

**RSPO – 2nd Annual Surveillance Assessment (ASA2)
Public Summary Report****TDM Plantation Sdn. Bhd.**

Head Office:
Level 3, Bangunan UMNO Terengganu,
Lot 3224, Jalan Masjid Abidin,
20100 Kuala Terengganu, Malaysia.

Certification Unit: Sungai Tong Palm Oil Mill
Lot 7663, Batu 23, Jalan Kuala Terengganu-Kota Bharu,
21500 Setiu, Terengganu,
Malaysia.

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Section 1 Scope of the Certification Assessment

| 1. Company Details | | | |
|--------------------------------------|---|------------------|--|
| RSPO Membership Number | 1-0095-11-000-00 | Date | Member since: 28 February 2011 |
| Company Name | TDM Plantation Sdn Bhd | | |
| Address | Head Office: Level 3, Bangunan UMNO Terengganu, Lot 3224, Jalan Masjid Abidin, 20100 Kuala Terengganu, Malaysia. Certification Unit: Sungai Tong Palm Oil Mill, Lot 7663, Batu 23, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | | |
| Subsidiary of (if applicable) | N/A | | |
| Contact Name | Mr. Mohd. Asri Bin Sulong (Head Office) Mr. Tuan Haji Hassan Bin Osman (Mill Manager) | | |
| Website | www.tdmberhad.com.my | E-mail | asri.sulong@tdmberhad.com.my Hassan.tdmp@tdmberhad.com.my |
| Telephone | 09 – 620 4802 (Head Office) 09 – 824 7299 (Mill) | Facsimile | 09 – 620 4803 (Head Office) 09 – 824 7298 (Mill) |

| 2. RSPO Certification Information | | | |
|---------------------------------------|--|--------------------------------|--------------------|
| Certificate Number | SPO 595564 | Certificate Issued Date | 27/12/2013 |
| | | Expiry Date | 26/12/2018 |
| Scope of Certification | Palm Oil and Palm Kernel Production from Sungai Tong Palm Oil Mill and Supply Base (Estates: Jaya, Fikri, Tayor, Pelong, Jeranggau, Pinang Mas). | | |
| Other Certifications | | | |
| Certificate Number | Standard(s) | Certificate Issued by | Expiry Date |
| CoP/ET/0021-1 (Pinang Emas Estate) | Code of Good Agricultural Practice for Oil Palm Estates and Smallholdings | MPOB | 18/3/2018 |
| CoP/ET/0027-1 (Jaya Estate) | Code of Good Agricultural Practice for Oil Palm Estates and Smallholdings | MPOB | 17/12/2017 |

| 3. Location (s) of Mill & Supply Bases | | | |
|--|--|----------|----------|
| Name (Mill / Supply Base) | Location [Map Reference #] | GPS | |
| | | Easting | Northing |
| Sungai Tong POM | Lot 7663, Batu 23, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | 102.9105 | 5.3083 |
| Jaya Estate | Ladang Jaya, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | 102.8840 | 5.3962 |

| | | | |
|--------------------|--|----------|--------|
| Fikri Estate | Ladang Fikri, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | 102.8990 | 5.3218 |
| Tayor Estate | Ladang Tayor, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | 102.8905 | 5.2660 |
| Pelong Estate | Ladang Pelong, Jalan Kuala Terengganu-Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | 102.8332 | 5.2821 |
| Jerangau Estate | Ladang Jerangau, Jalan Jerangau, 21810 Ajil, Hulu Terengganu, Terengganu, Malaysia. | 103.1630 | 4.9610 |
| Pinang Emas Estate | Ladang Pinang Emas, Bukit Besi, 23000 Dungun, Terengganu, Malaysia. | 103.1301 | 4.4610 |

4. Description of Supply Base

| Estate | Mature (ha) | Immature (ha) | Total Planted (ha) | Infrastructure & Other (ha) | Total Hectarage | % of Planted |
|--------------------|-------------|---------------|--------------------|-----------------------------|-----------------|--------------|
| Jaya Estate | 3,365.50 | 0 | 3,365.50 | 90.29 | 3,455.79 | 97% |
| Fikri Estate | 3,184.58 | 0 | 3,184.58 | 460.52 | 3,645.10 | 87% |
| Tayor Estate | 2,155.07 | 0 | 2,155.07 | 131.27 | 2,286.34 | 94% |
| Pelong Estate | 1,480.49 | 0 | 1,480.49 | 1,536.71 | 3,017.20 | 49% |
| Jerangau Estate | 1,059.33 | 394.01 | 1,453.34 | 27.59 | 1,480.93 | 98% |
| Pinang Emas Estate | 2,944.15 | 74.65 | 3,018.80 | 596.39 | 3,615.19 | 84% |
| Total | 14,189.12 | 468.66 | 14,657.78 | 2,842.77 | 17,500.55 | 84% |

Note: Planted Area reduced 21.35ha at Jaya Estate because this area overlapped with Tayor Estate and already included under Tayor Estate previously (double counted previously). This was re-adjusted during the re-survey.

5. Plantings & Cycle

| Estate | Age (Years) & Ha. | | | | | Tonnage / Year | | |
|--------------------|-------------------|----------|----------|----------|---------|------------------------------------|---------------------------------|-----------------------------------|
| | 0 - 3 | 4 - 10 | 11 - 20 | 21 - 25 | 26 - 30 | Estimated (ASA1) Nov' 14 – Oct' 15 | Actual (ASA1) Nov' 14 – Oct' 15 | Forecast (ASA2) Nov' 15 – Oct' 16 |
| Jaya Estate | 0 | 728.72 | 2,636.78 | 0 | 0 | 70,000 | 65,571 | 70,500 |
| Fikri Estate | 0 | 90.00 | 2,643.02 | 451.56 | 0 | 65,400 | 50,657 | 65,300 |
| Tayor Estate | 0 | 70.00 | 1,645.67 | 439.40 | 0 | 42,600 | 41,793 | 42,076 |
| Pelong Estate | 0 | 0 | 77.75 | 1,402.74 | 0 | 22,290 | 17,430 | 23,800 |
| Jerangau Estate | 394.01 | 85.60 | 59.72 | 914.01 | 0 | 24,400 | 20,054 | 22,150 |
| Pinang Emas Estate | 74.65 | 74.65 | 1,015.58 | 1,853.92 | 0 | 55,400 | 30,688 | 52,700 |
| Total | 468.66 | 1,048.97 | 8,078.52 | 5,061.63 | 0 | 280,090 | 226,193 | 276,526 |

Note: FFB production reduced due harvesting affected by prolong rain beginning of the year 2015. 31,776mt from the total 226,193mt was delivered to Group Mill (Kemaman Palm Oil Mill) and balance 194,417mt FFB processed at Sungai Tong Palm Oil Mill.

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| 6. Certified Tonnage | | | | | | | | | |
|---|---------------------------------------|--------|--------|------------------------------------|--------|--------|--------------------------------------|--------|--------|
| Mill | Estimated (ASA1) Nov' 14 – Oct' 15 | | | Actual (ASA1) Nov' 14 – Oct' 15 | | | Forecast (ASA4) Nov' 15 – Oct' 16 | | |
| | FFB | CPO | PK | FFB | CPO | PK | FFB | CPO | PK |
| Sungai Tong Palm Oil Mill | 280,090 | 57,418 | 15,404 | #194,417 | 39,988 | 10,424 | 276,526 | 56,688 | 14,932 |
| *Certified FFB from Adjacent Group Estate | 0 | 0 | 0 | *66 | 14 | 4 | 0 | 0 | 0 |
| Grand Total | 280,090 | 57,418 | 15,404 | 194,483 | 40,002 | 10,428 | 276,526 | 56,688 | 14,932 |

* RSPO Certificate Number SPO 587626 Expiry Date: 31/10/2018

FFB production reduced due harvesting affected by prolong rain beginning of the year 2015. This figure exclude 31,776mt certified FFB delivered to group mill KPOM.

| 7. Non-Certified Tonnage | | | | | | | | | |
|---------------------------------|---------------------------------------|-------|-----|------------------------------------|-------|-----|--------------------------------------|-------|-----|
| Supplier | Estimated (ASA1) Nov' 14 – Oct' 15 | | | Actual (ASA1) Nov' 14 – Oct' 15 | | | Forecast (ASA4) Nov' 15 – Oct' 16 | | |
| | FFB | CPO | PK | FFB | CPO | PK | FFB | CPO | PK |
| Independent Smallholder | 5,000 | 1,025 | 275 | 5,332 | 1,096 | 286 | 4,800 | 984 | 259 |
| Independent Estate | 5,000 | 1,025 | 275 | 4,889 | 1,005 | 262 | 4,800 | 984 | 259 |
| Grand Total | 10,000 | 2,050 | 550 | 10,221 | 2,101 | 548 | 9,600 | 1,968 | 518 |

Section 2 Assessment Process

Certification Body:

BSI Services Malaysia Sdn Bhd,
 (ASI Accreditation Number: RSPO-ACC-19)
 B-08-01 (East), Level 8, Block B, PJ8,
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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 is ASI Accredited (RSPO-ACC-19) to conduct RSPO assessment since 31/10/2014 with accredited office located at Kuala Lumpur, Malaysia and an office at Singapore, Jakarta, Bangkok and Australia which involve in RSPO Certification Program.

Assessment Methodology, Programme, Site Visits

The on-site assessment was conducted from 29 September – 1 October 2015. The audit programme is included as Appendix C. The approach to the audit was to treat the mill and its supply bases as a RSPO Certification Unit. Mill was audited together with the sample estates (Jaya and Pinang Mas). 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, review of documentation and monitoring data. RSPO P&C MYNI-2014 was used as checklists and questionnaires were used to guide the collection of information and RSPO SCCS 2014 to assess CPO mill supply chain elements. The comments made by external stakeholders were also taken into account in the assessment.

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 D.

The nonconformities that were assigned during the first annual surveillance audit (ASA1) which was closed during the last assessment were followed up to ensure it is remains closed. Previous nonconformities are remains closed. The assessment findings 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 internally reviewed by certification reviewer Mr. Mohammed Hidhir Zainal Abidin prior to certification decision by BSI.

Assessment Program: The following table would be used to identify the locations to be audited each year in the next 5 year cycle.

| 1.Assessment Program | | | | | |
|--------------------------------------|----------------------------------|--------------|--------------|--------------|--------------|
| Name (Mill / Supply Base) | Initial certification | ASA 1 | ASA 2 | ASA 3 | ASA 4 |
| Sungai Tong Palm Oil Mill | √ | √ | √ | √ | √ |
| Jaya Estate | | | √ | | |
| Fikri Estate | √ | | | √ | |
| Tayor Estate | | √ | | | √ |
| Pelong Estate | √ | | | √ | |
| Jerangau Estate | | √ | | | √ |
| Pinang Emas Estate | | | √ | | |

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Revision 1 (Sept/2014)**Tentative Date of Next Visit:** September 2016**Total No. of Mandays:** 9 Man-days**BSI Assessment Team:****Hafriazhar Mohd Mohktar – Lead Assesor**

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 and Solomon Islands. 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.

Muhammad Haris B. Abdullah – Lead Assessor

He holds Master in Business Administration from the University Utara Malaysia and Bachelor of Business Administration (Hons) Majored in Human Resource Development from the Open University Malaysia. 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, ISO 9001, OHSAS 18001 Lead Auditor Training Courses and qualified as EICC auditor. He has completed International Sustainable and Carbon Certification (ISCC) Lead Auditor Training Courses. Recently he has attended the RSPO P&C Social and Labour Standards and the Mechanics of Social Auditing Workshop on 17 – 19 September in Bangkok, Thailand. 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 environment, Safety and Health, Legal, Social and community engagements, Stakeholders consultation, and workers welfare. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

Senniah Appalasamy – Team Member

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, Social Auditing Training by RSPO at Yogyakarta, 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. He has participated and presented paper regarding smallholder RSPO certification during RT 10 in Singapore and RT 11 in Medan, Indonesia in the experience sharing session. For this assessment he assess Mill and Estate best practices, supply chain, OSH, HCV, Legal, Environment, Social issues, stakeholder interview etc. He is able to speak and understand Bahasa Malaysia, English, Tamil and Bahasa Indonesia.

Accompanying Persons: Not Applicable

Section 3 Summary of Assessment Findings

3.1 Details of audit results are provided in the following Appendix:

- ☒ RSPO P&C NYNI 2014 Checklist – **Appendix A:** Summary report of the Assessment.
- ☒ RSPO Supply Chain Certification Checklist – **Appendix E:** CPO Mill Supply Chain Assessment Report.

3.2 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. The time bound plan for the existing mills has been completed.

Recently TDM informed that it has taken over the management control of the plantation in Indonesia, PT Rafi Kamajaya Abadi. The company has carried out restructuring and all the plantation are under TDM Berhad. There is no palm oil mill (certification unit) at the Indonesia operation currently. However, the company decided to build a palm oil mill, and preparing a time bound plan to certify the unit. The plantation in Indonesia was undergone HCV and SIA assessment through RSPO approved assessors from Bogor Agriculture University. The planting was started in 2008. The company is in the process of preparing the on-going NPP documentation after taking over the management control of Indonesia plantation.

TDM Plantation Sdn Bhd's Time Bound Plan (TBP) was completed in 2013 with the completion of this Sungai Tong Palm Oil Mill and Supply Base Certification Assessment. However, during this assessment the TBP is revised to include the PT Rafi Kamajaya Abadi as newly taken over management control. TDM Plantation Sdn Bhd consistently has kept BSI informed of any emerging issues and claims made against it. Recently the company is in the process of acquiring land through PT Sawit Rezki Abadi. The company is aware of the NPP requirement before any development. At the time of preparation of this Report, BSI is not aware of any new issues involving:

- a. Any unresolved significant land disputes;
- b. Any replacement of primary forest or loss of HCVs;
- c. Any labour disputes that are not being resolved through an agreed process;
- d. 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.

3.3 Details of findings

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

During the second annual surveillance assessment there was a major nonconformity raised. Sungai Tong Palm Oil Mill and Supply Base Estates have submitted Corrective Action Plan for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

| Non-Conformity | | |
|----------------|--|------------------------|
| NCR # | Description | Category (Major/Minor) |
| 1243852M1 | Requirements 6.5.2: Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. | Major |
| | Evidence of Nonconformity Extended contract of foreign workers who extended their services was not available. Sample checked at Jaya estate: Employee Passport No.: A3723195, A3722411 and A3428314 expired on 22/1/2015. | |
| | Statement of Nonconformity All operating units: Extended contract of foreign workers who extended their services was not available. | |
| | Status Sungai Tong management units have identified that there were no proper guideline for the foreign workers contract extension. The management units had a meeting with TDM Human Resources department on the 25/10/2015 to discuss and address the issue. It was decided to issue separate extension contract for foreign workers when they extend their service of employment after expiry of the initial contact period and revised SOP for foreign workers recruitment and extension has been finalized. "Perjanjian Kerja (Lanjutan)" Extended employment contract of the sampled workers (Passport No.: A3723195, A3722411 and A3428314) valid from 20/1/2015 – 19/1/2016 were submitted to the audit team. The audit team reviewed and accepted the evidence. Major NC was closed on 23/11/2015. | |

| Positive Findings | |
|-------------------|--|
| PF # | Description |
| 1 | All operating units have maintained good relationship with the local community and other stakeholders. Positive feedback was given to the audit team during interview. |
| 2 | The palm oil mill has maximized the use of renewable energy by consuming shell and fiber produced internally. |
| 3 | Jaya Estate and Pinang Emas Estate certified under other standards such as MPOB CoGAP by Malaysian Palm Oil Board. |
| 4 | During field visit at Jaya Estate it was noted that fertilizer applications are using bagging system to ensure correct dosage and application reach every palms. |

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 Sungai Tong 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

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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 D.

| IS # | Description |
|------|--|
| 1 | <p>Issues Local workers: It was highlighted that they are satisfied with the work condition and payment. The workers also highlighted that they have been paid the revised pay rate after the new NUPW/MAPA agreement was signed.</p> <p>Management Responses The management is continued to give attention to the welfare, pay and condition.</p> <p>Audit Team Findings There were no any issues that require further verification was highlighted. Consultation with stakeholders and Document review confirm that there were no pending issues.</p> |
| 2 | <p>Issues Foreign workers representative: During consultation there were no issue regarding pay and condition of work. The representative highlighted that they are treated equally. All foreign workers have access to all facilities similar to local workers.</p> <p>Management Responses The management highlighted that they treat all employees equally and no discrimination.</p> <p>Audit Team Findings No disputes were highlighted by foreign workers interviewed during consultation.</p> |
| 3 | <p>Issues DOSH Officer: Informed that there is no issue on legal compliance. OSH requirements are implemented in all estates and mill.</p> <p>Management Responses The management took note of the comment for continuous improvement.</p> <p>Audit Team Findings Positive feedback.</p> |
| 4 | <p>Issues Foreign workers representative: No issue regarding pay and condition of work. The representative highlighted that they are treated equally. All foreign workers have access to all facilities similar to local workers.</p> <p>Management Responses The management treat all employees equally and no discrimination.</p> <p>Audit Team Findings No disputes were highlighted by foreign workers interviewed during field visit.</p> |
| 5 | <p>Issues Contractors & Suppliers: Contractors and Suppliers confirmed that payment is prompt as per agreed contract.</p> <p>Management Responses Payment is made as per the agreed terms.</p> <p>Audit Team Findings No other issues.</p> |
| 6 | <p>Issues School Headmaster and teacher: It was re-confirmed that the management always support school activities. The relationship is good. No other issues.</p> <p>Management Responses Management assist wherever possible.</p> <p>Audit Team Findings No other issues.</p> |
| 7 | <p>Issues Workers union secretary: No pending disputes or any wage issues. Company follow the NUPW/MAPA agreement and minimum wage requirement.</p> <p>Management Responses Management always encourage union representative and workers to meet them to resolve any issue immediately and open for discussion.</p> <p>Audit Team Findings</p> |

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|-----------|--|
| | No disputes were raised by workers interview with them which indicate that the freedom to join union and procedure to voice out grievances is implanted. |
| 8 | Issues Village Head: Management always assist whenever requested for assistance. The relationship is good. No other issues. |
| | Management Responses Management assist wherever possible. |
| | Audit Team Findings No other issues. |
| 9 | Issues Mosque Chairman: TDM management has allocated an area of land for Muslim graveyard at Fikri estate. However, he was not sure the actual land size allocated for the graveyard. |
| | Management Responses Fikri estate management confirmed that the TDM land department had officially allocated 1 acre land for the graveyard. This will be formally communicated to the mosque committee and State Islamic Department once acknowledged by the district land department. |
| | Audit Team Findings No other issues. |
| 10 | Issues Police officer: Confirmed that there were no security issues at Sungai Tong operating units. |
| | Management Responses Management ensures security within the estate and mill boundaries are monitored at all the time. |
| | Audit Team Findings No other issues. |
| 11 | Issues MPOB officer: He thanks and congratulates the Sungai Tong POM for allowing MPOB to conduct the FFB Grading training for the whole Terengganu state throughout the year. |
| | Management Responses Management assist wherever possible. |
| | Audit Team Findings No other issues. |
| 12 | Issues BOMBA officer: He thanks and congratulates the Sungai Tong operating unit ERT Team for the commitment and preparedness for any emergency situations. |
| | Management Responses Management always give priority for safety and emergency preparedness. |
| | Audit Team Findings No other issues. |

3.3.1 Status of Nonconformities Previously Identified and Observations

| Non-Conformity | | |
|----------------|---|--------------------------|
| NCR # | Description | Category (Major / Minor) |
| 1047142N1 | Requirements: Indicator 5.3.2: Having identified wastes and pollutants, an operational plan should be developed and implemented, to avoid or reduce pollution. | Minor |

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| | | |
|--|--|--|
| | <p>Evidence of Nonconformity: During the site visit it was found that:</p> <ol style="list-style-type: none"> 1. Spillage of diesel at the diesel filling area 2. There is no bund to block any spillage from going out of the chemical store in case of accidental spillage 3. There was a grease pump and empty chemical bags placed out site the store at the water treatment area | |
| | <p>Statement of Nonconformity: STPOM: Waste and pollutants was identified but implementation to avoid or reduce pollution is lacking</p> | |
| | <p>Action: Correction and corrective action verified during the ASA 2 site visit:</p> <ol style="list-style-type: none"> 1. Diesel filling area was kept clean where spillage in case of spillage, diesel was covered with sand/fibres which were later disposed as scheduled waste. Additional spillage tray was provided for diesel filling of tractors. Frequent inspection has been carried out at diesel filling area to ensure proper controls. 2. Concrete bund has been constructed to contain spillage from flowing into the drain. Spill kit has been provided in chemical store. 3. Chemicals for water treatment were stored in the centralized storage facility with only required amount brought to the water treatment area each time it needs to be use. Any maintenance or service works were carried out only by designated workshop personnel whom will keep their tools upon completion of works. | |
| | <p>Status: The nonconformity was closed during the ASA 2 site visit on 29/9/2015.</p> | |

| Non-Conformity | | |
|----------------|---|--------------------------|
| NCR # | Description | Category (Major / Minor) |
| 924589N1 | <p>Requirements: Indicator 6.6.2: A published statement in local languages recognizing freedom of association</p> | Minor |
| | <p>Evidence of Nonconformity: Interview with the Terengganu NUPW Secretary and workers from various operating units reveal that the implementation is still in progress</p> | |
| | <p>Statement of Nonconformity: All operating units: 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 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. This issue and process of discussion between the three parties will be further followed up during next surveillance.</p> | |
| | <p>Action: Meetings between the management and Terengganu NUPW Secretary had been conducted few times since ASA 1 audit. The TDM Head office itself had conducted a meeting with MAPA Chairman together with NUPW state secretary on 25 August 2015 (MAPA One-Day Office Meeting For Terengganu) where the records and interviews evidence that the dispute has been resolved.</p> | |

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| | | |
|--|--|--|
| | Status: The nonconformity was closed on 29/9/2015. | |
|--|--|--|

| Observation | |
|--------------------|---|
| OBS # | Description |
| 1 | (4.4.5): STPOM: Monitoring of water usage is carried out as a total usage rather than specifically for processing of FFB. Status ASA2: Figures for unit water usage (m ³ /mt FFB processed) available. |
| 2 | (4.6.4): Jeraggau Estate: The chemical containers recycled for agrochemical spraying activities were marked but some marking were faded. Status ASA2: During the ASA2 it was noted that all the operating units have regularly repainting to ensure the marking on the chemical containers used for premix are visibly can be seen. |
| 3 | (6.10.3): Jerangau 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. Status ASA2: The revised contract has been included with workmen compensation scheme. |

3.3.2 Summary of the Nonconformities and Status

| CAR Ref. | CLASS | ISSUED | STATUS |
|-----------------|--------------|---------------|------------------------------------|
| 924589N0 | Minor | 23/5/2013 | Closed 12/5/2014 |
| 924589N1 | Minor | 23/5/2013 | Upgraded to Major (Ref: 1047142M0) |
| 1047142M0 | Major | 15/5/2014 | Closed 10/7/2014 |
| 1047142N1 | Minor | 15/5/2014 | Closed 29/9/2015 |
| 1243852M1 | Major | 29/9/2015 | Closed 23/11/2015 |

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| Assessment Conclusion and Recommendation: | |
|--|--|
| Based on the findings during the this assessment of Sungai Tong Palm Oil Mill Certification Unit and supply base complies with the RSPO P&C Malaysian National Interpretation (MY-NI 2014) and the RSPO Supply Chain Certification Standard (Nov 2014) for CPO Mill. It is recommended that the certification of Sungai Tong Palm Oil Mill Certification Unit is approved and continued. | |
| Acknowledgement of Assessment Findings | Report Prepared by |
| Name: Tuan Haji Hassan Bin Osman | Name: Hafriazhar Mohd Mokhtar |
| Company name: TDM Plantation Sdn Bhd Sungai Tong Certification Unit | Company name: BSI Services Malaysia Sdn. Bhd. |
| Title: Mill Manager | Title: Lead Auditor |
| Signature:  | Signature:  |
| Date: 23-11-2015 | Date: 20/11/2015 |

Appendix A: Summary Report of the Assessment

| Criterion / Indicator | | Assessment Findings | Compliance |
|---|--|---|------------|
| Principle 1: Commitment to Transparency | | | |
| Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making. | | | |
| 1.1.1 | There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance - | Adequate information covering on environmental, social and legal issues which are relevant to RSPO Criteria and relevant to stakeholders is shared for effective participation and decision making. Requests for information from the Regulatory Department such as DOSH during compliance visit were attended and no noncompliance or complaints were noted. | Complied |
| 1.1.2 | Records of requests for information and responses shall be maintained. -Major compliance | All operating units maintain records of information request and response. Request for information are attended promptly and confirmed by stakeholders interviewed. | Complied |
| 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. | | | |
| 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 – | There was no restriction noted as to the documents made available to the public except those prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes. Access to these documents is made available upon request. Information relating to land titles, safety and health plans, pollution prevention plans was made available at all operating units. Procedure for complaints and grievances were available at notice boards. The company is in the progress to make available the documents on the company's website in the future. Among the documents that were made available for viewing are: <ul style="list-style-type: none"> • Good Agricultural Practices • Social Enhancement • Sustainability Management Programmes • Complaint and Grievances procedure. • Environmental Conservation These documents highlight current TDM Plantations Sdn Bhd practices and their continual improvement plans. Besides the above document TDM Plantations Sdn Bhd policy on the followings are also available: <ol style="list-style-type: none"> 1) Social 2) Quality 3) Freedom of Association 4) Occupational Safety, Health and Environment 5) Environment & Biodiversity 6) Protection of Children 7) Gender The policies were displayed at various locations including the main notice boards of the estates, mill offices and muster ground notice boards for employees and visitors to view. | Complied |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|---|--|--|------------|
| Criteria 1.3: Growers and millers commit to ethical conduct in all business operations and transactions. | | | |
| 1.3.1 | There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. -Minor compliance | Policy committing to a code of ethical conduct and integrity in all operations and transactions dated 20 September 2015 approved by the CEO of TDM Plantation Sdn. Bhd was sighted. The policy is communicated to the through notice boards and briefing to workers. | Complied |
| 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. | | | |

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| Criterion / Indicator | Assessment Findings | Compliance |
|--|---|-----------------|
| <p>2.1.1 Evidence of compliance with relevant legal requirements shall be available. - Major compliance -</p> | <p><u>Sungai Tong POM:</u></p> <p>a) MPOB license: 500042704000 (validity period 1/4/2015 - 30/3/2016) for 300,000MT</p> <p>b) DOE Licence/ <i>Jadual Pematuhan</i> : JPKKS 002385 (validity period 1/7/2015 - 30/6/2016) for 60 MT/hr and method of POME discharge is water course with BOD final discharge limit <100mg/l</p> <p>c) Quarterly statement form A.S.4 as per EQ (Prescribed Premises) (CPO) Reg. 1977 and license requirements latest submitted to DOE Terengganu for 2nd quarter ref.: KL-KKS/3/05/022 dated 9/7/2015</p> <p>d) Energy commission license no.: 0430; serial no.: 00127985 (validity period 19/1/2015 – 18/1/2016) for installation capacity limit <3545kW</p> <p>e) Schedule controlled item permit (Diesel) ref. no.: KPPDNKK.BST.800-1/8/23/14(SK/D); serial no.: T009009 (validity period 31/5/2015 – 30/5/2015) for storage capacity of <20,000liters</p> <p>f) Boiler no. 1 Vickers Hoskins PMD reg. no.: TG PMD 61 (validity 21/9/2014 – 20/12/2015)</p> <p>g) Back pressure receiver PMT reg. no.: TG PMT 5357 (validity 18/8/2015 – 17/11/2015)</p> <p>h) Pressure filter PMT reg. no.: PMT 10857 (validity 13/4/2015 – 12/7/2016)</p> <p>i) Certified Environment Professional in the Treatment of Palm Oil Mill Effluent – Pond Processes (CEPPOME) serial no.: CePPOME/14120 (validity 2/3/2015 – 1/3/2016)</p> <p>j) Steam Engineer JKJ 19 acknowledgement no.: 028/97 (1st grade steam engineer) reg. no.: JKKP IS127/438/2/1302</p> <p>k) Steam Engine Driver JKJ 18 acknowledgement no.: T.08/94 (2nd grade steam engine driver)</p> <p>l) Electrical chageman A4 acknowledgement no.: PJ-T-4-H-0615-2001 (low voltage installation) ref. no.: 038970</p> <p>m) Visiting electrical engineer: JK-T-5-B-0368-1995 under Noba Engineers Sdn Bhd, latest visit dated 7/9/2015</p> <p><u>Jaya Estate:</u></p> <ul style="list-style-type: none"> • MPOB license: 543218011000 valid until 31/10/15 • Air compressor permit: No.: TG PMT 5172 expired on 17/9/2015. Request letter for renewal to DOSH dated 13/9/2015 (ref. No.: TDMP/JKKP/15.03) was sighted. Pending for DOSH inspection. • MPOB Code of Good Agriculture Practice for Oil Palm Estate and Smallholdings (No.: MPOB-CoP/ET/0021-1) valid until 18/3/18. • Diesel permit: KPDNKK/BST.800-1/5/09/13 (SK/D&P), capacity 8,190 litres valid until 31/3/16. <p><u>Pinang Emas Estate:</u></p> <ul style="list-style-type: none"> • Air compressor permit: No.: TG PMT 4819 expired on valid till 16/9/2016. • Deduction permit: No.: PMT/PTK DN/2012/1 dated 24/5/12. <p>MPOB license: 5026066002000 valid until 29/2/16.</p> | <p>Complied</p> |

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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 - | List of applicable legal and other requirements was made available during the assessment. Documented procedure has been established and implemented, TDM/STPOM/01 Revision STPOM-01/2012 dated 1/5/2012, the procedure for Legal and Other Requirements. | Complied |
| 2.1.3 | A mechanism for ensuring compliance shall be implemented. - Minor compliance - | A mechanism to ensure compliance to legal and other requirement has been documented in TDM/STPOM/01 Revision STPOM-01/2012 dated 1/5/2012. TDM Compliance Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance. | Complied |
| 2.1.4 | A system for tracking any changes in the law shall be implemented. - Minor compliance - | A system for tracking changes as per documented procedure has been implemented at all respective operating units. Group Legal Department, Plantation Coordinator and Plantation Advisor will notify new requirements if there are any changes of law as to date. | Complied |
| Criterion 2.2: The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights. | | | |
| 2.2.1 | Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance - | The Estates and Mill are on government lease land and they hold copies of Land Titles. The oil palm operations are consistent with the land title for agricultural purposes. Sungai Tong Mill: Land title No. 6521 Jaya estate: Holds 3 land titles (No.: 6001, 6002 and 6247). Pinang Mas estate: Holds 6 land titles (HSD72, HSD73, HSD74, HSD75, HSD76 and HSD77). | Complied |
| 2.2.2 | Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance - | Boundary stone at field number 97 adjacent with Jelapang Village was visited at Jaya Estate and at field PM99 (Pinang Emas estate) adjacent with government road reserve. It was noted that legal boundaries are clearly demarcated and visibly maintained. | 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 - | TDM did not acquire land from landowners, but owned it or leased it directly from the government. There were no issues of land disputes noted during the stakeholder interview and documents check. | 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 in the Sungai Tong Certification units at the time of audit. The land belongs to TDM and land ownership documents verified. | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance |
|--|--|------------|
| 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 | 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 | Complied |
| Criterion 2.3: 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 - | 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 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 - | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance |
|---|--|------------|
| 2.3.3 | All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. -Minor compliance | Complied |
| 2.3.4 | Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. -Major compliance | Complied |
| 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. | | |
| 3.1.1 | A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance - | Complied |
| 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 - | Complied |
| 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 - | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance |
|--|---|------------|
| 4.1.2 A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance - | Mill advisor and Planting Advisor make annual visit to evaluate the performance of the mill and estates. Latest planting advisor visit was in June 2015. Issues highlighted were rectified by the estate management. All operating units maintain DOSH and DOE Visit Records as well. There were no major issues. | Complied |
| 4.1.3 Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance - | <u>Pinang Emas estate:</u> External PA visited on 14-15/4/2015 (Report No.: PA Report No.2) External Agronomist visit: 28/7/15 (2016 Fertilizer recommendation) | Complied |
| 4.1.4 The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance - | Sungai Tong mill maintains a daily record of all FFB received. The records show the origin, weight, transporters details etc. The FFB is received from certified own supply base and external non-certified FFB from Independent smallholders. | Complied |
| Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield. | | |
| 4.2.1 There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance - | Sungai Tong Palm Oil Mill and estates operates in accordance with the TDM management systems and standard operating procedures. The practices consistently monitored by mill and plantation advisors and recommendations for improvements are given to maintain the sustainable practices. | Complied |
| 4.2.2 Records of fertiliser inputs shall be maintained. - Minor compliance - | Fertilizers are applied as per agronomist recommendation. Record shows application date, filed number, dosage applied per palm, type of fertilizer and number of applicators. i.e. field 00C3 applied with NPK compound fertilizer on 30/9/2015 at the rate of 3.5kg/palm. | Complied |
| 4.2.3 There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance - | External Agronomist from Sime Darby Seeds and Agriculture Services Sdn Bhd visited estates on 28 July 2015 to carry out physical observation prior to the fertilizer recommendation for 2015 [Report No. AC/B0/10.84/10.84.3/0586 915]. The foliar sampling exercise was conducted on July 2015. The visual analysis and the leaf analysis result which shows the nutrient level was used as guidance for the fertilizer recommendation. Soil sampling was carried out in 15 November 2012 and is scheduled to be repeated every 5 years. | Complied |
| 4.2.4 A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance - | All palm by-products including fronds, EFB, shell and fibre are recycled. EFB is applied at the rate of 40mt/ha on selected mature field area close to the mill and immature area. | Complied |
| Criterion 4.3: Practices minimise and control erosion and degradation of soils. | | |
| 4.3.1 Maps of any fragile soils shall be available. - Major compliance - | Soil series map available for both estates visited. No other soil categorised as problematic or fragile soil. Majority soil categorised as both "Gajah Mati and Jerangau" with mix of clay. | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance |
|--|--|------------|
| 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 - | Recently replanted area is established with cover crops and vegetation 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. "Cross bunds" have been constructed at the hilly roads to divert the flowing rain water to reduce the soil erosion. There are no peat soils or soil categorised as problematic or fragile soil at both estates. | Complied |
| 4.3.3 A road maintenance programme shall be in place. - Minor compliance - | Estates has implemented annual road maintenance programme. Example of programme checked at Jaya and Ping Emas estates shows the map indicating road repairs and maintenance for the whole estate roads includes grading, compacting and stone application to strengthen the road surface, Culvert maintenance and bridge maintenance. | 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 were no peat soils at both visited 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 - | There were no peat soils at both visited 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 are no soils categorized as problematic or fragile soil at all estates. | Complied |
| Criterion 4.4: Practices maintain the quality and availability of surface and ground water. | | |

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| Criterion / Indicator | Assessment Findings | Compliance | | | | | | | | | | | | |
|---|---|-----------------|-------------|------------|----------|----------------|-----------|-----------------|-----------|-----------------|-----------|-------------|-----------|-----------------|
| <p>4.4.1</p> <p>An implemented water management plan shall be in place. - Minor compliance -</p> | <p><u>Sg. Tong POM:</u> Rainfall 2014: 4251ml Rainfall 2015 (as at Aug) : 1415ml</p> <p>Water management plan: Contingency during water shortage FY2015/2016</p> <p>Action plan for reduction of water usage FY2015/2016</p> <p><u>Pinang Emas Estate:</u> Water management involved monitoring of outgoing water. Monitoring done by taking water samples from streams/rivers based on procedure TDMP/19 Rev. 1 dated 29/3/2012 from few sampling points as per following:</p> <ul style="list-style-type: none"> • W1: Upstream of Sg. Pecahan • W2: Downstream of Sg. Luit • W3: Upstream of Sg. Pinang • W6: Upstream of Sg. Patak • W7: Midstream of Sg. Patak • W8: Upstream of Sg. Bakar • W9: Downstream of Sg. Bakar <p>Samples were analysed against the Interim National Water Quality Standard (INWQS) Class IIA/IIB parameters (pH, BOD, COD, TSS, NH₃N & P) as well as Organochlorine Pesticides content. Latest sampling was done on 11/8/2015 (Report no.: ERAKT/TDM/PINANG EMAS/15/08-06) shown that water samples from all sampling points are in compliance to the INWQS.</p> | <p>Complied</p> | | | | | | | | | | | | |
| <p>4.4.2</p> <p>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> | <p><u>Jaya Estate</u></p> <p>Documented as a Slope Protection & River Buffer Zone Policy (Signed by CEO TDM Plantation, Version 2, dated 1/10/2014) established as following:</p> <table border="1" data-bbox="651 1402 1289 1585"> <thead> <tr> <th>River width</th> <th>Buffer zone</th> </tr> </thead> <tbody> <tr> <td>< 5 meters</td> <td>5 meters</td> </tr> <tr> <td>5 to 10 meters</td> <td>10 meters</td> </tr> <tr> <td>10 to 20 meters</td> <td>20 meters</td> </tr> <tr> <td>20 to 40 meters</td> <td>40 meters</td> </tr> <tr> <td>> 40 meters</td> <td>50 meters</td> </tr> </tbody> </table> | River width | Buffer zone | < 5 meters | 5 meters | 5 to 10 meters | 10 meters | 10 to 20 meters | 20 meters | 20 to 40 meters | 40 meters | > 40 meters | 50 meters | <p>Complied</p> |
| River width | Buffer zone | | | | | | | | | | | | | |
| < 5 meters | 5 meters | | | | | | | | | | | | | |
| 5 to 10 meters | 10 meters | | | | | | | | | | | | | |
| 10 to 20 meters | 20 meters | | | | | | | | | | | | | |
| 20 to 40 meters | 40 meters | | | | | | | | | | | | | |
| > 40 meters | 50 meters | | | | | | | | | | | | | |
| <p>4.4.3</p> <p>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> | <p><u>Sg. Tong POM:</u> STPOM implemented outgoing water monitoring, for the drain outlet from the mill. Sampled analysis report done by ERALab Sdn. Bhd. for water sample certificate of analysis, lab report no. 15/07/W1034 dated 4/8/2015 for sample taken on 23/7/2015 sighted available. Analysis was done against Standard B Acceptable Conditions For Discharge of Industrial or Mixed Effluent of Standards A and B. Parameters analysed were pH, BOD, TSS, AN, O&G and TN. Report shown result was in compliance against the standard tested.</p> | <p>Complied</p> | | | | | | | | | | | | |

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| Criterion / Indicator | Assessment Findings | Compliance |
|---|--|------------|
| 4.4.4 | <p>Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored.</p> <p>- Minor compliance -</p> | Complied |
| <p>Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.</p> | | |
| 4.5.1 | <p>Implementation of Integrated Pest Management (IPM) plans shall be monitored.</p> <p>- Major compliance -</p> | Complied |
| 4.5.2 | <p>Training of those involved in IPM implementation shall be demonstrated.</p> <p>- Minor compliance -</p> | Complied |
| <p>Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment</p> | | |
| 4.6.1 | <p>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.</p> <p>- Major compliance -</p> | Complied |
| 4.6.2 | <p>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.</p> <p>- Major compliance -</p> | Complied |
| 4.6.3 | <p>Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines.</p> <p>- Major compliance -</p> | Complied |

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| Criterion / Indicator | Assessment Findings | 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 |
| 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 aerielly 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 - | Complied |
| 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 - | Complied |

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| Criterion / Indicator | Assessment Findings | Compliance |
|---|---|------------|
| 4.6.11 | <p>Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated.</p> <p>- Major compliance -</p> <p><u>Jaya Estate:</u> As per CHRA dated 27/4/14 by JKKP registered assessor (JKKP IH 127/171-2(08), medical surveillance was conducted on 10/9/2015 and pending for the result from the clinic for the group of sprayers.</p> <p><u>Pinang Emas estate:</u> As per CHRA dated 2/4/14 by JKKP registered assessor (JKKP IH 127/171-2(08), medical surveillance was conducted on 15/8/2015. Certificate of fitness was issued to all the workers examined by the OHD doctor ((HQ/08/DOC/00/352) from Klinik Bestari Sdn. Bhd.</p> | Complied |
| 4.6.12 | <p>No work with pesticides shall be undertaken by pregnant or breast-feeding women.</p> <p>- Major compliance -</p> <p>Interview with female workers confirmed knowledge of the policy of transfer to alternative duties if they wished to continue working when pregnancy was confirmed or breast-feeding.</p> | Complied |
| <p>Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented. The health and safety plan shall cover the following:</p> | | |
| 4.7.1 | <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.</p> <p>- Major compliance -</p> <p>The Health and Safety Policy signed by Top Management dated 1 September 2012 was displayed in Mill and Estates Offices. OHS plan for 2015 covers OSH legal compliance, emergency response plan (ERP), OSH management system, risk management and safety committee activities. Some of the activities include LEV inspection and testing conducted by assessor registered with DOSH (IHT II) JKKP HIE 127/171-3/2(76). Lab Assistant conduct weekly inspection to ensure ventilation is functioning. Other activities are OSH meeting, regular check, worksite inspection, PPE implementation monitoring, medical surveillance etc.</p> | Complied |
| 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.</p> <p>- Major compliance -</p> <p>TDM plantation had identified and reviewed significant hazards and risks and determined appropriate risk control measures. The hazard identification, risk assessment and risk control (HIRARC) records, as well as CHRA reports were verified during the assessment. Refer to revisited CHRA report for STPOM, (JKKP HIE 127/171-2(08) dated 24/8/2014.</p> <p>At the estates, among the HIRARC carried out covered activities like chemical mixing and spraying, chemical storage, harvesting and FFB collection and vehicle maintenance. For mill operations, all key activities identified and risk assessed with respect to FFB grading and sorting, FFB sterilization, kernel and oil extraction, oil clarification, maintenance activities at the workshop, working in confined space, working at height and hot work activities. Noted changes of HIRARC at STPOM for the new continuous sterilizer dated 2/8/15.</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 programme planned for year 2015 was consistently implemented. The programme includes training for all categories of workers. Evidence of adequate and appropriate training on safe working practices provided to:</p> <ul style="list-style-type: none"> - workers exposed to machinery and high noise levels, - workers working in confined space, - harvesters - pesticides operators - manurers <p>Training also provided on use of fire extinguishers and fire drill, awareness and understanding of MSDS/CSDS and first aid. Employees interviewed at POM confirmed to be provided with safety training relating to their work at least once a year by the qualified Safety & Health Officer and training records are available. Evaluation carried out on each training programme to determine its effectiveness. The training content was revised periodically for improvement. The safety and health training on exposure to noise levels conducted by the qualified Safety & Health Officer complied with the requirements of the Factories and Machinery (Noise Exposure) Regulations. All staff and mill employees attended the training as indicated in the records maintained. The content of the training include the said provisions of the regulations, purpose and explanation of audiometric test, proper usage of ear plugs and ear mufflers, and consequence of hearing loss. Appropriate PPE had been provided to all workers at the place of work to cover all potentially hazardous operations. There are warning signs to use PPE (this includes helmet, safety boots, ear plugs, ear mufflers, etc.) displayed at appropriate work areas for the protection of safety and health.</p> | <p>Complied</p> |
| <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.</p> <p>- Major compliance -</p> | <p>The responsible persons are the Manager, Assistant Manager & staff of the respective operating units. SHE committee meeting members consist of employer & employee representatives. Records of regular meetings between the responsible person and workers to discuss about health and safety had been verified to be satisfactory. E.g. sighted Mill SHE Meeting record dated 21/9/15 and Jaya estate dated 20/8/15. As for Pinang Emas estate, latest meeting was done on 17/8/15 attended by 16 members.</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.</p> <p>- Minor compliance -</p> | <p>Accident and emergency procedures have been communicated to employees, contractors and visitors. Fire evacuation drill was last conducted on 16/4/15 to test the state of readiness during emergency situation. Workers trained in First Aid were present in the mill and field operations. First Aid Kits were available at worksites. Records on all accidents kept and summary sent to Head Office. Quarterly review on accident cases carried out during OSH quarterly meeting. All operating units keeping all the JKKP 6 & 8 forms and available for viewing.</p> | <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 - | <u>Mill</u> Medical care has been provided to all the workers. Local workers are covered by SOCSO. No foreign workers in the Mill. <u>Estate:</u> Foreign workers compensation scheme: LONPAC Insurance Berhad (Policy No.: T/15/WF00/000576/TGN-28) valid till 19/1/2016. | Complied |
| 4.7.7 Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics - Minor compliance - | <u>Mill & Estates</u> Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory. Accidents occurred have been investigated accordingly in JKPP 6 and been discussed in the OSH meeting & closed accordingly. DOSH visits been recorded in the DOSH log book and noted comments highlighted by DOSH has been taken action accordingly by the organization. | Complied |
| Criterion 4.8: All staff, workers, smallholders and contract workers are appropriately trained. | | |
| 4.8.1 A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance - | A formal training programme on all aspects of RSPO principle and Criteria has been established and implemented. The training program for 2015 includes: <ul style="list-style-type: none"> • SOP training for Sterilizer & Laboratory Operator • Safety Training covering all type of work • Vehicle and Tractor Driver Training • Fire Drill and Emergency / Response Team Training • Accident Investigation Training by OSH Team First Aid Training | Complied |

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| <p>4.8.2</p> <p>Records of training for each employee shall be maintained. - Minor compliance -</p> | <p>Records of training for employees available and maintained. Records verified on a sampling basis at the Mill and estates visited covers all aspect of training and RSPO P&C. Sample training checked:</p> <p><u>Mill:</u></p> <ul style="list-style-type: none"> ➤ First Aid Training: 22/9/2015 attended by 10 people. ➤ RSPO Refresher training: 23/9/2015 attended by 12 people. ➤ RSPO SCCS Training: 6/9/15 attended by 12 people ➤ SOP for Continuous Sterilizer training: 12/8/15 attended by 4 people ➤ Workplace Inspection training: 16/6/15 attended by 21 people <p><u>Jaya estate:</u></p> <ul style="list-style-type: none"> ➤ Fire drill: 17/9/15 ➤ PPE usage training: 16/3/15 attended by 8 people ➤ Chemical handling training: 16/3/15 attended by 10 people ➤ Harvesting training: 15/3/15 attended by 7 people <p><u>Pinang Emas estate:</u></p> <ul style="list-style-type: none"> ➤ Chemical spraying training: 29/8/15 attended by 6 people and 12/7/15 attended by 9 people ➤ Rat baiting training: 9/2/15 attended by 11 people ➤ Manuring training: 4/2/15 attended by 5 people <p>IPM Training: 7/6/15 attended by 5 people</p> | <p>Complied</p> |

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 continual improvement.

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| <p>5.1.1</p> <p>An environmental impact assessment (EIA) shall be documented. - Major compliance -</p> | <p><u>Mill:</u></p> <p>STPOM has a documented Environmental Aspect and Impact Identification (EAI) which was updated on 6/9/2015 (STPOM/5/1/EAI). The EAI developed based on its established Standard Operating Procedure on Environmental Aspects/Impacts Evaluation TDM/STPOM/01 Revision STPOM-01/2012 dated 1/5/2012. Aspect identified and impact evaluated for the mill operations was tabulated on the STPOM Aspect and Impact Evaluation Form divided into mill operation stations. STPOM has covered all its operation in identifying the environmental aspect and evaluating the environmental impact. Latest update of the EAI has included the newly constructed Continuous Sterilizer station which displaced the previous operation of conventional sterilizer system. The system also has displaced the use of sterilizer cages and overhead crane where the FFB conveying used only scrapper bar chain conveyor system.</p> <p>Jaya Estate and Pinang Emas Estate has documented EIA based on procedure of Environmental Aspects/Impacts Evaluation Version 1 dated 12/1/2015– Environment Aspect and Impact Identification for various activities- security work, compound, dispensary, field, harvesting and collection, main entrance, pest and disease control, petrol and diesel, power station, replanting, road, schedule waste store, workshop was tabulated in File No.: LPT/5.2/EAI.</p> | <p>Complied</p> |
| <p>5.1.2</p> <p>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> | <p>Mill: Environmental Aspect Identification (EAI) and Environmental Evaluation (EIE) reviewed and updated on 1/1/2015. Mill has included the aspect has included the newly constructed Continuous Sterilizer station which displaced the previous operation of conventional sterilizer system.</p> <p>Jaya Estate: Environment Aspect and Impact Identification review done on 12/1/2015.</p> <p>Pinang Emas Estate: Environment Aspect and Impact Identification review meeting on 12/1/2015.</p> <p>It was observed that the reviewing and updating on the registers were done annually if there's no any new activity within respective sites</p> | <p>Complied</p> |

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| <p>5.1.3</p> <p>This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>- Minor compliance -</p> | <p>Mill: Monitoring plan was established based on DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling</p> <p>Among the mill environmental monitoring records available are sighted as following:</p> <ul style="list-style-type: none"> • Effluent monitoring records: Monthly Effluent Sample Report ref. 15/08/W079 dated 2/9/2015 for sample taken on 26/8/2015, analyzed by ERALab (KT) Sdn. Bhd., Kuala Terengganu; parameter monitored:- pH, Total Alkalinity, VFA, BOD, COD, TS, SS, VSS, TN, AN, O&G. Other sampled records of BOD Analysis for the month of July, June, May and April 2015 shown that the mill effluents were in compliance with license regulations. • Boiler stack sampling records: Measurement of Dust Particulate Concentration on 8/3/2015 by Environmental Science (M) Sdn. Bhd. (Report ref. # L-GB-TC1503CSN-0121; dated 24/3/2015) for Stack Flue Gas Boiler no. 2. Result shown the stack emissions are within limit at 0.3862 g/Nm³. For Stack Flue Gas Boiler no. 1 was done on 19/8/2015 (Report ref. # L-GB-TC1508CSN-0322; dated 7/9/2015) result was within limit at 0.2006g/Nm³ <p>Online scheduled waste inventory & consignment – updated as of 28/09/2015 where the quantity and storage period were within allowable limit. Latest Scheduled Waste disposal was done on 26/9/2015, consignment # 20317 (SW 305) by Pentas Flora Sdn. Bhd., # 3RQ 10743 (SW 410) on 24/8/2015 by 3R Quest Sdn. Bhd. & # 0053560 (SW 103) on 20/7/2015 by Kualiti Alam.</p> | <p>Complied</p> |
| <p>Criterion 5.2: The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p> | | |
| <p>5.2.1</p> <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).</p> <p>- Major compliance -</p> | <p>As reported during last assessment, the HCV assessment was conducted in May 2012 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. There were appropriate consultation processes as per the HCV Toolkit-Malaysia which covers the three main components of identification, management and monitoring. The HCV area is 4.00ha and conservation area totaling 1,210.40ha, mainly water-log and steep area which was abandoned.</p> | <p>Complied</p> |

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| 5.2.2 | Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance - | Complied |
| 5.2.3 | There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be 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 - | Complied |
| 5.2.4 | 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 - | Complied |
| 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 |
| Criterion 5.3: Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner. | | |
| 5.3.1 | All waste products and sources of pollution shall be identified and documented. - Major compliance - | Complied |

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| 5.3.2 | <p>All chemicals and their containers shall be disposed of responsibly. - Major compliance -</p> <p>All chemical containers are disposed as per the company procedures. Most of the agrochemical containers are recycled for pre-mixing agrochemicals. Recycling is only for the same purpose.</p> <p><u>Jaya estate:</u></p> <p>Stores for scheduled waste were inspected at audited sites i.e. Mill and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment. The mill and estates also have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor e.g. Pentas Flora Sdn Bhd (DOE license No.: 001445 valid till 30/4/2016)</p> | Complied |

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| <p>5.3.3</p> <p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance -</p> | <p><u>Sg. Tong POM:</u></p> <p>Environmental Improvement Plan/ Pollution Prevention Plan (STPOM) for FY2015/2016 had been established by STPOM that has been highlighting all the mitigating measures to address the potential significant environmental issue. The plan amongst all established mitigating measures and appointing person in-charge to improve identified issue as following:</p> <ul style="list-style-type: none"> • Improper sewage system at worker’s line site • Cleanliness of SW store • Overflow and oil spillage during monsoon season • Pollution of main natural waterways and etc. <p>Online scheduled waste inventory & consignment – updated as of 28/09/2015 where the quantity and storage period were within allowable limit. Latest Scheduled Waste disposal was done on 26/9/2015, consignment # 20317 (SW 305) by Pentas Flora Sdn. Bhd., # 3RQ 10743 (SW 410) on 24/8/2015 by 3R Quest Sdn. Bhd. & # 0053560 (SW 103) on 20/7/2015 by Kualiti Alam.</p> <p><u>Jaya Estate:</u></p> <p>Pollution prevention plan – FY2015/2016:</p> <ul style="list-style-type: none"> • Prevention of spraying pollutants through triple rinsing and recycle programs • Reduce, reuse and recycle program • Installation of environmental awareness signboard within estate complex • Water pollution (river) – establishment and monitoring of riparian and buffer zones • Air – prohibition of open burning activity • Land – solid waste management <p><u>Pinang Emas Estate:</u></p> <p>Latest Scheduled Waste disposal was done on 28/9/2015 by Hiap Huat Chemicals Sdn. Bhd. (SW409 - Consignment # HC005664 & HC005665, SW410 - Consignment # HC005666, SW305 - Consignment # HC005668 & SW306 – Consignment # HC005669). Treatment/storage was done at Hiap Huat Chemicals Treatment Facility in Bentong, Pahang.</p> <p>Latest Clinical Waste (SW404) disposal was done on 9/5/2015 through the appointed Visiting Medical Officer’s Klinik Medic Bestari Sdn. Bhd.</p> | <p>Complied</p> |
| <p>Criterion 5.4: Efficiency of fossil fuel use and the use of renewable energy is optimised.</p> | | |

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| 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 - | <u>Sg. Tong POM:</u> Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimise use of renewable energy. Data is being compiled for comparison and control for future improvement. Based on record of monitoring of renewable energy usage for financial year period of Jan to Dec 2014 and Jan to Aug 2015, the following were derived: Average fibre sold: 500mt/month Average fibre usage: 0.10mt/mt FFB processed Average shell usage: 0.07mt/mt FFB processed Total: 0.17mt/mt FFB processed Average monthly fossil fuel (diesel): 0.6liter/mt FFB processed for vehicles and standby/start-up genset consumptions <u>Jaya Estate:</u> Average monthly fossil fuel (diesel): 1.79liter/mt FFB <u>Pinang Emas Estate:</u> Average monthly fossil fuel (diesel): 1.58liter/mt FFB | Complied |
| Criterion 5.5: Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice. | | |
| 5.5.1 There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance - | Based on the action plan to prevent open burning which includes planting cover crops, installing zero burning notice boards, briefing and etc. Furthermore, the Group policy of "Zero open burning" is enforced since July 2008. The operating units were all adhered to the policy of "Zero open burning" for any replanting, if any, in the estates. Field inspections made in Jaya and Pinang Emas estates field showed no evidence of open burning. | 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 - | The operating units have adhered to the zero burning policy for replanting at the estates. During the audit, there were no replanting activities carried out in the Jaya and Pinang Emas estates. There was no evidence of any burning of domestic waste at the housing line sites and at the domestic landfills of the estates during on site field assessment. | Complied |
| Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored. | | |

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| 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 the assessment of all polluting activities as of the Environment Aspect and Impact assessment, identified source was boiler chimney. Current monitoring was through online boiler smoke density and alarm and six-monthly boiler stack monitoring of dust particulate. Sampled Boiler stack sampling records: Measurement of Dust Particulate Concentration on 8/3/2015 by Environmental Science (M) Sdn. Bhd. (Report ref. # L-GB-TC1503CSN-0121; dated 24/3/2015) for Stack Flue Gas Boiler no. 2. Result shown the stack emissions are within limit at 0.3862 g/Nm ³ . For Stack Flue Gas Boiler no. 1 was done on 19/8/2015 (Report ref. # L-GB-TC1508CSN-0322; dated 7/9/2015) result was within limit at 0.2006g/Nm ³ | Complied |
| 5.6.2 Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance | Main source of significant pollutants and greenhouse gas (GHG) identified was methane (CH ₄) emission through POME treatment. The company have plans to construct methane capture facilities in POME treatment pond. Project arrangement handled by HQ and the project expected to complete the construction before 2019. Other less significant GHG emissions identified including CO _x , SO _x and NO _x from various sources including fossil fuel, chemical and fertilizer consumptions. | 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 - | Tools and systems used to monitor significant pollutants includes the DOE CEMS monitoring system for air emissions, water quality at discharge points as per DOE regulations and Scheduled Waste disposal as per the DOE requirements. POME is treated using aerobic and anaerobic ponds. Effluent waste-water samples were taken as per DOE requirement and quarterly reports sent to DOE. The mill is in the process of compiling all the data from mill and estates and will submit to the ERWG before the end of the year because there are pending deliveries of fertilizer to the estates which need to be included in the GHG calculation tool. | Complied |
| Principle 6: Responsible consideration of employees and of individuals and communities affected by growers and millers. | | |
| Criterion 6.1: Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement. | | |
| 6.1.1 A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance - | As reported during last assessment, external consultant (SRA Consultancy) has conducted the baseline social impact assessment in May 2012 for Sungai Tong operating units. The assessment has been done with the participation of internal and external stakeholders. The attendance records are available. | Complied |
| 6.1.2 There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance - | Meeting attendance and interview with stakeholders found they were invited for the meeting and the issues highlighted by them have been included in the management plan. Latest stakeholder meeting was done on 15/9/2015 attended by 69 people together for the whole Sungai Tong complex. | Complied |

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| 6.1.3 | Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance - | Complied |
| 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 - | Complied |
| 6.1.5 | Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance - | Complied |
| 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. | | |
| 6.2.1 | Consultation and communication procedures shall be documented. - Major compliance - | Complied |
| 6.2.2 | A management official responsible for these issues shall be nominated. - Minor compliance - | 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 - | Complied |
| Criterion 6.3: 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 | The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance - | A documented dispute resolution procedure is available in Mill and Estate Quality Management System Manual which is effective, timely, appropriate and open to any affected parties. The complaint and grievances is open to effected parties including internal and external stakeholders. | Complied |
| 6.3.2 | Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance - | SOP to resolve social disputes "Handling Social Issues" SOP dated 01 December 2012 has been established. 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 timelines, responsibilities, and details of actions were included in the social action plan and monitored by managers for satisfactory conclusion. Minutes of meetings are maintained and reviewed. | Complied |
| Criterion 6.4: Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. | | | |
| 6.4.1 | A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance - | SOP to identify legal and customary rights as well as people entitled to compensation has been established- titled "Handling Land Disputes" SOP dated 01 Nov 2012. There have been no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders. | Complied |
| 6.4.2 | A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance - | SOP is as per in 6.4.1 above. | Complied |
| 6.4.3 | The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance - | No issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders to date. | Complied |
| Criterion 6.5: Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages. | | | |

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| 6.5.1 | Documentation of pay and conditions shall be available. - Major compliance - | Workers contract and payment follow the MAPA/NUPW Agreement. Payslip and contract of mill workers and plantation workers are as per the contract signed by them and follow the NUPW and MAPA agreement. All the workers earn more than RM 900. Inspection on (Employee No.: A1398200 and 620410-03-58XX) for the month of August 2015 shows that pay is more than the minimum wage of RM 900.00 set by the government. | Complied |
| 6.5.2 | Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official. - Major compliance - | The contract agreement clearly stated that is in accordance with the MAPA / NUPW provisions. Interviews of staff and workers confirmed that they understood the terms and conditions of their contract of employment and received benefits accordingly. Extended contract of foreign workers who extended their services was not available. Jaya estate: Sample checked: Employee Passport No.: A3723195, A3722411 and A3428314 expired on 22/1/2015. Major nonconformity was raised. | Major NCR was raised |
| 6.5.3 | 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. - Minor compliance - | Sungai Tong Mill and estates provide adequate water supplies, medical, educational and welfare amenities in accordance with Workers' Minimum Standard of Housing and Amenities Act 1990 (Act 446). There is on-going upgrading of housing. Jaya estate has budget for 10 units of new workers housing. As for Pinang Emas estate, 20 units of new workers housing has been budgeted for 2016 financial year. Government water is supplied to workers housing through piping. The water tanks are provided for storage purpose. | Complied |
| 6.5.4 | Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance - | Accesses to food for the workers are considered adequately and sufficiently. | Complied |
| Criterion 6.6: | | | |
| The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel. | | | |
| 6.6.1 | A published statement in local languages recognising freedom of association shall be available. - Major compliance - | Workers have freedom to join the workers union. Policy on Freedom of Association dated January 2014. | Complied |
| 6.6.2 | Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance - | Sungai Tong mill and estate workers union meeting held with NUPW when required. TDM Head office had a meeting with MAPA Chairman together with NUPW state secretary on 25 August 2015 (MAPA One-Day Office Meeting For Terengganu) to discuss on pending issues. At estate, latest meeting was held on 19 May 2015. It was highlighted by the union representative that most of issues resolved through ad-hoc discussions. | Complied |
| Criterion 6.7: | | | |
| Children are not employed or exploited. | | | |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|---|---|------------|
| 6.7.1 | There shall be documentary evidence that minimum age requirements are met. - Major compliance - | Sungai Tong operating units are complied with the minimum age requirement. No employees below the age of 18. | Complied |
| 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. | | | |
| 6.8.1 | A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance - | The social policy dated September 2012 includes the equal opportunity available and displayed at the offices along with the other policies. | 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 - | Migrant workers are recruited with 2 years contract. Local workers are on a long term employment. No any kind of discrimination was noted. 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 through the various Committees such as Gender Committee for women, foreign workers representation and union committee to highlight their concerns and grievances if any. No grievances were highlighted to the audit team by internal and external stakeholders. | 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. | Complied |
| Criterion 6.9: 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 - | Protection against Sexual Harassment and other forms of harassment incorporated in gender policy available and implemented. There is no any reported case of harassment in the operating units. | 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 - | Policy to protect the reproductive rights of all, especially of women dated 20 September 2015 approved by the CEO of TDM Plantation Sdn. Bhd was sighted. The policy is communicated to the through notice boards and briefing to workers. | Complied |
| 6.9.3 | A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance - | Mill and estates have formed gender committee. Last meeting was done on 30/4/15 attended by 20 members from mill. No issues were highlighted during the meeting. As for estates, last meeting was done on 12/5/2015 attended by 15 members. | Complied |
| Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses. | | | |

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| Criterion / Indicator | | Assessment Findings | Compliance |
|--|--|---|------------|
| 6.10.1 | Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance - | Sungai Tong Mill has posted the current and past prices paid for FFB at the mill weighbridge. | Complied |
| 6.10.2 | Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance - | Interview with FFB suppliers confirmed that they have been briefed the FFB pricing mechanism by the mill management and no dispute was raised. | Complied |
| 6.10.3 | Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance - | Contractors/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. | Complied |
| 6.10.4 | Agreed payments shall be made in a timely manner. - Minor compliance - | Interview of contractors and workers confirmed payment is made promptly. Inspection to the "Grievance Book" indicated no complaint was raised in relation to processing of the payment. | Complied |
| Criterion 6.11: Growers and millers contribute to local sustainable development where appropriate. | | | |
| 6.11.1 | Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance - | Sungai Tong mill and estates contribute to local development through donations to local schools and mosques, which are considered an appropriate form of assistance. Interview with stakeholders confirmed that lot of contributions were received from the Mill and estates. | Complied |
| 6.11.2 | Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance - | No scheme smallholders. | Complied |
| Criterion 6.12: No forms of forced or trafficked labour are used. | | | |
| 6.12.1 | There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance - | Workers, staff and stakeholder interview confirm that there is no any form of forced labour or trafficked labour in the operating units. All employees have employment contract and paid the agreed national minimum wages. | Complied |
| 6.12.2 | Where applicable, it shall be demonstrated that no contract substitution has occurred. - Minor compliance - | No contract substitution was noted. | Complied |
| 6.12.3 | Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Major compliance - | Equal opportunity and non-discriminatory policy is implemented. No temporary workers. Migrant workers are treated equally as per the locals. | Complied |
| Criterion 6.13: Growers and millers respect human rights. | | | |

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| Criterion / Indicator | Assessment Findings | Compliance |
|--|---|---|
| 6.13.1 | A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance - | Policy to respect human rights dated 20 September 2015 approved by the CEO of TDM Plantation Sdn. Bhd was sighted. The policy is communicated to the through notice boards and briefing to workers. Complied |
| 6.13.2 | As long as children of foreign workers in Sabah and Sarawak are ineligible to attend government school, the plantation companies should engage in a process to secure these children access to education as a moral obligation. | Not applicable for Peninsular Malaysia. Complied |
| <p>Principle 7: Responsible development of new plantings Sungai Tong Certification unit and supply base did not carry out any new plantings since November 2005. Therefore, Principle 7 is not applicable during this assessment. The immature areas are replanted area.</p> | | |
| <p>Principle 8: Commitment to continual improvement in key areas of activity</p> | | |
| <p>Criterion 8.1: Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.</p> | | |
| 8.1.1 | <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"> • Reduction in use of pesticides(Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); <ul style="list-style-type: none"> • Optimising the yield of the supply base. <p>- Major compliance -</p> | <p>Sungai Tong Palm Oil Mill and supply base estates have carried out annual review of the environmental and social aspects of its operations to identify improvements. The Social Action Plan has continued to work towards improving stakeholder relationship through engagement and dialogue besides further improving the workers housing. Initiative on process improvements projects at Sungai Tong Palm Oil Mill showed commitment towards continual improvement to improve plant safety and process performance.</p> <p>Pesticide use is limited to use only when there is outbreak and justified with census prior to application. IPM is continuously implemented as part of efforts to reduce pesticide usage. Recycling awareness is progressively implemented and evidence of recycling was noted during the assessment. Yield is optimized.</p> <p>Part of continual improvements for both mill and estates also has been implemented as per recommendation by the Mill Advisor and Plantation Advisor respectively. The visits by both Mill Advisor for Sg. Tong POM and Plantation Advisor for Jaya and Pinang Emas Estates were done on annual basis and for the year 2015 both were conducted on June 2015 as per reports evidence sighted.</p> Complied |

Appendix B: Time Bound Plan

| No | Complex | Time Bound Plan for Certification | Date of Certification | Expiry Date | TBP Status as at Oct. 2015 |
|----|--|-----------------------------------|-----------------------|-------------|--|
| 1 | Kemaman Palm Oil Mill and Supply Base | 2013 | 1/11/2013 | 31/10/2018 | Completed |
| 2 | Sungai Tong Palm Oil Mill and Supply Base | 2013 | 27/12/2013 | 26/12/2018 | Completed |
| 3 | PT Rafi Kamajaya Abadi (Newly taken over management control) | 2018 | Expected 2018 | N/A | 2018 Company took management control in October 2015 and responsible for NPP. HCV and SEIA completed. Appointing consultant for LUCC and HCS assessment. Submission once the LUCC and HCS is completed. |
| 4 | PT Sawit Rezki Abadi | In the process of acquiring land. | To be determined. | N/A | To be determined. |

Appendix C: TDM Plantation Sdn Bhd – Sungai Tong Certification Unit RSPO Certificate Details

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

RSPO Membership number: 1-0095-11-000-00

BSI RSPO Certificate N^o: SPO 595564

Date of Initial Certificate Issued: 27/12/2013

Date of Expiry: 26/12/2018

Applicable Standards: RSPO P&C MY-NI 2014; RSPO Certification System June 2007 (revised March 2011);

RSPO Supply Chain Certification Standard and System 21 November 2014 Module E - CPO Mills: Mass Balance

| Sungai Tong Palm Oil Mill and Supply Base | | | | | |
|--|---|---------------|-----------------|--|----------------------------|
| Location Address | Sungai Tong Palm Oil Mill, Lot 7663. Batu 23, Jalan Kuala Terengganu – Kota Bharu, 21500 Setiu, Terengganu, Malaysia. | | | | |
| GPS Location | E 102.9105 ; N 5.3083 | | | | |
| CPO Tonnage Total | 56,688mt | | | | |
| PK Tonnage Total | 14,932mt | | | | |
| CPO Claimed for Certification | 56,688mt | | | | |
| PK Claimed for Certification | 14,932mt | | | | |
| Own estates FFB Tonnage | 276,526mt | | | | |
| Scheme Smallholder FFB Tonnage | - | | | | |
| Estates | Production Area | | Other use (ha) | Certified Area / Total land lease (ha) | Annual FFB Production (mt) |
| | Mature (ha) | Immature (ha) | | | |
| Jaya Estate | 3,365.50 | 0 | 90.29 | 3,455.79 | 70,500 |
| Fikri Estate | 3,184.58 | 0 | 460.52 | 3,645.10 | 65,300 |
| Tayor Estate | 2,155.07 | 0 | 131.27 | 2,286.34 | 42,076 |
| Pelong Estate | 1,480.49 | 0 | 1,536.71 | 3,017.20 | 23,800 |
| Jerangau Estate | 1,059.33 | 394.01 | 27.59 | 1,480.93 | 22,150 |
| Pinang Emas Estate | 2,944.15 | 74.65 | 596.39 | 3,615.19 | 52,700 |
| TOTAL | 14,189.12 | 468.66 | 2,842.77 | 17,500.55 | 276,526 |

Appendix D: Assessment Plan

| PRELIMINARY AGENDA | | | | | |
|------------------------|---------------|---|-------|---------|-------|
| Date | Time | Subjects | Hafri | Senniah | Haris |
| Monday 28/9/2015 | PM | Audit Team travelling to the site. | √ | √ | √ |
| Tuesday 29/9/2015 | 08.30 – 09.00 | Opening Meeting: <ul style="list-style-type: none"> Opening Presentation by Audit team leader. Confirmation of assessment scope and finalize Audit plan (including stakeholder’s consultation). | √ | √ | √ |
| | 09.00 – 12.30 | Sungai Tong Palm Oil Mill Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment, staff, workers and contractor interview, housing and facility inspection, clinic, etc. | √ | √ | - |
| | 09.00 – 12.30 | Meeting with stakeholders (Government, village rep, smallholders, Workers Leader, contractor etc.) | - | - | √ |
| | 12.30 – 13.30 | Lunch | √ | √ | √ |
| | 13.30 – 16.30 | Sungai Tong Palm Oil Mill: Visit to laboratory, weighbridge and palm product storage area. Document Review P1 – P8: SOPs, Supply chain for CPO mill, SCCS, Review on SEIA documents and records, wage records, employee data, training records, legal permits, mill inspection and internal monitoring records, CIP & implementation etc. Verify previous nonconformities. | √ | √ | √ |
| | 16.30 - 17.00 | Interim Closing briefing. | √ | √ | √ |
| Wednesday 30/9/2015 | 08.30 – 12.30 | Jaya Estate 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. | √ | √ | √ |
| | 12.30 – 13.30 | Lunch | √ | √ | √ |
| | 13.30 – 16.30 | Jaya Estate 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). | √ | √ | √ |
| | 16.30 - 17.00 | Interim Closing Briefing | √ | √ | √ |
| Thursday 1/10/2015 | 8.30 – 12.30 | Pinang Emas Estate 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. | √ | √ | √ |
| | 12.30 – 13.30 | Lunch | √ | √ | √ |

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| PRELIMINARY AGENDA | | | | | |
|---------------------|---------------|---|-------|---------|-------|
| Date | Time | Subjects | Hafri | Senniah | Haris |
| | 13.30 – 16.00 | Pinang Emas Estate 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). | √ | √ | √ |
| | 16.00 – 17.00 | Verify any outstanding issues & Preparation for closing meeting | √ | √ | √ |
| | 17.00 – 18.00 | Closing Meeting | √ | √ | √ |
| Friday 2/10/2015 | AM | Audit Team travelling back to KL. | √ | √ | √ |

Appendix E: Stakeholders Contacted

| | |
|---|---|
| <p>Internal Stakeholders</p> <p>Sungai Tong Certification Unit Management team and Staff</p> <p>Representatives from Head Office</p> <p>On site compliance executives</p> <p>Mill Manager and Assistants</p> <p>Estate Managers and Assistants</p> <p>Facility Administrators</p> <p>Gender Committee Representatives</p> <p>Hospital Assistant</p> <p>Male and Female workers</p> <p>Kindergarten Teacher</p> <p>Workers Union Representatives</p> <p>Onsite NUPW secretary</p> <p>AMESU Representative</p> | <p>External Stakeholders</p> <p>Head of the Village</p> <p>Mosque Committee</p> <p>Join Consultative Committee at village</p> <p>NUPW Representative</p> <p>AMESU Representative</p> <p>Kampung Ladang Fikri Representative</p> <p>Kampung Ladang Tayor Representative</p> |
| <p>Contractors & Consultants</p> <p>Construction contractor</p> <p>General Supplier</p> <p>FFB Transport contractor</p> <p>FFB Suppliers</p> <p>Engineering work contractor</p> | <p>Government Departments</p> <p>Police Department</p> <p>Government School Headmasters</p> <p>Department of Safety and Health</p> <p>Fire Fighting Department</p> <p>Health Department</p> <p>MPOB Terengganu State office</p> |

Appendix F: CPO Mill Supply Chain Assessment Report (Module E-CPO Mills: Mass Balance)

| Requirements | Compliance |
|--|--|
| E.1 Definition | |
| <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 Sungai Tong 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&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. The implementation of processing controls and volume sales of RSPO certified products are in accordance with the requirement.</p> |
| E.2 Explanation | |
| <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&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> |
| E.3 Documented procedures | |
| <p>E.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following:</p> <p>a) Complete and up to date procedures covering the implementation of all the elements in these 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>Latest written documented procedures (No. TDM/STPOM/03Rev.01/2015) Dated 01/09/15) 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. This developed based on the 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 non-certified FFB from own supply base, adjacent certified group estates and independent FFB supplied/smallholder are received and processed at Sungai Tong 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>Sungai Tong Palm Oil mill has documented procedures (as per above in D 3.1) for the incoming FFB, processing and outgoing palm products (CPO and PK). The procedure covers receiving and processing certified and non-certified FFBs.</p> |
| E.4 Purchasing and goods in | |
| <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 FFB. Records verified by internal and external audit. Sungai Tong mill have system to verify at the weighbridge.</p> |
| <p>E.4.2 The site shall inform the CB immediately if there is a projected overproduction.</p> | <p>The facility is 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 to independent palm kernel crusher.</p> |

Actual Tonnage Certified Palm Production - Nov. 2014 – Oct. 2015 (ASA1)

| Mill | Capacity | CPO | PK |
|---------------------------|----------|----------|----------|
| Sungai Tong Palm Oil Mill | 60 mt/hr | 40,002mt | 10,428mt |

Actual Tonnage Sales of Certified Palm Products - Nov. 2014 – Oct. 2015 (ASA1)

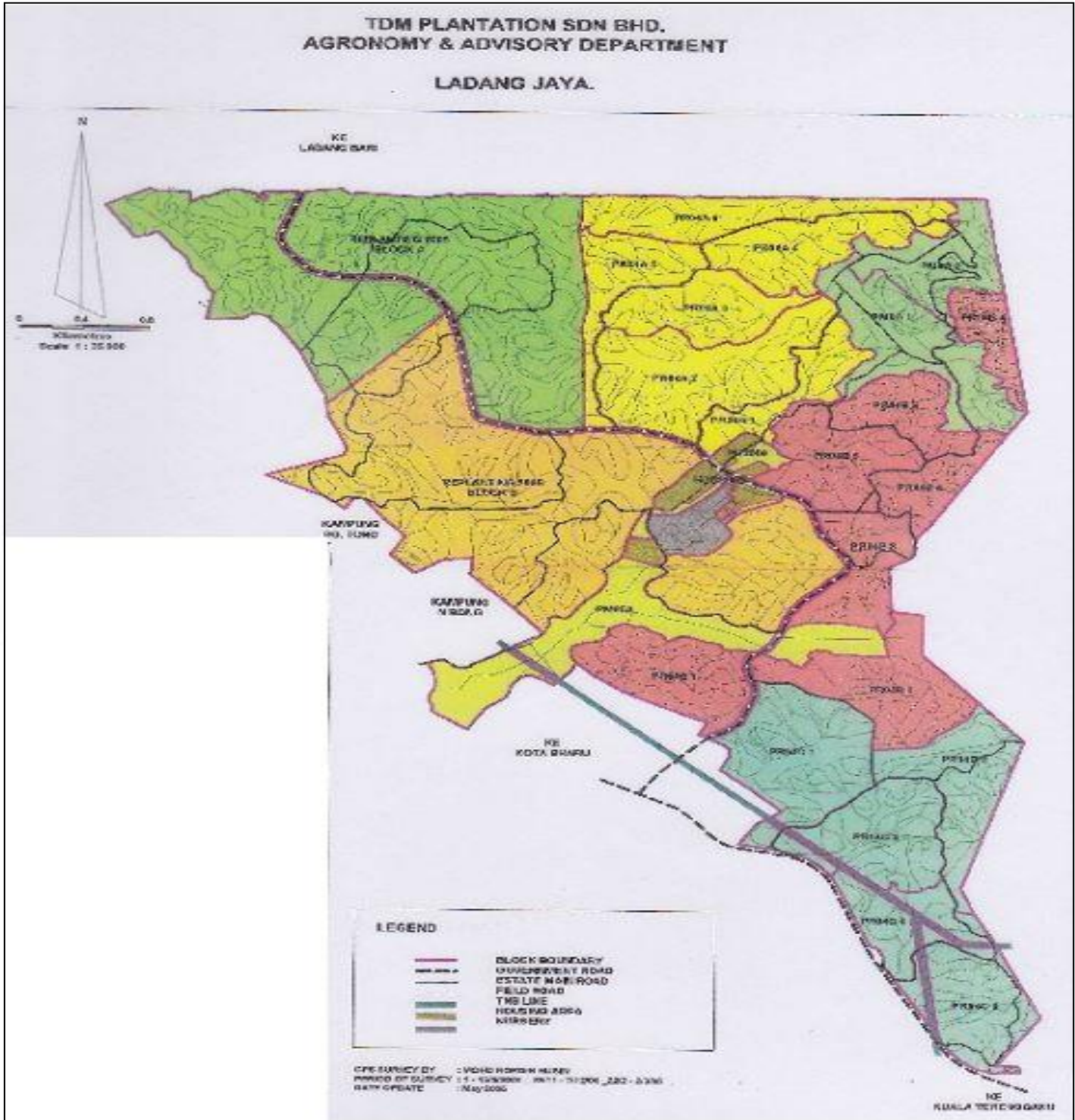
| Mill | Certified CPO Sales | Certified PK Sales | Remarks |
|---------------------------|---------------------|--------------------|---------------------------------------|
| Sungai Tong Palm Oil Mill | 5,288.51Mt | 0 | Transaction recorded in eTrace system |

Actual Tonnage Certified FFB Received Monthly - Nov. 2014 – Oct. 2015 (ASA1)

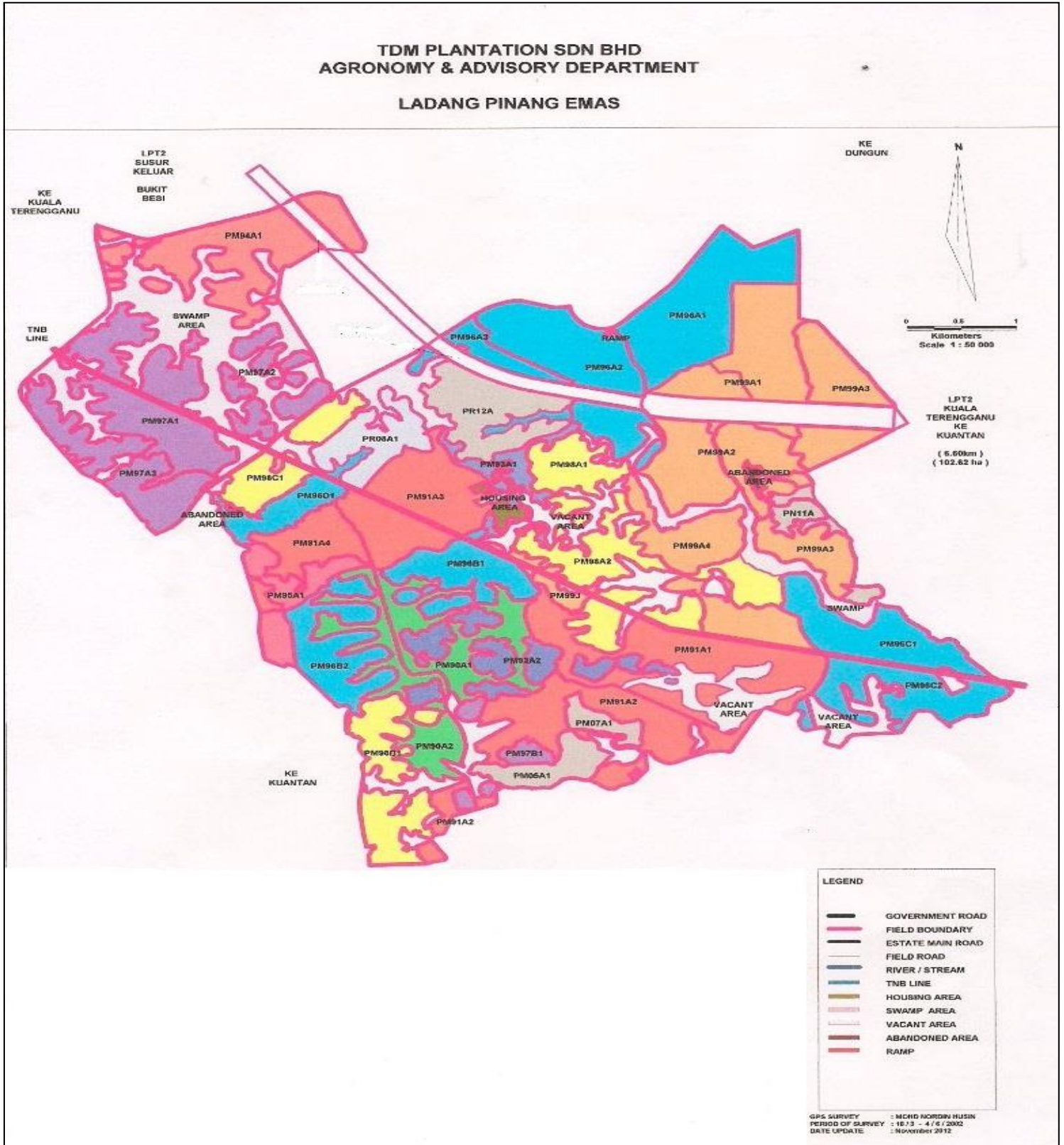
| Month | Own Supply Base (Estates) | | | | | | | *Gajah Mati | Grand Total |
|--|---------------------------|--------|--------|--------|----------|-------------|-----|-------------|-------------|
| | Jaya | Fikri | Tayor | Pelong | Jerangau | Pinang Emas | | | |
| Sept.14 | 7,090 | 5,429 | 4,477 | 1,583 | 2,216 | 835 | 0 | 21,630 | |
| Oct. 14 | 7,012 | 5,357 | 4,195 | 1,607 | 1,530 | 439 | 0 | 20,140 | |
| Nov.14 | 8,025 | 5,318 | 4,513 | 1,766 | 1,778 | 808 | 0 | 22,208 | |
| Dec.14 | 4,449 | 3,375 | 3,367 | 1,216 | 1,780 | 562 | 0 | 14,749 | |
| Jan.15 | 2,498 | 2,551 | 2,398 | 1,264 | 1,283 | 565 | 0 | 10,559 | |
| Feb.15 | 1,984 | 1,927 | 2,126 | 1,050 | 1,071 | 868 | 0 | 9,026 | |
| Mar.15 | 2,549 | 2,450 | 2,500 | 1,144 | 1,132 | 1,777 | 0 | 11,552 | |
| Apr.15 | 2,382 | 2,232 | 1,893 | 1,028 | 731 | 601 | 0 | 8,867 | |
| May 15 | 6,212 | 4,822 | 3,505 | 1,640 | 1,478 | 0 | *66 | 17,723 | |
| Jun.15 | 6,303 | 4,764 | 2,748 | 1,438 | 868 | 291 | 0 | 16,412 | |
| Jul.15 | 6,383 | 4,816 | 3,840 | 1,304 | 1,267 | 1,044 | 0 | 18,654 | |
| Aug.15 | 7,917 | 5,978 | 4,647 | 1,829 | 1,791 | 801 | 0 | 22,963 | |
| Total Certified FFB Received from own supply base and Group Estate | 62,804 | 49,019 | 40,209 | 16,869 | 16,925 | 8,591 | 66 | 194,483 | |
| Total Delivered to KPOM | 2,767 | 1,638 | 1,584 | 561 | 3,129 | 22,097 | - | 31,776 | |

* RSPO Certificate Number SPO 587626 Expiry Date: 31/10/2018

Appendix G: Jaya Estate Field Map



Appendix H: Pinang Emas Estate Field Map



Appendix I: List of Abbreviations Used

| | |
|----------|---|
| ASA | Annual Surveillance Assessment |
| BOD | Biological Oxygen Demand |
| CHRA | Chemical Health Risk Assessment |
| CIP | Continual Improvement Plan |
| CPO | Crude Palm Oil |
| DOE | Department of Environment |
| DOSH | Department of Occupational Safety & Health |
| EFB | Empty Fruit Bunch |
| EIA | Environmental Impact Assessment |
| EMS | Environmental Management System |
| ERP | Emergency Response Plan |
| FFB | Fresh Fruit Bunch |
| GMP | Good Manufacturing Practice |
| HCV | High Conservation Value |
| IAV | Initial Assessment Visit |
| IPM | Integrated Pest Management |
| KPOM | Kemaman Palm Oil Mill |
| MPOA | Malaysian Palm Oil Association |
| MSPO | Malaysian Sustainable Palm Oil |
| MY-NI | Malaysian National Interpretation |
| NGO | Non Governmental Organisation |
| OSH | Occupational Safety & Health |
| PK | Palm Kernel |
| PKO | Palm Kernel Oil |
| POM | Palm Oil Mill |
| PPE | Personal Protective Equipment |
| RED | Renewable Energy Directive |
| RSPO P&C | Roundtable on Sustainable Palm Oil Principle & Criteria |
| SCCS | Supply Chain Certification Standard |
| SDS | Safety Data Sheet |
| SEIA | Social & Environmental Impact Assessment |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |
| STPOM | Sungai Tong Palm Oil Mill |