. The interviews are conducted by Manager or Assistant Manager / Top management level where an evaluation form is filled up to determine the suitability of the candidate. This form was sighted during the audit. The recruitment process is coordinated at the regional office, who would then recommend to HQ for approval.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	HSPHB has published policy guidelines on sexual harassment entitled " <i>Polisi Untuk Pencegahan dan Pembasmian Terhadap Gangguan Seksual Yang Tidak Diundang Di Tempat Kerja</i> " and Code of Practice – Sexual Harassment. The guidelines emphasize that sexual harassment is a threat to basic human rights and offenders will be punished accordingly, including termination from work. Tomanggong CU has formed a Gender Committee which will be responsible for organizing relevant activities and programmes at POM and Estate. The latest Gender meeting was held in Oct 2017 for Litang Estate, Aug & Sept 2017 for Tomanggong POM and Estate. The main topic in the meeting is briefing on the subject of sexual harassment, violence against woman, crimes and other issues. The policy has been communicated with women and men workers during training and morning musters.
	6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. Major Compliance	YES	A policy to protect the reproductive rights of all, especially of women has been developed and updated into the new Sustainable Agriculture Policy, implemented by all of operating units Hap Seng Group Plantation. The policy has been communicated with women and men workers during training and morning musters.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, & communicated to all levels of the workforce. Minor Compliance	YES	A grievance mechanism which respects anonymity and protects complaints is in place at Tomanggong CU, through the establishment of internal procedure on complaints and grievances. The guidelines also prescribe, among others, the procedures for reporting sexual harassment assigning the responsibilities for action as well as the timelines involved.
C 6.10 Growers and millers deal fairly and	6.10.1	Current and past prices paid for FFB shall be publicly available. Minor Compliance	YES	Current and past prices paid for FFB were displayed at the weighbridge.

RSPO PUBLIC SUMMARY REPORT

transparently with smallholders and other local businesses.	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	YES	During the assessment, interviews were made with contractors and FFB suppliers to understand the business relationships between them and the estates/mill. The purchase of FFB is covered by a written contract signed by both parties, namely the estate and the supplier. The FFB calculation has been informed to third party FFB supplier as stated in the agreement titled 'Oil Palm Fruit Purchase Agreement'. One of the items in the agreement is on the purchase price of FFB which is determined by a formula. This formula is applicable to any party selling FFB to the mills. They have been happy with the price paid for their fruits which the price rate was followed MPOB as verified by auditor.
	6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Minor Compliance	YES	All of the contractors interviewed have been involved in short-term works. The short-term works such as maintenance of mill parts are covered by Minor Job Contracts. The MJC spells out the types of works to be done, their costs and certain job conditions and is signed by the estates/mill and the contractor. Interviews with suppliers and contractors revealed that the estates/mill treat them well. The contracts are amenable to changes, particularly on the timing on job completion. They usually received their payments in the form of cheques the following month after the job was done.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	YES	Payments are made through cheques which are issued the month following the completion of the works. For FFB Supplier all payment is made before 13-15 every month. All the interviewees mentioned that, in the past, payment has been made very promptly. The records of payments seen testify that the contractors/suppliers have been paid on time.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	YES	There was no local community lived nearby or within the CU plantation area. However, Based on records, interviews and site verification, contributions made to local development were made based on the requests from the local communities such as workers itself, Government school and Humana School.
	6.11.2	There are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	YES	No scheme smallholders included.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	YES	Based on interview with workers and review of the employment contracts, records of wages, overtime payment, and rest day payments, there was no evidence of any forms of forced or trafficked labour within audited sites. Further, HSPHB also adopts the Sustainable Agriculture Policy which committed to safeguarding operations from employing forced labour. Foreign workers' passports were kept by their own safe and Company has release to them on July 2017.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	YES	Based on interview with local and foreign workers at Tomanggong CU, all of them were aware of the types of work they would be doing before they arrived in Malaysia because they apply the jobs by their own. No contract substitution has therefore occurred.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	YES	Labour policy for foreign workers was made available at Tomanggong CU, include the statement as follows : Statement of the non-discriminatory practices; No contract substitution; Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices and decent living conditions to be provided. Procedure for employment of foreign workers was also available.

RSPO PUBLIC SUMMARY REPORT

C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operation. Major Compliance	YES	Human Rights policy was made available at Tomanggong CU. This Policy states among others, that it will respect and support the universal declaration of human rights by the united nations for all workers, contractors, Indigenous people, local communities and anyone affected. This Policy was displayed on notice boards of the mill and the estates. The policy has been communicated to staffs and workers during morning muster and sighted.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance	YES	Tomanggong CU has provided Humana School and Creche Ayah for foreign workers' children to take care their children while during working hours without any charges. The buildings were maintained by the Estates and Mill as well as costs of water and electricity. Teachers' accommodation was also provided by the Estates and Mill.

Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

Tomanggong CU has no plan for any new planting and no new development of area was observed during the visit. Auditor has verified through www.globalforestwatch.com, google map and map provided by visited estate including site visit, there was no new planting at the Tomanggong CU. Thus Principle 7 is not applicable.

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

Clause	Indicators	Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1 The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		

RSPO PUBLIC SUMMARY REPORT

a)	Reduction in use of pesticides (Criterion 4.6);	YES	<p>The CU adopted several continuous improvement in reducing of pesticides i.e. increasing planting of beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> and continue to monitor pest through Early Warning System. The CU also adopted planting of <i>Leguminous Cover Crop</i> mainly <i>Pueraria Javanica</i> and <i>Calopogonium Mucunoides</i> at replanting area in order to minimizing circle and selective weeding.</p> <p><i>Neproliphis biserata</i> was maintained and encouraged to be planted in Tomanggong CU. This can be seen in their continuous improvement plan. This was to suppress growth of noxious weeds and thus reduce the use of pesticides for selective weeding. Woody sprayings were carried out whenever necessary and only twice a year. Blanket spraying was not practiced in order to encourage soft grasses in inter row and frond stacking area</p>
b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	YES	<p>Environmental impact assessment, management action plans and continuous improvement plan for Tomanggong Group has been updated and monitored by management.</p> <p>Among the improvement actions:</p> <p>(a) construction of sump at chemical and workshop to prevent ground or water contamination. (b) collect back chemicals bags and allocate store for control of misused. (c) use of tray for tractor parking and workshop stations to prevent ground contamination.</p>
c)	Waste reduction (Criterion 5.3);	YES	<p>The management of Tomanggong CU had plan to reduce emission by daily inspection and monitoring for their farm tractor / lorry and gen set / water treatment plant to prevent any leakage and problem which can impact on smoke emission.</p>
d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	YES	<p>The management of both estates and mill had plan to reduce emission by daily inspection and monitoring for their farm tractor / lorry and gen set / water treatment plant to prevent any leakage and problem which can impact on smoke emission.</p>
e)	Social impacts (Criterion 6.1);	YES	<p>A mechanism to capture the performance in social aspects in CAPEX has been established. The activities listed in the Plans and the monitoring of the actions taken demonstrated the continuous improvement achieved in matters related to the social aspects. Among the planned developments were labour quarters roofing, maintenance of road condition, supply treated water to Humana School and government primary school i.e. SK Litang.</p>
f)	Encourage optimising the yield of the supply base	YES	<p>To optimise yields, both estates implemented best agricultural practices, inclusive of:</p> <ul style="list-style-type: none"> • timely and proper fertiliser application and EFB & Compost application • Improving on accessibility to maximize crop evacuation • expanding in field mechanized collection of FFB • constructing water bodies and water conservation pits to conserve moisture • reducing surface run off to prevent leaching of fertilisers • paying harvesters incentives

RSPO PUBLIC SUMMARY REPORT

RSPO CERTIFICATIONS SYSTEMS FOR PRINCIPLES & CRITERIA JUNE 2017

Clause	Indicators	Comply Yes/No	Findings	
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	YES	HSPSB is progressively undergoing the RSPO Certification process towards 100% RSPO certification of estates/mills : North Bank Estate and Tabin Estate (Tomanggong CU) has undergone RSPO Main assessment and was delayed due to RACP process. As for Pelipikan Estate, it has been noted that the estate HCV assessment not yet completed. The target date for certification was by 2019, subjected to the progress of the matter being resolved. The process in on-going.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	YES	Time bound plan was verified by CB and it can be confirmed that there were no changes to the current time bound plan as verified during this audit.
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	YES	There were no changes to the current time bound plan as verified during this audit.
4.5.4 Requirements for uncertified management units:	(a)	No replacement of primary forest or any area required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting	YES	<u>North Bank Estate and Tabin Estate (Tomanggong CU)</u> HCV Assessment at Northbank and Tabin Estate was conducted and completed in Nov 2013. Northbank and Tabin Estate are currently undergone Remediation and Compensation Procedure (RaCP). As to date, the required LUCA data has already been submitted and has passed by the compensation panel. HSP has also provided the Concept Note for review by RSPO. Noted the latest communication through email

RSPO PUBLIC SUMMARY REPORT

	development, compliance with the NPP shall be verified by an RSPO accredited CB;		between HSP and RSPO representative in June 2017 regarding the concept notes. <u>Pelipikan Estate</u> Based on Retrospective HCV assessment made by certified HCV assessor, there were no clearance of primary forest at Pelipikan Estate. However, there were land clearing made without HCV assessments on May 2006, September 2010 and February 2011. HSP has submitted the Declaration of disclosure of non-compliant land clearance to the RSPO in April 2016 and currently HSP is in progress of preparing the LUCA.
(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	Land conflict was resolved with the affected and relevant parties. Please refer Hap Seng Plantations 2015 Annual Report.page 100, section 23 c. https://www.hapsengplantations.com.my/download/annualreports/hsphb_ar2015.pdf
(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	Based on the internal assessment report, there was no labour disputed recorded at the CU.
(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C criterion 2.1;	YES	Based on internal assessment report, there was no issue on legal non-compliance for all uncertified unit.
(e)	The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:		-
	<ul style="list-style-type: none"> A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement; 	YES	Internal assessment was done in Apr 2017 by the internal assessor. It was concluded that there was no issue on HCV, legal non-compliance and labour disputes, for all uncertified units. With regards to the land disputes, the action to address the issues were on-going.
	<ul style="list-style-type: none"> Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. 	YES	It was evident that in handling uncertified management unit, HSP North Bank Estate and Tabin Estate has conducted the Joint Consultation Committee meeting in Aug 2016 (North Bank Estate and Tabin estate) and Apr 2017 (Pelipikan Estate) to address unresolved issues. Actions in progress.

RSPO PUBLIC SUMMARY REPORT

	<ul style="list-style-type: none"> Desktop study e.g. web check on relevant complaints 	YES	Further information can be obtained from https://www.rspo.org/acop/2016/hap-seng-plantations-holdings-bhd/HSPHB%20SUSTANABILITY%20REPORT%202014.pdf
	<ul style="list-style-type: none"> If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 	YES	There was no non-compliance found for all requirements during this audit.

Note:

- For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed;
- Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.

RSPO PUBLIC SUMMARY REPORT

Attachment 4

Details of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
5.2.2 NCR RR 01	Major	There were no RTE species identified in the Tomanggong CU. However, during site visit at Tomanggong Estate assessor found a 4 RTE birds named White Rumped Sharma (2) and Hilly Myna (2) (Sabah Wildlife Protection-Schedule 2) has been kept by workers in the cage at chicken barn area without proper documentation from wildlife department.	The weekly basis RTE inspection and yearly RTE training are still inadequate to ensure no capturing of RTE by workers. Estate management has taken immediate action to release all of the identified RTE birds at chicken barn. Warning letter were also been given to those workers who keeping the RTE birds.	Sighted the following supporting documents as evidence of the corrective action had been taken. Estate management had immediately increased the RTE inspection program to 3 times a week (against previous weekly basis) to each area in TMGOE. Besides, training of RTE conducted during muster ground also has been increased to 6 monthly intervals from yearly basis starting 2 nd November 2017 further creating the awareness of employee on the importance of RTE conservation. Status Closed.

RSPO PUBLIC SUMMARY REPORT

Attachment 5

RSPO Supply Chain at the palm oil mill – Mass Balance Model – Module E

Item No	Requirement NOV 2014	Findings Standard Nov 2014	
E.1 E.1.1	<p>Defination</p> <p>To verify :</p> <p>a) the volume of certified and uncertified FFB entering the mill</p> <p>b) the volume sales of RSPO certified</p> <p>The claim only the volume of oil palm products produced from processing of the certified FFB as MB</p>	<p>Actual (Nov 2016 – Oct 2017)</p> <p>a) FFB Received</p> <p style="padding-left: 20px;">RSPO 10,753.00</p> <p style="padding-left: 20px;">Non-RSPO 108,338.39</p> <p>FFB Processed</p> <p style="padding-left: 20px;">RSPO 10,753.00</p> <p style="padding-left: 20px;">Non-RSPO 108,338.39</p> <p>CPO Production</p> <p style="padding-left: 20px;">PK Production</p> <p>b) Delivery of CPO</p> <p style="padding-left: 20px;">RSPO(MB) 0</p> <p style="padding-left: 20px;">Non-RSPO 26,674.75</p> <p>Delivery of PK</p> <p style="padding-left: 20px;">RSPO (MB) 474.16</p> <p style="padding-left: 20px;">Non-RSPO 4,570.37</p>	<p><u>MT</u></p> <p>119,091.39</p> <p>119,091.39</p> <p>26,674.75</p> <p>5,044.53</p> <p>26,674.75</p> <p>5,044.53</p>
E 2 E..2.1	<p>Explanation</p> <p>Estimate total tonnage of CPO and PK potentially produce in a year</p>	<p>Projection (Nov 2017 –Oct 2018)</p> <p>(1) FFB Received</p> <p style="padding-left: 20px;">RSPO 139,295.00</p> <p style="padding-left: 20px;">Non-RSPO 138, 218.00</p> <p>(2) FFB Processed</p> <p style="padding-left: 20px;">RSPO 139,295.00</p> <p style="padding-left: 20px;">Non-RSPO 138,218.00</p> <p>(3) CPO Production</p> <p>(4) PK Production</p> <p>(5) Delivery of CPO</p> <p style="padding-left: 20px;">RSPO(MB) 31,439.00</p> <p style="padding-left: 20px;">Non-RSPO 31,202.00</p> <p>(6) Delivery of PK</p> <p style="padding-left: 20px;">RSPO (MB) 6,282.00</p> <p style="padding-left: 20px;">Non-RSPO 6,224.00</p>	<p><u>MT</u></p> <p>277,513.00</p> <p>277,513.00</p> <p>62,641.00</p> <p>12,506.00</p> <p>62,641.00</p> <p>12,506.00</p>

RSPO PUBLIC SUMMARY REPORT

<p>E. 2 E 2.2</p>	<p>Explanation The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>TPOM has registered with the RSPO e-trace system. The mill's RSPO Palmtrace member ID is RSPO_PO1000002136.</p>
<p>E 3 E 3.1</p>	<p>Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a) Complete and up to date procedures covering the implementation of all the elements in these requirements b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the facilities procedures for the implementation of this standard.</p>	<p>a) Procedures are available entitled ""Standard Operating Procedures for Traceability" [Doc. No. SOP/COC/001 to 005]</p> <ul style="list-style-type: none"> • 001 – CSFFB, SCPO & CSPK Traceability System – Chain of Custody • 002 – Harvesting and Loading of Fresh Fruit Bunch • 003 – Delivery and Reception of CSFFB, In-House and Non In-house FFB • 004 – Dispatch of CSPO and CSPK from the Mill to the Refinery/Bulk Transit Installation/ Revised on 30/12/2016 – to include Sustainability Personnel • 005 – Monitoring of CSPO and CSPK sales <p>b) The person having overall responsibility for and authority over the implementation and compliance of the supply chain requirements is the Mill Manager and assisted by the Senior Mill Assistant.</p>
<p>E 3.2</p>	<p>The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>Receiving certified FFB is described in SOP/COC/003 Section 5.4 to 5.12. Processing certified FFB is described in SOP/COC/003 Section 5.13 to 5.16</p>
<p>E.4 E.4.1</p>	<p>Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.</p>	<p>TPOM had continued to receive certified FFBs from the CU's own supply bases as well as non-certified FFBs from outsiders. There were Three supply bases (estates) sending certified FFBs to TPOM. They were Tomanggong, Tagas and Litang Estate. For non-certified FFBs, TPOM had sourced them from Tabin Estate, Northbank Estate, and Five FFB collectors/Suppliers. The Weighbridge Clerk checked and verified the consignment notes issued by the supplying estates for the in-coming RSPO and non-RSPO FFBs. TPOM kept copies of the FFB Consignment Notes or FFB Delivery Notes issued by the supplying estates. TPOM had also continued to keep records on (1) Daily FFB Received Supply Report by Supplier and (2) Monthly Crop Report and (3) Quarterly Mass Balancing Record on RSPO and non-RSPO FFB Received, CPO and Kernel Production and Stock Balances. The Monthly Crop Report provides a detailed monthly account on the receipt of FFBs, production of CPO and PK as well as on the actual oil extraction rate (OER) and kernel extraction rate (KER). For the period Nov 2016 – Oct 2017, TPOM had received a total of 119,091.39 MT of FFBs of which 10,753.00 MT were RSPO certified while the remaining 108,338.39 MT were non-RSPO certified FFBs. A total of 55 randomly selected FFB delivery notes/dispatch tickets for RSPO-certified FFBs issued by the supplying estates on the in-coming FFBs were verified. It was found that all delivery notes/dispatch tickets had indicated the estate's RSPO Certificate number, the name of the supplying estate and the quantity (weight in Kg) of the FFBs.</p>
<p>E 4.2</p>	<p>The site shall inform the CB immediately if there is a projected overproduction.</p>	<p>There was no overproduction of certified FFBs during the period under review (Nov 2016 – Oct 2017).</p>

RSPO PUBLIC SUMMARY REPORT

E.5	Record keeping	<p>a) TPOM had continued to keep record and balances all receipts of RSPO-certified FFBs and deliveries of RSPO-certified CPO and PK on a three-monthly basis in the table 'Quarterly Mass Balancing System for Tomanggong Palm Oil Mill'.</p> <p>b) For the period Nov 2016 – Oct 2017, TPOM had delivered a total of 0.00MT of RSPO-certified (MB) CPO and 474.16 of RSPO-certified (MB) PK. For Certified PK, all was delivered to Lahad Datu Edible Oil Sdn Bhd for crushing.</p> <p>c) The Mass Balancing Record for Oil Mills – TPOM indicated both positive balances for the certified CPO and palm kernel.</p> <p>With respect to the delivery of PK, a total of 5 randomly selected weighbridge tickets issued by TPOM during the months of Nov 16 to Oct 17 were verified. All weighbridge tickets issued had indicated the status of the PK (RSPO MB).</p>
E.5.1	<p>a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p> <p>b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p> <p>c) The site can only deliver Mass Balance sales from a positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short (i.e. product can be sold before it is in stock)</p>	
E 5.2	<p>In cases where a mill outsources activities to an independent (not owned by the same organization) palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement.</p>	<p>No outsource activity.</p>

RSPO PUBLIC SUMMARY REPORT

Attachment 6

VERIFICATION OF NON-CONFORMITIES DURING SURVEILLANCE 2 ASSESMENT AT TOMANGGONG CU

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
6.1.3	MAJOR	Employees at Tomanggong POM and Litang Estate have mentioned about price of groceries items at sundries shop somewhat expensive.	<ul style="list-style-type: none"> - Estate management has conducted briefing to the workers that the price of groceries at TPOM & Litang Estate were differ with market price is due to high transportation cost, rental cost and retail supplier cost were high. (Attachment 11) - To display groceries price lists at office and sundry shop notice board. 	<p>Sighted Minutes meeting dated 24/3/17 between Tomanggong CU management, Shopkeepers and workers representative regarding grocery price too expensive, and workers are understood the reason explain by the shopkeeper regarding the price, also interviewed with workers confirm that they are quite satisfy with a new price.</p> <p>Status : Closed</p>
6.5.2	MAJOR	<p>The employment conditions yet to provide detail and update concerning below:</p> <ul style="list-style-type: none"> (a) some of daily-rated employees at Tagas and Litang Estates still indicated as monthly based wages. (b) insurance coverage for foreign workers. (c) deduction of wages. 	<ul style="list-style-type: none"> a) The estate management to immediately update the employment contract for all change of work unit within the estate, (Attachment 12). b) To attach the insurance coverage statement with the employment contract, (Attachment 13). c) To attach the deduction wages statement with the employment contract (Attachment 13). 	<p>Auditor has verify at Tomanggong Palm Oil Mill, Tomanggong Estate and Litang Estate the newer version of employment contracts which was revised in 2017 were available in Bahasa Malaysia. The new version of contract has included insurance coverage for foreign workers and deductions for every worker and the type of workers should get for example either monthly basis, daily basis or piece rate. each paragraph in the contract was explained to the workers by the mill and estate management prior to signing. The management has brief to workers regarding the new contract and interviewed with workers confirmed this.</p> <p>Status: Closed</p>
6.9.3	Minor	The documented procedure has not defined the specific mechanism of the system to ensure respect of anonymity and protect of complainants and whistleblowers.	To establish the complaint/whistleblower mechanism and provide training to estate and mill person in charge on the mechanism.	Sighted the new grievance mechanism which respects anonymity and protects complaints is in place at Tomanggong

RSPO PUBLIC SUMMARY REPORT

				<p>CU,</p> <ul style="list-style-type: none"> - Procedures for reporting complaints and grievances (for staffs and workers Ref#: HSPSB P1 1120 last updated 11.9.2016 - Procedures for reporting complaints and grievances for stakeholders Ref#: HSPSB P1 1120 (b) last updated 11.9.2016) <p>The guidelines also prescribe, among others, the procedures for reporting sexual harassment assigning the responsibilities for action as well as the timelines involved. Appendix 1 of the guidelines shows the flow chart reporting sexual harassment cases. There has been no report on sexual harassment in the estates/mill.</p> <p>Personnel & Administration Policy – Sexual Harassment; Guideline / Procedure – Sexual Harassment. The guideline has stated clearly that the complainants should not reveal to third party.</p> <p>The new updated documented procedure also has defined the specific mechanism of the system to ensure respect of anonymity and protect of complainants and whistleblowers.</p> <p>Status : Closed</p>
4.1.2.	Minor	<p>1. The harvesters of Litang and Tagas Estates do not consistently implement the harvesting procedures as per HSPSB OPAP Chapter 13.</p> <p>2. The manuring workers in Field B94A of Tagas Estate do not comply to the procedures in HSPSB OPAP Chapter 11 as they had not broadcasted the NK Fertilizer.</p>	<p>1. To include the HSPHB OPAP Chapter 13 & 11 standard into the annual training program (Estate level).</p> <p>2. The estate management has to be strictly guided with HSPHB OPAP while conducting the training.</p>	<p>During field visit at Litang (field w593D) and Tomanggong Estate (field T98H) showed that they have consistently implement the harvesting procedures as per HSPSB OPAP Chapter 13 that is the minimum ripeness standard of one detached fresh loose fruit per bunch seen on the ground and it was also found that the manuring workers in Field L311A of</p>

RSPO PUBLIC SUMMARY REPORT

				Litang Estate and field T981 of Tomanggong Estate appropriately comply to the procedures in HSPSB OPAP Chapter 11 as they have broadcasted the NK Fertilizer. Status : Closed
4.6.9.	Minor	Litang and Tagas Estates do not have a continual training to enhance knowledge and skills of employees on pesticide handling.	<ol style="list-style-type: none"> 1. To immediately conduct training on employees involves in handling pesticides. 2. Estate Management to increase training on pesticide handling. 	<p>The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. The training were regularly conducted by the estate management to enhance knowledge and skills of employees. The training included the safety aspects and usage of PPE. Records of training were maintained for verification.</p> <p>Random interviews with the workers showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner. The following training on Pesticide Handling was reviewed</p> <ol style="list-style-type: none"> a) Handling and Mixing of pesticides and triple rinsing of containers were carried out on 11th April 2017 b) PPE training carried out on 8th April 2017 c) Spraying of pesticides carried out on 24th April 2017 <p>Status : Closed</p>
2.1.1	MAJOR	<p>Non-compliance with '<i>Perkara 38 Peraturan-peraturan Kilang dan Jentera (Keselamatan dan Kesihatan Pekerjaan) 1970 Jadual ke-4:</i></p> <ul style="list-style-type: none"> - Item in the First aid kit at Mill Workshop and Schedule waste store Tagas Estate was not complied with Jadual ke-4. 	<p>TPOM / Tagas Estate have immediately updated the First Aid Kit item list (16 items) as per Factory and Machinery Act 1967, under Schedule 4, (Attachment 1).</p> <ul style="list-style-type: none"> - TPOM / Tagas Estate Executive to monthly check the adequacy of first aid kit item as per Factory and Machinery Act 1967 under Schedule 4. - Training of the first aid kit item and usage to be conducted by Hospital Assistant at yearly basis. 	<p>First Aid kits maintained available at each operating unit are sighted that item in the First aid kit at Schedule waste store of Litang and Tomanggong Estate and POM was comply with "<i>Perkara 38 Peraturan-peraturan Kilang dan Jentera (Keselamatan dan Kesihatan Pekerjaan) 1970 Jadual ke-4</i>".</p> <p>Status : Closed</p>

RSPO PUBLIC SUMMARY REPORT

			- Sustainability Team will cross-check the availability of First Aid item at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management.	
4.6.5	MAJOR	<p>The SDS was not available at point of use:</p> <ul style="list-style-type: none"> - SDS for Shell Omala S2, Shell Spirax 53 T, Spirax A 90, Shell Rimula R3, Shell Tellus 52M, N-Hexane and Proflox 1018 was not available at Mill Chemical store and Lubricant store. - Product label for N-Hexane and Proflox 1018 was not available at Mill Chemical Store. 	<ul style="list-style-type: none"> - TPOM have immediately posted all the mention chemical SDS and product label at the point of use and storage area, - Monthly checking by TPOM Executive to ensure Chemical SDS and Product label is available at the point of use and storage area. <p>Sustainability Team will cross-check the availability of Chemical SDS at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management and corrective action to be taken.</p>	<p>During site visit at work station such as lubricant store, chemical store, laboratory was found that all latest SDS was available, Status : Closed</p>
4.7.2	Major	<p>HIRARC was available however, not all operations where health and safety was an issue were be risk assessed:</p> <ul style="list-style-type: none"> - Mitigation measure for Heat Stress was not evident for Nursery, Replanting activities like cover crop planting, planting palms, etc. 	<p>Immediately Meeting about the mitigating measure (Existing Control and Recommended Control) in the HIRARC form for Nursery and Replanting daily activity i.e. cover crop planting and planting palms, Yearly update the HIRARC if there is any new mitigating measure shall be added for Heat Stress</p>	<p>Litang Estate and Tomanggong Estate have reviewed their HIRARC records dated 23/2/2018 and 2/1/2016 respectively. It was noted that HIRARC e.g. Heat Stress was assessed for nursery, replanting activities like cover crop planting, planting palms, etc. and were verified. Status : Closed</p>
4.7.3	Major	<p>Harvesters were not adequately trained in safe working practices:</p> <ul style="list-style-type: none"> - Harvesters at field W794A Litang Estate though provided with PPE such as Helmet and Goggle were not using them. 	<ul style="list-style-type: none"> - PPE training to be immediately conducted by Estate Executive to all harvester on the importance of using PPE during work in the field, - Every mandore to immediately monitor all their harvester gang using the daily PPE checklist to ensure them always using the PPE, - PPE Training for harvester will be conducted by Estate Management yearly basis and all the harvester shall attend the training. 	<p>All staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were continuously trained and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner. During field visit it was observed harvesters at field W593 Litang Estate and field T98H Tomanggong Estate were provided with PPE such as Helmet and Goggle and harvester were adhered to</p>

RSPO PUBLIC SUMMARY REPORT

			<ul style="list-style-type: none"> - Daily briefing in the muster ground to all worker on the importance of using PPE all time during work. 	wear the appropriate PPE. Status : Closed
4.7..5	Minor	<p>The Emergency Response Plan was not available at point of use</p> <ul style="list-style-type: none"> - Emergency Response Plan was not available at Boiler station, Chemical store, and Workshop and Lubricant store 	<p>TPOM has immediately to post the Emergency Response Plan for all mill station including the Boiler station, Chemical store, Workshop & Lubricant store.</p> <ol style="list-style-type: none"> 1. Monthly basis inspection will be conducted by Mill Executive to ensure Emergency Response Plan is available at Boiler station, Chemical store, Workshop, Lubricant store and other mill station. 2. Training on ERP by Mill Management will be conducted annually basis. 3. Sustainability Team will cross-check the availability of ERP at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management and corrective action to be taken. 	<p>During site visit, it was sighted Emergency Response Plan was available at Boiler station, Chemical store, and Workshop and Lubricant store. During interviews with workers it was noted that all workers understand regarding ERP.</p> <p>Status : Closed</p>
4.8.2	Minor	<p>Records training for all employee was not maintain properly:</p> <ul style="list-style-type: none"> - No evidence that all harvester had undergone training at Litang, Tagas Estate. 	<p>Training for Harvesting had been immediately conducted for all the harvester that not yet undergone training.</p> <ul style="list-style-type: none"> - Training of Harvesting by Estate Management will be conducted regularly and all the harvester shall attend the training. - Monitoring will be conducted by Estate Executive to ensure all harvester has undergone training yearly basis. 	<p>It was noted that records training for all employee was maintained properly and evidence that harvester had undergone training at Tomanggong Estate and Litang Estate were sighted. The date was verified as follows 7/1/17, 15/3/17, 5/6/17, 9/1/17.</p> <p>Status : Closed</p>

RSPO PUBLIC SUMMARY REPORT

Attachment 7

Time-bound Plan

No.	CU	Location	Date of Certification	Valid until	CAB & Certificate No.
1	Hap Seng Plantations (River Estates) Sdn Bhd - Sg Segama Group Of Estate & Bukit Mas Palm Oil Mill	Lahad Datu	24/05/2017	23/5/2022	PT TUV Rheinland 824 502 14016
2	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 1	Lahad Datu	27/09/2013	26/09/2018	SIRIM QAS RSPO 0018
3	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 2	Lahad Datu	27/09/2013	26/09/2018	SIRIM QAS RSPO 0028
4	Hap Seng Plantations (River Estates) Sdn Bhd - Tomanggong Group Of Estates	Lahad Datu	9/01/2015	8/01/2020	SIRIM QAS RSPO 0024
5	Kawa Estate and Hap Seng Estate, Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Tawau	16/10/ 2015	15/10/2020	PT TUV Rheinland 824 502 15028
6	Pelipikan Estate	Kota Marudu	2019 (target)	-	-
7.	Hap Seng Plantations (River Estates) Sdn Bhd - Tomanggong Group Of Estates – North Bank Estate and Tabin Estate	Lahad Datu	2019 (target)	-	-