



**PUBLIC SUMMARY
FIRST SURVEILLANCE ASSESSMENT
FOR RSPO P&C CERTIFICATION**

**HAP SENG PLANTATIONS HOLDING BERHAD
RSPO MEMBERSHIP NO. : 1-0098-11-000-00**

**TOMANGGONG CERTIFICATION UNIT
LAHAD DATU DISTRICT,
SABAH, MALAYSIA**

**CERTIFICATE NO. : RSPO 0024
DATE OF FIRST CERTIFICATION: 9TH JANUARY 2015
AUDIT DATE: 23RD -26TH NOVEMBER 2015**

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TABLE OF CONTENT

1.0	SCOPE OF THE CERTIFICATION ASSESSMENT
1.1	Introduction
1.2	Location of Mill and Estate
1.3	Production Volume of All Certified Products
1.4	Certification Details
1.5	Description of The Supply Base
1.6	Planting Profiles
1.7	Time Bound Plan for Other Management Units
1.8	Organizational Information/Contact Person(s)
2.0	ASSESSMENT PROCESS
2.1	Certification Body
2.2	Qualifications of Lead Assessor and Assessment Team
2.3	Assessment Methodology
2.4	Stakeholder Consultation and List of Stakeholders Contacted
2.5	Date of Next Surveillance Visit
3.0	ASSESSMENT FINDINGS
3.1	Summary of Findings
3.2	Identified Non-Conformities
3.3	Status of Non-Conformities Previously Identified
3.4	Noteworthy Positive Observation
4.0	ASSESSMENT RECOMMENDATION
5.0	ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

Tables:

Table 1	Location of Mill and Estate
Table 2	Actual Production of CPO and PK [Metric Tonne (MT)] by Tomanggong Certification Unit in 2015
Table 3	Projected Production of CPO and PK (MT) by Tomanggong CU in 2015
Table 4	Actual FFB received (MT) from supplying estates by Tomanggong Palm Oil Mill (TPOM)
Table 5	Projected FFB received (MT) from supplying estates by TPOM
Table 6	Certified area statement
Table 7 - 9	Planting profiles

Attachments:

Attachment 1	Location Map for Tomanggong Certification Unit
Attachment 2	RSPO Surveillance Assessment Programme
Attachment 3	Detail of NCRs and Corrective Actions Taken (2015)
Attachment 4	Verification of NCRs Raised During Previous Stage 2 audit

1.0 SCOPE OF THE CERTIFICATION ASSESSMENT

1.1 Introduction

The certification unit (CU) being assessed in this surveillance was the Tomanggong CU of the Hap Seng Plantations Holding Berhad (HSP). The Tomanggong CU comprises the Tomanggong Palm Oil Mill, Tomanggong Estate, Tagas Estate, Litang Estate, Tabin Estate and Northbank Estate. However, the last 2 estates i.e. Tabin and Northbank Estates, were excluded from the certification. Currently, these 2 estates are still in progress to comply with the New Planting Procedure and expected to be certified by 2017. And due to this, the Principle 7 of the RSPO Principles and Criteria (P&C) was therefore not applicable for this surveillance audit.

The Tomanggong CU was certified against the requirements of the RSPO MY-NI:2014 on 9th January 2015. The Tomanggong Palm Oil Mill operates with a processing capacity of 40 metric tonnes (MT) of fresh fruit bunches (FFB) per hour.

1.2 Location of Mill and Estate

Tomanggong CU which comprises one palm oil mill and three oil palm estates are all located in Lahad Datu, Sabah, Malaysia.

The map of the Tomanggong CU (mill and estates) is shown in Attachment 1 while their coordinates are detailed in the table below:

Table 1
Location of Mill and Estate

Operating Unit	Latitude	Longitude
Tomanggong Palm Oil Mill	5° 25' 38.3" N	118° 39' 33.5" E
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

(Note: The coordinates are for the offices of the palm oil mill and estates)

1.3 Production Volume for All Certified Products

The actual and estimated tonnage (MT) of crude palm oil (CPO) and palm kernel (PK) produced by the Tomanggong CU is shown in Tables 2 and 3 respectively.

Table 2
Actual Production of CPO and PK (MT) by Tomanggong CU in 2015
(November 2014 to October 2015)

FFB Received	258,418.99
FFB Processed	258,418.99
Total CPO Production	57,849.57
Total PK Production	14,347.84
Certified CPO to be Claimed – Mass Balance	2,384.81
Certified PK to be Claimed – Mass Balance	2,749.57
Non-Certified CPO	55,630.51
Non-Certified PK	11,215.76

Table 3
Projected Production of CPO and PK (MT) by Tomanggong CU in 2015
(November 2015 to October 2016)

FFB Received	264,670.00
FFB Processed	264,670.00
Total CPO Production	90,405.96
Total PK Production	18,090.40
Certified CPO to be Claimed – Mass Balance	31,308.96
Certified PK to be Claimed – Mass Balance	6,179.40
Non-Certified CPO	59,097.00
Non-Certified PK	11,911.00

1.4 Certification Details

The details on the certification of the Tomanggong CU are as follows:
 Parent company: Hap Seng Plantations Holdings Berhad
 Certificate number: RSPO 0024
 The date of certification : 9th January 2015

1.5 Description of The Supply Base

Details of the FFB contribution from each source to Tomanggong CU are shown in the following tables:

Table 4
Actual FFB Received from Supplying Estates by TPOM
(November 2014 – October 2015)

Estates	FFB Production	
	Tonnes	Percentage
Tomanggong Estate	43,382.91	17
Tagas Estate	53,110.45	21
Litang Estate	40,021.79	15
Others	121,903.84	47
Total	258,418.99	100

Table 5
Projected FFB Received from Supplying Estates by TPOM
(November 2015 – October 2016)

Estates	FFB Production	
	Tonnes	Percentage
Tomanggong Estate	39,800.00	15
Tagas Estate	53,320.00	20
Litang Estate	44,200.00	17
Others	127,350.00	48
Total	264,470.00	100

1.6 Planting Profiles

The following tables describes the area statement and the planting profiles for estates in Tomanggong CU:

Table 6
Percentage of Planted Area in the Tomanggong CU

Estate	Year of establishment	Area (Ha)				Area (%)	
		Certified	Planted	Mature	Immature	Mature	Immature
Tomanggong	1966	2,654.80	2,407.00	1,870.80	536.20	78	22
Tagas	1969	2,212.33	2,019.00	2,019.00	0.00	100	0
Litang	1978	2,648.60	2,474.70	2,328.40	146.30	94	6
Total		7,515.73	6,900.70	6,218.20	682.50		

Table 7
Planting profile for Tomanggong Estate

Year of Planting	Planting Cycle (Generation)	Mature / Immature	Planted Area (ha)
1991	1st	Mature	352.00
1992	1st	Mature	343.30
1994	1st	Mature	324.50
1996	1st	Mature	348.50
1997	1st	Mature	101.00
1998	1st	Mature	401.50
2014	2nd	Immature	393.20
2015	2nd	Immature	143.00
Total			2,407.00

Table 8
Planting profile for Tagas Estate

Year of Planting	Planting Cycle (Generation)	Mature / Immature	Planted Area (ha)
1994	1st	Mature	189.00
1997	1st	Mature	185.00
2000	1st	Mature	668.00
2001	1st	Mature	414.00
2004	1st	Mature	234.50
2006	1st	Mature	328.50
Total			2,019.00

Table 9
Planting profile for Litang

Year of Planting	Planting Cycle (Generation)	Mature / Immature	Planted Area (ha)
1992	1st	Mature	39.00
1993	1st	Mature	614.50
1994	1st	Mature	397.90
1997	1st	Mature	321.50
2011	2nd	Mature	236.00
2012	2nd	Mature	719.50
2015	2nd	Immature	146.30
Total			2,474.70

1.7 Time Bound Plan for Other Management Units

HSP has been a member of the RSPO since 2nd September 2005 and was committed to achieve full compliance with the requirements of the RSPO P&C all aspects of its estate operations. HSP was committed to certify all 3 CUs (all located in Lahad Datu, Sabah) as outlined in its time bound plan. All of its CUs had already been certified, except the 2 estates i.e. Tabin Estate and Northbank Estate. These 2 estates are still in progress in complying with the New Planting Procedure and expected to be certified by 2017.

1.8 Organizational Information/Contact Person

The details of the contact persons are as shown below:

Name : Halim Mohd Djuda
Designation : General Manager
Address : Off 40KM, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia
Telephone : 089-954831 / 013-8114601
Fax : -
E-mail : tmgoegm@hapseng.com.my

2.0 ASSESSMENT PROCESS

2.1 Certification Body

SIRIM QAS International is the oldest and 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 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), the International Automotive Task Force (IATF), and the Secretariat of the United Nations Framework Convention for Climate Change (UNFCCC). SIRIM QAS International is a partner of IQNet, a network currently comprising of 36 leading certification bodies in Europe, North and South America, East Asia and Australia.

SIRIM QAS International has vast experience in conducting assessments on palm oil mills (POMs) and oil palm estates for certification of management system against the requirements of the ISO 9001, 14001 & OHSAS 18001. SIRIM QAS International was approved as a RSPO certification body on 21st March 2008. Since then, SIRIM QA International had conducted many assessments on RSPO sustainable production of palm oil and supply chain certification in Malaysia.

2.2 Qualifications of Lead Assessor and Assessment Team

The assessment team consisted of four assessors. The details of the assessors and their qualifications are detailed below:

Assessment Team	Role/ Area of RSPO Requirement	Qualifications and Experiences
Mohd Hafiz Bin Mat Hussain	Assessment Team Leader / Safety & Environment	<ul style="list-style-type: none">• 4 years' experience in Oil Palm Plantation Management.• Successfully Completed RSPO Lead Assessor Course.• Successfully completed IRCA accredited Lead Assessor training for ISO 9001, ISO 14001 and OHSAS 18001.• B.Sc. (Hons) Plantation Management And Technology, Universiti Teknologi MARA
Ruzita Abd Ghani	Assessor / Supply Chain	<ul style="list-style-type: none">• Successfully completed RSPO Lead Assessor Course.• Successfully completed EARA approved Lead Assessor training for ISO 14001.• Successfully completed IRCA accredited Lead Assessor training for ISO 9001 and OHSAS 18001.• Registered Environmental Auditor with Department of Environment.• B.Sc. (Hons) Chemical Engineering, Universiti Teknologi Malaysia.
Selvasingam T. Kandiah	Assessor / GAP	<ul style="list-style-type: none">• B. Sc. (Hons) Agriculture – University of Agricultural Sciences, Hebbal, Bangalore, India.• A planter with Kumpulan Guthrie Berhad, with 1 year

		<p>experience in Liberia and 2 years in Estate. Department in the HQ, Kumpulan Guthrie Berhad.</p> <p>Experience in Managing:</p> <ul style="list-style-type: none"> • Nursery : Rubber and Cocoa • Immature Area : Cocoa Replant, Rubber Replant, Oil Palm Replant & Oil Palm New Clearing • Mature Area: Cocoa, Rubber & Oil Palm.
Mohd Zulfakar Kamaruzaman	Assessor / HCV & Social	<ul style="list-style-type: none"> • 4 years working experience related to oil palm plantation. • Successfully completed IRCA accredited Lead Assessor training for ISO 9001 and ISO 14001. • B. Sc. Forestry at Universiti Putra Malaysia.

2.3 Assessment Methodology

The main objectives of this surveillance were to:

- (i) verify the Tomanggong CU's continued compliance against the RSPO MYNI:2014 and the TPOM against the requirements of the RSPO Supply Chain Certification Standard, November 2014;
- (ii) verify the effectiveness of implementation of corrective actions to address the minor NCRs raised during the previous surveillance; and
- (iii) make appropriate recommendations based on the findings of this surveillance on the continued certification of the Tomanggong CU for sustainable production of palm oil products and the TPOM for supply chain.

The surveillance assessment was guided by the sampling formula of $0.8 \sqrt{y}$. The sites assessed during this surveillance audit were TPOM, Tomanggong Estate, Tagas Estate and Litang Estate.

The assessment team had carried out field and office visits to verify the CU's conformance against the RSPO-MYNI: 2014. There were also site visits to HCV habitats, labour lines, storage areas and other workplaces.

Common systems were identified and specific evidences were recorded for the estate. Interviews, particularly those with employees, local communities and suppliers were conducted formally as well as informally, without the presence of the CU's management personnel. In addition, records as well as other related documentation were also being reviewed. The assessment programme is as in Attachment 2.

2.4 Date of Next Surveillance Visit

The next surveillance assessment should be conducted within 12 months but not sooner than 9 months after the date this surveillance was conducted.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

The findings of this surveillance assessment were presented during the on-site closing meeting. There were two (2) minor nonconformity reports (NCRs) being raised on the Tomanggong CU's compliance against the requirements of the RSPO MYNI:2014. The details of these NCRs and the corrective actions taken to address them are as in Attachment 3.

In addition, all the minor NCRs raised during the previous surveillance audit had also been satisfactorily closed out following the verification of the implemented corrective actions. The assessment team had accepted the corrective action plan and found it to be adequate in addressing the minor NCRs. The details on these NCRs and their status are shown in Attachment 4.

The detailed findings of the assessment on the CU's compliance with the requirements of the RPSO MYNI:2014 and the RSPO Supply Chain Certification Standard, November 2014 are as follows:

PRINCIPLE 1: COMMITMENT TO TRANSPARENCY

Criteria	Indicators		Comply Yes/No	Findings
<p>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.</p>	1.1.1	<p>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.</p> <p>Minor Compliance</p>	Yes	<p>HSPHB is committed to transparency by allowing all information pertaining to environmental, social and legal issues to be publicly available upon request. There was procedure available on communication as evidenced in Jeroco CU, Document No.: HSPSB P1 1120 entitled “<i>Procedure Memohon Maklumat</i>” (Request for Information Procedure). The procedure had involved internal and external consultation. The procedure provided a form to be filled up by any stakeholder who has the interest to request any information pertaining to Principle 1. Nonetheless, the method of requesting information was not limited by filling up the form alone. It was also described in the procedure that other means of request such as verbal or in writing, would also be entertained. At the point of this assessment, there has been no request for such information by the public.</p> <p>Additionally, HSPHB has a website, http://www.hapsengplantations.com.my/ind ex.php which contained brief information about the company’s structure, corporate profile, vision & mission, the business they were involved in, financial and estates profiles information to name a few.</p> <p>Both Tagas and Tomanggong Estates continued to maintain stake holders list for contractors, vendors/suppliers, government agencies, schools, local communities, etc.</p>
	1.1.2	<p>Records of requests for information and responses shall be maintained. Major Compliance</p>	Yes	<p>The estates had identified personnel responsible for complaints and records of communication were identified and maintained. The internal communication was kept in the ‘buku aduan’ and it was mainly was for repairs required to employee housing.</p> <p>The records such as official letter from authority department such as Labour Department and also responses were maintained in the communication file.</p>
<p>1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information</p>	1.2.1	<p>Management documents that are made available to the public shall include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); <p>Major Compliance</p>	Yes	<p>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.</p>
		<ul style="list-style-type: none"> • Occupational health and safety plans (Criterion 4.7); 	Yes	<p>Safety and Health plan was available at all CU</p>

would result in negative environmental or social outcomes.		Major Compliance		
		<ul style="list-style-type: none"> Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); Major Compliance 	Yes	<p>The environment impact assessment management action plan was updated by the Executive Sustainability and each of issues was identified for each of the CUs and discussed.</p> <p>The SIA action plan was updated and each of issues was identified for each of the CUs and discussed them in their respective report.</p>
		<ul style="list-style-type: none"> HCV documentation summary (Criteria 5.2 and 7.3); Major Compliance 	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.
		<ul style="list-style-type: none"> Pollution prevention and reduction plans (Criterion 5.6); Major Compliance 	Yes	Action plan to mitigate pollution is available for public. Cross refer to C5.6.
		<ul style="list-style-type: none"> Details of complaints and grievances (Criterion 6.3); Major Compliance 	Yes	The system was open to all aggrieved parties and there is evidence that estate community as well neighboring community's use of the Grievances Book (Buku Aduan). The complaints and their outcomes were recorded and filed.
		<ul style="list-style-type: none"> Negotiation procedures (Criterion 6.4); Major Compliance 	Yes	HSPHB has developed procedures to deal with land disputes, squatter disputes, and loss of legal and customary rights. 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.
		<ul style="list-style-type: none"> Continual improvement plans (Criterion 8.1); Major Compliance 	Yes	HSPHB has committed to utilize the established system to regularly monitor and review their key activities at the mill and estates, and initiated where 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. Details of the CU continual improvement plans has been reported in the indicator 8.1.
		<ul style="list-style-type: none"> Public summary of certification assessment report; Major Compliance 	Yes	The main audit public summary was publicly available at website. http://www.sirim-qas.com.my/attachments/article/442/RSPO%20Public%20Summary%20Tomanggong%20Stage%202%20Audit.pdf
		<ul style="list-style-type: none"> Human Rights Policy (Criterion 6.13). Major Compliance 	Yes	Human Rights policy was made available at Tomanggong Estate, Tagas Estate, Tomanggor POM.
1.3 Growers and millers commit to ethical conduct in all business	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions,	Yes	Tomanggong POM has documented policy to committing on integrity for all their staffs and workers by publishing a book for Gek Poh Holdings Corporate Culture – 7. Individual Conduct. The CU has communicated the policy for new staffs and foreign workers during induction

operations and transactions.		which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance		course.
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PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS

Criteria	Indicators		Comply Yes/No	Findings
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.
	2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. Minor Compliance	Yes	Both Estates continued to implement and maintain the established documented system for identifying, accessing, tracking and monitoring of compliance with the legal requirements that are applicable to them for their operations. Each estate had its own Legal and Other Requirements Register (LORR) and were being evaluated individually and annually for compliance.
	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	No	Tomanggong CU has the mechanism for ensuring all the applicable legal requirements are implemented by these means; Internal & External Audits, PA visits, Internal EIA audits, RSPO Audits and Agronomic visits. The internal checking was carried out by its Assistant In-Charge through evaluation of compliance exercise against the legal register. However, noted that the evaluation of compliance was not carried out effectively for these legal requirement: 1. FM (Noise Exposure) Regulations 1989 2. FM (Notification, Certificate of Fitness and Inspection) Regulations 1970 3. OSH (Use and Standards Of Exposure of Chemicals Hazardous to Health) Regulations 2000 Therefore, the NCR MH01 was raised.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	HSP has established documented system named "procedure on mechanism for tracking any changes in the law" for identifying and tracking the updates of the applicable legal requirements through various media such as internet, newsletter, etc.
2.2 The right to use the land is demonstrated, and is not legitimately	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land	Yes	The right to use the land at Tomanggong CU can be demonstrated and not disputed by any party.

contested by local people who can demonstrate that they have legal, customary or user rights.		tenure, recognised Native Customary Right (NCR) land and the actual legal use of the land shall be available. Major Compliance		
	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 forest reserves. During the site review, most of the boundary stones had been located and visibly maintained at Tomanggong 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 free, prior and informed consent (FPIC). Minor Compliance	Yes	There was no land is encumbered by customary rights or dispute from any stakeholder at Tomanggong CU.
	2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. Major Compliance	Yes	During this surveillance audit, there was no land conflict occurred.
	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 (including neighbouring communities and relevant authorities where applicable). 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	Yes	Auditor had been 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

		instigated violence in maintaining peace and order in their current and planned operations. Major Compliance		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's life, their belongings and companies property.
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 (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). Major Compliance	Yes	This requirement is not applicable for Tomanggong CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.
	2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) 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; 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	Yes	This requirement is not applicable for Tomanggong CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.

		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	This requirement is not applicable for Tomanggong CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.
	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	This requirement is not applicable for Tomanggong CU since there has been no land is encumbered by customary rights or dispute from any stakeholder.

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

Criteria	Indicators		Comply Yes/No	Findings
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	Both Estates continued to persevere to make commitment to long-term economic and financial viability. The annual budgets for 2015 to 2019 were made available. The budget provisions covered activities for upkeep, cultivation, harvesting & evacuation, welfare, capital expenditure, etc.
	3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. Minor Compliance	Yes	The replanting programmes until 2028 were sighted for both Estates. This programme is reviewed once a year and is incorporated in their annual financial budget.

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

Criteria	Indicators		Comply Yes/No	Findings
<p>4.1 Operating procedures are appropriately documented, consistently implemented and monitored.</p>	4.1.1	<p>Standard Operating Procedures (SOPs) for estates and mills shall be documented. Major Compliance</p>	Yes	<p>Both Estates continued to use the HSP's established documented Oil palm Agricultural Policy (OPAP) Manual, Safety Procedure and Accounting and Administrative Procedure (AAP) manual. The Oil Palm Agriculture Policy (OPAP) is in place for estate operation covering the estate operations such as land clearing, field upkeep, pest & disease, harvesting evacuation, replanting, etc. Mill operation 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.</p>
	4.1.2	<p>A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	Yes	<p>Both Estates monitored good agricultural practices as per SOPs by on-site visits, inspections and discussions with relevant personnel and by conducting Assessments and audits like Internal Audits and PA visits.</p>
	4.1.3	<p>Records of monitoring and any actions taken shall be maintained and available, as appropriate. Minor Compliance</p>	Yes	<p>In the mill records of monitoring monthly effluent, black smoke, scheduled waste related records and quarterly reports submitted to DOE were observed. As for the estate, monitoring records specified by the Environmental Protection Department and scheduled wastes related records were also maintained.</p>
	4.1.4	<p>The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). Major Compliance</p>	Yes	<p>All the received FFB (internal and external) are recorded in a manner that information about the origin, transportation details and volume are made available.</p>
<p>4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>	4.2.1	<p>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</p>	Yes	<p>Both Estates continued to practice the maintenance of long-term soil fertility by annual application of fertilizers based on periodic foliar and soil analysis, biomass retention (pruned fronds left to decompose in the fields) and some EFB and compost application.</p>
	4.2.2	<p>Records of fertiliser inputs shall be maintained. Minor Compliance</p>	Yes	<p>Fertilizer application program was monitored using records like program sheets, bin cards, Field Cost book and Manuring program sheets. Records of programs and applications of fertilisers were made available to auditors. Records sighted showed that actual applied in 2015 was in line with program in both estates.</p>

	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	From the Agronomist reports it was established that both estates carried out periodic foliar and soil sampling to monitor changes in nutrient status.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (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 and Bunch Ash applied. In addition Tomanggong Estate had applied EFB and POME. POME application in Tomanggong Estate was replaced by Belt Pressed Solid (BPS). The affluent water after removal of solids (BPS) was applied as field irrigation in the ex POME areas.
4.3 Practices minimise and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	Yes	Based on the soil maps provided, there was no fragile/marginal soils in both estates visited.
	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	HSP had a management strategy in place 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. Among the methods recommended were construction of conservation terraces (OPAP Chapter 3), cambered roads & side drains (OPAP Chapter 4), roads to bisect the terraces (OPAP Chapter 4), construction of sump at the downslope (OPAP Chapter 4) and cover crop establishment (OPAP Chapter 5).
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	During the field visit, it was noted roads were well maintained in both Estates. Accessibility were made possible by regular maintenance guided by its road maintenance programmes. The program had been supported by adequate provisions in the budgets.
	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	There were no peat soils in both Tagas and Tomanggong estates.
	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	NA as there were no peat soils in both estates visited.
	4.3.6	A management strategy shall	Yes	NA as there were no fragile and problem soils in both estates visited

		be in place for other fragile and problem soils (e.g. podzols and acid sulphate soils). Minor Compliance		
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	Both Tagas and Tomanggong Estates were guided by HSP's Water Management Plan. It was developed in order to maintain the quality and availability of natural water resources by practicing efficient water consumption through various methods such as minimising wastage of treated water and pollution prevention on natural water sources. In the Water Management Plan, the CU has also identified actions to be taken in the event of water supply shortage (e.g. drought).
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. Major Compliance	No	No construction of bunds/weirs/dams across the main rivers or waterways, Sg Segama, was observed in Tomanggong Estate.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations (Criteria 2.1 and 5.6). Minor Compliance	Yes	TPOM has its Effluent Treatment Plant (ETP) in place. The DOE's approved disposal method is through Land Irrigation
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. Minor Compliance	Yes	TPOM had continued to monitor its water usage per tonne FFB processed and recorded in the Summary of Process and Boiler Water Consumption.
4.5 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	Yes	Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPAP Chpater 10 – 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 nectariferous beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subblata</i> and for rhino beetles is by using pheromone traps.
	4.5.2	Training of those involved in IPM implementation shall be	Yes	Training related to IPM implementation was last conducted by Chief Agronomist entitled "Pest and Disease". It was

techniques.		demonstrated. Minor Compliance		attended by executive and non-executive staff. Records of training were available for verification.
4.6 Pesticides are used in ways that do not endanger health or the environment.	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 [Chapter 9 – Upkeep of Mature oil palm (for herbicide) and Chapter 10 (for insecticide/rodenticide)] and SOP 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 units visited had records to show the types of pesticides used with active ingredients and their LD50 and where these pesticides had been used, the total quantity, number of applications and active ingredients (ai) per Ha. 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
	4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry's Best Practice. Major Compliance	Yes	As part of the IPM plans, management of both estates had established nectariferous beneficial plants (<i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera sublata</i>) nurseries for continuous planting in order to attract natural predators and thus to reduce use of insecticides.
	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	Yes	Both estates only used Pesticides that were officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). There was no evidence of pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, had been used in 2014 & 2015. However both estates had the class 1b chemical Methamidophos in stock for the use in case of bag worm outbreaks.

	Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		
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 (see Criterion 4.7). Major Compliance	Yes	Records showed that pesticides were handled, used and applied by trained persons 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 had 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 MSDS/CSDS training. It was also noted that MSDS/CSDS are available at all sites during the audit. The training included the safety aspects and usage of PPE when handling with pesticides. Record of training was available for verification
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 both estates were observed to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. . Record of the purchase, storage and use had been properly maintained. All of the stores had been well ventilated, had exhaust fans and secured. Only authorized personnel were allowed to handle the chemicals. All the chemicals were stored and segregated accordingly. The class 1b chemical, Methmidophos (Enforce) in Tagas Estate was packed individually in plastic bags and kept in a locked metal cabinet. The key to this cabinet was only held by the Manager, Tagas Estate.
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. Minor Compliance	Yes	Pesticide applications were guided by HSP's OPAP manual, CHRA and by MSDS supplied by the manufacturer.
4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed	Yes	Aerial spraying was not practiced by both Tagas Estate and Tomanggong Estate and there was no evidence to show that any had been carried out.

		of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance		
	4.6.9	Evidence of continual training to enhance knowledge and skills of employees and associated smallholders on pesticide handling shall be demonstrated or made available. (see Criterion 4.8). Minor Compliance	Yes	The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat bait were continuously trained. Random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). Minor Compliance	Yes	Noted that in Tomanggong Estate, no outbreaks of pest and disease occurred. For chemical drum, the management dispose as a recycle waste.
	4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. Major Compliance	Yes	Noted that in Tomanggong Estate, no outbreaks of pest and disease occurred. Hence, no operators were involved for pesticides activity. Medical Surveillance for sprayers was carried out by Klinik Chong.
	4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. Major Compliance	Yes	Pregnant and breast-feeding women are not allowed to work with Pesticides & Hazardous Chemicals. Medical Assistant (MA) checks and determine whether female workers are pregnant – check carried out 3 month once.
4.7 An occupational health and safety plan is documented, effectively communicated and implemented.	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 31/12/04. The Occupational health and safety plan has been established and monitored by Estate Manager and Mill Mgr. All the operation related to safety and environments has been identified in the OHS plan.
	4.7.2	All operations where health and safety is an issue shall be risk	Yes	Hazard identification, risk assessment and risk control (HIRARC) register covered activities in the estates and mill were verified during the assessment. Among the

	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		activities sighted were workshop, chemical spraying, P&D Rat Baiting, Manuring, harvesting and FFB collection in the estates, and boiler operation, FFB sterilization, kernel extraction and oil extraction and clarification in the mill. Appropriate risk control measures had been determined and implemented for the other station in the mill.
4.7.3	All workers involved in the operation shall be adequately 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	Yes	As mentioned in 4.6.9, the staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were continuously trained and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner.
4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. Major Compliance	Yes	Safety and Health Committee organization Chart 2015 was available. Quartely Safety & Health Committee meeting held – chaired by Sr. Assistant Manager (Tomanggong Estate), Mill Manager (TPOM) and Estate Manager (Tagas Estate).
4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in	Yes	Trained first aider was available at all work area both in the estate and mill. Cross checked with training records found that most of the estate mandore and department head has been trained on first aid. Emergency Response Plan (ERP) has been established and included in the Environmental Impact Assessment, Management Action Plan and Continuous Action Plan dated FY 2015. Emergency situation identified such as CPO spillage at bulking installtion, Bund Breakage, Diesel

		<p>First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites.</p> <p>Records of all accidents shall be kept and periodically reviewed.</p> <p>Minor Compliance</p>		<p>spillage, Fire Breakout in Mill, Chemical spillage, Flood, Landslide, Work-site accident, traffic accident were included in the document.</p> <p>Information to response potential emergencies had been disseminated. This included emergency contact number, site plan showing evacuation route to assembly point and location of firefighting equipment and action to be taken during emergency by staff and contractors. Instructions to respond to accident and emergency situation were tested and it was found to be clearly understood by all workers interviewed both at the mill and field.</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 continued to ensure all workers working in the premise (both mill and estate) covered by insurance. All local workers were covered by SOCSO as required under Employee's Social Security Act 1969. Foreign workers for instance, were covered by insurance as per Workmen Compensation Act 1952.</p>
	4.7.7	<p>Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance</p>	Yes	<p>Accident statistics are being maintained and periodically reviewed during safety and health committee meeting.</p>
4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	<p>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.</p> <p>Major Compliance</p>	Yes	<p>Formal training programs on both estates for 2015 and 2016 that covered aspects of the RSPO Principles and Criteria, with regular assessments of training needs were verified.</p>
	4.8.2	<p>Records of training for each employee shall be maintained.</p> <p>Minor Compliance</p>	Yes	<p>Records of training conducted are available during this assessment.</p>

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

Criteria	Indicators		Comply Yes/No	Findings
5.1 Aspects of plantation and mill management, including	5.1.1	<p>An environmental impact assessment (EIA) shall be documented. Major Compliance</p>	Yes	<p>Identification environmental aspect and impact at Hap Seng Group of Estate was done by engaging a consultant. For TOM, identification of environmental aspect and impact was done by agronomist & sustainability department under the document named Environmental</p>

replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance	Yes	Impact Assessment, Management Action Plan and Continuous Action Plan. Tomanggong Estate, Tagas Estate and Tomanggong POM have been established the action plan namely "Environment Impact Assessment Management Action Plans and Continuous Improvement Plans for 2015" which had been reviewed on October 2015. The management had monitored the progress of the action plan by appointed person In charge for each action plan.
	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	Tomanggong Estate, Tagas Estate and Tomanggong POM have been established the action plan namely "Environment Impact Assessment Management Action Plans for 2015" which had been reviewed on October 2015. The management had monitored the progress of the action plan by appointed person In charge for each action plan. Mitigation measures are in the form of SSOP.
5.2 The status of rare, threatened or endangered species and 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	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). Major Compliance	Yes	The report 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 5-9 October 2015 had covered all the High Conservation Value (HCV) within and adjacent to the CU.
	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	Yes	Tomanggong CU has established HCV action plan for Kulamba Wildlife Forest Reserve, Tabin Wildlife Forest Reserve 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

ensure that they are maintained and/or enhanced.		to maintain and/or enhance them shall be implemented through an action plan. Major Compliance		any cutting down of the trees at the area, prohibition of manuring and spraying, not allowed encroach into the riparian reserve and periodic visit.
	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 2015 was available. An awareness training like morning briefing has been conducted by Assistant Manager from Tomanggong and Tagas 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.
	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 action plan. Minor Compliance 	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. Futhermore CCTV 24 monitoring was placed at strategic area surrounding the estate to control everything including controlling the illegal activities.
	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. So, this indicator was not applicable with this CU.
5.3 Waste is reduced, recycled, re-used and disposed of in an	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	Yes	<u>Tomanggong/Tagas Estate:</u> The domestic waste and landfill management procedure was established. Identified recyclable wastes are glass, plastic (from household, inner-layer of fertilizer bags), paper (from office & household) and metal (from workshop &

environmentally and socially responsible manner.				household) sent to recycle centre. <u>Tomanggong POM:</u> For mill operation, source of pollution and waste generated from mill processes and related activities in the premise were properly identified.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	All the chemical containers were disposed accordingly through scheduled waste collector.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. Minor Compliance	No	Recyclable wastes collection centres were prepared at each estate visited. Wastes segregation was done for domestic wastes to collect the recyclable ones. The recyclable wastes will then be sent to appropriate vendors/suppliers.
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	Tomanggong CU has established plans and monitoring programmes on efficiency use of fossil oil and optimize renewable energy, dated 15/6/15 and was monitored monthly basis. The record were available during the audit.
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	Domestic waste landfill at Tomanggong Estate was visited and no evidence of wastes were burnt observed. Furthermore, the replanting programme at Tomanggong Estate was completed.
	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	No evidence of wastes were burnt observed.
5.6 Plans to reduce pollution and emissions, including greenhouse gases,	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion	Yes	Tomanggong CU has carried out identification of environmental impact assessment management action plans. This document was carried out and the assessment were include all the activities in the estate and, including gaseous emissions from genset, transportation and

are developed, implemented and monitored.		4.4). Major Compliance		effluent. The environmental aspects for air pollution have been identified and action plan and continuous improvement plan has been established. This document was reviewed October 15.
	5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. Major Compliance	Yes	The environmental aspects for air pollution have been identified and action plan and continuous improvement plan has been established.
	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	Tomanggong CU has been using the RSPO's PalmGHG calculator for calculating its GHG emission. The CU has also submitted its calculation report to RSPO Secretariat for review by the Emission Reduction Working Group (ERWG).

PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLERS

Criteria	Indicators		Comply Yes/No	Findings
6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate	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's estates and mill were prepared by the Agronomy Department 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 (internal, external land owner issues), sexual harassment policies, facilities and amenities offered by the estates, and the social impact assessment procedures and results.
	6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	Appendix 2 '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.
	6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of	Yes	A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary. Identifying specific person in charge (PIC) responsible for taking actions on each of the mitigation measures with specific time intervals. The monitoring records were verified at

continual improvement.		impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance		Tomanggong Estate, Tagas Estate and Tomanggong POM.
	6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. Minor Compliance	No	The social action plan for Tomanggong Estate, Tagas Estate and Tomanggong POM have been developed, however date of last reviewed was on 2012. Therefore Minor NCR #MZK 01 2015 was raised.
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). Minor Compliance	Yes	Smallholder scheme is not within the certification scope.
6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.	6.2.1	Consultation and communication procedures shall be documented. Major Compliance	Yes	A documented Consultation and Communication Procedures (Prosedur Memohon maklumat, Ref# HSPSB P1 1120 (c)) and grievance procedures for internal and external parties (Ref#: HSPSB P1 1120) have been made available. The estates and mill do maintain files on records of communication and consultation with external and internal parties.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	As stated in the SIA report, the Tomanggong Estate General Manager are the nominated person to handle social issues, while for Tagas Estate, Assistant manager are the nominated person to handle social issues.
	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	Yes	The lists of stakeholders were prepared both by the estates/mill and the company headquarters. The lists included government agencies, suppliers, contractors, schools, bus operators, traders. All neighbouring estates, suppliers and contractors were included in the lists.

		input from stakeholders, shall be maintained. Minor Compliance		
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 whistleblowers, where requested. Major Compliance	Yes	The estates and mill have developed 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.
	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 line sites at Tomanggong Estate, Tagas Estate, Tomanggong POM confirm that actions were taken on the complaints made by the workers. The grievances book (external stakeholder) was verified during the audit.
6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	Yes	HSP has developed procedures to deal with land disputes, squatter disputes, and loss of legal and customary rights. 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.
	6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and	Yes	In terms of compensation, the procedures prescribe the determination of lawful owners, distribution of the compensation, time frame for compensation and calculation for various compensations. So far, there has been no compensation made to any disputing parties. In addition to the above procedures, the Sabah Land Ordinance (SLO) 1930 provides for ways which natives can have titles and rights to lands and who should be compensated if losses are incurred. Land titles can be awarded to natives under sections 9, 15, 76 and 78 of the SLO. Compensation can be paid under section 16 of the Ordinance. Therefore, there exists a legal framework against which the estates have to operate when it involves customary lands rights and determination of compensations.

		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 record, there was no any dispute on land or squatters.
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	Interviews with workers at Tomanggong CU showed that they were understand the information shown in the pay slips. The basic pay was revised with the implementation of the Minimum Wage Order (MWO).
	6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance	Yes	Every 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 which is signed by the workers or staffs. Among others, the contracts spell out the period of employment, wage rate, work benefits, overtime, annual leave and public holidays. Details on monthly salary and deductions for every worker and staff are shown in their pay slips which are issued to the workers during pay day.
	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	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. Nonetheless, there have been regular requests for repairs as shown by the Grievance book for repairs.

		are available or accessible (not applicable to smallholders). Minor Compliance		
	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	There were 2 grocery shops at Tomanggong Estate, 1 at Tagas Estate and 3 at Tomanggong POM. The POM manager have plan to improve worker's access to affordable and sufficient food as stated in the social action plan.
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 freeTOM 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 freeTOM of association shall be available. Major Compliance	Yes	Tomanggong Estate, Tagas Estate and Tomanggong POM have published statements on freedom of association. As a matter of fact, the SIA report did mention that the company respects the right of workers to be unionized. Such statements are available in local languages as required by the standards. Hap Seng Plantations Holdings Berhad has circulated a memo to all estates and mills. The CU has allowed their employee to establish and join union.
	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. Nonetheless, in every estate/mill, a Joint Consultative Committee (JCC) 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.
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	HSP Labour Policy does not allow children below 18 years old to work in the estates/mill. Site visit at Tomanggong POM found no workers below age was found. Inspections of the Employee Master list in Tomanggong and Tagas Estate, it was found no workers below 18 years were recruited to work in the estates/mill.
6.8 Any form of discrimination based on race, caste, national origin, religion,	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be	Yes	HSP has published statements to the effect that the company does not practice discrimination in the recruitment of workers or staffs or in paying or promoting them. Such statements were written in the company's Corporate Culture and publicly available.

disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.		documented. Major Compliance		
	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 letter, 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. However, due to government policies, education opportunities differ between local and foreign children.
	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	Auditor has verified that current employment was carried out considering the medical examination of the applicant. Hap Seng has also advertise vacant position for Shipping clerk with specific requirement which based on skills, capabilities and working experience. While for employment of foreign workers, Tomanggong CU has followed the management SOP titled 'Syarat2 penggajian pekerja asing'.
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	HSP has published policy guidelines on sexual harassment which should guide the practices in the estates. The guidelines emphasize that sexual harassment is a threat to basic human rights and offenders will be punished accordingly, including termination from work. Tomanggong POM has formed a Gender Committee which will be responsible for organizing relevant activities and programmes. The policy has been communicated with women and men workers during morning musters. Official training has also been conducted.
	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 on and implemented to all of operating units Hap Seng Group Plantation. The policy has been communicated with women and men workers during morning musters. Official training was conducted and interview with workers from Indonesia, they were understand the policy and the procedure.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all	Yes	The guidelines 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. Personnel & Administration Policy – Sexual Harassment ; Guideline / Procedure – Sexual Harassment. The

		levels of the workforce. Minor Compliance		guideline has stated clearly that the complainants should not reveal to third party.
6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.	6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. Minor Compliance	Yes	It was evident that the mill displayed current and past FFB prices at their notice boards.
	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 (where these are under the control of the mill or plantation). 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.
	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 (MJC).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.
	6.10.4	Agreed payments shall be made in a timely manner. Minor Compliance	Yes	Payments are made through cheque which are issued the month following the completion of the works. 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.
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, the CU has built a primary school within the CU area. And now, the primary school has officially managed by Ministry of Education and open to other children from other estates
	6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. Minor Compliance	Yes	There was no scheme smallholders at Tomanggong CU.

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 local and foreign workers (Indonesian) – men and women (sprayers, harvesters and general workers) at Tomanggong Estate, Tagas Estate, Tomanggong POM, it was verified that there was no forms of forced or trafficked labour are used at the visited area.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	As verified through sampled workers at Tagas Estate employment contract, passport, work permit and interview with foreign workers, there was no contract substitution has occurred at the visited area.
	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 Estate, Tomanggong POM. Procedure for employment of foreign workers was available at Tomanggong Estate, Tagas Estate and Tomanggong POM.
6.13 Growers and millers respect human rights.	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). Major Compliance	Yes	Human Rights policy was made available at Tomanggong Estate, Tagas Estate, Tomanggong POM. 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 Estate, Tagas Estate, Tomanggong POM has provided Humana School and Creche Ayah for foreign workers' children to take care their children while during working hours without any fee.

PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS

The estates that are currently in the process of complying with the NPP were excluded from the certification. Hence, this principle is temporarily not applicable to this CU.

PRINCIPLE 8: COMMITMENT TO CONTINUAL IMPROVEMENT IN KEY AREAS OF ACTIVITY

Criteria	Indicators	Comply		
		Yes/No	Findings	
8.1	8.1.1	The action plan for continual	Yes	The estates continued to be committed to reduce usage of pesticides. Soft weeds

<p>Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		<p>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.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Encourage optimising the yield of the supply base. <p>Major Compliance</p>	<p>and <i>Nephrolepis bisserata</i> were maintained and encouraged in the inter rows. This was to suppress growth of noxious weeds and thus reduce use of pesticides for selective weeding.</p> <p>Both Tagas Estate and Tomanggong Estate continued to manage pests, disease and weeds using appropriate IPM techniques. In order to continuously minimize use of Insecticides, the estate had established nurseries for beneficial plants mainly <i>Tunera subulata</i>, <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i>. This was to establish continuity in the planting of beneficial plants.</p> <p>In the replants in Tomanggong estate, application of EFB in circles around the palm base in addition to the other benefits was also to prevent/reduce weeds in the palm circles. Covers crops were also planted in the inter rows.</p> <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 (SK Litang) etc.</p> <p>In order to optimise yields both estates were committed to implement best agricultural practices, inclusive of timely and proper fertiliser application; Improve on accessibility to maximise crop evacuation.</p> <p>Merit Point System (MPS) completion improvised to motivate Staffs for ensuring good agricultural practices are complied with.</p>
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RSPO Supply Chain at the palm oil mill – Mass Balance Model – Module E

4.2 General Chain of Custody Requirements for the Supply Chain

Module E – CPO Mills: Mass Balance

Requirement	Yes/No	Findings
E.3 Documented procedures		
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these</p>	Yes	<p>Standard Operating Procedures (SOP) for Traceability (SOP/COC/005) Chapter 1, 2, 3, 4 & 5 was established. The SOP has been revised to reflect the current changes.</p> <p>The sustainability unit has conducted an Internal Audit to ensure the SOP was implemented. In addition management review i.e. Mill Operation meeting (MOM) was also conducted. Meeting minute was sighted and related issue on CPO and PK production, CPO and PK quality were discussed. Nevertheless meeting agenda can be</p>

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 site procedures for the implementation of this standard.		enhanced to include volume production and sale of certify sustainable CPO and PK. Mill Manager has recently joined the TPOM to replace previous manager who has resigned. Training to new mill manager related to SOP for Traceability (SOP/COC/005) will be conduct by Sustainability tentatively on 3rd week of Dec. 2015. The mills' chief clerk, office staff, weighbridge clerk have been trained on the RSPO SCCS on 21 April 2015 by the Sustainability Executive. Training attendant and summary report was maintained. Based on interview, the mills' staffs have demonstrated awareness on the RSPO SCC.
E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	Yes	TPOM is still maintained its compliance against the Standard Operating Procedures for traceability - Chapter 3 title: Delivery and reception of CSFFB (Certified Sustainable FFB), in house and non in house FFB. Since RSPO supply chain model is mass balance , the mill has mixed of processing of FFB.
E.4 Purchasing and goods in		
E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.	Yes	TPOM has maintained records related to volume of certified and non-certified FFB received. Among the record were sighted are weighbridge ticket, daily production report and summary of FFB received from certified and non-certified sources.
E.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	Yes	As todate no evidence of over production.
E.5 Record keeping		
E.5.1 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. 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. c) The site can only deliver Mass Balance sales from a positive stock. 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.) For further details refer to Module C.	Yes	TPOM has maintained records related to volume of certified and non-certified FFB received as well of RSPO certified CPO and PK. Among the record were sighted are weighbridge ticket, daily production report and summary of FFB received from certified sources. The mass balance accounting system related to certified products was monitored monthly. It was confirmed volume deducted was clearly documented in the mass balance accounting system. It was confirmed the mass balance sales was from positive stock. As todate no claim been made for CSCPO but there is PK transaction as CSPK..
E.5.2 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.	Yes	The palm kernel (PK) was sent to the palm kernel crushing plant at Lahad Datu, Sabah as follows: 1) Lahad Datu Edible Oils Sdn.Bhd., Lahad Datu Sabah. 2) KLK Premier Oils Sdn.Bhd., Lahat Datu, Sabah. The document was available indicate the contract number, the price, term & condition, delivery period, identified the product name i.e. CSPK.

3.2 Identified Non-Conformities

Details of the non-conformities, corrective actions taken by Tomanggong CU and assessors' verification of the corrective actions taken are as in Attachment 3. All major non-conformities have been closed out.

3.3 Status of Non-Conformities Previously Identified

All corrective actions taken to address the minor non-conformities raised during the previous assessment had been accepted and verified by the assessors. The details on the verified non-conformities are as in Attachment 4.

3.4 Issues Raised by Stakeholders

There were various stakeholders interviewed during this assessment comprising of workers, safety committee member, local community from the surrounding villagers and contractors. Generally, all of the stakeholders had given positive feedbacks on the Tomanggong CU.

3.5 Noteworthy Positive and Negative Observations

The level of awareness of the workers on the requirements of the RSPO P&C and implementation of activities related the certification was found to be improving. It was also observed that they were able to explain not only the operating procedure related to their work but also the impact of its deviation, the consequence for not following them and the importance in achieving conformity to the RSPO requirements.

4.0 ASSESSMENT RECOMMENDATION

During this surveillance audit, the assessment team has raised two (2) minor NCRs on the Tomanggong CU against the requirements of the RSPO MYNI:2014. The Tomanggong CU had taken the appropriate corrective actions to address these major NCRs. The assessment team had accepted and verified the corrective actions taken by the CU and had subsequently closed them out. The minor NCRs will be verified in the next surveillance audit.

In addition, based on the findings of the supply chain audit on the Tomanggong Oil Mill, it was found that the mill had fulfilled all the requirements for the IP module of the RSPO Supply Chain Certification Standard, November 2014. The auditor also recommends that the Tomanggong Oil Mill be allowed to maintain the RSPO Supply Chain Certificate.

5.0 ORGANIZATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

I, the undersigned, on behalf of SIRIM QAS International Sdn. Bhd. Acknowledge and confirm the contents of the assessment report and findings of the assessment.

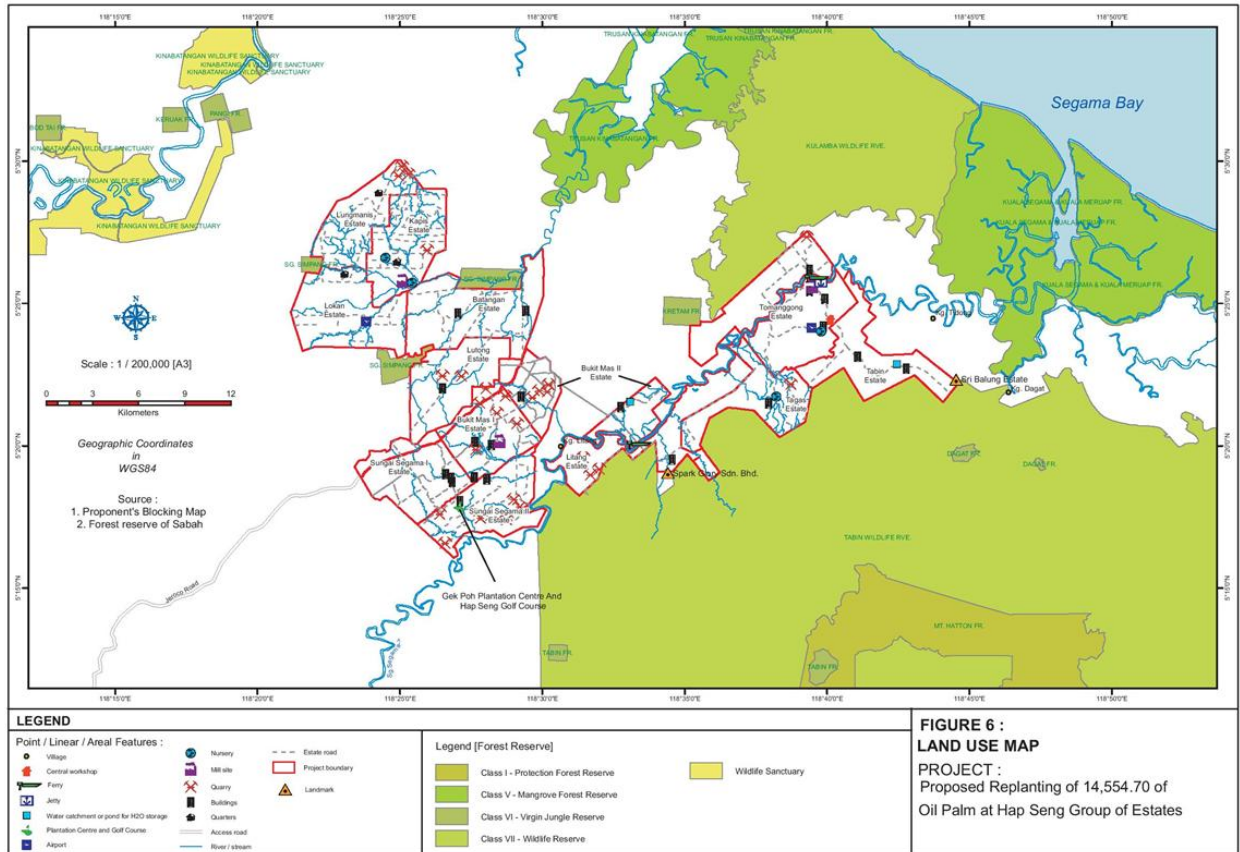


Mohd Hafiz Mat Hussain

Lead Assessor

Date: 20 January 2016

Location map of Tomanggong Certification Unit, Lahad Datu, Sabah, Malaysia



Assessment Programme

Day 1: 23rd November 2015 (Monday)

Time	Activities / areas to be visited			Auditee
0930-1000	Opening Meeting at Tomanggong POM, audit team introduction and briefing on audit objectives, scope, methodology, criteria and programmes* by audit team leader			Top mgmt & Committee Member
1000-1030	Briefing on the organization implementation of RSPO (including action taken to address main assessment findings) and progress of Time Bound Plan.			Management Representative
1030-1300	MH	MZK	SELVA	Guide/PIC
	<u>Tomanggong Estate</u>	<u>Tomanggong Estate</u>	<u>Tagas Estate</u>	
	<p>Site visit and assessment at Tomanggong Estate relating to management plan, environmental and Safety & Health issues</p> <p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p>Site visit and assessment at Tomanggong Estate relating to Social issues such as local community, SIA and management plans</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 • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Interview workers, GPW, local communities and stakeholders • Continuous improvement 	<p>Site visit and assessment at Tagas Estate relating to Good Agricultural Practice</p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • Replanting • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 2: 24th November 2015 (Tuesday)

Time	Activities / areas to be visited			Auditee
0930-1300	MH	MZK	SELVA	Guide/PIC
	<p style="text-align: center;"><u>Tomanggong Estate</u></p> <p>Site visit and assessment at Tomanggong Estate relating to management plan, environmental and Safety & Health issues</p> <p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>Tomanggong POM</u></p> <p>Site visit and assessment at Tomanggong POM relating to Social issues such as local community, SIA and management plans</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, GPW, local communities and stakeholders • Continuous improvement 	<p style="text-align: center;"><u>Tagas Estate</u></p> <p>Site visit and assessment at Tagas Estate relating to Good Agricultural Practice</p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • Replanting • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	
1300-1400	Lunch Break			
1400-1700	<p style="text-align: center;"><u>Tomanggong POM</u></p> <p>Site visit and assessment at Tomanggong POM relating to management plan, environmental and Safety & Health issues</p>	<p>Continue assessment at Tomanggong POM</p>	<p>Continue assessment at Tagas Estate</p>	Guide/PIC

Day 3: 25th November 2015 (Wednesday)

Time	Activities / areas to be visited			Auditee
0900-1300	<p style="text-align: center;">MH</p> <p style="text-align: center;"><u>Tomanggong POM</u></p> <p>Site visit and assessment at Tomanggong POM relating to management plan, environmental and Safety & Health issues</p> <p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;">MZK</p> <p style="text-align: center;"><u>Tagas Estate</u></p> <p>Site visit and assessment at Tagas Estate relating to estates boundary, HCV, local community issues and management plan</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 • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Interview workers, GPW, local communities and stakeholders • Continuous improvement 	<p style="text-align: center;">SELVA</p> <p style="text-align: center;"><u>Tomanggong Estate</u></p> <p>Site visit and assessment at Tomanggong Estate relating to Good Agricultural Practice</p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • Replanting • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Guide/PIC
1300-1400	Lunch Break			
1400-1700	Continue assessment	Continue assessment	Continue assessment	Guide/PIC

Day 4: 26th November 2015 (Thursday)

Time	Activities / areas to be visited			Auditee
0900-1300	<p style="text-align: center;"><u>MH</u></p> <p style="text-align: center;"><u>Tagas Estate</u></p> <p>Site visit and assessment at Tagas Estate relating to management plan, environmental and Safety & Health issues</p> <p>Coverage of assessment: P1, P2, P4, P5, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Occupational safety & health practice – witness activities at site • Environmental management – witness activities at site • Waste & chemical management • Interview with workers , safety committee and contractors • Facilities at workplace • Training and skill development programmes • Continuous improvement 	<p style="text-align: center;"><u>MZK</u></p> <p style="text-align: center;"><u>Tagas Estate</u></p> <p>Site visit and assessment at Tagas Estate relating to estates boundary, HCV, local community issues and management plan</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 • Inspection of protected sites with HCV attributes • Forested area, plantation boundary, adjacent and neighbouring land use • Riparian zone • Interview workers, GPW, local communities and stakeholders • Continuous improvement 	<p style="text-align: center;"><u>SELVA</u></p> <p style="text-align: center;"><u>Tomanggong Estate</u></p> <p>Site visit and assessment at Tomanggong Estate relating to Good Agricultural Practice</p> <p>Coverage of assessment: P1, P2, P3, P4, P7, P8</p> <ul style="list-style-type: none"> • Laws and regulations • Commitment to long-term economic and financial viability • Good Agricultural Practice- witness activities at site (weeding/ spraying, etc) • EFB mulching, POME application Nursery (if any) • Chemical store/fertilizer • Plantation on hilly/swampy area • Replanting • IPM implementation, training and safe use of agro-chemicals. • New planting • Continuous improvement 	Guide/PIC
1300-1400	Lunch Break			
1400-1630	<ul style="list-style-type: none"> • Verification on outstanding issues • Audit Team discussion, preparation on audit findings and issuance of NCR (if any) 			Guide/PIC
1630	Closing Meeting			

Day 2: 23rd November 2015 (Monday)

Activities /areas to be visited	RUZITA	Auditee
0930-1000	Opening Meeting at Tomanggong POM	Top mgmt & Committee Member
1000-1300	Assessment at Tomanggong POM relating to Supply Chain implementation, which include: <ul style="list-style-type: none"> • General requirements • Doc. procedures • Purchasing & goods in • Outsourcing activity • Sales & goods out • Processing • Records keeping • Registration • Training • Claims • MB accounting 	Guide/PIC
1300-1400	Lunch Break	
1400-1600	Continue assessment	
1400-1630	<ul style="list-style-type: none"> • Verification on outstanding issues • Preparation on audit findings and issuance of NCR (if any) 	Guide/PIC
1630	Closing Meeting	

Detail of Non-conformities and Corrective Actions Taken

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator 2.1.3 NCR #: MH01/2015	Minor	Requirement : Indicator 2.1.3 A mechanism for ensuring compliance shall be implemented. <u>Objective evidence:</u> The evaluation of compliance was not carried out effectively: 1. FM (Notification, Certificate of Fitness and Inspection) Regulations 1970 2. FM (Noise Exposure) Regulations 1989 3. OSH (Use and Standards Of Exposure of Chemicals Hazardous to Health) Regulations 2000	To conduct the training on the compliance of the relevant Acts/Regulations, expected date to be completed by Feb 16.	The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted
Indicator 6.1.4 NCR #: MZK 01 2015	Minor	Requirement: Indicator 6.1.4 The SIA plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties <u>Objective evidence :</u> The SIA action plan was only reviewed in 2012 and this does not conform to HSPHB procedure for handling social issues which requires the plan to be reviewed and updated every year.	To conduct the JCC meeting by including TMGOE, planned in December 2015.	The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. Status: accepted

Status of Non-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken by the CU and Verification by Assessors
<p>Indicator 2.1.1</p> <p>NCR# VS01</p>	<p>Major</p>	<p>Some evidence of compliance with legal requirements was not found.</p> <p><u>Evidence:</u> The following legal requirements have yet to be fulfilled:</p> <ol style="list-style-type: none"> 1) Training on scheduled waste handling – Regulation 15, Environmental Quality(Scheduled Wastes) Regulations, 2005 2) Fire certificate – Section 28, Requirement for Fire Certification, Fire Services Act, 1988 3) Competent persons in-charge for the greater horsepower generator sets at Tomanggong Mill and Tamangong Estate - 1st Grade ICE driver (Mill and estate) - 1st Grade visiting engineer (Mill) - Factory & Machinery (Person In Charge) Regulation 1970 - Regulation 6 (4) (Requirement for > 500hp ICE) & Regulation 6(3) (Requirement for >100hp ICE) 4) Written approvals for generator sets – Regulation 36, Environmental Quality(Clean Air)Regulations, 1978 	<ol style="list-style-type: none"> 1) Tomanggong CU has received three quotations from various consultants to conduct training for schedule waste handling in the company between 28/3/2013 to 8/4/2013. In house training course on management and handling of scheduled waste was conducted on 18/12/2013 by Chemsain Konsultant Sdn.Bhd. Mill Assistant, Store keeper and Foreman were attended the training. Evidence of training attendant and training material was submitted to the auditor. 2) Tomanggong POM has received a quotation from a consultant to supply, install, consult testing and commissioning firefighting system according to BOMBA requirements on 5/11/2013. Currently, are in the progress to install the fire fighting system. The effectiveness will be verified in the surveillance assessment. 3) Tomanggong CU has posted a few advertisements searching for the required competent person in-charge since early of 2013. However, until now nobody has been found to meet the requirements. Tomanggong CU will continue the searching apart from having a plan to upgrade the current engineers via appropriate trainings. The progress of this effort shall be verified in the surveillance assessment. 4) Tomanggong CU has requested a quotation to a consultant to apply the generator set written approvals on their behalf through a letter dated 20/2/2013. Tomanggong CU has obtained all the written approval for generator sets from Department of Environment (DOE) dated 8/1/2014 ref. ASSH(B)38/3101/200/006 jilid 68. <p>Status: Closed</p> <p>Verification during ASA 1:</p> <ol style="list-style-type: none"> 1. The training was held on 18/12/2013 by Chemsain Konsultant Sdn.Bhd. Mill Assistant, Store keeper and Foreman were attended the training. The certificate was available during the audit. 2. The firefighting system was installed by the consultant, now the management are at the final stage which is waiting for commissioning before sent the layout to the BOMBA for the fire certificate. 3. As per certification assessment finding on person in charge, TPOM has already comply with the new amendment on FM (Person In-Charge) Regulation. 4. Tomanggong CU has obtained the written approval

			<ul style="list-style-type: none"> Tomanggong Estate-Cert No. APU.2 [J98/147/13, J99/148/13, J100/149/123] TPOM-Ref No. ASSH(B) 31/152/000/026 Jld.8 (28) <p>All the evidences found adequate. Therefore the NCR VS01 was closed.</p>																																																
Indicator 4.1.2 NCR# VS02	Minor	<p>Agriculture practices for pest & disease were not in accordance with Hap Seng's Oil Palm Agricultural Policy (OPAP).</p> <p><u>Evidence:</u> The applications of rat baits (<i>brodifacoum</i>) at Northbank Estate were found not in accordance with OPAP.</p>	<p>Minor indicator – to be verified in the next surveillance audit.</p> <p>Verification during ASA 1:</p> <p>The applications of rat baits at the estates visited were found in accordance with OPAP. Therefore the NCR VS02 was closed.</p>																																																
Indicator 7.1.1 and RSPO Certification Systems/4.2 NCR# VS03	Major	<p>The new plantings at Tomanggong certification unit were not established in accordance with the RSPO P&C and RSPO Certification System.</p> <p><u>Evidence:</u> The establishment of new plantings at the following areas were not in accordance with RSPO requirements:</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Year of Planting</th> <th>Area (Ha)</th> </tr> </thead> <tbody> <tr> <td rowspan="4">Northbank</td> <td>2007</td> <td>284.00</td> </tr> <tr> <td>2008</td> <td>357.00</td> </tr> <tr> <td>2011</td> <td>324.00</td> </tr> <tr> <td>2012</td> <td>253.00</td> </tr> <tr> <td>Tabin</td> <td>2011</td> <td>124.14</td> </tr> <tr> <td colspan="2">Total</td> <td>1342.14</td> </tr> </tbody> </table>	Estate	Year of Planting	Area (Ha)	Northbank	2007	284.00	2008	357.00	2011	324.00	2012	253.00	Tabin	2011	124.14	Total		1342.14	<p>Tomanggong CU has come up with an action plan and submitted to the assessor which detailed in the table below. The assessor was informed that as at June 2013, step No. 3 of the New Planting Procedure has been carried out.</p> <table border="1"> <thead> <tr> <th colspan="2">ACTIVITY</th> <th>TIME FRAME</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Identification of HCV Assessor</td> <td>1st April – 17th May 2013</td> </tr> <tr> <td>2.</td> <td>Preparation of Tender</td> <td>20th – 31st May 2013</td> </tr> <tr> <td>3.</td> <td>Tender Offer</td> <td>1st June – 14th June 2013</td> </tr> <tr> <td>4.</td> <td>Tender Award</td> <td>21st June 2013</td> </tr> <tr> <td>5.</td> <td>HCV Assessment Initiation</td> <td>July - September 2013</td> </tr> <tr> <td>6.</td> <td>Report Preparation</td> <td>October 2013</td> </tr> <tr> <td>7.</td> <td>Report Review</td> <td>November 2013</td> </tr> <tr> <td>8.</td> <td>Report Submission</td> <td>November 2013</td> </tr> <tr> <td>9.</td> <td>Approval</td> <td>December 2013</td> </tr> </tbody> </table> <p>Tomanggong CU has engaged one of the RSPO endorsed HCV assessors to conduct the HCV assessment as planned which included the Land Use Change (LUC) analysis. Tomanggong CU has informed SIRIM QAS that they have presented the LUC analysis to BHCV Working Group (BHCVWG) and Compensation Task Force (CTF) on 15th April 2014 at Jakarta, Indonesia. Based on the outcome of the meeting, the BHCVWG and CTF have accepted the presentation and they have agreed that Tomanggong CU can proceed with the certification for the non-affected estates, i.e. Tomanggong, Tagas and Litang with the condition they continue with the compensation process. This has also</p>	ACTIVITY		TIME FRAME	1.	Identification of HCV Assessor	1st April – 17th May 2013	2.	Preparation of Tender	20th – 31st May 2013	3.	Tender Offer	1st June – 14th June 2013	4.	Tender Award	21st June 2013	5.	HCV Assessment Initiation	July - September 2013	6.	Report Preparation	October 2013	7.	Report Review	November 2013	8.	Report Submission	November 2013	9.	Approval	December 2013
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			<p>been confirmed by the RSPO Secretariat and a Compensation panel had been assigned to Hap Seng and the company will be reporting to the panel consisting SIME DARBY, SEARRP, WRI and Musim Mas.</p> <p>Since the affected areas have been excluded from the certification programme, the FFB contribution from them will be classified as non-certified. FFB.</p> <p>Status: Closed</p> <p>Verification during ASA 1:</p> <p>The Estate which involve in this process were excluded in the certification. The management was plan to certify this two (2) estate in 2017. Therefore the NCR VS03 was closed.</p>
<p>Indicator 4.4.2</p> <p>NCR# NAJ-1</p>	Major	<p>There was construction of weirs across the river passing through the estate.</p> <p><u>Evidence:</u> It was observed that there was construction of weirs across the rivers/waterways of Sg Tagas Tagas Besar in Litang Estate.</p>	<p>Tomanggong CU has submitted a letter to the Department of Drainage, Sandakan, Sabah, dated 11th April 2013, to apply for permission to construct weir at Tagas-Tagas River. The department has yet to response the application. A copy of this application letter and report from consultant has also been given to the assessor.</p> <p>The progress of this process shall be verified in the surveillance assessment.</p> <p>Status: Closed</p> <p>Verification during ASA 1:</p> <p>sighted that Reply from "Jabatan Pengairan dan Saliran Sabah" letter dated 3/10/2014 ref no JPS(SKN) 600/1/4/1 JLD.6(68) approved the weir construction with requirement only 0.01 m³/s extract of water and daily mean flow 0.56 m³/s. Therefore, Major NCR#NAJ-1 was closed.</p>
<p>Indicator 6.1.3</p> <p>NCR# RM01</p>	Minor	<p>The estates and mill under Tomanggong certification unit have no documented consultation and communication procedures.</p> <p><u>Evidence:</u> No documented consultation and communication procedures have been made available during the audit. Only grievance procedures for internal and external parties were available in the RSPO file.</p>	<p>HSPHB has developed a documented consultation and communication procedures and submitted to the assessor. The assessor found that the procedures were adequate to comply with the RSPO requirements. Nonetheless, its efficiency will be tested in the surveillance assessment.</p> <p>Status: Closed</p> <p>Verification during ASA 1:</p> <p>Sighted that Tomanggong CU have documented consultation and communication procedures in RSPO files. Therefore NCR#RM01 was closed.</p>

<p>Indicator 6.8.1</p> <p>NCR# RM02</p>	<p>Major</p>	<p>The estates and mill under Tomanggong certification unit have no publicly available equal opportunity policy.</p> <p><u>Evidence:</u> No evidence on publicly available equal opportunity policy was made available during the audit. Nonetheless, statements underlying the CU's commitment to equal opportunity were mentioned in Social Impact Assessment report (p.15). However, this report is not a public document and, therefore, not accessible to the public.</p>	<p>Tomanggong CU has submitted photos showing the policy statements have been posted at the notice boards of the various operating units.</p> <p>Status: Closed</p> <p>Verification during ASA 1:</p> <p>Sighted that Tomanggong CU has publicly available the equal opportunity and posted at the noticeboard to all operating units. Therefore Major NCR#RM02 was closed.</p>
<p>Indicator 6.6.2</p> <p>NCR# RM03</p>	<p>Minor</p>	<p>Estates and mill in Tomanggong CU has no published statement in local languages recognizing freedom of association</p> <p><u>Evidence:</u> No evidence on published statement in local languages recognizing freedom of association was made available during the audit. Statements underlying the CU's commitment to the freedom of association were found in the Social Impact Assessment Report. However, this report is not in the local languages.</p>	<p>Minor indicator – to be verified in the next surveillance audit.</p> <p>Status: Not closed</p> <p>Verification during ASA 1:</p> <p>Sighted that Tomanggong CU has published statement in local languages recognizing freedom of association and also made it available to public with posted at noticeboard. Therefore minor NCR#RM03 was closed.</p>
<p>Module E – CPO Mills: Mass Balance</p> <p>NCR# VS04</p>	<p>Major</p>	<p>The current procedure for supply chain was inadequate.</p> <p><u>Evidence:</u> Some of the RSPO Supply Chain requirements at Tomanggong POM were not able to cater the Mass Balance requirements such as:</p> <ol style="list-style-type: none"> 1) Calculation of certified and non-certified crude palm oil (CPO) and palm kernel (PK) including the consideration of crop diversion event in mass balance accounting system 2) The indication of supply chain model to be used in relevant documents such as sales contract, invoice etc. e.g. product name\ MB 	<p>Tomanggong CU has submitted its SOP for traceability that covers the requirements in the RSPO Supply Chain Standard for Module E.</p> <p>The assessor found that the procedure is adequate to fulfil the standard requirements. Nonetheless, the efficiency of the procedure shall be verified in the surveillance assessment.</p> <p>Status: Closed</p> <p>Verification during ASA 1:</p> <p>Standard Operating Procedures for Traceability (SOP/COC/005) Chapter 1, 2, 3, 4,5 was available and implemented. Chapter 1 & 3 was reviewed on 1 April 2015 Chapter 2 was reviewed on 6 April 2015 Chapter 4 was reviewed on 11 May 2015</p> <p>The evidence were found adequate, therefore the NCR VS04 was closed.</p>