



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

File Ref. : EH04760002

RSPO PUBLIC SUMMARY REPORT

CLIENT : JEROCO PLANTATIONS SDN. BHD. – JEROCO PALM OIL MILL 2

PARENT COMPANY : HAP SENG PLANTATIONS HOLDINGS BERHAD

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

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

Certification Unit	Mill and Supply Base	GPS Location		Location
		Latitude	Longitude	
Jeroco Certification Unit	Jeroco POM 2	5°25'52.002" N	118°25'02.005" E	Off KM 50, Jalan Jeroco, 91109 Lahad Datu, Sabah, Malaysia.
	Kapis Estate	5°26'34.303" N	118°24'51.001" E	

MAP : See Attachment 1

AUDIT DATE : 21 – 24 July 2020

DURATION : 11 auditor days

TYPE OF AUDIT : Surveillance Audit No. 2

Recertification Audit

STANDARD: MYNI 2019 FOR RSPO PRINCIPLE & CRITERIA 2018

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

VALIDITY OF RSPO CERTIFICATE : 27/9/2018 to 26/9/2023

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 : **DZULFIQAR AZMI**

Name : **KEE KEOW CHONG**

Signature :

Signature :

Date : **15/10/2020**

Date : **23.10.2020**

RSPO PUBLIC SUMMARY REPORT

Annual Surveillance Audit 1					
On-site audit date	:	1 – 3 July 2019	No. of auditor days:	9 Auditor Days	
Audit team	:	Mohd Zulfakar Kamaruzaman (LA), Amir Bahari, Mohd Norddin Abd Jalil			
No. of major NCR	:	1	5.13 (RSPO Supply Chain)	Closing date: 30/09/2019	
No. of minor NCR	:	-			
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Villagers/ Local community	Suppliers
		√		NA	√
		Contract workers	NGOs	Govt. agency	Independent growers
				√	√
		Indigenous people	Contractor	Others (Please specify)	
		NA	√		
Supply base sampled	:	Kapis Estate			
Changes since the last audit	:	No changes			
Justification of audit planning	:	Total allocation of auditor days for Jeroco 2 CU were: Mill = 5 days (4 days for safety and health, environment, mill best practices, GHG verification and Social at Mill) + (1 day for supply chain certification systems) Estate = 4 days each for verification of safety and health, environment, good agriculture best practices, Social, HCV, TBP, Partial Certification and GHG verification plus the verification of Land History and Land Title.			
Report approved by	:	Kamini A/P Sooriamoorthy	Approval date : 7/10/2019		

Annual Surveillance Audit 2					
On-site audit date	:	21 – 24 July 2020	No. of auditor days:	11 Auditor days	
Audit team	:	Dzulfiqar Azmi (TLA) – Evaluated as Lead Auditor, Mohd Zulfakar Kamaruzaman - Evaluator, Selvasingam T Kandiah.			
No. of major NCR	:	1	Indicator: 7.12.4	Closing date: 12/10/2020	
No. of minor NCR	:	2	Indicator: 2.2.3, 7.11.3		
Indicate by ticking the stakeholders interviewed during the on-site audit		Employees	Settlers	Villagers / Local communities	Suppliers
		√		NA	√
		Contract workers	NGOs	Govt. agency	Independent growers
				√	
		Indigenous people	Contractor	Others (Please specify)	
		NA	√		
Supply base sampled	:	Kapis Estate			
Changes since the last audit	:	No changes			
Justification of audit planning	:	Total allocation of auditor days for Jeroco 2 CU were: <ul style="list-style-type: none"> • Mill = 5 days (5 days for safety and health, environment, mill best practices, GHG verification and for supply chain certification systems) • All estate = 6 days each for verification of safety and health, environment, good agriculture best practices, GHG verification. 			
Report approved by	:	Kamini A/P Sooriamoorthy	Approval date: 15/10/2020		

Annual Surveillance Audit 3

RSPO PUBLIC SUMMARY REPORT

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 / Local communities	Suppliers
		Contract workers	NGOs	Govt. agency	Independent growers
		Indigenous people	Contractor	Others (Please specify)	
Supply base sampled	:				
Changes since the last audit	:				
Justification of audit planning	:				
Report approved by	:		Approval date:		

Annual Surveillance Audit 4

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

Recertification Audit

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

RSPO PUBLIC SUMMARY REPORT

SUMMARY OF INFORMATION

TABLE 1

	RA	ASA 1	ASA 2	ASA 3	ASA 4
Projection Period		July 2019 to June 2020	July 2020 to June 2021		
Certified FFB Processed (MT)		37,100.00	43,730.00		
Production of Certified CPO (MT)		7,645.00	9,008.00		
Production of Certified PK (MT)		1,781.00	2,099.00		
Certified Areas (Ha)		2,681.00	2,681.00		
Planted Areas (Ha)		2,342.00	2,342.00		
Production Areas (Ha)		2,082.00	2,342.00		
HCV Areas / Conservation Areas (Ha)		29.20	29.20		
REMARKS	-				

TABLE 2

	CPO	PK
Last years certified volume (MT)	7,645.00	1,781.00
Last year's actual certified sold (MT)	90.33	782.70
Last year's actual sold under other schemes (MT)	745.18	0.00
Last year's sold conventional (MT)	2,999.11	208.52
New year certified volume (MT)	9,008.00	2,099.00

RSPO PUBLIC SUMMARY REPORT

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	7
	1.5 Audit plan	8
	1.6 Date of next audit	8
2.0	SCOPE OF CERTIFICATION AUDIT	8
	2.1 Description of the certification unit	8
	2.2 Description of the Supply Base (including planting profile)	8
	2.3 Organization Information / Contact Person(s)	10
3.0	AUDIT FINDINGS	11
	3.1 Changes to certified products in accordance to the production of the previous year	11
	3.2 Progress and changes in time bound plan	11
	3.3. Other changes (e.g. organizational structure, new contact person, addresses, etc.)	11
	3.4 Status of previous non-conformities * (refer to Attachment 5)	11
	3.5 Complaint received from stakeholder (if any)	11
4.0	DETAILS OF NON-CONFORMITY REPORT	11
	4.1 For P&C (refer to Attachment 3)	11
	4.2 For SC (refer to Attachment 3 – Supply Chain Requirements for Mills)	12
5.0	AUDIT CONCLUSION	12
6.0	RECOMMENDATION	12
	List of Attachment	
	Attachment 1 : Map of CU	13
	Attachment 2 : RSPO Audit Plan	14
	Attachment 3 RSPO P&C Audit Checklist And Findings	20
	Attachment 4 : Details of Non-conformities and Corrective Actions Taken	69
	Attachment 5 : Status of Non-conformities Previously Identified including Special Audit	70
	Attachment 6 : Time Bound Plan	71

1.0 AUDIT PROCESS

1.1 Certification Body

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

SIRIM QAS International has vast experience in conducting audits related to RSPO certification. It has certified more than a hundred palm oil mills and several estates to ISO 14001 & OHSAS 18001. SIRIM QAS International has also conducted many audits for sustainable production of palm oil products against the requirements of the RSPO P&C. SIRIM QAS International was approved by the RSPO as a RSPO certification body on 21 March 2008 and re-accredited by ASI on 3 October 2019 (accredited 2014).

1.2 Qualification of audit team

Member of the Audit Team	Role/area of RSPO requirements	Qualifications
Dzulfiqar Azmi (Evaluated as Lead Auditor)	Tr. Lead Auditor / Social & Environmental, TPB, GHG	Holds a B. Sc. in Agriculture from University Teknologi Malaysia (UiTM). He had more than 5 years of working experience in the oil palm operation. He has experience in auditing since 2018. He is trained as an RSPO Lead Auditor.
Mohd. Zulfakar Kamaruzaman (Evaluator)	Auditor / Supply Chain, Social & HCV	Holds a B.Sc. Forestry. He had several years of working experience in the oil palm operation. He is a qualified RSPO P&C and RSPO Supply Chain Lead Auditor.
Selvasingam T Kandiah	Auditor / GAP & Safety	Holds a B.Sc. (Hons) of Agriculture University of Agricultural Sciences, Hebbal, Bangalore, India. He had more than 29 years of working experience in plantation management covering cocoa, rubber and oil palm. He is a qualified RSPO P & C and MSPO Lead Auditor.

1.3 Audit methodology

The audit covered the one palm oil mill and one of its supply base, i.e. the Kapis Estate. The audit included an on-site audit to the estate and mill and 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.

RSPO PUBLIC SUMMARY REPORT

1.4 Stakeholder Consultation

SIRIM QAS International had initiated the stakeholder consultation by during the on-site audit. In general, there was no negative comments made against this Certification Unit.

In summary, the stakeholders interviewed during the audit and the evidence from the stakeholder consultation carried out were as tabulated below:

Stakeholders interviewed	Evidence from stakeholder consultation
1) Employees / Workers Organizations (including migrant workers)	<ul style="list-style-type: none"> ▪ Generally, foreign workers employed via recruitment agents confirmed that they did not pay any recruitment fees. ▪ Circle weeders are offered piece-rated wages for work between 6AM to 2PM, and if they are requested and agree to work overtime, they are paid overtime rate of RM8 per hour. This is in accordance with their employment contract. ▪ When they are at work, their children stay at the creche or the Community Learning Centre. The legalisation process of all the children has been done and some are still ongoing. ▪ Workers work 6 days a week with one rest day (Sunday). They work 8 hours with a minimum of 30 minutes' break in between. ▪ All workers confirmed that they receive a minimum of RM1100 per month. They receive their salaries before 7th of every month. As of the date of this audit, many have heard about the new Minimum Wages but there has been no formal briefing on the amount yet. Any overtime work is mutually agreed between workers and management, and that there is no element of forcing. ▪ Workers, including foreign workers get to appoint their own representatives. There is no interference of influence exerted by the employer.
2) Settlers	<ul style="list-style-type: none"> ▪ Not applicable
3) Villagers / Local communities (including women representatives, displaced communities)	<ul style="list-style-type: none"> ▪ Not applicable
4) Suppliers	<ul style="list-style-type: none"> ▪ Suppliers confirmed that payments are received within one month of invoice. They are also aware of the complaint channel. There are no issues with the estates and mill. They receive invitations to attend stakeholder meetings but sometimes cannot attend.
5) Contract workers	<ul style="list-style-type: none"> ▪ No contract workers.
6) Local & national NGOs	<ul style="list-style-type: none"> ▪ No issues
7) Government agencies / Statutory bodies	<ul style="list-style-type: none"> ▪ No issues
8) Independent growers / Smallholders	<ul style="list-style-type: none"> ▪ Hap Seng give support to surrounding smallholders and growers by given them Free Consultation, Free Assessment, and anything related to RSPO and MSPO certification. Until to date surrounding smallholder who are RSPO certified is Spark Glory, Harus Abadi, and LKM Trading. Currently on progress for RSPO and MSPO certification is Lebijaya, Khoo Chin Hung, Bukit Kretam and LPC Plantation.
9) Indigenous people	<ul style="list-style-type: none"> ▪ Not applicable

RSPO PUBLIC SUMMARY REPORT

10) Contractor	<ul style="list-style-type: none"> ▪ Contractors confirmed that the contracts they have with the estates and mill are fair and transparent. The clauses on contract duration, amount and calculation of payments are clearly stated in their contracts. Payments are received within one month of invoice. There are no issues with the estates and mill. They receive invitations to attend stakeholder meetings but sometimes cannot attend.
11) Previous land owner (if any)	<ul style="list-style-type: none"> ▪ The right to use the land at the CU can be demonstrated and not disputed by any party. Evidence of legal ownership of the land including history of land tenure was verified during this audit. For Kapis Estate the land was previous owned by Sabah Land Development and Jeroco Plantations Sdn Bhd has bought and developed the land in 1980. There were clear land ownership documents available for reviewed.
12) Others (please specify)	<ul style="list-style-type: none"> ▪ No issues

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. For RA, the next RA will be conducted at least 4 months prior to expiry date of the certificate.

2.0 SCOPE OF CERTIFICATION AUDIT

2.1 Description of the certification unit

Jeroco Palm Oil Mill 2 certification unit (hereafter refer to JPOM2 CU) is one of the business unit under the Hap Seng Plantation Holdings Berhad (HSPHB). Located at Off 50 KM, Jalan Jeroco, Lahad Datu, Sabah, Malaysia, the CU consists of one mill (JPOM 2) and one supply base i.e. Kapis Estate. The Jeroco Palm Oil Mill 2 has a processing capacity of 30 metric tonnes of fresh fruit bunches (FFB) per hour. The mill is also receiving and processing crops from smallholders and villagers nearby the estate. JPOM 2 have ISCC/MeSTI/Halal/HACCP/MSPO certification beside of RSPO P&C and Supply Chain.

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

The FFB sourced from company owned estates that were certified. Details of the FFB contribution from each source to the JPOM 2 are shown in the following tables:

Table 1: Actual FFB production by the supply base for the reporting period (July 2019 to June 2020)

CU own estates	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Kapis Estate	8,405.35	15.09	SIRIM QAS
Batangan Estate	1,329.12	2.39	SIRIM QAS
Lutong Estate	622.11	1.12	SIRIM QAS
Lokan Estate	776.66	1.40	SIRIM QAS
Lungmanis Estate	4,259.82	7.65	SIRIM QAS
Litang Estate	9.45	0.02	SIRIM QAS

RSPO PUBLIC SUMMARY REPORT

Harus Abadi S/B (Certified FFB Effective 16/03/2020)	3,569.18	6.41	SIRIM QAS
Chua Soon Lee S/B (Certified FFB Effective 16/03/2020)	309.30	0.56	SIRIM QAS
Other Supply Bases (Non Certified)			
Bukit Kretam S/B	19,957.51	35.85	
First Raintree S/B	3,563.80	6.40	
Harus Abadi S/B	9,284.45	16.67	
Sangi Enterprise S/B	132.96	0.24	
Lebijaya S/B	3,165.10	5.68	
Casem S/B	110.92	0.20	
Chua Soon Lee S/B	717.25	1.29	
Tabin Estate	1,380.19	2.50	
Northbank Estate	1,042.08	1.87	
LPC Plantations S/B	464.57	0.83	
Khoo Chin Hung S/B	105.12	0.19	
Spark Glory S/B	37.12	0.06	
TOTAL	55,672.88	100.00	

Table 2: Projected FFB production by supply base for the reporting period (July 2020 to June 2021)

FFB Supplier	FFB Production		Certifying CB
	Tonnes	Percentage (%)	
Kapis Estate	43,730.00	44.17	SIRIM QAS
Other Supply Bases (Certified Non-CU)			
First Raintree S/B (Certified Under Harus Abadi With Effective 16/03/20)	4,630.00	4.68	SIRIM QAS
Harus Abadi S/B	9,650.00	9.75	SIRIM QAS
Chua Soon Lee S/B	1,350.00	1.36	SIRIM QAS
Other Supply Bases (Non Certified)			
Bukit Kretam S/B	29,493.00	29.79	
Sangi Enterprise S/B	2,545.00	2.57	
Lebijaya S/B	4,650.00	4.70	
Casem S/B	2,950.00	2.98	
Total	98,998.00	100.00	

Table 3: Actual FFB received and CPO & PK dispatch by Mill for the last reporting period (July 2019 to June 2020)

RSPO Supply Chain Model : MB	Total (MT)
FFB Received	55,672.88
FFB Processed	55,672.88
Certified FFB Processed	*19,280.99
Non-certified FFB Processed	36,391.89
Crude Palm Oil (CPO)	
Overall CPO Production	11,044.12
Certified CPO Production	*3,834.62
Certified CPO delivered as RSPO	90.33
Certified CPO delivered as non-RSPO	2,999.11
Certified CPO delivered under other sustainable schemes	745.18
Credits traded thru Book & Claim	0.00
Palm Kernel (PK)	
Overall PK Production	3,005.98
Certified PK Production	*991.22

RSPO PUBLIC SUMMARY REPORT

Certified PK delivered as RSPO	782.70
Certified PK delivered as non-RSPO	208.52
Certified PK delivered under other sustainable schemes	0.00
Credits traded thru Book & Claim	0.00

*Due to no market demand of RSPO MB CSPO/CSPK for JPOM2 during the reporting period i.e. 2020, the supply base crop from KAPIS (certified FFB, own estate) is diverted to IP Mill or Mill with low ISCC EU GHG value to fulfill the market demand.

Table 4: Projected FFB received and CPO & PK dispatch by the Mill of the next reporting period (July 2020 to June 2021)

RSPO Supply Chain Model : MB	Total (MT)
FFB Received	98,998.00
FFB Processed	98,998.00
Certified FFB Processed (CU)	*43,730.00
Certified FFB Processed (non-CU)	15,630.00
Non-certified FFB Processed	39,638.00
Crude Palm Oil (CPO)	
Overall CPO Production	20,261.00
Certified CPO Production (CU)	*9,008.00
Certified CPO Production (non-CU)	2,266.00
Palm Kernel (PK)	
Overall PK Production	4,554.00
Certified PK Production (CU)	*2,099.00
Certified PK Production (non-CU)	490.00

*The projection of CSPO & CSPK production has been based on 100% crop from its supply base i.e. Kapis Estate, processed by JPOM2. Crop diversion was not considered.

Table 5 Planted and certified area of the Jeroco 2 CU

Estate	Planted (ha)	Certified (ha)
Kapis Estate	2,342.00	2,681.00
Total	2,342.00	2,681.00

Table 6 Planting profile

Estate	Year of planting	Planting Cycle	Mature >3years (Ha)	Immature < 3 years (Ha)	Planted area	% of planted area mature	% of planted area immature
Kapis Estate	1996	1st	796.00	-	796.00	33.99	-
	1997	1st	373.00	-	373.00	15.93	-
	1998	1st	521.00	-	521.00	22.25	-
	2016	2nd	392.00	-	392.00	16.74	-
	2017	2nd	260.00	-	260.00	11.09	-
Total			2,342.00	-	2,342.00	100.00	-

RSPO PUBLIC SUMMARY REPORT

2.3 Organizational Information/Contact Person(s)

The details of the contact person is as shown below:

Name	:	Mr. Kee Keow Chong
Position	:	General Manager – Agronomy
Address	:	Hap Seng Plantations Holdings Berhad, C/O : Hap Seng Fertilizers Sdn Bhd, Batu 2, Jalan Kastam Baru, 91119 Lahad Datu, Sabah, Malaysia.
Phone no.	:	+6089 278183 / +6089 278138
Email	:	keekc@hapseng.com

3.0 AUDIT FINDINGS

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

No changes.

3.2 Progress and changes in time bound plan (Refer to Attachment 6 for the time bound plan)

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

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

Hap Seng Plantations is progressively undergoing the RSPO Certification process towards 100% RSPO certification of estates/mills. Details provided in the Time Bound Plan described in Attachment 6.

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

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

iii. Are there associated smallholders (including scheme smallholders) in the CU Yes No

If yes, have ALL the associated smallholders (including scheme smallholders) where their fruit supply is included, by the mill, in its certification? Yes No

If no, please state reasons Not applicable.

There is no associated smallholders supplying FFB to the CU.

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

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

No changes, all remains the same.

3.4 Status of previous non-conformities * Closed Not closed*

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

3.5 Complaint received from stakeholder (if any)

No significant complaints from stakeholders were observed.

RSPO PUBLIC SUMMARY REPORT

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 : 2 2.2.3, 7.11.3

Total no. of major NCR(s)
(details refer to Attachment 4) List : 1 7.12.4

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

Total no. of major NCR(s)
(details refer to Attachment 4) List : NA

RSPO PUBLIC SUMMARY REPORT

5.0 AUDIT CONCLUSION

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

6.0 RECOMMENDATION

- No NCR recorded. Recommended to continue certification.
- Minor NCR(s) recorded. Corrective action plan has been accepted. Verification of the NCR(s) to be carried out in the next audit.
Note: Minor NCRs raised in the audit which are not addressed in the subsequent audit shall be upgraded to major NCRs .
- Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided and accepted by the audit team. The NCR(s) have been satisfactorily closed out.
- Recommended to continue certification.
- Major NCR(s) recorded. Evidence of implementation of the corrective actions have been provided but not fully accepted by the audit team. NCR(s)..... 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.

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

Audit Team Leader :

DZULFIQAR AZMI



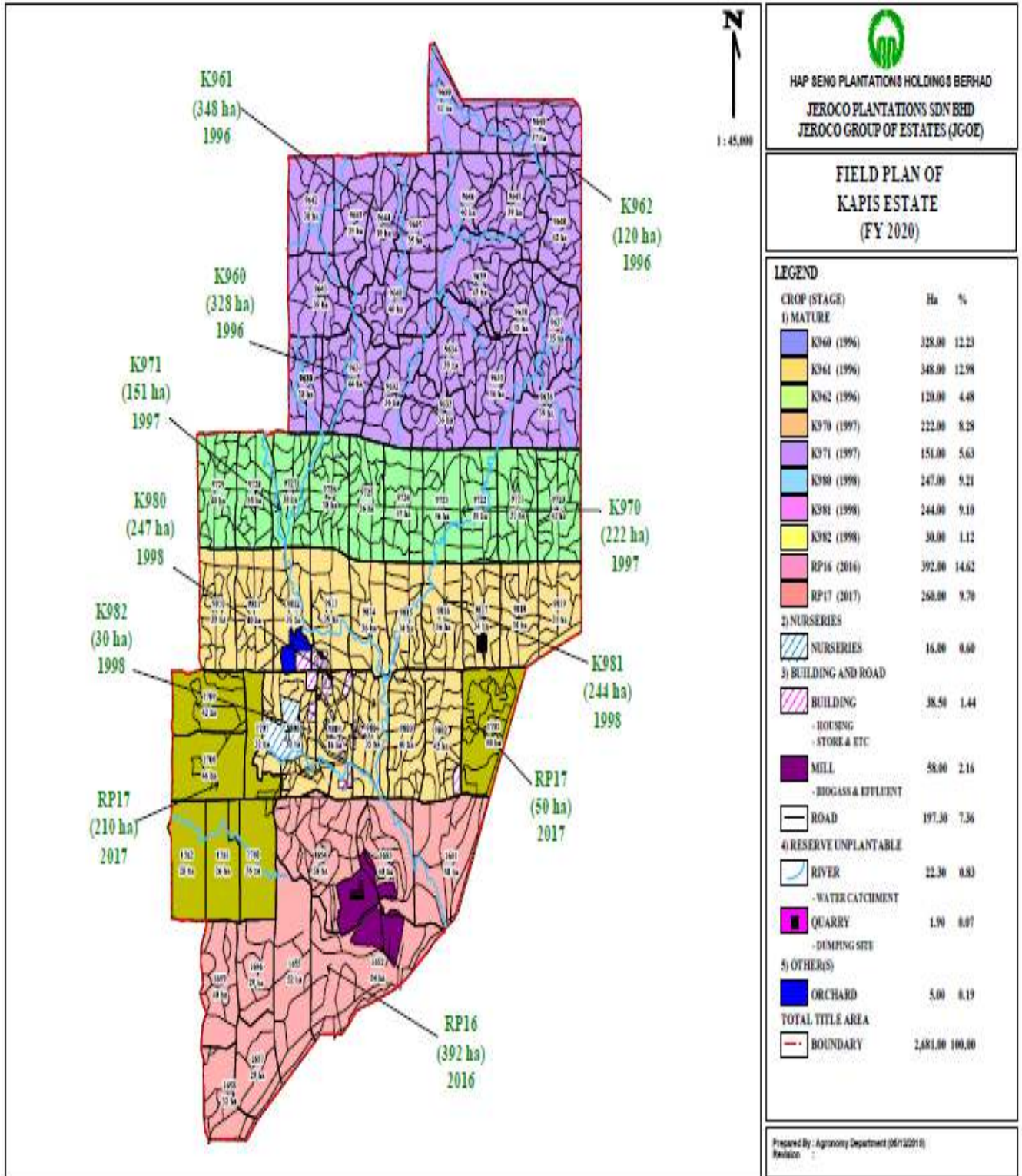
12/10/2020

(Name)

(Signature)

(Date)

Map of Kapis Estate within JPOM 2



**RSPO SURVEILLANCE AUDIT PLAN
JEROCO 2 CU**

1. Objectives

The objectives of the audit are as follows:

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

2. Date of assessment : 21 – 24 July 2020

3. Site of assessment : Jeroco 2 CU:
1) Jeroco POM 2
2) Kapis Estate

4. Reference Standard:

- a. MYNI 2019 for RSPO P&C 2018
- b. RSPO Certifications Systems for P&C, June 2017
- c. RSPO Supply Chain System, June 2017
- d. Company's audit criteria including Company's Manual / Procedures

5. Assessment Team:

Tr. Lead Auditor : Dzulfiqar Azmi (Social, Environment, GHG, TPB) – Evaluated as LA
Auditor : Mohd Zulfakar Kamaruzaman (Social, HCV) – Evaluator
Selvasingam T Kandiah (GAP, Safety)

Observer : Nil

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

6. Audit Method

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

7. Audit Findings

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

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

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

8. 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.

RSPO PUBLIC SUMMARY REPORT

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.

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

10. **Reporting**

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

11. **Facilities Required**

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

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

RSPO PUBLIC SUMMARY REPORT

DAY ONE: 21/07/2020 (TUESDAY)

Time	Activities / areas to be visited	Auditee				
9.00 am	Opening Meeting at Hap Seng Plantation – Audit team introduction and briefing on assessment objectives, scope, methodology, criteria and programmes by SIRIM QAS Audit Team Leader.	All				
9.30 am	Briefing on the organization background and implementation of RSPO at CU (including actions taken to address previous audit findings) by company Management Representative. Logistics discussion to the sites to be visited.	Management Representative				
9.40 am	To assign each audit team members – site and the P&C requirements	All				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Dzulfiqar Kapis Estate</th> <th style="text-align: center;">Zulfakar Kapis Estate</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;"> Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings. ▪ Laws and regulations ▪ Waste management including disposal site ▪ Aspects/impacts of plantation management ▪ Chemical/ fertilizer store, workshop ▪ Facilities at workplace (water treatment plant, clinic, stores, workshop, landfill area & etc) ▪ Controlled/open burning ▪ Pollution mitigating plans ▪ Riparian zone ▪ River system and Water bodies ▪ Management and disposal of waste including pesticides containers ▪ Time bound plan and uncertified management units ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Workers Issues Other area identified during the assessment </td> <td style="vertical-align: top;"> Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings ▪ Laws and regulations ▪ Consultation with relevant government agencies ▪ Local communities and stakeholders ▪ Local sustainable development ▪ Support smallholder inclusion ▪ Workers Issues ▪ Line site inspection ▪ Facilities provided at line site (i.e. mosque, surau, community center, GPW, Tadika, provision shop & etc) ▪ Complaints and grievances ▪ Inspection of protected sites with HCV attributes ▪ Forested area ▪ Plantation Boundary, adjacent and neighbouring land use ▪ Continuous improvement Other area identified during the assessment </td> </tr> </tbody> </table>		Dzulfiqar Kapis Estate	Zulfakar Kapis Estate	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings. ▪ Laws and regulations ▪ Waste management including disposal site ▪ Aspects/impacts of plantation management ▪ Chemical/ fertilizer store, workshop ▪ Facilities at workplace (water treatment plant, clinic, stores, workshop, landfill area & etc) ▪ Controlled/open burning ▪ Pollution mitigating plans ▪ Riparian zone ▪ River system and Water bodies ▪ Management and disposal of waste including pesticides containers ▪ Time bound plan and uncertified management units ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Workers Issues Other area identified during the assessment	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings ▪ Laws and regulations ▪ Consultation with relevant government agencies ▪ Local communities and stakeholders ▪ Local sustainable development ▪ Support smallholder inclusion ▪ Workers Issues ▪ Line site inspection ▪ Facilities provided at line site (i.e. mosque, surau, community center, GPW, Tadika, provision shop & etc) ▪ Complaints and grievances ▪ Inspection of protected sites with HCV attributes ▪ Forested area ▪ Plantation Boundary, adjacent and neighbouring land use ▪ Continuous improvement Other area identified during the assessment
Dzulfiqar Kapis Estate	Zulfakar Kapis Estate					
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1.00 pm	LUNCH BREAK					
2.00 pm	Overview of current activities at CU & Continue assessment at Kapis Estate	Guide(s) for each auditor				
5.00 pm	Audit team discussion / End of Day 1 audit	All				

RSPO PUBLIC SUMMARY REPORT

DAY TWO: 22/07/2020 (WEDNESDAY)

Time	Activities / areas to be visited			Auditee
9.00 am	To assign each audit team members – site and the P&C requirements			All
	Dzulfiqar Kapis Estate	Zulfakar Kapis Estate	Selva Kapis Estate	
	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Continue assessment ▪ Verification on outstanding issues ▪ Auditor to inform auditee on the required document / records 	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Continue assessment ▪ Verification on outstanding issues ▪ Auditor to inform auditee on the required document / records 	Coverage of assessment: P1, P2, P3, P7: <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings. ▪ Commitment to long-term economic and financial viability ▪ Estate Best Practice- witness activities at site (weeding/ spraying, etc) ▪ EFB mulching, POME application ▪ Training and skill development programs ▪ Controlled/open burning ▪ Safety & Health practice – witness activities at site ▪ Hazard identification and Risk Management ▪ Chemical management ▪ Continuous improvement <p>Other area identified during the assessment</p>	
1.00 pm	LUNCH BREAK			All
2.00 pm	Overview of current activities at CU & Continue assessment at Kapis Estate			Guide(s) for each auditor
5.00 pm	Audit team discussion / End of Day 2 audit			All

RSPO PUBLIC SUMMARY REPORT

DAY THREE: 23/07/2020 (THURSDAY)

Time	Activities / areas to be visited	Auditee		
9.00 am	To assign each audit team members – site and the P&C requirements			
	Dzulfiqar Jeroco 2 POM	Zulfakar Jeroco 2 POM		
	Selva Kapis Estate	Selva Kapis Estate		
	<p>Coverage of assessment: P1, P2, P3, P6, P7:</p> <ul style="list-style-type: none"> ▪ Follow up from previous assessment findings. ▪ Laws and regulations ▪ Waste management including disposal site ▪ Aspects/impacts of plantation management ▪ Chemical/ fertilizer store, workshop ▪ Facilities at workplace (water treatment plant, clinic, stores, workshop, landfill area & etc) ▪ Controlled/open burning ▪ Pollution mitigating plans ▪ Riparian zone ▪ River system and Water bodies ▪ Management and disposal of waste including pesticides containers ▪ Interview with gender committee, worker representative, contractors, supplier, etc ▪ Workers Issues <p>Other area identified during the assessment</p>	<p>Site visit and assessment on Supply Chain Implementation including the:</p> <ul style="list-style-type: none"> ▪ Model used ▪ General Chain of Custody ▪ System Requirements for the supply chain ▪ Documented procedures ▪ Purchasing and goods in ▪ Outsourcing activity ▪ Sales and goods out ▪ Processing ▪ Records keeping ▪ Registration ▪ Training ▪ Claims 	<p>Coverage of assessment: P1, P2, P3, P7:</p> <ul style="list-style-type: none"> ▪ Continue assessment ▪ Verification on outstanding issues ▪ Auditor to inform auditee on the required document / records 	All
1.00 pm	LUNCH BREAK		All	
2.00 pm	Overview of current activities at CU & Continue assessment at Jeroco 2 POM including Mr Selva.		Guide(s) for each auditor	
5.00 pm	Audit team discussion / End of Day 3 audit		All	

RSPO PUBLIC SUMMARY REPORT

DAY FOUR: 24/07/2020 (FRIDAY)

Time	Activities / areas to be visited			Auditee
9.00 am	To assign each audit team members – site and the P&C requirements			All
	Dzulfiqar Jeroco 2 POM	Zulfakar Jeroco 2 POM	Selva Jeroco 2 POM	
	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Continue assessment ▪ Verification on outstanding issues ▪ Auditor to inform auditee on the required document / records 	Coverage of assessment: P1, P2, P3, P6, P7: <ul style="list-style-type: none"> ▪ Laws and regulations ▪ Consultation with relevant government agencies ▪ Local communities and stakeholders ▪ Local sustainable development ▪ Support smallholder inclusion ▪ Workers Issues ▪ Line site inspection ▪ Facilities provided at line site (i.e. mosque, surau, community center, GPW, Tadika, provision shop & etc) ▪ Complaints and grievances ▪ Inspection of protected sites with HCV attributes ▪ Continuous improvement Other area identified during the assessment	Coverage of assessment: P1, P2, P3, P7: <ul style="list-style-type: none"> ▪ Commitment to long-term economic and financial viability ▪ Mill Best Practice- witness activities at site (weeding/ spraying, etc) ▪ EFB mulching, POME application ▪ Training and skill development programs ▪ Controlled/open burning ▪ Safety & Health practice – witness activities at site ▪ Hazard identification and Risk Management ▪ Chemical management ▪ Continuous improvement Other area identified during the assessment	
1.00 pm	LUNCH BREAK			All
2.00 pm	Verification on outstanding issues for CU Continue Audit Team discussion and preparation of assessment findings.			Guide(s) for each auditor
3.00 pm	Discussion and acceptance on assessment findings with Management Representative and visited site Plantation / Scheme Manager			All
4.00 pm	Closing meeting at CU / End of audit			All

RSPO PUBLIC SUMMARY REPORT

Attachment 3

**RSPO P&C AUDIT CHECKLIST AND FINDINGS
(MYNI 2019 FOR RSPO P&C 2018)**

Principle 1: Behave ethically and transparently

Drive ethical business behaviour, build trust and transparency with stakeholders to ensure strong and healthy relationships.

Clause	Indicators	Comply Yes/No	Findings
1.1 The unit of certification provides 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 (C) Documents that are specified in the RSPO P&C are made available to the public.	YES	Jeroco 2 CU is committed to 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 by upon request. There was procedure available on communication as evidenced in Jeroco 2 CU, entitled “ <i>Prosedur Memohon Maklumat</i> ” (Request for Information Procedure). The CU continued to use internet for disseminating public information. Information relating to land titles, safety and health plans, pollution prevention plans and the procedure for complaints and grievances are available through Hap Seng Plantations Holdings Berhad website at http://www.hapsengplantation.com.my It was evident that Jeroco 2 CU provided relevant information on environmental, social and/or legal upon request by the stakeholders either through letter or during the annual stakeholder meeting.
	1.1.2 Information is provided in appropriate languages and accessible to relevant stakeholders.	YES	The CU continued to maintain stakeholders for contractors, vendors/suppliers, government agencies, schools, local communities, etc. It was noted that Hap Seng Plantations has revised their website, http://www.hapsengplantation.com.my to include all management documents relating to the unit’s environmental, social and legal issues demonstrating commitment towards compliance to RSPO criteria via Hap Seng Plantation Sustainability Report.
	1.1.3 (C) Records of requests for information and responses are maintained.	YES	The estate and mill maintain records of communication and consultation with external and internal parties. These includes communication with DOSH, Labour Department, Immigration Department, Department of Environment, suppliers and their own workers. Jeroco 2 CU had continued to maintain a comprehensive system with respect to this criterion. Request Form for their stakeholders or other interested party who had viewed / obtained document related to RSPO and Record of Visitation by government agencies such as DOE and DOSH were maintained.
	1.1.4 (C) Consultation and communication procedures are documented, disclosed, implemented, made available, and explained to all relevant stakeholders by nominated representative.	YES	The consultation and communication procedures were documented. External and internal communication procedures developed by Hap Seng Plantations for the estates and mill maintained to be followed and available at the audited sites.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	1.1.5 There is a current list of contact and details of stakeholders and their nominated representatives.	YES	The lists of stakeholders were prepared by both the CU and the company headquarters. The lists included government agencies, suppliers, contractors, schools, bus operators, traders. All neighboring estates were included in the lists. All the SIA information was updated and each of issues was identified and discussed them in their respective report at Kapis Estate stakeholders meeting has been conducted with participation of affected parties such as government agencies, smallholders, contractors and suppliers.
1.2 The unit of certification commits to ethical conduct in all business operations and transactions.	1.2.1 A policy for ethical conduct is in place and implemented in all business operations and transactions, including recruitment and contracts.	YES	Jeroco 2 CU has documented policy to committing on integrity for all their staffs and workers by publishing <i>Code Of Conduct And Business Ethics Policy</i> . The CU has communicated the policy for new staffs and foreign workers during induction course.
	1.2.2 A system is in place to monitor compliance and the implementation of the policy and overall ethical business practice.	YES	In addition, Hap Seng Plantations also has a Vendor CODE of Conduct and Business Ethics which has been developed to outline the standards of behaviour required by Hap Seng Plantations vendors which includes expectation to uphold human rights. The Vendor COBC applies to all its suppliers, consultants, agents, contractor's/service providers who have direct dealings with the Group.

Principle 2: Operate legally and respect rights

Implement legal requirements as the basic principles of operation in any jurisdiction.

Clause	Indicators	Comply Yes/No	Findings
2.1 There is compliance with all applicable local, national and ratified international laws and regulations.	2.1.1 (C) The unit of certification complies with applicable legal requirements.	YES	It was evident that Jeroco 2 CU continue to comply with most of the applicable laws and regulations applicable to their operation.
	2.1.2 A documented system for ensuring legal compliance is in place. This system has a means to track changes to the laws and regulations.	YES	Document titled "List of Legal Register – Estates & Mills" maintained available at Jeroco 2 CU. The document last reviewed and updated by HQ. The system track changes to the laws and regulations. Hap Seng Plantations Holdings Berhad (HSPHB) has established a mechanism for identifying and tracking the updates of the legal requirements through various media such as LawNet, internet, newsletter, etc. The management had updated the legal register accordingly. All the new amendment regulations were included in the legal register.
	2.1.3 Legal or authorised boundaries are clearly demarcated and visibly maintained, and there is no planting beyond these legal or authorised boundaries.	YES	During the site review, the physical markers were visibly maintained at Kapis Estate. The perimeter boundary of the estate was visibly maintained with wooden posts along the boundary, especially the ones that adjacent to other private estate – IOI Group Plantation Berhad (Permodalan Estate). Kapis Estate had also maintained an Electrical Fence along the border with IOI Plantation Berhad. Jeroco Palm Oli Mill situated within Kapis Estate had Chain link Fencing around the Main Mill Complex and Barbed wire fence around its affluent Ponds.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
2.2 All contractors providing operational services and supplying labour and Fresh Fruit Bunch (FFB) suppliers, comply with legal requirements.	2.2.1 A list of contracted parties is maintained.	YES	The list of contracted parties is maintained by each unit in its respective stakeholder list. The lists contain name of contractors, designated contact persons, address, telephone/fax/email and type of contracted works done.
	2.2.2 All contracts, including those for FFB supply, contain specific clauses on meeting applicable legal requirements, and this can be demonstrated by the third party. Evidence of legal due diligence of all contracted third parties, recruitment agencies (licensed/accredited) for migrant workers, service providers and labour contractors, is available.	YES	Each contract issued to suppliers and contractors contain a clause requiring compliance with legal requirements. Legal due diligence is carried out by the Contracts Department at PCO. This include obtaining the contractors' registered company names and addresses, contact numbers, evidence of company registration, details of contractors' principle activities, authorised and paid-up capital, list of shareholders, board of directors, bank details, financial auditors, and current trading/business licences.
	2.2.3 All contracts, including those for FFB supply, contain clauses disallowing child, forced and trafficked labour. Where young workers are employed, the contracts include a clause for their protection.	NO	Based on contract agreement reviewed, sighted that contract agreement between Kapis Estate and Sundry Shop did not include Clause disallowing child, forced and trafficked labour and where young worker is employed are protected. Hence, Minor NCR DA 01 2020 was raised.
2.3 All FFB supplies from outside the unit of certification are from legal sources.	2.3.1 (C) For all directly sourced FFB, the mill requires: <ul style="list-style-type: none"> • Information on geo-location of FFB origins. • Evidence of the ownership status or the right/claim to the land, or valid use of land by the grower/smallholder • One or more supporting documents for claims • Valid MPOB license 	YES	Jeroco 2 POM is currently on the drafting for the following for the directly source of FFB: <ol style="list-style-type: none"> a) Information on geo-location of FFB origins. b) Evidence of the ownership status or the right/claim to the land, or valid use of land by the grower/smallholder
	2.3.2 For all indirectly sourced FFB, the unit of certification obtains from the collection centres, agents or other intermediaries, the evidence as listed in Indicator 2.3.1.	YES	Currently in Jeroco 2 POM there is no practice of indirectly source of FFB. All FFB are received direct from the suppliers.

RSPO PUBLIC SUMMARY REPORT

Principle 3: Optimise productivity, efficiency, positive impacts and resilience

Implement plans, procedures and systems for continuous improvement.

Clause	Indicators	Comply Yes/No	Findings
3.1 There is an implemented management plan for the unit of certification that aims to achieve long-term economic and financial viability.	3.1.1 (C) A business or management plan (minimum three years) is documented that includes, where applicable, a jointly developed business case for Scheme Smallholders.	YES	Kapis Estate continued to make commitment to long-term economic and financial viability. The annual budget for FY 2020 to FY 2024 were sighted. The budget provisions covered activities for upkeep, replanting, cultivation, harvesting & evacuation, welfare, capital expenditure, RSPO compliance etc. The budget included projections on yield per hectare, and total cost of production per MT and per hectare.
	3.1.2 An annual replanting programme projected for a minimum of five years with yearly review, is available.	YES	Hap Seng maintains a replanting program up 2031. The replanting programme until FY 2028 were sighted for Kapis estate. The programme is reviewed once a year and is incorporated in their annual financial budget.
	3.1.3 The unit of certification holds management reviews at planned intervals appropriate to the scale and nature of the activities undertaken.	YES	The management review meeting for Jeroco 2 CU which were held in June 2020 attended by all the estates manager/GM and sustainability team. Management has transparently address continuous suitability, adequacy and effectiveness of the requirements for effective implementation of RSPO.
3.2 The unit of certification regularly monitors and reviews their economic, social and environmental performance and develops and implements action plans that allow demonstrate cont. improvement in key operations.	3.2.1 (C) The action plan for continuous improvement is implemented, based on consideration of the main social and environmental impacts and opportunities of the unit of certification.	YES	Plans and impact assessments relating to environmental impacts maintained available. The Kapis Estate and Jeroco 2 POM have conducted social assessment titled 'Social Impact Assessment, Management Action Plans and Continuous Improvement Plans'. The SIA action plan was updated and each of the issues was identified for each of the operating unit.
	3.2.2 As part of the monitoring and continuous improvement process, annual reports are submitted to the RSPO Secretariat using the RSPO metrics template.	NA	Not applicable.
3.3 Operating procedures are appropriately documented, consistently implemented and monitored.	3.3.1 (C) Standard Operating Procedures (SOPs) for the unit of certification are in place.	YES	Both the mills and estates operations in the organization are guided by the Group Manuals and Standard Operating Procedure. The mill processing guidelines and standards are detailed via the Standard Operation Standard.
	3.3.2 A mechanism to check consistent implementation of procedures is in place.	YES	Various mechanisms of checking the implementation of procedures were conducted. Among the records verified were: Internal audit, Annual Agronomy visit (for fertilizer recommendation), Management Review, Yield Improvement Program, Qualitative (ripeness of FFB) checking records – daily conducted by checkers and by the Agronomy Department.
	3.3.3 Records of monitoring and any actions taken are maintained and available.	YES	Evidence was available that Jeroco 2 CU was able to demonstrate that it has maintained records of monitoring and action taken. Records of monitoring and the actions taken by Kapis Estate were maintained and kept for a minimum of 12 months.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
3.4 A comprehensive Social and Environmental Impact Assessment (SEIA) is undertaken prior to new plantings or operations, and a social and env. management and monitoring plan is implemented and regularly updated in ongoing operations.	3.4.1 (C) In new plantings or operations including mills, an independent SEIA, undertaken through a participatory methodology involving the affected stakeholders and including the impacts of any smallholder/outgrower scheme, is doc.	NA	Not Applicable.
	3.4.2 For the unit of certification, a SEIA is available and social and environmental management and monitoring plans have been developed with participation of affected stakeholders.	YES	For Jeroco 2 CU, the SIA and EIA reports were separated. Environmental impact assessment (EIA) which covers form upstream activities such as FFB reception until downstream processes was sighted during assessment and established for year 2020. Identification and evaluation of environmental impact was done for all activities and processes related to the mill operation. Among the most significant environmental receptors are the boiler stack emission which associated with air emission, palm oil mill effluent (POME) discharge to land application. As for the Social Impact Assessment (SIA) report for Jeroco 2 CU's estates and mill was prepared by the Sustainability Team with revision and reviewed in July 2020. The SIA report presented the estates' and mill's background information, labour policies, grievance procedures (internal, external land owner issues), sexual harassment policies, facilities and amenities offered by the estates, and the social impact assessment procedures and results. The lists of stakeholders were prepared by both the CU and the company headquarters. The lists included government agencies, suppliers, contractors, schools, bus operators, traders.
	3.4.3 (C) The social and environmental management and monitoring plan is implemented, reviewed and updated regularly in a participatory way.	YES	Significant environmental aspect and impact mitigation methods was implemented from EIA. Those activities evaluated as significant were then monitored using the management control and mitigation measure established for each activity where the significant impacts occurred. The EIA assessments had included the identification of aspects and impacts from resulting from the POM and Estate operations. A timetable with responsibilities for mitigation and monitoring was reviewed and updated as necessary. The CU had appointed specific person in charge (PIC) responsible for taking actions on each of the mitigation measures with specific time intervals.
3.5 A system for managing human resources is in place.	3.5.1 Employment procedures for recruitment, selection, hiring, promotion, retirement and termination are documented and made available to the workers and their representatives where applicable.	YES	Employment procedures which include recruitment, selection and hiring are contained in a document entitled Standard Operating Procedure – Recruitment, Selection, Hiring, Termination, Retirement and Promotion of Workers (Local & Foreign). For matters related to termination of employment and retirement, these are contained in employment contracts. Clause C of the employment contract states that retirement age for workers is 60. These documents are available to workers and their representatives.
	3.5.2 Employment procedures are implemented, and records are maintained.	YES	Based on the sampling of the workers' employment contracts and personal files, there is evidence that the employment procedures on recruitment, selection, hiring, promotion are implemented. Records are also maintained in each worker's individual file. Hiring process begins with newspaper advertisement, employee referrals, review of candidate's resume, job

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
			application, shortlisting, reference checks, interview, medical check-up and issuance of offer letter. Promotion would be recommended based on evaluation of behavior, performance appraisal and current work results. No termination had occurred so this element of the procedure could not be verified during the audit.
3.6 An occupational health and safety (H&S) plan is documented, Effectively comm. and implemented.	3.6.1 (C) All operations are risk assessed to identify H&S issues. Mitigation plans and procedures are documented and implemented.	YES	The Occupational Safety and Health Policy was established and signed by the <i>Chief Executive- Group Plantation</i> . The policy had been communicated to all levels of the organization through briefings and also displayed prominently in <i>Bahasa Malaysia and English</i> on notice boards at mill and estate office and muster ground. All operations had been risk assessed to identify H&S issues. Mitigation plans and procedures were documented in the HIRARC document and implemented.
	3.6.2 (C) The effectiveness of the H&S plan to address health and safety risks to people is monitored.	YES	Occupational health and safety (OHS) management plan for Jeroco 2 CU had been established. The OHS management plan sighted addressed issues related to hazards and risks, legal register and its requirements for compliance, OSH awareness and training program, accident and emergency procedures, audiometric test, use of PPE, OSH Committee meetings, etc. Generally, the OSH plans 2019/2020 were acceptable.
3.7 All staff, workers, Scheme Smallholders, outgrowers, and contract workers are appropriately trained.	3.7.1 (C) A documented programme that provides training is in place, which is accessible to all staff, workers, Scheme Smallholders and outgrowers, taking into account gender-specific needs, and which covers applicable aspects of the RSPO P&C, in a form they understand, and which includes assessments of training.	YES	Formal training programmes for 2018/2019 covered all aspects of the RSPO Principles and Criteria. Regular assessments of training needs were presented to auditors by the Jeroco 2 CU. Year 2020 Training Plan was established in January 2020. A training needs identification matrix has been established with target dates for the training to be conducted.
	3.7.2 Records of training are maintained, where appropriate on an individual basis.	YES	The CU had trained their staff, workers and records of training were kept in the RSPO training file. The records included information title of the training, name and signature of the attendees, name of the trainer, Time and venue.
	3.7.3 Appropriate training is provided for personnel carrying out the tasks critical to the effective implementation of the Supply Chain Certification Standard (SCCS). Training is specific and relevant to the task(s) performed.	YES	RSPO (SCCS) training is provided to all personnel carrying out the tasks critical to the effective implementation of the Supply Chain Certification Standard (SCCS) at the CU in Jan 2020.

RSPO PUBLIC SUMMARY REPORT

SUPPLY CHAIN REQUIREMENTS FOR MILLS

Disclaimer text: The following section is taken verbatim from the RSPO Supply Chain Certification Standard (14 June 2017) (RSPO SCCS), general requirements as well as modules D & E for mills. The RSPO SCCS is the document in vigour for these requirements and should be referred to in any cases of uncertainty. Any references to other modules or sections contained in the table below, refer to the RSPO SCCS document. As per RSPO SCCS, **all requirements are major Indicators** (i.e. **equivalent of critical Indicators in P&C 2018**).

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.1	<p>Identity Preserved Module</p> <p>A mill is deemed to be IP is the FFB processed by the mill are sourced from plantations/estates that are certified against the RSPO P&C, or against a Group Certification Scheme</p> <p>Certification for the CPO mills is necessary to verify the volumes and sourced of certified FFB entering the mill, the implementation of any processing control as and volume sales of RSPO certified products. If a mill processes certified and uncertified FFB without physically separating them, the inly MB Module is applicable.</p>	YES	Not applicable since this mill is Mass Balance.
3.8.2	<p>Mass balance Module</p> <p>A mill is deemed to be MB is the mill process FFB from both RSPO certified and uncertified plantations/estates. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own and 3rd party certified supply base.</p>	YES	<p>Jeroco 2 POM received certified FFB from own Estate Which is Kapis Estate and Uncertified FFB from Surrounding Smallgrower and Small holder which is 6 suppliers. Thus, Jeroco 2 POM has qualifies for the Mass Balance chain system and module. During the P&C assessment, the audit team verified the volumes and sources of certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified products. Refer to Table 3-MB for the relevant production data.</p>
3.8.3	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill shall be recorded by the CB in the public summary of the P&C certification report. This figure represents the total volume of certified oil palm</p>	YES	Projection data available as in Table 4-MB of this report.

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.		
3.8.4	The mill shall also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organisation (RSPO IT platform).	YES	The mill observed to have met registration and reporting requirements for supply chain through the RSPO Palm Trace. The registration information was: Name: Jeroco Plantations Sdn Bhd – Jeroco Palm Oil Mill 2 Country: Malaysia. Member Category: Oil Mil Core product: Palm Oil
3.8.5	The site shall have written procedures and/or work instructions to ensure the implementation of all elements of the applicable supply chain model specified. This shall include at minimum the following: <ul style="list-style-type: none"> • Complete and up to date procedures covering the implementation of all the elements of the supply chain model requirements. • Complete and up to date records and reports that demonstrate compliance with the supply chain model requirements (including training records). 	YES	Jeroco 2 POM had used their documented procedure title ' <i>Standard operating procedures for Supply Chain SOP/COC/001, issue 03</i> '. The procedure is complete and up to date covering the implementation of all the elements of the supply chain model requirements including receiving and processing certified and non-certified FFBs. Since this is MB mill, there is no problem regarding non certified FFB. Appropriate training for personnel carrying out the tasks critical to the effective implementation of the Supply Chain Certification Standard (SCCS) has been conducted. Attendance list & photograph was seen. The Assistant Engineer have overall responsible and authority over the implementation of RSPO supply chain requirement in RSPO JPOM2 POM. Interview with sustainability committee member, mill manager, assistant mill manager & weighbridge operator was confirmed they are understood the supply chain requirements.
	<ul style="list-style-type: none"> • Identification of the role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable 		

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	<p>requirements. This person shall be able to demonstrate awareness of the organisation's procedures for the implementation of this standard.</p> <ul style="list-style-type: none"> The site shall have documented procedures for receiving and processing certified and non-certified FFBs. 		
3.8.6	<p>The site shall have a written procedure to conduct annual internal audit to determine whether the organisation;</p> <ul style="list-style-type: none"> Conforms to the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. Effectively implements and maintains the standard requirements within its organisation. Any non-conformities found as part of the internal audit shall be issued corrective action. The outcomes of the internal audits and all actions taken to correct non-conformities shall be subject to management review at least annually. The organisation shall be able to maintain the internal audit records and reports. 	YES	<p>As describe under para 8.4 SOP for Supply Chain issue no 4 dated 23 August 12 revised on 15 May 2019, JPOM2 refer to flow Chart Internal Audit System which is follow the RSPO Supply Chain Certification Standard Revision 2017 requirements.</p> <p>Audit report has also been established. The audit was conducted against the RSPO Supply Chain Certification Standard Revision 2017 requirements.</p> <p>RSPO internal audit was conducted in June 2020 by the internal auditors team. The internal audit has followed the requirements in the RSPO Supply Chain Certification Standard and the RSPO Market Communications and Claims Documents. There are 0 NCR were raised by auditor. Audit Attendance sheet, audit plan, audit notes, was sighted by auditor.</p>

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.7	<p>The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received.</p> <p>The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.</p> <p>The site shall have a mechanism in place for handling non-conforming oil palm products and/or documents.</p>	YES	<p>JPOM 2 had continued to receive certified FFBs from the CU's own supply bases as well as non-certified FFBs from outsiders. There was One supply base sending certified FFBs to JPOM 2 i.e. Kapis Estate. For non-certified FFBs, JPOM 2 had sourced them from twelve FFB collectors namely Harus Abadi Sdn Bhd, First Raintree, Bukit Kretam, Sangi Enterprise, Chua Son Lee (LKM Trading), Lebijaya and Casem Sdn Bhd. The documentation was evident.</p>

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.8	<p>Sales and Goods Out</p> <p>The supplying mill shall ensure that the following minimum information for RSPO certified products is made available in document form. The information shall be complete and can be presented either on a single-documents or across a range of documents issued for RSPO certified oil palm products (for example, delivery notes, shipping documentation and specification documentation):</p> <ul style="list-style-type: none"> a) The name and address of buyer; b) The name and address of the seller c) The leading or shipment/delivery date; d) The date on which the documents were issued; e) RSPO certificate number; f) A description of the product, including the applicable supply chain model (IP or MB or the approved abbreviations); g) The quantity of the products delivered; h) Any related transport documentation i) A unique identification number 	YES	<p>The procedure in handling of sale and delivery was sighted and found adequate. Sales activities usually handled by Hap Seng Plantation Shipping Department (HQ) on behalf of Jeroco 2 POM.</p>

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.9	<p>Outsourcing Activities</p> <p>(i) The mill shall not outsource its milling activities. In cases where the mill outsourced activities to independent third parties (e.g. subcontractors for storage, transport or other outsourced activities), the mill holding the certificate shall ensure that the independent third party complies with relevant requirements of this RSPO SC Certification.</p> <p>(ii) The mill shall ensure the following:</p> <p>a) The mill has legal ownership of all input material to be included in outsourced processes</p> <p>b) The mill has an agreement or contract covering the outsourced process with each contractor through a signed and enforceable agreement with the contractor. The onus is on the mill to ensure that CB has access to the outsourcing contractor or operation if an audit is deemed necessary.</p> <p>c) The mill has a documented control system with explicit procedures for the outsourced process which is communicated to the relevant contractor.</p> <p>d) The mill shall furthermore ensure (e.g. through contractual arrangements) that independent third parties engaged provide relevant access for duly accredited CBs to the respective operations, systems, and all information, when this is announced in advance.</p>	NA	<p>Not Applicable since transportation and storage of certified finished products are handled internally using budge system.</p> <p>Should there be any additional transporter used in future to carry certified CPO/ PK, JPOM2 prepared Minor Job Contract for acknowledgement by hired service provider informing on the RSPO SCCS requirements.</p>

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.10	The site shall record the names and contact details of all contractors used for the processing or physical handling of RSPO certified oil palm products.	NA	Not Applicable since transportation and storage of certified finished products are handled internally using budge system. Should there be any additional transporter used in future to carry certified CPO/ PK, JPOM2 prepared Minor Job Contract for acknowledgement by hired service provider informing on the RSPO SCCS requirement.
3.8.11	The mill shall inform its CB in advance prior to conduct of its next audit of the names and contact details of any new contractor used for the physical handling of RSPO certified oil palm products.	NA	Not Applicable since transportation and storage of certified finished products are handled internally using budge system. Should there be any additional transporter used in future to carry certified CPO/ PK, JPOM2 prepared Minor Job Contract for acknowledgement by hired service provider informing on the RSPO SCCS requirements. The management also decided to not plan to use outsider contractors.
3.8.12	i) The mill shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of this RSPO Supply Chain Certification Standard requirements.	YES	The relevant record pertaining to RSPO SCCS within JPOM2 found to be updated accordingly and easily accessible during the audit.
	ii) Retention times for all records and reports shall be a minimum of two (2) years and shall comply with legal and regulatory requirements and be able to confirm the certified status of raw materials or products held in stock.	YES	Relevant record pertaining to implementation of RSPO SCCS within JPOM2 retained for minimum 2 years as per statement on Chapter 1 of ' <i>Standard operating procedures for Supply Chain SOP/COC/001, issue 03</i> '. JPOM2 also had established various reporting template to ensure that they will be able to track movement of their certified FFB as well as finished products (CPO & PK).
	iii) For Identity Preserved Module, the mill shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis.	NA	Not applicable.
	iv) For Mass Balance Module, the mill: a. shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a real-time basis and / or three-monthly basis. b. All volumes of certified		Available.

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
	<p>CPO and PK that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO. c. The mill can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three (3) months. However, a mill is allowed to sell short (i.e. product can be sold before it is in stock.)</p>		
3.8.13	<p>Extraction rate The OER and the KER shall be applied to provide a reliable estimate of the amount of certified CPO and PK from the associated inputs. Mill shall determine and set their own extraction rates based upon past experience, documented and applied it consistently.</p>	YES	<p>Jeroco POM2 process all the received certified crop & their processing output will be based on their actual Oil Extraction Rate (OER) as well as Kernel Extraction Rate (KER). These figures were monitored on daily & monthly basis by the mill using the prepared template (e.g. Monthly Production Report – Physical Movement) to ensure their accuracy as well as monitoring of their ongoing performance.</p>
3.8.14	<p>Extraction rates shall be updated periodically to ensure accuracy against actual performance or industry average if appropriate.</p>		
3.8.15	<p>Processing For IP Module, the mill shall assure and verify through doc. proc. and record keeping that the RSPO certified oil palm product is kept separated from non-certified oil palm products, incl. during transport and storage to strive for 100% separation.</p>	NA	Not applicable.

RSPO PUBLIC SUMMARY REPORT

Ref. in RSPO SCCS	Indicators	Comply Yes/No	Findings
3.8.16	<p>Registration of Transactions</p> <p>i) Shipping Announcement in the RSPO IT platform shall be carried out by the mills when RSPO certified products are sold as certified to refineries, crushers, and traders not more than three months after dispatch with the dispatch date being the Bill of Lading or the dispatch documentation date.</p> <p>ii) Remove: RSPO certified volumes sold under different scheme or as conventional, or in case of underproduction, loss or damage shall be removed in the RSPO IT platform</p>	YES	The registration of transaction being carried out by Group Plantation Marketing subordinate.
3.8.17	<p>Claims</p> <p>The mill shall only make claims regarding the production of RSPO certified oil that are in compliance with the RSPO Rules on Market Communications and Claims.</p>	YES	Relevant information on product claim (including applicable SC model and certificate no.) being correctly indicated in the relevant outgoing paperwork. JPOM2 apply RSPO trademark with license. JPOM2 adhered to the minimum requirement in terms of the corporate communications rules as well as Annex 1 (RSPO trademark usage and guidance) of the RSPO Rules on Market Communications and Claims 2019).

Principle 4: Respect community and human rights and deliver benefits

Respect community rights, provide equal opportunities, maximise benefits from engagement and ensure remediation where needed.

Clause	Indicators	Comply Yes/No	Findings
4.1 The unit of certification respects human rights, which includes respecting the rights of Human Rights Defenders.	4.1.1 (C) A policy to respect human rights, including prohibiting retaliation against Human Rights Defenders, is documented and communicated to all levels of the workforce, operations, FFB suppliers and local communities and prohibits intimidation and harassment by the unit of certification and contracted services,	YES	Human Rights policy was made available at Kapis estate and Jeroco 2 POM. There is also a new sustainable Agriculture Policy signed by the CEO which contained the clause of prohibiting retaliation against Human Rights Defenders. The policy has been communicated to staffs and workers accordingly.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	including contracted security forces.		
	4.1.2 The unit of certification does not instigate violence or use any form of harassment, in their operations.	YES	As at time of audit, it was confirmed that the unit of certification does not instigate violence or use any form of harassment in their operations.
4.2 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.	4.2.1 (C) The mutually agreed system, open to all affected parties, resolves disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants, HRD, community spokespersons and whistleblowers, where requested, without risk of reprisal or intimidation and follows the RSPO policy on respect for HRD.	YES	The estate and mill have developed procedures to handle grievances and disputes titled as 'Procedure for reporting complaints and grievances (Prosedur Melapor Aduan dan Permasalahan)' and 'Grievances Procedure – Appendix 1' for staffs and workers.
	4.2.2 Procedures are in place to ensure that the system is understood by the affected parties, including by illiterate parties.	YES	Interviews confirmed that the system in place was understood by the affected parties. The procedure for complaint/grievance resolution was explained to all workers and external stakeholders through management/workers/stakeholders meeting.
	4.2.3 The unit of certification keeps parties to a grievance informed of its progress, including against agreed timeframe and the outcome is available and communicated to relevant stakeholders.	YES	Jeroco 2 CU keeps parties to a grievance informed of its progress, including the agreed timeframe and the outcome was made available and communicated to relevant stakeholders.
	4.2.4 The conflict resolution mechanism includes the option of access to independent legal and technical advice, the ability for complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third-party mediator.	YES	The system used by the Jeroco 2 CU in resolving disputes and grievances exists in the procedure called 'Prosedur Melapor Aduan dan Permasalahan)' and 'Grievances Procedure – Appendix 1' for staffs and workers. The Mill and Estates within SJBU each has its own Internal Complaint Form/Book and External Communication/Complaint Form/Book available. The Internal Complaint Books are mostly for employees to lodge complaint pertaining to their houses. The external stakeholder complaint record/book reviewed did not show complaints against the CU. Sighted the new Procedure Title The Grievance procedure has already include an ability for complainants to choose individuals or groups to support them and/or act as observers, as well as the option of a third-party mediator.
4.3 The unit of certification contributes to local sustainable development as	4.3.1 Contributions to community development that are based on the results of consultation with local communities are demonstrated.	YES	There was no local community lived nearby or within the CU plantation area. However, the CU has built a Humana at Kapis Estate for foreign worker's children. Sighted also the donation from Estate related to Humana.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
agreed by local communities.			
4.4 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.	4.4.1 (C) Documents showing legal ownership or lease, or authorised use of customary land authorised by customary landowners through an FPIC process. Documents related to the history of land tenure and/or the actual legal or customary use of the land are available.	YES	The right to use the land at the Jeroco 2 CU can be demonstrated and not disputed by any party. Evidence of legal ownership of the land including history of land tenure was verified during this audit. As reported in 2.2.1 of this checklist, it has been verified that the land is now legitimately owned by Jeroco 2 CU since 1980. The audit team had confirmed that there were no land issues related to previous owners.
	4.4.2 Copies of documents evidencing agreement-making processes and negotiated agreements detailing the FPIC process are available and include:	YES	
	4.4.2a Evidence that a plan has been developed through consultation and discussion in good faith with all affected groups in the communities, with particular assurance that vulnerable, minorities' and gender groups are consulted, and that information has been provided to all affected groups, including information on the steps that are taken to involve them in decision making.	YES	
	4.4.2b Evidence that the unit of certification has respected communities' decisions to give or withhold their consent to the operation at the time that these decisions were taken.	YES	
	4.4.2c Evidence that the legal, economic, environmental and social implications of 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 unit of cert's title, concession or lease on the land.	YES	

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	4.4.3 (C) Maps of an appropriate scale showing the extent of recognised legal, customary or user rights are developed through participatory mapping involving affected parties.	NA	Not applicable.
	4.4.4 All relevant information is available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.	YES	There was no land encumbered by customary rights or dispute from any stakeholder at the CU, it was confirmed through interviewed relevant stakeholder.
	4.4.5 (C) Evidence is available to show that communities are represented through institutions or representatives of their own choosing, including by legal counsel if they so choose.	YES	There was no land encumbered by customary rights or dispute from any stakeholder at the CU, it was confirmed through interviewed relevant stakeholder.
	4.4.6 There is evidence that implementation of agreements negotiated through FPIC is annually reviewed in consultation with affected parties.	YES	There was no land encumbered by customary rights or dispute from any stakeholder at the CU, it was confirmed through interviewed stakeholder.
4.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their FPIC. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own	4.5.1 (C) Documents showing identification and assessment of demonstrable legal, customary and user rights are available.	YES	Based on Social Impact Assessment (SIA) Report for Jeroco 2 CU and land title, there was no new plantings are established on local peoples' land. It has been verified that the land is legitimately owned by Jeroco 2 CU. The audit team had confirmed that there were no land issues related to previous owners and it was confirmed through interviewed with relevant stakeholder.
	4.5.2 (C) FPIC is obtained for all oil palm development through a comprehensive process, including in particular, full respect for their legal and customary rights to the territories, lands and resources via local communities' own representative institutions, with all the relevant information and documents made available, with option of resourced access to independent advice through a documented, long-term and two-way process of consultation and negotiation.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
representative institutions.	4.5.3 Evidence is available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the unit of certification is signed and ratified by these local peoples. Negotiated agreements are non-coercive and entered into voluntarily and carried out prior to new operations.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.
	4.5.4 To ensure local food and water security, as part of the FPIC process, participatory SEIA and participatory land-use planning with local peoples, the full range of food and water provisioning options are considered. There is transparency of the land allocation proc.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.
	4.5.5 Evidence is available that the affected communities and rights holders have had the option to access to information and advice that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.
	4.5.6 Evidence is available that the communities (or their representatives) gave consent to the initial planning phases of the operations prior to the issuance of a new concession or land title to the operator.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.
	4.5.7 New lands are not acquired for plantations and mills after 15 November 2018 as a result of recent (2005 or later)	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	expropriations without consent under the right of eminent domain of the federal and state land acquisition legislations.		auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed stakeholder.
4.6 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with thru a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.	4.6.1 (C) A mutually agreed procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, is in place.	YES	Jeroco 2 CU have a standard procedure for identifying social related issues called "Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation". The procedures defined details process of how compensation for any issues/disputes related to land, ownership and access to land, and ensures negotiations concerning compensation are dealt with. The procedure ensure that any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.
	4.6.2 (C) A mutually agreed procedure for calculating and distributing fair and gender-equal compensation (monetary or otherwise) is established, implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation.	YES	"Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation" detailed out the procedures for calculating and distributing compensation in a participatory and fair manner. These procedures specify that it would take into account ethnic group, gender differences, etc.
	4.6.3 Evidence is available that equal opportunities are provided to both men and women to hold land titles for scheme small holdings.	YES	The requirement of this indicator was not applicable as there is no scheme smallholding at Jeroco 2 CU.
	4.6.4 The process and outcomes of any negotiated agreements, compensation and payments are documented, with evidence of the participation of affected parties, made publicly available to them.	YES	As mentioned in 4.6.2 above, there were no existing/known issues related to this indicator, hence it was not applied to Jeroco 2 CU.
4.7 For new planting, where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any	4.7.1 (C) A mutually agreed procedure for identifying people entitled to compensation is in place.	YES	Jeroco 2 CU have a standard procedure for identifying social related issues called "Land Dispute Compensation and Calculation Procedure" and "Procedure For Calculating & Distribution Fair Compensation". The procedures defined details process of how compensation for any issues/disputes related to land, ownership and access to land, and ensures negotiations concerning compensation are dealt with. The procedure ensures that any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
agreed land acquisitions and relinquishment of rights, subject to their FPIC and negotiated agreements.	4.7.2 (C) A mutually agreed procedure for calculating and distributing fair compensation (monetary or otherwise) is in place and documented and made available to affected parties.	YES	There was no issue regarding compensation (monetary or otherwise) with villagers, local community and neighboring estate. The audit team has also interviewed relevant stakeholders such as the IOI Plantations, from the interviews, it can be concluded that there was no evidence of any land dispute at Jeroco 2 CU.
	4.7.3 Communities that have lost access and rights to land for plantation expansion are given opportunities to benefit from plantation development.	YES	This requirement in this indicator was not applicable for Jeroco 2 CU.
4.8 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.	4.8.1 Where there are or have been disputes, proof of legal acquisition of title and evidence that mutually agreed compensation has been made to all people who held legal, customary, or user rights at the time of acquisition is available and provided to parties to a dispute, and that any compensation was accepted following a documented process of FPIC.	YES	As reported in 4.4.1 of this checklist, Jeroco 2 CU has been developed since 1980, after it was bought from the previous land owner; Sabah Land Development. All the related documentation regarding the land acquisition was kept in PCO and was verified by the auditor. There were no issues regarding land with villagers, local community and neighboring estate. The audit team had also confirmed this through interviewed relevant stakeholders.
	4.8.2 (C) Land conflict is not present in the area of the unit of certification. Where land conflict exists, acceptable conflict resolution processes (see Criteria 4.2 and 4.6) are implemented and accepted by the parties involved. In the case of newly acquired plantations, the unit of certification addresses any unresolved conflict through appropriate conflict resolution mechanisms.	YES	
	4.8.3 Where there is evidence of acquisition through dispossession or forced abandonment of customary and user rights prior to the current operations and there remain parties with demonstrable customary and land use rights, these claims will be settled using the relevant requirements.	YES	

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	4.8.4 For any conflict or dispute over the land, the extent of the disputed area is mapped out in a participatory way with involvement of affected parties.	YES	

Principle 5: Support smallholder inclusion

Include smallholders in RSPO supply chains and improve their livelihoods through fair and transparent partnerships.

Clause	Indicators	Comply Yes/No	Findings
5.1 The unit of certification deals fairly and transparently with all smallholders (Independent and Scheme) and other local businesses.	5.1.1 Current and previous period prices paid for FFB are publicly available and accessible by smallholders.	YES	It was observed that the JPOM2 has displayed the current and past FFB prices from January 2020 until to date (July 2020) at their weighbridge station.
	5.1.2 (C) Evidence is available that the unit of certification regularly explains the FFB pricing to smallholders.	YES	It was evident that Jeroco 2 POM regularly explains the FFB Pricing to Smallholder.
	5.1.3 (C) Fair pricing, including premium pricing, when applicable, is agreed with smallholders in the supply base and documented.	YES	In Jeroco 2 POM Price for FFB are follow by MPOB Pricing, all price are calculate by the MPOB and the mill take the price and follow what MPOB guide.
	5.1.4 (C) Evidence is available that all parties, including women and independent representative organisations assisting smallholders where requested, are involved in decision-making processes and understand the contracts. These include those involving finance, loans/credits, and repayments through FFB price reductions for replanting and or other support mechanisms where applicable.	YES	There are agreements between FFB outsider suppliers with JPOM2. Hap Seng Management also support smallholder by give them consultation and guidance to certify surrounding smallholder under MSPO and RSPO without cost.
	5.1.5 Contracts are fair, legal and transparent and have an agreed timeframe.	YES	The contractors have been sending their FFB to JPOM2 more than 6 years. Their contracts are signed when necessary, and it contains schedule of rates, conditions of contract, event of default, payment terms according to the volume, FFB price, OER price, Specifications FFB, Bonus for Sending FFB.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	5.1.6 (C) Agreed payments are made in a timely manner and receipts specifying price, weight, deductions and amount paid are given.	YES	All contractor confirmed that payments were received within a reasonable timeframe which is 7-10 days after submission of invoice. And receipts contain specifying price, weight, deductions and amount paid are given.
	5.1.7 Weighing equipment is verified by an independent third party on a regular basis (this can be government).	YES	Weighing Equipment in Jeroco 2 POM has been calibrated in yearly basis using Metrology Corporation Malaysia Sdn Bhd last on 21/11/19.
	5.1.8 The unit of certification supports Independent Smallholders with certification, where applicable, ensuring mutual agreements between the unit of certification and the smallholders on who runs the internal control system (ICS), who holds the certificates, and who holds and sells the certified material.	YES	Hap Seng give support to surrounding smallholders and growers by given them Free Consultation, Free Assessment, and anything related to RSPO and MSPO certification.
	5.1.9 (C) The unit of certification has a grievance mechanism for smallholders and all grievances raised are dealt with in a timely manner.	YES	There is a document namely 'Procedure for reporting complaints and grievances (Prosedur Melapor <i>Aduan dan Permasalahan</i>)' and 'Grievances Procedure – Appendix 1' for staffs and workers and the company has also developed procedure named " Mekanisme Melindungi Pengadu Terhadap Tatacara tidak Wajar (Whistleblower)" to protect the complainants. The procedure contains the Whistle Blower Complaint Response where the complainant has the option of remaining anonymous by not revealing his/her identity.
5.2 The unit of certification supports improved livelihoods of smallholders and their inclusion in sustainable palm oil value chains.	5.2.1 The unit of certification consults with interested smallholders (irrespective of type) including women or other partners in their supply base to assess their needs for support to improve their livelihoods and their interest in RSPO certification.	YES	Hap Seng give support to surrounding smallholders and growers by given them Free Consultation, Free Assessment, and anything related to RSPO and MSPO certification.
	5.2.2 The unit of certification develops and implements smallholder support program to improve smallholder livelihood and build their capacity to enhance productivity, quality, organisational and managerial competencies, and specific elements of RSPO certification (including the RSPO Standard for Independent Smallholder).	YES	Hap Seng Plantations already develops and implements smallholder support program to improve smallholder livelihood and build their capacity to enhance productivity, quality, organisational and managerial competencies. Hap Seng give support to surrounding smallholders and growers by given them Free Consultation, Free Assessment, and anything related to RSPO and MSPO certification.
	5.2.3 Where applicable, the unit of	YES	Hap Seng give support to surrounding smallholders and growers to promote legality of their

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	certification provides support to smallholders to promote legality of FFB production.		FFB production by given them Free Consultation, Free Assessment, and anything related to RSPO and MSPO certification.
	5.2.4 (C) Evidence exists that the unit of certification trains Scheme Smallholders on pesticide handling.	YES	There were trainings on Pesticide handlings has been given to surrounding Smallholder and Small growers.
	5.2.5 The unit of certification regularly reviews and publicly reports on the progress of the smallholder support programme.	YES	Currently Hap Seng Plantations Management has created a system to trace their stakeholder around their estate. Hap Seng Plantations also regularly reviews and publicly reports on the progress of the smallholder support program.

Principle 6: Respect workers' rights and conditions

Protect workers' rights and ensure safe and decent working conditions.

Clause	Indicators	Comply Yes/No	Findings
6.1 Any form of discrimination is prohibited.	6.1.1 (C) A publicly available non-discrimination and equal opportunity policy is implemented in such a way to prevent discrimination based on ethnic origin, caste, national origin, religion, disability, gender, sexual orientation, gender identity, union membership, political affiliation or age.	YES	The Equal Opportunity Policy (dated 1 March 2019) is publicly available in the estates and POM. The policy statements emphasize on worker information, recruitment and selection, training, employee development, based on business needs, terms of service and records of service. It also states that all employees shall be treated fairly in terms of recruitment, progression, terms and conditions of work regardless of race, caste, nationality, gender, physique, sexual orientation, union membership, political view, religion and age. This policy is posted on notice boards in Bahasa Malaysia and English for the understanding of the public and workers. Sighted also training dated 15/42019.
	6.1.2 (C) Evidence is provided that workers and groups including local communities, women, and migrant workers have not been discriminated against including charging of recruitment fees for migrant workers.	YES	Evidence is available that no employee has been discriminated against. This is evident from sampled employment contracts where all workers, (male, female, foreign, local) signed the same employment contract. Foreign workers and local workers received similar pay rate, stay in the same house, and enjoy similar medical benefits as their local counterparts. The Company's SOP – Recruitment, Selection, Hiring, Termination, Retirement and Promotion of Workers (local & Foreign) states that the Company shall bear travelling costs, accommodation, food and drink, during transit and application process for the worker which must be agreed earlier at a fixed rate with the recruiting agent. The Company is also responsible for worker levy, medical check-up, work pass, agency processing fees and insurance. The worker only pays fees related to passport renewal.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	6.1.3 The unit of certification demonstrates that recruitment selection, hiring, access to training and promotion are based on skills, capabilities, qualities and medical fitness necessary for the jobs available.	YES	As stipulated in the <i>SOP – Recruitment, Selection, Hiring, Termination, Retirement and Promotion of Workers (local & Foreign)</i> , the recruitment selection, hiring and promotion where relevant are based on availability, skills, capabilities, qualities, and medical fitness necessary for the jobs.
	6.1.4 Pregnancy testing is not conducted as a discriminatory measure and is only permissible when it is legally mandated. Alternative equivalent employment is offered for pregnant women.	YES	As of the date of the audit, there is no pregnant worker at Jeroco 2 CU. However, it has been confirmed that pregnancy testing was carried out in a discriminatory manner.
	6.1.5 (C) A gender committee is in place specifically to raise awareness, identify and address issues of concern, as well as opportunities and improvements for women.	YES	The gender committees throughout the Jeroco 2 CU are known as the 'Persatuan Wanita'. Membership comprise female employees and the employees' wives. Based on interviews of the committee members and review of meeting minutes, the Committees main activities are to provide awareness to its members on issues of concern. These relate to sexual harassment, domestic and other forms of abuse, children's health, creche hygiene, no sick children at the creche, childrens' immunization and education, as well as women's reproductive rights, maternity benefits and leave entitlement.
	6.1.6 There is evidence of equal pay for the same work scope.	YES	The Hap Seng Plantations Equal Opportunity Policy is publicly available at the offices of the Kapis Estate and Jeroco 2 POM. This Policy states that equal opportunity in all aspects of its employment including recruitment, training and promotion. The Policy identifies under-represented groups where they are encouraged to apply for training and employment opportunities with the Company, and that where possible, special training will be provided for such groups to prepare them to compete on equal terms for jobs and promotion.
6.2 Pay and conditions for staff and workers and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages (DLW).	6.2.1 (C) Applicable labour laws, union and/or other collective agreements and documentation of pay and conditions are available to the workers in national languages (English or Bahasa Malaysia) and explained to them in language they understand.	YES	Documentation of pay are available in the form of monthly pay slips, and conditions of pay are contained in employment contracts and letters of employment offer. Copies of these documents are provided to the workers. Briefing on relevant provisions on the Sabah Labor Ordinance on their rights under the employment contract such as public holidays, paid annual leave, paid maternity leave, final repatriation costs to be paid by employer, and termination of contract.
	6.2.2 (C) Employment contracts and related documents detailing payments and conditions of employment (e.g. regular working hours, deductions, overtime, sick leave, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.	YES	Details of payment and conditions of employment are contained in employment agreements. These cover working hours, deductions, overtime, medical, maternity leave, annual leaves, dismissal, period of notice, etc. There is also evidence that the contracts agreement is prepared in a language understood by workers. The pay slip contains the following information: employee name, employee number, month of pay, work description, (normal work, overtime pay, piece-rate work, public

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	in compliance with national legal req) and payroll documents give accurate info on compensation for all work performed. This includes a form of record for work done by family members.		holiday pays, company contributions such as SOCSO, deductions such as advance and electricity, average daily rate, total income for the month, total deductions, net pay. None of the workers have family members working to help them with their work.
	6.2.3 (C) There is evidence of legal compliance for regular working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice and other legal labour requirements.	YES	There is evidence that workers observe regular working hours including overtime hours within the legal confines of the Sabah Labor Ordinance.
	6.2.4 (C) The unit of certification provides adequate housing, sanitation facilities, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible. National laws, or in their absence the ILO Guidance on Workers' Housing Recommendation No. 115, are used. In the case of acquisitions of non-certified units, a plan is developed detailing the upgrade of infrastructure. A reasonable time (5 years) is allowed to upgrade the infrastructure.	YES	Evidence is available that the Jeroco 2 CU provide adequate housing and facilities to its employees in accordance with the requirements of the Workers' Minimum Standard of Housing and Amenities Act 1990. Houses are provided rent free. Each house has between 2 to 3 rooms and accommodate between 2 to 5 workers. Foreign workers are provided with accommodation as stated in their employment contracts. Local workers too are offered accommodation, but those who are within the local communities prefer to live outside the estate/mill premises. Among the available amenities include football fields, badminton/takraw/volleyball court, children's playground, places of worship, sundry shops and an activity hall.
	6.2.5 The unit of certification makes efforts to improve workers' access to adequate, sufficient and affordable food.	YES	Jeroco 2 CU was able to demonstrate that efforts are taken to improve workers' access to adequate, sufficient and affordable food. Jeroco 2 CU have their own canteen/grocery store which sells items such as eggs, flour, rice, vegetables, frozen food such as fish, meat, onions, etc. Items seen in the stores are adequate, clearly labelled and within the expiry dates. Prices of certain basic items are monitored regularly by the management.
	6.2.6 A "DLW" is paid to all workers, including those on piece rate/quotas, for whom the calculation is based on achievable quotas during regular work hours. PROCEDURAL NOTE: A written policy with specific implementation plan, committing to	YES	All sampled workers receive at least minimum wages based on Minimum Wages Order 2020. Jeroco 2 CU had calculated the prevailing wages and in-kind benefits for their workers. The calculation included housing, electricity, water, transport to work, sports and recreation facilities, education, childcare and healthcare. The auditor had verified the calculation and though the calculation was in line with RSPO Guidance on Calculation Prevailing Wages.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	<p>payment of a “decent living wage” is in place. The implementation plan with specific targets, and a phased implementation process will be in place, including the following:</p> <ul style="list-style-type: none"> • An assessment is conducted to determine prevailing wages and in-kind benefits already being provided to workers. • There is annual progress on the implementation of living wages • Where a minimum wage, based on equivalent basket of goods, is stipulated in Collective Bargaining Agreements (CBAs), this should be used as the foundation for the gradual implementation of the living wage payment. • The unit of certification may choose to implement the “living wage” payment in a specific section as a pilot project; the pilot will then be evaluated and adapted before an eventual scale-up of the living wage implementation <p>Until such time where the Malaysian version of “decent living wage” has been endorsed by RSPO and implemented by the unit of certification, the Malaysian minimum wage has to be paid.</p>		
	6.2.7 Permanent, full-time employment is used for all core work performed by the unit of certification. Casual, temporary and day labour is limited to jobs that are temporary or seasonal.	YES	All the estates and mill employ full-time employees. Foreign workers are full-time employees but have a contractual duration which is stipulated in their employment contracts which is 2 years for Indonesian. This contract duration can be mutually extended subject to the annual work permit from the Malaysian Immigration Department.
6.3 The unit of certification respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively.	6.3.1 (C) A published statement recognising freedom of association and right to collective bargaining in national languages (English and/or Bahasa Malaysia) is available and is explained to all workers, in language that they understand, and is demonstrably implemented.	YES	The Policy on Freedom of Association and Right to Collective Bargaining is available in bilingual (Malay and English). The policy is posted at the Jeroco 2 POM and Kapis Estate notice board and information wall. Interviews with workers they are aware of their workers’ representatives.
Where the right to freedom of association	6.3.2 Minutes of meetings between the unit of certification with trade unions or workers representatives, who are freely elected, are documented in national languages (English	YES	There are no trade unions in Jeroco 2 CU, but the workers’ welfare and social committees have been established at every unit. The committee comprise management and worker representatives. Evidence is available that management holds regular meetings with the workers’ welfare and social committees.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.	and/or Bahasa Malaysia) and made available upon request.		
	6.3.3 Management does not interfere with the formation or operation of registered unions/ labour organisations or associations, or other freely elected representatives for all workers including migrant and contract workers.	YES	Evidence is available that all worker representatives were freely appointed by the workers as confirmed by the workers' representatives themselves as confirmed by an upkeep/harvesting mandore from Kapis Estate and mill mandore from Jeroco 2 POM.
6.4 Children are not employed or exploited.	6.4.1 A formal policy for the protection of children, including prohibition of child labour and remediation is in place, and included into service contracts and supplier agreements.	YES	Jeroco 2 CU subscribes to Child Labour Policy under Sustainable Agriculture Policy. The Policy states that it would not tolerate the use of child or forced labour, nor exploitation of children in any of its global operations and facilities. This SOP also details out the remediation action to be taken should a child is found working. This includes awareness trainings for all employees and contractors, schools should encourage and motivate children to attend school, parents to be advised and warned verbally on the spot not to allow children to assist them, and the child sent home or to an appropriate child care facility.
	6.4.2 (C) There is evidence that minimum age requirements are met. Personnel files show that all workers are above the national minimum age or above company policy minimum age, whichever is higher. There is a documented age screening verification procedure.	YES	Based on interviews, documentation review and observations in the field, evidence is available that minimum age requirements are met throughout Jeroco 2 CU. There also have a documented age screening verification procedure.
	6.4.3 (C) Young persons may be employed only for non- hazardous work, with protective restrictions in place for that work.	YES	There was no evidence that any young persons were employed in any of the units at Jeroco 2 CU as evidenced from documentation review, field observations and interviews.
	6.4.4 The unit of certification demonstrates communication about its 'no child labour' policy and the negative effects of child labour, and promotes child protection to supervisors and other key staff, smallholders, FFB suppliers and communities where workers live.	YES	Based on the documents sighted, communication about its no child labour Policy was communicated to all levels of employees as evidenced from training records at the Jeroco 2 CU.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
<p>6.5 There is no harassment or abuse in the workplace, and reproductive rights are protected.</p>	<p>6.5.1 (C) A policy to prevent sexual and all other forms of harassment and violence is implemented and communicated to all levels of the workforce.</p>	<p>YES</p>	<p>Jeroco 2 POM and Kapis Estate have displayed policy on sexual harassment titled “<i>Sexual Harassment, Violence and Abuse Policy</i>” and “Flow Chart – Reporting Sexual Harassment (Worker)” at the office notice board. The guidelines emphasize that sexual harassment is a threat to basic human rights and offenders will be punished accordingly, including termination from work. The policy and procedure have been communicated to all the women and men workers during morning musters. Jeroco 2 POM and Kapis Estate have formed a Gender Committee which is responsible for organizing relevant activities and programmes. The committees have met at least once in a year since its formation and have just started to organize some activities for the members. The sexual policy and flowchart for handling social issues have been explained to all level of workforce during the Gender Committee meeting.</p>
	<p>6.5.2 (C) A policy to protect the reproductive rights of all, especially of women, is implemented and communicated to all levels of the workforce.</p>	<p>YES</p>	<p>A policy to protect women reproductive rights titled ‘Policy on Reproductive Rights’ was made available at Kapis Estate and Jeroco 2 POM. The Policy gives the employees the right to decide freely and responsibly of their planning to have children, and to make decisions concerning reproduction free of discrimination, coercion and violence. During interview with female workers, they really understood their reproductive right and managed to expose their awareness. The policy and procedure also were briefed to all levels of the workforce via Morning Muster, JCC Meeting and Gender Committee.</p>
	<p>6.5.3 Management has assessed the needs of new mothers, in consultation with the new mothers, and actions are taken to address the needs that have been identified.</p>	<p>YES</p>	<p>During this audit, no new mothers were available to verify the Indicator. However, based on interviews held with other female workers who had given birth before, their needs have been taken into account such as providing a private place for expressing milk and access to a fridge for storage, and permission granted enabling them to go home to breastfeed their babies.</p>
	<p>6.5.4 A grievance mechanism, which respects anonymity and protects complainants where requested, is established, implemented and communicated to all levels of the workforce.</p>	<p>YES</p>	<p>The estate and mill have developed a grievance mechanism, which respects anonymity and protects complainants. All the mechanism is implemented and communicated via Morning Muster, JCC Meeting and Gender Committee.</p>
<p>6.6 No forms of forced or trafficked labour are used.</p>	<p>6.6.1 (C) All workers have entered into employment voluntarily , and the following are prohibited:</p> <ul style="list-style-type: none"> • Retention of identity documents or passports (except for administration purposes including legalisation and renewal processes) • Charging the workers for recruitment fees • Contract substitution 	<p>YES</p>	<p>Collective evidence is available that all sampled workers have entered into employment voluntarily.</p>

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	<ul style="list-style-type: none"> • Involuntary overtime • Lack of freedom of workers to resign • Penalty to the workers for termination of employment • Debt bondage • Withholding of wages 		
	6.6.2 (C) Where temporary or migrant workers are employed, a specific labour policy and/or procedures are established and implemented.	YES	A special labour policy for employment of foreign workers has been addressed in the <i>"Labour Policy for Foreign Workers"</i> . The policy mentioned that all employees should be treated fairly in terms of recruitment, terms and conditions of work, provide decent living, no contract substitution and post arrival programme will be conducted once arrived for three months. The CU maintained its specific procedure / flowchart for employment of foreign workers titled 'Sourcing Process for Foreign Workers'. The procedure has been implemented for any employment related with foreign workers.
6.7 The unit of certification ensures that the working environment under its control is safe and without undue risk to health.	6.7.1 (C) The responsible person(s) for H&S is identified. There are records of regular meetings between the responsible person(s) and workers. Concerns of all parties about health, safety and welfare are discussed at these meetings, and any issues raised are recorded.	YES	The Management had established a Safety and Health Committee with representation from both Workers and Management representation. The Mill Manager was appointed as the Chairman of the ESH committee for the Mill, while the Estate Manager was the Chairman for the same committee for the estate. Both appointment endorsed by the top management. The communication forum used by the committee was through safety meetings, dialogue sessions and briefing were conducted during the weekly gathering. The agenda discussed in the safety meetings were adequate to address the issue relating to OSH and also to update the new legislative requirement for compliance
	6.7.2 Accident and emergency procedures are in place and instructions are clearly understood by all workers. Accident procedures are available in national languages (English and/or Bahasa Malaysia) and explained in the language understandable to the workforce. Assigned operatives trained in first aid are present in both field and other operations, and first aid equipment is available at worksites. Records of all accidents are kept and periodically reviewed.	YES	Accident and emergency procedures are available in adherence to the HSPHB policy on 'Emergency Response' plan. ERP Teams & ER Procedures were formed for all the identified incidences. The organization chart for the ERP team was established and displayed for information of the employees. The important telephone contact numbers were also provided therein. Procedures guidelines were issued by Agronomy Dept and amended to tailor to the situation differences in the estates and mills. ER Team members were given training in emergency procedures appropriate to their respective workplace and degree of risk. The trainings are conducted by an accredited or qualified organisation who can demonstrate their suitability to provide training. The trainings carried out in 2020 are mentioned under Indicator 3.7.2.
	6.7.3 (C) Workers use appropriate personal protective equipment (PPE), which is provided free of charge to all workers at the	YES	All staff and workers such as the storekeepers, harvesters and sprayers/manurers were continuously trained in safe working practices including SOP for PPE related to their job function and random interviews conducted showed that they had understood the hazards

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, land preparation, and harvesting. Sanitation facilities for those applying pesticides are available, so that workers can change out of PPE, wash and put on their personal clothing.		involved and the usage and handling of chemicals in a safe manner. Appropriate PPE were given free of charge to employees of estate and mill visited. Sighted PPE issuance to all workers have been recorded in the "PPE Personal Record".
	6.7.4 All workers are provided with medical care and covered by accident insurance. Costs incurred from work-related incidents leading to injury or sickness are covered in accordance with Malaysian law.	YES	The CU continued to provide medical facilities. For both Jeroco 2 Mill and Kapis Estate the Clinic is in Batangan Estate which is about 10 mins away. The more serious cases are referred to <i>Hospital Lahad Datu</i> which is about 40 km from the complex. Both Local & Foreign Workers were being covered by SOCSO.
	6.7.5 Occupational injuries are recorded using Lost Time Accident (LTA) metrics.	YES	Records of all accidents are kept and filed. It was recorded in the LTA form "Monthly Accident Key Performance Indicator" (KPI). It was then summarized officially in the JKPP 8. Records which were kept for a minimum 10 years. The JKPP 8 form, a mandatory requirement for submission to DOSH, was submitted to by January of the subsequent year.

Principle 7: Protect, conserve and enhance ecosystems and the environment

Protect the environment, conserve biodiversity and ensure sustainable management of natural resources.

Clause	Indicators	Comply Yes/No	Findings
7.1 Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.	7.1.1 (C) IPM plans are implemented and monitored to ensure effective pest control.	YES	Jeroco 2 CU continued to implement their Integrated Pest Management (IPM). These include proper management of pests, disease, weeds and invasive introduced species using appropriate IPM techniques guided by the OPAP No.10 – Pests and Diseases. The IPM program among others includes pest management of rats, bagworms, nettle caterpillars, rhinoceros beetles and ganoderma. For bagworm control the program includes the planting of beneficial plants such as <i>Cassia cobanensis</i> , <i>Antigonon leptopus</i> and <i>Turnera subulata</i> & <i>Turnera ulmifolia</i> and for rhinoceros beetles is by using pheromone traps. At the same time, census for Rat damage, Genoderma and Nettle caterpillars was regularly carried out to obtain information about threshold level and action to be taken thereafter.
	7.1.2 Species referenced in the Global Invasive Species Database and CABI.org are not to be used in managed areas,	YES	Antigonon leptopus planted as per Agronomic recommendation.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	unless plans to prevent and monitor their spread are implemented.		
	7.1.3 There is no use of fire for pest control unless in exceptional circumstances, i.e. where no other effective methods exist, and with prior approval of government authorities.	YES	HSPHB had a Zero Burning Policy In Sustainability Agricultural Policy under Environment & Biodiversity. Kapis Estate had fully complied with it. There were no pest outbreaks to warrant the use of fire.
7.2 Pesticides are used in ways that do not endanger health of workers, families, communities or the environment.	7.2.1 (C) Justification of all pesticides used is demonstrated. Selective products and application methods that are specific to the target pest, weed or disease are prioritized.	YES	Jeroco 2 CU continued to use agrochemicals based on its OPAP [No. 9 – Upkeep of Mature oil palm (for herbicide) and No. 10 (for insecticide/rodenticide)] and SOP. Written justifications were provided for various fields operations. The manual included a chemical register list which indicates the purpose of usage (intended target), hazards signage, trade and generic names as well as the specific targets and the correct dosage of agrochemicals to be used. All chemicals usage was based on the “need to do basis” to enhance field operations. It was also found that no Class IA & IB chemicals used in the estate.
	7.2.2 (C) Records of pesticides use (incl. active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) are provided.	YES	Kapis Estate 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.
	7.2.3 (C) Any use of pesticides is minimised as part of a plan, eliminated where possible, in accordance with IPM plans.	YES	As part of the IPM plans, management of Kapis Estate had established a nursery for beneficial plants (<i>Cassia cobanensis</i> , <i>Antigonan leptopus</i> and <i>Turnera subulata</i>) for continuous planting in order to attract natural predators and to reduce use of insecticides. Grass cutting will also be introduced to minimise the usage of pesticides.
	7.2.4 There is no prophylactic use of pesticides, unless in exceptional circumstances, as identified in national best practice guidelines.	YES	There was no evidence on prophylactic use of pesticides in the mature area. However, which was necessary in the Oil Palm Nursery.
	7.2.5 Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and	YES	Jeroco 2 CU 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). Records and interviews with workers, staff and estate assistants, concluded that that they were trained and cautioned, and all precautions taken, and all legal requirements are met.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	<p>paraquat, are not used, unless in exceptional circumstances, as validated by a due diligence process, or when authorised by government authorities for pest outbreaks.</p> <p>The due diligence refers to:</p>		
	7.2.5a Judgment of the threat and verify why this is a major threat.	YES	
	7.2.5b Why there is no other alternative which can be used.	YES	
	7.2.5c Which process was applied to verify why there is no other less hazardous alternative.	YES	
	7.2.5d What is the process to limit the negative impacts of the application.	YES	
	7.2.5e Estimation of the timescale of the application and steps taken to limit application to the specific outbreak.	YES	
	7.2.6 (C) Pesticides are only handled, used or applied by persons who have completed the necessary training and are always applied in accordance with the product label. All precautions attached to the products are properly observed, applied, and understood by workers (see Criterion 3.6). Personnel applying pesticides must show evidence of regular updates on the knowledge about the activity they carry out.	YES	<p>Records showed that pesticides were handled, used and applied by trained personnel and as per the MSDS of the pesticide. The staff and workers such as the storekeepers, sprayers, workers applying fertilizer and rat baits were trained. Random interviews conducted showed that they understood the hazards involved and the usage and handling of chemicals in a safe manner. The trade and generic names of the chemicals were made known to the workers through the MSDS training. It was also noted that MSDS are available at all sites such as chemical store, lubricant store and laboratory. The trainings held in relation to the chemical handling as shown under Indicator 3.7.2.</p>

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	7.2.7 (C) Storage of all pesticides is in accordance with recognised best practices.	YES	The storage of pesticides at Jeroco 2 CU was found to be in compliance with the Occupational Safety and Health Act 1994 (Act 514) as well as in the Pesticides Act 1974 (Act 149) and Regulations. The chemical and fertiliser stores (with cemented floors and roofing) are locked & handled only by authorized personnel i.e. storekeeper. The stores in estate and mill were ventilated (equipped with exhaust fans). All the chemicals were arranged/segregated according to the type. The wastewater from the washing of empty chemical containers and PPE, and chemical mixing was pumped to a storage tank for reuse in chemical mixing. This is to avoid any contamination of chemicals to the ground. Triple rinsing activities continued to be implemented for empty pesticide containers. The detailed procedure for this purpose is available in SOP for Scheduled Wastes Management and SOP for Triple Rinsing.
	7.2.8 All pesticide containers are properly disposed of and/or handled responsibly if used for other purposes.	YES	Empty pesticide containers was punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. Inventory and consignment documents verified for confirmation of proper management and disposal. The scheduled wastes generated at Jeroco 2 CU not more than 180 days @ 20mt.
	7.2.9 (C) Aerial spraying of pesticides is prohibited, unless in exceptional circumstances where no other viable alternatives are available. This requires prior government authority approval. All relevant information is provided to affected local communities at least 48 hours prior to application of aerial spraying.	YES	Aerial spraying was not practices by Kapis Estate. There was no evidence to show that aerial spraying was carried out.
	7.2.10 (C) Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, is demonstrated.	YES	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, is demonstrated.
	7.2.11 (C) No work with pesticides is undertaken by persons under the age of 18, pregnant or breastfeeding women or other people that have medical restrictions and	YES	On Kapis Estate there was no evidence to show that work with pesticides had been offered to persons under the age of 18, pregnant or breastfeeding women or other people who had medical restrictions.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
	they are offered alternative equivalent work.		
7.3 Waste is reduced, recycled, reused and disposed of in an environmentally and socially responsible manner.	7.3.1 A waste management plan which includes reduction, recycling, reusing, and disposal based on toxicity and hazardous characteristics, is documented and implemented.	YES	Waste management and disposal plan to avoid or reduce pollution had been documented and implemented.
	7.3.2 Proper disposal of waste material, according to procedures that are fully understood by workers and managers, is demonstrated.	YES	Standard Operating Procedure Scheduled Waste Disposal has been established. The documentation and identification of all waste product such as scheduled wastes, domestic wastes, clinical wastes, recyclable wastes such as metal, tins, plastics, bottles, mill wastes and polluting material e.g. EFB and POME. Disposal of empty pesticide containers were carried out as per established procedures. Triple rinsing procedures was continually implemented for empty pesticide containers. The rinsed containers were then pierced and stored prior disposal.
	7.3.3 The unit of certification does not use open fire for waste disposal.	YES	During site visit at Kapis Estate and Jeroco 2 POM, there was no evidence of open fire has been used for waste disposal. All domestic wastes (household and food waste only) at Jeroco 2 CU has been disposed via landfill.
7.4 Practices maintain soil fertility at, or where improve soil fertility to, a level that ensures optimal and sustained yield.	7.4.1 Good agriculture practices, as contained in SOPs, are followed to manage soil fertility to optimise yield and minimise environmental impacts.	YES	Jeroco 2 CU continued to follow good agricultural practices contained in the SOPs to manage and improve soil fertility to a level that ensures optimal and sustained yield. This was through annual fertilizer applications and nutrient recycling. Generally, Kapis estate has effectively followed the established procedures to maintain the soil fertility.
	7.4.2 Periodic tissue and soil sampling is carried out to monitor and manage changes in soil fertility and plant health.	YES	Records showed that the Kapis Estate continued to carry out periodic foliar and soil sampling to monitor changes in nutrient status. Annual foliar sampling, as for the SOP had been carried out. This foliar analysis were carried out to facilitate fertilizer recommendation for the 2020 fertilizer application program. At the same time, soil analysis was also done to provide indication of soil health.
	7.4.3 A nutrient recycling strategy is in place, which includes the recycling of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), palm residues and optimal use of inorganic fertilisers.	YES	Jeroco 2 CU had a nutrient recycling strategy where palm fronds were properly stacked in the inter row to decompose and with supplement of EFB application.
	7.4.4 Records of fertiliser inputs are maintained.	YES	Kapis Estate continued to maintain the records of the fertilizers input. The information was also available in the Manuring Schedule for FY 2020. The amount of fertilisers applied in the field was in accordance with the recommendation made by the agronomist.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
7.5 Practices minimise and control erosion and degradation of soils.	7.5.1 (C) Maps identifying marginal and fragile soils, including steep terrain, are available.	YES	As per the Soil Map prepared by the Agronomy Department, sourced from The Soils of Sabah, there were no fragile soils. There were no fragile/marginal soils in Kapis Estate. The soils series in the estate were Kinabatangan (6.19%), Kretam (44.21%), Lungmanis (4.26%), Lokan (37.67%) and Rumidi (7.67%).
	7.5.2 No replanting of any individual, contiguous area of steep terrain (greater than 25°) larger than 25 Ha within the Unit of Certification.	YES	As per the Terrain (Topographic) Map prepared by the Agronomy Department on Kapis Estate there were no steep terrain above 25°.
	7.5.3 There is no new planting of oil palm on steep terrain.	YES	Auditors have verified through checking the www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to Kapis Estate. Based on the audit findings, it is confirmed that there were no new planting or new development of areas at Jeroco 2 CU.
7.6 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.	7.6.1 (C) To demonstrate the long-term suitability of land for palm oil cultivation, soil maps or soil surveys identifying marginal and fragile soils, including steep terrain, are taken into account in plans and operations.	YES	Hap Seng Holdings Berhad, to demonstrate the long-term suitability of land for palm oil cultivation, had conducted soil surveys identifying marginal and fragile soils, and terrain surveys including steep terrain.
	7.6.2 Extensive planting on marginal and fragile soils, is avoided, or, if necessary, done in accordance with the soil management plan for best practices.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no fragile soils.
	7.6.3 Soil surveys and topographic information guide the planning of drainage and irrigation systems, roads and other infrastructure.	YES	Hap Seng Holdings had prepared and used Soil and Terrain (Topographic) maps to guide in the planning of drainage and irrigation systems, roads and other infrastructure.
7.7 No new planting on peat, regardless of depth after 15 November 2018 and all peatlands	7.7.1 (C) There is no new planting on peat regardless of depth after 15 November 2018 in existing and new development areas.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.
	7.7.2 Areas of peat within the	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
are managed responsibly.	<p>managed areas are inventoried, documented and reported (effective from 15 November 2018) to RSPO Secretariat.</p> <p>PROCEDURAL NOTE: Maps and other documentation of peat soils are provided, prepared and shared in line with RSPO Peat land Working Group (PLWG) audit guidance (see Procedural Note for 7.7.5 below).</p>		
	7.7.3 (C) Subsidence of peat is monitored, documented and minimised.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.
	7.7.4 (C) A documented water and ground cover management programme is in place.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.
	7.7.5 (C) For plantations planted on peat, drainability assessments are conducted following the RSPO Drainability Assessment Procedure, or other RSPO recognised methods, at least five years prior to replanting. The assessment result is used to set the timeframe for future replanting, as well as for phasing out of oil palm cultivation at least 40 years, or two cycles, whichever is greater, before reaching the natural gravity drainability limit for peat. When oil palm is phased out, it is replaced with crops suitable for a higher water table (paludiculture) or rehabilitated with natural vegetation.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.

RSPO PUBLIC SUMMARY REPORT

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	This is subject to transitional (5 years: 2019 to 2025) arrangement stated in the Drainability Assessment Procedure. Within 12 months initial implementation period, company could submit other alternate methodologies to be considered by RSPO for recognition.		
	7.7.6 (C) All existing plantings on peat are managed according to the 'RSPO Manual on Best Management Practices (BMPs) for existing oil palm cultivation on peat', version 2 (2018) and associated audit guidance.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.
	7.7.7 (C) All areas of unplanted and set-aside peatlands in the managed area (regardless of depth) are protected as "peatland conservation areas"; new drainage, road building and power lines by the unit of certification on peat soils is prohibited; peatlands are managed in accordance with the 'RSPO BMPs for Management and Rehabilitation of Natural Vegetation Associated with Oil Palm Cultivation on Peat', version 2 (2018) and associated audit guidance.	YES	As per the Soil Map prepared by the Agronomy Department on Kapis Estate there were no peat soils.
7.8 Practices maintain the quality and	7.8.1 A water management plan is in place and implemented to promote more efficient use and	YES	The water management plan is confined to only Jeroco Group of Estates engulfing the plans from nursery to fresh fruit processing. This report also includes the domestic water use with the after effect of water use to the surrounding environment. The plans cover the process of water abstraction, shortage, utilization in

RSPO PUBLIC SUMMARY REPORT

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availability of surface and groundwater.	continued availability of water sources and to avoid negative impacts on other users in the catchment. The plan addresses the following:		cultivation, chemical and natural treatments to utilize water at processing, domestic purposes and waste water management. All of these aspects are included with monitoring, mitigation (if required), implementation and prevention or minimize pollution of these plan.
	7.8.1a The unit of certification does not restrict access to clean water or contribute to pollution of water used by communities.	YES	Based on stakeholder consultation with local communities and field visit, there was evidence that the CU does not restrict access to clean water or contribute to pollution of water used by communities. In order to ensure supply of clean drinking water to workers treated water sampling was carried out twice a year.
	7.8.1b Workers have adequate access to clean water.	YES	As verified at Jeroco 2 CU facilities for workers and through interview with workers, all workers have obtained adequate access to treated clean water. Cleanliness of drinking water supplied to worker was ensure by carrying water analysis. Drinking water quality has been monitored by Hap Seng Plantations Central Laboratory. Based on the result, water quality monitoring is generally within Class IIB of NWQS at all monitoring points.
	7.8.2 (C) Water courses and wetlands are protected, including maintaining and restoring appropriate riparian and other buffer zones in line with 'RSPO Manual on BMPs for the management and rehabilitation of riparian reserves' (Apr'17).	YES	Riparian buffer zones areas were identified and marked. No activities in buffer zone area. Vetiver grass had been planted along the river banks and water catchments. During the field visit, there were evidences that these Rip areas were free from chemical spraying and manuring application. The practices are guided by a SOP Riparian Zone.
	7.8.3 Mill effluent is treated to be in compliance with national regulations. Discharge quality of mill effluent, especially Biochemical Oxygen Demand (BOD), is regularly monitored.	YES	Effluent license renewal application for year 2020/2021 and letter from Department of Environmental sighted. According to DOE's license, the disposal method of the final discharge is through land irrigation. The ETP was regularly maintained by desludging of the ponds to ensure its efficiency. Final discharge samples were taken on monthly basis and sent to an accredited laboratory for analysis. All parameters were within the regulatory limit such as BOD discharged to land irrigation was not more than 20 mg/l.
	7.8.4 Mill water use per tonne of FFB is monitored and recorded.	YES	Process water is obtained from water catchment near to the mill. The water usage per tonne of fresh fruit bunches (FFB) continued to be monitored on monthly basis.
7.9 Efficiency of fossil fuel use and the use of renewable energy is optimised.	7.9.1 A plan for efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and documented.	YES	The plan for efficiency of the use of fossil fuels and to optimise renewable energy is in place, monitored and documented. Record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy.

RSPO PUBLIC SUMMARY REPORT

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7.10 Plans to reduce pollution and emissions, including greenhouse gases (GHG), are developed, implemented and monitored and new developments are designed to minimise GHG emissions.	7.10.1 (C) GHG emissions are identified and assessed for the unit of certification. Plans to reduce or minimise them are implemented, monitored through the Palm GHG calculator and publicly reported.	YES	<p>The CU had used RSPO Palm GHG version 4.0 Calculator as a tool to calculate the GHG emissions. Sighted report submitted to RSPO. The input data was verified and the following were determined:</p> <table border="1"> <thead> <tr> <th>Description</th> <th>tCO₂e/tProduct</th> <th>Production</th> <th>t/yr</th> </tr> </thead> <tbody> <tr> <td>CPO</td> <td>1.62</td> <td>FFB Processed</td> <td>83,734.29</td> </tr> <tr> <td>PK</td> <td>1.62</td> <td>CPO Processed</td> <td>17,045.01</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Land Use</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>OP Planted Area</td> <td>17,613.31</td> </tr> <tr> <td>OP Planted on Peat</td> <td>0.00</td> </tr> <tr> <td>Conservation (forested)</td> <td>0.00</td> </tr> <tr> <td>Conservation (non-forested)</td> <td>386.34</td> </tr> </tbody> </table> <p>Milling extraction rate:</p> <table border="1"> <tbody> <tr> <td>OER</td> <td>20.36</td> </tr> <tr> <td>KER</td> <td>5.05</td> </tr> </tbody> </table> <p>Mill Emission</p> <table border="1"> <thead> <tr> <th colspan="3">Own Crop</th> </tr> <tr> <th>Emission source</th> <th>tCO₂e</th> <th>tCO₂e/tFFB</th> </tr> </thead> <tbody> <tr> <td>POME</td> <td>1961.19</td> <td>0.02</td> </tr> <tr> <td>Fuel consumption</td> <td>157.41</td> <td>0.00</td> </tr> <tr> <td>Grid electricity utilization</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td colspan="3">Credits</td> </tr> <tr> <td>Export of excess electricity to housing & grid</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Sale of PKS</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Sale of EFB</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>2118.60</td> <td>0.03</td> </tr> </tbody> </table> <p>Plantation / field emission</p> <table border="1"> <thead> <tr> <th colspan="4">Own Crop</th> </tr> <tr> <th>Emission sources</th> <th>tCO₂e</th> <th>tCO₂e/ha</th> <th>tCO₂e/FFB</th> </tr> </thead> <tbody> <tr> <td>Land Conversion</td> <td>25260.12</td> <td>1.99</td> <td>0.59</td> </tr> <tr> <td>*CO₂ Emissions from Fertiliser</td> <td>594.01</td> <td>0.05</td> <td>0.01</td> </tr> </tbody> </table>	Description	tCO ₂ e/tProduct	Production	t/yr	CPO	1.62	FFB Processed	83,734.29	PK	1.62	CPO Processed	17,045.01	Land Use	Ha	OP Planted Area	17,613.31	OP Planted on Peat	0.00	Conservation (forested)	0.00	Conservation (non-forested)	386.34	OER	20.36	KER	5.05	Own Crop			Emission source	tCO ₂ e	tCO ₂ e/tFFB	POME	1961.19	0.02	Fuel consumption	157.41	0.00	Grid electricity utilization	0.00	0.00	Credits			Export of excess electricity to housing & grid	0.00	0.00	Sale of PKS	0.00	0.00	Sale of EFB	0.00	0.00	Total	2118.60	0.03	Own Crop				Emission sources	tCO ₂ e	tCO ₂ e/ha	tCO ₂ e/FFB	Land Conversion	25260.12	1.99	0.59	*CO ₂ Emissions from Fertiliser	594.01	0.05	0.01
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RSPO PUBLIC SUMMARY REPORT

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			**N2O Emissions from Fertiliser	754.99	0.06	0.02
			Fuel Consumption	737.82	0.06	0.02
			Peat Oxidation	0.00	0.00	0.00
			Sinks			
			Crop Sequestration	-21862.05	-1.72	-0.51
			Conservation Sequestration	0.00	0.00	0.00
			Total	5484.91	0.43	0.13
			Palm Oil Mill Effluent (POME) Treatment			
			Diverted to compost		0%	
			Diverted to anaerobic digestion		100%	
			Diverted to Anaerobic Digestion			
			Diverted to anaerobic pond		0%	
			Diverted to methane capture (flaring)		33%	
			Diverted to methane capture (electricity generation)		67%	
	7.10.2 (C) Starting 2014, the carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development are estimated and a plan to minimise them prepared and implemented (guided by the RSPO GHG Assessment Procedure for New Development).	YES	Auditor has verified through checking the www.globalforestwatch.com , Google Maps, Estate Maps and also through site visit to the sampled estates areas. Based on the observation during the audit, it is confirmed that there were no new planting or new development of areas at Jeroco 2 CU. Hence, RSPO GHG Assessment Procedure for New Development was not applicable.			
	7.10.3 (C) Other significant pollutants are identified and plans to reduce or minimise them implemented and monitored.	YES	The Environmental Impact Assessment and Pollution Prevention Plan was used to identify the GHG emissions. Some of the Greenhouse Gas emissions are through Land Conversation, Crop Sequestration, Fertiliser, N ₂ O from fertiliser, Fuel Consumption, Peat Oxidation. Plans to reduce or minimise them are in place. Jeroco 2 CU also plan to reduce GHG by construct Biogas plant to capture Methane gas generated from the Effluent Treatment Plant to generate bio gas engine to produce electricity for mill and domestic use.			
7.11 Fire is not used for	7.11.1 (C) Land for new planting or replanting is not prepared by	YES	Jeroco 2 CU complied to the strict Zero Burning Policy In Sustainability Agricultural Policy under Environment & Biodiversity. There was no evidence to show that fire had been used for preparing land for			

RSPO PUBLIC SUMMARY REPORT

Clause	Indicators	Comply Yes/No	Findings
preparing land and is prevented in the managed area.	burning.		replanting in the 2017 replant visited in Kapis Estate during the audit. It was also observed that all palms were felled, shredded, windrowed and left to decompose in the 2020 replants in the neighbouring HSPHB Estates.
	7.11.2 The unit of certification establishes fire prevention and control measures for the areas under its direct management.	YES	Jeroco 2 CU had established fire prevention and control measures for the areas under its direct management.
	7.11.3 The unit of certification engages with adjacent stakeholders on fire prevention and control measures.	NO	At Time of audit there was no evidence to show that Jeroco CU 2 had engaged its adjacent stakes holders on fire prevention and control measures. <i>Thus, the Minor NCR STK 01 2020 was issued.</i>
7.12 Land clearing does not cause deforestation or damage any area required to protect or enhance High Conservation Values (HCVs) or High Carbon Stock (HCS) forest. HCVs and HCS forests in the managed area are identified and protected or enhanced.	7.12.1 (C) Land clearing since November 2005 has not damaged primary forest or any area required to protect or enhance HCVs. Land clearing since 15 November 2018 has not damaged HCVs or HCS forests. A historic Land Use Change Analysis (LUCA) is conducted prior to any new land clearing, in accordance with the RSPO LUCA guidance document.	YES	No new land clearing since Nov 2015 available at Jeroco 2 CU, thus this Indicator was not Applicable.
	7.12.2 (C) HCVs, HCS forests and other conservation areas are identified as follows:	YES	The report of "Potential High Conservation Value Area Assessment Report of Kapis Estate and Jeroco POM 2" was made available to the auditor. It was noted that the report was prepared by the Sustainable Unit of Hap Seng. The review assessment was carried out in May 2017. Based on the assessment, there was no identified RTE at Kapis estate. The total HCV area is 29.20 ha.
	7.12.2a For existing plantations with an HCV assessment conducted by an RSPO-approved assessor and no new land clearing after 15 November 2018, the current HCV assessment of those plantations remains valid.		
	7.12.2b: Any new land clearing (in existing plantations or new	YES	

RSPO PUBLIC SUMMARY REPORT

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	<p>plantings) after 15 November 2018 is preceded by an HCV-HCS assessment, using the HCSA Toolkit and the HCV-HCSA Assessment Manual. This will include stakeholder consultation and take into account wider landscape-level considerations.</p>		
	<p>7.12.4 (C) Where HCVs, HCS forests after 15 November 2018, peatland and other conservation areas have been identified, they are protected and/or enhanced. An integrated management plan to protect and/or enhance HCVs, HCS forests, peatland and other conservation areas is developed, implemented and adapted where necessary, and contains monitoring requirements. The integrated management plan is reviewed at least once every five years. The integrated management plan is developed in consultation with relevant stakeholders and includes the directly managed area and any relevant wider landscape level considerations.</p>	NO	<p>Kapis estate has established HCV action plan for Sg Kretam Besar (Sg Simpang Kanan) river titled 'Potential HCV areas Management Action Plans'. The estate planned to maintain the riparian reserve by:</p> <ul style="list-style-type: none"> • Prohibiting the cutting down of the tree at the area, • Prohibiting of manuring and spraying operation at the riparian reserve area • Workers are constantly informed not to encroach into the riparian reserve and disturb the area • Periodic visit to the riparian reserve to monitor any illegal activities <p>The plan was updated on July 2020. However, it was found that the HCV integrated management plan at Jeroco 2 CU is not developed in consultation with relevant stakeholder, even though in the stakeholders meeting was held on 4/7/20 (Internal Stakeholder) and 29/4/19 (External Stakeholder) the stakeholder affected was invited. <i>Therefore, NCR Major MZK 01 2020 has been raised.</i></p>
	<p>7.12.5 Where rights of local communities have been identified in HCV areas, HCS forest after 15 November 2018, peatland and other conservation areas, there is no reduction of these rights without evidence of a negotiated agreement,</p>	YES	<p>There were no local communities living nearby with Jeroco 2 CU. So, this indicator was not applicable with this CU.</p>

RSPO PUBLIC SUMMARY REPORT

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	obtained through FPIC, encouraging their involvement in the maintenance and management of these conservation areas.		
	7.12.6 All rare, threatened or endangered (RTE) species are protected, whether or not they are identified in an HCV assessment. A programme to regularly educate the workforce about the status of RTE species is in place. Appropriate disciplinary measures are taken and documented in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect, trade, possess or kill these species.	YES	Jeroco 2 CU continues to discourage any illegal or inappropriate hunting, fishing or collecting activities. Evidence was seen during the site review that signage to prohibit hunting, fishing and pesticide spraying not allowed within buffer area at the Sg. Kretam Besar (sg Simpang Kanan). It was noted that CCTV was placed at strategic area surrounding the estate to control everything including any illegal activities. The CCTV is in operation 24hours.
	7.12.7 The status of HCVs, HCS forests after 15 November 2018, other natural ecosystems, peatland conservation areas and RTE species is monitored. Outcomes of this monitoring are fed back into the management plan.	YES	Jeroco 2 CU continues to discourage any illegal or inappropriate hunting, fishing or collecting activities. Evidence was seen during the site review that signage to prohibit hunting, fishing and pesticide spraying not allowed within buffer area at the Sg. Kretam Besar (sg Simpang Kanan). It was noted that CCTV was placed at strategic area surrounding the estate to control everything including any illegal activities. The CCTV is in operation 24hours.
	7.12.8 (C) Where there has been land clearing without prior HCV assessment since November 2005, or without prior HCV-HCSA assessment since 15 November 2018, the Remediation and Compensation procedure (RaCP) applies.	YES	Not applicable since there is no new land clearing.

RSPO PUBLIC SUMMARY REPORT

RSPO Certifications Systems for Principles & Criteria June 2017

Clause	Indicators		Comply Yes/No	Findings
4.5.3 Time-bound plan Note: Where there are isolated lapses in implementation of a time-bound plan, a minor non-compliance shall be raised. Where there is evidence of fundamental failure to proceed with implementation of the plan, a major non-compliance shall be raised;	(a)	As a minimum, all estates and mills shall be certified within 5 years after obtaining RSPO membership. Any new acquisitions shall be certified within a 3-year timeframe. Any deviations from these maximum periods requires approval by the RSPO Secretariat.	YES	HSP was committed towards getting the 100% RSPO certification. The target year for certification was revised to 2022 (as in ACOP 2019). Northbank and Tabin Estate are currently undergone Remediation and Compensation Procedure (RaCP). A meeting was held at RSPO office with RSPO Compensation Manager Ms Khing Su Li to discuss on the revise of Concept Note. HSP have response after the meeting by providing revised Concept Note and documents on 11/01/2020. Meanwhile, based on Retrospective HCV assessment made by certified HCV assessor (Green Harvest S/B) there were no clearance of primary forest at Pelipikan Estate. However, there were land clearing made on May 2006, September 2010 and February 2011. Whereas clearing was made without HCV assessment. HSP received the reviewer's comment on the LUCA assessment and provide clarification accordingly.
	(b)	Progress towards this plan shall be verified and reported on in subsequent annual surveillance audits by the CB. Where the CB conducting the surveillance audit is different from the CB which first accepted the time-bound plan, the later CB shall accept the appropriateness of the time-bound plan at the moment of first involvement and shall only check continued appropriateness;	YES	There were no changes to the current time bound plan. It was confirmed during audit with representative of HSPHB.
	(c)	Any revision to the time-bound plan or to the circumstances of the company shall cause the time-bound plan to be reviewed by the CB. Changes to the time-bound plan are permitted only where the organization can demonstrate to the CB that they are justified. The requirements will also apply to any newly acquired subsidiary from the moment that the company is legally registered with the local notary or chamber of commerce (or equivalent);	YES	The details of the Time Bound Plan described as per attachment 6. HSP is progressively undergoing the RSPO Certification process towards 100% RSPO certification of estates/mills. Details were provided in the Time Bound Plan described as per attachment/revision in the TBP.
4.5.4	(a)	No replacement of primary forest or any area	YES	Assessment of compliance to RSPO Partial Certification

RSPO PUBLIC SUMMARY REPORT

Requirements for uncertified management units:		required to maintain or enhance HCVs in accordance with RSPO P&C criterion 7.3. Any new plantings since 1 st January 2010 shall comply with the RSPO New Planting Procedure (NPP). For each new planting development, compliance with the NPP shall be verified by an RSPO accredited CB;		<p>Requirements was conducted in Northbank and Tabin Estate on 15-18/07/2019 and for Pelipikan Estate on 18-22/02/2020. From the assessment, the status of the uncertified management unit was summarized as follows:</p> <p><u>Northbank and Tabin Estate</u></p> <p>a) HCV Assessment at Northbank and Tabin Estate has been conducted in year 2013 and completed the report on 20 November 2013.</p> <p>b) Northbank and Tabin Estate are currently undergone Remediation and Compensation Procedure (RaCP). A meeting was held at RSPO office with RSPO Compensation Manager Ms Khing Su Li to discuss on the revise of Concept Note. HSP have response after the meeting by providing revised Concept Note and documents on 11/01/2020.</p> <p><u>Pelipikan Estate</u></p> <p>a) Based on Retrospective HCV assessment made by certified HCV assessor (Green Harvest Sdn. Bhd.) there were no clearance of primary forest at Pelipikan Estate. However, there were land clearing made on May 2006, September 2010 and February 2011. Whereas clearing was made without HCV assessment.</p> <p>b) HSP received the reviewer's comment on the LUCA assessment and needs to provide major clarification.</p>
	(b)	Land conflicts, if any, are being resolved through a mutually agreed process, such as the RSPO Complaints System or Dispute Settlement Facility, in accordance with RSPO P&C criteria 2.2, 6.4, 7.5 and 7.6;	YES	<p>The latest internal assessment has been made to Northbank and Tabin Estate on 15-18/07/2019 and for Pelipikan Estate on 18-22/02/2020:</p> <p><u>Northbank and Tabin Estate</u> Land conflict are still under court case. Please refer Hap Seng Plantations 2018 Annual Report – refer page 115 (b)</p> <p><u>Pelipikan Estate</u> Land conflict was resolved with the affected and relevant parties. Please refer Hap Seng Plantations 2018 Annual Report – refer page 269 (c)</p>
	(c)	Labour disputes, if any, are being resolved through a mutually agreed process, in accordance with RSPO P&C criterion 6.3;	YES	<p>The latest internal assessment has been made to Northbank and Tabin Estate on 15-18/07/2019 and for Pelipikan Estate on 18-22/02/2020:</p> <p><u>Northbank and Tabin Estate</u></p>

RSPO PUBLIC SUMMARY REPORT

				<p>JCC meeting with stakeholder which include local communities was conducted on 28/08/2018. The result of the meeting had no significant negative impact by the local community.</p> <p><u>Pelipikan Estate</u> There were no labour dispute reported during JCC with stakeholder meeting conducted on 09/04/2020. Overall no negative impacts.</p>
	(d)	Legal non-compliance, if any, is being addressed through measures consistent with the requirements of RSPO P&C	YES	The latest internal assessment has been made to Northbank and Tabin Estate on 15-18/07/2019 and for Pelipikan Estate on 18-22/02/2020, there was no issue on legal non-compliance for all uncertified unit.
	(e)	<p>The audit team shall assess compliance with these rules at each assessment of any of the applicable management units. Assessment of compliance with requirements 4.5.4 (a) – (d) above by the audit team based on self-declarations only by the company, with no other supporting documentation, shall not be acceptable. Verification of compliance shall be based on the following approach:</p> <ul style="list-style-type: none"> ▪ A positive assurance statement is made, based upon self-assessment (i.e. internal audit) by organization. This would require evidence of the self-assessment against each requirement; ▪ Targeted stakeholder consultation, including consultation with the relevant NGO's will be carried out by the audit team. ▪ Desktop study e.g. web check on relevant complaints. ▪ If necessary, the audit team may decide on further stakeholder consultation or field inspection, assessing the risk of any non-compliance with the requirements. 	YES	<p>Based on the latest internal assessment carried out in Feb 2020, the progress of the certification was concluded as non-compliance against 4.5.4. (a-d) on new planting requirement, HCV, legal compliance and labour disputes for Tabin, Northbank and Pelipikan Estate. With regards to the land disputes, the action to address the issues were on-going.</p> <p>It was evident that in handling uncertified management unit has conducted the Joint Consultation Committee (JCC) meeting on 28/08/2018 (Northbank and Tabin Estate) and 09/04/2020 (Pelipikan Estate) to address unresolved issues. Actions in progress.</p> <p>Further information can be obtained from https://document.rspo.org/Hap_Seng_Plantations_Holdings_Bhd_AC_OP2019.pdf</p>

RSPO PUBLIC SUMMARY REPORT

<p>4.6.4 The CB shall review whether oil palm operations have been established in areas which were previously owned by users and/or are subject to customary rights of local communities and indigenous peoples. If applicable, the CB shall consult directly with all of these parties to assess whether land transfers and/or land use agreements have been developed with their free, prior and informed consent and check compliance with the specific terms of such agreements.</p>		<p>No additional indicators</p>	<p>YES</p>	<p>The right to use the land at the Jeroco 2 CU can be demonstrated and not disputed by any party. For Kapis Estate the land was previous owned by Sabah Land Development and Jeroco Plantations Sdn Bhd has buy and develop the land in 01/01/1980. There were clear land ownership documents available for review. There was no land encumbered by customary rights or dispute from any stakeholder at the CU, it was confirmed through interviewed relevant stakeholder such as the IOI Plantation.</p>
<p>Note: 1. For requirements 4.5.4 (a)-(d) above, the definition of major and minor NC is stated in the RSPO P&C. For example, if an NC against a major indicator in a non-certified management unit is identified, the current certification assessment cannot proceed to a successful conclusion unless that is actively addressed; 2. Failure to address any outstanding NC within uncertified unit(s) regarding 4.5.4 (a)-(d) may lead to certificate suspension(s) to the certified unit(s), in accordance with the provisions of these Certification Systems.</p>				

RSPO PUBLIC SUMMARY REPORT

Attachment 4

DETAILS OF NON-CONFORMITIES AND CORRECTIVE ACTIONS TAKEN

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Corrective Action	Verification by Assessor
2.2.3 DA 01 2020	Minor	Finding: Contract agreement does not contain clauses disallowing child, forced and trafficked labour. Objective evidence: During site visit at Jeroco 2 Certification Units, sighted that contract agreement between Kapis Estate and Sundry Shop was not include Clause disallowing child, forced and trafficked labour and where young worker is employed are protected.	HSPB Sustainability Team will carry out yearly cross checking to ensure the clauses of “disallowing child, forced and trafficked labor and where young worker is employed are protected” are included in the contract agreement whenever there is a new supplier/contractors.	Auditor has verified evidence attached of addendum contract agreement between Kapis Estate and Sundry Shop to include clause disallowing child, forced and trafficked labour and where young worker is employed are protected. Sighted the agreement has been signed by Sundry Shop on 27/07/2020. Status: Closed The effectiveness of the corrective action plan will be verified during next audit
7.11.3 STK 01 2020	Minor	Finding: Adjacent stakeholders of Jeroco 2 CU were not engaged on fire prevention and control measures. Objective evidence: At time of audit there was no evidence to show that Jeroco CU 2 had engaged its adjacent stakeholders on fire prevention and control measures.	The estate management will include fire prevention and control measure in their agenda for future JCC stakeholder meeting.	Auditor has verified evidences attached of JCC minute meeting and attendance list. The meeting was conducted on 17/08/2020 at Kapis Estate. Sighted also minute meeting regarding fire prevention and control measures have been discussed among the stakeholders i.e. IOI Plantations (Neighboring Estate). Status: Closed The effectiveness of the corrective action plan will be verified during next audit
7.12.4 MZK 01 2020	Major	Finding: HCV management plan have been not developed with participation of affected stakeholders Objective evidence: It was found that the HCV integrated management plan at Jeroco 2 CU is not developed in consultation with relevant stakeholder, even though in the stakeholders meeting was held on 04/07/2020 (Internal Stakeholder) and 29/04/2019 (External Stakeholder) the stakeholder affected was invited.	The 2020 HCV Management Plan has immediately included the clear record of the matter regarding “the developed HCV Management Plan includes the directly managed area and any relevant wider landscape level considerations (where these are identified)”. Estate will ensure the developed HCV management plan (includes the directly managed area and any relevant wider landscape level considerations (where these are rectified)) be added into the agenda of JCC Stakeholder meeting and include the details of the developed HCV management plan in the reports.	Auditor has verified evidence attached of High Conservation Value Area and Biodiversity Assessment Report Kapis Estate and Jeroco POM 2 with amended reviewed on 30/07/2020. From the assessment sighted “Appendix 4 Outcome from Stakeholder Consultations and Monitoring” has been included in the assessment. Status: Closed

RSPO PUBLIC SUMMARY REPORT

Attachment 5

STATUS OF NON-CONFORMITIES PREVIOUSLY IDENTIFIED (SURVEILLANCE AUDIT 1)

P & C Indicator	Specification Major/Minor	Detail Non-conformances	Verification by Assessor
RSPO Supply Chain NCR MZK 01 2019	Major	Finding: Management Review has been conducted but not enough to cover the input and output as stated in the indicator Objective evidence: Management review meeting dated 5/6/19 (combine RSPO, RSPO SCCS and MSPO), However the management review was not sufficient due to not include: Input: - Changes that could affect the management system Output: - Improvement of the effectiveness of the management system and its processes - Resource needs	RSPO-CSPO related to meeting the contract volume, timely delivery, dispatch documentation) result achieved. <ul style="list-style-type: none"> • Previous meeting – was highlighted (to improve format of MR) • Changes – There is no significant changes accept transfer of Assistant Manager. • Recommendation for improvement – improve the established system The management review has follow the guidance by RSPO. Status: Closed.

RSPO PUBLIC SUMMARY REPORT

Attachment 6

HAP SENG PLANTATIONS HOLDINGS BERHAD TIME BOUND PLAN ON RSPO CERTIFICATION

No.	CU	Location	Date of Certification	Valid until	CAB
1	Hap Seng Plantations (River Estates) Sdn Bhd - Sg Segama Group of Estate & Bukit Mas Palm Oil Mill	Lahad Datu	24/05/2017	23/05/2022	PT TUV Rheinland
2	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 1	Lahad Datu	27/09/2018	26/09/2023	SIRIM QAS
3	Jeroco Plantations Sdn Bhd Jeroco Palm Oil Mill 2	Lahad Datu	27/09/2018	26/09/2023	SIRIM QAS
4	Hap Seng Plantations (River Estates) Sdn Bhd - Tomanggong Group of Estates	Lahad Datu	09/01/2020	08/01/2025	SIRIM QAS
5	Kawa Estate and Hap Seng Estate, Hap Seng Plantations (Ladang Kawa) Sdn Bhd	Tawau	16/10/2015	15/10/2020	PT TUV Rheinland
6	Pelipikan Estate	Kota Marudu	2022 (as per ACOP 2019)	Not Applicable	Not Applicable
7	Hap Seng Plantations (River Estates) Sdn Bhd – Tomanggong Group Of Estates – North Bank Estate and Tabin Estate	Lahad Datu	2022 (as per ACOP 2019)	Not Applicable	Not Applicable