

**RSPO PRINCIPLE AND CRITERIA**  
**– MAIN ASSESSMENT**  
**Public Summary Report**

<b>TSH Resources Sdn. Bhd.</b>
Head Office: Jalan Apas & Bangunan TSH, TB9, KM 7 91000 Tawau, Sabah, Malaysia
<b>Lahad Datu Palm Oil Mill and supply base</b> KM 48, Lahad Datu – Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia

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### Section 1: Scope of the Certification Assessment

1. Company Details			
<b>RSPO Membership Number</b>	1-0173-14-000-00	<b>Date</b>	Member since : 17/11/2014
<b>Company Name</b>	TSH Resources Berhad		
<b>Address</b>	Head Office: Jalan Apas & Bangunan TSH, TB9, KM 7 91000 Tawau, Sabah, Malaysia Mill Address: KM 48, Lahad Datu – Sandakan Highway 90200 Kinabatangan, Sabah, Malaysia		
<b>Subsidiary of (if applicable)</b>	-NA-		
<b>Contact Name</b>	Ms. Kalaivani Thiagarajah (Quality Manager) Mr. Hamidi Taib (Mill Manager)		
<b>Website</b>	<a href="http://www.tsh.com.my/">http://www.tsh.com.my/</a>	<b>E-mail</b>	<a href="mailto:kalaivani@tsh.com.my">kalaivani@tsh.com.my</a>
<b>Telephone</b>	+60 16 2792805	<b>Facsimile</b>	+60 89 913 000

2. Certification Information			
<b>Certificate Number</b>	RSPO 652155	<b>Certificate Issued Date</b>	23/03/2017
		<b>Expiry Date</b>	22/03/2022
<b>Scope of Certification</b>	Palm Oil and Palm Kernel Production from TSH Plantation Sdn. Bhd. (Lahad Datu Palm Oil Mill) and Supply Base (Ong Yah Ho Estate & Gomantong Estate)		
Other Certifications			
<b>Certificate Number</b>	<b>Standard(s)</b>	<b>Certificate Issued by</b>	<b>Expiry Date</b>
-Nil-	n/a	n/a	n/a

3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
TSH Plantation Sdn. Bhd. (Lahad Datu Palm Oil Mill) (60 mt/hr)	KM 48, Lahad Datu-Sandakan Highway 90200 Kinabatangan, Sabah, Malaysia	118°2' 34.7" E	5°19' 29.1" N
TSH Palm Products Sdn. Bhd. (Ong Yah Ho Estate)	KM 48, Lahad Datu-Sandakan Highway 90200 Kinabatangan, Sabah, Malaysia	118°2' 34.7" E	5°19' 29.1" N
TSH Resources Bhd. (Gomantong Estate)	KM 52, Lahad Datu-Sandakan Highway 90200 Kinabatangan, Sabah, Malaysia	118°0' 23.8" E	5°19' 35.8" N

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<b>4. Description of Supply Base</b>							
<b>Estate</b>	<b>Mature (ha)</b>	<b>Immature (ha)</b>	<b>Infras &amp; Other (ha)</b>	<b>HCV (ha)</b>	<b>Total Planted (ha)</b>	<b>Total Hectarage</b>	<b>% of Planted</b>
Ong Yah Ho	1,905	-	76	19	1,905	2,000	95
Gomantong	895	52	60	-	947	1,007	94
<b>Total</b>	<b>2,800</b>	<b>52</b>	<b>136</b>	<b>19</b>	<b>2,852</b>	<b>3,007</b>	<b>94.5</b>

Note: Infras = infrastructure

<b>5. Plantings &amp; Cycle</b>								
<b>Estate</b>	<b>Age (Years)</b>					<b>Tonnage / Year</b>		
	<b>0 - 3</b>	<b>4 - 10</b>	<b>11 - 20</b>	<b>21 - 25</b>	<b>26 - 30</b>	<b>Estimated (Previous Year)</b>	<b>Actual (Previous Year)</b>	<b>Forecast (Nov 2016 – Oct 2017)</b>
Ong Yah Ho	-	-	1,905	-	-	n/a	n/a	56,783
Gomantong	52	53	46	796	-	n/a	n/a	20,045
<b>Total</b>	<b>52</b>	<b>53</b>	<b>1951</b>	<b>796</b>	<b>-</b>	<b>n/a</b>	<b>n/a</b>	<b>76,828</b>

<b>6. Certified Tonnage of FFB (Own Certified Scope)</b>			
<b>Estate</b>	<b>Tonnage / year</b>		
	<b>Estimated (Previous Year)</b>	<b>Actual (Previous Year)</b>	<b>Forecast (Nov 2016 – Oct 2017)</b>
Ong Yah Ho	n/a	n/a	56,783
Gomantong	n/a	n/a	20,045
<b>Total</b>	<b>n/a</b>	<b>n/a</b>	<b>76,828</b>

<b>7. Non-Certified Tonnage of FFB (outside supplier – excluded from certificate) if applicable</b>			
<b>Independent FFB Supplier</b>	<b>Tonnage / year</b>		
	<b>Estimated (previous year)</b>	<b>Actual (previous year)</b>	<b>Forecast (Nov 2016 – Oct 2017)</b>
<b>Overall</b>	<b>n/a</b>	<b>n/a</b>	<b>84,838.47</b>

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<b>8. Certified Tonnage</b>									
<b>Mill</b>	<b>Estimated (Previous Year)</b>			<b>Actual (Previous Year)</b>			<b>Forecast (Nov 2016 – Oct 2017)</b>		
	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>	<b>FFB</b>	<b>CPO</b>	<b>PK</b>
Lahad Datu Palm Oil Mill	n/a	n/a	n/a	n/a	n/a	n/a	76,828.00	15,749.74	4,148.71
Independent FFB Supplier	n/a	n/a	n/a	n/a	n/a	n/a	84,838.47	17,391.88	4,581.28
<b>Total</b>							161,666.47	33,173.63	8,742.79

OER: 20.5%; KER: 5.4%

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
(ASI Accreditation Number: RSPO-ACC-19)  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
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[www.bsigroup.com](http://www.bsigroup.com)

BSI is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSI Standards is the UK's National Standards Body. BSI provides independent, third-party certification of management systems. BSI is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia. BSI is accredited for RSPO Supply Chain Certification Systems (SCCS) and Principles & Criteria for Sustainable Palm Oil Production (P&C, Single Site & Group) certification Worldwide.

### Assessment Methodology, Programme, Site Visits

This on-site initial assessment was conducted from 1- 3 November 2016. The audit programme is included as Appendix D. The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. Mill was audited together with the sample estates. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. RSPO Principles & Criteria Malaysia National Interpretation (RSPO P&C MYNI) 2014 and RSPO Supply Chain Certification Standard 2014 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

Public Stakeholder Notification was made on 26<sup>th</sup> September 2016, more than 30 days prior to the initial certification assessment date. No written negative feedback received at the end of the 30 days period. Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted through phone and email to arrange meetings at a location convenient to them to discuss TSH LDPOM Certification Unit's environmental and social performance.

The approach to the audit was to treat the mill and its supply base as an RSPO Certification Unit. The mill was audited together with the estates (or smallholders) of its supply base. The estates sample were determined based on formula  $N = 0.8\sqrt{y}$  where  $y$  is the number of estates while when applicable, the smallholders sample were determined following the RSPO Certification Requirement for Group Certification Standard 2016. The sampling of smallholders were based on the formula  $(0.8\sqrt{y}) \times (z)$ ; where  $y$  is total number of independent group member and where  $z$  is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix I.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each

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meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and these have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

The assessment findings for the initial assessment are detailed in Section 3.3.

This report is structured to provide a summary of assessment finding as attached in the Appendix A. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by RSPO approved Certification Reviewer prior to certification decision by BSI.

**The following table would be used to identify the locations to be audited each year in the 5 year cycle**

<b>1. Assessment Program</b>					
<b>Name (Mill / Supply Base)</b>	<b>Year 1 (Initial Assessment)</b>	<b>Year 2 (ASA1)</b>	<b>Year 3 (ASA2)</b>	<b>Year 4 (ASA3)</b>	<b>Year 5 (Recertification)</b>
Lahad Datu Palm Oil Mill	✓	✓	✓	✓	✓
Ong Yah Ho Estate	✓	✓	✓	✓	✓
Gomantong Estate	✓	✓	✓	✓	✓

**Tentative Date of Next Visit:** November 7, 2017 – November 9, 2017

**Total No. of Mandays:** 9 Mandays

**BSI Assessment Team:**

**Hafriazhar Mohd Mokhtar – Lead Auditor**

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea, Solomon Islands and Gabon. During assessment, he covered the mill and estate best practices, legal issues, social issues, workers consultation, stakeholder consultation, environmental and occupational safety & health. He is fluent in Bahasa Malaysia and English languages.

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He holds Bachelor Degree in Plantation Technology and Management, graduated from University Technology Mara (UiTM) on 2009. He has 4 years working experience in oil palm plantation industry. He also has the experiences as an auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2014 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since May 2013 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, estate best practices, safety and health, environmental and workers and stakeholders consultation.

**Suresh Kumar Muniandy – Team Member**

Suresh is a fulltime employee with BSI Services Malaysia. He graduated from University of Northumbria, Newcastle, U.K. B.Eng (Mechanical), He attended internal RSPO training in 1 December 2015. He has completed the ISO 9001:2008 Quality Management System Lead Auditor training. Currently he is an ISO 9001:2008 Auditor. He has more than 5 years of auditing experience since Nov 2010 covering the quality management system in various industries. He is involved as Social aspects during the RSPO Assessment. For this assessment he assessed the Social Impacts of the Mill and Estate. He is able to speak and understand Bahasa Malaysia, English and Tamil.

**Accompanying Persons:** N/A



### Section 3: Assessment Findings

#### 3.1 Details of audit results

This assessment has been assessed using the following RSPO normative requirements. The assessment details are provided in Appendix A.

- TSH Resources Berhad Time Bound Plan
- RSPO Group Certification Standard 2016 Checklist
- RSPO P&C for Smallholders TH-WG 2012 Checklist
- RSPO P&C GN-NIWG 2010 Checklist
- RSPO P&C INA-NIWG 2016 Checklist
- RSPO P&C PNG-NIWG 2016 Checklist
- RSPO P&C SI-NIWG 2010 Checklist
- RSPO P&C MY-NIWG 2014 Checklist
- RSPO P&C TH-WG 2011 Checklist
- RSPO Supply Chain Certification Checklist November 2014
- RSPO P&C 2013 Generic Checklist

#### 3.2 Progress against Time Bound Plan

Time Bound Plan		
Requirement	Remarks	Compliance
<b>Summary of the Time Bound Plan</b>		
Does the plan include all subsidiaries, estates and mills?	<p>The time bound plan includes all operating units in Malaysia and Indonesia.</p> <p>Since joining RSPO as processor and trader on 17/11/2014, TSH Resources Bhd. (<i>hereinafter referred to as TSH</i>) has developed its Sustainable Palm Policy as in the Roundtable of Sustainable Palm Oil (RSPO) Manual; Doc. no.: TSHR/RSPO; Rev. no.: 1; dated 12/6/2016.</p> <p>For Malaysia operations, the plan was to certify Lahad Datu operating unit which was in-line with certification audit conducted on November 2016. On 2017 onwards, the plan was to certify Sabahan complex and Kunak complex on annual basis.</p> <p>For Indonesia operations, one unit operation, PT Sarana Multi Niaga Palm Oil Mill, has been certified since May 2016. The plan was also to certify the rest of operating units complex in Indonesia on annual basis in 2017 onwards.</p>	Complied
Is the time bound plan challenging? <ul style="list-style-type: none"> <li>• Age of plantations.</li> </ul>	Based on the age of plantations, location, mill developments, infrastructure and compliance with applicable law, the time bound plan was deemed to be challenging and TSH has demonstrated very	Complied

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<ul style="list-style-type: none"> <li>• Location.</li> <li>• POM development</li> <li>• Infrastructure.</li> <li>• Compliance with applicable law.</li> </ul>	<p>high commitment towards compliance with applicable legal requirements.</p> <p>Internal assessment against the standard has been completed for most of the operating units in Malaysia and Indonesia.</p>	
Have there been any changes since the last audit? Are they justified?	There were no any changes of the Time Bound Plan since this is the first certification assessment for TSH Malaysia operation.	Complied
If there have been changes, what circumstances have occurred?	Not Applicable	Not applicable
Have there been any stakeholder comments?	<p>As of the date of the report being produced, there is no any comment by stakeholder that could be taken action by TSH.</p> <p>TSH continues to engage all affected parties through regular discussions and progress reporting is being made to the RSPO Secretariat.</p>	Complied
Have there been any newly acquired subsidiaries?	There were no any newly acquired subsidiaries as of the date the report being produced. However, it was noted that TSH has been in co-operation with another private plantation company towards RSPO certification.	Complied
Have there been any isolated lapses in implementation of the plan?	No lapses. During the assessment it was reported to the assessment team that PT Andalas Agro Industries & PT Laras Internusa certification process is still on-going.	Complied
<b>Un-Certified Units or Holdings</b>		
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	<p>Prior to the certification audit, Internal Audit for Lahad Datu POM and supply base was conducted by Sustainability department, the latest internal audit was conducted on 2/2/16 and the 2<sup>nd</sup> Internal Audit was conducted on 12-14/7/2016 by QA Team for mill and both estates to cover the entire criterion stated in the standard.</p> <p>Periodical assessment were also planned and conducted for all operating units in both Malaysia and Indonesia. A positive assurance statement has been produced through this periodical assessment and internal audit.</p>	Complied
<p>No replacement after dates defined in NIs Criterion 7.3:</p> <ul style="list-style-type: none"> <li>• Primary forest.</li> <li>• Any area identified as containing High Conservation Values (HCVs).</li> <li>• Any area required to maintain or enhance HCVs in</li> </ul>	Internal TSH competent personnel conducted Biodiversity assessment & HCV identification within Lahad Datu POM and estates landholdings. Report was prepared by the sustainability team; in-line with the report of EIA i.e. Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate and Gomantong Estate on Land Title Nos. CL095327218 and CL095310731, in the District of	Complied

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accordance with RSPO criterion 7.3.	Kinabatangan, Sabah. The objective of this assessment is having additional ground check on the existing identified HCV area done on 2007 in order to be detailed and accurate in database and mapping. Based on the report and evidence from on-site visit as of the audit date, no replacement were done after dates defined in Nis Criterion 7.3.	
Any new plantings since January 1 <sup>st</sup> 2010 must comply with the RSPO New Plantings Procedure.	No new plantings since 2005 except for replanting activity.	Complied
Any Land conflicts are being resolved through a mutually agreed process, e.g. RSPO Grievance procedure or Dispute Settlement Facility, in accordance with RSPO criteria 6.4, 7.5 and 7.6.	As of the date of the report being produced, there is no any comment by stakeholder that could be taken action by TSH.  Further details please refer to the RSPO Complaints Website: <a href="http://www.rspo.org/members/status-of-complaints?keywords=TSH">http://www.rspo.org/members/status-of-complaints?keywords=TSH</a>	Complied
Any Labor disputes are being resolved through a mutually agreed process, in accordance with RSPO criterion 6.3.	No stakeholder comments or complaints received.	Complied
Did the company conduct an internal audit? If so, has a positive assurance statement been produced?	-As above-	
Any Legal non-compliance is being resolved in accordance with the legal requirements, with reference to RSPO criteria 2.1 and 2.2.	None noted. No stakeholder comments or complaints received.	Complied

### 3.3 Details of findings

The nonconformity is listed below. The summary report of the assessment by criteria is listed in Appendix A.

During the Initial Assessment there were one (1) Major & one (1) Minor nonconformities raised. The Lahad Datu Palm Oil Mill Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

The implementation of the corrective action plans to address the minor nonconformity will be followed up during the next surveillance assessment. The implementation of the Corrective Actions for the Major Nonconformity(ies) has been verified for it effectiveness and closed accordingly.

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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1396353M1	<b>Requirements</b> <b>Indicator 4.7.1</b> A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.	Major
	<b>Evidence of Nonconformity</b> The CHRA was conducted on 31/10/2012 at LDPOM by Nalco Sdn Bhd (JKKP IH/127/171-2(75)), however the coverage was not sufficient. The CHRA work units for workshop, chemical store and biogas plant werenot covered.	
	<b>Statement of Nonconformity</b> The assessment coverage for CHRA was not sufficient.	
	<b>Action</b> <ul style="list-style-type: none"> <li>• Conduct the CHRA Assessment for Overall Plant since the renewal plan is expiring in 2017</li> <li>• Revise TSHR/OSH/SOP09 - Performance, Monitoring and Measurement SOP to ensure that CHRA assessment will be done whenever there is any changes to the chemical/ substance or process</li> <li>• Provide training Person In Charge on the changes in the SOP</li> </ul>	
	<b>Status</b> The CAP and evidence submitted confirmed that the issue has been fully addressed hence the Major NC was closed satisfactorily on 28/11/2016. Closure was done off-site since evidences able to be provided and verified through documentations only.	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1396353N1	<b>Requirements</b> <b>Indicator 5.3.3</b> A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.	Minor
	<b>Evidence of Nonconformity</b> Storage of diesel drum was done without proper pollution prevention facility/equipment at replanting work site by contractor at field 2016 (92D) in Gomantong Estate.	
	<b>Statement of Nonconformity</b> The plan to avoid or reduce pollution not fully implemented	
	<b>Action</b> <ul style="list-style-type: none"> <li>• To provide the containment container for the oil/fuel drum</li> <li>• Compliance agreement with the contractor on the EIA requirement</li> </ul>	
	<b>Status</b> The CAP has been submitted and accepted on 7/11/2016. Further verifications on CAP implementation and its effectiveness will be done during next surveillance visit. Minor NC remains open.	

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Observation	
OBS #	Description
nil	n/a

Positive Findings	
PF #	Description
1	Good commitment present from management and all personnel involved were very cooperative during the assessment process
2	Good feedback from external stakeholders interviewed including JTK officer, DOSH officers, teachers at CLC School and Medical Assistant clinic.
3	Good feedback from internal stakeholders interviewed including staff and workers on treatment, salary and involvement of management for the wellbeing of people working in the estates / mill
4	Good establishment of RSPO documentation system with proper and up to date documentation control and records filing
5	Good establishment & implementation on self-checking and corrective action mechanism
6	Good establishment & implementation of continuous improvement plan and programs

**Issues raised by Stakeholders**

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss Lahad Datu Palm Oil Mill Certification Unit's environmental and social performance, legal and any known dispute issues.

Meetings were conducted with stakeholders to seek their views on the performance of the company with respect to the RSPO requirements and aspects where they considered that improvements could be made. At the start of each meeting, the interviewer explained the purpose of the audit followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded. The interviewer recorded comments made by stakeholders and later was verified with the management team. These have been incorporated into the assessment findings.

Structured worker interviews with male and female workers and staff were held in private at the workplace in the mill and the estates. Fieldworkers were interviewed informally in small groups in the field. In addition, the wives of workers and staff were interviewed in informal group meetings at their housing. Separate visits were made to each of the local communities to meet with the village head and residents. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix E.

IS #	Description
<b>1</b>	<p><b>Issues</b> Pejabat Tenaga Kerja (PTK) Kinabatangan – TSH shown high commitment on compliance against relevant legal requirements. Following included:</p> <ul style="list-style-type: none"> <li>- Ordinan Buruh Sabah – Seksyen 6.7 – Lesen Menggaji Buruh bukan pemastautin</li> <li>- Akta gaji minimum pekerja – setiap kesalahan denda rm10k/pekerja</li> <li>- Daily rated vs piece rate</li> <li>- No issue on minimum wages</li> <li>- Permit of salary deduction</li> <li>- Report on accident within 10 working days</li> <li>- National minimum workers housing and amenities standard not yet enforced</li> </ul> <p><b>Management Responses</b> Positive feedback noted.</p> <p><b>Audit Team Findings</b></p>

	No further issue.
<b>2</b>	<b>Issues</b> DOSH – PTK – TSH shown high commitment on compliance against relevant legal requirements. Following included: <ul style="list-style-type: none"> <li>- Kelulusan memasang – sijil perakuan kelayakan (CF)</li> <li>- Osha audit</li> <li>- Jkkp 6 – 7 days – got incident recently at mill/estate</li> <li>- Jkkp 7 – doctor (OHD) to report together with employer</li> <li>- CHRA recommendation implementation - as far as practicable</li> <li>- High commitment in legal requirements – demonstrated</li> </ul>
	<b>Management Responses</b> Positive feedback noted.
	<b>Audit Team Findings</b> No further issue.
<b>3</b>	<b>Issues</b> Good feedback from teachers at CLC School and Medical Assistant clinic
	<b>Management Responses</b> Positive feedback noted.
	<b>Audit Team Findings</b> No further issue.
<b>4</b>	<b>Issues</b> Broken flush at CLC school for both boys and girls toilet and Gomantong Creache
	<b>Management Responses</b> Will be repaired immediately by relevant respective staff
	<b>Audit Team Findings</b> No further issue.
<b>5</b>	<b>Issues</b> Septic cleaning activities not yet in place as housing areas are still new. What would be plans in place?
	<b>Management Responses</b> When the needs arises, the management will engage a licensed contractor to do the cleaning
	<b>Audit Team Findings</b> No further issue.
<b>6</b>	<b>Issues</b> Village Headman (Kampung Paris 3) requested that the road from main road to school could be improved (proposal/request only)
	<b>Management Responses</b> Management has to reconfirm if tha access road is under government road or by the community within Kampung Paris.
	<b>Audit Team Findings</b> No further issue.
<b>7</b>	<b>Issues</b> Good feedback from staff and workers on treatment, salary and involvement of management for the well being of people working in the estates/mill.
	<b>Management Responses</b> Positive feedback noted.
	<b>Audit Team Findings</b> No further issue.

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<b>8</b>	<b>Issues</b> Awareness for growers/smallholders on why their FFB is not accepted by the TSH Mill. Growers may not be aware that the MPOB license is needed to sell FFB to the mill.
	<b>Management Responses</b> During Good Agricultural Practice(GAP), the growers will be briefed.
	<b>Audit Team Findings</b> No further issue.
<b>9</b>	<b>Issues</b> Harvesters Requested for shed for repair work and for shelter when there is rain. At interview Location : Block94C
	<b>Management Responses</b> Currently the construction of sheds are on-going (start)
	<b>Audit Team Findings</b> No further issue.

**3.3.1 Status of Nonconformities Previously Identified and Observations**

Non-Conformity		
NCR #	Description	Category (Major / Minor)
Not applicable	<b>Requirements:</b> n/a	
	<b>Evidence of Nonconformity:</b> n/a	
	<b>Statement of Nonconformity:</b> n/a	
	<b>Corrective Action:</b> n/a	
	<b>Assessment Conclusion:</b> n/a	

Observation	
OBS #	Description
Nil	n/a

**3.3.2 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
1396353M1 – 4.7.1	Major	03/11/2016	Closed on 28/11/2016.
1396353N1 – 5.3.3	Minor	03/11/2016	“Open”

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**Assessment Conclusion and Recommendation:**

Based on the findings during the initial assessment Lahad Datu Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C MY-NI 2014; and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Lahad Datu Palm Oil Mill Certification Unit is approved.

Acknowledgement of Assessment Findings	Report Prepared by
<b>Name:</b> <b>Kalaivani Thiagarajah</b>	<b>Name:</b> <b>Hafriazhar Bin Mohd Mokhtar</b>
<b>Company name:</b> <b>TSH Resources Berhad</b> <b>Lahad Datu Palm Oil Mill</b>	<b>Company name:</b> <b>BSI Services Malaysia Sdn. Bhd.</b>
<b>Title:</b> <b>Quality Manager</b>	<b>Title:</b> <b>Lead Auditor</b>
<b>Signature:</b>  <b>Date: 13 February 2017</b>	<b>Signature:</b>  <b>Date: 7 February 2017</b>



**Appendix A: Summary of Findings**

Criterion / Indicator	Assessment Findings	Compliance	
<b>Principle 1: Commitment to Transparency</b>			
<b>Criterion 1.1:</b>			
Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Stakeholder list: External Stakeholder List, dated 1/2/2016 Rev. 0.  Latest stakeholder meeting conducted on 21/7/2016.	Complied
1.1.2	Records of requests for information and responses shall be maintained. -Major compliance	DOSH Logbook was verified, the latest visit was on 18/8/16 by DOSH. The action plan was established for all the comments raised by the DOSH officer.  Pelan tindakan komen pihak berkepentingan Rev. 0(CAP): i. Investigate school issues  Sighted a record of DOE request (DOE Field Citation form JAS/ATOP1/08/2015 dated 3/3/2016) has been responded accordingly.	Complied
<b>Criterion 1.2:</b>			
Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			
1.2.1	Publicly available documents shall include, but are not necessary limited to: • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). - Major compliance –	<u>Ong Yah Ho Estate:</u> Land title sighted available: Title no. Country Lease 095327218; Register memo no.: 20243896; dated 25/8/1998. Quit rent payment records dated 13/1/2016 receipt no.: BG002041 no. 49407 OYH Estate. Latest payment was done on 26/10/2016 receipt no.: AL002911 no. 56103.  <u>Gomantong Estate:</u> Land title sighted available: Title no. Country Lease 095310731; Register memo no.: 20299391; dated 9/4/2009. Quit rent payment records dated 26/10/2016 receipt no.: AL002910 no. 56103 Gomantong Estate  Policy established as procedures and policy following: i. Transparency Policy; Doc. no.: TSHR/POL/SOP01; Rev. 0 dated 16/10/2015 ii. Safety & Health Policy; Doc. no.: TSHR/POL/SOP02; Rev. 1 dated 18/10/2016 iii. Equal Opportunity & Discrimination Policy; Doc. no.: TSHR/POL/SOP03; Rev. 0 dated 16/10/2015 iv. Freedom of Association Policy; Doc. no.: TSHR/POL/SOP04; Rev. 0 dated 16/10/2015 v. Sexual Harassment Policy; Doc. no.: TSHR/POL/SOP05; Rev. 0 dated 16/10/2015 vi. Reproductive Rights Policy; Doc. no.: TSHR/POL/SOP06; Rev. 1 dated 21/3/2016	Complied

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Criterion / Indicator	Assessment Findings	Compliance	
	vii. Child Labour Policy; Doc. no.: TSHR/POL/SOP07; Rev. 0 dated 16/10/2015 viii. Environment Policy; Doc. no.: TSHR/POL/SOP08; Rev. 0 dated 16/10/2015		
<b>Criteria 1.3:</b> Growers and millers commit to ethical conduct in all business operations and transactions.			
1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. -Minor compliance	TSH Management established policy on Communication & Consultation and the embedment of Code of Ethics within the Group Human Resource Manual and practice covers all operations in the plantation operation. Policies displayed on the notice board and communicated to employees. Elements of ethical conducts and integrity were imbedded in all policies reviewed at operations sites. 1. Transparency Policy Statement 2. Safety & Health Policy Statement 3. Equal Opportunity & Discrimination Policy Statement 4. Freedom of Association Policy Statement 5. Sexual Harassment Policy Statement 6. Reproductive Rights Policy Statement 7. Child Labour Policy Statement 8. Environment Policy Statement 9. Human Rights Responsible Business Policy Statement  Interview with employees reveal that they are aware of the policies.  Human Rights & Responsible Business Policy; Doc. no.: TSHR/POL/SOP09 Rev. 0 dated 16/10/2015 signed by MD. Communicated through internal stakeholder meeting and assembly etc.	Complied
<b>Principle 2: Compliance with applicable laws and regulations</b>			
<b>Criterion 2.1:</b> There is compliance with all applicable local, national and ratified international laws and regulations.			

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<p>2.1.1</p>	<p>Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p>	<p>TSH Management complies with legal requirements as per indicator at all operating sites. Compliance to each applicable law and regulation is monitored by the operating units . TSH Management had obtained and renewed license and permits as required by the law.</p> <p>Sample of licenses or permit viewed were :</p> <p><u>Lahad Datu Palm Oil Mill</u></p> <ul style="list-style-type: none"> <li>• Fire Service Act 1988, Fire Services (Fire Certificate) Regulations 2001, Certification Period 26/10/2016 to 25/10/2017, Ref#JBPM:SB/7/204/2016</li> <li>• DOE Licence/ Jadual Pematuhan : 001851 (validity period 1/7/2016 - 30/6/2017) for 60 MT/hr.</li> <li>• Malaysian Palm Oil Act 2005, License Number: 508717404000, Period 1/6/2016 to 31/5/2017.</li> <li>• Diesel Permit for quantity 18,200litres according to Controlled Supply Act 1974, Cert#S002052, validity till 16/10/2017</li> <li>• Electrical Supply Act 1990 for Installation Activities, Cert# 14675, valid till 21/02/2017</li> <li>• JKKP Certificate of Fitness for Boiler#1, Registration #PMD10522, validity date: 3/11/2017.</li> <li>• JKKP Certificate of Fitness for Boiler#2, Registration #SB PMD2600, validity date: 20/3/2017.</li> <li>• Sterilizer#1, JKKP Certificate#PMT-SB 54993, Registration#PMT 143755, validity till 3/11/2017</li> <li>• Sterilizer#2, JKKP Certificate#PMT-SB 54992, Registration#PMT 143753, validity till 3/11/2017</li> <li>• Sterilizer#3, JKKP Certificate#PMT-SB 54996, Registration#SB PMT 1118, validity till 3/11/2017</li> <li>• DOE license no.: 001851; method of final discharge the estate field irrigation (pengairan ladang); BOD limit 20mg/l; validity period from 1/7/2016 until 30/6/2017</li> <li>• MPOB license no.: 508717404000 for FFB processing capacity of 216,000mt per annum; validity period from 1/6/2016 until 31/5/2017;</li> <li>• CePPOME training for mill engineer done on 1-6/8/2016</li> <li>• CePSWAM</li> <li>• DOE Quarterly return form – Online Environmental Reporting (OER) for 2<sup>nd</sup> quarter dated 5/7/2016</li> <li>• Diesel storage permit KPDNK serial no.: S002052 for storage of diesel 18,200 liters for LDPOM validity period from 17/10/2016 until 16/10/2017</li> <li>• Fire certificate s/n: 297514 (Perakuan Bomba) no.: JBPM:SB/7/204/2016 validity period from 26/10/2016 until 25/10/2017</li> <li>• Suruhanjaya Tenaga license s/n: 14675 validity period from 22/2/2016 until 21/2/2017 for installation capacity not more than 4108kw</li> <li>• Boiler written approval certificate no.: APU.2 (DO1/0713)</li> <li>• Electrical chageman compe tency acknowledgement (perakuan) no.: PJ-T-4-B-0541-2015; S/N: PJ 1133320; dated 5/8/2015.</li> </ul>	<p>Complied</p>
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		<p><u>OYH Estate</u></p> <ul style="list-style-type: none"> <li>• Permit to buy diesel, S002550 , valid until 16/10/2017</li> <li>• Permit to by petrol, S005046, valid until 25/4/2017</li> <li>• MPOB license- 503443702000 valid until 30/1/2017</li> <li>• License for Salary of foreign workers, Reg#39007H</li> <li>• Air Compressor, S/N:SB PMT13070, Inspection by JKPP dated 19/10/2016.</li> <li>• Business license (Oil Palm Plantation) TSH Palm Products Sdn. Bhd. by Sabah Trade Licensing Ordinance, 1948 no. KBTG/2016/2345 valid until 31/12/2016</li> <li>• Business license (Trade/Store Oil Palm) TSH Palm Products Sdn. Bhd. by Sabah Trade Licensing Ordinance, 1948 no. KBTG/2016/2045 valid until 31/12/2016</li> <li>• Diesel storage permit KPDNK serial no.: S002550 for storage of diesel 18,200 liters for OYH Estate validity period from 17/10/2016 until 16/10/2017</li> <li>• Petrol storage permit KPDNK serial no.: S005046 for storage of petrol 200liters/month validity period from 26/4/2016 until 25/4/2017</li> <li>• Permit to employ foreign workers by JTK Sabah no.: JTK.H.KBN:600-4/1/1/01261/0101 validity period from 4/9/2015 until 3/9/2016 (expired) – pending new permit</li> <li>• Permit of foreign workers salary deduction serial no.: 11(0120)TWU (Levi), 11(0119)TWU (travel documents validity</li> <li>• MPOB license no.: 503443702000 validity period 1/2/2016 until 31/1/2017</li> <li>• Compressor CF SB PMT 13070 validity period from 24/4/2015 until 23/7/2016 (expired) – inspection by DOSH done on 19/10/2016 – pending CF</li> </ul> <p><u>Gomantong Estate</u></p> <ul style="list-style-type: none"> <li>• Business License, Ref#KBTG/2016/2474, Dated 14/4/2016.</li> <li>• Permit to buy diesel , Cert#S002051, valid until 16/10/16</li> <li>• MPOB license- 600559002000 valid until 31/7/2017</li> <li>• Permit Salary Deduction from JTK Sabah(Employers/Labour Division), Ref#11(0173)TWU, dated 7/9/2016</li> <li>• Environment Protection Department Approval Report, Ref#JPAS/PP/06/600-1/11/1/244(32), dated 26 Sept 2016. Report is for both estates – Gomantong &amp; OYH.</li> </ul>	
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Criterion / Indicator	Assessment Findings	Compliance
2.1.2 A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance -	<p>All Estates and Mill maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses.</p> <p>Each operating unit established its own LORR work instruction as following:</p> <ul style="list-style-type: none"> <li>i) TSHP/OYH/RSPO/WI04; Rev. no.: 1; dated 9/9/2016 for Ong Yah Ho Estate</li> <li>ii) TSHP/GMT/RSPO/WI04; Rev. no.: 1; dated 9/9/2016 for Gomantong Estate</li> <li>iii) TSHPOM/LDPOM/RSPO/WI04; Rev. no.: 1; dated 9/9/2016 for Lahad Datu Palm Oil Mill</li> </ul> <p>LORR sighted available and updated.</p>	Complied
2.1.3 A mechanism for ensuring compliance shall be implemented. - Minor compliance -	<p>Evaluation of legal requirements and compliance status with legal requirement is monitored by operating units, RSPO teams, and head office. All 3 sites practiced the same activities.</p> <p>As per revised procedure Legal and Other Requirements TSHR/RSPO/SOP04 Rev. 1 dated 9/9/2016 – Evaluation of compliance – implemented based on monitoring as per License Master List (Rev. no. 4; dated 31/10/2016) for each operating units individually. Evidence of compliance done annually for all applicable legal requirements. Latest done for mill on 9/9/2016 on compliance against Electricity Supply Act 1990 shown 100% compliance.</p>	Complied
2.1.4 A system for tracking any changes in the law shall be implemented. - Minor compliance -	<p>Tracking system was available for all 3 sites to identify changes in the relevant regulations through head office, internal audits/visit and the information are communicated from the headquarters. On the site verification, Interviews with office personnel and records indicate that the system is appropriate to the operations and is being recorded accordingly. Further evidence of verification was reviewed in the legal registers at all the 3 sites.</p> <p>As per procedure Legal and Other Requirements TSHR/RSPO/SOP04 Rev. 1 dated 9/9/2016 – Evaluation of compliance completed.</p>	Complied
<p><b>Criterion 2.2:</b> The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>		
2.2.1 Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	<p>Land title sighted available: Title no. Country Lease 095327218; Register memo no.: 20243896; dated 25/8/1998. Quit rent payment records dated 13/1/2016 receipt no.: BG002041 no. 49407 OYH Estate</p> <p>Land title sighted available: Title no. Country Lease 095327218; Register memo no.: 20243896; dated 25/8/1998. Quit rent payment records dated 13/1/2016 receipt no.: BG002041 no. 49407 OYH Estate</p>	Complied

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2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance -	During the field visit it was noted that legal boundaries are clearly demarcated and visibly maintained throughout the estate.	Complied
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance -	Review on land ownership records and interview with relevant stakeholders confirmed there are no conflict or dispute over the land within legal boundary of TSH Lahad Datu POM and estates.	Complied
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. -Major compliance	There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.	Complied
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). -Minor compliance	There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.	Complied
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. -Major compliance	There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.	Complied
<b>Criterion 2.3:</b> Use of the land for oil palm does not diminish the legal rights, customary or user right of other users without their free, prior and informed consent.			
2.3.1	Maps of an appropriate scale showing the extent of recognized legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). - Major compliance -	There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.	Complied
2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information	There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.	Complied

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<p>on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities’ decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company’s title, concession or lease on the land. - Minor compliance -</p>			
2.3.3	<p>All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance</p>	<p>There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.</p>	<p>Complied</p>
2.3.4	<p>Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance</p>	<p>There is no land dispute within TSH Lahad Datu POM and estates at the time of audit. The land belongs to TSH and land ownership documents verified.</p>	<p>Complied</p>
<p><b>Principle 3: Commitment to long-term economic and financial viability</b></p>			
<p><b>Criterion 3.1:</b> There is an implemented management plan that aims to achieve long-term economic and financial viability.</p>			
3.1.1	<p>A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -</p>	<p>A business plan up to 2018 was prepared by the mill management for LDPOM and both estates. The business plan was sighted. Lahad Datu Palm Oil Mill and supply bases have made progress towards achieving their performance production targets for the current financial year.</p> <p>Business management plan sighted available:</p> <ul style="list-style-type: none"> <li>- Company TSH Resources Berhad</li> <li>- Operating unit: TSH Palm Product Sdn. Bhd. (OYH Estate) &amp; (LDPOM)</li> <li>- Title: Long Term Project Development &amp; Maintenance Plan (3 years)</li> <li>- Rev no. 1</li> <li>- For period from Jan 2016 until Dec 2018 covering plan for all operating units in LDPOM.</li> </ul>	<p>Complied</p>

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3.1.2 An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance -	<p>The annual replanting programme was established for Ong Yah Ho Estate, 20 years plan until 2030. No replanting programme for the next 12 years. This was based on company's decision and agronomist recommendation where replantings can be done from the age of 20 years ahead The replanting will take place on 2022 and will be completed on 2028.</p> <p>For Gomantong Estate, sighted the current replanting program as following:</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Estate</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>GE</td> <td>52</td> </tr> <tr> <td>2017</td> <td></td> <td>50</td> </tr> <tr> <td>2018</td> <td></td> <td>100</td> </tr> <tr> <td>2019</td> <td></td> <td>150</td> </tr> <tr> <td>2020</td> <td></td> <td>150</td> </tr> </tbody> </table>	Year	Estate	Ha	2016	GE	52	2017		50	2018		100	2019		150	2020		150	Complied
Year	Estate	Ha																		
2016	GE	52																		
2017		50																		
2018		100																		
2019		150																		
2020		150																		

**Principle 4: Use of appropriate best practices by growers and millers**

**Criterion 4.1:**

Operating procedures are appropriately documented, consistently implemented and monitored.

4.1.1 Standard Operating Procedures (SOPs) for estates and mills are documented - Major compliance -	<p>SOP for all operation at mill and estate, work instruction was established by the management. Sighted some of the Work Instruction for estate operation:</p> <ol style="list-style-type: none"> <li>1. TSHP/OPE/SOP01: Land Clearing and Preparation</li> <li>2. TSHP/OPE/SOP02: Nursery</li> <li>3. TSHP/OPE/SOP03:Cover crops</li> <li>4. TSHP/OPE/SOP04:Planting and Supplies/In Filling</li> <li>5. TSHP/OPE/SOP05:Weeding</li> <li>6. TSHP/OPE/SOP06:Prunning &amp; Sanitation</li> <li>7. TSHP/OPE/SOP07: FFB-Harvesting &amp; Despatchment</li> <li>8. TSHP/OPE/SOP08:Manuring</li> <li>9. TSHP/OPE/SOP09:Ablation</li> <li>10. TSHP/OPE/SOP10:Replant</li> <li>11. Pest and Disease Management Procedure</li> <li>12. Agronomy Operation Procedure including Leaf Sampling Unit Palm Marking Procedure, Leaf Sampling Procedure, Soil Sampling Procedure, Fertilizer sampling procedure and palm census &amp; roadside palm marking procedure.</li> <li>13. Occupational Safety &amp; Health Procedure including HIRADC procedure, Evaluation of compliance, supplier and contractor management, Occupational Safety and Health Handbook – POM and Plantation, Emergency, preparedness and response, communication participation and consultation, and performance, monitoring &amp; measurement.</li> <li>14. RSPO procedure including legal and other requirements procedure.</li> </ol> <p>The procedure for FFB-Harvesting &amp; Despatchment (TSHP/OPE/SOP07 dated 9/9/16) was review and updated to include section H: Buffalo Assisting In-Field for FFB Collection. Thus, the finding during stage 1 was closed accordingly.</p>	Complied
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Criterion / Indicator	Assessment Findings	Compliance
	<p>Established as Roundtable of Sustainable Palm Oil (RSPO) Manual; Doc. no.: TSHR/RSPO; Rev. no.: 1; dated 12/6/2016</p> <p>SOP available for the procedure for Buffalo Assisted In-Field FFB Collection TSHP/OPE/SOP07 - FFB Harvesting &amp; Despatchment; Rev no.: 1; dated 09/09/2016.</p>	
<p>4.1.2</p> <p>A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance -</p>	<p>Internal Audit for Lahad Datu POM and supply base was conducted by Sustainability department, the latest internal audit was conducted on 2/2/16 and the 2<sup>nd</sup> Internal Audit was conducted on 12-14/7/2016 by QA Team for mill and both estates to cover the entire criterion stated in the standard.</p> <p>Plantation Advisor visit at Ong Yah Ho Estate and Gomantong Estate were conducted on August 2016 by Mr. Robert Yeow.</p> <p>Mechanism through PA visit &amp; Internal Audit procedure TSHR/QD/SOP03 Rev. no. 0 dated 17/8/2015:</p> <ul style="list-style-type: none"> <li>- PA visit conducted twice a year, latest visit done on 29/9/2015 ref. PA Report No. 12 (Visit September 2015) – Executive Summary &amp; Action Plan for Management</li> <li>- Internal audit conducted by sustainability team and QA team on 16-19/2/2016 by 7 internal auditors, through internal audit training and briefings on 18/12/2015</li> <li>- Management review meeting between the Group Executive Director, mill managers &amp; supporting managers conducted on 23/4/2016 and 20/8/2016.</li> </ul> <p>Internal audit for QMS conducted by QA &amp; RSPO team on 12-13/1/2016 by 7 internal auditors</p>	<p>Complied</p>
<p>4.1.3</p> <p>Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance -</p>	<p>The records of monitoring and the actions taken maintained for more than 12 months. Records were verified during the document review found compliance. Sample of records reviewed were discussed in relevant indicators in this checklist.</p>	<p>Complied</p>
<p>4.1.4</p> <p>The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -</p>	<p>The mill has records of all third party sourced FFB on daily basis. The mill is currently receives FFB from independent outside supplier and traders. All suppliers signed Letter of Declaration on Compliance to Sustainable Sourcing of FFB and ensure legality of FFB. Sighted samples of LOD between TSH and independent growers i.e. Ermayani Binti Sudirman, Ref#PI11309 and Ahmad Hussin Bin Lahaya, Ref#PI11297.</p>	<p>Complied</p>
<p><b>Criterion 4.2:</b> Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.</p>		
<p>4.2.1</p> <p>There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance -</p>	<p>SOP for Soil sampling (AGR-SOP03-01, dated 1/3/2015) and SOP for Manuring (TSHP/OPE/SOP08, dated 1/7/2016) was established. Both estates operate in accordance with the Agriculture Manual and standard operating procedures. The practices consistently monitored by estate operation management and plantation advisor. The recommendations for improvements are given to maintain the sustainable practices.</p>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance
<p>4.2.2 Records of fertiliser inputs shall be maintained. - Minor compliance -</p>	<p>Manuring programme and stock input was available and maintained accordingly by the management of Ong Yah Ho Estate for 2016.</p> <p>Fertilizers are applied as per agronomist recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators.</p> <p><u>Ong Yah Ho Estate</u> Fertilizer recommendation by Leaf and soil sampling unit for 2016 was sighted. The summary of fertilizer usage (until Oct 16) are as follow:</p> <ol style="list-style-type: none"> <li>1. Rock Phosphate: 381.3mt</li> <li>2. Kieserite: 27.95mt</li> <li>3. MOP 60% K20 : 484.53mt</li> <li>4. Sulphate of Ammonium: 929mt</li> <li>5. Ground Magnesium Limestone (GML): 475.15mt</li> <li>6. AA+MULCH:1.439mt</li> </ol> <p><u>Gomantong Estate</u> Fertilizer recommendation by Leaf and soil sampling unit for 2016 was sighted. The summary of fertilizer usage (until Oct 16) are as follow:</p> <ol style="list-style-type: none"> <li>1. Borate:0.225mt</li> <li>2. Rock Phosphate: 108mt</li> <li>3. Kieserite: 25.85mt</li> <li>4. MOP 60% K20 : 224.1mt</li> <li>5. Sulphate of Ammonium: 384.9mt</li> <li>6. NPK Green : 15.02mt</li> <li>7. Ground Magnesium Limestone (GML):171.75mt</li> </ol>	<p>Complied</p>

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Criterion / Indicator	Assessment Findings	Compliance												
<p>4.2.3</p> <p>There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance -</p>	<p>Leaf and soil nutrient analysis are commonly used in the diagnosis of fertilizer requirements in oil palms. The frequency for leaf sampling must be conduct for every year while for soil analysis, the frequency was at 5 years intervals.</p> <p>The foliar sampling (yield/foliar nutrient/fertilizing records) was established and had carried out on Jun-Nov 2015 for fertilizer recommendation 2016 by Leaf and soil sampling Unit, TSH Palm Product Sdn Bhd.</p> <p><u>Ong Yah Ho Estate</u></p> <p>Foliar analysis was conducted on 27/7- 4/8/2016 and the samples were sent to Central Laboratory (Borneo Samudera Sdn Bhd) for tested. The foliar analysis report (CL/F/2016/276-321) dated 30/08/16 was sighted.</p> <p>Soil analysis was conducted on 21/7/2014 by Central Laboratory (Borneo Samudera Sdn Bhd) for tested. The soil analysis reports (CL/S/2015/33) was sighted.</p> <p><u>Gomantong Estate</u></p> <p>Foliar analysis was conducted on 20/1/2015 and the samples were sent to Central Laboratory (Borneo Samudera Sdn Bhd) for tested. The foliar analysis report (CL/F/2015/18, CL/F/2015/35 and CL/F/2015/64) were sighted.</p> <p>Soil analysis was conducted on 29/4/2015 by Central Laboratory (Borneo Samudera Sdn Bhd) for tested. The soil analysis reports (CL/S/2015/55) was sighted.</p>	<p>Complied</p>												
<p>4.2.4</p> <p>A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance -</p>	<p>The EFB application was carried out in Ong Yah Ho Estate and the records was available during the audit.</p> <p>EFB was applied at the rate of 40mt/ha on selected area.</p> <table border="1" data-bbox="660 1317 1235 1406"> <thead> <tr> <th>Date</th> <th>Tonnage</th> <th>Type</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>Oct 16</td> <td>428.52mt</td> <td>EFB</td> <td>OYHE</td> </tr> <tr> <td>Oct 16</td> <td>690m3</td> <td>POME</td> <td>OYHE</td> </tr> </tbody> </table> <p>EFB and POME application was not done in Gomantong Estate since no recommendation by the agronomist during the time of on-site visit.</p>	Date	Tonnage	Type	Estate	Oct 16	428.52mt	EFB	OYHE	Oct 16	690m3	POME	OYHE	<p>Complied</p>
Date	Tonnage	Type	Estate											
Oct 16	428.52mt	EFB	OYHE											
Oct 16	690m3	POME	OYHE											
<p><b>Criterion 4.3:</b> Practices minimise and control erosion and degradation of soils.</p>														

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Criterion / Indicator	Assessment Findings	Compliance																
4.3.1 Maps of any fragile soils shall be available. - Major compliance -	<p>Soil map was available which was conducted on February 2016 by Kiwiheng Environmental Consultants Sdn Bhd. There were 7 types of soil at Ong Yah Ho Estate and Gomantong Estate.</p> <p>Soil series map available for both estates visited. No other soil categorised as problematic or fragile soil. Sighted the type of soil available at OYHE and GE.</p> <table border="1" data-bbox="660 607 1294 853"> <thead> <tr> <th>No.</th> <th>Type of Soil</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Kinabatangan</td> </tr> <tr> <td>2</td> <td>Sapi</td> </tr> <tr> <td>3</td> <td>Lungmanis</td> </tr> <tr> <td>4</td> <td>Rumidi</td> </tr> <tr> <td>5</td> <td>Kretam</td> </tr> <tr> <td>6</td> <td>Lokan</td> </tr> <tr> <td>7</td> <td>Bidu Bidu</td> </tr> </tbody> </table>	No.	Type of Soil	1	Kinabatangan	2	Sapi	3	Lungmanis	4	Rumidi	5	Kretam	6	Lokan	7	Bidu Bidu	Complied
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4.3.2 A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance -	<p>The slope class map was available, carried out by Kiwiheng Environmental Consultants Sdn Bhd on February 2016. There was no slope classification &gt;25degree.</p> <p>Recently at immature area (OP2015), the establishment of cover crop (<i>Mucuna Bracteata</i>) is well established. Field inspection showed groundcover with soft grass and soft weeds. There is no significant erosion risk was noted during the field visit. Terracing has been constructed to reduce the soil erosion. There are no peat soils or soil categorised as problematic or fragile soil at both estates.</p>	Complied																
4.3.3 A road maintenance programme shall be in place. - Minor compliance -	<p>Road Management Programme 2016 was established and monitored on monthly basis by Assistant Manager.</p> <p>Estates has implemented annual road maintenance programme. Example of programme checked at both Estate shows the map indicating road repairs and maintenance for the whole estate roads.</p>	Complied																
4.3.4 Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Minor compliance -	There is no peat soil at both of the estates.	Complied																
4.3.5 Drainability assessments shall be required prior to replanting on peat to determine the long-term viability of the necessary drainage for oil palm growing. - Minor compliance -	Not applicable since there is no peat soil at both estates.	Complied																
4.3.6 A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance -	There is no problem soil at both of the estates.	Complied																

**Criterion 4.4:**

Practices maintain the quality and availability of surface and ground water.

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4.4.1 An implemented water management plan shall be in place. - Minor compliance -	<p>Environment Continual Improvement Plan (2015-2020); Form no.: TSHR/ENV/F08; Effective date: 1/9/2015 Rev, 0 established as for water usage, monitoring &amp; conservation. All action done was reviewed on 17-18/10/2016.</p> <p>Analysis of raw water sample: Certificate of analysis serial no.: RS3927196775384; date: 22/9/2016 done by MY CO2 Sdn. Bhd.; Lab ref. no.: AL1609-A29429 – result shown E. Coli &amp; Total Coliform within the specification of Recommended Raw Water Quality of 5000MPN/100 ml for both parameters</p> <p>Analysis of treated water sample: Certificate of analysis serial no.: RS7163278517633958; date: 22/9/2016 done by MY CO2 Sdn. Bhd.; Lab ref. no.: AL1609-A29429 – result shown E. Coli &amp; Total Coliform within the specification of Drinking Water Quality Standards of 0/100 ml for both parameters. The result shown the content of Iron (Fe) and Manganese (Mn) were exceeding the limit. A Corrective Action Report (CAR) no.: LDPOM/CAR/ML/2016/12 was raised to improve the condition of water treatment facility by including the periodical cleaning of the overhead tank. Furthermore there will be installation of Calgon Carbon Sand Filter as upgrading of the water existing treatment facility. (Ref. PO no.: 1041046282 dated 4/10/2016).</p>	Complied
4.4.2 Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	<p>Same plan (TSHR/ENV/F08;) and EIA</p> <p>Buffer zone established as per "Syarat-syarat Alam Sekitar" as following: - Stream &gt; 40m; buffer = 50m - Stream 20 - 40m; buffer = 40m - Stream 2 - 20m; buffer = 20m - Stream &lt; 3m; buffer = 5m</p>	Complied
4.4.3 Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -	<p>Online environmental reporting (OER) for 3<sup>rd</sup> quarter submitted on 7/10/2016. Monitoring of upstream &amp; downstream river water done by KDC Laboratory on 11/10/2016; Report no.: R16/10/223 dated 18/10/2016.</p> <p>POME final discharge sampled on 19/7/2016; Report no.: R16/7/248 dated 26/7/2016 by KDC Laboratory (SAMM no.: 094); BOD level = 21mg/l; sampled on 8/6/2016; Report no.: R16/6/124 by KDC Lab; BOD level = 29mg/l; sampled on 11/5/2016; Report no.: R16/5/200 by KDC Lab; BOD level = 17mg/l</p>	Complied
4.4.4 Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	<p>Monitoring of Mill Water Use per Tonne of FFB record sighted. Sample record for Jun - Sep 2016 ratio of water/FFB processed = 1.19 – 1.33 m<sup>3</sup>/mt FFB processed.</p>	Complied
<p><b>Criterion 4.5:</b> Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p>		

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Criterion / Indicator		Assessment Findings	Compliance												
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	<p>SOP for Pest and Disease was established and 14 types of pest and disease was identified. The Integrated Pest Management Plan was established thereafter. There was including Biological Control, Cultural practices and chemical control in their plan.</p> <p>IPM Plan includes the planting of beneficial plants and control of damage by rodents. Beneficial plants such as Tunera subulata, Antigonon Leptopus and Cassia are grown in the estates. Records of planting of new areas and maintenance of existing areas of beneficial plants and location maps are available.</p> <table border="1"> <thead> <tr> <th></th> <th>Distance</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Beneficial Plant</td> <td>38.60km</td> <td>OYHE</td> </tr> <tr> <td>37.70km</td> <td>GE</td> </tr> </tbody> </table>		Distance	Estate	Beneficial Plant	38.60km	OYHE	37.70km	GE	Complied				
	Distance	Estate													
Beneficial Plant	38.60km	OYHE													
	37.70km	GE													
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance -	<p>Training records for staff and workers on IPM implementation were available and verified to be satisfactory during on-site assessment.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>2/2/16</td> <td>IPM Training</td> <td>Env. Ast. Mgr</td> <td>OYHE and GE</td> </tr> <tr> <td>11/8/16</td> <td>P&amp;D control</td> <td>Supplier</td> <td></td> </tr> </tbody> </table> <p>- IPM training for OYH estate field maintenance workers on 2/2/2016, Gomantong on 3/2/2016. Training on pest and disease control, including SOP on IPM</p>	Date	Training Topic	Trainer	Remarks	2/2/16	IPM Training	Env. Ast. Mgr	OYHE and GE	11/8/16	P&D control	Supplier		Complied
Date	Training Topic	Trainer	Remarks												
2/2/16	IPM Training	Env. Ast. Mgr	OYHE and GE												
11/8/16	P&D control	Supplier													
<b>Criterion 4.6:</b>															
Pesticides are used in ways that do not endanger health or the environment															
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Justification for all pesticides used was stated in the SOP for Pest and disease management and also in the IPM plan. The use of pesticide is specific to the target pest, weed and disease. Justification takes consideration to minimize effect on non-target species.	Complied												
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	<p>Records of pesticides used (including active ingredients used and area treated, amount of active ingredients applied per ha and number of applications) were established and monitored. The records of weeding programme and herbicide master list was sighted.</p> <table border="1"> <thead> <tr> <th></th> <th>Todate 2016</th> </tr> </thead> <tbody> <tr> <td>OYHE</td> <td>2.7855% a.i/ha</td> </tr> <tr> <td>GE</td> <td>3.7317% a.i/ha</td> </tr> </tbody> </table>		Todate 2016	OYHE	2.7855% a.i/ha	GE	3.7317% a.i/ha	Complied						
	Todate 2016														
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4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides,	The management encourage establishing biological control as per IPM plan. The implementation in the field is consistent with the SOP operation.	Complied												

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	except in specific situations identified in national Best Practice guidelines. - Major compliance -													
4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Complied												
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	Complied												
Training for both estates was conducted accordingly.														
<table border="1"> <thead> <tr> <th data-bbox="662 882 815 954">Date</th> <th data-bbox="820 882 975 954">Training Topic</th> <th data-bbox="979 882 1134 954">Trainer</th> <th data-bbox="1139 882 1294 954">Remarks</th> </tr> </thead> <tbody> <tr> <td data-bbox="662 960 815 1021">2/2/16</td> <td data-bbox="820 960 975 1021">IPM Training</td> <td data-bbox="979 960 1134 1021">Env. Ast. Mgr</td> <td data-bbox="1139 960 1294 1021">OYHE and GE</td> </tr> <tr> <td data-bbox="662 1028 815 1077">11/8/16</td> <td data-bbox="820 1028 975 1077">P&amp;D control</td> <td data-bbox="979 1028 1134 1077">Supplier</td> <td data-bbox="1139 1028 1294 1077"></td> </tr> </tbody> </table>		Date	Training Topic	Trainer	Remarks	2/2/16	IPM Training	Env. Ast. Mgr	OYHE and GE	11/8/16	P&D control	Supplier		
Date	Training Topic	Trainer	Remarks											
2/2/16	IPM Training	Env. Ast. Mgr	OYHE and GE											
11/8/16	P&D control	Supplier												
4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	Complied												
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance -	Complied												
4.6.8	Pesticides shall be applied aially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance -	Complied												
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated, including provision of appropriate information materials (see Criterion 4.8). - Minor compliance -	Not applicable												

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Criterion / Indicator	Assessment Findings	Compliance																																	
4.6.10 Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance -	Proper disposal of waste material are carried out as per the company procedures. The procedures are fully understood by workers and managers. Workers interview reveal that they are aware of the zero burning policy including domestic waste are not allowed to be burned. Management of waste material disposal such as empty chemical container as in accordance with scheduled waste and domestic waste regulations and guidelines.	Complied																																	
4.6.11 Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	<p>Annual medical surveillance for sprayers and pesticide operators were demonstrated which was conducted on 29/4/2016 by DAB OH SDN BHD.</p> <p>Medical examination programme established for 1 group of sprayer which conducted by on Sept 16.</p> <table border="1" data-bbox="662 792 1222 1155"> <thead> <tr> <th>ID No</th> <th>Date of Medical check up</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>0478</td> <td rowspan="4">29/4/16</td> <td>Fit</td> <td rowspan="4">OYHE</td> </tr> <tr> <td>2928</td> <td>Fit</td> </tr> <tr> <td>3487</td> <td>Fit</td> </tr> <tr> <td>3287</td> <td>Fit</td> </tr> <tr> <td>4187</td> <td rowspan="4">24/8/16</td> <td>Fit</td> <td rowspan="4">GE</td> </tr> <tr> <td>2869</td> <td>Fit</td> </tr> <tr> <td>1106</td> <td>Fit</td> </tr> <tr> <td>2686</td> <td>Fit</td> </tr> <tr> <td>2074</td> <td></td> <td>Fit</td> <td></td> </tr> </tbody> </table>	ID No	Date of Medical check up	Result	Estate	0478	29/4/16	Fit	OYHE	2928	Fit	3487	Fit	3287	Fit	4187	24/8/16	Fit	GE	2869	Fit	1106	Fit	2686	Fit	2074		Fit		Complied					
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4.6.12 No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance -	<p>Periodical medical check-up for all pesticides handlers were conducted consistently by the company. Specific pregnancy test was carried out by Medical Assistant of estate for the female workers.</p> <table border="1" data-bbox="662 1328 1297 1890"> <thead> <tr> <th>Employee No</th> <th>Last test</th> <th>Result</th> <th>Estate</th> </tr> </thead> <tbody> <tr> <td>0478</td> <td>7/3/16</td> <td>Not pregnant</td> <td rowspan="5">OYHE</td> </tr> <tr> <td>2928</td> <td>7/3/16</td> <td>Not pregnant</td> </tr> <tr> <td>3487</td> <td>8/9/16</td> <td>Not pregnant</td> </tr> <tr> <td>3287</td> <td>7/3/16</td> <td>Not pregnant</td> </tr> <tr> <td>4187</td> <td>7/3/16</td> <td>Not pregnant</td> </tr> <tr> <td>2869</td> <td>8/9/16</td> <td>Not pregnant</td> <td rowspan="4">GE</td> </tr> <tr> <td>1106</td> <td>8/9/16</td> <td>Not pregnant</td> </tr> <tr> <td>2686</td> <td>8/9/16</td> <td>Not pregnant</td> </tr> <tr> <td>2074</td> <td>8/9/16</td> <td>Not pregnant</td> </tr> </tbody> </table> <p>Test results shown that the MA recommended all workers are fit to work.</p>	Employee No	Last test	Result	Estate	0478	7/3/16	Not pregnant	OYHE	2928	7/3/16	Not pregnant	3487	8/9/16	Not pregnant	3287	7/3/16	Not pregnant	4187	7/3/16	Not pregnant	2869	8/9/16	Not pregnant	GE	1106	8/9/16	Not pregnant	2686	8/9/16	Not pregnant	2074	8/9/16	Not pregnant	Complied
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<b>Criterion 4.7:</b>																																			



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Criterion / Indicator	Assessment Findings	Compliance	
<p>An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:</p>			
<p>4.7.1</p>	<p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -</p>	<p>Health and Safety policy was established, dated 16/10/2015 signed by Dato’ Tan Aik Sim, Managing Director of TSH.</p> <p>The health and safety plan for Q4’ 15 to Q4’ 16 was established, updated on 24/10/2016 and approved by Estate Manager at Ong Yah Ho Estate while for LDPOM, the plan was established which was prepared by Safety and Health Officer and approved by mill manager, updated on 24/10/2016.</p> <p><b>i) Chemical Healthh Risk Assessment (CHRA)</b> The CHRA was conducted on 31/10/2012 at LDPOM by Nalco Sdn Bhd (Ong Sau Yuet-JKKP IH/127/171-2(75)). The action plan was established through the recommendation from the assessor. However, the CHRA work unit was not covered workshop, chemical store and biogas plant. Thus, <b>Major NCR</b> was raised.</p> <p>At Ong Yah Ho Estate,the CHRA was conducted on 24/2/2015 by DAB OH Sdn Bhd, Dr Mohd Azizan Abdul Aziz: JKKP HIE 127/171-2 298. The action plan was established, dated 19/10/16 through the recommendation from the assessor. The Chemical register dated 29/7/2016 was available and maintained at estate office.While at Gomantong Estate, CHRA was conducted on 22/1/13 by at by DAB OH Sdn Bhd, Dr Mohd Azizan Abdul Aziz: JKKP HIE 127/171-2 298.. The action plan was established, dated 19/10/16 through the recommendation from the assessor. The Chemical register dated 29/7/2016 was available and maintained at estate office.</p> <p><b>ii) Chemical Exposure Monitoring</b> The CEM was conducted on 22/10/2016 by Rehpro Scientific Sdn Bhd (Mr Kong Kie Ling-JKKP HIE 127/171-3/1(179)).The result-comply with the USECHH 2000 requirements.</p> <p><b>iii)Medical Surveillance</b> 16 workers were sent for medical surveillance on 27/8/2016 for those who are involved with chemical, refer to medical surveillance report by registered OHD, HQ/12/DOC/00/259 under Klinik Elopura Sdn Bhd. All the lab operators, biogas operators and workshop operators were found fit.</p>	<p>Major nonconformance</p>
		<p><b>iv) Audiometric Testing</b> Baseline audiometric testing was conducted on 11/1/2015 by Dab OH Sdn Bhd (HQ/10/DOC/00/167). Total workers tested 13. Only 3 workers we found to experience mild hearing impairment. The recommendation by doctor was to test that worker annually. JKKP 7 was sent to DOSH accordingly on 2/4/2015.</p>	

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	<p>Annual audimetric test was conducted on 10/9/2016 by Klinik Lahad Datu (Dr Renuka Saseedharan Nambiar-HQ/08/DOC/00/320). All found normal.</p> <p><b>v) LEV inspection</b> The inspection was conducted on 30/6/2016 by Hygiene Tech 2 (JKKP HIE 127/171-3/2(205)). The assessor recommends inspecting the system not more than 1 year.</p>		
4.7.2	<p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -</p>	<p>HIRADC procedure was established (TSHR/OSH/SOP01 dated 1/9/2015).</p> <p>At Ong Yah Ho Estate and Gomantong Estate, HIRADC was established and all the activities were registered in the HIRADC which was updated on 25/10/16.</p> <p>The HIRADC was established and all the activities were registered in the HIRADC on 21/10/2016 and reviewed on 19/10/2015 by LDPO management.</p> <p>Eg: Weighbridge, Ramp, Threshing Station, Pressing Station, Clarification, Nut Cracking Station, Kernel Plant, Kernel Storage, CPO Storage, Boiler Station, Engine room, workshop, General-cleaning and others, Store, EFB Press, Laboratory, WTP, WWTP, Sterilizer, EFB Shredder , Chemical hazards - Welding activity, Lab (oil extraction), Confined space hazards (maintenance of pressure vessel), Rotating equipment (airlocks, nut cracker),biogas plant, and Chemical hazards - Manuring, spraying, chemical mixing, triple rinse , Drainage and irrigation, Harvesting, Pruning and raking, roads and bridges, weeding and manuring, workshop, replanting and nursery, BAIC evacuation etc.</p>	Complied

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<p>4.7.3</p> <p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Minor compliance -</p>	<p>Training Scheduled (Objective and Target) for 2016 was established. Awareness and training programme had been carried out. All workers involved had been adequately trained in safe working practices. The objective was to ensure all workers involved have been adequately trained in understanding MSDS, safe working practices and the correct use of PPE. Suitable PPE has been provided to the workers based on the information in the MSDS/CSDS and CHRA assessor’s recommendation.</p> <table border="1" data-bbox="659 678 1273 1753"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>21/10/16</td> <td>HIRADC at Biogas</td> <td>SHO</td> <td rowspan="7">LDPOM</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>5/10/16</td> <td>Hazard Zone</td> <td>SHO</td> </tr> <tr> <td>5/10/16</td> <td>Confine space</td> <td>SHO</td> </tr> <tr> <td>21/10/16</td> <td>SDS and Lab SOP</td> <td>SHO</td> </tr> <tr> <td>28/10/16</td> <td>Emergency situation</td> <td>SHO</td> </tr> <tr> <td>21/10/16</td> <td>PPE</td> <td>SHO</td> </tr> <tr> <td>3/10/16</td> <td>Spraying</td> <td>Staff</td> <td rowspan="10">GE</td> </tr> <tr> <td>7/10/16</td> <td>Driver Handling</td> <td>Staff</td> </tr> <tr> <td>11/8/16</td> <td>P&amp;D</td> <td>Supplier</td> </tr> <tr> <td>13/10/16</td> <td>Harvesting</td> <td>AM</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>5/5/16</td> <td>Pre-Mix</td> <td>SHO</td> </tr> <tr> <td>5/5/16</td> <td>Manuring</td> <td>SHO</td> </tr> <tr> <td>5/5/16</td> <td>SOP for Sprayer</td> <td>SHO</td> </tr> <tr> <td>9/3/16</td> <td>Housekeeping</td> <td>SHO</td> </tr> <tr> <td>11/8/16</td> <td>P&amp;D</td> <td>Supplier</td> </tr> <tr> <td>12/10/16</td> <td>Spraying</td> <td>QM (Plantation)</td> <td rowspan="9">OYHE</td> </tr> <tr> <td>26/8/16</td> <td>Workshop</td> <td>SHO</td> </tr> <tr> <td>12/10</td> <td>Manuring</td> <td>QM (Plantation)</td> </tr> <tr> <td>12/10/16</td> <td>PPE</td> <td>QM (Plantation)</td> </tr> <tr> <td>23/3/16</td> <td>Pre-Mix</td> <td>SHO</td> </tr> <tr> <td>10/3/16</td> <td>Pesticide Handling</td> <td>Cadet Planter</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>21/3/16</td> <td>Evacuation Drill</td> <td>SHO</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Remarks	21/10/16	HIRADC at Biogas	SHO	LDPOM	14/10/16	First Aid	MA	5/10/16	Hazard Zone	SHO	5/10/16	Confine space	SHO	21/10/16	SDS and Lab SOP	SHO	28/10/16	Emergency situation	SHO	21/10/16	PPE	SHO	3/10/16	Spraying	Staff	GE	7/10/16	Driver Handling	Staff	11/8/16	P&D	Supplier	13/10/16	Harvesting	AM	14/10/16	First Aid	MA	5/5/16	Pre-Mix	SHO	5/5/16	Manuring	SHO	5/5/16	SOP for Sprayer	SHO	9/3/16	Housekeeping	SHO	11/8/16	P&D	Supplier	12/10/16	Spraying	QM (Plantation)	OYHE	26/8/16	Workshop	SHO	12/10	Manuring	QM (Plantation)	12/10/16	PPE	QM (Plantation)	23/3/16	Pre-Mix	SHO	10/3/16	Pesticide Handling	Cadet Planter	14/10/16	First Aid	MA	21/3/16	Evacuation Drill	SHO	<p>Complied</p>
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<p>4.7.4</p> <p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -</p>	<p>OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken form workplace inspection report etc. The discussion on the accident review, workplace inspection, issues from workers, training has been discussed and action to be taken. There was no major issue.</p> <p><b>Lahad Datu Palm Oil Mill</b> SHC organization chart for 2016 i) Chairman – Hamidi Taib (Mill Manager) ii) Secretary – Ridzuan Aduring (#3: 19/10/16, #2: 22/7/16,#1:28/1/16)</p> <p><b>Ong Yah Ho Estate and Gomantong Estate</b> SHC organization chart for 2016 i) Chairman – Mr Rames K (Estate Manager) ii) Secretary – Pn. Rohana Parilla (SHO) (#3: 26/8/16, #2:26/5/16,#1:26/2/16)</p>	<p>Complied</p>
<p>4.7.5</p> <p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance -</p>	<p><u>Ong Yah Ho/Gomantong Estate and LDPOM</u></p> <p>Emergency Preparedness and Response Procedure (TSHR/OSH/SOP06 dated 4/7/2016) was established. Fire drill was last conducted on 30/7/2016 (LDPOM) to test the state of readiness during emergency situation.</p> <p>All first aiders were trained and assigned at respective stations/areas. First aiders were available and interviewed during the site visit at OP94E (Spraying), OP12 (Harvesting) and Boiler Station, Grading Ramp and Lab.</p> <p>Record of accidents was monitored in the Annual-Accident/Incident/First Aid Case/Fire Case report. The JKPP 8 for 2015 was prepared and sent to DOSH on 11/1/2016 by Ong Yah Ho Estate. While for the LDPOM, JKPP8 for 2015 was sent on 27/1/2016.</p> <p><u>LDPOM</u></p> <ol style="list-style-type: none"> <li>18/10/16-Accident at Laboratory, MC 14 days, Accident report was prepared on 20/10/2016 by SHO. JKPP 6 was send to DOSH on 20/10/2016 by Mill Manager. The accident report was sighted during the audit.</li> </ol>	<p>Complied</p>

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4.7.6	All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance -	<p>Medical care is provided to all the employees. Local workers are covered under SOCSO scheme while foreign workers are covered under foreign workers compensation scheme.</p> <table border="1"> <thead> <tr> <th>Insurance</th> <th>Period</th> <th>Remark</th> </tr> </thead> <tbody> <tr> <td>SOCSO</td> <td>Aug 16, Sept 16,</td> <td>LDPOM</td> </tr> <tr> <td>Allianz (Policy: 16WTW700182)</td> <td>18/6/16- 17/6/16</td> <td></td> </tr> <tr> <td>SOCSO</td> <td>Aug 16, Sept 16</td> <td>GE</td> </tr> <tr> <td>Allianz (Policy: 15WTW700353)</td> <td>5/11/15- 4/11/2016</td> <td></td> </tr> <tr> <td>SOCSO</td> <td>Aug 16, Sept 16</td> <td>OYHE</td> </tr> <tr> <td>Allianz (Policy: 16WTW700265)</td> <td>6/9/16-5/9/17</td> <td></td> </tr> </tbody> </table>	Insurance	Period	Remark	SOCSO	Aug 16, Sept 16,	LDPOM	Allianz (Policy: 16WTW700182)	18/6/16- 17/6/16		SOCSO	Aug 16, Sept 16	GE	Allianz (Policy: 15WTW700353)	5/11/15- 4/11/2016		SOCSO	Aug 16, Sept 16	OYHE	Allianz (Policy: 16WTW700265)	6/9/16-5/9/17		Complied
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4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance -	<p>All the injuries were recorded in the Total Accident/Incidents with and without lost days report.</p> <table border="1"> <thead> <tr> <th>Year</th> <th>LDPOM</th> <th>OYH Estate</th> <th>GE</th> </tr> </thead> <tbody> <tr> <td>2015</td> <td>0</td> <td>13</td> <td>2</td> </tr> <tr> <td>2016 (as at Sept 16)</td> <td>17</td> <td>13</td> <td>9</td> </tr> </tbody> </table> <p>*LTA is equivalent to lost man days</p>	Year	LDPOM	OYH Estate	GE	2015	0	13	2	2016 (as at Sept 16)	17	13	9	Complied									
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<p><b>Criterion 4.8:</b> All staff, workers, smallholders and contract workers are appropriately trained.</p>																								

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<p>4.8.1</p> <p>A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme.</p> <p>- Major compliance -</p>	<p>Training procedure: TSHR/TD/SOP3 Rev. 0, dated 1/1/2016. Training program established since April 2015 covering all operations and level of employment within the group including RSPO requirements. Training attendance form used as record (TSHR/TD/F01</p> <p>Training Scheduled (Objective and Target) for 2016 was established. Awareness and training programme had been carried out.</p> <table border="1" data-bbox="659 696 1273 1771"> <thead> <tr> <th>Date</th> <th>Training Topic</th> <th>Trainer</th> <th>Remarks</th> </tr> </thead> <tbody> <tr> <td>21/10/16</td> <td>HIRADC at Biogas</td> <td>SHO</td> <td rowspan="7">LDPOM</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>5/10/16</td> <td>Hazard Zone</td> <td>SHO</td> </tr> <tr> <td>5/10/16</td> <td>Confine space</td> <td>SHO</td> </tr> <tr> <td>21/10/16</td> <td>SDS and Lab SOP</td> <td>SHO</td> </tr> <tr> <td>28/10/16</td> <td>Emergency situation</td> <td>SHO</td> </tr> <tr> <td>21/10/16</td> <td>PPE</td> <td>SHO</td> </tr> <tr> <td>3/10/16</td> <td>Spraying</td> <td>Staff</td> <td rowspan="10">GE</td> </tr> <tr> <td>7/10/16</td> <td>Driver Handling</td> <td>Staff</td> </tr> <tr> <td>11/8/16</td> <td>P&amp;D</td> <td>Supplier</td> </tr> <tr> <td>13/10/16</td> <td>Harvesting</td> <td>AM</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>5/5/16</td> <td>Pre-Mix</td> <td>SHO</td> </tr> <tr> <td>5/5/16</td> <td>Manuring</td> <td>SHO</td> </tr> <tr> <td>5/5/16</td> <td>SOP for Sprayer</td> <td>SHO</td> </tr> <tr> <td>9/3/16</td> <td>Housekeeping</td> <td>SHO</td> </tr> <tr> <td>11/8/16</td> <td>P&amp;D</td> <td>Supplier</td> </tr> <tr> <td>12/10/16</td> <td>Spraying</td> <td>QM (Plantation)</td> <td rowspan="8">OYHE</td> </tr> <tr> <td>26/8/16</td> <td>Workshop</td> <td>SHO</td> </tr> <tr> <td>12/10</td> <td>Manuring</td> <td>QM (Plantation)</td> </tr> <tr> <td>12/10/16</td> <td>PPE</td> <td>QM (Plantation)</td> </tr> <tr> <td>23/3/16</td> <td>Pre-Mix</td> <td>SHO</td> </tr> <tr> <td>10/3/16</td> <td>Pesticide Handling</td> <td>Cadet Planter</td> </tr> <tr> <td>14/10/16</td> <td>First Aid</td> <td>MA</td> </tr> <tr> <td>21/3/16</td> <td>Evacuation Drill</td> <td>SHO</td> </tr> </tbody> </table>	Date	Training Topic	Trainer	Remarks	21/10/16	HIRADC at Biogas	SHO	LDPOM	14/10/16	First Aid	MA	5/10/16	Hazard Zone	SHO	5/10/16	Confine space	SHO	21/10/16	SDS and Lab SOP	SHO	28/10/16	Emergency situation	SHO	21/10/16	PPE	SHO	3/10/16	Spraying	Staff	GE	7/10/16	Driver Handling	Staff	11/8/16	P&D	Supplier	13/10/16	Harvesting	AM	14/10/16	First Aid	MA	5/5/16	Pre-Mix	SHO	5/5/16	Manuring	SHO	5/5/16	SOP for Sprayer	SHO	9/3/16	Housekeeping	SHO	11/8/16	P&D	Supplier	12/10/16	Spraying	QM (Plantation)	OYHE	26/8/16	Workshop	SHO	12/10	Manuring	QM (Plantation)	12/10/16	PPE	QM (Plantation)	23/3/16	Pre-Mix	SHO	10/3/16	Pesticide Handling	Cadet Planter	14/10/16	First Aid	MA	21/3/16	Evacuation Drill	SHO	<p>Complied</p>
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4.8.2 Records of training for each employee shall be maintained. - Minor compliance -	<p>Records of training was maintained at mill and estate office. Sample of training conducted:</p> <ul style="list-style-type: none"> <li>- IPM training for OYH estate field maintenance workers on 2/2/2016</li> <li>- Sexual harassment training 3/3/2016 for gender committee of OYH and Gomantong estates</li> <li>- EIA &amp; HCV report briefing on 28/6/2016 for OYH estate management staff &amp; executives</li> <li>- First aid kit tools training for OYH workers &amp; staff of OYH estate on 19/2/2016</li> <li>- Training of first aid tools first aider done 14/10/2016</li> </ul> <p>Mill:</p> <p>Course for Certified Environmental Professional in the Operation of Palm Oil Mill Effluent Treatment System (CEPPOMETS) dated 1-6/8/2016 at Enviro Academy Sdn. Bhd. training for Biogas Engineer</p>	Complied
<b>Principle 5: Environmental responsibility and conservation of natural resources and biodiversity</b>		
<b>Criterion 5.1:</b> Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.		
5.1.1 An environmental impact assessment (EIA) shall be documented. - Major compliance -	<p>TSHRSB Environmental Aspect and Impact Assessment Sheet; Form. No.: TSHR/ENV/F01; Effective date 1/9/2015 Rev. 0</p> <p>Environmental Impact Assessment studies were conducted in October and November 2015 as following title:</p> <p>Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate and Gomantong Estate on Land Title Nos. CL095327218 and CL095310731, in the District of Kinabatangan, Sabah by TSH Resources Berhad. EIA studies were done and reported by Kiwiheng Environmental Consultants Sdn. Bhd. dated March 2016.</p> <p>Surat Akujanji Selaras dengan Peruntukan Seksyen 12E(1), Enakmen Perlindungan Alam Sekitar 2002 between TSH Resources Berhad and Sabah Environmental Protection Department dated on 26/9/2016.</p>	Complied
5.1.2 Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance -	<p>The continuous implementation of the improvements activities were checked during the field and document audit. The environmental management plan has been established based on report to monitor the identified HCV areas and significant activities that give impacts on environment.</p> <p>POM-Environmental Impact Plan review with specific staff and executive have been appointed to do the monitoring to ensure the plan is effectively implemented</p>	Complied
5.1.3 This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the	An Environmental Pollution Prevention Plan (TSHR/ENV/F08; Rev. 0 Dated 1/9/2015 Environmental Continual Improvement Plan) enlisted environmental issue/Improvement plan/Location /PIC time bound. This	Complied

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<p>effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance -</p>	<p>environmental improvement plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and will be review on annual basis to reflect the results of monitoring operational changes that may have positive and negative environmental impacts.</p>		
<p><b>Criterion 5.2:</b> The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and and operations managed to best ensure that they are maintained and/or enhanced.</p>			
5.2.1	<p>Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -</p>	<p>Internal TSH competent personnel conducted Biodiversity assessment &amp; HCV identification within Lahad Datu POM and estates landholdings. Report was prepared by the sustainability team; in-line with the report of EIA i.e. Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate and Gomantong Estate on Land Title Nos. CL095327218 and CL095310731, in the District of Kinabatangan, Sabah. The objective of this assessment is having additional ground check on the existing identified HCV area done on 2007 in order to be detailed and accurate in database and mapping. A total of 19ha HCV set-aside area was identified within OYH.</p>	Complied
5.2.2	<p>Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -</p>	<p>Regular patrols within the operating unit estates were carried out and findings recorded by the respective Estate executives to monitor the Conservation, buffer zone areas and HCV areas. No operation being carried out at the designated areas. Mechanism for reporting the sightings of various types of wildlife, were found to have been in place. Monitoring and control of any illegal hunting, fishing or collecting activities was also implemented. Signage's that prohibit hunting, fishing and water polluting activities were verified on-site at the both visited estates found to have been satisfactorily maintained.</p>	Complied
5.2.3	<p>There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance -</p>	<p>The program to regularly educate the workforce and community about the status of these RTE species are also established with on-going consultation with the relevant authorities. Initial EIA &amp; HCV report briefing was done on 28/6/2016 for all Lahad Datu POM and estates management staff &amp; executives.</p>	Complied
5.2.4	<p>Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. - Minor compliance -</p>	<p>Management plans were established and monitoring outcomes were reviewed by the estate managers. There are no reported RTE within Lahad Datu POM and estates operating units, as reported in the Biodiversity Report. Biodiversity action plan as following: - Maintenance of riparian buffer zone – training of sprayers, signage maintenance, patrols  - Maintenance of areas bordering to Agriculture Department land– training of all workers and staff, signage, patrols &amp; animal sightings record</p>	Complied



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	- PND biological control – planting of beneficial plant – tunera subulata, cassia cobanensis, antigonon leptopus, euphorbia heterophylla – continuous	
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance -	Complied
<b>Criterion 5.3:</b> Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.		
5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance -	Complied
5.3.2	All chemicals and their containers shall be disposed of responsibly. - Major compliance -	Complied
5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -	Minor nonconformance
<b>Criterion 5.4:</b> Efficiency of fossil fuel use and the use of renewable energy is optimised.		
5.4.1	A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance -	Complied
<b>Criterion 5.5:</b>		

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Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.			
5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Based on the annual replanting programme established for Ong Yah Ho Estate, no replanting programme for the next 12 years. The replanting will take place on 2022 and will be completed on 2027 and the palm will be felled and chipped as per TSH SOP. For Gomantong Estate, visit to the field area confirmed no signs of burning were noted within the replanted area.	Complied
5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance -	Based on the annual replanting programme established for Ong Yah Ho Estate, no replanting programme for the next 12 years. The replanting will take place on 2022 and will be completed on 2027 and the palm will be felled and chipped as per TSH SOP. For Gomantong Estate, visit to the field area confirmed no signs of burning were noted within the replanted area.	Complied
<b>Criterion 5.6:</b> Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			
5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	Based on ST-POL08-00 Environmental Policy Endorsed by MD. Assessment results the identification of emissions captured from vehicles movement, fossil fuel use, boiler and effluent treatment.	Complied
5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance	Significant pollutants identified based on TSHRSB List of Significant Aspect; Form. No.: TSHR/ENV/F02; Effective date 1/9/2015 Rev. 0 including methane emission from POME treatment. The methane capture facility together with biogas engine has been installed as the plan to utilize renewable energy while reduce and minimize the GHG emission.	Complied
5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance -	Dust emission monitoring report for Boiler No. 1 1st half year 2016; Report ref. no.: RS/STACK/16-34; Sampling date: 25/5/2016; Report Date: 20/6/2016 done by Rehpro Solutions. Result of sampling = 0.349g/Nm <sup>3</sup> . Previous monitoring done on 23/12/2015; Report ref. no.: RS/STACK/15-080 dated 25/1/2016. Boiler No. 2 monitoring last done on 5/6/2015; Report ref no.: HK/STACK/15-018 by HK.	Complied
<b>Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers.</b>			
<b>Criterion 6.1:</b> Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	TSH carried out its' 1 <sup>st</sup> Social Impact Assessment (SIA) in October 2015 and was with participation of the local community. SIA was based on the proposed replanting of 3007 Hectares Oil Palm Plantation at both Ong Yah Ho and Gomantong Estate. The consultation meetings with internal and external stakeholders was planned accordingly and carried out at the	Complied

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	<p>Ong Ya Ho Estate, Gomantong Estate and the Miil site. External stakeholder meeting was done collectively on 31/10/2016 with an attendance of 23 people. Latest external Stakeholder meeting was completed on 21/7/2016.</p> <p>Continuous improvement plans were in place and the Social Continual Improvement Plan was reviewed and updated based on input received during stakeholder meetings carried out. The meeting was conducted separately(external &amp; internal)and attended by internal stakeholders (staffs/workers) and external stakeholders (contractors, police authorities, small holders, fire department, transporters, neighbouring estates, and local village representatives)</p> <p>Record of meeting with attendance list and minute of meeting were available/recorded. There were negative issues raised during the stakeholders meetings. Sampled negative issues raised;</p> <ol style="list-style-type: none"> <li>1. Donation to schools request, closed in Oct2017</li> <li>2. Donation for cemeteries, closed in Oct2017</li> <li>3. Entry of TSH worker to other village, on-going for monitoring purposes.</li> </ol> <p>Most discussions were closed and revisited on an annual basis. It was noted that Village heads would report abnormalities if any (with regards to any bad activities) and to liase with TSH management if needed to. Entry of workers were mainly for them to purchase wet food such as fish or to visit relatives. Discussions were recorded in the Social Action Plan for Stakeholders and monitored with timelines for closures.</p>	
6.1.2	<p>There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -</p>	Complied
6.1.3	<p>Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -</p>	Complied

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6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	The mill and estates has planned to review the plans at least once a year for follow-up and updating to current practices and implementation. Person responsible and targeted completion dates were monitored accordingly by mill and estates.  Complied
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	No smallholder schemes within the company. However local independent smallholders were indentified and took part in the stakeholder meetings . Most Smallholders were supplying FFBs to the TSH mill. FFB Supplier List updated on 21/10/2016.  Complied
<b>Criterion 6.2:</b> There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.		
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	Consultation and communication procedure is in place, TSHR/RSPO/SOP02, Rev1. Sighted process flow for communication & consultation.  Complied
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The mill and estates have appointed the Managers as the management official for any social issues. Appointment letters were in place to reflect appointment.  1. At Mill – Mill Manager, Letter dated 22/7/2016 2. At OYH Estate – Estate Manager, Letter dated 22/7/2016 3. At Gomantong Estate – Senior A.M , Letter dated 22/7/2016  Complied
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	The mill and estates have an updated list of stakeholders updated on Oct 2016. List of stakeholders were separated by internal and external representatives accordingly. Stakeholder meeting minutes and follow up actions in place for records purposes  Complied
<b>Criterion 6.3:</b> There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all effected parties.		

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6.3.1	<p>The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested.</p> <p>- Major compliance -</p>	<p>Documented procedures are available in Mill and Estates System which is effective, timely, appropriate and open to any affected parties.</p> <p>1. Employee Grievance Procedure, TSHR/HR/SOP06, Rev0 2. Information Request, TSHR/LDPOM/RSPO/WI01, Rev0</p> <p>The complaint and grievances is open to effected parties including internal and external stakeholders. Sighted complaints registered in a stakeholder registration forms for complaints. Complaints registered were tended to by the respective management representative for further actions and signed off by complaint person for closure. Corrective Action Reports(CAR) created for investigation and closures of issues raised.</p>	Complied
6.3.2	<p>Documentation of both the process by which a dispute was resolved and the outcome shall be available.</p> <p>- Major compliance -</p>	<p>Employee Grievance Procedure (TSHR/HR/SOP06) and Information Request (TSHR/LDPOM/RSPO/WI01). Stakeholder meetings are held regularly to identify and give opportunity to stakeholders to complaint or raise disputes. Issues are discussed and consensual agreements reached during stakeholder meetings. Follow-up actions had responsibilities, evidence for closure and details of actions were included in the CARs and monitored by managers for satisfactory conclusion. Minutes of meetings are maintained and reviewed for follow ups and closures.</p>	Complied
<p><b>Criterion 6.4:</b> 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.</p>			
6.4.1	<p>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>- Major compliance -</p>	<p>Procedure to identify legal and customary rights as well as people entitled to compensation has been established- titled Legal, Customary Rights &amp; Compensation, TSHR/RSPO/SOP03, Rev1. There have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.</p>	Complied
6.4.2	<p>A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>- Minor compliance -</p>	<p>Procedure for Legal , Customary Rights &amp; Compensation, TSHR/RSPO/SOP03, Rev1 and Equal Opportunity &amp; Discrimination , TSHR/POL/SOP03, Rev. no.: 0 sighted in place. However there have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.</p>	Complied
6.4.3	<p>The process and outcome of any negotiated agreements and compensation claims shall be</p>	<p>No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders sighted at time of audit.</p>	Complied

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documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance -			
<b>Criterion 6.5:</b> Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			
6.5.1	Documentation of pay and conditions shall be available. - Major compliance -	Interview with employees and workers from local and foreign country reveal that they understand details and deductions outlined on their pay slips. Payroll checks confirm that correct remuneration was paid for standard hours as well as for any overtime hours worked.  Employee's payslip reviewed ; <ol style="list-style-type: none"> <li>1. Worker ID:01-0671, TSH mill</li> <li>2. Worker ID:01-0674, TSH mill</li> <li>3. Worker ID:05-0679, TSH mill</li> <li>4. Worker ID:PL00128,TSH mill</li> <li>5. Worker ID:07-0591, Estate</li> <li>6. Worker ID:07-2236, Estate</li> <li>7. Worker ID:07-0685, Estate</li> <li>8. Worker ID:07-0769, Estate</li> <li>9. Worker ID:01-2689, Estate</li> <li>10. Worker ID:02-2553, Estate</li> </ol> Salaries for the month of August/September 2016 was checked and verified shows the basic pay, allowances and incentives were paid and deduction for EPF, SOCSO, Passport, Insurance (foreigner), Levy are clearly stated. The minimum wages of RM 920 set by the Malaysian government has been implemented. No unlawful deductions were made and workers were aware of the deducted amount in the payslips	Complied

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<p>6.5.2</p> <p>Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.</p> <p>- Major compliance -</p>	<p>Pay and conditions are documented and according to the Federal Government Gazette, Minimum Wages Order 2016(29/4/2016). Local Sabah laws i.e. the Labour Ordinance (Sabah CA.67) were being used as guidance which also safeguard the interest of workers in the absence of Union and Union Agreements within the company although the workers were given freedom of association. Appointment letters for local workers were sighted in place. Contract of foreign workers were available for review. Sample checked;</p> <ol style="list-style-type: none"> <li>1. Employee No.: 2236, contract validity till 4/6/2017</li> <li>2. Employee No.: 0685, contract validity till 3/10/2017</li> <li>3. Employee No.: 0591, contract validity till 4/6/2017</li> <li>4. Employee No.: 0769, contract validity till 27/12/2016</li> <li>5. Employee No.: 2689, contract validity till 23/10/2017</li> </ol> <p>Contracts was reviewed on a 12 months basis contract period. There were no expired contracts and work permits sighted from the sampled interviewed employees during the audit at mill and estates.</p> <p>Further verification for insurance coverage indicated that all local and migrant workers were insured. For the local employees, SOCSO was paid and for the foreign workers, FWCS(Foreign Worker’s Compensation Scheme) was paid. Insurance payments were made by the management. Insurance coverage period were valid at time of audit.</p> <ol style="list-style-type: none"> <li>1. OYH collective FWCS insurance period validity period : 10/12/2015 to 9/12/2016.</li> <li>2. Gomantong collective FWCS insurance period validity period: 5/11/2015 to 4/11/2016.</li> </ol>	<p>Complied</p>
<p>6.5.3</p> <p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>- Minor compliance –</p>	<p>The standard of housing provided for workers and their families meets the basic requirements of the government regulations, Act 446 Workers’ Minimum Standards Of Housing And Amenities Act 1990(as a guide) . TSH Mill and estates has provided the minimum basic housing facilities. Electricity is subsidized and water is supplied at no charge. Water to housing was self-treated water where the treated water undergoes monitoring by the mill management. The last test conducted on 22/9/2016 with Certificate#RS7163278517633958 that shows the result was meeting the domestic drinking water standard of Malaysia. Test were conducted at the Lab of myCo2 labs.</p> <p>Free medical treatment and medication was provided for workers and their dependents by the clinic operated by Estate Health Medical Nurse. Free transport is provided for children to attend a local school. This was verified with the workers during interviews at sites.</p> <p>A Child Care Centre is available for children of workers called Creache. The children at the Care Centre were provided provided with milk drinks and biscuits by the parents.</p>	<p>Complied</p>

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	<p>The school for foreign children workers is operating in OYH Estate to support children from surrounding estates(Gomatong &amp; OYH) and the mill. Current school has 2 teachers. TSH Management had provided a proper facility building.</p> <p>At Gomantong Estate, the Creache was available and facility was managed by the estate .</p> <p>Weekly inspection of workers’ housing, community hall, care centre, school(trailed back 4 latest inspection reports at sites- 28/9/2016 , 7/10/2016, 13/10/2016 and 21/10/2016) completed by the clinic assistant;</p> <ol style="list-style-type: none"> <li>1. TSH Mill Housing</li> <li>2. OYH Housing Estate</li> <li>3. Gomantong Housing Estate</li> </ol>	
6.5.4	<p>Growers and millers shall make demonstrable efforts to monitor and improve workers’ access to adequate, sufficient and affordable food.            - Minor compliance –</p>	<p>Access to food for the workers are considered adequately and sufficiently provided through provision shops available in each estate and mill site. Sighted canteens/provision shops at estates and mill. Reviewed current prices monitored by the company on monthly basis and interview with local staff and foreign staff indicated that the services / food pricess at the canteen and shops were convenient and affordable.</p> <p>Complied</p>
<p><b>Criterion 6.6:</b>            The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>		
6.6.1	<p>A published statement in local languages recognising freedom of association shall be available.            - Major compliance -</p>	<p>Policy on Freedom of Association is in place dated 16/10/2015. Policy reflected the Work Act 1955. Procedure Equal Opportunity &amp; Discrimination, TSH/POL/SOP03, Rev0 in place.</p> <p>Complied</p>
6.6.2	<p>Minutes of meetings with main trade unions or workers representatives shall be documented.            - Minor compliance -</p>	<p>Local and foreign workers are member of the Gender Committee, Welfare Committees Safety Health Committee. Mills and estates had their internal meetings and activities for the committees. Meeting minutes were recorded according with action items in place.            Reviewed latest Welfare Committee meeting conducted on 26/8/2016. Welfare committee meetings were conducted on a 3 months basis.</p> <p>Complied</p>
<p><b>Criterion 6.7:</b>            Children are not employed or exploited.</p>		
6.7.1	<p>There shall be documentary evidence that minimum age requirements are met.            - Major compliance -</p>	<p>The minimum working age is 16 under the National Labour Law. Company policy is to only hire persons over the age of 18. This is reflected in the Procedure Child Labour, TSHR/POL/SOP07, Rev0. Malaysian workers have to provide ID card - foreign workers provide passports. Inspection of employment records confirmed checks are made of staff and worker age before hiring. During field visit, children were not seen at any of the working place at both mill and estates. Interview with workers confirmed the understanding of company policy on children workers.</p> <p>Complied</p>
<p><b>Criterion 6.8:</b></p>		



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Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance -	A policy on equal opportunity available and displayed at the offices along with the other policies. Policy is known as the Equal Opportunity & Discrimination. Policies were in dual language (English & Malay)	Complied
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance -	Foreign workers are with contracts on a 1 year review. Local workers are on a long term employment. There were no discrimination sighted at time of audit. Job opportunities and amenities such as free housing, water and electricity supplies, medical care are given to all employees without discrimination. All employees are aware of the grievance procedures / flow through the various Committees such as Gender Committee for women, foreign workers representation and worker's leader (representative), Welfare Committee to highlight their concerns and grievances if any. No grievances were highlighted to the audit team by internal and external stakeholders. Issues raised were channelled through complaint forms submitted to the mill and estate management for further actions.	Complied
6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance -	Recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. It was noted during the audit that there is no discrimination based on nationality, race, gender, age, etc. Foreign workers were accepted upon completion of medical tests and positive results from FOMEMA.	Complied
<b>Criterion 6.9:</b> There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	Policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance -	Policy on protection against Sexual Harassment available and made aware to all the women representatives at the Gender Committee meetings.  There is no any reported case of harassment in the operating units.  OYH & Gomantong estate: Gender meeting done 13/5/2016 chaired by CC resigned replaced general clerk on effective 13/6/2016.  LDPOM: Gender meeting done on 16/7/2016 chaired Gender Committee Chairperson (Chief Clerk). Minutes ref. no.: WA/2016/01.	Complied
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance -	Reproductive rights of the female workers are protected. Female employees are aware that they are entitled for two months paid maternity leave. Entitlement is same for both local and foreign workers.  Revised policy on 21/3/2016 TSHR/POL/SOP06	Complied

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<p>6.9.3</p> <p>A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>- Minor compliance -</p>	<p>TSH has developed a Procedure for Sexual Harassment, TSHR/HR/SOP05, Rev0 as a guidance for gender committee. Method of complaint is in place and the Form- Sexual Harassment Action Form.</p> <p>Sites were headed by Gender Committee representatives and supported by the respective management at sites. Committees were known as Women Committee and were supported by the TSH management.</p> <p>No negative issues were highlighted during the meetings. Proposals for women improvements were discussed for benefits of families , children immunisation and housing environment.</p> <p>Estates and mills conduct the gender committee internal meetings on a 3 month basis.</p> <ol style="list-style-type: none"> <li>1. Latest meeting at mill was done on 14/10/2016 attended by 9 members. Meeting was conducted at TSH Mill.</li> <li>2. Latest meeting for both estates was done on 13/10/2016 attended by 14 members. Meeting was conducted at OYH estate.</li> </ol> <p>Sample of grievances (grievance for TSH/GHR/GR/08/01) sighted.</p>	<p>Complied</p>
<p><b>Criterion 6.10:</b> Growers and mills deal fairly and transparently with smallholders and other local businesses.</p>		
<p>6.10.1</p> <p>Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available.</p> <p>- Minor compliance -</p>	<p>Purchase of oil palm fruit from external parties is arranged by the TSH Management. FFB pricing is based on Malaysian Palm Oil Board (MPOB) published prices as a benchmark and is updated regularly (monthly basis) and displayed at the weighbridge location/ payment counter. Records of FFB prices are maintained for monitoring purposes.</p>	<p>Complied</p>
<p>6.10.2</p> <p>Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation).</p> <p>- Major compliance -</p>	<p>TSH Mill has continued to purchase FFB from Independent Smallholders and has maintained a good relationship with them. Interview with most of the Smallholders confirmed they understood the requirements and stated they had been supplying FFB to TSH Mill continuously . The current pricing is written in the notice board near the weighbridge station at the mill and in front of the payment counter (price for Sept 2016). The latest price will be retrieved from the MPOB website and forwarded to the Group Executive Director at the HQ in Tawau for final approval before display.</p>	<p>Complied</p>
<p>6.10.3</p> <p>Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent.</p> <p>- Minor compliance -</p>	<p>All parties having mutual agreements with operating units through purchase orders and had entered their deliveries with adequate understanding of the terms and conditions set between both parties.</p> <p>On site stakeholder interviews and consultation carried out with the various contractors further confirmed their understanding of the requirements.</p>	<p>Complied</p>

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<p>6.10.4</p> <p>Agreed payments shall be made in a timely manner. - Minor compliance -</p>	<p>Review on payment records found all payment was made in timely manner. This was further verified during interviews with the respective stakeholders that were contractors, replanters, transportations, spare-parts, hardware.</p> <p>Evidence was obtained during the review;</p> <p><u>At Mill</u> The transportation and unloading;</p> <ol style="list-style-type: none"> <li>1. Grower: Ermayani Binti Sudirman, Ref#PI11309, Total Delivered: 9.48tonnes, Weighbridge Ticket#67047 , dated 21/9/2016</li> <li>2. Grower: Ahmad Hussin Bin Lahaya, Ref#PI11297, Total Delivered: 22.15tonnes, Weighbridge Ticket#67664, 67578, 67513, 67335, 67229 , dated 7-29/9/2016</li> </ol> <p><u>At OYH Estate</u></p> <ol style="list-style-type: none"> <li>1. Vendor: Trusjaya Sdn.Bhd. Material Purchased: Spray Paint, PO#1041046795, dated 25/10/2016, Invoice#IV-40582</li> <li>2. Vendor: Eliteco Marketing &amp; Services Material Purchased: Office accessories, PO#1041046737, dated 22/10/2016, Invoice#EMS04722</li> <li>3. Vendor:Palm Mach Sdn.Bhd. Services Provided: Tractor Services, PO#1041046218, dated 27/9/2016, Invoice#IV-40582</li> </ol> <p><u>At Gomantong Estate</u></p> <ol style="list-style-type: none"> <li>1. Vendor: Nature Hardware Sdn.Bhd. Material Purchased: Door Locks for Quarters, PO#02-004242, dated 6/10/2016, Invoice#I-028034</li> <li>2. Vendor: HD Business Trading Material Purchased: Thinner &amp; Door Locks, PO#02-004253, dated 27/9/2016, Invoice#IV-03386</li> <li>3. Vendor:Palm Mach Sdn.Bhd. Services Provided: Tractor Services, PO#02-004243, dated 5/9/2016, Invoice#SV193117</li> </ol> <p>All payments were disperse through cheque payments and internet banking (whichever preferred by the service providers/vendors)</p>	<p>Complied</p>
<p><b>Criterion 6.11:</b> Growers and millers contribute to local sustainable development where appropriate.</p>		
<p>6.11.1</p> <p>Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance –</p>	<p>Mill and estates make contributions for local communities surrounding when requested that are considered appropriate and approved by the head office.</p> <p>The management continues to provide free treated water supply, medical assistance, repair works, health awareness and monetary contributions.</p> <p>Corporate Social Responsibility Gantt Chart in place and captures external and internal related activities (outside</p>	<p>Complied</p>

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	<p>compound) such as Education, Micro efforts, Agricultural, Religious activities and sports.</p> <p>To date, there were no government clinics inside the estates (company clinic available for all 3 operating sites) and government water supply to TSH mill and OYH estate. Treated water was provided to both the areas (TSH Mill &amp; OYH Estate). Gomantong estate has water supply from the government. Nearest government clinic is 15 minutes away from the Mill and estates.</p>	
6.11.2	<p>Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity.</p> <p>- Minor compliance –</p>	<p>Currently the TSH management organizes trainings for smallholders on effective methods and best practices for plantation optimization. Good Agricultural Practice (GAP) has been initiated by TSH Management. Activities involved educating the smallholders on;</p> <ol style="list-style-type: none"> <li>1. 3R Awareness</li> <li>2. Zero Open Burning</li> <li>3. Good Agricultural Practices</li> </ol>
<p><b>Criterion 6.12:</b> No forms of forced or trafficked labour are used.</p>		
6.12.1	<p>There shall be evidence that no forms of forced or trafficked labour are used.</p> <p>- Major compliance -</p>	<p>Workers, staff and stakeholder interviews confirm that there is no form of forced labour or trafficked labour in the operating units (Mills and estates). All employees have employment contract and paid to the agreed national minimum wages.</p>
6.12.2	<p>Where applicable, it shall be demonstrated that no contract substitution has occurred.</p> <p>- Minor compliance –</p>	<p>No contract substitution was noted.</p>
6.12.3	<p>Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented.</p> <p>- Major compliance -</p>	<p>Equal opportunity and non-discriminatory policy is Implemented. No temporary workers were sighted during the audit. Foreign workers are treated equally as per the locals.</p>
<p><b>Criterion 6.13:</b> Growers and millers respect human rights.</p>		
6.13.1	<p>A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1).</p> <p>- Major compliance -</p>	<p>Human Rights &amp; Responsibility Business Policy in place and supported through the Procedure, Human Rights &amp; Responsible Business, TSHR/POL/SOP09, Rev0. Policy is located at the office block-at entry. The existing policy covers the necessary aspects of human rights. Employees are aware of their rights and workers, staff and management monitors to ensure no violations.</p>
6.13.2	<p>As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation.</p>	<p>TSH Management has set up the school facility (Community Learning Centre-CLC) within the estate's compound for foreign workers children. Contributions include tables/chairs, toilets, water supply, lights, fans and gated compound. An assistant teacher is allocated to the school to support the teacher from CLC.</p>
<p><b>Principle 7: Responsible development of new plantings</b></p>		

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<p><b>Lahad Datu Palm Oil Mill</b> Certification unit and supply base did not carry out any new plantings since November 2005. Therefore, Principle 7 is not applicable during this initial assessment.</p>		
<p><b>Principle 8: Commitment to continual improvement in key areas of activity</b></p>		
<p><b>Criterion 8.1:</b> Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p>		
<p>8.1.1</p>	<p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> <li>• Reduction in use of pesticides(Criterion 4.6);</li> <li>• Environmental impacts (Criteria 4.3, 5.1 and 5.2);</li> <li>• Waste reduction (Criterion 5.3);</li> <li>• Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8);</li> <li>• Social impacts (Criterion 6.1);               <ul style="list-style-type: none"> <li>• Optimising the yield of the supply base.</li> </ul> </li> </ul> <p>- Major compliance -</p>	<p>Complied</p>

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**Appendix B: Approved Time Bound Plan**

RSPO Audit & Certification						
Companies (Estate & Mill)	Mill	2015	2016	2017	2018	2019
<b>Sabah-based</b>						
				KPOM Mill + Ldg Maju Sawit		SPOM Mill
TSH Plantation Management Sdn Bhd	SPOM & KPOM		Ldg Gomantong			
TSH Resources Berhad						
TSH Palm Products Sdn Bhd						Ldg Wakuba
TSH Holding Sdn Bhd			Ldg OYH			
LKSK Sdn Bhd						Ldg LKSK
Landquest Sdn Bhd			LDPOM Mill			Ldg Landquest
TSH Plantation Sdn Bhd	LDPOM					Ldg Sabahan
<b>Indonesia-based</b>						
PT Andalas Agro Industri	AAI Mill				Kinali MILL	AWB Mill+estate
PT Andalas Wahana Berjaya	AWB Mill			PT LIN		
PT Laras Interusa						
PT Sarana Prima Multi Niaga	SPMN Mill					TSS
PT Teguh Swakarsa Sejahtera			SPMN Mill + Estate			
PT Farinda Bersaudara	FDB Mill					PT FDB MILL + Estate

Note: This schedule may be subject to change but we will endeavour to keep the final schedule as close as possible to what appears here.

**Appendix C: Certification Unit RSPO Certificate Details**

TSH Resources Berhad  
TSH Plantation Sdn. Bhd. (Lahad Datu Palm Oil Mill)  
KM 48, Lahad Datu – Sandakan Highway  
90200 Kinabatangan, Sabah, Malaysia  
RSPO membership number: 1-0173-14-000-00

BSI RSPO Certificate No. : RSPO 652155  
Date of Initial Certificate Issued: 23/03/2017  
Date of Expiry: 22/03/2022  
Applicable Standards: RSPO P&C MYNI-2014; RSPO Supply Chain Certification Standard November 2014 Module E – CPO Mills: Mass Balance)

<b>Lahad Datu Palm Oil Mill and Supply Base</b>						
Location Address	KM 48, Lahad Datu – Sandakan Highway 90200 Kinabatangan, Sabah, Malaysia					
GPS Location	118° 2' 34.7" E ; 5° 19' 29.1" N					
CPO Tonnage Total	33,173.63 mt					
PK Tonnage Total	8,742.79 mt					
CPO Claimed for Certification*	15,749.74 mt					
PK Claimed for Certification *	4,148.71 mt					
Own estates FFB Tonnage	76,828.00 mt					
Scheme Smallholder FFB Tonnage	Nil					
Non-company Suppliers FFB Tonnage – Other adjacent estates"	84,838.67 mt					
Estates	Production Area		Other use (ha)	HCV (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)				
Ong Yah Ho Estate	1,905.00	-	76.00	19.00	2,000	56,783.00
Gomantong Estate	895.00	52.00	60.00	-	1,007	20,045.00
<b>TOTAL</b>	<b>2,800.00</b>	<b>52.00</b>	<b>136.00</b>	<b>19.00</b>	<b>3,007</b>	<b>76,828.00</b>

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**Appendix D: Assessment Plan**

Date	Time	Subjects	Hafri	Hafiz	Suresh
Monday 31/10/2016	0825 - 1110	Kuala Lumpur – Kota Kinabalu Flight (MH2612 – Malaysia Airlines)	✓	✓	✓
	1210 - 1305	Kota Kinabalu – Lahad Datu (MH 3016 – Maswings)	✓	✓	✓
	1430 - 1630	Meeting with stakeholders in Lahad Datu (Authorities – DOSH, DOE, Land Office, Wildlife & National Parks etc.)	✓	✓	✓
Tuesday 01/11/2016 <b>Lahad Datu Palm Oil Mill</b>	0900 - 0930	<b>Lahad Datu Palm Oil Mill</b> Opening meeting <ul style="list-style-type: none"> <li>• Presentation by Carotino Asia CU team</li> <li>• Presentation by BSI Lead auditor – Introduction of team members and assessment agenda</li> </ul>	✓	✓	✓
	0930 - 1230	Assessment & document review of supply chain for Palm Oil Mill	✓	✓	✓
		Plant visit & observation on activities & facilities including FFB receiving, production/process, lubricants/chemical store, water treatment, boiler house, engine room, diesel storage, workshop, general/industrial/scheduled wastes store, environmental, effluent pond (POME treatment), landfill/waste dump site, POME application, housing and facility inspection, clinic, OSH & ERP & etc	✓	✓	
		Meeting and interviews with internal and external stakeholders including authorities, local communities, suppliers, vendors, , neighbours, representative of union members from staff & worker, women representative, production & maintenance team and etc.			✓
	1230 -1330	Lunch	✓	✓	✓
	1330 - 1630	Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	✓	✓	✓
	1630 -1700	Audit team discussion & end of day 1	✓	✓	✓
Wednesday 02/11/2016 <b>Gomantong Estate</b>	0900-1230	<b>Gomantong Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill & etc.	✓	✓	



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Date	Time	Subjects	Hafri	Hafiz	Suresh
		Meeting and interviews with internal and external stakeholders including authorities, local communities, suppliers, vendors, , neighbours, representative of union members from staff & worker, women representative, production & maintenance team and etc.			✓
	1230 -1330	Lunch	✓	✓	✓
	1330 - 1630	Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	✓	✓	✓
	1630 - 1700	Interim Closing briefing	✓	✓	✓
Thursday 03/11/2016	0900 - 1230	<b>Ong Yah Ho Estate</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill, , etc.	✓	✓	✓
	1230 - 1330	Lunch	✓	✓	✓
	1330 - 1630	Document review P1 – P8: (General Documentation e.g. Legal, Manual and Procedure, production & monitoring records, IPM & HCV records, SEIA documents & records, OSH records, review pay documents, records of communication with stakeholder/workers representatives, new planting, CIP and implementation etc).	✓	✓	✓
	1530 - 1630	Closing meeting <ul style="list-style-type: none"> <li>• Presentation of report by BSI Lead Auditor – briefing &amp; discussion of findings</li> <li>• Acceptance &amp; acknowledgement by TSH Palntation – Lahad Datu Palm Oil Mill &amp; Estates</li> </ul>	✓	✓	✓
Friday 04/11/2016	1110-1205	Lahad Datu – Kota Kinabalu Flight (MH 3015-Maswings)	✓	✓	✓
	1325-1550	Kota Kinabalu – Kuala Lumpur (MH 2611-Malaysia Airlines)	✓	✓	✓

**Appendix E: Stakeholders Contacted**

<p><b>Internal Stakeholders</b></p> <p>Managers and Assistants Male Mill Staff/Workers Female Mill Staff/Workers Foreign Workers Male and Female Estate workers Hospital Assistant Female Assistant at Clinic Union Representatives Gender Committee Secretary</p>	<p><b>Union/Contractors/Local Communities</b></p> <p>Joint Consultative Committee (JCC) vice chairman Kedai Nabila Grocery Shop Owner Kampung Paris 2 Village Representative Kampung Paris 3 Village Representative SK Paris 3 Administrator</p>
<p><b>Government Departments</b></p> <p>DOSH Sandakan, Sabah PTK Kinabatangan, Sabah MPOB Kinabatangan, Sabah</p>	<p><b>NGO</b></p> <p>CLC</p>

**Appendix F: Lahad Datu Palm Oil Mill Supply Chain Assessment (Module E – CPO Mills: Mass Balance)**

Requirements	Compliance
<b>E.1 Definition</b>	
<p>E.1.1 Certification for CPO mills is necessary to verify the volumes of certified and uncertified FFB entering the mill and volume sales of RSPO certified producers. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. In that scenario, the mill can claim only the volume of oil palm products produced from processing of the certified FFB as MB.</p>	<p>The Palm Oil Mill receives and process both certified and non-certified FFB. Therefore, it uses the Mass Balance supply chain system and module. During the P&amp;C assessment, the audit team verified the volumes and sources of certified and non-certified FFB entering the mill, the implementation of processing controls and volume sales of RSPO certified Products.</p>
<b>E.2 Explanation</b>	
<p>E.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the CB in the public summary of the P&amp;C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced should then be recorded in each subsequent annual surveillance report.</p>	<p>The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill is recorded in this public summary report.</p>
<p>E.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>	<p>The mill has met all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).</p>
<b>E.3 Documented procedures</b>	
<p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these requirements;</p> <p>b) The name of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.</p>	<p>Written documented procedures as established in the Roundtable of Sustainable Palm Oil (RSPO) Manual; Doc. no.: TSHR/RSPO; Rev. no.: 1; dated 12/6/2016 for the chain of custody is with Mass Balance (MB) model covering all the RSPO Supply Chain Certification Standard and Traceability for handling certified and noncertified FFB that was developed based on the latest RSPO SCCS 21 November 2014. The mill manager has the responsibility to ensure implementation assisted by the on-site compliance executive. The MB model is used because certified and noncertified (OCP crop) FFB is received and processed at Lahad Datu Palm Oil Mill.</p> <p>The mill manager and assistant manager have awareness of the supply chain system. The manager has overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements.</p>
<p>E.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.</p>	<p>The Palm Oil Mill has documented procedures for the incoming FFB, processing and outgoing palm products (CPO and PK). System available to make marking on the receiving documents to differentiate the certified and non-certified FFB received.</p>
<b>E.4 Purchasing and goods in</b>	
<p>E.4.1 The site shall verify and document the volumes of certified and non-certified FFBs received.</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Records verified by internal and external audit.</p>
<p>E.4.2 The site shall inform the CB immediately if there is a projected overproduction.</p>	<p>The facilities aware of this procedure.</p>

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E.5 Record keeping	
<p>E.5.1 a) The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.</p> <p>(b) All volumes of palm oil and palm kernel oil that are delivered are deducted from the material accounting system according to conversion ratios stated by RSPO.</p> <p>c) The site can only deliver Mass Balance sales from a positive stock. Positive stock can include product ordered for delivery within three months. However, a site is allowed to sell short.(ie product can be sold before it is in stock.)</p>	<p>Daily records are prepared at the entry point at the weighbridge. Daily summary and monthly summary documented for all the certified and non-certified FFB. Computerized system in place. Records verified by internal and external audit.</p> <p>Computerized system in place with the delivery deducted accordingly.</p> <p>The Mill aware that only positive stock can be delivered. No short selling.</p>
<p>E.5.2 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that the crush is covered through a signed and enforceable agreement</p>	<p>No outsourcing activities.</p>

**Actual Tonnage Certified Palm Production (Previous Period)**

Mill	Capacity	CPO	PK	Remarks
Lahad Datu Palm Oil Mill	60 mt/hr	Nil	Nil	Not applicable since this is a main certification assessment.

**Actual Tonnage Sales of Certified Palm Products (Previous Period)**

Mill	Certified CPO Sales	Certified PK Sales	Remarks
Lahad Datu Palm Oil Mill	Nil	Nil	Not applicable since this is a main certification assessment.

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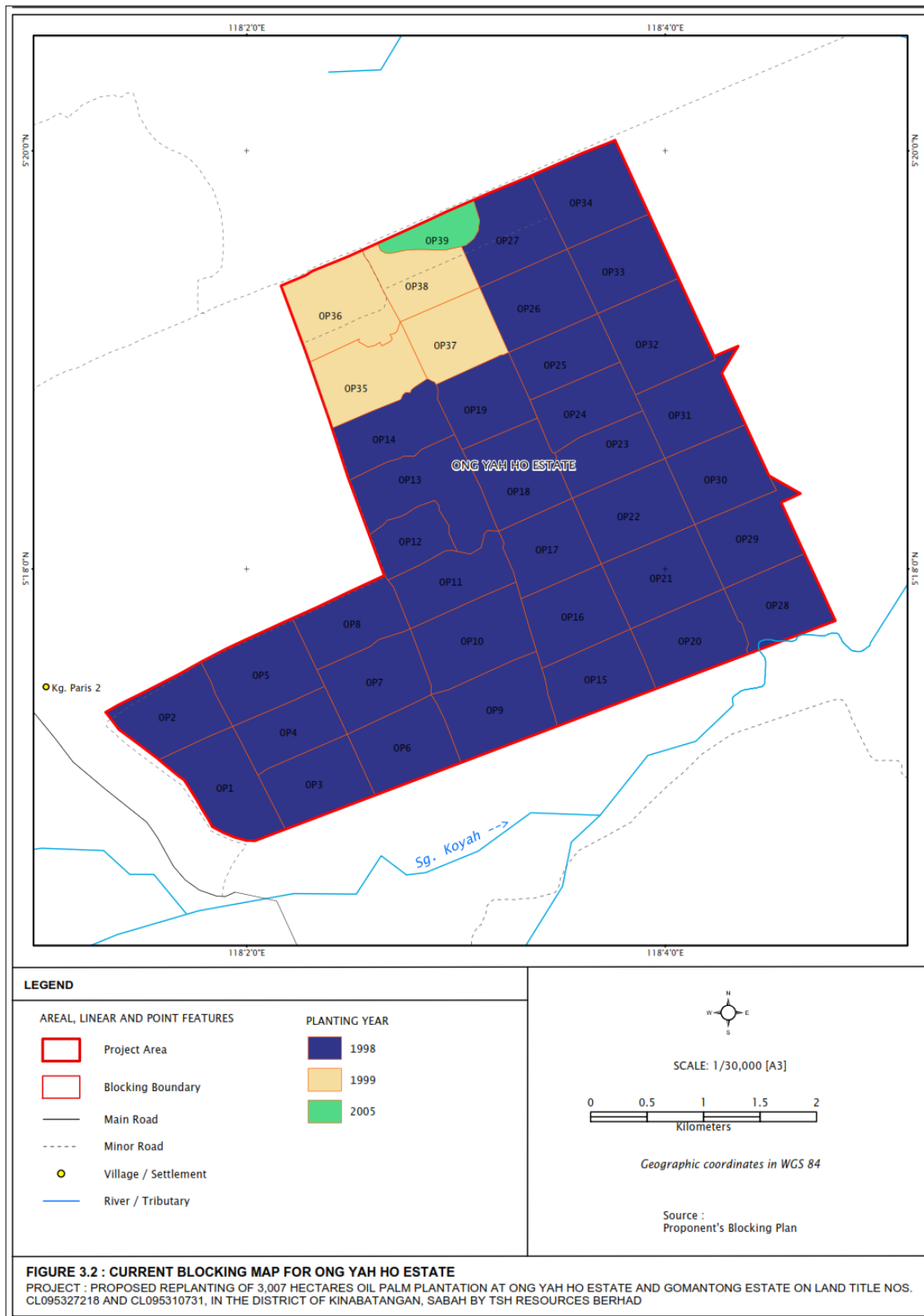
**Actual FFB received and processed (Previous Period – as history reference for applied certified volume)**

Month	Certified Supply Base (from own certificate scope) (mt)			Total FFB/Month (mt)
	Ong Yah Ho	Gomantong	OCP (Outside crop)	
October 2015	5,315.88	1,962.97	8,948.55	16,227.40
November 2015	4,833.86	1,994.14	8,152.39	14,980.39
December 2015	3,563.80	1,434.64	7,020.54	12,018.98
January 2016	2,598.04	1,250.99	4,995.52	8,844.55
February 2016	1,871.39	920.54	3,666.18	6,458.11
March 2016	2,441.69	1,256.26	4,253.05	7,951.00
April 2016	3,835.66	1,446.87	6,221.82	11,504.35
May 2016	4,364.43	1,719.98	7,111.21	13,195.62
June 2016	5,098.24	2,043.12	8,841.11	15,982.47
July 2016	4,860.46	1,900.65	8,341.68	15,102.79
August 2016	4,615.21	1,732.43	7,143.14	13,490.78
September 2016	4,129.86	1,638.49	6,429.98	12,198.33
<b>Total</b>	<b>47,528.52</b>	<b>19,301.08</b>	<b>81,125.17</b>	<b>147,954.77</b>

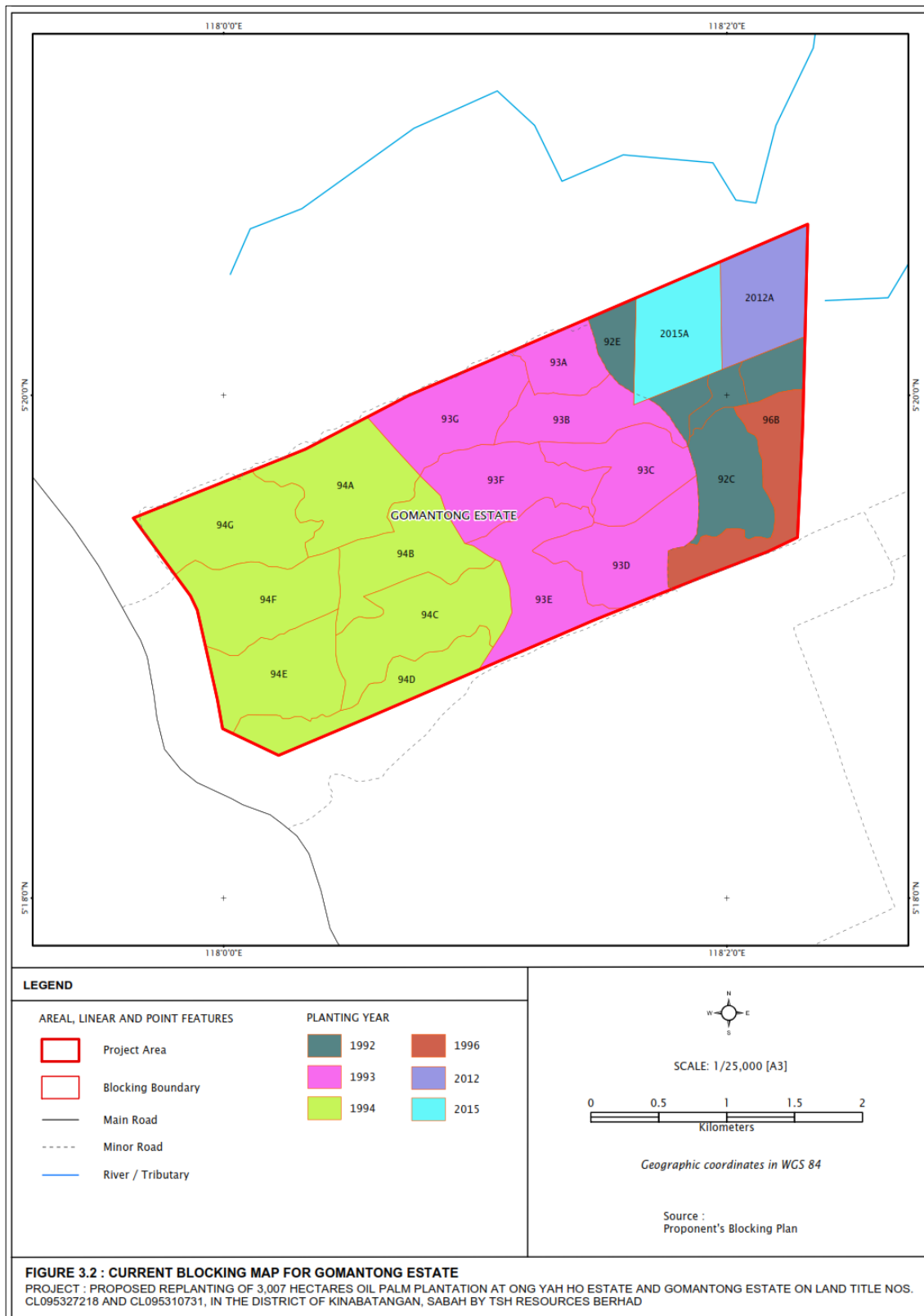
**Appendix G: Location Map of Lahad Datu Palm Oil Mill Certification Unit and Supply bases**



**Appendix H: Ong Yah Ho Estate Field Map**



**Appendix I: Gomantong Estate Field Map**





**Appendix J: List of Smallholder Sampled**

- Not applicable -

**Appendix K: List of Abbreviations Used**

AN	Ammoniacal Nitrogen
ANPN	National Park Agency Gabon
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CLC	Community Learning Centre
CPO	Crude Palm Oil
DGEPN	Environmental Protection Agency Gabon
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GE	Gomantong Estate
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LDPOM	Lahad Datu Palm Oil Mill
MSDS	Material Safety Data Sheet
O&G	Oil and Grease
OYHE	Ong Yah Ho Estate
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
RSPO P&C	Roundtable on Sustainable Palm Oil Principle & Criteria
SCCS	Supply Chain Certification Standard
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids