



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

File Ref. : EH04760003

RSPO PUBLIC SUMMARY REPORT

CLIENT : HAP SENG PLANTATIONS (RIVER ESTATES) SDN BHD

PARENT COMPANY : HAP SENG PLANTATIONS HOLDINGS BHD

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

LOCATION OF THE CERTIFICATION UNIT (MILL AND THE SUPPLY BASE):

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Tomanggong CU	Tomanggong POM	5°25'38.300"N	118°39'33.503"E	Sungai Segama, Off 80KM Jalan Jeroco, Lahad Datu, Sabah
	Tomanggong Estate	5°24'1.900"N	118°39'51.704"E	
	Tagas Estate	5°21'47.301"N	118°38'14.200"E	
	Litang Estate	5°19'31.607"N	118°34'28.304"E	

MAP : See Attachment 1

AUDIT DATE : 22-25/11/16

DURATION : 12 auditor days

TYPE OF AUDIT :  Annual Surveillance Audit No. 2

Recertification Audit

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

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

VALIDITY OF RSPO CERTIFICATE : 9 January 2015 – 8 January 2020

The following attachments form part of this report:

Non-conformity Report(s)

List of additional site(s)

**Report by Audit Team Leader**

**Acknowledgement by Client's Representative**

Name : Hazani Othman

Name : *KEE KEOW CHONG*

Signature : *Hazani Othman*

Signature : *[Handwritten Signature]*

Date : 04/04/17

Date : *6.4.17*

## RSPO PUBLIC SUMMARY REPORT

### SUMMARY OF AUDITS

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

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

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

**RSPO PUBLIC SUMMARY REPORT**

<b>Annual Surveillance Audit 3</b>				
On-site audit date :		No. of auditor days :		
Audit team :				
No. of major NCR :		Indicator:	Closing date :	
No. of minor NCR :		Indicator :		
Indicate by ticking the stakeholders interviewed during the on-site audit :	Employees	Settlers	Villagers	Suppliers
	Contract workers	NGOs	Govt. agency	Independent growers
	Indigenous people	Contractor	Others (Please specify)	
Supply base sampled :				
Changes since the last audit :				

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

**RSPO PUBLIC SUMMARY REPORT**

**SUMMARY OF INFORMATION**

<b>TYPE OF AUDIT</b>	<b>STAGE 2 / RA</b>	<b>ASA 1</b>	<b>ASA 2</b>	<b>ASA 3</b>	<b>ASA 4</b>
<b>Projection Period</b>			Nov 2016 – Oct 2017		
<b>Certified Area (Ha)</b>			7,515.75		
<b>Production Area(Ha)</b>			5,866.20		
<b>HCV Area (Ha)</b>			125.64		
<b>Certified FFB Processed (MT)</b>			255,655.00		
<b>Production of Certified CPO (MT)</b>			57,554.00		
<b>Production of Certified PK (MT)</b>			11,504.00		
<b>REMARKS</b>					

## RSPO PUBLIC SUMMARY REPORT

<b>Table of contents</b>	<b>Page</b>
1.0 AUDIT PROCESS	6
1.1 Certification body	6
1.2 Qualification of audit team	6
1.3 Audit methodology	6
1.4 Stakeholder Consultation	
1.5 Audit plan	6
1.6 Date of next audit	6
2.0 SCOPE OF CERTIFICATION AUDIT	7
2.1 Description of the certification unit	7
2.2 Description of the Supply Base (including planting profile)	7
2.3 Organization Information / Contact Person(s)	8
3.0 AUDIT FINDINGS	9
3.1 Changes to certified products in accordance to the production of the previous year	9
3.2 Time bound plans including changes and reasons for the changes see below	9
3.3 Overall comment in terms of acceptance or non acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed)	9
3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included , by the mill, are audited within 3 years from when their fruit was first included in the mill certification.	10
3.5 Any new acquisition which has replaced primary forests or HCV areas	10
3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)	10
3.7 Status of previous non-conformities * (refer to Attachment 6)	10
3.8 Complaint received from stakeholder (if any)	10
4.0 DETAILS OF NON-CONFORMITY REPORT	10
4.1 For P&C (Details checklist refer to Attachment 3)	10
4.2 For SC (Details checklist refer to Attachment 5)	10
5.0 AUDIT CONCLUSION	10
6.0 RECOMMENDATION	11
 List of Attachments	
Attachment 1 : Map of Tomanggong CU under Hap Seng Group of Estates	12
Attachment 2 : RSPO Surveillance Audit Plan	13
Attachment 3 : RSPO P&C Audit Checklist And Findings	18
Attachment 4 : Details of Non-conformities and Corrective Actions Taken	42
Attachment 5 : RSPO Supply Chain at the palm oil mill: Module E – CPO Mills: Mass Balance	45
Attachment 6 : Details of Non-conformities and Corrective Actions Taken for RSPO SC	46
Attachment 7 : Status of Non-conformities Previously Identified	48

**1.0 AUDIT PROCESS**

**1.1 Certification Body**

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

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

**1.2 Qualification of audit team**

<b>Member of the Audit Team</b>	<b>Role/area of RSPO requirements</b>	<b>Qualifications</b>
Hazani Othman	Audit Team Leader Environmental, Social and Supply Chain	Holds a Bachelor of Forestry Science and Diploma in Forestry, from the Universiti Putra Malaysia. He is a lead auditor for ISO 14001, FSC & MTCC FMC and CoC and RSPO P&C.
Mohd. Zulfakar Kamaruzaman	Auditor Occupational, health, safety, environment and HCV	Holds a B.Sc. Forestry from University Putra Malaysia. He had more than 4 years of working experience in the oil palm operation. He has been trained as a RSPO Lead Auditor.
Mohd Norddin bin Abd. Jalil	Auditor Good Agricultural Practices (GAP)	Holds a B.Sc. Agriculture (Weed Management) UPM. He has 38 years' experience in plantation management of oil palm and rubber and has been qualified as an RSPO P&C Auditor.

**1.3 Audit methodology**

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

**1.4 Stakeholder Consultation**

There were no comments received from stakeholders prior to this annual surveillance audit.

**1.5 Audit plan : Refer to Attachment 2**

**1.6 Date of next audit :** The next surveillance audit will be conducted within 12 months but not sooner than 9 months from this audit.

## RSPO PUBLIC SUMMARY REPORT

### 2.0 SCOPE OF CERTIFICATION AUDIT

#### 2.1 Description of the certification unit

The Tomanggong Certification Unit (Tomanggong CU) is under the Hap Seng Plantations (River Estates) Sdn Bhd. which is a subsidiary of Hap Seng Plantations Holdings Bhd (HSPHB). The CU is located at Ladang Tomanggong Off 40 KM, Jalan Lahad Datu-Sandakan, Kinabatangan, Sabah, Malaysia. The Tomanggong CU consists of Tomanggong Palm Oil Mill (POM) and five supply base, namely the Tomanggong Estate, Litang Estate, Tabin Estate, Tagas Estate and Northbank.Estate. However, due to issues in the new planting procedure at Tabin Estate and Northbank Estate, the management of Tomanggong CU with the consent of RSPO had decided to exclude both estates during the stage 2 audit. A time bound plan had been established to include these two estates. The milling capacity of Tomanggong POM is 40 mt/hr.

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

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

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

**Table 1: Actual FFB production by the supply base for the last reporting period**

Supply Base	Actual FFB production Nov 2015 – Oct 2016	
	Tonnes	%
Certified owned supply base		
Tomanggong Estate	26,474.93	12.16
Tagas Estate	34,949.25	16.05
Litang Estate	29,433.03	13.52
<b>Total</b>	<b>90,857.21</b>	<b>41.74</b>
Third parties (non-certified)	126,829.76	58.26
<b>Grand Total</b>	<b>217,686.97</b>	<b>100.00</b>

**Table 2: Projected FFB production by supply base for the next reporting period**

Supply Base	Estimated production Nov 2016 – Oct 2017	
	Tonnes	%
Certified owned supply base		
Tomanggong Estate	33,300.00	13.02
Tagas Estate	49,830.00	19.49
Litang Estate	46,600.00	18.23
<b>Total</b>	<b>129,730.00</b>	<b>50.74</b>
Third parties (non-certified)	<b>125,925.00</b>	49.26
<b>Grand Total</b>	<b>255,655.00</b>	<b>100</b>

**Table 3: Actual FFB received and CPO & PK dispatched by the Mill for last reporting period**

	Actual FFB production(MT)
	Nov 2015 – Oct 2016
FFB Received	217,686.97
FFB Processed	217,686.97
CPO Production	49,228.72
PK Production	9,929.07
CPO delivered as Mass Balance	16,061.38
CPO delivered as non-RSPO certified	20,120.58
PK delivered as Mass Balance	4,195.66
PK delivered as non-RSPO certified	5,845.65

## RSPO PUBLIC SUMMARY REPORT

**Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period**

	Estimated production (MT) Nov 2016 – Oct 2017
FFB Received	255,655
FFB Processed	255,655
CPO Production	57,554
PK Production	11,504
CPO delivered as Mass Balance	29,579
CPO delivered as non-RSPO certified	27,975
PK delivered as Mass Balance	5,835
PK delivered as non-RSPO certified	5,669

**Table 5 Certified, planted and year of oil palm establishment**

Estate	Year of oil palm establishment	Area (ha)				Planted Area (%)	
		Certified	Planted	Mature	Immature	Mature	Immature
Tomanggong	1966	2,654.80	2,407.00	1,518.80	888.20	63	37
Tagas	1969	2,212.33	2,019.00	2,019.00	-	100	-
Litang	1978	2,648.62	2,474.70	2,328.40	146.30	94	6
<b>Total</b>		<b>7,515.75</b>	<b>6,900.70</b>	<b>5,866.20</b>	<b>1,034.50</b>	<b>85</b>	<b>15</b>

**Table 6 Planting profile for the supply bases of the CU**

Estate	Planting	Planting Cycle	Maturity status	Planted Area (Ha)
Tomanggong	1992	1 <sup>st</sup> Generation	MATURE	343.30
	1994	1 <sup>st</sup> Generation	MATURE	324.50
	1996	1 <sup>st</sup> Generation	MATURE	348.50
	1997	1 <sup>st</sup> Generation	MATURE	101.00
	1998	1 <sup>st</sup> Generation	MATURE	401.50
	2014	2 <sup>nd</sup> Generation	IMMATURE	393.20
	2015	2 <sup>nd</sup> Generation	IMMATURE	143.00
Tagas	2016	2 <sup>nd</sup> Generation	IMMATURE	352.00
	1994	1 <sup>st</sup> Generation	MATURE	189.00
	1997	1 <sup>st</sup> Generation	MATURE	185.00
	2000	1 <sup>st</sup> Generation	MATURE	668.00
	2001	1 <sup>st</sup> Generation	MATURE	414.00
	2004	1 <sup>st</sup> Generation	MATURE	234.50
Litang	2006	1 <sup>st</sup> Generation	MATURE	328.50
	1992	1 <sup>st</sup> Generation	MATURE	39.00
	1993	1 <sup>st</sup> Generation	MATURE	614.50
	1994	1 <sup>st</sup> Generation	MATURE	397.90
	1997	1 <sup>st</sup> Generation	MATURE	321.50
	2011	2 <sup>nd</sup> Generation	MATURE	236.00
	2012	2 <sup>nd</sup> Generation	MATURE	719.50
	2015	2 <sup>nd</sup> Generation	IMMATURE	146.30

### 2.3 Organizational Information/Contact Person(s)

The correspondence address and contact persons are as detailed below:

Contact person:

Name : Kee Keow Chong  
 Designation : Chief Agronomist  
 Address : MDLD 7073-7074, Ground Floor bandar Sri Perdana, Jalan Silam,  
 91100 Lahad Datu, Sabah, Malaysia  
 Telephone : 089-278183 /0195532412  
 e-mail : keekc@hapseng.com.my



## RSPO PUBLIC SUMMARY REPORT

Contact person (at Tomanggong CU)

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

Tomanggong POM and its supply bases do not hold any form of third-party certification on management systems.

### 3.0 AUDIT FINDINGS

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

Observed no significant changes to certified products in accordance to the production of the previous year.

#### 3.2 Time bound plans including changes and reasons for the changes see below

	Yes	No	<u>If yes, state reasons/justifications</u>
- acquisitions/disposals	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
- emergence/re-emergence of land disputes	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Tabin and Northbank Estates still completing the requirements of the NPP.
- labour conflicts	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

#### 3.3 Overall comment in terms of acceptance or non acceptance on the changes in the time-bound plan (including details of non-adherence or the conditions justifying a time-bound plan have changed )

The company had established a time bound plan for certifying all of its 6 Certification Units.

Details on RSPO Certification progress against time-bound plan is shown in the table below.

No.	CU	Location	Date of Certification	Valid until	CAB & Certificate No.
1	Hap Seng Plantations (River Estates) Sdn Bhd - Sg Segama Group Of Estate & Bukit Mas Palm Oil Mill	Lahad Datu	24/05/2012	23/5/2017	PT TUV Rheinland 824 502 14016
2	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 1	Lahad Datu	27/09/2013	26/09/2018	SIRIM QAS RSPO 0018
3	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 2	Lahad Datu	27/09/2013	26/09/2018	SIRIM QAS RSPO 0028
4	Hap Seng Plantations (River Estates) Sdn Bhd - Tomanggong Group Of Estates	Lahad Datu	9/01/2015	8/1/2020	SIRIM QAS RSPO 0024
5	Kawa Estate and Hap Seng Estate, Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Tawau	16/10/ 2015	15/10/2020	PT TUV Rheinland 824 502 15028
6	Pelipikan Estate	Kota Marudu	2017 (target)	-	-

## RSPO PUBLIC SUMMARY REPORT

3.4 All associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, are audited within 3 years from when their fruit was first included in the mill certification.  NA Yes  NA No

If no, please state reasons Not applicable. No scheme smallholders.

3.5 Any new acquisition which has replaced primary forests or HCV areas  Yes  No

3.6 Other changes (e.g. organizational structure, new contact person, addresses, etc.)

Tagas Estate: New Manager.  
Litang Estate: New Assistant Manager.

3.7 Status of previous non-conformities \*

Closed  Not closed

\* If not closed, minor non conformity will be upgraded to major non conformity

3.8. Complaint received from stakeholder (if any)

No complaint received within the covered audit period, except comment pertaining groceries price somewhat expensive (Refer 6.1.3, NCR HO-02).

### 4.0 DETAILS OF NON-CONFORMITY REPORT

4.1 For P&C (Details checklist refer to Attachment 3) :

Total no. of minor NCR(s) (details refer to Attachment 4) List : 6 2.1.1, 4.6.5, 4.7.2, 4.7.3, 6.1.3, 6.5.2

Total no. of major NCR(s) (details refer to Attachment 4) List : 5 4.1.2, 4.6.9, 4.7.5, 4.8.2, 6.9.3

4.2 For SC (Details checklist refer to Attachment 5) :

Total no. of minor NCR(s) (details refer to Attachment 5) List :

Total no. of major NCR(s) (details refer to Attachment 5) List : 1 E4.1

### 5.0 AUDIT CONCLUSION

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

**RSPO PUBLIC SUMMARY REPORT**

**6.0 RECOMMENDATION**



No NCR recorded. Recommended to continue certification.



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

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



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



Recommended to continue certification.



Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... have not been satisfactorily closed out within 60 days of the audit. Recommended for suspension of the certificate.

*Note: Major NCRs which are not addressed within a further 60 days shall result in the certificate being withdrawn.*

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

Audit Team Leader :

**Hazani Othman**

*Hazani Othman*

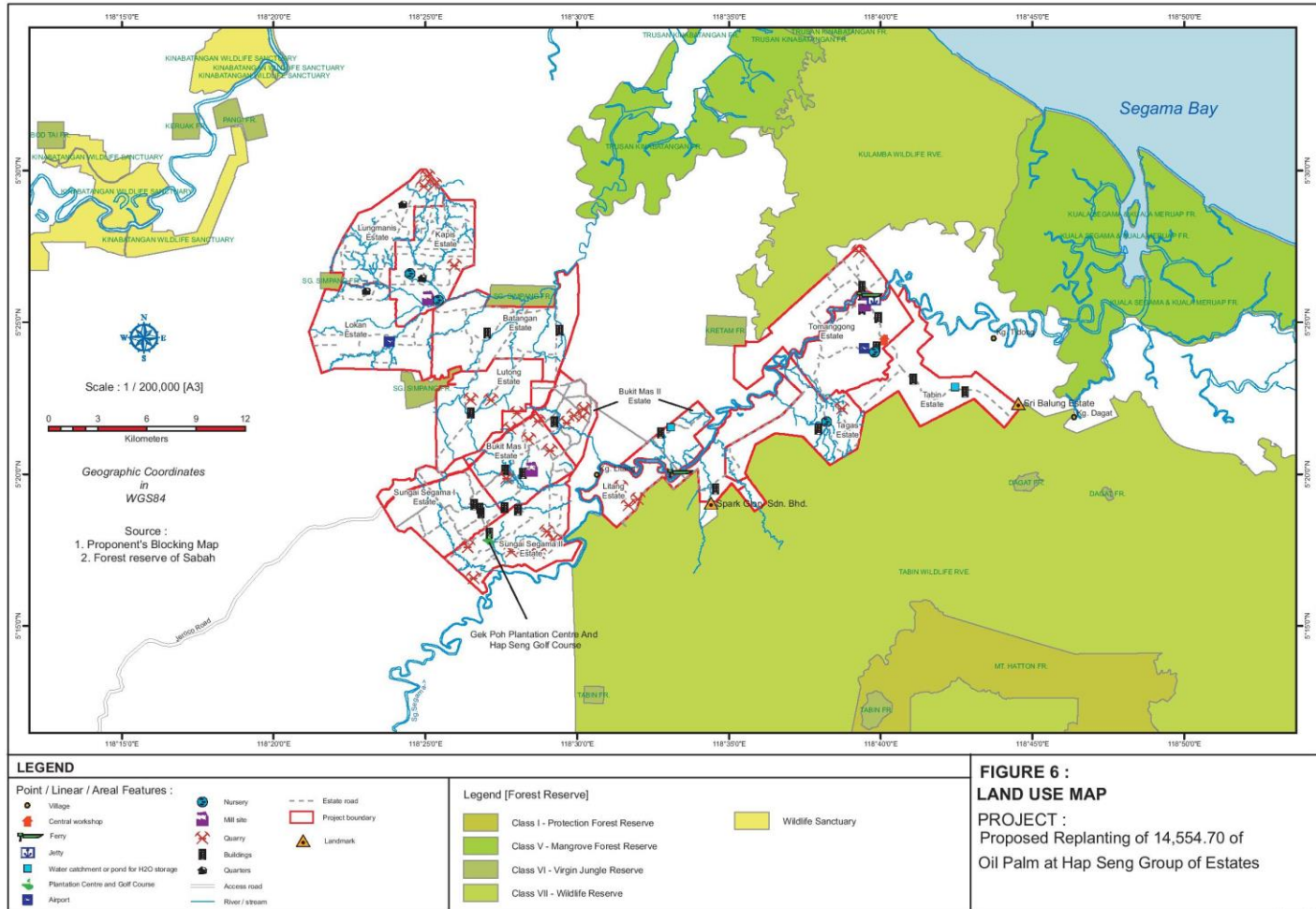
**25/01/17**

(Name)

(Signature)

(Date)

**Map of Tomanggong CU under Hap Seng Group of Estates**



## RSPO Surveillance Audit Plan

### 1. Objectives

The objectives of the audit are as follows:

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

2. **Date of audit** : 22<sup>nd</sup> to 25<sup>th</sup> November 2016

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

- Tomanggong Palm Oil Mill
- Litang Estate
- Tagas Estate

### 4. Scope of Certification:

Production of Crude Palm Oil and Palm Kernel Using Mass Balance (MB) Model

### 5. Reference Standard:

- RSPO P&C MYNI 2014
- RSPO Supply Chain Certification Standard, 2014
- Company's audit criteria including Company's Manual/Procedures

### 6. Audit Team

- a) Lead Auditor : Hazani Othman
- b) Auditor : Mohd Zulfakar Kamaruzaman  
Mohd Norddin Abd. Jalil
- c) Observer : ASI (TBA)

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

### 7. Audit Method

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

**8. Audit Findings**

Audit findings shall be classified as major and/or minor. Major non conformities shall be addressed within 60 days or else the certificate shall be suspended. If the major non conformities are still not addressed within another 60 days, the certificate shall be terminated. Recurrence of major non-conformities on the same issues shall be recommend for immediate suspension. Minor non-conformities shall be upgraded to major non-conformities if the corrective actions taken are not satisfactory and effective.

For minor non conformities raised in the surveillance audit, corrective action plans shall be submitted within 60 days and these shall be upgraded to major non conformities if the corrective actions are not implemented in the next audit.. Verification of implementation of corrective actions will be carried out during next audit.

**9. Confidentiality Requirements**

SIRIM QAS International shall not disclose any information concerning the company regarding all matters arising or coming to its attention with the conduct of the programme, which is of confidential in nature other than information, which is in the public domain.

In the event that there be any legal requirements for disclosing any information concerning the organization, SIRIM QAS International shall inform the organization of the information to be disclosed.

**10. Conflict of interest**

Auditors have not been employed by the organization concerned nor provided consultancy services relating to the development of its system in the past five years and next five years.

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

**12. Reporting**

- a) Language : English
- b) Format : Verbal and written
- c) Expected date of issue : 30 days after the date of audit
- d) Distribution list : client file

**13. Facilities Required**

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

14. **Audit Programme Details:** As shown below:

**Day 1: 22 November 2016 (Tuesday)**

Time	Auditor		
0900am-0930am	Opening Meeting (at PCO): Team introduction and briefing on audit objectives, scope, methodology, criteria, programmes, etc. by audit team leader.		
0930am-1000am	Brief update by organization on: <ul style="list-style-type: none"> <li>• action taken to address previous audit findings.</li> <li>• update on time bound plan progress.</li> <li>• significant changes that could affect conformities to requirements, new acquisition / disposition, structure, infrastructure, facilities, capacity, new planting / replanting hectareage, sales, etc.</li> <li>• issues, such as legal non-compliance / action, disputes, complaint, claims etc.</li> </ul>		
	<b>Hazani</b>	<b>Norddin</b>	<b>Zulfakar</b>
1000am-1300pm	<b>Audit at Tagas Estate</b> <ul style="list-style-type: none"> <li>• Of relevant Indicators of P1, P2, P6, P7, and P8 of social management.</li> <li>• Audit of social aspects including employees rights and welfare, stakeholders relation, amenities and facilities provided or available, (such as house, water treatment plant, shops worship / prayer places, clinic, recreational facilities etc.).</li> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>• Consultation with any relevant management personnel, local and foreign employees, committees, unions, contractors, communities, government agencies etc.</li> <li>• Follow up of previous issue, if any.</li> </ul>	<b>Audit at Litang Estate</b> <ul style="list-style-type: none"> <li>• Of relevant Indicators P1, P2, P3, P4, P5, P7 and P8 of land related requirements, business plan, good agricultural practices (GAP), some field related occupational safety, health (OSH) and environmental management.</li> <li>• Audit of any related GAP, OSH and environmental management practices in fields (e.g. replanting programe, land preparation, nursery, planting, weeding, spraying, harvesting, IPM, application of EFB and POME, control of burning water management, etc.).</li> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan etc.</li> <li>• Consultation with any relevant management personnel, local and foreign employees.</li> </ul>	<b>Audit at Tomanggong POM</b> <ul style="list-style-type: none"> <li>• Of relevant Indicators P1, P2, P4, P5, P7 and P8 of general requirements of occupational safety, health and environmental management.</li> <li>• Audit of OSH and environmental management at relevant mill operation, amenities, facilities, (e.g. stores of chemicals and oils, workshop, water &amp; effluent treatment plants, laboratory, boiler, genset etc.</li> <li>• Consultation with any relevant management personnel, local and foreign employees, committees.</li> <li>• Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>• Follow up of previous issue, if any.</li> </ul>
1300pm-1400pm	Lunch break		
	<b>Hazani</b>	<b>Norddin</b>	<b>Zulfakar</b>
1400pm-1700pm	Continue audit at <b>Tagas Estate</b>	Continue audit at <b>Litang Estate</b>	Continue audit at <b>Tomanggong POM</b>

**Day 2: 23 November 2016 (Wednesday)**

Time	Hazani	Norddin	Zulfakar
0830am-1300pm	<b>Audit at Litang Estate</b> <ul style="list-style-type: none"> <li>• Of relevant Indicators of P1, P2, P6, P7, and P8 of social management.</li> <li>• Audit of social aspects including employees rights and welfare, stakeholders relation, amenities and facilities provided or available, (such as house, water treatment plant, shops worship / prayer places, clinic,</li> </ul>	Continue audit at <b>Litang Estate</b>	<b>Audit at Tagas Estate</b> <ul style="list-style-type: none"> <li>• Of relevant Indicators P1, P2, P4, P5, P7 and P8 of general requirements of occupational safety, health, environmental and HCV management.</li> <li>• Audit of OSH and environmental management at relevant estate facilities, (e.g. stores of chemicals, fertilizers, and oils, workshop, water treatment facility, genset, mixing, washing</li> </ul>

	recreational facilities etc.). <ul style="list-style-type: none"> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Consultation with any relevant management personnel, local and foreign employees, committees, unions, contractors, communities, government agencies etc.</li> <li>Follow up of previous issue, if any.</li> </ul>		and shower facilities etc. <ul style="list-style-type: none"> <li>Audit of management of any conservation areas including HCV, riparian buffer zone, steep areas, wildlife habitat, etc.</li> <li>Consultation with any relevant management personnel, local and foreign employees, committees, communities, government agencies etc.</li> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc.</li> <li>Follow up of previous issue, if any.</li> </ul>
1300pm-1400pm			
1400pm-1700pm	Continue audit at <b>Litang Estate</b>	<b>Audit at Tagas Estate</b> <ul style="list-style-type: none"> <li>Of relevant Indicators P1, P2, P3, P4, P5, P7 and P8 of land related requirements, business plan, good agricultural practices (GAP), some field related occupational safety, health (OSH) and environmental management.</li> <li>Audit of any related GAP, OSH and environmental management practices in fields (e.g. replanting programe, land preparation, nursery, planting, weeding, spraying, harvesting, IPM, application of EFB and POME, control of burning water management, etc.).</li> <li>Review of relevant documented evident of conformities, including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan etc.</li> <li>Consultation with any relevant management personnel, local and foreign employees.</li> </ul>	Continue audit at <b>Tagas Estate</b>

**Day 3: 24 November 2016 (Thursday)**

Time	Hazani	Norddin	Zulfakar
0830am-1300pm	<ul style="list-style-type: none"> <li><b>Audit at Tomanggong POM</b></li> <li>Of relevant Indicators of P1, P2, P4, P6, P7, and P8 of social management, and Module E of Supply Chain requirements.</li> <li>Audit of social aspects including employees rights and welfare, stakeholders relation, amenities and facilities provided or available, (such as house, water treatment plant, shops worship / prayer places, clinic, recreational facilities etc.).</li> <li>Audit of documented procedure, purchasing and goods in and records keeping of Supply Chain requirements.</li> <li>Review of relevant documented evident of conformities, including commitment to transparency,</li> </ul>	Continue audit at <b>Tagas Estate</b>	<b>Audit at Litang Estate</b> <ul style="list-style-type: none"> <li>Of relevant Indicators P1, P2, P4, P5, P7 and P8 of general requirements of occupational safety, health, environmental and HCV management.</li> <li>Audit of OSH and environmental management at relevant estate facilities, (e.g. stores of chemicals, fertilizers, and oils, workshop, water treatment facility, genset, mixing, washing and shower facilities etc.</li> <li>Audit of management of any conservation areas including HCV, riparian buffer zone, steep areas, wildlife habitat, etc.</li> <li>Consultation with any relevant management personnel, local and foreign employees, committees, communities, government agencies etc.</li> <li>Review of relevant documented evident of conformities,</li> </ul>



	compliance to laws and regulations, training, continuous improvement plan, etc. <ul style="list-style-type: none"> <li>• Consultation with any relevant management personnel, local and foreign employees, committees, unions, contractors, communities, etc.</li> <li>• Follow up of previous issue, if any.</li> </ul>		including commitment to transparency, compliance to laws and regulations, training, continuous improvement plan, etc. <ul style="list-style-type: none"> <li>• Follow up of previous issue, if any.</li> </ul>
1300pm-1400pm	Lunch break		
1400pm-1700pm	Continue audit at <b>Tomanggong POM</b>	Continue audit at <b>Tagas Estate</b>	Continue audit at <b>Litang Estate</b>

**Day 4: 25 November 2016 (Friday)**

Time	Hazani	Norddin	Zulfakar
0830am-1230pm	Continue audit at any unfinished operating unit.	Audit Tomanggong POM <ul style="list-style-type: none"> <li>• Of relevant Indicators P3 and P4.</li> <li>• Audit of business plan and water management.</li> <li>• Review of relevant documented evident of conformities, commitment to long-term economic and financial viability.</li> <li>• Consultation with any relevant management personnel and employees.</li> </ul>	Continue audit at any unfinished operating unit.
1130pm-1330pm	Lunch break & Friday pray		
1330pm-1530pm	Audit team discussion and concluding of findings, writing and issuance of NCR (if any), and preparation for verbal reporting of audit findings.		
1530pm-1700pm	Closing Meeting (at PCO).		

*Note: Time and duration shown are approximate. Subject to weather, field visits may change accordingly, if necessary.*

## RSPO P&amp;C Audit Checklist

**Principle 1: COMMITMENT TO TRANSPARENCY**

Clause	Indicators		Comply Yes/No	Findings
C 1.1 Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.	1.1.1	There shall be evidence that growers and millers provide adequate information upon request for information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.	Yes	HSPHB is committed to transparency by allowing all information pertaining to environmental, social and legal issues to be publicly available upon request. Procedure on communication which was updated in November 2012 is available. The procedure provided a form to be filled up by any stakeholder who has interest to request any information pertaining to Principle 1. The procedure also allows request through verbal or in writing. Review of records during this audit revealed that since the last audit, there was no request for such information by stakeholders. HSPHB has a website, <a href="http://www.hapsengplantations.com.my/index.php">http://www.hapsengplantations.com.my/index.php</a> which contains brief information about the company's structure, corporate profile, vision and mission, the business they were involved, financial and estates profiles information to name a few.
	1.1.2	Records of requests for information and responses shall be maintained. Major Compliance	Yes	The estates had identified personnel responsible for complaints. Records of communication were identified and maintained. The internal communication recorded in the 'buku aduan'. Review of this record showed that the requests from internal stakeholders were mainly concerning repairs of employee housing. For external communication, minutes of meetings and 'buku aduan' (for complaint) were maintained. Review of official communication records, including response, were found to be adequately maintained in the communication file.
C 1.2 Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	1.2.1	Land titles/user rights (Criterion 2.2);	Yes	The right to use lands at Tomanggong CU maintained demonstrated and not disputed by any party. The auditor sighted that there were clear land ownership documents.
		Occupational health and safety plans (Criterion 4.7);	Yes	Safety and Health plan maintained available at all audited operating units (cross refer to criterion 4.7).
		Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8)	Yes	The environment impact assessment and management action plan maintained available and updated on Oct 2016. The social impact assessment and management action plan also maintained available and updated on Sept 16.
		HCV documentation summary (Criteria 5.2 and 7.3);	Yes	The report of "Potential High Conservation Value Area Assessment Report of Tomanggong CU, Hap Seng Sdn Bhd, Sabah" is available for public but upon request. The report was completed in Oct 2015.
		Pollution prevention and reduction plans (Criterion 5.6);	Yes	Action plan to mitigate pollution is available for public. Cross refer to C5.6.
		Details of complaints and grievances (Criterion 6.3);	Yes	The complaints and grievance system maintained open to all aggrieved parties and there was evidence that estate community as well neighboring community's use the provided Grievances Book. The complaints and their outcomes were recorded and filed. The review of grievances book has to be with permission of Manager. However, there was no dispute or grievance observed, except pertaining request for house repair by employees.
	Negotiation procedures (Criterion 6.4);	Yes	The CU maintained 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.
		Continual improvement plans (Criterion 8.1);	Yes	Tomanggung CU continued committed to utilize the established system to regularly monitor and review their key activities at the mill and estates, and initiated the relevant action plans for continuous improvement in its key areas of operations on environmental, safety, health and welfare as well as social contribution to workers and community.
		Public summary of certification assessment report;	Yes	The audit public summary is available at SIRIM QAS's website.
		Human Rights Policy (Criterion 6.13).	Yes	Human Rights policy maintained available at Litang Estate, Tagas Estate and Tomanggung POM.
C 1.3 Growers and millers commit to ethical conduct in all business operations and transactions.	1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. Minor Compliance	Yes	Tomanggung CU maintained documented policy committing to integrity for all their staffs and workers by publishing a book titled "Gek Poh Holdings Corporate Culture – 7. Individual Conduct". The CU continued communicated the policy to new staffs and foreign workers during induction course.

## **Principle 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS**

<b>Clause</b>	<b>Indicators</b>		<b>Comply Yes/No</b>	<b>Findings</b>
C 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1	Evidence of compliance with relevant legal requirements shall be available. Major Compliance	No	Generally, Tomanggung CU continued to comply with its applicable local, national and ratified international laws and regulations. Relevant licenses and permits were verified at Tomanggung CU and it was found to be in order. First Aid kits maintained available at each operating unit. However, sighted that, item in the First aid kit at Mill Workshop and Schedule waste store of Tagas Estate was not complied with " <i>Perkara 38 Peraturan-peraturan Kilang dan Jentera (Keselamatan dan Kesihatan Pekerjaan) 1970 Jadual ke-4</i> " Therefore, Major NCR MZK 01 2016 was raised. With regard to employment, observed that the CU continue complied with its applicable requirements, such as; <ul style="list-style-type: none"> <li>foreign workers employment.</li> <li>minimum age.</li> <li>EPF and SOCSO contribution for local workers.</li> <li>insurance coverage for foreign workers.</li> <li>permit for salary deduction.</li> </ul>
	2.1.2	A documented system, which includes written information on legal requirements shall be maintained. Minor Compliance	Yes	Legal register available at Tomanggung POM, Litang and Tagas Estate, updated in July 2016 by the Sustainability Executive in-charge. The latest amendment incl.: <ol style="list-style-type: none"> <li>Minimum Wages Order 2016</li> <li>Electricity Supply Amendment Act 2015</li> <li>Industry Code of Practice for safe working in a confined space 2010</li> <li>Factories and machinery (Persons-In-Charge) (Amendment) Regulations 2014</li> <li>Environmental Quality Amendment Order 2012.</li> </ol>

	2.1.3	A mechanism for ensuring compliance shall be implemented. Minor Compliance	Yes	Tomanggong CU maintained its mechanism for ensuring all the applicable legal requirements are implemented. The mechanism are by evaluation of compliance exercise against the legal register by Sustainability Executive, internal audit on RSPO compliance and half-yearly Estate Visit Report by plantation advisor. Therefore, previous Minor NCR MH01/2015 is closed.
	2.1.4	A system for tracking any changes in the law shall be implemented. Minor Compliance	Yes	The CU maintained documented system for identifying and tracking the updates of the applicable legal requirements through various media such as LawNet, internet, newsletter, etc.
C 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights	2.2.1	Documents showing legal ownership or lease, history of land tenure (confirmation from community leaders based on history of customary land tenure, recognised Native Customary Right (NCR) land) and the actual legal use of the land shall be available. Major Compliance	Yes	The right to use the land at Tomanggong CU maintained demonstrated and not disputed by any party. The auditor sighted that there were clear land ownership documents. Copies of land titles were available. The original copies of the documents however, were kept in Plantation Central Office, Sg. Segama. All the estates were under the jurisdiction of Kinabatangan District. Review of titles confirmed the terms of the land for all the estates is for cultivation of an agricultural crop of economic value.
	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 observed visibly maintained by erecting pegs along the boundary, especially the ones that adjacent to state land and forest reserves.
	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 observed.

	2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties. Minor Compliance	Yes	During this surveillance audit, there was no land conflict observed.
	2.2.6	To avoid escalation of conflict, there shall be no evidence that oil palm operations have instigated violence in maintaining peace and order in their current and planned operations. Major Compliance	Yes	Interviewed with employees, management and stakeholders observed no conflict due to violence action taken by Tomanggong CU to maintaining peace and order in their current and planned operations. Tomanggong CU maintained employed watchmen in order to guard of their workers, staffs, children life, their belongings and companies property.
C 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.	2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties. Major Compliance	NA	Not applicable for Tomanggong CU since there was no land is encumbered by customary rights or disputed 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	NA	Not applicable for Tomanggong CU since there was no land is encumbered by customary rights or disputed from any stakeholder.

		social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. Minor Compliance		
	2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. Minor Compliance	NA	Not applicable for Tomanggong CU since there was no land is encumbered by customary rights or disputed 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	NA	Not applicable for Tomanggong CU since there was no land is encumbered by customary rights or disputed from any stakeholder.

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

Clause	Indicators		Comply Yes/No	Findings
C 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.	3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. Major Compliance	Yes	Tomanggong CU continued to achieve long term economic and financial viability through documented management plan projected to year 2020. A Management Plan including operational expenditure, welfare, capital expenditure and profit and loss, covering the period of 2016 to 2020 had been prepared for all the estates and made available to the audit team. This plan had also included the expected FFB production cost per hectare and cost per metric tonnes for the period 2016 to 2020.
	3.1.2	An annual replanting programme projected for a minimum of five years with yearly review, shall be available. Minor Compliance	Yes	It was observed that the replanting programmes for Tomanggong CU were still in progress. These programmes were reviewed once a year and were incorporated in their annual budget. These programmes were being implemented as scheduled until year 2028.

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

Clause	Indicators		Comply Yes/No	Findings
<p>C 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>Tomanggong CU continued to use the established manuals i.e. HSPHB's Oil palm Agricultural Policy (OPAP) Manual, Safety Procedure and Accounting and Administrative Procedure (AAP) manual. The Oil Palm Agriculture Policy (OPAP), established in Apr 1994, last revised in Oct 2014 maintained in place for estate operation such as land clearing, field upkeep, pest and disease, FFB harvesting and evacuation and replanting.</p> <p>Documented Safety And Standard Operating Procedure, dated 2011 was available on site, which covered the safe working practices of all the field operation such as harvesting, manuring, herbicides and pesticides application, workshop, gen-set operation, oil trap, schedule waste store. Mill operation 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. For the laboratory activities, the established procedure was updated accordingly in Dec 2014. The permit to work procedure maintained implemented to monitor in-house works and contractors works in the premise. Permit to work in confined space had also been updated accordingly to include the component under the Industrial Code Of Practice for Confined Space 2010. Competency of person who involved in the confined space entry programme and health declaration of the personnel had been included in the procedure.</p>
	4.1.2	<p>A mechanism to check consistent implementation of procedures shall be in place. Minor Compliance</p>	No	<p>Various mechanisms of checking the implementation of procedures maintained conducted. Among the records of implementation verified were:</p> <ul style="list-style-type: none"> <li>i) Biannual Plantation Advisory visit</li> <li>ii) Annual Agronomy visit (for fertilizer recommendation)</li> </ul> <p>However interviewed with the harvesters of Litang and Tagas Estates showed that they do not consistently implement the harvesting procedures as per HSPSB OPAP Chapter 13. It was also found that the manuring workers of Tagas Estate do not comply with the procedures in HSPSB OPAP Chapter 11. Therefore a nonconformity report was raised against indicator 4.1.2 i.e. NCR No: MN 01 2016.</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 of effluent, black smoke, scheduled waste and quarterly reports noted continued submitted to DOE. As for the estate, monitoring of estate environmental aspects and scheduled wastes continued implemented. Records of result of implementation, as specified by the Environmental Protection Department maintained available. All observed records found were retained not less than 12 months. Among other records sighted at the estates included Work Program Sheets, Field cost books, Bin cards, Harvesting Intervals, Monthly Estate Report and Account, Monthly Operations, etc. Records on monthly rainfall, pest and diseases monthly return, agrochemical monthly consumption and monthly FFB production were maintained and available. Work schedule on fertilizer application, circle and path spraying, selective spraying, harvesting interval and mulching were also available during the inspection. All the above records were kept for a minimum period of 12 months.</p>
	4.1.4	<p>The mill shall record the origins of all third-party sourced Fresh Fruit Bunches. Major Compliance</p>	Yes	<p>The CU continued to record the origin of third-party source of FFB. The requirement to record is stated in Chapter 3: Delivery and Reception of CSFFB, In-House and Non In-House FFB of "Standard Operating Procedures for Supply Chain. The name of estate, field lot identification, weight, vehicle number, date are among information required to state in supplier delivery</p>

				document and mill Weighbridge Advise Ticket for identifying source of supply.
C 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. Minor Compliance	Yes	Tomanggong CU continued to manage and improve soil fertility to a level that ensures optimal and sustained yield by monitoring the fertilizer inputs through annual fertilizer recommendations. Maintaining soil fertility is guided by its OPAP in a few chapters: i) OPAP Chapter 5 – Establishment and Maintenance of Legume Covers ii) OPAP Chapter 11 – Manuring iii) OPAP Chapter 12 – EFB Application Fertilizer application, which was of paramount importance for maintenance of soil fertility, had applied based on the recommendation made by the agronomist. Annual fertilizer recommendations were based on annual foliar sampling and, soil sampling was carried out yearly in fields on a 5 year cycle basis. The recommendation by the Agronomist were also available, and the application of fertilizers had been done as recommended and scheduled.
	4.2.2	Records of fertiliser inputs shall be maintained. Minor Compliance	Yes	Tomanggong CU continued to maintain the records of the fertilizers input as available in the Monthly Summary of Fertilizer Application Records 2016.
	4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. Minor Compliance	Yes	Periodic tissue and soil sampling had carried out in Tomanggong CU to monitor changes in nutrient status and its results formed the basis for the fertilizers input recommendation. Foliar sampling were carried out accordingly by the Agronomy Department and the foliar analysis had carried out by the third party lab for 2016 fertilizer program. Soil maps noted available. Soil analysis had conducted to provide indication of soil health and monitor the changes in the organic carbon and total nitrogen. Soil sampling was carried out yearly in fields on a 5 year cycle basis and the latest was by the Agronomy Department, and the soil analysis had carried out third party lab.
	4.2.4	A nutrient recycling strategy shall be in place, and may include use of EFB, POME, and palm residues. Minor Compliance	Yes	Tomanggong CU had a nutrient recycling strategy where palm fronds had properly stacked in the interrow to decompose and applied in the inter-row. POME application in Litang and Tagas Estates were replaced by Belt Press Solid (BPS) application from January 2016. Belt Press Solid would help to supplement the inorganic fertilizer thus improving the nutrient status.
C 4.3 Practices minimize and control erosion and degradation of soils.	4.3.1	Maps of any fragile/marginal soils shall be available. Major Compliance	Yes	There were no fragile/marginal soils in both estates visited based on the soil maps provided sourced from Soil of Sabah. The soils series in Tagas Estate were Kinabatang, Dagat, Kretam, Lungmanis, Gumpal, Tuaran and Rumidi. In Litang Estate they were Kinabatang, Kretam, Tuaran, Rumidi and Dagat.
	4.3.2	A management strategy shall be in place for plantings on slopes between 9 and 25 degrees unless specified otherwise by the company's SOP. Minor Compliance	Yes	Tomanggong CU had a management strategy for planting on slopes and to minimise and control erosion and degradation of soils. The plantings on slopes was guided by its Oil Palm Agriculture Policy last revised Oct 2014.
	4.3.3	A road maintenance programme shall be in place. Minor Compliance	Yes	During the field visit, it was observed that the main and field roads of Tomanggong CU were in satisfactory condition and accessibility were made possible by regular maintenance.
	4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme	NA	Not applicable. There were no peat soils in both estates.



		shall be in place. Major Compliance		
	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	NA	Not applicable. There were no peat soils in both estates.
	4.3.6	A management strategy shall be in place for other fragile and problem soils. Minor Compliance	NA	Not applicable. There were no fragile and problem soils in both estates.
C 4.4 Practices maintain the quality and availability of surface and ground water.	4.4.1	An implemented water management plan shall be in place. Minor Compliance	Yes	Tomanggong CU continued to use water judiciously and were guided by HSPHB'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 such as drought. Workers quarters were provided with separate tanks for rainwater harvesting. This water were used for washing. Drinking water were treated prior to usage and were supplied to a separate tank and amount used were monitored. Water from triple rinsing of pesticide containers reused for spraying. Records of rainfall data to assist in the water management plans were sighted from 2007.
	4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated Major Compliance	Yes	It was observed that Sg Tagas-Tagas Besar in Litang Estate was bunded for water consumption and the previous NCR was reviewed back. Sighted that the Reply from "Jabatan Pengairan dan Saliran Sabah" that approved the weir construction with requirement of only 0.01 m <sup>3</sup> /s extraction of water from the daily mean flow of 0.56 m <sup>3</sup> /s. Therefore, Major NCR#NAJ-1 is closed. Tomanggong CU continued to protect and maintain the riparian buffer zones. No sign of spraying and manuring were observed.
	4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, shall be in compliance with national regulations. Minor Compliance	Yes	The mill has its Effluent Treatment Plant in place. The DOE's approved disposal method is through Land Irrigation. The ETP noted regularly maintained through continuous desludging (Belt press system). Final discharge samples were taken on monthly basis and sent to accredited laboratory for analysis. Through verification of the reports noted that the mill consistently complied with the regulated limit.
	4.4.4	Mill water use per tonne of Fresh Fruit Bunches shall be monitored. Minor Compliance	Yes	The mill had continued to monitor its water usage per tonne FFB processed and recorded in the Summary of Process and Boiler Water Consumption. The consumption data trended for 3 years for process water were verified.
C 4.5 Pests, diseases, weeds and invasive introduced species are effectively	4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. Major Compliance	Yes	Tomanggong CU continued to implement Integrated Pest Management in Tagas and Litang Estates. Both estates continued to manage pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPAP Chapter 10 – Pests and Diseases revised in June 2016. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. For bagworm control the

managed using appropriate Integrated Pest Management techniques.				program includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> and <i>Turnera subulata</i> and for rhinoceros beetles is by using pheromone traps. In order to minimize use of pesticides the estates had planted beneficial plants mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> with maps indicating areas planted. Rat damage and leaf-eating pest census had regularly carried out to obtain information about threshold level and action to be taken thereafter. The records of census were available for verification. Rat baiting campaigns had immediately carried out as the damage of crop by rats found to be above threshold level of 2%.
	4.5.2	Training of those involved in IPM implementation shall be demonstrated. Minor Compliance	Yes	Training related to IPM implementation as per the OPAP Chapter 10 – Pests and Diseases revised was conducted by Senior Assistant, Litang Estate and Assistant Manager of Tagas Estate. Records of training were available for verification.
C 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	Tomanggong CU continued to use agrochemicals based on its OPAP [Chapter 9 – Upkeep of Mature oil palm and Chapter 10 and SOP where written justifications had been provided for various fields operations. The Manual has included a chemical register list which indicates the purpose of usage, hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage were based on the “need to do basis” to enhance field operations. It was also found that no Class I & II chemicals had been used.
	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 estates 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 and in progress reports. Records of pesticides used were available for verification.
	4.6.3	Any use of pesticides shall be minimized as part of a plan, and in accordance with IPM plans. There shall be no prophylactic use of pesticides, except in specific situations identified in industry’s Best Practice. Major Compliance	Yes	As part of the IPM plans, management of both estates had established beneficial plants ( <i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> and <i>Turnera subulata</i> ) nurseries for continuous planting in order to attract natural predators and to reduce use of insecticides. Pheromone traps were sighted in one of the field of Litang Estate to trap Rhinoceros Beetles. There was no evidence on prophylactic use of pesticides in both estates.
	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	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 2015 & 2016. However, both estates had the class 1b chemical Methamidophos in stock for the use in case of bag worm outbreaks.

		and/or eliminated as part of a plan, and shall only be used in exceptional circumstances. Pesticides selected for use are those officially registered under the Pesticides Act 1974 (Act 149) and the relevant provision (Section 53A); and in accordance with USECHH Regulations (2000). Minor Compliance		
	4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers. Major Compliance	No	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. However, it was found that The SDS was not available at point of use e.g. at Mill Chemical store and Lubricant store. In addition, product label for N-Hexane and Proflox 1018 also were not available at Mill Chemical Store. Therefore, Major NCR MZK 02 2016 was raised.
	4.6.6	Storage of all pesticides shall be according to recognized 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, Methamidophos (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. Except for the class 1b chemical, empty containers of all other pesticides had been triple rinsed, holes punched and stored separately in the schedule waste store awaiting proper disposal.
	4.6.7	Application of pesticides shall be by proven methods that minimize risk and impacts. Minor Compliance	Yes	Pesticide applications were guided by HSPHB's OPAP manual, CHRA and by MSDS supplied by the manufacturer. The CHRA for both estates was reviewed in November 2011 by the National Institute of Occupational Safety & Health (NIOSH), Selangor. In its OPAP manual the guidance was in Chapter 9 – Upkeep of Mature oil palm and Chapter 10. The Manual had included a chemical register list, which indicates the purpose of usage (intended target), hazards signage, trade and generic names. The SOP procedure also had written justifications.

	4.6.8	Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. Major Compliance	Yes	Aerial spraying of pesticide was not practiced by Tomanggong CU and there was no evidence to show that any had been carried out.
	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. Minor Compliance	No	The training related to the handling of pesticides were not carry out continuously by the management of Litang and Tagas Estates to enhance knowledge and skills of employees. One training on handling insecticide carried out in Tagas Estate with 5 employees attended. Therefore a nonconformity report is raised (NCR No: MN 02 2016).
	4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated. Minor Compliance	Yes	Tomanggong CU has the procedure for triple rinsing of all its empty agrochemical containers as a method of disposal. Based on interview with the workers, the procedure is fully understood by them. After triple rinsing is done, the containers will be punctured and kept in a store, which later are sent to recycling vendors. The wastewater from the triple rinsing will be reused in chemical mixture. Noted that in Litang and Tagas Estate, no outbreaks of pest and disease occurred. Therefore, no waste material of pesticides at the Litang and Tagas Estate. 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	Medical Surveillance estates were carried out by competent person and relevant records were verified.
	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 and hazardous chemicals in Tomanggong CU.
C 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 1 April 2015. The Occupational health and safety plan has been established and monitored by Estate Managers and Mill Manager. All the operation related to safety and environments has been identified in the OHS plan. The latest OHS plan was updated in January 2016 for TPOM. For Tagas & Litang Estate, it was updated in July 2016.
The occupational health and safety plan shall cover the	4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and	No	HIRARC register covered activities in the estates and mill were verified during the assessment. Among the activities sighted were chemical spraying, P&D rat baiting, manuring, harvesting and FFB collection in the estates, and boiler operation, FFB sterilization, kernel extraction and oil

following:		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		extraction and clarification in the mill. The HIRARC records were updated accordingly. Appropriate risk control measures had been determined and implemented for the other station in the mill. Most of moving part and rotating machinery were installed with machine guarding and properly covered. Appropriate administrative control was sighted with safety signages and SOPs were displayed in the mill processing area. Auditor also has verified CHRA report dated Feb 2016 by registered Industrial Hygiene Technician for Tagas and Litang Estate. While at Tomanggong POM, CHRA report dated Feb 2016. The report was valid for 5 years. However, sighted that in HIRARC not all operations where health and safety was an issue were be risk assessed e.g. Heat Stress was not assessed for nursery, replanting activities like cover crop planting, planting palms, etc. Therefore, Major NCR MZK 03 2016 is raised.
	4.7.3	All workers involved in the operation shall be adequately trained in safe working practices. 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	No	All staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were continuously trained and random interviews conducted showed that they had understood the hazards involved and the usage and handling of chemicals in a safe manner. However, during field visit it was observed harvesters at field W794A Litang Estate though provided with PPE such as Helmet and Goggle were not using them. Therefore, Major NCR MZK 04 2016 was raised.
	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 2016 was available. Quarterly Safety and Health Committee meeting observed held. It were chaired by Estate Manager/ Mill Manager, discussion on the following: Minutes were verified. i) Passing of previous minutes and arising matters. ii) Medical Assistant Report (Monthly Accident statistics) iii) Workplace Inspection iv) Safety programme & training
	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 First Aid should be present in both field and other operations, and first aid equipment shall be	No	Trained first aiders were available at all work area both in the estate and mill. Cross-checked with training records found that most of the estate mandores, and department heads had been trained on first aid. Emergency Response Plan had been established, dated January 2016 at TPOM. Emergency situations identified such as CPO spillage at bulking installation, Bund Breakage, Diesel spillage, Fire Breakout in Mill, Chemical spillage, which were included in the document. Information to response potential emergencies had been disseminated. This included emergency contact number was placed at first aid and signboard, 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. However, during the assessment Emergency Response Plan was not available at Boiler station, Chemical store, Workshop and Lubricant store. Therefore, Minor MZK 05 2016 is raised.

		available at worksites. Records of all accidents shall be kept and periodically reviewed. Minor Compliance		The latest fire drill was carried out in Nov 2016 for TPOM. The fire drill report was verified by auditor.												
	4.7.6	All workers shall be provided with medical care, and covered by accident insurance. Minor Compliance	Yes	Tomanggong CU continued to ensure all workers working in the premise 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.												
	4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. Minor Compliance	Yes	Accident statistics noted maintained and periodically reviewed during safety and health committee meeting. DOSH will be notified if there is an accident with more than 4 days of MC using JKPP 6 form and annual accident statistic using JKPP 8 form. Accident statistic for Tomanggong CU stated as follows : <table border="1" data-bbox="994 491 1832 608"> <thead> <tr> <th></th> <th>Tomanggong POM</th> <th>Litang Estate</th> <th>Tagas Estate</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>0 case</td> <td>0 case</td> <td>0 case</td> </tr> <tr> <td>2016 (as of Oct 16)</td> <td>0 case</td> <td>0 case</td> <td>0 case</td> </tr> </tbody> </table>		Tomanggong POM	Litang Estate	Tagas Estate	2015	0 case	0 case	0 case	2016 (as of Oct 16)	0 case	0 case	0 case
	Tomanggong POM	Litang Estate	Tagas Estate													
2015	0 case	0 case	0 case													
2016 (as of Oct 16)	0 case	0 case	0 case													
C 4.8 All staff, workers, smallholders and contract workers are appropriately trained.	4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. Major Compliance	Yes	Formal training programme which cover all aspects of RSPO P&C was available for year 2016. It was established based on training needs identification. Regular assessments of the effectiveness training continued conducted by the CU management. Training plan for 2016 had been established with target dates for the training identified. The training program includes: Chemical & Spraying Safety Training, Harvesting Training, Manuring Training, First Aid Training, Chemical Handling Training, SOP refresher training etc												
	4.8.2	Records of training for each employee shall be maintained. Minor Compliance	No	Records of training conducted were available and verified accordingly. However, it was found that records training for all employee was not maintained properly. No evidence that all harvester had undergone training at Litang and Tagas Estates. Therefore, Minor NCR MZK 06 2016 is raised.												

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

Clause	Indicators		Comply Yes/No	Findings
C 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the	5.1.1	An environmental impact assessment shall be documented. Major Compliance	Yes	Identification environmental aspect and impact at TPOM, Tagas and Litang Estates were done by Agronomist and Sustainability Department, which the document titled Environmental Impact Assessment, Management Action Plan and Continuous Action Plan dated in Oct 2016. Mitigation measures had been established. Among the environmental aspects identified were Harvesting, Manuring, Pest infestation, Spraying, Traffic & transportation, Office work, Quarry, Workshop, Store, Genset, Smoke emission and Water treatment plant. Action plan were established.
	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	Yes	Tagas and Litang Estates and TPOM had established action plans namely "Environment Impact Assessment Management Action Plans and Continuous Improvement Plans for 2016/2017", which had been reviewed in Oct 2016. The management noted monitored the progress of the action plan by appointed person In charge for each action plan.

positive ones are made, implemented and monitored, to demonstrate continual improvement.		developed and implemented within a comprehensive action plan. The action plan shall identify the responsible person/persons. Minor Compliance		
	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	TPOM, Tagas and Litang Estates had established action plans namely “Environment Impact Assessment Management Action Plans for 2016/2017” which had been reviewed in Oct 2016. The CU management had monitored the progress of the action plans by appointed person In charge for each action plan. Mitigation measures were in the form of SSOP, Work Instruction in ensuring proper operational control. This included pruned oil palms frond, Harvesting, Manuring, workshop, Quarry, Soil erosion, Workshop & Scheduled Waste, Gen-set, to name a few.
C 5.2 The status of rare, threatened or endangered species other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.	5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations. Major Compliance	Yes	The report of “Potential High Conservation Value Area Assessment Report of Tomanggong CU, Hap Seng Sdn Bhd, Sabah” is available and prepared by the Sustainability Executive. The report was completed in October 2016, which had covered all the High Conservation Value (HCV) within and adjacent to the CU. The HCV assessment had identified on the rare, threatened and endangered species (RTEs) for estate named Tomanggong, Litang, Tagas, Tabin and North Bank, including the management and action plan. In general, Tomanggong CU had identified 6 potential HCV in the whole estates.
	5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through an action plan. Major Compliance	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 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 program to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instituted in acc. with co. rules & nat. 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 2016 was available. An awareness training like morning briefing had been conducted by Assistant Manager from Litang and Tagas Estates to all workers (Sprayer, Manuring, Harvester, and Maintenance). An appropriate disciplinary measures was instituted in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species, and also Policy and Procedure has been developed for disciplinary measures titled ‘Disciplinary Measures Against Any Activities Involved with Rare Threatened & Endangered Species (RTE) / Tindakan Terhadap Sebarang Aktiviti Melibatkan Haiwan Terancam (RTE)’.

	5.2.4	Where an action plan has been created there shall be ongoing monitoring: <ul style="list-style-type: none"> <li>The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported;</li> <li>Outcomes of monitoring shall be fed back into the action plan.</li> </ul> Minor Compliance	Yes	Tomanggong CU is committed to discourage any illegal or inappropriate hunting, fishing or collecting activities. Evidence was observed during the site review that signage to prohibit hunting were erected at guard and forest border. Furthermore, CCTV 24 hours monitoring was placed at strategic area surrounding the estate to control everything including controlling the illegal activities. Monthly monitoring for HCV area (Kulamba Wildlife Forest Reserve, Tabin Wildlife Reserve and Sg Segama river) has been conducted by Litang Estate and Tagas Estate. The monitoring activities were recorded in the HCV patrolling book record.
	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 were no local communities living nearby Tomanggong CU. Thus, this indicator is not applicable.
C 5.3 Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1	All waste products and sources of pollution shall be identified and documented. Major Compliance	Yes	TPOM, Litang and Tagas Estates documented identified wastes has been updated on Oct 2016 in 'List of Waste Generated For Estate'. Among of wastes identified were organic waste, domestic waste, maintenance oil, empty Chemical container, electrical waste, clinical waste and paper and cartridge ink, dust and clinkers from boiler operation and POME.
	5.3.2	All chemicals and their containers shall be disposed of responsibly. Major Compliance	Yes	Among the identified wastes include empty chemical containers including pesticides containers. Empty pesticides containers were triple rinsed at washing station prior to disposal. Disposals were carried out in compliance with relevant regulation. Inventory and consignment documents verified for confirmation of proper management and disposal. All the chemical containers were disposed accordingly through licensed scheduled waste collector.
	5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented Minor Compliance	Yes	Tomanggong CU maintained their documented SOPs and waste management plan titled 'List of Waste Generated for estate and mill' for ensuring proper waste management and reduce environmental pollution.
C 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.	5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. Minor Compliance	Yes	Tomanggong CU has established plans and monitoring programmes on efficiency use of fossil oil and optimize renewable energy and it was monitored monthly basis. The record was available during the audit.
C 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as	5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning'	Yes	Tomanggong CU adhered to the policy as per the HSPHB Oil palm Agricultural Policy (OPAP) Manual and Safety Procedure, which advocates zero burning and all previous crop should be felled, chipped/shredded, shredded, windrowed and left to decompose.



identified in the ASEAN guidelines or other regional best practice		2003. Major Compliance		
	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' 2003.</i> Minor Compliance	Yes	There was no evidence that fire had been used to prepare land for replanting in both Tagas and Litang Estates. There was also no evidence of open burning in all the replants visited in Tomanggong CU. Also, no fire was used for waste disposal.
C 5.6 Preamble Growers and millers commit to reporting on operational greenhouse gas emissions. However, it is recognised that these significant emissions cannot be monitored completely or measured accurately with current knowledge and methodology. It is also recognized that it is not always feasible or practical to reduce or minimise these emissions. Growers and millers commit to an implementation period until the end of December 2016 for promoting best practices in reporting to the RSPO, and thereafter to public reporting. Growers and millers make this commitment with the support of all other	5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4).	Yes	Tomanggong CU has carried out Identification environmental aspect and impact, which was done by Agronomist and Sustainability Department under the document titled Environmental Impact Assessment, Management Action Plan and Continuous Action Plan. Action plan and mitigation measures were established thereafter.
	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. This document was reviewed on 5-9/10/2016. Example of the action plan were to continue regular servicing of the generator sets and for the Biogas plant, the management was proposed to construct on 2017.
	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).

stakeholder groups of the RSPO. Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.				
--	--	--	--	--

**Principle 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES BY GROWERS AND MILLERS**

Clause	Indicators	Comply Yes/No	Findings
C 6.1 Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.	6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. Major Compliance	Yes	The CU maintained its documented SIA titled “ Social Impact Assessment, Management Action Plans and Continuous Improvement Plans”. The assessment had covered aspects of plantation of supply bases and mill. Among the social aspect covered, include employment opportunity, amenities and facilities, PPE and medical for employees, etc. The progress of plans noted reviewed annually. The latest review was in Sept 2016. Records of attendance of stakeholders were available. There were 47 stakeholders attended, which among them were Sabah Forestry Department, Wildlife Department, Police, Energy Commission, Immigration, HUMANA, communities, neighboring plantations, suppliers, contractors, etc.
	6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. Major Compliance	Yes	The CU continued to engage with stakeholders in review of its social assessment. Among the stakeholders involved were employees, Sabah Forestry Department, Wildlife Department, Police, Energy Commission, Immigration, communities, neighboring plantations, suppliers, contractors, etc. Records of attendance of stakeholders were available. Interviewed with stakeholders confirm their engagement. Generally, stakeholders acknowledged that they have good relationship with the CU.
	6.1.3 Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. Major Compliance	No	The CU had assessed, documented and implemented social assessment and plans. Among the latest social issues were pertaining: <ul style="list-style-type: none"> <li>flooded access area.</li> <li>maintenance of HUMANA condition.</li> <li>less attendant to school due to transportation problem</li> <li>malaria case detected by Health Department.</li> <li>access control (gate pass).</li> <li>long queue at mill weighbridge.</li> </ul> Action plans noted had been implemented concerning above issues. However, there is a social issue not identified. Employees at Tomanggong POM and Litang Estate have mentioned about price of groceries items at groceries shop somewhat expensive. Action pertaining this was not evident Thus, Major NCR H0-02 is raised.
	6.1.4 The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where	Yes	The social action plan noted had been reviewed annually. The latest review was on Sept 2016. Thus, the previous NCR concerning review frequency is closed.

		the review has concluded that changes should be made to current practices. Minor Compliance		
	6.1.5	Particular attention shall be paid to the impacts of smallholder schemes. Minor Compliance	NA	Not applicable. The CU is not included smallholder scheme. The independent FFB suppliers are free to sell their FFB to other buyers.
C 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 and grievance procedures for internal and external parties had been made available. The estates and mill maintained files on records of communication and consultation with external and internal parties, for examples, with government agencies, suppliers and their own workers.
	6.2.2	A management official responsible for these issues shall be nominated. Minor Compliance	Yes	The CU maintained to have an appointed management official at each operating units that responsible for 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 input from stakeholders, shall be maintained. Minor Compliance	Yes	The lists of stakeholders were prepared both by the estates/mill and the company headquarters. Among the lists included government agencies, suppliers, contractors, schools, bus operators, tenants, suppliers and contractors.
C 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties	6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. Major Compliance	Yes	The CU maintained that the complaint and grievances system of both procedure were opened to all affected parties, i.e. for employees and stakeholders respectively. Interviewed with both parties acknowledged that they had been informed of the system. There was also evidence that employees recorded their comments in the provided Grievance Book, which part of the system. Apart of that, each CU office has "Peti Aduan" (Complaint Box) provided outside at entrant to the office, should any affected parties would like to complaint using that channel.
	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 were usually entered into record books. The records include the name of the person who complained, address, date, and type of service required. These complaints among others usually pertaining to housing conditions, roads and lighting maintenance. Interviewed with employees acknowledged that their complaints had been addressed accordingly.
C 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system	6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. Major Compliance	Yes	HSPHB has developed procedures to deal with land disputes, squatter disputes, and loss of legal and customary rights. 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	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

<p>that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.</p>		<p>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 differences in ethnic groups' proof of legal versus communal ownership of land. Minor Compliance</p>		<p>compensations. However, there was no any compensation observed.</p>
	6.4.3	<p>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</p>	Yes	<p>There was no any dispute observed.</p>
<p>C 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>	6.5.1	<p>Documentation of pay and conditions shall be available. Major Compliance</p>	Yes	<p>The CU maintained to provide documented employment “<i>Butir-butir Syarat-syarat Pekerjaan</i>”, which contain information of employment conditions to its employees. Employees interviewed acknowledged that they received documented payslip every payday. Generally, noted they were aware about minimum wage, and acknowledged the important of payslip to them for checking their monthly earning. Information pertaining employees wages were provided and observed comply.</p>
	6.5.2	<p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment shall be available in the languages understood by the workers or explained carefully to them by a management official. Major Compliance</p>	No	<p>The CU maintained to provide documented employment “<i>Butir-butir Syarat-syarat Pekerjaan</i>”, which contain information of employment conditions. However, observed, there are documented employment conditions yet to provide detail and update as below: (a) some of daily-rated employees at Tagas and Litang Estates still indicated as monthly based wages. (b) insurance coverage for foreign workers. (c) deduction of wages. Thus, Major NCR HO-03 is raised.</p>
	6.5.3	<p>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</p>	Yes	<p>Tomanggong CU continues provided free housing, water supply, free medical services, subsidized electricity and access to education for children of foreign workers. The CU also provided other amenities and facilities such as clinic, ambulance, <i>crèche</i>, <i>surau</i>, football field, groceries shops. Also observed the CU committed to improve the amenities provided - there were newly built houses and there were another units under construction.</p>

		446) or above, where no such public facilities are available or accessible. 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 grocery shops in the CU that sell sundries including food items for the need of CU communities. Price of groceries monitored by Estate Manager. Grocery shops require to submit their price for estate monitoring. The price lists were available. However, during this audit, there were comments by employees that the price of groceries somewhat expensive. Followed up on this matter, noted that this social issue was not reflected in the CU social assessment or meetings. Thus, Major NCR raised in the 6.1.3.
C 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	6.6.1	A published statement in local languages recognising freedom of association shall be available. Major Compliance	Yes	The CU maintained the published statements on freedom of association and respect right of workers to form or join trade unions. However, there was no union form in the CU. Thus, the CU management had established Joint Consultative Meeting (JCC) to facilitate their employees to address their issues, if any.
	6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. Minor Compliance	Yes	The CU observed continued to conduct JCC meeting to address social issues related to workers. Minute of meetings were available and verified.
C 6.7 Children are not employed or exploited.	6.7.1	There shall be documentary evidence that minimum age requirements are met. Major Compliance	Yes	HSPHB Labour Policy does not allow children below 18 years old to work in the estates / mill. Verification of workers listing and their personal particular, which provide their date of birth observed that no underage persons were employed.
C 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. Major Compliance	Yes	The CU had published "Equal Opportunities Policy" to provide equal opportunities to relevant and affected group. Interviewed with various employees of different gender, nationality, race, religion acknowledged that they were treated equal and not discriminated in any form including related to recruitment, works, promotion, amenities, benefits, etc. Interviewed with other external stakeholders, such suppliers, contractor, tenant, HUMANA teachers, also acknowledged they had no issues pertaining equal opportunities.
	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	Interviewed with employees observed there was no evidence of discrimination based on race, gender, religion or nationality or any other factors. Reviewed of employment letter also observed there was no differences in the terms of employment condition and benefits between foreign and local workers or between male and female workers. Workers noted live in the same housing complex and enjoy same benefits. However, due to government policies, education opportunities differ between local and foreign children.

				Interviewed with other stakeholders, such suppliers, contractor, tenant, HUMANA teachers, also acknowledged no such discrimination cases.
	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	Recruitment and promotion noted were conducted based on job requirements accordingly. Interviewed with various employees acknowledged no issues pertaining recruitment and promotion.
C 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.	6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. Major Compliance	Yes	The CU maintained its policy on sexual harassment and Gender Committee and continued communicating information concerning sexual prevention and all other forms of harassment and violence. Periodical meeting observed was 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	The CU maintained and implemented its policy to protect the reproductive rights of all, especially of women. The policy continued communicated to its workers during morning musters. Interviewed with female workers from Indonesia noted they were understand the policy and their rights, e.g. no work of handling chemicals during pregnancy or breastfeeding.
	6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. Minor Compliance	No	The CU has established a documented procedure concerning anonymity of complainants and whistleblowers. However, there is inexplicit content of the procedure. The documented procedure has not defined the specific mechanism of the system to ensure respect of anonymity and protect of complainants and whistleblowers. Thus, Minor NCR HO-04 is raised.
C 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 shall be publicly available. Minor Compliance	Yes	The mill continued provided price of FFB. The current FFB price publicly displayed outside weighbridge counter. The mill practiced to attach the past price with third-party FFB supplier delivery document for payment purpose.
	6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented. Major Compliance	Yes	Interviewed with FFB suppliers confirmed that the CU maintained to have agreement that explained the FFB pricing mechanism. They acknowledged had no problem in doing business with the CU. FFB agreements were presented by the CU upon request.
	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	Interviewed with parties that have agreement with the CU, e.g. FFB suppliers, tenant acknowledged that the agreement that they enter into were fair, legal and transparent.
	6.10.4	Agreed payments shall be made	Yes	Suppliers and contractors invoices and related payment documentation were presented by the CU

		in a timely manner. Minor Compliance		upon request. Payment were made by cheque. However, payment is not under control of the CU, which handled by central office of the group. Interview with FFB suppliers and contractors acknowledged that payments were made in timely manner, and no complaint was observed.
C 6.11 Growers and millers contribute to local Sustainable development where appropriate.	6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. Minor Compliance	Yes	There was no local community lives adjacent or within the CU. However, the CU maintained its engagement with stakeholders including communities outside for assessing social impacts. Interviewed with HUMANA teachers noted that the CU continued made contribution, provided access for education in its estates for children of neighboring estates. Also noted that employees acknowledged telecommunication service (coverage) in the CU had improved.
	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 were no scheme smallholders in Tomanggong CU.
C 6.12 No forms of forced or trafficked labour are used.	6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. Major Compliance	Yes	Employees, including foreign and women interviewed noted that they acknowledged no cases of forced or trafficked labour. They acknowledged they were treated accordingly as per employment conditions. Foreign workers also acknowledged that their passport kept by the CU based on their consent. Such documented consent was made available by the CU. Review of employee's wage, records of work, and conditions of employment also observed no cases of forced or trafficked labour. Review of salary and deduction observed were paid in compliance to permit issued from Sabah Labour Department. Further, letter of authorization for deduction from employees also made available.
	6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. Minor Compliance	Yes	Interviewed with foreign workers observed there was no contract substitution had occurred.
	6.12.3	Where temporary or foreign workers are employed, a special labour policy and procedures shall be established and implemented. Major Compliance	Yes	Labour policy for foreign workers maintained available at the CU. The policy include the statement as described by specific guidance in this indicator, i.e.: <ul style="list-style-type: none"> <li>• Statement of the non-discriminatory practices;</li> <li>• No contract substitution;</li> <li>• Post-arrival orientation programme to focus especially on language, safety, labour laws, cultural practices etc.;</li> <li>• Decent living conditions to be provided.</li> </ul> Procedure for employment of foreign workers maintained available at the CU.
C 6.13 Growers and millers respect human rights	6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations. Major Compliance	Yes	Human Rights policy maintained available and communicated by each operating unit of the CU.
	6.13.2	As long as children of foreign workers in Sabah and Sarawak are ineligible to attend	Yes	The CU continued provided Humana School and Creche for foreign workers' children to access to education and care of their children while during working hours without any fee.

		government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. Minor Compliance		
--	--	--	--	--

**Principle 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS**

Tomanggong CU had excluded 2 of its supply bases (i.e. Tabin Estate and Northbank Estate) which involved in new planting and new development of area during main assessment. Thus, Principle 7 is not applicable.

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

Clause	Indicators		Comply Yes/No	Findings
C 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.	8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: Major Compliance		
	a)	Reduction in use of pesticides(Criterion 4.6);	Yes	Generally, the Tomanggong CU is committed to reduce the usage of pesticides by implementing appropriate IPM techniques such as increase in the planting of beneficial plant mainly <i>Tunera subulata</i> , <i>Cassia cobanensis</i> and <i>Antigonon leptopus</i> . Soft weeds 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. In the replants in Litang Estate, application of EFB in circles around the palm base in addition to the other benefits was also to reduce weeds in the palm circles. Covers crops were also planted in the inter rows. Other improvement plans to minimize chemical usage were by practicing only circle and selective spraying and soft vegetations were maintained in the field upkeep. Mills waste such as Belt Press Solid were used as fertilizer in the field thus using less inorganic fertilizer. Merit Point System completion improvised to motivate staffs for ensuring good agricultural practices are complied with.



	b)	Environmental impacts (Criteria 4.3, 5.1 and 5.2);	Yes	An Aspect and Impact assessment has been carried out, identification environmental aspect and impact FY 2016 / 2017 reviewed accordingly. Environmental Impact Assessment, Management Action Plan and Continuous Action Plan has been established and is being monitored. The plan included scheduled with the identification of the necessary function responsible.
	c)	Waste reduction (Criterion 5.3);	Yes	Tomanggong CU continued to practice the 3R (reduce, recycle, re-use) on waste management. Waste Management Plan has been established for 2016. The CU generally is active in maximizing the recycling. This could be evident through sales of recyclable materials such as metal.
	d)	Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);	Yes	'Environmental Impact Assessment, Management Action Plan and Continuous Action Plan' is used to identify the waste products and sources of pollution. The plan has been reviewed accordingly. Carbon Inventory Calculation Methodology used in the PalmGHG Summary Report was reviewed. It was noted that the report was submitted to RSPO on 10/2/2016.
	e)	Social impacts (Criterion 6.1);	Yes	The CU had built new 8 housing blocks, which each block consist of 2 units of house. There were new housing under construction. The CU also had approved budget to build another 2 blocks. The CU continued contributed for the need of HUMANA and teachers, such as: <ul style="list-style-type: none"> <li>• supplies of water and electricity.</li> <li>• supply of additional school furniture.</li> <li>• supply of rubber floor mat for classroom.</li> <li>• installation of fans in classroom.</li> <li>• transportation for schooling children.</li> </ul> The CU also observed maintained providing access for education in its estates for children of neighboring estates.
	f)	Encourage optimising the yield of the supply base	Yes	As Tomanggong CU is part of a well-established organisation, Hap Seng Plantations Holdings Berhad, the yield performance has always been the top priority in ensuring long-term economic and financial viability. In general, various efforts had been done to optimise the yield of the plantation such as maximising crop recovery through improve on accessibility to maximise crop evacuation, optimum ripeness standard, the soil fertility were maintained inclusive of timely and proper fertilizer application and planting only high yielding planting material such the clonal material.

## Details of Non-conformities and Corrective Actions Taken

No.	NCR No. & Indicator	Specification Major/Minor	Non-conformances	Corrective Action	Status & Verification by Assessor
1.	HO-02 6.1.3	Major	Employees at Tomanggong POM and Litang Estate have mentioned about price of groceries items at sundries shop somewhat expensive.	<ul style="list-style-type: none"> <li>- Estate management has conducted briefing to the workers that the price of groceries at TPOM &amp; Litang Estate were differ with market price is due to high transportation cost, rental cost and retail supplier cost were high.</li> <li>- To display groceries price lists at office and sundry shop notice board.</li> </ul>	<p><b>Verification:</b> Briefing to clarify about groceries price conducted at TPOM &amp; Litang Estate on 23/12/16 and 4/11/16 respectively. <b>Status: CLOSED.</b></p>
2.	HO-03 6.5.2	Major	The employment conditions yet to provide detail and update concerning below: (d) some of daily-rated employees at Tagas and Litang Estates still indicated as monthly based wages. (e) insurance coverage for foreign workers. (f) deduction of wages.	<ul style="list-style-type: none"> <li>a) The estate management to immediately update the employment contract for all change of work unit within the estate.</li> <li>b) To attach the insurance coverage statement with the employment contract.</li> <li>c) To attach the deduction wages statement with the employment contract.</li> </ul>	<p><b>Verification:</b> Employment contract had been amended that indicates correct wages based, included foreign workers compensation and deduction. <b>Status: CLOSED.</b></p>
3.	HO-04 6.9.3	Minor	The documented procedure has not defined the specific mechanism of the system to ensure respect of anonymity and protect of complainants and whistleblowers.	To establish the complaint/whistleblower mechanism and provide training to estate and mill person in charge on the mechanism.	<p><b>Verification:</b> Corrective Action Plan accepted. The implementation will be verified during next Surveillance assessment for effective of closing. <b>Status: OPEN</b></p>
4.	MN-01 4.1.2.	Minor	<ul style="list-style-type: none"> <li>1. The harvesters of Litang and Tagas Estates do not consistently implement the harvesting procedures as per HSPSB OPAP Chapter 13.</li> <li>2. The manuring workers in Field B94A of Tagas Estate do not comply with the procedures in HSPSB OPAP Chapter 11 as they had not broadcasted the NK Fertilizer.</li> </ul>	<ul style="list-style-type: none"> <li>1. To include the HSPHB OPAP Chapter 13 &amp; 11 standard into the annual training program (Estate level).</li> <li>2. The estate management has to be strictly guided with HSPHB OPAP while conducting the training.</li> </ul>	<p><b>Verification:</b> The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. <b>Status: OPEN.</b></p>
5.	MN-02 4.6.9.	Minor	Litang and Tagas Estates do not have a continual training to enhance knowledge and skills of employees on pesticide handling.	<ul style="list-style-type: none"> <li>1. To immediately conduct training on employees involves in handling pesticides.</li> <li>2. Estate Management to increase training on pesticide handling.</li> </ul>	<p><b>Verification:</b> The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit. <b>Status: OPEN</b></p>

6.	MZK 01 2016 2.1.1	Major	Non-compliance with 'Perkara 38 Peraturan-peraturan Kilang dan Jentera (Keselamatan dan Kesihatan Pekerja) 1970 Jadual ke-4: - Item in the First aid kit at Mill Workshop and Schedule waste store Tagas Estate was not complied with Jadual ke-4.	TPOM / Tagas Estate have immediately updated the First Aid Kit item list (16 items) as per Factory and Machinery Act 1967, under Schedule 4. <b>Corrective Action</b> - TPOM / Tagas Estate Executive to monthly check the adequacy of first aid kit item as per Factory and Machinery Act 1967 under Schedule 4. - Training of the first aid kit item and usage to be conducted by Hospital Assistant at yearly basis. - Sustainability Team will cross-check the availability of First Aid item at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management.	<b>Verification:</b> Sighted picture Estate Management have immediately updated the First Aid Kit item list as per Factory and Machinery Act 1967, under Schedule 4. <b>Status: CLOSED.</b>
7.	MZK 02 2016 4.6.5	Major	The SDS was not available at point of use: - SDS for Shell Omala S2, Shell Spirax 53 T, Spirax A 90, Shell Rimula R3, Shell Tellus 52M, N-Hexane and Proflox 1018 was not available at Mill Chemical store and Lubricant store. - Product label for N-Hexane and Proflox 1018 was not available at Mill Chemical Store.	- TPOM have immediately posted all the mention chemical SDS and product label at the point of use and storage area, <b>Corrective Action</b> - Monthly checking by TPOM Executive to ensure Chemical SDS and Product label is available at the point of use and storage area. - Sustainability Team will cross-check the availability of Chemical SDS at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management and corrective action to be taken.	<b>Verification:</b> Sighted picture Mill Management have immediately posted all the mention chemical SDS and product label at the point of use and storage area. <b>Status: CLOSED.</b>
8.	MZK 03 2016 4.7.2	Major	HIRARC was available however, not all operations where health and safety was an issue were be risk assessed: - Mitigation measure for Heat Stress was not evident for Nursery, Replanting activities like cover crop planting, planting palms, etc.	Immediately Meeting about the mitigating measure (Existing Control and Recommended Control) in the HIRARC form for Nursery and Replanting daily activity i.e. cover crop planting and planting palms, <b>Corrective Action</b> Yearly update the HIRARC if there is any new mitigating measure shall be added for Heat Stress	<b>Verification:</b> Sighted picture the Management have add the mitigating measure in the HIRARC form for Nursery and Replanting daily activity i.e. cover crop planting and planting palms. <b>Status: CLOSED.</b>
9.	MZK 04 2016 4.7.3	Major	Harvesters were not adequately trained in safe working practices: - Harvesters at field W794A Litang Estate though provided with PPE such as Helmet and Goggle were not using them.	- PPE training to be immediately conducted by Estate Executive to all harvester on the importance of using PPE during work in the field, - Every mandore to immediately monitor all their harvester gang using the daily PPE checklist to ensure them always using the	<b>Verification:</b> Training has been provided to all Harvesters on 7/12/16. And sighted record of PPE Monitoring on 24/12/16. <b>Status: CLOSED.</b>

				<p>PPE.</p> <p><b>Corrective Action</b></p> <ul style="list-style-type: none"> <li>- PPE Training for harvester will be conducted by Estate Management yearly basis and all the harvester shall attend the training.</li> <li>- Daily briefing in the muster ground to all worker on the importance of using PPE all time during work.</li> </ul>	
10.	MZK 05 2016 4.7.5	Minor	<p>The Emergency Response Plan was not available at point of use</p> <ul style="list-style-type: none"> <li>- Emergency Response Plan was not available at Boiler station, Chemical store, and Workshop and Lubricant store</li> </ul>	<p>TPOM has immediately to post the Emergency Response Plan for all mill station including the Boiler station, Chemical store, Workshop &amp; Lubricant store.</p> <p><b>Corrective Action Plan:</b></p> <ol style="list-style-type: none"> <li>1. Monthly basis inspection will be conducted by Mill Executive to ensure Emergency Response Plan is available at Boiler station, Chemical store, Workshop, Lubricant store and other mill station.</li> <li>2. Training on ERP by Mill Management will be conducted annually basis.</li> <li>3. Sustainability Team will cross-check the availability of ERP at the point of use during Internal Audit. Any discrepancy will be notified to the Top Management and corrective action to be taken.</li> </ol>	<p><b>Verification:</b> The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit.</p> <p><b>Status: OPEN</b></p>
11	MZK 06 2016 4.8.2	Minor	<p>Records training for all employee was not maintain properly:</p> <ul style="list-style-type: none"> <li>- No evidence that all harvester had undergone training at Litang, Tagas Estate.</li> </ul>	<p>Training for Harvesting had been immediately conducted for all the harvester that not yet undergone training.</p> <ul style="list-style-type: none"> <li>- Training of Harvesting by Estate Management will be conducted regularly and all the harvester shall attend the training.</li> <li>- Monitoring will be conducted by Estate Executive to ensure all harvester has undergone training yearly basis.</li> </ul>	<p><b>Verification:</b> The corrective action plans was found to be acceptable, however the effectiveness of the implementation will be verified in the next surveillance audit.</p> <p><b>Status: OPEN</b></p>

**RSPO Supply Chain at the palm oil mill: Module E – CPO Mills: Mass Balance**

Item No	Requirement	Findings
E.3 E.3.1	Documented procedures The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:	
	a) Complete and up to date procedures covering the implementation of all the elements in these requirements;	The CU maintained its documented supply chain procedure with some amendment on the following : <ul style="list-style-type: none"> <li>• updated certified status of estates and mill within the parent company.</li> <li>• included delivery of CSPO and CSPK from mill to refinery / bulk transit installation (external) buyer's barge.</li> </ul> The document referred as "Standard Operating Procedures for Supply Chain, (SOP/COC/001), 30/11/15, (SOP), which have 5 Chapters to cover the implementation of all the elements in these requirements.
	b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.	There were no changes made to the management team in the Mill. The Mill Manager continued to be the person having overall authority and responsibility over the implementation of supply chain requirements, as specified in Chapter 3: Delivery and Reception of CSFFB, In-House and Non In-House FFB, item 3.1.8. The Mill Manager is assisted by Assistant Mil Manager for implementation of supply chain requirements. Generally, both personnel were able to demonstrate his understanding of implementation of the supply chain requirements.
E.3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	There was no changed to the documented procedure for receiving and processing of certified and non-certified FFBs. The list of identified certified and non-certified supply base was maintained. Identification of certified and non-certified supply base were carried out accordingly.
E.4 E.4.1	Purchasing and goods in The site shall verify and document the volumes of certified and non-certified FFBs received.	The CU, generally maintained to verify and document the volume of certified and non-certified FFBs received. As stated in E3.2 and Clause 3.1.2 of SOP, FFB received must be verified its status. Upon verified and confirmed, volume of FFB received shall be recorded. However, there were FFB Delivery Notes observed had not indicated with information to conform to the requirement, thus, Major NCR HO-01 is raised.
E.4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	No over production was observed.

E.5 E.5.1	Record keeping	The CU maintained to record and balance all receipts of FFB and all deliveries of CPO and PK on monthly basis. The volume and information of all FFB receipts and all deliveries of CPO and PK is recorded in excel sheets.
	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.)	Verification of the excel sheet (accounting system) and related deliveries documents of CPO and PK confirmed that the deliveries were from positive stock.
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.	The CU maintained no outsources activities. PK maintained sold to existing buyers.

## Details of Non-conformities and Corrective Actions Taken for Supply Chain

No.	NCR No. & Indicator	Specification Major/Minor	Non-conformances	Corrective Action	Status & Verification by Assessor
1	HO-01 E4.1	Major	FFB Delivery Notes of below had not indicated with information to conform to the requirement: (a) Tampilit Division: No.: 009448 (22/10/16); No.: 008633 (5/10/16); No.: 008635 (7/10/16). (b) Wecan Division: No.: 023109 (21/10/16); No.: 023780 (22/10/16).	<ul style="list-style-type: none"> <li>• Mill management to provide training to mill weighbridge operator on the SOP of Traceability at yearly basis.</li> <li>• Mill weighbridge operator to ensure all certified estate has CSFFB stamped on the DN.</li> </ul>	<b>Status: CLOSED.</b>  <b>Verification:</b> Training has been provided to relevant personnel on 14/12/16.

## Status of No-conformities Previously Identified

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action Taken	Verification by Assessor
Indicator <b>2.1.3</b>  NCR #: <b>MH01/2015</b>	<b>Minor</b>	<p><b>Requirement :</b>  <b>Indicator 2.1.3</b>            A mechanism for ensuring compliance shall be implemented.</p> <p><b>Objective evidence:</b>            The evaluation of compliance was not carried out effectively:</p> <ol style="list-style-type: none"> <li>1. FM (Notification, Certificate of Fitness and Inspection) Regulations 1970</li> <li>2. FM (Noise Exposure) Regulations 1989</li> <li>3. OSH (Use and Standards Of Exposure of Chemicals Hazardous to Health) Regulations 2000</li> </ol>	To conduct the training on the compliance of the relevant Acts/Regulations, expected date to be completed by Feb 16.	Evaluation of Compliance was carried out accordingly for: <ul style="list-style-type: none"> <li>- FM (Noise Exposure) Regulations 1989 (on 17-19 November 2016)</li> <li>- FM (Notification, Certificate of Fitness and Inspection) Regulations 1970 (on 19/9/2016)</li> <li>- OSH (Use and Standards Of Exposure of Chemicals Hazardous to Health) Regulations 2000 (on 17<sup>th</sup> February 2016)</li> </ul> <b>Status: Closed</b>
Indicator <b>6.1.4</b>  NCR #: <b>MZK 01 2015</b>	<b>Minor</b>	<p><b>Requirement:</b>  <b>Indicator 6.1.4</b>            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</p> <p><b>Objective evidence :</b>            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.</p>	To conduct the JCC meeting by including TMGOE, planned in December 2015.	The social action plan noted had been reviewed annually. The latest review was on 23/9/16. <b>Status: Closed</b>