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PUBLIC SUMMARY REPORT

1st Annual Surveillance Assessment

TDM Plantation Sdn Bhd Sungai Tong Palm Oil Mill and Supply Base Terengganu, Malaysia

Report Author:

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TABLE of CONTENTS

Page N^o

SUMMARY	1
ABBREVIATIONS USED	1
1.0 SCOPE OF ANNUAL SURVEILLANCE ASSESSMENT	1
1.1 National Interpretation Used.....	1
1.2 Certification Scope and Certificate Details.....	1
1.3 Identity of Certification Unit.....	1
1.4 Production Volume	1
1.5 Description of Supply Base and Supply Chain.....	1
1.6 Date of Planting and Replanting Cycle.....	2
1.7 Other Certification Held.....	2
1.8 Organizational Information/Contact Person.....	2
1.9 Progress against Time Bound Plan.....	2
2.0 ASSESSMENT PROCESS	4
2.1 Certification Body	4
2.2 Qualifications of the Lead Assessor and Assessment Team.....	4
2.3 Assessment Methodology, Programme, Site Visits.....	4
2.4 Stakeholder Consultation.....	4
3.0 ASSESSMENT FINDINGS	5
3.1 Summary of Findings.....	5
3.2 Detailed Identified Nonconformities and Observations.....	11
3.3 Status of Nonconformities Previously Identified.....	12
3.4 Noteworthy Positive Components.....	13
3.5 Issues Raised by Stakeholders and Findings with respect to each Issue.....	13
4.0 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings.....	13
4.1 Date of next surveillance assessment.....	13
4.2 Date of closing nonconformities (Major and Minor).....	13
4.3 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings.....	14

LIST of TABLES

1	Mills GPS Locations.....	1
2	Approximate CPO and PK Tonnages.....	1
3	Estate FFB Production Tonnages.....	2
4	Age Profile of the Palms at each supply Base.....	2
5	Estates and Areas Planted.....	2

LIST of FIGURES

1	Jeranggau Estate Field Map.....	3
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List of Appendices

A	TDM Plantation Sdn Bhd, Sungai Tong Palm Oil Mill Certification Unit's RSPO Certificate Details
B	Annual Surveillance Assessment Program
C	List of stakeholders contacted
D	Sungai Tong Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

SUMMARY

BSI Group Singapore Pte Ltd (BSI) has conducted 1st Annual Surveillance Assessment of Sungai Tong Certification Unit's operations comprising one palm oil mill, six supply base estates, support services and infrastructure. BSI concludes that Sungai Tong operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011), RSPO Annual Surveillance Procedure and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance]

TDM Plantation Sdn Bhd owns two palm oil mills in Malaysia. Both palm oil mills are located in the State of Terengganu, Malaysia. Both mills are certified in 2013.

BSI conducted the 1st Annual Surveillance Assessment on 12 -15 May 2014. There was a minor nonconformity raised during the initial certification assessment related to the implementation of freedom of association. BSI was contacted by the National Union of Plantation Workers state secretary informing that the implementation is not satisfactory to the workers union. BSI audit team leader had a discussion with RSPO Technical Director on 18 April 2014 informing the situation and plans to conduct the annual surveillance assessment in May 2014. He shared his views that this issue need to be addressed immediately. The annual assessment was organised immediately and conducted. It was noted that minor nonconformity was not fully addressed. The minor nonconformity was upgraded to major nonconformity and the Sungai Tong mill was given 60 days to close the major nonconformity as per RSPO certification system procedure. The operating units submitted corrective action plan and successfully closed the major nonconformity on 11 July 2014. Details are in section 3.2 of this report.

BSI concludes that Sungai Tong Palm Oil Mill and Supply Base operations comply with the RSPO requirements [RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance].

BSI recommends for the approval of Sungai Tong Certification Unit's operations as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

ASA1	Annual Surveillance Assessment 1
BOD	Biological Oxygen Demand
CPO	Crude Palm Oil
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
HCV	High Conservation Value
IPM	Integrated Pest Management
KER	Kernel Extraction Rate
OER	Oil Extraction Rate
STPOM	Sungai Tong Palm Oil Mill
MSDS	Material Safety Data Sheet
MY-NI	Malaysian National Interpretation

NUPW	National Union of Plantation Workers
PK	Palm Kernel
PPE	Personal Protective Equipment
EIA	Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure

1.0 SCOPE OF ANNUAL SURVEILLANCE ASSESSMENT

1.1 National Interpretation Used

The operations of the mill and its supply bases of FFB were assessed against the RSPO P&C MYNI 2010; RSPO Certification System June 2007 (revised March 2011) and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

1.2 Certification Scope and Certificate Detail

The scope of Certification covers CPO and PK production from Sungai Tong Palm Oil Mill that is sources FFB from six company owned supply base estates and independent smallholder who are not associated.

RSPO Membership No: 1-0095-11-000-00
 BSI RSPO Certificate No: SPO 595564
 Date of Initial Certification Assessment: 20 - 23 May 2013
 Expiry Date: 26 December 2018
 Date of 1st Annual Surveillance Assessment: 12 – 15 May 2014

1.3 Identity of Certification Unit

The Sungai Tong Palm Oil Mill and estates are located in Setiu, Terengganu, Malaysia. Field map of Jeranggau Estates are shown below (Figure 1). Sungai Tong palm oil mill is central to the estates. The GPS location of the mill is shown in Table 1.

Table 1: Mills GPS Locations

MILL	EASTING	NORTHING
Sungai Tong Palm Oil Mill Processing Capacity: 60mt/hour	102.9105 E	5.3083 N

1.4 Production Volume

The projected tonnages of CPO and PK production on the basis of projected FFB production from the estates for the year of 2014 and actual for the 2013 is detailed in table 2. There is a slight reduction in projection due to low crop projection.

Table 2: Approximate CPO and PK Tonnages

Product	FFB	CPO	OER	PK	KER
Projected 2013	290,000	59,450	20.50	15,950	5.50
Actual 2013	267,234	54,382	20.35	13,412	5.02
Projected 2014	280,090	57,418	20.50	15,404	5.50

1.5 Description of Supply Base and Supply Chain

The supply base is the FFB from six company owned estates that supplied the FFB processed at the Mill. In addition, FFB received from outside independent suppliers from time to time accumulates to about 6% of

the total processed. This external FFB tonnage is excluded from the Table 2 and from the certified tonnages. These suppliers are not associated with mill. They are free to sell the FFB to the mill of their choice. The palm oil mill is using mass balance supply chain mechanism. Certified and noncertified FFB is mixed during the processing. The projected FFB production tonnages shown in Table 3 were based on the potential yield could be achieved by the supply base estates in Sungai Tong Certification Unit.

Table 3: Estate Certified FFB Production Tonnages

Estate	Projected 2013	Actual 2013	Projected 2014
Tayor	45,500.00	43,558	42,600
Pelong	24,400.00	22,741	22,290
Jaya	77,100.00	73,644	70,000
Fikri	67,700.00	56,733	65,400
Pinang Emas	56,500.00	45,899	55,400
Jerangau	18,800.00	24,659	24,400
TOTAL	290,000.00	267,234	280,090

* The 6% production from the outside suppliers is excluded from the above tonnage and Certificate of Sungai Tong Palm Oil Mill.

1.6 Date of Plantings and Replanting Cycle

Oil palms were first planted in early 1980's. The palms are in the first and second planting cycles. The age profile of the palms is shown in Table 4. The palms aged 0-3 years old are palms replanted.

Table 4: Age Profile of the Palms at each supply base

Age (Years)	% of Planted Area					
	Tayor	Pelong	Jaya	Fikri	Pinang Emas	Jerangau
0-3	0	0	0	2.8	3.4	44.9
4-10	3.3	0	49.3	9.4	5.5	0
11-20	76.4	100	50.7	87.2	70.0	11.0
21+	20.3	0	0	0.6	21.1	44.1
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

The areas of mature and immature palms are detailed in Table 5 for each of the estates. Total area planted is 14,679.13ha. Conservation area is 1,214.40ha. Total land area including infrastructures is 17,521.90ha.

Table 5: Estates and Areas Planted

Estate	Mature (ha)	Immature (ha)	Total (ha)
Tayor	2,155.07	0	2,155.07
Pelung	1,480.49	0	1,480.49
Jaya	3,386.85	0	3,386.85
Fikri	3,094.58	90.00	3,184.58
Pinang Emas	2,916.15	102.65	3,018.80
Jerangau	801.67	651.67	1,453.34
TOTAL	13,834.81	844.32	14,679.13

1.7 Other Certifications Held

TDM Sungai Tong holds no other certifications.

1.8 Organizational Information / Contact Person

TDM Plantation Sdn Bhd
Sungai Tong Palm Oil Mill,
Lot 7663, Batu 23, Jalan Kuala Terengganu – Kota Bharu,
21500 Setiu, Terengganu, Malaysia.
Contact Person: Tuan Haji Hassan Bin Osman
Email: hassan.tdmp@tdmberhad.com.my

1.9 Progress against Time Bound Plan

TDM Plantation owns two palm oil mills (certification units) located in Kemaman District and Terengganu District, State of Terengganu, Peninsular Malaysia. TDM Plantation has achieved RSPO Certification for the two certification units in 2013. TDM Plantation Sdn Bhd has completed its time bound plan to certify both certification units that exist during this assessment. Recently TDM informed that it has taken over the management control of the plantation in Indonesia. There is no palm oil mill (certification unit). However, once the company decide to build a palm oil mill, it will prepare a time bound plan. The plantation in Indonesia was undergone HCV and SIA assessment through RSPO approved assessors from Bogor Agriculture University. There is no mill yet. The time bound plan for the existing mills has been completed.

TDM Plantation Sdn Bhd's Time Bound Plan was completed in 2013 with the completion of this Sungai Tong Palm Oil Mill and Supply Base Certification Assessment. TDM Plantation Sdn Bhd consistently has kept BSi informed of any emerging issues and claims made against it. At the time of preparation of this Report, BSi is not aware of any new issues involving:

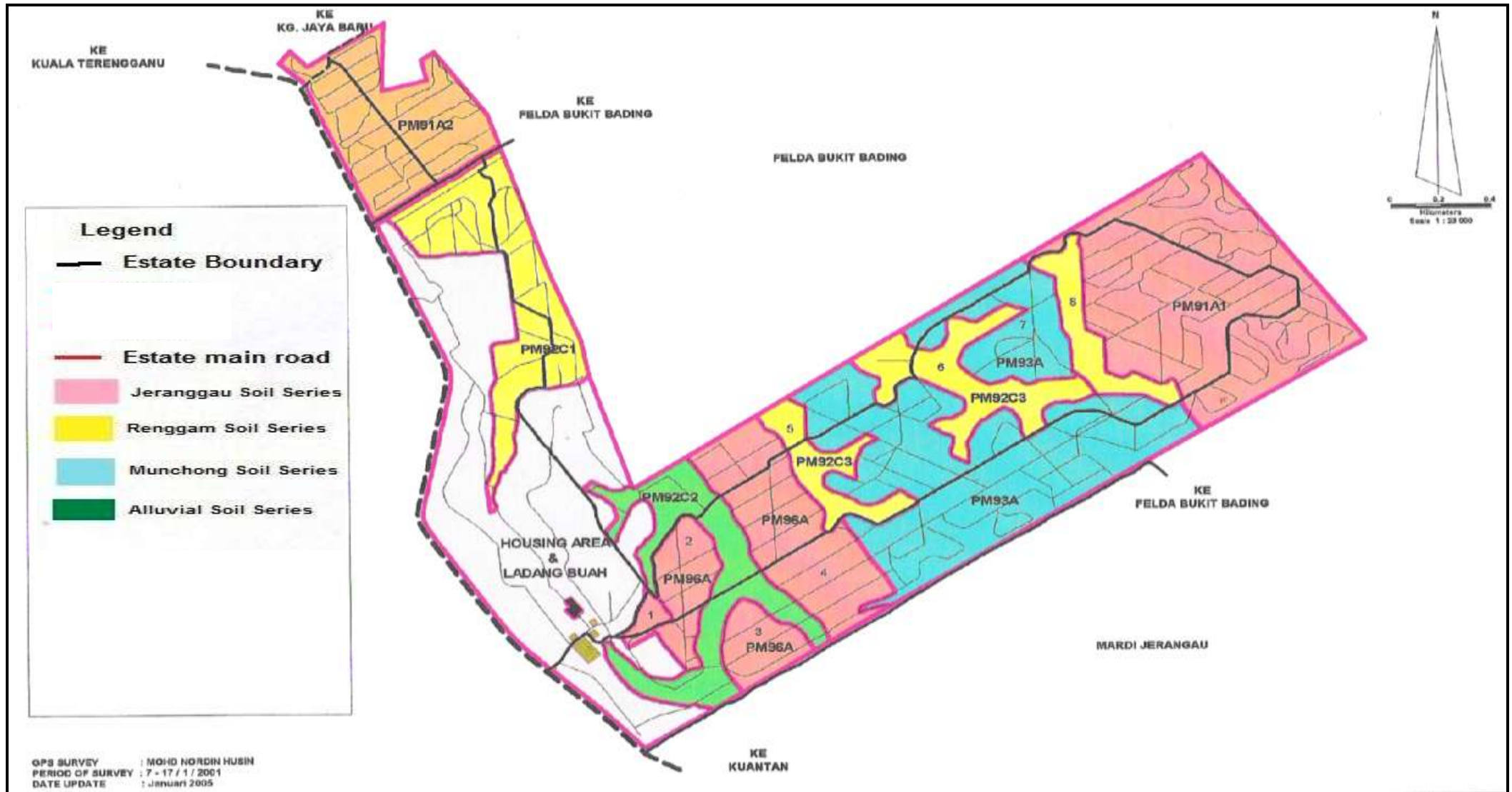
- Any unresolved significant land disputes;
- Any replacement of primary forest or loss of HCVs;
- Any labour disputes that are not being resolved through an agreed process;
- Any evidence of noncompliance with any law at any of the landholdings.

BSi considers TDM Plantation Sdn Bhd conform to the RSPO requirements for Partial Certification.

Progress of Associated Smallholders/Out-growers towards RSPO Compliance

STOM does not have any associated smallholders or out-growers. There is no any associated FFB suppliers.

Figure 1: Jeranggau Estate Field Map



2.0 ASSESSMENT PROCESS

2.1 Certification Body

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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 has a Regional Office in Singapore, and an Office in Kuala Lumpur, Jakarta and Bangkok.

2.2 Qualifications of the Lead Assessor and Assessment Team

Senniah Appalasamy – Lead Assessor

He holds degree in Resource Economics from Agriculture University, Malaysia. He has vast experience in Plantation crop management covering oil palm plantation, rubber, cocoa and pepper for more than 10 years. He is also experience in manufacturing sector as a quality controller and production management. He is involved in RSPO implementation and assessment since 2008 as a team member and subsequently as a lead auditor with RSPO approved certification body covering assessment with RSPO P&C, RSPO SCCS, RSPO NPP and RSPO Group Certification in Malaysia, Indonesia and Thailand. He has completed ISO 9001:2008, RSPO SCCS awareness training, RSPO Lead Auditor Training Course, RSPO SCCS Lead Auditor Training Course, RSPO – RED Lead Auditor Training Course, International Sustainable Carbon Certification (ISCC) Lead Auditor training, Sustainability Report Assurance (SRA) Assessor Training, ISO 14001 Lead Auditor Training Course and OHSAS 18001 Lead Auditor Training Course. Besides RSPO, he is also qualified as ISCC lead auditor and SRA Lead Assessor. He have experience in other standards i.e. Global Gap Option 1 and 2 (Fruit, vegetable and aquaculture) and GMP B+ as team member.

Muhammad Haris B. Abdullah – Team member

He graduated from the Open University Malaysia with a Bachelor of Business Administration (Hons) Majored in Human Resource Development and completed his Master's Degree in Business Administration from the University Utara Malaysia in January 2014. He has more than 3 years working experience in oil palm plantation and conducting social impact assessments of agriculture, agriculture best practices, and environmental impact assessment and workers welfare. He completed the RSPO Lead Auditor Training in April 2013 and passed the course. He is also passed the ISO 14001 Lead Auditor

Training, OHSAS 18001 Lead Auditor Training Course and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. He had assisted with conducting audits of oil palm plantation for more than 7 companies against the RSPO P&C in Indonesia and in Malaysia for the past 4 years. During this assessment, he assessed on the aspect of Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare.

2.3 Assessment Methodology, Programme, Site Visits

BSI conducted the Annual Surveillance Assessment from 12 - 15 May 2014. The audit programme is included as Appendix B.

The approach to the assessment 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. These include 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, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

The Nonconformities that were assigned during the initial certification assessment were followed up to check the effectiveness of corrective actions and evidence of the implementation. The Initial Certification Assessment findings are detailed in Section 3.2.

This report is structured to provide a summary for each Principle, together with details for selected indicators. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

2.4 Stakeholder Consultation

Stakeholder consultation involved internal and external stakeholders. External stakeholders were contacted by telephone to arrange meetings at a location convenient to them to discuss environmental and social performance.

On-site meetings were held with stakeholders by social auditor in the team 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 auditor explained the purpose of the audit followed by an evaluation of the relationship between

the stakeholder and the company before discussions continued. The auditor recorded comments made by stakeholders and verified with the management before incorporating into the assessment findings.

Employee 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 during the field visit. In addition, the wives of workers and staff were interviewed at their housing during the visit to the housing and facilitates. Separate meetings were held with the local community leader and head of village by visiting them at village. Company officials were not present at any of the internal or external stakeholder interviews. A list of Stakeholders contacted is included as Appendix C. Issues raised by stakeholders are listed in section 3.4.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each Principle, together with details for Criteria and Indicator for the mill and the estates. The results for each indicator from each of the operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each indicator. A statement is provided for the indicators to support the finding of the assessment team.

PRINCIPLE 1: Commitment to Transparency

Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.

Record of request and replies to the request from external and internal stakeholders are maintained. Records were held in communication record file. Summary of all the requests and responses are also made available.

Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.

Copies of all the documents listed under criterion 1.2 are publicly available upon request. Copies of the Government Leases for the land that it uses are held at the estates. A copy of the Health and safety Policy signed by the Top Management dated 1 September 2012 is displayed prominently at public access areas at the Mill and Estates offices and is available to the public.

Copies of both the EIA and SIA carried out in May 2012

by SRA Consultancy are available onsite, together with Environmental and Social Improvement Plans. Pollution Prevention Plan and the management documents include other key indicators of performance like waste management and disposal plan on plantations and mill are available. No changes in the procedure for handling Land disputes. Continuous Improvement Plan reviewed and prepared includes Pollution Prevention Plan, Social Action Plan, HCV Management Plan and items included in the Capital Equipment Budget.

PRINCIPLE 2: Compliance with Applicable Laws and Regulations

Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.

All operating units kept a list of legal requirements. Mechanism to ensure all relevant legal requirements are comply is available similar to last audit.

Examples of documents checked are listed below. MPOB license no: 502826702000 valid till 31/03/2015, Diesel Permit valid till 20 Mac 2015 (Ref. No: B.PGK.BST.004/9/14 (SK/D), Petrol Permit valid till 12 Jun 2015 (Ref. No B.PGK.KT.003/1/14). All the foreign workers have valid work permits. The permits were checked during the document audit. They comply with local laws. All operating units comply with the employment Act. The Mill and Estates hold a legal register that lists the legislation and Permit requirements and conditions for OSHAS, Environment and Labour. In addition, the Mill and Estates hold copies of the applicable regulation. Compliance and Safety Unit conduct annual compliance audits of the operations, which include applicable legal requirements. MAPA, MPOA, AMESU and NUPW provide legal updates on changes to labour laws and worker pay and conditions.

Criterion 2.2 – The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.

The plantations are on the Government Leased land for a period of 99 years. The Sungai Tong operations are consistent with the terms of the land title, which is for oil palm. The Estates have maps showing the locations of boundary that have been physically located and marked. Inspection of a sample of boundary stones during the field visit confirmed they were clearly marked and maintained. There is no a land dispute or boundary disputes.

Criterion 2.3 – Use of the land for oil palm does not diminish the legal rights of other users without their free, prior and informed consent.

The mill and estates are on Government Leased land. There is no restriction for stakeholders to access through the estates. Interview of local community

representatives confirmed there is no land dispute or any claim of customary land within the.

PRINCIPLE 3: Commitment to Long Term Economic and Financial Viability

Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.

Annual operating cost and production projected for five years. Five Year Business Plan for the period covering 2013 - 2017 is available. The annual budget used for yearly operation. The budget includes environment, social and health and safety component and associated capital expenditure for improvement. The annual budget document contain data on FFB yield/ha, OER, CPO yield/ha, PK and cost of production. The measures taken to ensure cost and quality are maintained includes monitoring of the cost of operation by management on monthly basis through monthly report and compared with the budget. Replanting program has been prepared for next 5 years. There are replanting has been scheduled for all the Estates in 2015. Replanting is planned for palm older than 25 years old.

PRINCIPLE 4: Use of Appropriate Best Practices by the Growers and Millers

Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.

No changes in the SOP. Standard Operating Procedures (SOPs) for mills and estate covering all the relevant operations. There is a separate SOP on safe working practices for mill and estates. The safe operating procedure for the estates includes pesticide application. Sungai Tong Palm Oil Mill has its own SOP for safe working practices covering all the work stations. SOP dated 1/5/2011, edition TDM/OSH/STPOM/01. Inspection to the field and mill confirm that the SOPs are implemented. Assistant Managers and staff monitor the implementation. At mill, SOP dated 1 May 2011 edition TDM/STPOM/01 Revision – 01/2011 covering all work station is displayed at each work station in Bahasa Malaysia. Planting Advisor make annual visit to evaluate the performance of the estates. Issues highlighted were rectified by the estate management. There were no issues raised by regulatory bodies during their visit.

Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility, to a level that ensures optimal and sustained yield.

Sime Darby Seeds and Agricultural Services Sdn. Bhd agronomist continue to visit the estates prior to fertilizer recommendation. The soil analysis includes periodic tissue and soil sampling to monitor changes in nutrient status. The operating units continue to use EFB compost to top up with top soil. The Estate managers and assistants check and ensure that fertilizer application matches the recommendation. Application records are

documented in the daily costing book. EFB are applied at the estates were recorded and monitored. Agronomist recommendation for fertilizer also covers the EFB applications. EFB applied 35mt/ha.

Criterion 4.3: Practices minimise and control erosion and degradation of soils.

Policy on slope protection & river buffer zone dated 01 September 2012 is available. The policy highlight that the company committed in protecting slope and rivers by emphasize terrace planting during replanting program and vegetation shall be maintained along the river buffer. Erosion control practices include U-shaped stacking of pruned fronds, silt pits and terracing of slopes. Inspection of field conditions showed groundcover with soft grass and soft weeds are being well maintained. Replanted area is established with cover crops and vegetation is well established. There is no significant erosion risk was noted during the field visit. The soil map at the estates has confirmed there are no fragile soils such as peat, high sand content or acid sulphate soils. Annual road maintenance program is available. During audit, it was noted that road maintenance was on-going with road grading and patching. Road inspected are generally in a good condition and well maintained.

Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.

Inspections found that the buffer zones are well maintained. Reinstatement of riparian strips at both side of the stream during replanting is implemented. Inspection in the field at replanted area confirmed that buffer zone have been set aside for reinstatement during replanting as per the TDM buffer zone policy. No bunds/weirs/dams were constructed across the main waterways in the estate.

Water analysis in the river (upstream and downstream) with the last sampling was on 3 February 2014 by ERA Lab Sdn. Bhd shows all parameter are within the standard i.e. BOD is <1mg/L at upstream and downstream shows that the operating units operation did not affect the outgoing water quality. The sampling points were clearly indicated by signage at the point where sampling is carried out.

Rainfall information is used for water management, scheduling fertilizer application, plans the timing of spraying and is also used for road maintenance planning. Sungai Tong Palm Oil Mill has maintained monitoring on water usage which recorded every day and summarised on monthly basis. Water consumption varies from 1.15 mt/tonne – 1.33 mt/tonne FFB processed for the financial year 2013. Average for 2014 until April was 1.24mt/mt FFB processed. During the mill visit and estates field visit it was noted that there is no water drainage into protected areas such as housing site and

river. Documented Plan for water management of flood prone areas available.

Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.

Agricultural Manual –Section 15 cover the IPM activities. IPM includes field inspections, pest census and treatment if necessary. The estates had planted beneficial plants at road side such as *tuners subulata* and *Cassia cobanensis*. Barn Owl boxes constructed at the rate of 1 box to 20 ha. Latest census shows 33% occupancy rate. Census records show that there is no outbreak of leaf eating pest. Although there have been no outbreaks of leaf eating pests, beneficial plants are being established along roadsides to attract natural predators. Records of areas where pesticides have been used are recorded with details of block number, quantity, date of application, number of applicator and costing. Usage of pesticide is monitored by the estates. For example, 0.0018gm active ingredient was applied per hectare

Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.

The quantity of chemical and treatment required is documented in Section 18 of the Agricultural Manual with justification for the use of agrochemical type. Purchasing of agrochemical controlled from central office. Inspection at site reveals that only pesticides registered by the Pesticide Board were used. Inspection of the Pesticide Stores confirmed the storage meets regulatory requirements, for example, security, ventilation, signage, lighting, spill containment, separation and labelling of chemicals. Pesticide concentrate and unused spray mix were stored securely. There is a permit for the hazardous waste store. Used pesticide containers are disposed through licensed collectors. Agrochemical containers are re-cycled for pre-mixing agrochemical. Labelling of all chemicals and Work Instructions is in Bahasa Malaysia. Work Instructions are displayed at the pesticide storage.

The sprayers undergo monthly medical checks at the estates clinic and detailed records are maintained for each worker. CHRA was done by “Occumed Consultancy & Services Sdn. Bhd” on 28 September 2009 and valid for five years. Annual medical surveillance was carried out by a DOSH registered doctor from “MEDI-IHSAN OSH Sdn Bhd”, DOSH registration number: JKPP1H127/1711-2(254) on 2 April 2014 for sprayers. The result was all

workers are healthy and fit to continue work. Medical surveillance includes medical check for Occupational Disease conducted by Occupational Doctor. Interview of female pesticide operators confirmed they were aware that once they fell pregnant and wished to continue working they would be transferred to other duties. Upon return to work they are not permitted to commence spraying duties until they have ceased breastfeeding.

Paraquat usage is reduced by using alternate agrochemical such as Basta. There is no other class 1 agrochemical. First aid kits are issued to workers handling all type agrochemicals. Aerial spraying is not carried out at Sungai Tong Certification Unit’s supply base estates.

Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.

Health and Safety Policy signed by Top Management dated 1 September 2012 was displayed in Mill and Estates Offices. A HIRAC was carried out for the Mill 12 January 2013 for all work stations. The Estates carried out a HIRAC for all operational.

All employees and contractors undergo workplace training that includes safety. The Mill carries out safety training on a station by station basis in conjunction with SOP training. The Safety Training Programme is documented for each work station for the current year January - December 2014. Safety awareness is conducted on specific issues at morning briefings at the Mill and Estates. The Estates have a programme for scheduling of training awareness topics each month through to December 2014. Records of Mill training and interview of workers indicated understanding of safety. PPE is provided to all workers and implemented. PPE issued are safety shoes, helmet and hearing protection, with station specific issue of gloves, dust mask, eye protection and high visibility vest. Records are maintained of PPE issued to individuals including signature of recipient in file “Rekod Pengambilan Alat Perlindungan Diri”. The Estates issue to sprayers an apron, eye protection, respirator, gloves and rubber boots. Workplace inspection by the onsite compliance executive includes audit on PPE used. PPE used are in compliance to DOSH requirement.

The Mill assistant engineer is designated as OSH coordinator. Similarly the assistant estate manager is the OSH Coordinator in the estate. The operating units’ holds quarterly OSH meetings with the most recent held on 17 March 2014. Topics of discussion included Safety Audit and issues related to various work stations.

Emergency Response Plan prepared 1 August 2010 (revised 6 January 2014) that includes a site plan and list of Emergency Contacts. An emergency evacuation drill was carried out 14 January 2014, including a report on the response and improvements needed. The Estates

have an Emergency Response Plan for the emergencies, including flood. The Mill and Estate continue to maintain the appropriate fire fighting equipment and have implemented a program of monthly checks of emergency equipment and fire extinguishers. Inspection of a sample of fire extinguishers during the audit found these were in serviceable condition.

Training records confirmed that supervisor (mill and estate) and mandors are trained in first-aid. Checks showed that appropriately stocked first-aid kits were taken into the field and also were available at the mill and other Work Stations. First Aid Kits have been allocated to all the workstations in the Mill and are re-stocked monthly. The Estates have distributed First Aid Kits to Mandores and Supervisors.

Observation 3 (4.7.1(i)): *Pelong Estate - It was noted that first aid boxes are available at work station. Sometime the mandor carries the first aid box in his motorcycle and moves around.*

All operating units maintain records of all accidents, which are reported monthly to Head Office and to Government Departments such as DOSH, in accordance with regulatory requirements. Accident statistics are discussed at the quarterly safety committee meetings. Inspection of the accident reports showed that it was due to minor injuries such as thorn pricks and muscular sprains.

Local staff and workers are covered by SOCSO Insurance. Foreign workers are covered under Foreign Workers Compensation Scheme [Skim Pampasan Pekerja Asing (SPPA)] by Zurich Insurance Malaysia Berhad - Policy Number 01130000624-00 valid until 29 March 2015.

Criterion 4.8: *All staff, workers, smallholders and contractors are appropriately trained.*

Training is carried out informally by on-the-job instruction. Annual Training Plan 2014 lists the schedule of training for each Work Station for safety and skills development. Records of all Mill and Estates training are maintained on file for individuals including topic and signature of attendees. Sample trainings are Toolbox Meeting for safety and confirmed during interview that contractors were included in the training activities and have undergone safety training before they start work on site and are required to attend safety briefings as well. Recent training was conducted on 7 April 2014.

PRINCIPLE 5: Environmental Responsibility and Conservation of Natural Resources and Biodiversity

Criterion 5.1: *Aspects of plantation and mill management, including replanting, that have environmental impacts are identified and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored to demonstrate continuous improvement.*

Quality Management System, Appendix 5.4.1b: Environmental Aspects/Impacts Evaluation Procedures dated 2 January 2013, file number: SM/5.2/EAI was used to identify the significant environmental aspects and impacts. Information from the risk assessment used to develop Improvement Plans for the significant environmental aspects. Improvements are being implemented such as continuous upgrading of spill containment to prevent spillage of materials (boiler chemicals and boiler ash) within the mill that could enter the monsoon drain system.

Criterion 5.2: *The status of rare, threatened or endangered species and 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 their conservation taken into account in management plans and operations.*

HCV assessment within and adjacent to the estates was conducted in November 2011 by an independent consultant from SRA Consultancy with working experience in conducting HCV and Social Impact Assessment. HCV Toolkit for Malaysia by WWF – Malaysia was used for the HCV assessment. The HCV area is 4.00ha and conservation area totaling 1,210.40ha, mainly water-log and steep area which was abandoned. There is no any ERT identified within the plantation. The estates have signboards at prominent areas to prohibit hunting, disturbance of protected areas and the lighting of fires. Inspection of housing areas and interview of residents confirmed workers were aware of the company policy that prohibits hunting and collecting activities.

Criterion 5.3: *Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.*

Waste products and sources of pollution with reference to the Environmental Impact Assessment was identified. For example, mill boiler stack emissions, mill by-products and waste water. The Estates "List of Waste" includes domestic refuse, workshop waste, empty pesticide containers etc. Waste Management Action Plan 2014 details the action to be taken in relation to each type of waste generated and the person responsible. Inspection indicated wastes were well controlled, with appropriate facilities Scheduled waste stored in designed for storage area which includes spent lubricating oil, leads acid batteries and used chemical containers. The Mill has continue to engaged Hiap Huat Chemicals SB (DOE License Number: 000278) for collection and disposal of scheduled wastes. Latest disposal was on 19 March 2014. The Estates continue to engage G-Planter for collection and disposal of empty pesticide containers. Medical wastes disposed through "Klinik Kesihatan Sungai Tong" recorded in file "Penghantaran sisa klinikal untuk dilupus".

Minor NC 1047142N1: 5.3.2 At the mill waste and pollutants was identified but implementation to avoid or reduce pollution is lacking. During the site visit it was found that spillage of diesel at the diesel filling area. There is no bund to block any spillage from going out of the chemical store in case of accidental spillage. There was a grease pump and empty chemical bags placed outside the store at the water treatment area.

Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.

The mill continues monitors and reports energy usage monthly through monthly report. The mill has optimized the use of renewable energy. Average of 0.68 (Renewable Energy (mt)/ CPO (mt)) has been used in 2013 Financial Year. The energy usage varies from 16 – 24 kWh per tonne FFB processed depending on the FFB supplied by the estates.

Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.

Sungai Tong operating unit has adopted the Policy on zero burning. No any sign of burning activities in the field found during the visit. Newly replanted area confirmed that zero burning techniques are implemented during replanting. Palms are felled, chipped and mulched on the field where replanting is being carried out. Visit to the housing site noticed that no evidence of burning waste (including domestic waste).

Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.

Pollution Prevention Plan for the significant impacts identified by the Impact assessment process is recorded. Mill continues to monitors the schedule waste disposal to ensure the storage is not more than 180 days as per DOE requirement. Boiler dust particulates and emission monitoring is carried out and complies with DOE regulations. External consultants from Environmental Science (M) S/B conducted the monitoring. Continuous The Pollution Prevention Plan was reviewed annually. The recent review was done on January 2014.

PRINCIPLE 6: Responsible Consideration of Employees and of Individuals and Communities by Growers and Millers

Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts 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 continuous improvement.

Initial Social Impact Assessment was prepared for the whole Sungai Tong operating units in May 2012 by an external consultant from SRA Consultancy through meeting with the effected parties. The SIA Report includes information on meetings with stakeholders and the issues raised. Interview of internal and external stakeholders confirmed that they were involved in the SIA process. The SIA assessment recommendation for monitoring and managing the impacts are being implemented.

Criterion 6.2: There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.

Engagement in communication with local communities and other stakeholders are done formally and informally. The communication procedure is as per company's communication policy which shows flow chart of the communication procedure. This was confirmed during interview with the local community representative and village head. The Managers are the nominated persons for dealing with external communications. List of stakeholders has been prepared and updated consisting of local communities, neighbouring estates, government offices, suppliers, contractors, workers, NGO, consultants, banks, external auditors complete with address, contact number and persons in charge. Records are held on file List of Stakeholders.

Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.

Grievance procedure is available to all stakeholders. No land disputes noted. System for receiving complaints from workers and stakeholders is available. This consists of a Register for recording details of issues raised. Interview of staff and workers confirmed their awareness of the Register and that they are comfortable to use the Register as needed. Inspection of the registers showed that complaints were being raised for minor repairs to housing and that these were being repaired promptly.

Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary 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.

All operating units have procedure for handling land disputes, including boundary issues. Land dispute procedure refers the compensation assessment by the Head Office land department which will assess and advice on compensation. There were no disputes noted.

Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.

Pay and conditions are documented in MAPA/AMESU Agreement for staff and MAPA/NUPW Field and Other General Employees and Fringe Benefits Agreement. Workers have signed a letter of appointment in Bahasa Malaysia and were provided with a copy. The signed copy of appointment letters are held at the Mill and Estates Offices. Minimum wage of RM 900.00 has been implemented as per memo number: TDMP/HR/3/09/02 from TDM Head Quarters dated 7 January 2013. Interview of staff and workers confirmed they understood terms and conditions of their contract of employment and received all leave entitlements. Daily rated workers stated they understand the terms and conditions of their "Appointment Letter" and were aware of their daily rate and understood details of their payslips. Workers also stated if there was ever a pay discrepancy, they would advise their supervisor and if the company was in error, their experience was that payment would be forthcoming next pay day. Inspection of records confirmed that all staff and workers receive a pay slip detailing the amount earned and deductions.

Adequate housing is provided with water and electricity supply to all the houses. Other facilities such as worshipping places, crèche, clinics, sports facilities and community hall were also provided by the company. Primary and secondary government schools are located at nearby village area. Company clinics at estates are staffed by a qualified Hospital Assistant. The company have transport standby 24hours to send employees and dependents to hospitals.

Criterion 6.6: The employer respects the right 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.

The workers Union and Join Consultative Committee (JCC) meetings held when required. Issues related to work are discussed and it was confirmed by the workers. Interview with state NUPW secretary confirmed that the workers union has been formed. However, there was some delay in submitting the membership fees to the NUPW State secretary by the palm oil mill. This issue was already raised as minor nonconformity during the initial audit. Since the membership issues were still not resolved completely, the minor nonconformity was upgraded to major nonconformity.

Major nonconformity was raised. The details are as follows:

1047142M0: 6.6.2 There was a verbal complaint received by BSI on 2 April 2014 from NUPW Terengganu State Secretary that the issue of union membership identified during the initial audit was not resolved. Again a written complaint was received on 16 April 2014 on the same issue. During the ASA1, consultation with the management, workers and the State Union Secretary on 13 May 2014 reveal that the union membership issue and union membership payment issue not resolved. The minor nonconformity was not closed and upgraded to Major nonconformity as per the RSPO Annual Surveillance Assessment procedure. Further inspection of documents shown by the union secretary found that the workers have applied to join the NUPW. The nonconformity should be addressed within 60 days.

Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.

The company continues to implement the minimum working age as 18 as per the Labour Ordinance. At the time of hire the age of local recruits is confirmed by checks of ID Cards. The age of foreign workers is checked from Passports prior to hire. Inspection of records confirmed workers meet the age requirement. No any under-age worker or children at workplaces in the Mill and the Estates.

Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.

Equal Employment Opportunity Policy dated 01 September 2012 shows that the company committed to comply with the "Fair treatment to all employees and job applicant in the recruitment progression or even promotion apart from race, colour, ethnic, religion, gender, marital status, employment or age. Freedom in establishing and involving with the union formation, membership and activities or even political view. Strictly against forced labour and child labour. The policy is displayed at notice board at all the operating units and was well communicated with all employees. Records of salary between local and foreign workers did not find any differential on the same jobs level.

Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.

A statement to prevent sexual harassment and violence is documented in the company's Policy. Gender committee member representing each operating units and work category that involve female workers is available. The company has developed specific grievance mechanism on sexual harassment and violence. Female

workers interview confirmed understanding of the mechanism and no issue was raised during the audit.

Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.

The mill process FFB from company owned estates and FFB purchased from independent smallholders with no agreement. This smallholder sells to few mills of their choice. FFB pricing is based on MPOB pricing. Interview with the smallholders reveal that they are aware of the pricing mechanism and they have access to the pricing at the mill. The pricing is posted at the mill weighbridge notice board and updated regularly. The past FFB pricing were documented and available for public if requested. The pricing is also available in the daily news papers and the smallholders interviewed confirmed that they also refer to the pricing posted in the newspaper. Contractors and suppliers understand contractual agreement and stated that the contract is transparent and fair. The company has standard term and condition of contract agreement which is explained prior to signing. Prompt payment is made as per contract agreement. No issues were highlighted by the contractors interviewed. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment.

Criterion 6.11: Growers and millers contribute to local sustainable development wherever appropriate.

Infrastructure and Government services are well developed in the area, with Government power supply, schools and health service readily available in Setiu town. The company continue to makes contributions to the local village such as maintenance of the access road and cash donations. Medical treatment is also provided to Kampung residents at the company clinic at no charge during emergency. The company also makes contributions to a local community charity for the visually impaired.

Principle 7: Responsible Development of New Plantings

Sungai Tong Certification Unit has not carried out any new oil palm developments and there are no plans for expansion of plantings. Therefore, principle 7 is not applicable to this assessment.

PRINCIPLE 8: Commitment to Continuous Improvement in Key Areas of Activity

Criterion 8.1: Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.

The use of paraquat is reduced by using alternate agrochemical and IPM techniques are being implemented to minimise the use of pesticides.

No use of class 1 pesticide noted.

The recycling of palm by-products (EFB, and boiler ash) has been continuously implemented. Collection and recycling of scheduled waste materials to DOE approved Contractors is implemented to ensure responsible disposal of schedule waste. Improvements are implemented to control the source of pollutants and prevention of discharge to the environment by implementing appropriate oil trap, spill containers and bund system where applicable.

3.2 Detailed Identified Nonconformities and observations

There was a minor nonconformity raised during the last assessment was upgraded to Major nonconformity during the surveillance assessment. There was a new minor nonconformity and three observations raised during this assessment. The management has submitted corrective action plans for the nonconformities. The major nonconformity was closed on 10/7/2014. Closing out evidence for the remaining minor nonconformity and observations for improvement will be followed up during the next Surveillance Assessment.

Major nonconformity

1047142M0: 6.6.2 A published statement in local languages recognizing freedom of association.

There was a verbal complaint received by BSI on 2 April 2014 from NUPW Terengganu State Secretary that the issue of union membership identified during the initial audit was not resolved. Again a written complaint was received on 16 April 2014 on the same issue. During the ASA1, consultation with the management, workers and the State Union Secretary on 13 May 2014 reveal that the union membership issue and union membership payment issue not resolved. The minor nonconformity was not closed and upgraded to Major nonconformity as per the RSPO Annual Surveillance Assessment procedure. Further inspection of documents shown by the union secretary found that the workers have applied to join the NUPW. The nonconformity should be addressed within 60 days.

Close out details: The State NUPW Secretary said he received the members' details; payment and he have issued an official receipt to the management dated 28/5/2014 for the month of April and 28/6/2014 for the month of May. He also issued an individual receipt to each worker. He agreed that the process was accepted as a resolution to the issue. The nonconformity was closed on 10/7/2014 after interview with the state NUPW secretary.

Minor nonconformity

1047142N1: 5.3.2 Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution.

At the mill waste and pollutants was identified but implementation to avoid or reduce pollution is lacking. During the site visit it was found that spillage of diesel at

the diesel filling area. There is no bund to block any spillage from going out of the chemical store in case of accidental spillage. There was a grease pump and empty chemical bags placed out site the store at the water treatment area.

Corrective Action Plan: The management has prepared the required Corrective Action Plan including the timetable and responsibility which includes the status. The management immediately engage a contractor to concrete the diesel filling area and install a bund. The implementation of the corrective action will be verified during next surveillance.

Observation/Opportunity for improvement

Observation 1 (4.4.5): STPOM: Monitoring of water usage is carried out as a total usage rather than specifically for processing of FFB.

Observation 2 (4.6.4): Jeraggau Estate: The chemical containers recycled for agrochemical spraying activities were marked but some marking were faded.

Observation 2 (6.10.3): Jeraggau Estate: Contractual agreements with service providers available and the contracts are fair, legal and transparent. The contract include clause that the contractor responsible for any claims arise from any work related accidents. It is not clearly specifically indicating about the workmen compensation scheme requirement.

3.3 Status of Nonconformities Previously Identified

Previous nonconformities were followed up during the ASA1. There were two minor nonconformities raised and the details as follows:

924589N0: 6.1.3: A timetable with responsibilities for mitigation and monitoring is reviewed and updated as necessary.

Pelong estate Identification of social impacts was carried out by the operating units in consultation with other affected parties, including women and migrant workers. The assessment was conducted by independent consultants. The assessment identified all impacts (both positive and negative). The social impact assessor also recommended necessary mitigation and monitoring plans. However during the document audit it was noted that the plan was not updated with timetable and responsibility as necessary to mitigate and monitor the social impacts.

Close out details: The management has implemented the required Corrective Action Plan including the timetable and responsibility which includes the status. During the Annual Surveillance Assessment, the social impact improvement plan for the identified social impacts were prepared for the year 2014 includes the latest update with timetable, person-in-charge and necessary mitigation measures and monitoring records. The main social impact improvement is focused on improving the housing. The operating unit has constructed 8 units new housing and workers have moved into the new housing in 2014. The minor nonconformity was closed on 12 May 2014.

924589N1: 6.6.2: A published statement in local languages recognizing freedom of association.

There is a published statement in local languages recognizing freedom of association. However, during the stakeholder meeting with Terengganu NUPW Secretary and workers from various operating units reveal that it was not fully implemented and understood. It was noted that there is a need for further discussion between management, State NUPW and employees to resolve some of pending issues such as union membership payment, deduction from workers salary and agreement from the workers. It was noted that some workers wants to withdraw from joining the union due to the membership fee.

Close out details: The corrective action includes discussion between all three parties and conducts a briefing session for the workers was incomplete. The progress of the implementation was still pending. There was a verbal complaint received by BSI on 2 April 2014 from NUPW Terengganu State Secretary that the issue of union membership identified during the initial audit was not resolved. During the ASA1, consultation with workers and the State Union Secretary reveal that the union membership issue and union membership payment issue not resolved. The minor nonconformity was not closed and upgraded to Major nonconformity as per the RSPO Annual Surveillance Assessment procedure. Refer to Major nonconformity number: 1047142M0 above.

Observations

Observation 1 (2.1.1): Mill - There were two new unit of air compressor air receiver noted at the mill waiting to be commissioned. This was noted by DOSH as well. The mill is in progress of obtaining approval from DOSH.

ASA1 Finding: The mill is still waiting for the approval. The air compressor is not in us.

Observation 2 (4.3.3): Fikri and Pelong Estates - There is a road maintenance program available and regular maintenance is carried out as per program. The management should consider compiling all the information into one report for easy reference.

ASA1 Finding: The latest report contains all the required details for easy reference.

Observation 3 (4.7.1(i)): Pelong Estate - It was noted that first aid boxes are available at work station. Sometime the mandor carries the first aid box in his motorcycle and moves around.

ASA1 Findings: A permanent first aid box is available at work site.

Observation 4 (5.3.2): Mill - The mill should consider building a proper oil trap at the mill canteen drain outlet to trap any waste oil from the washing of cooking utensils although the drain outlet looks clean.

ASA1 Finding: This was upgraded to minor nonconformity.

Observation 5 (5.5.3): Pelong Estate - Continuous awareness among workers on zero burning including zero burning of waste should be continuously implemented to ensure workers aware of the zero burning policy at all time.

ASA1 Finding: No any burning activities noted.

Observation 6 (6.2.3): Mill and Fikri Estate - Stakeholder list available. As an area for improvement, the stakeholder list can be updated regularly and include stakeholders such as MPOA, NUPW, Jabatan Pertanian etc.

ASA1 Finding: The latest stakeholder list contains all the appropriate and immediate stakeholders.

Observation 7 (6.5.3): Pelong Estate - Housing provided by the management to all workers. There is RM 15,000 budget allocated to upgrade the housing at the estate which was approved in April and the management plans to carry out the upgrading in June 2013. The progress will be further followed up during surveillance assessment.

ASA1 Finding: Upgrading was completed.

Observation 8: Schedule plan of maintenance work for electrical equipment and machinery should be considered so that a properly planned maintenance work is carried out rather than ad-hoc plan.

ASA1: All operating units conduction schedule maintenance to ensure machineries are in good order.

3.4 Noteworthy Positive Components

> The Mill has implemented significant improvements since the pre assessment for the control of source of pollutants. Bunkers have been installed for containment of boiler ash, fibre and nut shell during temporary storage. This prevents materials from being washed into the monsoon drain system by rainfall off.

> Interview of the village representatives found that Sungai Tong operating Unit has a close and cooperative relationship with the local villagers.

> No any complaints or disputes were noted or highlighted by external stakeholders.

3.5 Issues raised By Stakeholders and Findings with Respect To Each Issue

The majority of stakeholders had positive comments about Sungai Tong Certification Unit. Issues raised by stakeholders were discussed with the management and the company's response is obtained. The detail of stakeholders comment is provided in each criterion as part of this summary report.

Contractors: Payment is made promptly and no any disputes.

Head of the village and village representative: Confirmed that good relationship is maintained with the management and villagers. No any disputes were highlighted.

Audit Team Comment: No issue.

School Headmaster: Confirmed that he received lot of contributions from the management such as cash donation and materials such as books. Good relationship and cooperation is maintained between them.

Audit Team Comment: No issue.

Local and Foreign workers: No disputes or grievances highlighted. Some workers wanted to withdraw from workers union. This was re-checked and the process was incomplete and was raised to major nonconformity during surveillance. Refer to section 3.2.

Company response: The management is in discussion with the union (NUPW).

Audit Team Comment: Discussion held with the management and NUPW state secretary.

National Union of Plantation Workers (NUPW): Terengganu State NUPW secretary has officially written to BSI regarding the on-going process of resolving the union membership. He wrote and asked whether BSI will conduct the ASA in May 2014 because it was already going to be one year from the last audit.

Company response: The management had meeting with the State NUPW Secretary. The company will resolve the issue immediately.

Audit Team comment: BSI audit team has called for a meeting with the state secretary separately. Later a discussion with Sg. Tong management held to discuss further the issue during the assessment. It was noted that there is a need for further discussion between management, State NUPW and employees to resolve membership issues. Nonconformity was raised.

4.0 CERTIFIED ORGANISATION'S ACKNOWLEDGEMENT OF INTERNAL RESPONSIBILITY

4.1 Date of Next Surveillance Assessment

The next Surveillance Assessment will be scheduled within 9 – 12 months of certificate anniversary date.

4.2 Date of Closing Nonconformities (Major and Minor)

NC Ref.	CLASS	ISSUED	STATUS
924589N0	Minor	23/5/2013	Closed on 12/5/2014
924589N1	Minor	23/5/2013	Upgraded to Major Ref: 1047142M0
1047142M0	Major	15/5/2014	Closed on 10/7/2014
1047142N1	Minor	15/5/2014	"open"

**4.3 Acknowledgement of Internal Responsibility and
Formal Sign-off of Assessment Findings**

Sungai Tong Certification Unit acknowledges and confirms acceptance of the Assessment Report contents, including assessment findings. Sungai Tong Certification Unit also accepts the responsibility for addressing the nonconformities and opportunities for improvement detailed in the Assessment Report.

Signed for on behalf of
TDM Plantation Sdn Bhd
Sungai Tong Certification Unit



Tuan Haji Hasnan Bin Osman
Manager, Sungai Tong Palm Oil Mill

Signed for on behalf of
BSI Group Singapore Pte Ltd



Senniah Appalasamy
BSI RSPO Lead Auditor

Appendix A: TDM Plantation Sdn Bhd – Sungai Tong Palm Oil Mill Certification Unit's RSPO Certificate Details

TDM Plantation Sdn. Bhd.
 Sungai Tong Palm Oil Mill,
 Lot 7663, Batu 23, Jalan Kuala Terengganu – Kota Bahru,
 21500 Setiu, Terengganu,
 Malaysia.

BSI RSPO Certificate No: SPO 595564

Date of Initial Certificate Issued: 27 December 2013

Expiry Date: 26 December 2018

Applicable Standards: RSPO Certification System June 2007 (revised March 2011); RSPO P&C MY-NIWG 2010; and Supply Chain Certification Standard: November 2011, Module E – CPO Mills: Mass Balance.

Sungai Tong Palm Oil Mill and Supply Base		
Location	Setiu, Terengganu, Malaysia.	
Address	Sungai Tong Palm Oil Mill, Lot 7663, Batu 23, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia.	
GPS	Longitude: 102.9105 E Latitude: 5.3083 N	
CPO Tonnage Total Production (Certified)	57,418	
PK Tonnage Total Production (Certified)	15,404	
FFB Tonnage Total Production (Certified)	280,090	
Production Area	14,679.13ha.	
Certified Area	17,521.90ha.	
Estates FFB Tonnage (Certified)	Tayor	42,600
	Pelong	22,290
	Jaya	70,000
	Fikri	65,400
	Pinang Emas	55,400
	Jerangau	24,400

Appendix B: Annual Surveillance Assessment Programme

Date	Time	Subjects	Senniah	Muhd Haris
Monday 12/5/2014	AM	Audit Team travelling to the site.	√	√
	PM	Opening Meeting: <ul style="list-style-type: none"> • Presentation by the Estate and mill managers • Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation).	√	√
	PM	Supply chain audit for CPO mill at Sg Tong Mill.	√	√
Tuesday 13/5/2014	08.30 – 12.00	Sungai Tong Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management, Effluent Ponds, OSH, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection.	√	-
	09.00 – 12.00	Meeting with stakeholders (Government representatives, village rep, smallholders, Union Representatives, contractors etc.)	-	√
	12.00 – 13.00	Lunch	√	√
Date	Time	Subjects	Senniah	Muhd Haris
Tuesday 13/5/2014	13.00 – 17.30	Sungai Tong Palm Oil Mill: Document Audit, SOPs, Review on SEIA documents and records, wage records, employee data, training records, permits, mill inspection records, etc.	√	√
Wednesday 14/5/2014	08.30 – 12.00	Jeranggau Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store and mixing, etc.	√	√
	12.00 – 13.00	Lunch	√	√
	13.00 – 17.30	Jeranggau Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, Time bound plan verification, review pay documents etc).	√	√
Thursday 15/5/2014	8.30 – 12.00	Tayor Estate Field visit, boundary inspection, fertiliser application, field spraying, harvesting, workers interview, buffer zone, HCV area, Office, workshop, worker housing, clinic, Landfill, Chemical store, mixing, etc.	√	√
	12.00 – 13.00	Lunch	√	√
	13.00 – 16.00	Tayor Estate Document review (General Documentation e.g. Legal, Manual and Procedure, HCV identification, SEIA documents, Health and Safety, review pay documents etc).	√	√
	16.00 – 17.00	Verify any outstanding issues & Preparation for closing meeting	√	√
	17.00	Closing Meeting	√	√
Friday 16/5/2014	AM	Audit team travel back to KL	√	√

Appendix C: List of Stakeholders Contacted

<p>Internal Stakeholders</p> <p>Sungai Tong Certification Unit’s Management team and Staff Representatives from Sustainability Department On site compliance executives Mill Managers and Assistants Estate Managers and Assistants Facility Administrators Gender Committee Representatives Hospital Assistant Clinic Assistant Male and Female workers Workers Union Representatives Onsite NUPW members</p>	<p>Local Communities</p> <p>Shop owner Surrounding Independent Smallholders Kampung Jeranggau Village Representative</p> <p>Contractors</p> <p>FFB Supplier (Independent Smallholder) CPO Transport contractor Era Laboratory</p>
<p>Government Departments</p> <p>Department of Environment Labour Department Government School Fire and Rescue Department Representative</p>	<p>Others</p> <p>Trengganu State NUPW Secretary Laboratory equipment supplier</p>

Appendix D: Sungai Tong Palm Oil Mill Supply Chain Assessment (Module E: Mass Balance)

Requirements	
E.1. Documented procedures	
E.1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified for Mass Balance (MB) supply chain requirements.	Sungai Tong palm oil mill have written documented procedures (TDM/STPOM/01 rev. STPOM 01/2013 dated 30/1/2013) for the chain of custody with MB model covering certified and non-certified FFB. The mill manager has the responsibility to ensure implementation. The MB model used because sometimes FFB are purchased from outside smallholders.
E.1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFBs.	Sungai Tong 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.
E.2. Purchasing and goods in	
E.2.1 The facility shall verify and document the volumes of certified and non-certified FFBs received.	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..
E.2.2 The facility shall inform the CB immediately if there is a projected overproduction.	The facilities aware of this procedure.
E.3. Record keeping	
E.3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of certified and noncertified palm products.	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.
E.3.2 Retention times for all records and reports shall be at least five (5) years	The retention period is specified as five years and financial documents retained longer based on the local regulation requirement.
E.3.3 (a) The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	All the inventory records are maintained and updated on daily basis and monthly report shows monthly inventory. No PKO and Palm kernel meal at these sites.
E.3.3 (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.	Computerized system in place with the delivery deducted accordingly.
E.3.3 (c) The facility can only deliver Mass Balance sales from a positive stock. However, a facility is allowed to sell short.	The Mill aware that only positive stock can be delivered. No short selling.
E.3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/MB or Mass Balance. The supply chain model used should be clearly indicated.	Sungai Tong Palm Oil Mill use Mass Balance model and System in place to indicate CPO/MB or PK/MB on the documents related to the supply chain. Sample documents are available as reference.
E.3.5 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.	No outsourcing activities.
E.4. Sales and goods out	
E.4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information	Mill has sold certified CSPO trough eTrace. No sales through GreenPalm. The documents relevant to sales of certified product is available. Sample documents for the present palm product sales checked have the following information:
(a) The name and address of the buyer	Name and address of buyer written on the invoice as Cargill.
(b) The date on which the invoice was issued	Date is written on the existing invoice.
(c) A description of the product, including the applicable supply chain model (Segregated or Mass Balance)	Product description is written. Mass balance model will be written once the management unit is certified.
(d) The quantity of the products delivered	Quantity in tones.
(e) Reference to related transport documentation	Weighbridge documents and delivery document includes all the transport references.
E.5. Training	
E.5.1 The facility shall provide the training for all staff as required implementing the requirements of the Supply Chain Certification Systems.	Executive and Staffs in the weighbridge, stock control, storage and processing, document control have attended training. There was training conducted on 5 February 2013 to introduce the SOP and latest training was on 6 May 2013.
E.6. Claims	
E.6.1 The facility shall only make claims regarding the use of or support of RSPO certified oil palm products that are in compliance with the RSPO Rules for Communications and Claims.	No claims have been made.

Actual Certified Palm Production - 01 May 2013 - 30 April 2014 (Initial Certification)

MILL	CAPACITY	CPO	PK
Sungai Tong Palm Oil Mill	60 mt/hr	11,348	2,799

Actual Sales of Certified Palm Products - 01 May 2013 - 30 April 2014 (Initial Certification)

MILL	Certified CPO Sales	Certified PK Sales	Remarks
Sungai Tong Palm Oil Mill	6,262	NIL	-

Actual Certified FFB Received Monthly - 01 May 2013 - 30 April 2014 (Initial Certification)

Month	Tayor	Pelong	Jaya	Fikri	Pinang Emas	Jeranggau	Total FFB/Month
May 2013	0	0	0	0	0	0	
June 2013	0	0	0	0	0	0	
July 2013	0	0	0	0	0	0	
August 2013	0	0	0	0	0	0	
September 2013	0	0	0	0	0	0	
October 2013	0	0	0	0	0	0	
November 2013	0	0	0	0	0	0	
December 2013	0	0	0	0	0	0	
January 2014*	1,863	1,611	2,786	3,602	1,369	2,074	13,305
February 2014*	1,753	1,109	2,625	2,490	1,988	1,347	11,312
March 2014*	2,519	1,367	3,682	3,545	3,055	1,495	15,663
April 2014*	2,415	1,441	3,868	3,991	2,670	1,103	15,488
Total	8,550	5,528	12,961	13,628	9,082	6,019	55,768

* Certified end of December.