

**MALAYSIAN SUSTAINABLE PALM OIL  
– INITIAL ASSESSMENT /  
Public Summary Report**

<b>TSH Resources Berhad</b>
Client company Address: Bangunan TSH, TB9, KM7, Apas Road 91000 Tawau, Sabah, Malaysia
Certification Unit:  <b>Lahad Datu Palm Oil Mill &amp; Supply Base</b>  Location of Certification Unit: KM 48, Lahad Datu – Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia

**Report prepared by:**

Valence Shem (Lead Auditor)

**Report Number:** 8849952**Assessment Conducted by:**

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**TABLE of CONTENTS**

**Page No**

Section 1: Executive Summary .....	3
1.1 Organizational Information and Contact Person .....	3
1.2 Certification Information.....	3
1.3 Location of Certification Unit.....	4
1.4 Plantings & Cycle .....	4
1.5 FFB Production (Actual) and Projected (tonnage).....	<b>Error! Bookmark not defined.</b>
1.6 Certified CPO / PK Tonnage .....	<b>Error! Bookmark not defined.</b>
1.7 Details of Certification Assessment Scope and Certification Recommendation: .....	5
Section 2: Assessment Process .....	6
1. Assessment Program .....	7
Section 3: Assessment Findings .....	9
3.1 Details of audit results .....	9
3.2 Details of Nonconformities and Opportunity for improvement.....	9
3.3 Status of Nonconformities Previously Identified and OFI .....	15
3.4 Issues Raised by Stakeholders .....	16
3.5 Summary of the Nonconformities and Status.....	17
3.6 Summary of the findings by Principles and Criteria .....	18
4.0 Assessment Conclusion and Recommendation: .....	98
Appendix A: Assessment Plan .....	99
Appendix B: List of Stakeholders Contacted .....	100
Appendix C: Smallholder Member Details.....	101
Appendix D: Location and Field Map .....	102
Appendix E: List of Abbreviations.....	105

## Section 1: Executive Summary

<b>1.1 Organizational Information and Contact Person</b>			
MPOB License	Mill: 508717404000 (validity 1/6/2017 to 31/5/2018) Ong Yah Ho Estate: 503443702000 (validity 1/2/2017-31/1/2018) Gomantong Estate: 60055900200 (validity 1/8/2017-31/7/2018)		
Company Name	TSH Resources Berhad		
Address	Head office: Bangunan TSH, TB9, KM7, Apas Road, 91000 Tawau, Sabah, Malaysia.  Certification Unit: Lahad Datu Palm Oil Mill: KM 48, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia. Ong Yah Ho Estate: KM 48, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia. Gomantong Estate: KM 52, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia.		
Group name if applicable:	NA		
Subsidiary of (if applicable)	NA		
Contact Person Name	Rohana Parilla binti Abdul Salam (Quality, Environment, Safety & Health HOD)		
Website	<a href="http://www.tsh.com.my/">http://www.tsh.com.my/</a>	E-mail	<a href="mailto:Rohana.SHO@tsh.com.my">Rohana.SHO@tsh.com.my</a>
Telephone	+6013-834 1983	Facsimile	+6089-913 000

<b>1.2 Certification Information</b>			
Certificate Number	Mill: MSPO 682916 Plantations: MSPO 698140		
Issue Date	23/08/2018	Expiry date	22/08/2023
Scope of Certification	Mill: Production of Sustainable Palm Oil and Palm Oil Products Estate: Production of Sustainable Oil Palm Fruits		
Stage 1 Date	N/A (The certification unit is RSPO certified)		
Stage 2 / Initial Assessment Visit Date (IAV)	11 – 12/12/2017		
Continuous Assessment Visit Date (CAV) 1	N/A		
Continuous Assessment Visit Date (CAV) 2	N/A		
Continuous Assessment Visit Date (CAV) 3	N/A		
Continuous Assessment Visit Date (CAV) 4	N/A		
<b>Other Certifications</b>			

## MSPO Public Summary Report Revision 0 (Aug 2017)

Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 652155	Roundtable Sustainable Palm Oil	BSI Services Malaysia	22/03/2022

### 1.3 Location of Certification Unit

Name of the Certification Unit (Palm Oil Mill/ Estate/ Smallholder/ Independent Smallholder)	Site Address	GPS Reference of the site office	
		Longitude	Latitude
TSH Plantation Sdn. Bhd. (Lahad Datu Palm Oil Mill) (60 mt/hr)	KM 48, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia	118°2'33.8"E	5°19'9.9"N
TSH Palm Products Sdn. Bhd. (Ong Yah Ho Estate)	KM 48, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia	118°2'34.7"E	5°19'29.1"N
TSH Resources Bhd. (Gomantong Estate)	KM 52, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia	118°0'23.8"E	5°19'35.8"N

### 1.4 Plantings & Cycle

Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Ong Yah Ho	-	-	1,905	-	-
Gomantong	152	53	-	742	-
<b>Total</b>	<b>152</b>	<b>53</b>	<b>1,905</b>	<b>742</b>	<b>-</b>

### 1.5 FFB Production (Actual) and Projected (tonnage)

Estates	Jan to Dec 2016 Budget	Jan to Dec 2016 Actual	Jan to Dec 2017 Budget
Ong Yah Ho	56,783	47,270.78	56,783
Gomantong	20,045	18,022.92	20,045
<b>Total</b>	<b>76,828</b>	<b>65,293.70</b>	<b>76,828</b>

### 1.6 Certified CPO / PK Tonnage

Mill	Estimated (Jan to Dec 2016)	Actual (Jan to Dec 2016)	Forecast (Dec 2017 to Nov 2018)
	CPO (OER: %)	CPO (OER: %)	CPO (OER: 20.5%)
	NA	NA	15,749.74

	<b>PK (KER: %)</b>	<b>PK (KER: %)</b>	<b>PK (KER: 5.4%)</b>
	NA	NA	4,148.71

<b>1.7 Description of Supply Base</b>					
<b>Estates</b>	<b>Total planted (matured + immature) (ha)</b>	<b>HCV (ha)</b>	<b>Infrastructure &amp; Other (ha)</b>	<b>Total Area (ha)</b>	<b>% of Planted</b>
Ong Yah Ho	1,905	19	76	2,000	95
Gomantong	947	-	60	1,007	94
<b>Total</b>	<b>2,852</b>	<b>19</b>	<b>136</b>	<b>3,007</b>	<b>95</b>

<b>1.8 Details of Certification Assessment Scope and Certification Recommendation:</b>
<p>BSI Services Malaysia Sdn Bhd has conducted the Initial Certification Assessment of TSH Resources Sdn. Bhd., Lahad Datu Palm Oil Mill and supply base, located at KM 48, Lahad Datu – Sandakan Highway, 90200 Kinabatangan, Sabah, Malaysia comprising 1 mill, 2 estates and infrastructures.</p> <p>The onsite assessment was conducted to assess the compliance of the certification unit against the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.</p> <p>The assessment is a combined assessment for the mill and the group of estates that is supplying to the mill. However, the assessment criteria for the mill and the estates were separated following to the required standards. The certification assessment scope covers TSH’s Lahad Datu Palm Oil Mill and own FFB supplying estates. This report is the combined report for Lahad Datu Palm Oil Mill and the FFB supplying estates (Ong Yah Ho and Gomantong).</p> <p>The onsite assessment was conducted on 11-12/12/2017.</p> <p>Based on the assessment results, Lahad Datu Palm Oil Mill and its supply base comply with the MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders and MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill and recommended for certification.</p>

## Section 2: Assessment Process

### Certification Body:

BSI Services Malaysia Sdn Bhd,  
Unit 3, Level 10, Tower A  
The Vertical Business Suites, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel +603 2242 4211 Fax +603 2242 4218  
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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.

### Assessment Methodology, Programme, Site Visits

This on-site assessment was conducted from 11-12/12/2017. The audit programme is included as Appendix A. The approach to the audit was to treat the Lahad Datu Palm Oil Mill as an MSP0 Certification Unit and its two (Ong Yah Ho and Gomantong) FFB supply bases as another MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families and external stakeholders, review of documentation and monitoring data. MS 2530-3:2013 or MS 2530-4:2013 were used to guide the collection of information to assess compliance. The comments made by external stakeholders were also taken into account in the assessment.

The estates or smallholders sample were determined based on formula  $N = 1.0\sqrt{y}$  where  $y$  is the number of estates while when applicable, the smallholders sample were determined following the MSP0 Certification Requirement. The sampling of smallholders were based on the formula  $(1.0\sqrt{y}) \times (z)$ ; where 1.0 is the risk factor (may defer to 1.2 and 1.4 depending on risk), where  $y$  is total number of group members and where  $z$  is the multiplier defined by the risk assessment. The sampled smallholder listed in Appendix C.

Meetings were held with stakeholders to seek their views on the performance of the company with respect to the MSP0 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 these have been incorporated into the assessment findings.

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

The assessment findings for the initial assessment are detailed in Section 4.2.

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

This report is structured to provide a summary of assessment finding as attached in the Section 3. The assessment was based on random samples and therefore nonconformities may exist that have not been identified.

This report was externally reviewed by MSPO approved Peer Reviewer prior to certification decision by BSI.

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

<b>1. Assessment Program</b>					
<b>Name (Mill / Plantation / Group smallholders)</b>	<b>Year 1 (Certification)</b>	<b>Year 2 (ASA 1)</b>	<b>Year 3 (ASA 2)</b>	<b>Year 4 (ASA 3)</b>	<b>Year 5 (ASA 4)</b>
Lahad Datu Palm Oil Mill	✓	✓	✓	✓	✓
Ong Yah Ho Estate	✓	✓	✓	✓	✓
Gomantong Estate	✓	✓	✓	✓	✓

**Tentative Date of Next Visit: December 10, 2018 - December 11, 2018**

**Total No. of Mandays: 6**

**BSI Assessment Team:**

**Valence Shem - Lead Assessor**

He holds Bachelor Degree in Industrial Technology, graduated from University of Science Malaysia in 1998 and has 9 years working experience in oil palm plantation industry. He has been in the management system auditing line since 2009 for various standards such as ISO 140001, RSPO P&C, RSPO SCCS and SMETA. He completed the ISO 14001 Lead Auditor Course in 2008, ISO 9001 Lead Auditor Course in 2013, Endorsed RSPO P&C Lead Auditor Course in 2011, Endorsed RSPO SCCS Lead Assessor Course in 2012 and MSPO Awareness Training in 2014. He had been involved in RSPO auditing since 2009 in various companies in Malaysia. During this assessment, he assessed on the aspects of legal, environmental & biodiversity and agriculture best practices. Able to communicate in Bahasa Malaysia and English.

**Mohd Hidhir Bin Zainal Abidin – Team Member**

He holds Bachelor Degree in Chemical Engineering, graduated from National University of Malaysia on 2006. He has 7 years working experience in palm oil industry specifically on palm oil milling for 5 years. He also has the experiences as auditor for several standards including ISO 9001, ISO 140001, OHSAS 18001, MSPO and RSPO in his previous certification body. He completed the ISO 9001 Lead Auditor Course, ISO 14001 Lead Auditor Course and OHSAS 18001 Lead Auditor Course in 2012, Endorsed RSPO P&C Lead Auditor Course in 2013, MSPO Awareness Training in 2014 and Endorsed RSPO SCCS Lead Auditor Course in 2015. He had been involved in RSPO auditing since May 2012 in more than various companies in Malaysia. During this assessment, he assessed on the aspects of legal, mill best practices, safety and health, environmental and workers & stakeholders consultation.

**Hafriazhar Bin Mohd Mokhtar – Team Member**

Hafriazhar Mohd. Mokhtar is a Chemical Engineer by qualification. He has more than five years of direct work experience in the upstream processes of palm oil within the plantation industry. He is a qualified Lead Auditor for CDM, ISO 14001, ISO 50001 and ISO 9001 and has accumulated more than 500 audit days throughout his current

career as the auditor for multiple disciplines covering Malaysia, Indonesia and Thailand. He has been trained in the RSPO P&C and SCCS standards and recently completed his RSPO P&C Lead Assessor training and has been involved in RSPO audits within Malaysia, Papua New Guinea, Solomon Islands and Gabon. During assessment, he covered the legal issues, social issues, workers welfare and stakeholder consultation. He is fluent in Bahasa Malaysia and English languages.

**Accompanying Persons: N/A**



### Section 3: Assessment Findings

#### 3.1 Details of audit results

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

- MSPO MS 2530-2:2013 – General Principles for Independent Smallholders
- MSPO MS 2530-3:2013 – General Principles for Oil Palm Plantations and Organized Smallholders
- MSPO MS 2530-4:2013 – General Principles for Palm Oil Mills

#### 3.2 Details of Nonconformities and Opportunity for improvement

The nonconformity is listed below.

During the Certification Assessment there were 8 major nonconformities raised (4 major from MSPO Part 3 and 4 major from Part 4). The Lahad Datu POM Certification unit submitted Corrective Action Plans for the nonconformity. Corrective action plans with respect to the nonconformity was reviewed by the BSI audit team and accepted.

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

Major Nonconformities:		
Ref	Area/Process	Clause
1563660-201712-M1	Ong Yah Ho Estate	MSPO Part 3, Clause 4.4.5.9
Requirements:	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	
Statement of Nonconformity:	Wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements.	
Objective Evidence:	<p>Ong Yah Ho:</p> <ul style="list-style-type: none"> <li>i) 05-3665: Harvester; Agreement date: 4/6/2016; Period: 1 year; Daily rate: RM30.80/day; the sampled contract sighted showed that there's no extension of contract despite the worker (Employee ID: 09-3665) still work for Ong Yah Ho Estate as harvester.</li> <li>ii) Furthermore, the payslip for the month of August and September 2017 shown the worker received his earnings in Daily, Contract, Harvesting + L/F and Holiday. However no any conditions specifying the rate of those contracts and harvesting+l/f except for daily rate only. The contract that has been signed on 4/6/2016 which specified the daily rate that does not meet National Minimum Wages Order 2016 has been expired too.</li> <li>iii) Based on the Outstanding Summary Balance (Levy) for the Month Ending November 2017 for TSH Palm Products Sdn. Bhd., the employee ID: 2572 debt Opening Nov 2017: RM359.27; Debit: Nil; Credit: RM53; Closing Nov 2017: RM306.27. The detail of Borang Meminjam Paspot was recorded in the log book of Peminjaman Paspot which claimed to be the passport movement records.</li> </ul>	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

	iv) Sighted also for Employee ID: 05-3665 (Isyak Nin Lugu) a letter; Surat Perjanjian Potongan Bayaran Paspot dan Hutang Tertunggak; Ref. # P-F-AD02; dated 21/1/2012 with Penjamin (Guarantor) Asuan bin Arsad being both stamp their fingerprints for "agreement" to pay RM50 to get his own passport.
Corrections:	<ul style="list-style-type: none"> <li>- To update/re-new all employees contract agreement for Year 2017.</li> <li>- Briefing to all admin at operation site premise on preferred procedure in compliance with RSPO requirements.</li> </ul>
Root cause analysis:	<ul style="list-style-type: none"> <li>- The practice onsite is when the workers' re-new the passport then will come back and re-new the contract agreement as well.</li> <li>- The recording of Peminjaman Pasport was practicing since long time before RSPO. It's only for tracking and guarantee for the employees avoid from absconded. The payment of RM50 for each pasport borrowing, was not practicing now anymore.</li> </ul>
Corrective Actions:	<ul style="list-style-type: none"> <li>- Do Communicate on the preferred procedure, which the contract agreement shall be re-new yearly base on the date of sign by the employees.</li> <li>- 1. Issuance of memo from Management to all premises to restricted of the payment / deposit upon the employees take the pasport for their own use. 2. Use of the new format of form entitled with "Rekod Pengambilan Paspot".</li> </ul>
Assessment Conclusion:	<p>Evidence verified:</p> <ul style="list-style-type: none"> <li>• Updating/renewal of all employees contract agreement for Year 2017.</li> <li>• Communication on the preferred procedure which the contract agreement shall be renew on yearly base to the employees on the signing date.</li> <li>• Briefing to all admin at operation site premise on preferred procedure in compliance with RSPO requirements.</li> <li>• 1. Issuance of memo from Management to all premises to restricted of the payment / deposit upon the employees take the pasport for their own use. 2. Use of the new format of form entitled with "Rekod Pengambilan Paspot".</li> </ul> <p>All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</p>

Ref	Area/Process	Clause
1563660-201712-M2	Ong Yah Ho	MSPO Part 3, Clause 4.5.3.1
Requirements:	All waste products and sources of pollution shall be identified and documented.	
Statement of Nonconformity:	Expired/discarded agrochemical was not identified and documented.	
Objective Evidence:	<p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i) Found in the chemical store, class II chemical Chlorpyrifus (termite control), manufacturing date: 31/11/12.</li> <li>ii) Expired/discarded agrochemical has not included in the document; Waste Identification and Disposal Plan, TSHR/ENV/F03 dated 30/9/15.</li> </ul>	
Corrections:	To store the expired/discarded agrochemical at the Scheduled Waste Store.	
Root cause analysis:	The discarded/expired agrochemical was not include in the initial waste identification and Disposal Plan in Year 2015.	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Corrective Actions:	To include the Expired/Discarded agrochemical in the TSHR/ENV/F03, Waste Identification & Disposal Plan.
Assessment Conclusion:	<p>Evidence verified:</p> <ul style="list-style-type: none"> <li>The expired/ discarded agrochemical identified stored at the Scheduled Waste Store.</li> <li>The Expired/Discarded agrochemical included in the TSHR/ENV/F03, Waste Identification &amp; Disposal Plan.</li> </ul> <p>All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</p>

Ref	Area/Process	Clause
1563660-201712-M3	Ong Yah Ho and Gomantong Estate	MSPO Part 3, Clause 4.5.6.1
Requirements:	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ol style="list-style-type: none"> <li>Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</li> <li>Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</li> </ol>	
Statement of Nonconformity:	The recommended action plan in the HCV assessment report with regards to conduct study on population of RTE species and updating its status (increase or decrease) was not adequately addressed.	
Objective Evidence:	The established action plan has yet to adequately address the recommendation. There is no study of population of the identified RTE species, hence information about decreasing or increasing status was not available.	
Corrections:	To identify the RTE species found in the HCV Report.	
Root cause analysis:	The current practice done for wildlife monitoring on yearly basis should be having a few years data. However, the monitoring did not cover all of the identified RTE listed in the HCV Report.	
Corrective Actions:	<ol style="list-style-type: none"> <li>Create a form relevant to the HCV assessment to monitor 14 type of species as stated in the HCV assessment dated October 2015.</li> <li>Request wildlife department Sabah to conduct the wild life warden in house training to ensure the competency of TSH warden to monitor the species in January 2018.</li> </ol>	
Assessment Conclusion:	<p>Evidence verified:</p> <ul style="list-style-type: none"> <li>A copy of form relevant to the HCV assessment to monitor 14 type of species as stated in the HCV assessment</li> <li>Letter of request to wildlife department Sabah to conduct the wild life warden in house training</li> <li>All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</li> </ul>	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Ref	Area/Process	Clause
1563660-201712-M4	Ong Yah Ho and Gomantong Estate	MSPO Part 3, Clause 4.6.4.1
Requirements:	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	
Statement of Nonconformity:	Required documentation and information for understanding of MSPO requirements in case of the engagement of contractors was not effectively demonstrated.	
Objective Evidence:	Long term contracts sampled; i) CPO transporter: HMK Transport Sdn Bhd, signed on 1st February 2017 ii) Palm Kernel transporter: Pengangkutan Sri Silam, signed on 1st February 2017 Special clause on MSPO compliance was not seen in the above contract agreement.	
Corrections:	To include the terms sustainability (MSPO & RSPO) in all the Long term Contract Agreement.	
Root cause analysis:	Current contract agreement was made before the MSPO certification.	
Corrective Actions:	To communicate the addition of contract agreement to all vendors. The communication shall be with evidence and the record shall be kept.	
Assessment Conclusion:	Evidence verified: <ul style="list-style-type: none"> <li>A copy of Long Term Contract Agreement where the terms sustainability (MSPO &amp; RSPO) has been included</li> </ul> All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.	

Ref	Area/Process	Clause
1563660-201712-M5	Lahad Datu POM	MSPO Part 4, Clause 4.3.1.1
Requirements:	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.	
Statement of Nonconformity:	Some of the conditions stipulated in DOE's Jadual Pematuhan (License # 003530, validity 1/7/2017 to 30/6/2018) were not adequately fulfilled, i.e.: Condition no. 3: <i>Takat pelepasan dan kawasan pelupusan efluen ke pengairan tanah yang dibenarkan adalah sepertimana yang ditunjukkan dalam pelan No WM/TSH/LDPOM/DOE/02/06Rev. 5 bertajuk 'General Arrangement of Extended Aerobic Biological Effluent Treatment Plant'.....</i>  Condition no. 37: <i>Stesen pengawasan kualiti air hendaklah diadakan di hulu dan di hilir Sungai Koyah. Percontohan air hendaklah diambil sekali dalam sebulan dan laporan analisis kimia hendaklah dikemukakan. Pelan lokasi yang menunjukkan kedudukan stesen pengawasan tersebut hendaklah mendapat persetujuan daripada Jabatan Alam Sekitar Negeri Sabah.</i>	
Objective Evidence:	Condition no. 3: Drawing plan of the land irrigation is not accurate when compared to actual situation on the ground (GPS satellite image aided).	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

	<p>Condition no. 37:          There is no evidence that the location plan of sampling stations at Koyah River upstream and downstream has been agreed by the Dept. of Environment (DOE) of Sabah.</p>
Corrections:	<p>Condition No. 3: To appoint/award the job to the competent surveyor to draw the actual Map of Land Irrigation.</p> <p>Condition No. 37: To write the Agreement Letter to DOE Sdkn.</p>
Root cause analysis:	<p>Condition No. 3: the current drawing was made from commissioning of the land irrigation. Mill was not really aware on the estate topography site and assume the map vs physical are in line.</p> <p>Condition No. 37: The latest Jadual Pematuhan compliances was shown to the Officer those came but yet no evidence on the communication.</p>
Corrective Actions:	<p>Condition No. 3:</p> <ol style="list-style-type: none"> <li>1) To appoint / award the competent surveyor to update the Land Irrigation Drawing.</li> <li>2) To provide Gantt Chart on the completion from the surveyor award until the get the AS Built and change in the DOE's Jadual Pematuhan.</li> </ol> <p>Condition No. 37:</p> <ol style="list-style-type: none"> <li>1) Submit the Letter to the DOE attached with the Map of sampling point and get the evidence of agreement of the sampling point from the DOE.</li> </ol>
Assessment Conclusion:	<p>Evidence verified:</p> <ul style="list-style-type: none"> <li>• A copy of appointment letter to a competent surveyor to update the Land Irrigation Drawing</li> <li>• Gantt Chart of conducting the surveying works until a new updated land irrigation drawing is produced</li> <li>• All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</li> </ul>

Ref	Area/Process	Clause
1563660-201712-M6	Lahad Datu POM	MSPO Part 4, Clause 4.4.4.2 (d)
Requirements:	The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).	
Statement of Nonconformity:	Appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC) was not made available.	
Objective Evidence:	Based on site visit, there was no available PPE for boiler man and fireman at boiler station for furnace raking activity. Minimum PPE was, i.e leather hand glove, safety boots (low cut) and safety helmet. Further check in the PPE standard and recommendation under Occupational Safety and Health Handbook – POM, TSHR/OSH/SOP05, rev: 1, 4/7/16, no specific PPE recommended for the said activity.	
Corrections:	To purchase the PPE to significant activities.	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Root cause analysis:	The PPE identification was base on the process e.g for overall boiler process.
Corrective Actions:	To revise the HIRADC base on the process. Then, the list/table of PPE change from activity to process in the TSHR/OSH/SOP05.
Assessment Conclusion:	Evidence verified: <ul style="list-style-type: none"> <li>• A copy of PPE issuance records to the boiler man and fireman</li> <li>• A copy of revised HIRADC base on the process and the list/table of PPE change from activity to process in the TSHR/OSH/SOP05.</li> </ul> All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.

Ref	Area/Process	Clause
1563660-201712-M7	Lahad Datu POM	MSPO Part 4, Clause 4.4.5.9
Requirements:	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.	
Statement of Nonconformity:	Wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements.	
Objective Evidence:	Based on the following permits: i) Permit Wanita Bekerja Malam Seksyen 75 Ordinan Buruh (Sabah Bab 67); Validity period: 11/1/2017 – 10/1/2018 - written agreement by workers - agreement shall kept at work place - free rest period from work for 11 consecutive hours before allowed to re-enter shift - weekly rest day no lower than 30 consecutive hours - shall not employ for > 1 month except with agreement - to pay shift allowance at rate agreed in terms and conditions or as per collective agreement - to provide free transport ii) Women Employee; ID: 0468; Agreement date: 26/7/2017; Month of Nov 2017; Time and Attendance Report - night shift work: 1-12/11/2017; 20-30/2017 iii) Women Employee; ID: 0150; Agreement date: 28/9/2017; Month of Nov 2017; Time and Attendance Report - night shift work: 1-12/11/2017; 20-25/11/2017; 27/11/2017	
Corrections:	Do meeting to all women employees that involve in night shift to propose and get agreeable allowance rate.	
Root cause analysis:	Less aware on the Permit requirement once received.	
Corrective Actions:	1) Provide required allowances to all women employees that involve in working at night shift. 2) To provide the Agreement Letter on working and night and the required allowances.	
Assessment Conclusion:	Evidence verified: <ul style="list-style-type: none"> <li>• Copy of payslip showing that all women employees involve in the night shift have been paid with allowance</li> </ul>	

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

	<ul style="list-style-type: none"> <li>A copy of revised agreement letter on working at night with the details of allowance to be paid</li> </ul> <p>All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</p>
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Ref	Area/Process	Clause
1563660-201712-M8	Lahad Datu POM	MSPO Part 4, Clause 4.6.4.1
Requirements:	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.	
Statement of Nonconformity:	Required documentation and information for understanding of MSPO requirements in case of the engagement of contractors was not effectively demonstrated.	
Objective Evidence:	Long term contracts sampled; i) CPO transporter: HMK Transport Sdn Bhd, signed on 1st February 2017 ii) Palm Kernel transporter: Pengangkutan Sri Silam, signed on 1st February 2017 Special clause on MSPO compliance was not seen in the above contract agreement.	
Corrections:	To include the terms sustainability (MSPO & RSPO) in all the Long term Contract Agreement.	
Root cause analysis:	Current contract agreement was made before the MSPO certification.	
Corrective Actions:	To communicate the addition of contract agreement to all vendors. The communication shall be with evidence and the record shall be kept.	
Assessment Conclusion:	Evidence verified: <ul style="list-style-type: none"> <li>A copy of Long Term Contract Agreement where the terms sustainability (MSPO &amp; RSPO) has been included</li> <li>All the evidence of correction and corrective action were found to be adequate and effectively implemented. Continuous implementation shall be verified in the next assessment.</li> </ul>	

Noteworthy Positive Comments	
1	Good relationship being maintained with surrounding communities and other stakeholders
2	Mill has continued maximized the use of renewable energy by consuming fibre and shell which produced through internal process.

**3.3 Status of Nonconformities Previously Identified and OFI**

Not applicable as this is the Initial Assessment.

**3.4 Issues Raised by Stakeholders**

IS #	Description
1	<p><b>Issues:</b>            Female mill shift worker – Work schedule/timetable:            Process: 11am-7pm; 7pm-3am (weekly rotation)            Weighbridge: 7am-3pm; 3pm-11pm</p> <p><b>Management Responses:</b>            Female shift worker works on weekly rotation basis</p> <p><b>Audit Team Findings:</b>            Female worker night work permit condition found not fulfilled – refer indicator 4.4.5.9 (Part 4)</p>
2	<p><b>Issues:</b>            Estate worker: Grievance from employee - need to find guarantor to sign application form when applying for leave</p> <p><b>Management Responses:</b>            Guarantor use has been practice to avoid foreign worker abscond</p> <p><b>Audit Team Findings:</b>            The practice of finding guarantor quite reflective of force labouring – refer indicator 4.4.5.9 (Part 3)</p>
3	<p><b>Issues:</b>            Area Director, Energy Commission, East Coast Area, Sabah State – mill need to update on submission of the electrical single line diagram to EC in case of any changes/upgrade within mill</p> <p><b>Management Responses:</b>            Submission pending for on-going upgrade work in-progress. Communication with EC made</p> <p><b>Audit Team Findings:</b>            Evidence of communication with EC sighted. Submission to be follow-up during next audit</p>
4	<p><b>Issues:</b>            Branch Head, Department of Environment, Sandakan Branch, Sabah. No issue in DOE license (for mill) compliance and monthly/quarterly Online Environmental Reporting (OER)</p> <p><b>Management Responses:</b>            Info noted</p> <p><b>Audit Team Findings:</b>            No further issue</p>
5	<p><b>Issues:</b>            Factory &amp; Machinery Inspector, Department of Occupational Safety &amp; Health, Sandakan Branch. No issue mill inspection and equipment permitting</p> <p><b>Management Responses:</b>            Info noted</p> <p><b>Audit Team Findings:</b>            No further issue</p>
6	<p><b>Issues:</b>            Deputy Vice Director, Immigration Department, Lahad Datu. No issue in foreign workers’ work permit and renewal</p> <p><b>Management Responses:</b>            Info noted</p> <p><b>Audit Team Findings:</b>            No further issue</p>
7	<p><b>Issues:</b>            Sundry Shop &amp; Restaurant Owner. Good cooperation with both mill and estate management</p> <p><b>Management Responses:</b>            Info noted</p>



	<b>Audit Team Findings:</b> No further issue
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### 3.5 Summary of the Nonconformities and Status

CAR Ref.	CLASS	ISSUED	STATUS
1563660-201712-M1	Major	12/12/2017	Closed
1563660-201712-M2	Major	12/12/2017	Closed
1563660-201712-M3	Major	12/12/2017	Closed
1563660-201712-M4	Major	12/12/2017	Closed
1563660-201712-M5	Major	12/12/2017	Closed
1563660-201712-M6	Major	12/12/2017	Closed
1563660-201712-M7	Major	12/12/2017	Closed
1563660-201712-M8	Major	12/12/2017	Closed

**3.6 Summary of the findings by Principles and Criteria**

**MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General principles for Plantations and Organized Smallholders**

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	A policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	TSH Resources Berhad has established a policy on strategies and implementing sustainability signed by managing director, Dato’ Tan Aik Sim effective 23/11/17.	Yes
<b>4.1.1.2</b>	The policy shall also emphasize commitment to continual improvement. <b>- Major compliance -</b>	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the milling and estate operation. The policy has include these elements: i)Transparency ii)Occupational Safety and Health iii)Anti-Discrimination iv)Freedom of association v) Sexual harassment vi)Reproductive rights vii)Child labour protection viii)Human rights and code of business conduct	Yes
<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to	Internal audit process is documented under Audit Procedure, TSHR/QD/SOP03 rev:1 dated 1/9/17. Annual audit schedule for	Yes

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings	Compliance
	determine the strong and weak points and potential area for further improvement. <b>- Major compliance -</b>	2017 was made available for review. Refer to document dated 25/8/17. The first MSPO internal audit was carried out on 12 <sup>th</sup> – 14 <sup>th</sup> September 2017 by pool of trained internal audit from Sustainability and QA Department. Cross department/mill audit was demonstrated to ensure impartiality of audit. Evaluation of competency for internal auditor was defined under A. Quality Auditing Process – Preparation of audit. Record of training checked: i)RSPO P&C and MSPO training: 28/4/17 ii)Internal audit training: 11/8/17	
<b>4.1.2.2</b>	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. <b>- Major compliance -</b>	Internal audit procedure, TSHR/QD/SOP03 rev:1 dated 1/9/17 established and used as reference for audit process. Audit results documented under internal audit summary, document ref# TSHR/QD/F09 rev: 0, report dated 14/9/17. Total 11 CAR raised and reported in CAR form, TSHR/QD/F01 rev: 1 and all CAR were closed and verified by Sustainability Team on 14/11/17.	Yes
<b>4.1.2.3</b>	Report shall be made available to the management for their review. <b>- Major compliance -</b>	Report dated 14/9/17 under internal audit summary TSHR/QD/F09 rev: 0 was made available to the management for their review.	Yes
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification. <b>- Major compliance -</b>	Based on the established management review meeting procedure, TSHR/QD/SOP04, rev:2 dated 1/11/17 the minimum meeting frequency is once per year. The management review committee consists of Group ED, GM, Managers, Quality HOD and other HODs. The first management review was carried out on 30/10/17. All pertinent elements for the meeting has been discussed and minuted. Results of corrective action plan presented under agenda;	Yes

Criterion / Indicator		Assessment Findings	Compliance
		audit results, non-conformities and corrective action together with the improvement plan and timeline for implementation.	
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.  - <b>Major compliance</b> -	TSH Resources Berhad has established management plan on social, safety and health and environmental impact. Verified the management plan for 2017 which covers social, environmental, safety and best practices as well as biodiversity aspect in plantation. Monthly update will be presented during mill management meeting. Among continual improvement plan sighted: Social <ul style="list-style-type: none"> <li>• OYH Field Grand Stand</li> <li>• OYH Fencing Community Hall</li> <li>• Concrete workers housing (1 block x 4 door)</li> </ul> Operation <ul style="list-style-type: none"> <li>• 8MT Farm Tractor Trailer</li> </ul>	Yes
<b>4.1.4.2</b>	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology (where applicable) that are available and feasible for adoption.  - <b>Major compliance</b> -	Buffalo assisted harvesting (BAH) at a few selected field (flat area). For example BAH observed at OP 37 and OP22. Total coverage of BAH area is 625.97 ha.	Yes
<b>4.1.4.3</b>	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established.  - <b>Major compliance</b> -	Action plan is documented under Continual Improvement Plan (5 years plan) from 2015 -2020. The plan has include: i) GHG emission reduction ii) Environmental impact assessment (EIA) iii) High Conservation Value (HCV) iv) Water management plan	Yes

Criterion / Indicator		Assessment Findings	Compliance
		v) Corporate Social Responsibility (CSR)	
<b>4.2 Principle 2: Transparency</b>			
Criterion 4.2.1 – Transparency of information and documents relevant to MSP0 requirements			
<b>4.2.1.1</b>	<p>The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes.</p> <p><b>- Major compliance -</b></p>	<p>Communication implemented based on following procedures:</p> <ul style="list-style-type: none"> <li>i) Information Request; TSHR/SUST/SOP01; Rev.: 2; Effective date: 1/11/2017</li> <li>ii) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016</li> </ul> <p>Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:</p> <ul style="list-style-type: none"> <li>- Request dated 28/10/2017: Enquiries on the possibility of EFB collection by smallholder; Response: Welcoming all FFB suppliers to collect its EFB (through letter dated 10/11/2017)</li> </ul> <p>Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following:</p> <ul style="list-style-type: none"> <li>- Grievance dated 1/2/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017</li> <li>- Plans for continuous improvement including annual budgeting for CSR contributions sighted including annual donation for</li> </ul>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>Majlis Anugerah Pelajar SK Paris 3, Micro Efforts of 3R Campaign, Gotong Royong, Sports event and health campaign.</p> <p>Social Impact Assessment (SIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate &amp; Gomantong Estate on Land Title nos. CL09532718 &amp; CL095310731, In the District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/16/17; Dated June 2016</p> <p>Environmental Impact Assessment (EIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate &amp; Gomantong Estate on Land Title nos. CL09532718 &amp; CL095310731, In the District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/15/12; Dated March 2016</p> <p>Land Title no.: Country Lease CL095327218 for lease period from 1/1/1998 – 31/12/2096 (99 years)</p> <p>Sighted also the communication records with Community Learning Centre (CLC); Letter ref.: # 0743/SIKK/07/2017; dated: 24/7/2017 with under the Consulate General of The Republic of Indonesia, Kota Kinabalu, Sabah on the invitation of the Annual Appreciation Event for School Children achievements in education and extra-curricular activities.</p>	
<b>4.2.1.2</b>	Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.	Publicly available documents sighted available such as the Annual Report 2016 and accessible for downloading its softcopy version from company's website: <a href="http://www.tsh.com.my/annual-report-2016/">http://www.tsh.com.my/annual-report-2016/</a> .	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	Procedures shall be established for consultation and communication with the relevant stakeholders.  - Major compliance -	As above, established as per following procedures: i) Information Request; TSHR/SUST/SOP01; Rev.: 2; Effective date: 1/11/2017 ii) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016 Sighted also the following: Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 & External Stakeholder List; Rev. 2; Effective date: 21/10/2016 Latest stakeholder meeting was done as following: i) External Stakeholder Meeting; Dated 15/8/2017; Venue: Ong Yah Ho Estate. The meeting amongst all was attended by combined mill and estates' vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities. Internal Stakeholder Meeting; Dated 16/11/2017; Venue: Ong Yah Ho Community Hall. Other internal stakeholder meeting done including Women Association Committee meeting conducted on 13/11/2017 and Welfare Committee (Workers Representative) meeting on 25/10/2017	Yes
<b>4.2.2.2</b>	A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.	Sighted the Letter of Appointment as Social Officer for TSH LDPOM, TSH Palm Products Sdn Bhd (Ong Yah Ho Estate) and TSH Resources Bhd (Gomantong Estate) dated on 30/10/2017 for the	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Minor compliance</b> -	appointed person i.e. Grace Gadung Baru by the Group Executive Director.	
<b>4.2.2.3</b>	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.  - <b>Major compliance</b> -	List of stakeholders and records of consultation sighted as following:  Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 & External Stakeholder List for Ladang Ong Yah Ho; Rev. 0; Effective date: 1/2/2016 – updated as per Stakeholder Registration Form – newly includes Klinik Kesihatan Batu Putih, Kementerian Kesihatan Malaysia (information request date 29/8/2016); Pontian Fico, FGV Plantation Berhad (information request date 5/5/2016)	Yes
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).  - <b>Major compliance</b> -	TSH Resources Berhad estate’s only send their FFB to Lahad Datu POM. Fresh Fruit Bunch – harvesting & despatchment; TSHP/OPE/SOP07, rev:2 dated 8/11/17 and describes the procedure on harvesting and despatching of FFB, to facilitate document check, reconciliation and to account quantity and quality of FFB harvested. Final weight of FFB is based on the weighbridge advice ticket (WAT) on each and every consignment sent. Other related form used to monitor FFB movement and quality; Driver/loader input form and rejected FFB notification form.	Yes
<b>4.2.3.2</b>	The management shall conduct regular inspections on compliance with the established traceability system.  - <b>Major compliance</b> -	Regular inspection on traceability system is being monitored on daily basis via Oil Palm Harvesting – Bunch Count Sheet, TSHP/OPE/F32, rev: 2. FFB is traceable from specific block, task, gang assigned to account total number of bunches on each harvesting day	Yes



Criterion / Indicator		Assessment Findings	Compliance
		Daily and monthly FFB crop production report are available up to closing month of November 2017. In the report, it recorded the block, hectare and the total FFB send to palm oil mill. The POM will send the summary of the received FFB to the estate on daily basics.	
<b>4.2.3.3</b>	The management should identify and assign suitable employees to implement and maintain the traceability system. <b>- Minor compliance -</b>	In Ong Yah Ho and Gomantong Estate, the estate manager has been assigned to maintain the traceability system. The appointment letter dated 27/11/17 with job responsibility has been clearly defined.	Yes
<b>4.2.3.4</b>	Records of sales, delivery or transportation of FFB shall be maintained. <b>- Major compliance -</b>	<p>Inspection of records confirmed these were updated daily according to the established traceability procedure. Verified traceability records:</p> <p><u>Ong Yah Ho Estate</u></p> <ul style="list-style-type: none"> <li>a. WAT# 93176 dated 27/11/17, division A, weight: 5.53 mt</li> <li>b. WAT# 93121 dated 27/11/17, division A, weight: 4.54 mt</li> <li>c. WAT# 93149 dated 27/11/17, division A, weight: 3.86 mt</li> </ul> <p><u>Air Putih Estate (third party)</u></p> <ul style="list-style-type: none"> <li>a. Weighbridge ticket: 1626 dated 10/08/2017</li> <li>b. Weighbridge ticket: 1605 dated 31/07/2017</li> <li>c. Weighbridge ticket: 1182 dated 30/06/2017</li> </ul>	Yes
<b>4.3 Principle 3: Compliance to legal requirements</b>			
<b>Criterion 4.3.1 – Regulatory requirements</b>			
<b>4.3.1.1</b>	All operations are in compliance with the applicable local, state,	TSH Management complies with legal requirements as per indicator at all operating sites. Compliance to each applicable law	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>and regulation is monitored by the operating units .Among the evidence sighted during the visit:</p> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>- Diesel Permit for quantity 18,200 litres according to Controlled Supply Act 1974, serial#002550, validity till 7/11/2018</li> <li>- Salary Deduction Permit, serial# 11(0242)TWU, valid until 12/10/18</li> <li>- Permit of Advance Payment for Salary, Serial# 06(0023)TWU valid until 12/10/18.</li> <li>- License to Employ Non-Resident workers, ref#JTK.H.KBN.600-4/1/1/01261/0101 [Indonesian : 117]</li> <li>- Certificate of Fitness, CF# SB PMT 13070 valid until 18/1/18</li> <li>- MPOB license, 503443702000 valid until 31/1/18</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>- Diesel Permit for quantity 18,000 litres according to Controlled Supply Act 1974, serial#011456, validity till 7/11/2018</li> <li>- License to Employ Non-Resident workers, ref# JTK.H.KBN.600-4/1/1/01261/0100 [Indonesian : 46]</li> <li>- Permit of Advance Payment for Salary, Serial# 06(0023)TWU valid until 12/10/18</li> <li>- MPOB license, 600559002000 valid until 31/7/18</li> </ul>	
<b>4.3.1.2</b>	<p>The management shall list all laws applicable to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>All Estates and Mill maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses. Refer to Legal Document Master list (Rev. no. 4; dated 9/9/2016). Further</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
		details of regulations recorded under evaluation of legal compliance, TSHR/RSPO/F04 dated November 2017.	
<b>4.3.1.3</b>	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.  - <b>Major compliance</b> -	Tracking system was available for all the estates and mill sites to identify changes in the relevant regulations through head office, internal audits/visit and the information are communicated from the headquarters. On the site verification, Interviews with office personnel and records indicate that the system is appropriate to the operations and is being recorded accordingly. Further evidence of verification was reviewed in the legal registers at all the 3 sites. As per procedure Legal and Other Requirements TSHR/SUST/SOP04 Rev. 2 dated 1/11/2017 – Evaluation of compliance completed.	Yes
<b>4.3.1.4</b>	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.  - <b>Minor compliance</b> -	The evaluation of compliance status of legal requirement and tracking changes in legal are carried out by operating units, RSPO teams, and head office. All 3 sites (the mill and 2 estates) implemented the same practice.  As per revised procedure Legal and Other Requirements TSHR/SUST/SOP04 Rev. 2 dated 1/11/2017 – Evaluation of compliance – implemented based on monitoring as per Legal Document Master list (Rev. no. 4; dated 9/9/2016) for each operating units individually. Evidence of compliance done annually for all applicable legal requirements.	Yes
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.  - <b>Major compliance</b> -	The management ensure that their oil palm cultivation activities do not diminish the land use rights of other users by ensuring the legal boundary is correct and stakeholder consultations.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.  - <b>Major compliance</b> -	Gomantong has 1 land title, # CL 095310731, area: 1,007 Ha, Leasee: TSH Resources Berhad, Lease period: 1/1/1979 to 31/12/2077, T&C: Cultivation of agricultural crop of economic value  Ong Yah Ho has 1 land title, # CL 095327218, area: 2,000 Ha, Leasee: Tan Soon Hong Holdings, Lease period: 1/1/1998 to 31/12/2096, T&C: Cultivation of oil palm	Yes
4.3.2.3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.  - <b>Major compliance</b> -	As verified on site, the demarcations of boundaries were by using concrete cylinder pegs (painted with red and white) and trenches.	Yes
4.3.2.4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).  - <b>Minor compliance</b> -	No land dispute.	Yes
<b>Criterion 4.3.3 – Customary rights</b>			
4.3.3.1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.  - <b>Major compliance</b> -	No land is encumbered by customary rights.	Yes
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available.  - <b>Minor compliance</b> -	Not applicable as no lands are encumbered by customary rights.	NA

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.3	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available. - Major compliance -	Not applicable as no lands are encumbered by customary rights.	NA
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			
<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
4.4.1.1	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. - Minor compliance –	Established in the Social Impact Assessment (SIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate & Gomantong Estate on Land Title nos. CL09532718 & CL095310731, In the District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/16/17; Dated June 2016.  The plans included mitigation for negative impacts which amongst all including immigrants competition to local human resources in terms of employment and welfare, as well promotions of positive impacts including creation of employment opportunities, reduction of poverty, improvement of road system and local economy. The plan was being monitored periodically through stakeholder meeting and survey using the survey form (Soal Selidik Sosio-Ekonomi Penduduk) also known as Borang Banci. Sighted the latest survey was conducted on 5/11/2017.	Yes
<b>Criterion 4.4.2: Complaints and grievances</b>			
4.4.2.1	A system for dealing with complaints and grievances shall be established and documented.	System implemented based on following procedures: i) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Major compliance</b> -	Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following: Grievance dated 26/1/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017 as per Corrective Action Report (CAR) CAR no.: LDPOM/CAR/2017/02. Corrective action was taken on 1/2/2017 and CAR was verified closed on 3/2/2017.	
4.4.2.2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.  - <b>Major compliance</b> -	The system implemented based on following procedures: i) Information Request; TSHR/SUST/SOP01; Rev.: 2; Effective date: 1/11/2017 Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016	Yes
4.4.2.3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.  - <b>Minor compliance</b> -	Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:  - Request dated 28/10/2017: Enquiries on the possibility of EFB collection by smallholder; Response: Welcoming all FFB suppliers to collect its EFB (through letter dated 10/11/2017)  Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following:  Grievance dated 1/2/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by	Yes

Criterion / Indicator		Assessment Findings	Compliance
		management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017	
<b>4.4.2.4</b>	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.  - <b>Minor compliance</b> -	Based on interview with both internal and external stakeholders among employees and surrounding communities, awareness that complaints or suggestions can be made any time was presence.	Yes
<b>4.4.2.5</b>	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.  - <b>Major compliance</b> -	Records of complaints/grievances and their resolutions were made available since the implementation of management system in 2016.	Yes
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
<b>4.4.3.1</b>	Growers should contribute to local development in consultation with the local communities.  - <b>Minor compliance</b> -	Contributions to local development established as plans for continuous improvement on annual budgeting for CSR contributions. Sighted actual contributions done in 2017 including annual donation for Majlis Anugerah Pelajar SK Paris 3, Micro Efforts of 3R Campaign, Gotong Royong, Sports event and health campaign, CLC campaign and Clinic blood donation campaign. Consultation was conducted on periodical basis, with latest External Stakeholder Meeting; Dated 15/8/2017; Venue: Ong Yah Ho Estate. The meeting amongst all was attended by combined mill and estates' vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities.	Yes

Criterion / Indicator		Assessment Findings	Compliance		
<b>Criterion 4.4.4: Employees safety and health</b>					
<b>4.4.4.1</b>	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.  - <b>Major compliance</b> -	TSH Resources Berhad has established Occupational, Safety & Health endorsed by Managing Director (MD) effective 16/10/15. The OSH plan has developed and in-lined with company's policy and incorporated with the training plan and OSH compliance monitoring programme. Refer to OSH plan dated 18/8/17	Yes		
<b>4.4.4.2</b>	The occupational safety and health plan shall cover the following: a) A safety and health policy, which is communicated and implemented. b) The risks of all operations shall be assessed and documented. c) An awareness and training programme which includes the following requirements for employees exposed to pesticides: i. all employees involved shall be adequately trained on safe working practices ii. all precautions attached to products shall be properly observed and applied d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation	TSH Resources Berhad estates has safety and health policy that has been communicated to the staff and workers. On site supervisors and estate assistant managers ensure the implementation of it. HIRARC – Latest review in December 2016. Coverage of activities (Field maintenance and up keep, manuring, transportation, farm tractor, workers transportation, diesel station, domestic waste, security, workshop and warehouse) In addition to specific training courses, safety briefings are given during muster to reinforce awareness, such as correct wearing of PPE. Chemical register dated 4 December 2017 was sighted. There is class II used for termite control. SDS for the said chemicals are available at the store in Dual-language (Bahasa Malaysia and English). I.e Sentry (Glyphosate IPA 41%) and COMET (tricypyr-2-butotyl ester 32.1%), Thiram, MITAC, KISOL 24EC (Clethodim), Contest 50EC (Cypermethrin 5.5%). Records were available of PPE issued to individual workers and contractors, including signatures to confirm receipt. PPE standard is based on CHRA assessor's recommendation as per the following: <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Activity/work unit</td> <td style="width: 50%;">PPE recommendation</td> </tr> </table>	Activity/work unit	PPE recommendation	Yes
Activity/work unit	PPE recommendation				



Criterion / Indicator		Assessment Findings		Compliance
<p>1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly. Records from such meeting are kept and the concerns of the employees and any remedial actions taken are recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	Spraying	Half face respirator (3M 3311K-55) Rubber nitrile gloves Chemical goggles Body apron	<p>TSH Resources Berhad estate follows the SOP for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (CLASS) Regulation 2013 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. TSH Resources Berhad has established Standard Operating Procedure (SOP) for Oil Palm Plantation Operation. The SOP covers all estate's activities from nursery management, replanting, field maintenance and upkeep, crop evacuation, chemical and agrochemical management, transportation of workers, utilities management, Pest control and domestic and scheduled waste disposal. Refer to TSH Plantation document master list , rev:9 dated 5/10/17.</p> <p><u>Ong Yah Ho Estate</u></p>	
	Manuring/fertilizer	Dust mask 3M 9010 N95 Rubber/cotton gloves		
	Workshop	Ventilation fan/ Natural ventilation Dusk mask 3M 9010 N95 Safety boots Welding gloves		

Criterion / Indicator	Assessment Findings	Compliance	
		<p>CHRA was done on 24/2/15 DAB OH Sdn Bhd by DOSH registered assessor, JKPP IH 127/171-2(298).Recommendation by assessor.</p> <ul style="list-style-type: none"> <li>i) Medical surveillance – manurer, sprayer, store keeper and workshop operator</li> <li>ii) Chemical safe handling training – every 2 years.</li> </ul> <p><u>Gomantong Estate</u>            CHRA was done on 13 October 2017 (JKPP HIE 127/171-2[298])            Recommendation :</p> <ul style="list-style-type: none"> <li>i)Medical Surveillance (manurer, sprayer, store keeper, genset operator and workshop operator)</li> <li>ii)PPE recommendation - Half piece respirator (organic vapor)</li> <li>iii) Chemical safe handling training – every 2 years.</li> </ul> <p><u>Ong Yah Ho Estate</u>            Medical surveillance was last done for 2 batches of workers from manurer, chemical sprayer and mixer. The last medical surveillance was carried out on 14/4/17 by OHD DOSH Reg. No. JKPP HQ/08/DOC/00/167 under DAB OH Sdn Bhd. Result of the Medical Examinations found to be normal without any health detrimental issues.</p> <p><u>Gomantong Estate</u>            The management of Estate send a group of sprayers/workshop/Store keeper for medical check up on 29/8/17 and the result from OHD DOSH Reg. No. JKPP HQ/08/DOC/00/167 under DAB OH Sdn Bhd were found normal.</p>	

Criterion / Indicator	Assessment Findings	Compliance
		<p>At the estate, there is a designated OSH Coordinator who is responsible for organising safety training, meetings and investigation and reporting of accidents and Incidents. Combined OSH meeting carried out at TSH Resources Bhd estate's.</p> <p>Ong Yah Ho and Gomantong Estate. Refer to OSH committee organization chart dated 6/12/17.</p> <ul style="list-style-type: none"> <li>i) Estate Manager: Chairman</li> <li>ii) SHC secretary: RSPO Coordinator</li> <li>iii) Safety Coordinator (OYH) : Estate assistant</li> <li>iv) Safety Coordinator (GE): Cadet planter</li> </ul> <p>Ong Yah Ho and Gomantong Estate  Refer OHS meeting minutes :</p> <ul style="list-style-type: none"> <li>#1: 23/2/17</li> <li>#2: 19/5/17</li> <li>#3: 16/8/17</li> </ul> <p>Workplace inspection, HIRARC and line site inspection will be carried out prior to SHC meeting. Records were available confirming that quarterly OSH meetings had been held at the estate.</p> <p>Accident and emergency procedures had been written and briefed to staff, workers, contractors and visitors. Emergency response Team organization chart for dated 11/9/17 available. ERT Training schedule 2017 sighted. Workers trained in firefighting, Rescue method and prepared for the any unforeseen circumstances.</p>

Criterion / Indicator		Assessment Findings	Compliance									
		<p>Latest fire drill was carried out on 22/11/17 at Ong Yah Ho Estate. Post moterm report available for review.</p> <p>First Aid Kits are provided at various work sites at the estates and inspection confirmed these had been appropriately stocked. Total of 1 certified first aider available at Ong Yah Ho and Gomantong Estate. First Aid 2.0 (Basic Outdoor Occupational First Aid, CPR + AED) training dated 4-5/9/17. Total 3 trained first aider available at Ong Yah Ho Estate and whereas there were 3 trained first aider Gomantong Estate.</p> <p>All accidents are investigated and reported to Head Office and well as DOSH. Accident statistics for TSH Resources Estate estate's as follows :</p> <table border="1"> <thead> <tr> <th></th> <th>OYH Estate</th> <th>Gomantong Estate</th> </tr> </thead> <tbody> <tr> <td>2016</td> <td>6 cases (13 LTI)</td> <td>3 cases (9 LTI)</td> </tr> <tr> <td>2017 to date</td> <td>7 cases (17 LTI)</td> <td>2 cases (6 LTI)</td> </tr> </tbody> </table>		OYH Estate	Gomantong Estate	2016	6 cases (13 LTI)	3 cases (9 LTI)	2017 to date	7 cases (17 LTI)	2 cases (6 LTI)	
	OYH Estate	Gomantong Estate										
2016	6 cases (13 LTI)	3 cases (9 LTI)										
2017 to date	7 cases (17 LTI)	2 cases (6 LTI)										
<b>Criterion 4.4.5: Employment conditions</b>												
<b>4.4.5.1</b>	<p>The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>Established based on Human Rights &amp; Responsible Business procedure; Doc. No.: TSHR/POL/SOP09; Rev. 0; Effective date: 16/10/2015 with documented statement of Human Rights &amp; Responsible Business Practices; signed by MD dated 16/10/2015 as Appendix 1 of the procedure.</p>	Yes									
<b>4.4.5.2</b>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion,</p>	<p>No any evidence of discriminatory practices based on the workers statistics, i.e. Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 in which all employees within all Position/Department</p>	Yes									

Criterion / Indicator		Assessment Findings	Compliance
	nationality, social origin or any other distinguishing characteristics. <b>- Major compliance -</b>	were provided with house based on house addresses sighted on the list.	
<b>4.4.5.3</b>	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. <b>- Major compliance -</b>	The management have ensured that employees' pay and conditions meet applicable legal requirements i.e. National Minimum Wages Order 2016. However a finding has been raised under indicator 4.4.5.9 based on samples checked.	Yes
<b>4.4.5.4</b>	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. <b>- Minor compliance -</b>	No contractors employees involved in direct estate operations i.e. production (harvesting) and maintenance (upkeep, spraying, and manuring) except for FFB transporters and palm tree felling & chipping of replanting machinery operator. However, all parties having mutual agreements with operating units through purchase orders and had entered their deliveries with adequate understanding of the terms and conditions set between both parties including to ensure employees of contractors/vendors are paid based on applicable legal requirements i.e. National Minimum Wages Order 2016.  On site stakeholder interviews and consultation carried out with the various contractors further confirmed their understanding of the requirements.	Yes
<b>4.4.5.5</b>	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records	There is a list of employees consist of employee number, name, division, pay, NRIC/Passport no, employment category, nationality,	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></p>	<p>DOB, age, race and status in the HR/Payroll system sighted as at October 2017.</p>	
<b>4.4.5.6</b>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>The management have ensured that employees' pay and conditions meet applicable legal requirements i.e. National Minimum Wages Order 2016. Following employee ID were sampled:</p> <p>Gomantong:</p> <ul style="list-style-type: none"> <li>i) 04-0042: Maintenance Gang Mandore; Agreement date: 26/8/2017; Period: 1 year; Daily rate: RM36/day</li> <li>ii) 01-1493: General worker/Maintenance Gang; Agreement date: 26/8/2017; Period: 1 year; Daily rate: RM35.40/day</li> <li>iii) 01-1391: General worker/Maintenance Gang; Agreement date: 26/8/2017; Period: 1 year; Daily rate: RM35.40/day</li> <li>iv) 01-1504: General worker/Maintenance Gang; Agreement date: 26/8/2017; Period: 1 year; Daily rate: RM35.40/day</li> </ul> <p>It was confirmed that employees were provided with fair contracts that have been signed by both employee and employer. However a finding has been raised under indicator 4.4.5.9 based on samples checked.</p>	Yes
<b>4.4.5.7</b>	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.</p> <p><b>- Major compliance -</b></p>	<p>The time recording system uses punch card for daily rated and com-card for piece rated established by management made working hours and overtime transparent for both employees and employer.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
<b>4.4.5.8</b>	<p>The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.</p> <p><b>- Major compliance -</b></p>	<p>Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to the Sabah Labour Ordinance 2005.</p> <p>The overtime rate after 8 hours daily rated is: up keeping</p> <ul style="list-style-type: none"> <li>- Mon - Sat – daily rated / 8 hours x 1.5</li> <li>- Sunday - daily rated / 8 hours x 2.0</li> <li>- Public holiday – daily rated / 8 hours x 3.0</li> </ul> <p>The overtime rate after 8 hours piece rated is: harvesters</p> <ul style="list-style-type: none"> <li>- Mon - Sat – flat rate</li> <li>- Sunday – flat rate x 2.0Public holiday – flat rate x 3.0</li> </ul>	Yes
<b>4.4.5.9</b>	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p>Sample payment for wages and overtime were sighted for the following Ong Yah Ho Estate workers:</p> <ul style="list-style-type: none"> <li>i) 05-3665: Harvester; Agreement date: 4/6/2016; Period: 1 year; Daily rate: RM30.80/day; the sampled contract sighted showed that the there’s no extension of contract despite the worker (Employee ID: 09-3665) still work for Ong Yah Ho Estate as harvester.</li> <li>ii) Furthermore, the payslip for the month of August and September 2017 shown the worker received his earnings in Daily, Contract, Harvesting + L/F and Holiday. However no any conditions specifying the rate of those contracts and harvesting+l/f except for daily rate only. The contract that has been signed on 4/6/2016 which specified the daily rate that does not meet National Minimum Wages Order 2016 has been expired too.</li> </ul>	No

Criterion / Indicator		Assessment Findings	Compliance
		This indicated that the wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements. Hence, a major noncompliance has been raised.	
<b>4.4.5.10</b>	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions.  <b>- Minor compliance -</b>	Social benefits for workers including the insurance as following:  i) Local workers & staff: Social Security Organization (SOC SO) Monthly Contribution sighted as per sample latest Form 8A; dated 2/12/2017 for the monthly contribution for the month of November 2017; TSH Palm Products Sdn Bhd; Employee code: F9300004659K  ii) Foreign workers: Foreign Workers Compensation Scheme Policy; Compensation Scheme Schedule eSchedule No.: 17PTW5003782-00; dated 30/10/2017	Yes
<b>4.4.5.11</b>	In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.  <b>- Major compliance -</b>	On-site living quarters are provided and visit to the housing area/line site showed quarters are decently habitable and equipped with basic amenities of free electricity and water supply including other facilities such as mosque, community hall, sundry store, canteen, children's crèche and football field.  The standard of housing provided for workers and their families meets the basic requirements of the government regulations, Act 446 Workers' Minimum Standards Of Housing And Amenities Act 1990(as a guide). TSH Mill and estates has provided the minimum basic housing facilities. Electricity is subsidized and water is supplied at no charge. Water to housing was self-treated water where the treated water undergoes monitoring by the mill management. The last test conducted on 22/9/2016 with Certificate#RS7163278517633958 that shows the result was	Yes



**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings	Compliance
		meeting the domestic drinking water standard of Malaysia. Tests were conducted at the Lab of myCo2 labs.	
<b>4.4.5.12</b>	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.  <b>- Major compliance -</b>	Policy on protection against Sexual Harassment available and made aware to all the women representatives at the Gender Committee meetings. There is no any reported case of harassment in the operating units. A combined operating units Women Association Committee meeting was conducted on 13/11/2017 mainly as part of the implementation and communication medium on sexual harassment prevention among women employees. Awareness among the rest of employees also provided through Welfare Committee (Workers Representative) meeting on 25/10/2017.	Yes
<b>4.4.5.13</b>	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.  <b>- Major compliance -</b>	The management allows workers own representatives to facilitate in collective bargaining as per Policy on Freedom of Association is in place dated 16/10/2015. Policy reflected the Work Act 1955. Procedure Equal Opportunity & Discrimination, TSH/POL/SOP03, Rev0 in place.	Yes
<b>4.4.5.14</b>	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children is acceptable on family farms, under adult supervision, and when not interfering with their education	The minimum working age is 16 under the National Labour Law as well as Sabah Labour Ordinance. Company policy is to only hire persons over the age of 18. This is reflected in the Procedure Child Labour, TSHR/POL/SOP07; Rev. 0. Malaysian workers have to provide ID card - foreign workers provide passports. Inspection of	Yes

Criterion / Indicator		Assessment Findings	Compliance
	programmes. Children shall not exposed to hazardous working conditions.  - Major compliance -	employment records confirmed checks are made of staff and worker age before hiring. During field visit, children were not seen at any of the working place at both mill and estates. Interview with workers confirmed the understanding of company policy on children workers.	
<b>Criterion 4.4.6: Training and competency</b>			
<b>4.4.6.1</b>	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept.  - Major compliance -	TSH Resources Bhd has prepared an Annual Training Plan for 2017 for workers and contractors that lists the internal and external training courses scheduled for the year. Sample of training carried out in 2017:  <u>Ong Yah Ho Estate</u> i) RSPO/MSPO Awareness Training – 12/6/17 ii) Scheduled Waste Training – 4/1/17 iii) Firefighting and Fire Drill Training – 23/11/17 iv) Tractor Driver Training – 13/6/17 v) Smallholder Training (GAP & Policy on open burning) – 23/8/17 vi) Technical Maintenance (Palm Tractor) – 13/9/17 vii) Training Information Request and Sexual Harassment Training – 6/9/17 iix) Safe Handling of chemical and SDS training – 5/10/17 ix) Maintenance field training (weeding and manuring) – 29/11/17 x) Riparian Protection Training – 23/10/17 xi) HCV training – 26/10/17	Yes
<b>4.4.6.2</b>	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job	TSH Resources Bhd has conducted training needs assessment prior to prepare the annual training plan for the year 2017 for all the employee groups including new and existing workers and staffs. Training programmes is based on worker’s competency	Yes

Criterion / Indicator		Assessment Findings	Compliance
	description. - <b>Major compliance</b> -	requirements. Workers must be properly trained before assigned to the respective work units. On-site observation @ assessment will be carried out by field staff and assistant to monitor training effectiveness.	
<b>4.4.6.3</b>	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure. - <b>Minor compliance</b> -	Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure.	Yes
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<b>4.5.1.1</b>	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. - <b>Major compliance</b> -	Environmental policy is available dated 16/10/2015 [ref.: SOP for Environment Policy, TSHR/POL/SOP08, rev. 1] signed by Dato' Tan Aik Sim (MD of TSH Group). Among the methods of communication are display on communication boards, monthly briefing and internal stakeholder meeting.  Environment Aspect and Impact Assessment [TSHR/ENV/SOP04, rev. 0, 1/9/2015] is done through utilization of the following forms: -Environmental Aspect and Impact Assessment Sheet [TSHR/ENV/F01] -List of Significant Aspect [TSHR/ENV/F02] -Environment Improvement Plan [TSHR/ENV/F08]	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.2	<p>The environmental management plan shall cover the following:</p> <ul style="list-style-type: none"> <li>a) An environmental policy and objectives;</li> <li>b) The aspects and impacts analysis of all operations.</li> </ul> <p><b>- Major compliance -</b></p>	<p>TSH has its environmental policy which was endorsed by the Managing Director. The environmental aspect and impact analysis was done and documented in Environmental Aspect and Impact Assessment Sheet [TSHR/ENV/F01] and guided by a procedure, Environment Aspect and Impact Assessment [TSHR/ENV/SOP04, rev. 0, 1/9/2015].</p>	Yes
4.5.1.3	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>The mitigation measures are documented in List of Significant Aspect [TSHR/ENV/F02]. There was no positive impact identified.</p> <p>Apart from that, TSH is also obliged to comply the EIA compliance conditions stipulated in the approval from EPD [ref.: JPAS/PP/06/600-1/11/1/244, dated 19/9/2016]. Among the conditions evaluated by approved third party consultant are:</p> <ul style="list-style-type: none"> <li>- Soil erosion and sedimentation</li> <li>- Oil and toxic wastes</li> <li>- Solid wastes and biomass</li> <li>- Control of effluent/liquid wastes</li> <li>- Termination of project</li> <li>- Appointment and task of environmental officer (Rohana Parilla Abd Salam)</li> </ul>	Yes
4.5.1.4	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	<p>Based on the identification and evaluation of environmental aspects and impacts by the estates, there was no positive impact identified.</p>	NA
4.5.1.5	<p>An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the</p>	<p>The programme was established through TSH Training Matrix (Annual). Training matrix for 2017 was available which contain mainly on OHS and environment such as policy, SOP, HCV, IPM, riparian and chemical handling. The environmental policy training</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	objectives. - <b>Major compliance</b> -	which includes the training of environmental objectives and management plan was last conducted through LD Region Internal Stakeholder Meeting Year 2017 on 16/11/2017, attended by 110 mill employees and attendance list was available for verification. It was done incorporative with OHS and social aspects.	
<b>4.5.1.6</b>	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. - <b>Major compliance</b> -	The management has been conducting meeting regarding environment with the employees in various ways such as training, open discussion during morning muster and incorporation with other meeting like OSH quarterly meeting.	Yes
<b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b>			
<b>4.5.2.1</b>	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period. - <b>Major compliance</b> -	The estates had established and implemented the plan for improving efficiency of the use of fossil fuels mainly by conducting regular maintenance of diesel powered machinery and vehicles. Based on the records, the usage of fossil fuel was within the budgeted range.	Yes
<b>4.5.2.2</b>	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations. - <b>Major compliance</b> -	Estimation was established based on the historical data of diesel consumption by the machinery and vehicles which later incorporated in the annual budget.	Yes
<b>4.5.2.3</b>	The use of renewable energy should be applied where possible.	At the estates, no possible area was identified to use renewable energy.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
<b>Criterion 4.5.3: Waste management and disposal</b>			
<b>4.5.3.1</b>	All waste products and sources of pollution shall be identified and documented.  - Major compliance -	<p>Documented in "Wastes Identification and Disposal Plan" [TSHR/ENV/F03, rev. 0, 1/9/2015]. The form has the information about:</p> <ol style="list-style-type: none"> <li>1) Area – e.g. store, lab, workshop, generator room, WTP, mill processing, canteen/shop and office.</li> <li>2) Major wastes identified – paper, plastic, scrap iron, discarded electrical products, chemical containers, spent chemicals, spent lubricants, used oil &amp; filter, EFB, plant sludge, mesocarp fibre and boiler ash.</li> <li>3) Handling methods – kept in designated store, triple rinsed and pierced.</li> <li>4) Disposal plan – e.g. sent to licensed recyclers, SW contractors, reused for landscape decoration, landfill at estate</li> </ol> <p>However, at Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>• Found in the chemical store, class II chemical Chlorpyrifus (termite control), manufacturing date: 31/11/12.</li> <li>• Expired/discarded agrochemical has not included in the document; Waste Identification and Disposal Plan, TSHR/ENV/F03 dated 30/9/15.</li> </ul> <p>Thus a Major NC was raised.</p>	No
<b>4.5.3.2</b>	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:	a) Identification and monitoring sources of waste and pollution is done through the method mentioned in 4.5.3.1.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	a) Identifying and monitoring sources of waste and pollution b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products <b>- Major compliance -</b>	b) Among the wastes from the estates which were re-used and recycled are empty chemical container for containing pre-mixed chemicals, scrap metal and plastic.	
<b>4.5.3.3</b>	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. <b>- Major compliance -</b>	SOP for handling scheduled wastes has been established entitled "Waste Management" [TSHR/ENV/SOP03, rev. 2, 4/7/2016]. In order to comply with the Environmental Quality Regulations (Scheduled Waste) 2005, among the elements covered in the procedure are: <ul style="list-style-type: none"> <li>• the identification of scheduled wastes and their regulated coding</li> <li>• storage of scheduled wastes (labelling, quantity and time)</li> <li>• inventory recording (including eSWIS)</li> <li>• disposal of scheduled wastes</li> </ul>	Yes
<b>4.5.3.4</b>	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. <b>- Major compliance -</b>	Management of waste material disposal such as empty chemical container as in accordance with scheduled waste and domestic waste regulations and guidelines. Before disposal, chemical containers are triple rinsed in accordance to the established working instruction entitled "Triple Rinse" [TSHR/ENV/WI01, rev. 1, 1/11/2017].	Yes
<b>4.5.3.5</b>	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.	Domestic wastes were disposed through landfill method in the estate. Based on site visit, it was found that the designated landfill was located far from any natural waterways and residential area.	Yes

Criterion / Indicator		Assessment Findings	Compliance
	- Minor compliance -		
<b>Criterion 4.5.4:</b> Reduction of pollution and emission			
<b>4.5.4.1</b>	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent.  - Major compliance -	The assessment of all polluting activities was conducted through environmental aspect and impact assessment which includes the greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	Yes
<b>4.5.4.2</b>	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.  - Major compliance -	This was addressed in the Environmental Continual Improvement Plan (TSHR/ENV/F08; rev. 0, dated 1/9/2015), where environmental issues, improvement plan, location, PIC and time frame were included. The environmental improvement plan was implemented to ensure the effectiveness of the mitigation measures. The plan incorporated a monitoring protocol, which is adaptive to operational changes and will be review on annual basis to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Latest review was done on January 2017.	Yes
<b>Criterion 4.5.5:</b> Natural water resources			
<b>4.5.5.1</b>	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include:  a. Assessment of water usage and sources of supply.	TSH is committed to maintain the quality and availability of surface and ground water. Among the water management established and implemented by the estates were protecting water course by maintaining buffer zones and rain water harvesting. It was evident that the certification unit is maintaining its buffer zone along Koyah River. The width of the buffer allocated by the company was 20 m and this was found to be in accordance to the standard. Based on	Yes



Criterion / Indicator	Assessment Findings	Compliance
<ul style="list-style-type: none"> <li>b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities.</li> <li>c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).</li> <li>d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate.</li> <li>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</li> <li>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</li> </ul> <p><b>- Major compliance -</b></p>	<p>the site visit, here was no evidence that agrochemicals application has been carried out at the area.</p>	
<p><b>4.5.5.2</b> No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p><b>- Minor compliance -</b></p>	<p>Based on the site visit at the riparian zone, no construction of bunds, weirs and dams across rivers or waterways passing through an estate was observed.</p>	<p>Yes</p>
<p><b>4.5.5.3</b> Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles).</p>	<p>Based on the site visit, it was observed that the estates have implementing rain water harvesting through construction of scupper drain, conservation terrace, sump pits, to name a few.</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
- Minor compliance -			
<b>Criterion 4.5.6: Status of rare, threatened, or endangered species and high biodiversity value</b>			
<b>4.5.6.1</b>	<p>Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). This information should cover:</p> <ul style="list-style-type: none"> <li>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</li> <li>b) Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities.</li> </ul> <p>- Major compliance -</p>	<ul style="list-style-type: none"> <li>a) Identification of high biodiversity value habitats was done through HCV Assessment for Ong Yah Ho &amp; Gomantong Estates by a third party assessor [led by Anna Wong] on October 2015 to February 2016.</li> <li>b) Monitoring of conservation status was also recommended by the HCV assessor which is to yearly conduct a long term wildlife monitoring study which encompasses all the vertebrate classes, since contained one critically endangered species, two endangered species, four vulnerable species, five nearly threatened and several CITES Appendices I and II species. The study is to be carried out even after oil palm harvesting to update the wildlife data whether the populations trend is reducing or increasing. However, the established action plan has yet to adequately address the recommendation. There is no study of population, hence information about decreasing or increasing is not available.</li> </ul>	No
<b>4.5.6.2</b>	<p>If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:</p> <ul style="list-style-type: none"> <li>a) Ensuring that any legal requirements relating to the protection of the species are met.</li> <li>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to</li> </ul>	<ul style="list-style-type: none"> <li>a) Among the related legal requirements under Wildlife Conservation Enactment, 1997, Wildlife Regulations 1998, identified are [ref.: THSR/RSPO/F04, rev. 0, 24/06/2016]:               <ul style="list-style-type: none"> <li>i) Prohibited weapons and hunting license, Part IV, Reg. 20, 26(1), (2)</li> <li>ii) Possession of and Trade in animals, Part V, Reg. 31(1), (4), 35(1), 37(1)(a to d)</li> </ul> </li> </ul>	Yes

Criterion / Indicator		Assessment Findings	Compliance
	<p>resolve human-wildlife conflicts.</p> <p><b>- Major compliance -</b></p>	<p>b) Effort to discourage illegal hunting, fishing or collecting activities can be seen through erection of signage of no hunting, fishing and application of agrochemicals along the allocated HCV area such as buffer zone of Koyah River, natural lake and entrance. Apart from that, regular checking through patrolling at the plantation boundary with Agriculture Department's land was also carried out.</p>	
<b>4.5.6.3</b>	<p>A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.</p> <p><b>- Major compliance -</b></p>	<p>The management plan was derived from the recommendation of the HCV assessor. It was documented in "Environmental Continual Improvement Plan (2015-2020)" [TSHR/ENV/F08]. Among the management action plan were:</p> <ul style="list-style-type: none"> <li>- implement the fauna population monitoring</li> <li>- 5% of plantation area to be put aside as conservation area to serve as refuge for wildlife</li> <li>- create riparian reserve 20m width of both sides of Koyah River</li> <li>- mapping the boundaries of riparian area and demarcate the buffer zone</li> <li>- no agricultural chemicals used in buffer zone</li> <li>- construction of terrace at hilly area (10-25 deg)</li> <li>- 5m buffer zone for natural lake</li> <li>- develop fire control plan</li> </ul>	Yes
<b>Criterion 4.5.7: Zero burning practices</b>			
<b>4.5.7.1</b>	<p>Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice.</p> <p><b>- Major compliance -</b></p>	<p>Commitment is spelt out in Environment policy procedure [TSHR/POL/SOP08, rev. 1, dated 1/11/2017], clause 7B which reads "TSH Group of Companies of Sabah Operations shall explicitly prohibit the use of fire for the clearing of land and open burnings (zero burning). No evidence of fire was used for wastes disposal and land preparation.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
<b>4.5.7.2</b>	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop.  - <b>Major compliance</b> -	Not applicable as fire is not used for any purpose.	NA
<b>4.5.7.3</b>	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws.  - <b>Major compliance</b> -	Not applicable as fire is not used for any purpose.	NA
<b>4.5.7.4</b>	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.  - <b>Minor compliance</b> -	Practice is guided by Replanting procedure [TSHP/OPE/SOP10, rev. 0, 1/7/2016], clause D which reads excavator is used for directional felling. Felled trunks are shredded by using chipping bucket (modified sharp edge bucket) for across grain cutting of not more than 10 cm thickness at 45-60 deg angle of the trunk. Roots trunk (chips) are stacked underneath inside the trench, followed by shredded crown and the frond on top.	Yes
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Site Management</b>			
<b>4.6.1.1</b>	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.  - <b>Major compliance</b> -	One set of SOP & WI containing 10 SOPs and 2WIs: TSHP/OPE/SOP01 Land clearing & preparation TSHP/OPE/SOP02 Nursery TSHP/OPE/SOP03 Cover crops TSHP/OPE/SOP04 Planting & supplies/in filling TSHP/OPE/SOP05 Weeding	Yes

Criterion / Indicator		Assessment Findings	Compliance
		<p>TSHP/OPE/SOP06 Pruning &amp; sanitation            TSHP/OPE/SOP07 FFB-Harvesting &amp; Despachtment            TSHP/OPE/SOP08 Manuring            TSHP/OPE/SOP09 Ablation            TSHP/OPE/SOP10 Replanting            TSHP/OPE/OYH/WI01 Penjagaan kerbau            TSHP/OPE/OYH/WI02 Pengumpulan biji lerai</p> <p>Among the mechanisms to ensure implementations are:            1) Internal audit            2) Plantation Advisor visit – once/year – latest visit was July 2017 by Mr. Robert Yeow – mainly covered the field operations and workers’ welfare            3) Quality checking of FFB during loading of FFB by utilising the “Bunch Count Sheet” form, which has the information about number of good and unripe bunches.</p>	
<b>4.6.1.2</b>	<p>Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.</p> <p><b>- Major compliance -</b></p>	<p>Terrace, cover crop &amp; stop bunds were among the methods used by the estates in order to minimise soil erosion.</p>	Yes
<b>4.6.1.3</b>	<p>A visual identification or reference system shall be established for each field.</p> <p><b>- Major compliance -</b></p>	<p>Commonly by painting the field number on palm trunk (white font on green background) at strategic junctions at the field roads. Effort to extend it by putting the field number on signage was also seen during the site visit.</p>	Yes

Criterion / Indicator	Assessment Findings	Compliance																														
<b>Criterion 4.6.2: Economic and financial viability plan</b>																																
<p><b>4.6.2.1</b></p> <p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p><b>- Major compliance -</b></p>	<p>Business plan for a year projection is available:</p> <table border="1" data-bbox="1086 579 1883 879"> <thead> <tr> <th><b>OYH</b></th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Crop (mt)</td> <td>Est: 53,340 Act: (42,579.05)</td> <td>51,435</td> </tr> <tr> <td>Mt/ha</td> <td>Est: 28 Act: (22.35)</td> <td>27</td> </tr> <tr> <td>RM/mt</td> <td>Est: 156.13 Act: (123.94)</td> <td>160.30</td> </tr> <tr> <td>RM/ha</td> <td>Est: 4,371.70 Act: (2,769.55)</td> <td>4,328.22</td> </tr> </tbody> </table> <table border="1" data-bbox="1086 911 1883 1211"> <thead> <tr> <th><b>GMT</b></th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td>Crop (mt)</td> <td>20,670 (16,099)</td> <td>19,420</td> </tr> <tr> <td>Mt/ha</td> <td>26 (20.25)</td> <td>26</td> </tr> <tr> <td>RM/mt</td> <td>143.70 (121.61)</td> <td>179.33</td> </tr> <tr> <td>RM/ha</td> <td>3,594.54 (3,586.39)</td> <td>4,662.21</td> </tr> </tbody> </table>	<b>OYH</b>	2017	2018	Crop (mt)	Est: 53,340 Act: (42,579.05)	51,435	Mt/ha	Est: 28 Act: (22.35)	27	RM/mt	Est: 156.13 Act: (123.94)	160.30	RM/ha	Est: 4,371.70 Act: (2,769.55)	4,328.22	<b>GMT</b>	2017	2018	Crop (mt)	20,670 (16,099)	19,420	Mt/ha	26 (20.25)	26	RM/mt	143.70 (121.61)	179.33	RM/ha	3,594.54 (3,586.39)	4,662.21	<p>Yes</p>
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<p><b>4.6.2.2</b></p>	<p>Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-</p>	<p>Both of the visited estates have established their replanting programme which was last reviewed on 30/10/2017. Table below is the replanting programme for minimum of 5-year projection:</p> <p>Yes</p>																														

Criterion / Indicator		Assessment Findings					Compliance
	5 years. <b>- Major compliance -</b>	Estate	2017	2018	2019	2020	
		OYH	0	0	0	0	
		GMT	52	166	150	192	
<b>4.6.2.3</b>	The business or management plan may contain: a) Attention to quality of planting materials and FFB b) Crop projection: site yield potential, age profile, FFB yield trends c) Cost of production : cost per tonne of FFB d) Price forecast e) e) Financial indicators : cost benefit, discounted cash flow, return on investment <b>- Major compliance -</b>	Business management plan sighted available for period from Jan 2017 until Dec 2019 covering plan for all operating units in LDPOM. - Company TSH Resources Berhad - Operating unit: TSH Palm Product Sdn. Bhd. (OYH Estate) & (LDPOM) - Title: Long Term Project Development & Maintenance Plan (3 years) - Rev no. 2					Yes
<b>4.6.2.4</b>	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. <b>- Major compliance -</b>	The estates performance was recorded in the monthly progress report where details of the actual vs budget i.e. crop production and expenditure report were shown.					Yes
<b>Criterion 4.6.3: Transparent and fair price dealing</b>							
<b>4.6.3.1</b>	Pricing mechanisms for the products and other services shall be documented and effectively implemented. <b>- Major compliance -</b>	The mechanism is addressed and effectively implemented in Store Purchase (SAP System) [TSHR/PR/SOP01, rev. 1, 19/12/2017]. Basically, the procedure contains: <ul style="list-style-type: none"> <li>Requisition of Store items</li> </ul>					Yes

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>• Quotation</li> <li>• Vendor creation for new supplier</li> <li>• Purchase order</li> <li>• Goods received</li> <li>• Goods returned</li> <li>• Urgent item to purchase</li> <li>• Documents for accounts</li> <li>• Records</li> </ul>	
<b>4.6.3.2</b>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.</p> <p><b>- Major compliance -</b></p>	<p>Contract agreements verified:</p> <ul style="list-style-type: none"> <li>• MUK Contractor – to construct concrete water tank stand for OYH Estate</li> <li>• Palm Mach Sdn Bhd – tractor service maintenance and repair</li> <li>• United Track Sdn Bhd – General service for farm tractors at OYH Estate</li> <li>• Hin Fatt Dev. Contractor – replanting, including the EIA’s undertaking agreement</li> </ul> <p>Details about rate and method of payment are clearly spelt out in the agreement. Interview with the contractors, showed that the contractors were satisfied on the terms and conditions imposed and also the timing of payment.</p>	Yes
<b>Criterion 4.6.4: Contractor</b>			
<b>4.6.4.1</b>	<p>Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.</p> <p><b>- Major compliance -</b></p>	<p>Long term contract sampled;</p> <ul style="list-style-type: none"> <li>• Tractor service maintenance and repair (Palm Mech Sdn Bhd) dated 1/6/17. Special clause on MSPO compliance was not seen in the above contract agreement.</li> </ul> <p>Thus a major NC was issued.</p>	Major nonconformance



Criterion / Indicator		Assessment Findings	Compliance
4.6.4.2	The management shall provide evidence of agreed contracts with the contractor. <b>- Major compliance -</b>	Estates has prepared a standard contract for all the contractors. The signed copy of the contract available at the estate office. Sample of contract agreement for land preparation/earthwork contractor and other services; a. Tractor service maintenance and repair (Palm Mech Sdn Bhd) dated 1/6/17 b. Land preparation/earthwork contractor (Hin Fatt Dev. Contractor), contract ref# TSH-loa/OYH/17/11/wt dated dated 28/4/17 c. Concrete water tank stand construction (MUK Contractor), contract ref# TSH-loa/OYH/17/07/wt dated 22/3/17.	Yes
4.6.4.3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. <b>- Minor compliance -</b>	Estates has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Yes
4.6.4.4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. <b>- Major compliance -</b>	All works performed at the estates are checked and verified by the estates personnel. Projects where tenders are issued by HQ are checked by representative from TSH Resources Bhd HQ.	Yes
<b>4.7 Principle 7: Development of new planting</b>			
<b>Criterion 4.7.1:</b> High biodiversity value			

Criterion / Indicator		Assessment Findings	Compliance
4.7.1.1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.1.2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.2: Peat Land</b>			
4.7.2.1	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.3: Social and Environmental Impact Assessment (SEIA)</b>			
4.7.3.1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.3.2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.3.3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.3.4	Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.  - Minor compliance -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.4: Soil and topographic information</b>			
4.7.4.1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	systems, roads and other infrastructure. - <b>Major compliance</b> -		
<b>Criterion 4.7.5:</b> Planting on steep terrain, marginal and fragile soils			
<b>4.7.5.1</b>	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
<b>4.7.5.2</b>	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
<b>4.7.5.3</b>	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.6:</b> Customary land			
<b>4.7.6.1</b>	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	institutions. - <b>Major compliance</b> -		
4.7.6.2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. - <b>Minor compliance</b> -	There is no development of new planting at all the visited estates.	NA
4.7.6.3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
4.7.6.4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
4.7.6.5	Identification and assessment of legal and recognised customary rights shall be documented. - <b>Major compliance</b> -	There is no development of new planting at all the visited estates.	NA
4.7.6.6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.6.7	The process and outcome of any compensation claims shall be documented and made publicly available. - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.6.8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. - Minor compliance -	There is no development of new planting at all the visited estates.	NA

**MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for Palm Oil Mill.**

Criterion / Indicator		Assessment Findings	Compliance
<b>4.1 Principle 1: Management commitment &amp; responsibility</b>			
<b>Criterion 4.1.1 – Malaysian Sustainable Palm Oil (MSPO) Policy</b>			
<b>4.1.1.1</b>	Policy for the implementation of MSPO shall be established. <b>- Major compliance -</b>	TSH Resources Berhad has established a policy on strategies and implementing sustainability signed by managing director, Dato’ Tan Aik Sim effective 23/11/17.	Yes
<b>4.1.1.2</b>	The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation. <b>- Major compliance -</b>	The established policy has emphasized on the commitment for key legal, social and environmental consideration with the objective of improving the milling and estate operation. The policy has include these elements: i) Transparency ii) Occupational Safety and Health iii) Anti-Discrimination iv) Freedom of association v) Sexual harassment vi) Reproductive rights vii) Child labour protection viii) Human rights and code of business conduct	Yes
<b>Criterion 4.1.2 – Internal Audit</b>			

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

<p><b>4.1.2.1</b></p>	<p>Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.</p> <p><b>- Major compliance -</b></p>	<p>Internal audit process is documented under Audit Procedure, TSHR/QD/SOP03 rev:1 dated 1/9/17. Annual audit schedule for 2017 was made available for review. Refer to document dated 25/8/17. The first MSPO internal audit was carried out on 14<sup>th</sup> September 2017 by pool of trained internal audit from Sustainability and QA Department. Cross department/mill audit was demonstrated to ensure impartiality of audit. Evaluation of competency for internal auditor was defined under A. Quality Auditing Process – Preparation of audit. Record of training checked:</p> <p>i)RSPO P&amp;C and MSPO training: 28/4/17</p> <p>ii)Internal audit training: 11/8/17</p>	<p>Yes</p>
<p><b>4.1.2.2</b></p>	<p>The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.</p> <p><b>- Major compliance -</b></p>	<p>Internal audit procedure, TSHR/QD/SOP03 rev:1 dated 1/9/17 established and used as reference for audit process. Audit results documented under internal audit summary, document ref# TSHR/QD/F09 rev: 0, report dated 14/9/17. Total 17 CAR raised and reported in CAR form, TSHR/QD/F01 rev: 1 and all CAR were closed and verified by Sustainability Team on 22/9/17.</p>	<p>Yes</p>
<p><b>4.1.2.3</b></p>	<p>Reports shall be made available to the management for their review.</p> <p><b>- Major compliance -</b></p>	<p>Report dated 14/9/17 under internal audit summary TSHR/QD/F09 rev: 0 was made available to the management for their review.</p>	<p>Yes</p>
<p><b>Criterion 4.1.3 – Management Review</b></p>			
<p><b>4.1.3.1</b></p>	<p>The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.</p> <p><b>- Major compliance -</b></p>	<p>Based on the established management review meeting procedure, TSHR/QD/SOP04, rev:2 dated 1/11/17 the minimum meeting frequency is once per year. The management review committee consists of Group ED, GM, Managers, Quality HOD and other HODs. The first management review was carried out on 30/10/17. All pertinent elements for the meeting has been discussed and recorded in the minutes. Results of corrective action plan presented</p>	<p>Yes</p>



		under agenda; audit results, non-conformities and corrective action together with the improvement plan and timeline for implementation.	
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	<p>The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.</p> <p><b>- Major compliance -</b></p>	<p>TSH Resources Berhad has established management plan on social, safety and health and environmental impact. Verified the management plan for 2017 which covers social, environmental, safety and best practices as well as biodiversity aspect in plantation. Monthly update will be presented during mill management meeting. Among continual improvement plan sighted:</p> <p>Social</p> <ul style="list-style-type: none"> <li>• CLC school chair and table</li> <li>• New workers housing</li> <li>• Bus stop for CLC and bus stop at GMT junction</li> <li>• Additional rest hut at block</li> <li>• Farm tractor safety (stopper)</li> </ul> <p>Operation</p> <ul style="list-style-type: none"> <li>• Oil recovery system – oil loss management</li> </ul> <p>Environment (pollution prevention)</p> <ul style="list-style-type: none"> <li>• Decanter cake store – prevention of leachates</li> <li>• Gas scrubber system – H<sub>2</sub>S scrubbing</li> </ul>	Yes
<b>4.1.4.2</b>	<p>The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p> <p><b>- Major compliance -</b></p>	<p>System has been established and effectively implemented to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p>	Yes

4.2 Principle 2: Transparency			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO requirements			
<b>4.2.1.1</b>	<p>The management shall communicate adequate information to other stakeholder on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.</p> <p><b>- Major compliance -</b></p>	<p>Communication implemented based on following procedures:</p> <ul style="list-style-type: none"> <li>i) Information Request; TSHR/SUST/SOP01; Rev.: 2; Effective date: 1/11/2017</li> <li>ii) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016</li> </ul> <p>Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:</p> <ul style="list-style-type: none"> <li>- Request dated 28/10/2017: Enquiries on the possibility of EFB collection by smallholder; Response: Welcoming all FFB suppliers to collect its EFB (through letter dated 10/11/2017)</li> </ul> <p>Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following:</p> <ul style="list-style-type: none"> <li>- Grievance dated 1/2/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017</li> </ul> <p>Plans for continuous improvement including annual budgeting for CSR contributions sighted including annual donation for Majlis Anugerah Pelajar SK Paris 3, Micro Efforts of 3R Campaign, Gotong Royong, Sports event and health campaign.</p> <p>Social Impact Assessment (SIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate &amp; Gomantong Estate on Land Title nos. CL09532718 &amp; CL095310731, In the</p>	Yes

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<p>District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/16/17; Dated June 2016</p> <p>Environmental Impact Assessment (EIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate &amp; Gomantong Estate on Land Title nos. CL09532718 &amp; CL095310731, In the District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/15/12; Dated March 2016</p> <p>Land Title no.: Country Lease CL095327218 for lease period from 1/1/1998 – 31/12/2096 (99 years)</p> <p>5 years Environment Continual Improvement Plan (2015-2020) for Determined Significant Impact</p>	
<b>4.2.1.2</b>	<p>The management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.</p> <p><b>- Major compliance -</b></p>	<p>Publicly available documents sighted available such as the Annual Report 2016 and accessible for downloading its softcopy version from company's website: <a href="http://www.tsh.com.my/annual-report-2016/">http://www.tsh.com.my/annual-report-2016/</a>.</p>	Yes
<b>Criterion 4.2.2 – Transparent method of communication and consultation</b>			
<b>4.2.2.1</b>	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p><b>- Major compliance -</b></p>	<p>As above, established as per following procedures:</p> <p>i) Information Request; TSHR/SUST/SOP01; Rev.: 2; Effective date: 1/11/2017</p> <p>ii) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016</p> <p>Sighted also the following:</p>	Yes

		<p>Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 &amp; External Stakeholder List; Rev. 2; Effective date: 21/101/2016</p> <p>Latest stakeholder meeting was done as following:            i) External Stakeholder Meeting; Dated 15/8/2017; Venue: Ong Yah Ho Estate. The meeting amongst all was attended by combined mill and estates' vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities. Internal Stakeholder Meeting; Dated 16/11/2017; Venue: Lobi Lahad Datu POM. Other internal stakeholder meeting done including Gender Committee conducted on 13/12/2017 and welfare committee meeting</p>	
<b>4.2.2.2</b>	<p>The management shall nominate management officials at the operating unit responsible for issues related to <i>indicator 1</i>.</p> <p><b>- Minor compliance -</b></p>	<p>Sighted the Letter of Appointment as Social Officer for TSH LDPOM, TSH Palm Products Sdn Bhd (Ong Yah Ho Estate) and TSH Resources Bhd (Gomantong Estate) dated on 30/10/2017 for the appointed person i.e. Grace Gadung Baru by the Group Executive Director.</p>	Yes
<b>4.2.2.3</b>	<p>A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.</p> <p><b>- Major compliance -</b></p>	<p>Sighted the following:            Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 &amp; External Stakeholder List; Rev. 2; Effective date: 21/101/2016            As per records of corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017.</p>	Yes
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	<p>The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.</p> <p><b>- Major compliance -</b></p>	<p>Procedure for , TSHR/SUST/SOP05 rev;0 dated 1/11/ describes the procedure for monitoring and to ensure accuracy of sustainable and non-sustainable receipts, dispatches and stock balance to conform to the requirement of RSPO/MSPO. These includes both millers and growers traceability records:</p>	Yes

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<ul style="list-style-type: none"> <li>• Grading Chit</li> <li>• Name of certificate owner and estate name</li> <li>• CPO and PK dispatch</li> <li>• Daily production report</li> <li>• Summary report</li> <li>• FFB delivery note</li> <li>• Weighbridge advice ticket (WAT)</li> </ul> <p>The traceability procedure has covered the procedure for external supplier which including the pre and post traceability. Certified FFB (coming from own estates) will carry the ID of certified crop.</p> <p>All the FFB suppliers are registered with MPOB with a valid license of selling FFB to the mill. Licenses of the FFB supplier are sighted during the audit. All the licenses are still valid.</p> <p>The weighbridge ticket will be issued during the delivery of FFB from the estate to mill as well as delivery of CPO and PK from mill to refinery.</p>	
<b>4.2.3.2</b>	<p>The management shall conduct regular inspections on compliance with the established traceability system.</p> <p><b>- Major compliance -</b></p>	<p>Daily production report and sales &amp; stock movement (MT) are available until to date November 2017. The mass balance sheet template was used to monitor incoming and outgoing of FFB and palm product (CPO and PK).</p> <p>Person in charge of traceability is the mill manager, Mr Bruno Bungkong. Refer to appointment letter dated 27/11/17</p>	Yes
<b>4.2.3.3</b>	<p>The management shall identified and assign suitable employees to implement and maintain traceability system.</p> <p><b>- Minor compliance -</b></p>	<p>Mr Bruno Bungkong has been appointed in charge of traceability. Refer to appointment letter dated 27/11/17</p>	Yes

**MSP0 Public Summary Report  
Revision 0 (Aug 2017)**

<p><b>4.2.3.4</b></p>	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.</p> <p><b>- Major compliance -</b></p>	<p>Records of storage, sales, delivery or transportation of crude palm oil and palm kernel were maintained at the mill. Example of records evidence are as below:</p> <ul style="list-style-type: none"> <li>a. Daily production Record dated 30 November 2017 sampled:             <ul style="list-style-type: none"> <li>i. FFB Received own crop and from outsider (3<sup>rd</sup> party supplier)</li> <li>ii. FFB Processed</li> <li>iii. CPO Produced</li> <li>iv. PK Produced</li> <li>v. OER</li> <li>vi. KER</li> </ul> </li> <li>b. Sale and Stock Movement dated 30 November 2017 sampled:             <ul style="list-style-type: none"> <li>i. CPO Despatch – TSH Wilmar and Lahad Datu Edible Oil Sdn Bhd</li> <li>ii. PK Despatch – TSH Wilmar and Lahad Datu Edible Oil Sdn Bhd</li> </ul> </li> <li>c. Weighbridge advice ticket @ WAT</li> <li>d. Sales and purchase record</li> </ul> <p>The mill has generated a monthly CPO/ PK product sales statement on daily basis. On monthly basis, Lahad Datu POM submitted the MPOB report online via MPOB (EL)MF4 and MPOB (EL) PX 4-MF. Refer November 2017 report submitted to MPOB on 7/12/17 by mill manager.</p>	<p>Yes</p>
<p><b>4.3 Principle 3: Compliance to legal requirements</b></p>			
<p><b>Criterion 4.3.1 – Regulatory requirements</b></p>			
<p><b>4.3.1.1</b></p>	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p>	<p>TSH Management complies with legal requirements as per indicator at all operating sites. Compliance to each applicable law and regulation is monitored by the operating units. Among the evidence</p>	<p>No</p>

	<p><b>- Major compliance -</b></p>	<p>sighted during the visit:  <u>Lahad Datu Palm Oil Mill</u></p> <ul style="list-style-type: none"> <li>• Fire Service Act 1988, Fire Services (Fire Certificate) Regulations 2001, validity period 26/10/2016 to 25/10/2017. Application for renewal was done on 24/8/17, submission number BL2017051323. Fire Department inspection was done on 7/12/2017 and pending for approval.</li> <li>• DOE Licence/ Jadual Pematuhan: 003530, JPKKS/12/003530 (validity period 1/7/2017 - 30/6/2087) for 60 MT/hr. Method of effluent disposal/discharge is land irrigation.</li> <li>• Malaysian Palm Oil Act 2005 (licensing), License Number: 508717404000, Period 1/6/2016 to 31/5/2018.</li> <li>• Diesel Permit for quantity 18,200 litres according to Controlled Supply Act 1974, serial#S011458, validity till 7/11/2018</li> <li>• Electrical Supply Act 1990 for Electrical Installation, Cert# 19336, valid till 21/02/2018</li> </ul> <p>Steam boiler and unfired pressure vessel @ annual inspection dated 12/10/17, 3/11/17 and 7/11/17 by DOSH.</p> <p>Sterilizer number 1,2 &amp; 3 inspected: PMT 94850, PMT 143753, SB PMT 1118</p> <p>Boiler SB PMD 2600</p> <p>Boiler PMD 10522</p> <p>Steam separator SB PMT9608, SB PMT11287</p> <p>Competence person license</p> <ul style="list-style-type: none"> <li>• Mill manager (serial# 195/2009) 2<sup>nd</sup> grade steam engineer</li> <li>• Engine driver (serial# 58/12/EIS/02/159) 2<sup>nd</sup> grade</li> <li>• Engine driver (serial# H/ED/169/92) 2<sup>nd</sup> grade</li> <li>• Electrical chageman competency acknowledgement (perakuan)</li> </ul>	
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**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<p>no.: PJ-T-4-B-0541-2015; S/N: PJ 1133320; dated 5/8/2015. Registered under TSH Resources Bhd and valid until 4/8/2020.</p> <ul style="list-style-type: none"> <li>• Authorized gas tester (AGT) – NW-NSDK-AGT-R-0037-M valid until 16/3/2018,</li> <li>• Authorized entrant and standby person (AESP) – NW-NSDK-AE-R-0001-M valid until 18/1/18</li> </ul> <p>Some of the conditions stipulated in DOE's Jadual Pematuhan (License # 003530, validity 1/7/2017 to 30/6/2018) were not adequately fulfilled, i.e.:</p> <p>Condition no. 3: <i>Takat pelepasan dan kawasan pelupusan effluen ke pengairan tanah yang dibenarkan adalah sepertimana yang ditunjukkan dalam pelan No WM/TSH/LDPOM/DOE/02/06Rev. 5 bertajuk 'General Arrangement of Extended Aerobic Biological Effluent Treatment Plant'.....</i></p> <p>Condition no. 37: <i>Stesen pengawasan kualiti air hendaklah diadakan di hulu dan di hilir Sungai Koyah. Percontohan air hendaklah diambil sekali dalam sebulan dan laporan analisis kimia hendaklah dikemukakan. Pelan lokasi yang menunjukkan kedudukan stesen pengawasan tersebut hendaklah mendapat persetujuan daripada Jabatan Alam Sekitar Negeri Sabah.</i></p> <p>Therefore, a non-conformity was assigned due to this lapse.</p>	
<p><b>4.3.1.2</b></p>	<p>The management shall list all relevant laws related to their operations in a legal requirements register.</p> <p><b>- Major compliance -</b></p>	<p>All Estates and Mill maintain documented system for identifying, evaluating, reviewing and updating applicable regulations and other requirements. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses. Refer to Legal Document Master list (Rev. no. 4; dated 9/9/2016).</p>	<p>Yes</p>



**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		Further details of regulations recorded under evaluation of legal compliance, TSHR/RSPO/F04 dated November 2017.	
<b>4.3.1.3</b>	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.  - <b>Major compliance</b> -	Tracking system was available for all the estates and mill sites to identify changes in the relevant regulations through head office, internal audits/visit and the information are communicated from the headquarters. On the site verification, Interviews with office personnel and records indicate that the system is appropriate to the operations and is being recorded accordingly. Further evidence of verification was reviewed in the legal registers at all the 3 sites. As per procedure Legal and Other Requirements TSHR/SUST/SOP04 Rev. 2 dated 1/11/2017 – Evaluation of compliance completed.	Yes
<b>4.3.1.4</b>	The management should assign a person responsible to monitor compliance and to track update the changes in regulatory requirements.  - <b>Minor compliance</b> -	The evaluation of compliance status of legal requirement and tracking changes in legal are carried out by operating units, RSPO teams, and head office. All 3 sites (the mill and 2 estates) implemented the same practice.  As per revised procedure Legal and Other Requirements TSHR/SUST/SOP04 Rev. 2 dated 1/11/2017 – Evaluation of compliance – implemented based on monitoring as per Legal Document Master list (Rev. no. 4; dated 9/9/2016) for each operating units individually. Evidence of compliance done annually for all applicable legal requirements.	Yes
<b>Criterion 4.3.2 – Lands use rights</b>			
<b>4.3.2.1</b>	The management shall ensure that their oil palm milling activities do not diminish the land use rights of other users.  - <b>Major compliance</b> -	The management ensure that their oil palm cultivation activities do not diminish the land use rights of other users by ensuring the legal boundary is correct and stakeholder consultations.	Yes
<b>4.3.2.2</b>	The management shall provide documents showing legal ownership	The mill is located in Ong Yah Ho Estate. Land title for Gomantong Estate is described in Indicator 4.3.2.2 MSP0 Part 3 above.	Yes

	or lease, history of land tenure and the actual legal use of the land. <b>- Major compliance -</b>		
<b>4.3.2.3</b>	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. <b>- Major compliance -</b>	The mill area is within the area of Ong Yah Ho Estate’s land title and therefore demarcation of boundary is not necessary.	Yes
<b>4.3.2.4</b>	Where there are, or haven been disputes, documented proof of legal acquisition of land and fair compensation that have been or are being made to previous owners and occupants; shall made available and that these should have been accepted with free prior informed consent (FPIC). <b>- Minor compliance -</b>	NA	NA
<b>Criterion 4.3.3 – Customary rights</b>			
<b>4.3.3.1</b>	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. <b>- Major compliance -</b>	NA. Land issue is under the management of the estate.	NA
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. <b>- Minor compliance -</b>	NA. Land issue is under the management of the estate.	NA
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. <b>- Major compliance -</b>	NA. Land issue is under the management of the estate.	NA
<b>4.4 Principle 4: Social responsibility, health, safety and employment condition</b>			

<b>Criterion 4.4.1: Social Impact Assessment (SIA)</b>			
<b>4.4.1.1</b>	<p>Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.</p> <p><b>- Minor compliance -</b></p>	<p>Established in the Social Impact Assessment (SIA) for Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate &amp; Gomantong Estate on Land Title nos. CL09532718 &amp; CL095310731, In the District of Kinabatangan, Sabah by TSH Resources Berhad; report prepared by Kiwiheng Environmental Consultants Sdn Bhd; Ref.: KWEC-(EV)/16/17; Dated June 2016.</p> <p>The plans included mitigation for negative impacts which amongst all including immigrants competition to local human resources in terms of employment and welfare, as well promotions of positive impacts including creation of employment opportunities, reduction of poverty, improvement of road system and local economy.</p> <p>The plan was being monitored periodically through stakeholder meeting and survey using the survey form (<i>Soal Selidik Sosio-Ekonomi Penduduk</i>) also known as <i>Borang Banci</i>. Sighted the latest survey was conducted on 7/11/2017.</p>	Yes
<b>Criterion 4.4.2: Complaints and grievances</b>			
<b>4.4.2.1</b>	<p>A system for dealing with complaints and grievances shall be established and documented.</p> <p><b>- Major compliance -</b></p>	<p>System implemented based on following procedures:</p> <p>i) Employee grievance; TSHR/HR/SOP06; Rev.: 0; Effective date: 12/1/2016</p> <p>Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following:</p> <p>Grievance dated 26/1/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017 as</p>	Yes

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		per Corrective Action Report (CAR) CAR no.: LDPOM/CAR/2017/02. Corrective action was taken on 1/2/2017 and CAR was verified closed on 3/2/2017.	
<b>4.4.2.2</b>	The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.  - <b>Major compliance</b> -	Records shown CAR was closed within one week from the dated raised on 26/1/2017 and verified closed on 3/2/2017.	Yes
<b>4.4.2.3</b>	A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.  - <b>Minor compliance</b> -	Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:  - Request dated 28/10/2017: Enquiries on the possibility of EFB collection by smallholder; Response: Welcoming all FFB suppliers to collect its EFB (through letter dated 10/11/2017)  Sighted also records of Employee Grievance Report Form; TSH/GHR/1016/068 (Ver. 2) that was used for any complaints or grievance by mostly internal stakeholders sampled as following:  Grievance dated 1/2/2017: Grievance by workers for no payslip in Bahasa Malaysia (BM); Response: Corrective action by management to print out a BM translation of payslip layout and provide to each the copy while brief the employee on 17/6/2017	Yes
<b>4.4.2.4</b>	Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.  - <b>Minor compliance</b> -	Based on interview with both internal and external stakeholders among employees and surrounding communities, awareness that complaints or suggestions can be made any time was presence.	Yes
<b>4.4.2.5</b>	Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.	Records of complaints/grievances and their resolutions were made available since the implementation of management system in 2016.	Yes

	- Major compliance -		
<b>Criterion 4.4.3:</b> Commitment to contribute to local sustainable development			
<b>4.4.3.1</b>	<p>Palm oil miller should contribute to local development in consultation with the local communities. Where the mill is an integral part of plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.</p> <p>- Minor compliance -</p>	<p>Plans for continuous improvement including annual budgeting for CSR contributions sighted including annual donation for Majlis Anugerah Pelajar SK Paris 3, Micro Efforts of 3R Campaign, Gotong Royong, Sports event and health campaign. Consultation was conducted on periodical basis, with latest External Stakeholder Meeting; Dated 15/8/2017; Venue: Ong Yah Ho Estate. The meeting amongst all was attended by combined mill and estates' vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities.</p>	Yes
<b>Criterion 4.4.4:</b> Employees safety and health			
<b>4.4.4.1</b>	<p>An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act 139) shall be documented, effectively communicated and implemented.</p> <p>- Major compliance -</p>	<p>TSH Resources Berhad has established safety and health policy that has been communicated to the staff and workers. The policy dated 6/10/2015 was signed by Dato' Tan Aik Sim, Managing Director of TSH. In line with the established policy, OSH plan dated 23/11/17 was verified. Major component of OSH programme consist of internal training, meeting/monitoring &amp; OSH checklist frequency and competence training renewal. Example of OSH carried out for 2017 were:</p> <p><u>Annual inspection, examination and testing of engineering control equipment</u></p> <p>The inspection was conducted on 15/7/2017 by Hygiene Tech 2, HQ/15/JHII/00/206 under consultant DAB OH Sdn Bhd. Face velocity and duct transport velocity is comply with ACGIH requirement.</p> <p><u>Personal Chemical Exposure Monitoring (PCEM)</u></p>	Yes

		<p>The latest PCEM was last conducted in 22/6/17 by registered IHT (JKKP HIE 127/171-3/1(179). The result shows that;          Inhalable particulate – exposure level (0.9167 vs 10 TWA8 mg/m3)          Welding fumes – exposure level (0.4375 vs 5 TWA8 mg/m3 ) less that total allowable limit for 8 hours.</p> <p><u>Medical Surveillance</u>          The latest medical surveillance was done on 10/11/17 for 11 workers form laboratory, biogas and workshop. Based on USECHH 3 &amp; 4, all workers are fit to work based on the report by OHD, HQ/10/DOC/167</p> <p><u>Additional noise exposure monitoring and audiometric</u>          Additional noise exposure monitoring, JKKP HIE 127/5/3-1 (no 151). Changes ( new biogas plant, turbine 1.5MW, 30 tonne boiler)          Audiometric testing – HQ/10/DOC/00/167. Total participant 18 workers. 2 hearing impairment recorded. Retest has been scheduled on 12/2/18. Full report will be further verified in the next audit.</p>	
<p><b>4.4.4.2</b></p>	<p>The occupational safety and health plan should cover the following:</p> <ul style="list-style-type: none"> <li>a) A safety and health policy, which is communicated and implemented.</li> <li>b) The risk of all operations shall be assessed and documented.</li> <li>c) An awareness and training programme which includes the following requirements for employees exposed to chemicals used at the palm oil mill:             <ul style="list-style-type: none"> <li>i. All employees involved are adequately trained on safe working practices;</li> <li>ii. All precautions attached to products should be properly observed and applied;</li> </ul> </li> </ul>	<p>All operations where health and safety is an issue has been risk assessed, and procedures and actions were documented and implemented to address the identified issues. Risk assessment is documented under ___HIRADC documented under form, TSHR/OSH/F01 for Lahad Datu POM.</p> <p>Example of HIRARC reviewed:</p> <ul style="list-style-type: none"> <li>i) Maintenance and servicing – pump, lighting arrester</li> <li>ii) Welding and cutting job, electrical job at biogas area</li> <li>iii) Sterilizer – operation, cages handling, capstan line</li> </ul>	<p>No</p>

	<p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).</p> <p>e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p> <p>f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.</p> <p>g) The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meeting shall be kept ant the concerns of employees and any remedial actions taken shall be recorded.</p> <p>h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p> <p>i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.</p> <p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>iv)Boiler house – ash removal from hopper chute, maintenance. Furnace cleaning, clinkers raking activities, determining control and PPE standards</p> <p>v)Engine room operation</p> <p>vi)Bio-scrubber accident</p> <p>CHRA – Re-assessment of CHRA was done on 8/11/16 for Lahad Datu POM by DOSH registered assessor, JKKP HIE 127/171-2(290). Total of 5 work unit assessed consist of laboratory, workshop, biogas plant, production/boiler and chemical store. Recommendation reported under form F of the report as per below:</p> <p>i)Boiler – CEM for palm fibre dust/boiler ash (PEL,TWA=10mg/m3 )</p> <p>ii)Workshop – CEM for (Cr and Mn), PEL,TWA= 5 mg/m3, medical surveillance &amp; biological monitoring ( manganese exposure)</p> <p>iii) Laboratory – LEV inspection (yearly and monthly inspection), medical surveillance and the action plan based on (form F) was submitted to DOSH on 29/11/16.</p> <p>PPE standard and recommendation is based on Occupational Safety and Health Handbook – POM, TSHR/OSH/SOP05, rev: 1, 4/7/16. List of PPE based on activity or hazard exposure.</p> <table border="1" data-bbox="1126 1042 1765 1278"> <thead> <tr> <th>Hazard</th> <th>PPE name/identification</th> </tr> </thead> <tbody> <tr> <td>Noise and flying dust (grinding, drilling, chipping etc)</td> <td>Safety goggle or face shield</td> </tr> <tr> <td>Chemical hazard</td> <td>Rubber glove, respirators (N95/organic vapor cartridge)</td> </tr> </tbody> </table> <p>Based on site visit, there was no available PPE for boiler man and fireman at boiler station for furnace raking activity. Minimum PPE</p>	Hazard	PPE name/identification	Noise and flying dust (grinding, drilling, chipping etc)	Safety goggle or face shield	Chemical hazard	Rubber glove, respirators (N95/organic vapor cartridge)	
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**MSP0 Public Summary Report  
Revision 0 (Aug 2017)**

		<p>was, i.e leather hand glove, safety boots (low cut) and safety helmet. Further check in the PPE standard and recommendation under Occupational Safety and Health Handbook – POM, TSHR/OSH/SOP05, rev: 1, 4/7/16, no specific PPE recommended for the said activity.</p> <p>Thus, a major NC was issued.</p> <p>OSH Committees meeting conducted quarterly and meeting minutes includes issues raised and action taken form workplace inspection report. The discussion on the accident review, workplace inspection, issues from workers, training has been discussed and action to be taken. There was no major issue.</p> <p>Lahad Datu Palm Oil Mill SHC organization chart for 2017 i) Chairman – Bruno Bungkong (Mill Manager) ii) Secretary – Suzianah Mahmud ii) Safety PIC – Muhd Ridzuan (#4: 21/11/17, #3: 19/9/17,#2: 19/5/17, #1: 10/2/17). Latest Workplace Inspection (WI) was done 4/10/17</p> <p>Emergency Preparedness and Response Procedure (TSHR/OSH/SOP06 dated 4/7/2016) was established. List of ERP documented as per the following: A. Accident/Incident reporting D. Fire/Explosion Action Plan E. Hazardous Material Spillage (chemical/SW) F. Effluent Overflow/Major Spillage G. CPO Spillage</p>	
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		<p>Fire drill was last conducted on 1/8/2017 (LDPOM) to test the state of readiness during emergency situation. Time taken for evacuation is 4 minutes and 53 sec. Post-moterm report prepared by ERT leader. As for the chemical spillage training, it was last carried out on 24/11/2016.</p> <p>For first aider, 7 trained personnel nominated as fist aider. Attended training by Cert Academy Sdn Bhd: Basic Occupational First Aid, CPR and AED Training on 4-5/9/17. The training is valid for 3 years for the said competent person. There are 3 nominated personnel from LDPOM attended the training given by Fire Department, Tawau for the fire fighting training.</p> <p>Records of all accidents is kept and periodically reviewed&gt; For annual accident statistic, JKPP 8 form submitted to DOSH for 2017 and JKPP 6 as and when necessary.</p>	
<b>Criterion 4.4.5: Employment conditions</b>			
<b>4.4.5.1</b>	<p>The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.</p> <p><b>- Major compliance -</b></p>	<p>Established based on Human Rights &amp; Responsible Business procedure; Doc. No.: TSHR/POL/SOP09; Rev. 0; Effective date: 16/10/2015 with documented statement of Human Rights &amp; Responsible Business Practices; signed by MD dated 16/10/2015 as Appendix 1 of the procedure.</p>	Yes
<b>4.4.5.2</b>	<p>The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</p> <p><b>- Major compliance -</b></p>	<p>No any evidence of discriminatory practices based on the workers statistics, i.e. Internal Stakeholder List; Rev. 4; Effective date: 4/12/2017 in which all employees within all Position/Department were provided with house based on house addresses sighted on the list.</p>	Yes

<p><b>4.4.5.3</b></p>	<p>Management shall ensure that employees' pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.</p> <p><b>- Major compliance -</b></p>	<p>Employee payroll records showed all employees receiving salary that meet Malaysia Minimum Wages Order 2016 of RM920 per month. Payslip were sighted for the month of September, October and November 2017 of sampled workers as following:</p> <ul style="list-style-type: none"> <li>i) Employee ID 0677</li> <li>ii) Employee ID 0711</li> <li>iii) Employee ID 0468</li> <li>iv) Employee ID 0150</li> </ul>	<p>Yes</p>
<p><b>4.4.5.4</b></p>	<p>Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.</p> <p><b>- Minor compliance -</b></p>	<p>No contractors employees involved in direct mill operations i.e. production (process) and maintenance (cleaning, workshop, and effluent) except for process equipment vendors and suppliers. However, all parties having mutual agreements with operating units through purchase orders and had entered their deliveries with adequate understanding of the terms and conditions set between both parties including to ensure employees of contractors/vendors are paid based on applicable legal requirements i.e. National Minimum Wages Order 2016.</p> <p>On site stakeholder interviews and consultation carried out with the various contractors further confirmed their understanding of the requirements.</p>	<p>Yes</p>
<p><b>4.4.5.5</b></p>	<p>The management shall establish records that provide an accurate overview of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment.</p> <p><b>- Major compliance -</b></p>	<p>Records of employee analysis summary containing information of full names, gender, date of birth, start work date, job description, wages and employee personal ID sighted available for the latest updated as of 7/12/2017.</p>	<p>Yes</p>
<p><b>4.4.5.6</b></p>	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment</p>	<p>The management have ensured that employees' pay and conditions meet applicable legal requirements i.e. National Minimum Wages Order 2016. Following employee ID were sampled:</p>	<p>Yes</p>

	<p>contract shall be made available for each and every employee indicated in the employment records.</p> <p><b>- Major compliance -</b></p>	<p>Female workers:</p> <p>i) 0677: Weighbridge clerk; ; Agreement date: 23/7/2017; Period: 1 year</p> <p>ii) 0711: General worker; Agreement date: 1/12/2017; Period: 1 year</p> <p>iii) 0468: Oil room; Agreement date: 26/7/2017; Period: 1 year</p> <p>0150: Transfer carriage; Agreement date: 28/9/2017; Period: 1 year</p> <p>It was confirmed that employees were provided with fair contracts that have been signed by both employee and employer. However a finding has been raised under indicator 4.4.5.9 based on samples checked.</p>	
4.4.5.7	<p>The management shall establish a time recording system that makes working hours and overtime transparent for both the employees and employers.</p> <p><b>- Major compliance -</b></p>	<p>Recording system established and implemented through the thumb prints computerized check roll system with reports generated as the Time and Attendance Report for the computation of working hours and overtime that is transparent for both employees and employers.</p>	Yes
4.4.5.8	<p>The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirements applicable.</p> <p><b>- Major compliance -</b></p>	<p>Working hours is 8 hours. From Monday to Saturday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to the Sabah Labour Ordinance 2005.</p> <p>The overtime rate after 8 hours daily rated is: upkeeping</p> <ul style="list-style-type: none"> <li>- Mon - Sat – daily rated / 8 hours x 1.5</li> <li>- Sunday - daily rated / 8 hours x 2.0</li> <li>- Public holiday – daily rated / 8 hours x 3.0</li> </ul> <p>No piece rated workers worked in the mill.</p>	Yes
4.4.5.9	<p>Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.</p> <p><b>- Major compliance -</b></p>	<p>Based on the following permits:</p> <p>i) <i>Permit Wanita Bekerja Malam Seksyen 75 Ordinan Buruh (Sabah Bab 67)</i>; Validity period: 11/1/2017 – 10/1/2018</p> <ul style="list-style-type: none"> <li>- written agreement by workers</li> <li>- agreement shall kept at work place</li> </ul>	No

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<ul style="list-style-type: none"> <li>- free rest period from work for 11 consecutive hours before allowed to re-enter shift</li> <li>- weekly rest day no lower than 30 consecutive hours</li> <li>- shall not employ for &gt; 1 month except with agreement</li> <li>- to pay shift allowance at rate agreed in terms and conditions or as per collective agreement</li> <li>- to provide free transport</li> </ul> <p>ii) Women Employee; ID: 0468; Agreement date: 26/7/2017; Month of Nov 2017; Time and Attendance Report - night shift work: 1-12/11/2017; 20-30/2017</p> <p>iii) Women Employee; ID: 0150; Agreement date: 28/9/2017; Month of Nov 2017; Time and Attendance Report - night shift work: 1-12/11/2017; 20-25/11/2017; 27/11/2017</p> <p>It was found that wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements. Hence, a major noncompliance has been raised.</p>	
<p><b>4.4.5.10</b></p>	<p>Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings.</p> <p><b>- Minor compliance -</b></p>	<p>Social benefits for workers including the insurance as following:</p> <p>iii) Local workers &amp; staff: Social Security Organization (SOCISO) Monthly Contribution sighted as per sample latest Form 8A; dated 3/9/2017 for the monthly contribution for the month of August 2017; TSH Plantation Sdn Bhd; Employee code: F9304876W</p> <p>iv) Foreign workers: Foreign Workers Compensation Scheme Policy; Compensation Scheme Schedule eSchedule No.: 16WtW700740; Period of insurance: 27/12/2016 - 26/12/2017</p>	<p>Yes</p>
<p><b>4.4.5.11</b></p>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p>	<p>On-site living quarters are provided and visit to the housing area/line site showed quarters are decently habitable and equipped with basic amenities of free electricity and water supply including</p>	<p>Yes</p>

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

	- <b>Major compliance</b> -	other facilities such as mosque, community hall, sundry store, canteen, children’s crèche and football field.	
<b>4.4.5.12</b>	The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.  - <b>Major compliance</b> -	Policy on protection against Sexual Harassment available and made aware to all the women representatives at the Gender Committee meetings.  There is no any reported case of harassment in the operating units.  A combined operating units Women Association Committee meeting was conducted on 13/11/2017 mainly as part of the implementation and communication medium on sexual harassment prevention among women employees. Awareness among the rest of employees also provided through Welfare Committee (Workers Representative) meeting on 25/10/2017.	Yes
<b>4.4.5.13</b>	The management shall respect the right of all employees to form and join trade union and allow workers’ own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.  - <b>Major compliance</b> -	The management allows workers own representatives to facilitate in collective bargaining as per Policy on Freedom of Association is in place dated 16/10/2015. Policy reflected the Work Act 1955. Procedure Equal Opportunity & Discrimination, TSH/POL/SOP03, Rev0 in place.	Yes
<b>4.4.5.14</b>	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.  - <b>Major compliance</b> -	The minimum working age is 16 under the National Labour Law as well as Sabah Labour Ordinance. Company policy is to only hire persons over the age of 18. This is reflected in the Procedure Child Labour, TSHR/POL/SOP07; Rev. 0. Malaysian workers have to provide ID card - foreign workers provide passports. Inspection of employment records confirmed checks are made of staff and worker age before hiring. During field visit, children were not seen	Yes

		at any of the working place at both mill and estates. Interview with workers confirmed the understanding of company policy on children workers.																						
<b>Criterion 4.4.6: Training and competency</b>																								
<b>4.4.6.1</b>	All employees and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.  <b>- Major compliance -</b>	<p>TSH Resources Bhd has prepared an Annual Training Plan for 2017 for workers and contractors that lists the internal and external training courses scheduled for the year. Sample of training carried out in 2017:</p> <table border="1"> <thead> <tr> <th>Date of training</th> <th>Training programme</th> <th>Trainer</th> </tr> </thead> <tbody> <tr> <td>4/10/17</td> <td>PPE training</td> <td>SHO</td> </tr> <tr> <td>30/6/17</td> <td>Chemical safe handling</td> <td>MM</td> </tr> <tr> <td>8/12/17</td> <td>SDS training</td> <td>QA</td> </tr> <tr> <td>18/7, 28/11</td> <td>RSPO awareness</td> <td>QA</td> </tr> <tr> <td>6/9/17</td> <td>Sexual Harassment, Company Policy and Request for Information training</td> <td>QA</td> </tr> <tr> <td>2/10/17</td> <td>Fire fighting training and demonstration</td> <td>QA &amp; gas supplier (Safeware Marketing Gas)</td> </tr> </tbody> </table>	Date of training	Training programme	Trainer	4/10/17	PPE training	SHO	30/6/17	Chemical safe handling	MM	8/12/17	SDS training	QA	18/7, 28/11	RSPO awareness	QA	6/9/17	Sexual Harassment, Company Policy and Request for Information training	QA	2/10/17	Fire fighting training and demonstration	QA & gas supplier (Safeware Marketing Gas)	Yes
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**MSP0 Public Summary Report  
Revision 0 (Aug 2017)**

		2/10/17	Grievance procedure training	QA		
		4-14/5/17	CePPOME training CePPOME/16067	Enviro Academy		
		25-27/10/17	Authorized gas tester training	NIOSH		
		20-24/11/17	CePSWaM	Airwastewater Management Sdn Bhd		
		23/10/17	Authorized entrant & standby person (AESP) training	NIOSH		
		4-5/9/17	Basic Occupational First Aid, CPR and AED Training	Cert Academy Sdn Bhd		
		8/8/17	Basic Fire Fighting Training	Fire Department, Tawau		
<b>4.4.6.2</b>	<p>Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.</p> <p><b>- Major compliance -</b></p>	<p>TSH Resources Bhd has conducted training needs assessment prior to prepare the annual training plan for the year 2017 for all the employee groups including new and existing workers and staffs. Training programmes is based on worker's competency requirements. Workers must be properly trained before assigned to the respective work units. On-site observation @ assessment will</p>				Yes

		be carried out by field staff and assistant to monitor training effectiveness.	
<b>4.4.6.3</b>	A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.  - <b>Minor compliance</b> -	Continuous training programme is planned and implemented covering all employees and contractors as per the documented training procedure.	Yes
<b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b>			
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<b>4.5.1.1</b>	An environmental policy and management plan shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.  - <b>Major compliance</b> -	Environmental policy is available dated 16/10/2015 [ref.: SOP for Environment Policy, TSHR/POL/SOP08, rev. 1] signed by Dato' Tan Aik Sim (MD of TSH Group). Among the methods of communication are display on communication boards, monthly briefing and internal stakeholder meeting. Environment Aspect and Impact Assessment [TSHR/ENV/SOP04, rev. 0, 1/9/2015] is done through utilization of the following forms: -Environmental Aspect and Impact Assessment Sheet [TSHR/ENV/F01] -List of Significant Aspect [TSHR/ENV/F02] -Environment Improvement Plan [TSHR/ENV/F08]	Yes
<b>4.5.1.2</b>	The environmental management plan shall cover the following: a) An environmental policy and objectives; b) The aspects and impacts analysis of all operations  - <b>Major compliance</b> -	TSH has its environmental policy which was endorsed by the Managing Director. The environmental aspect and impact analysis was done and documented in Environmental Aspect and Impact Assessment Sheet [TSHR/ENV/F01] and guided by a procedure, Environment Aspect and Impact Assessment [TSHR/ENV/SOP04, rev. 0, 1/9/2015].	Yes



<p><b>4.5.1.3</b></p>	<p>An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.</p> <p><b>- Major compliance -</b></p>	<p>The mitigation measures are documented in List of Significant Aspect [TSHR/ENV/F02]. There was no positive impact identified.</p>	<p>Yes</p>
<p><b>4.5.1.4</b></p>	<p>A programme to promote the positive impacts should be included in the continual improvement plan.</p> <p><b>- Minor compliance -</b></p>	<p>Based on the identification and evaluation of environmental aspects and impacts by the mill, there was no positive impact identified.</p>	<p>NA</p>
<p><b>4.5.1.5</b></p>	<p>An awareness and training programme shall be established and implemented to ensure that employees understand the policy, objectives and management plans and are working towards achieving objectives.</p> <p><b>- Major compliance -</b></p>	<p>The programme was established through TSH Training Matrix (Annual). Training matrix for 2017 was available which contain mainly on OHS and environment such as policy, SOP, HCV, IPM, riparian and chemical handling. The environmental policy training which includes the training of environmental objectives and management plan was last conducted through LD Region Internal Stakeholder Meeting Year 2017 on 16/11/2017, attended by 110 mill employees and attendance list was available for verification. It was done incorporative with OHS and social aspects.</p>	<p>Yes</p>
<p><b>4.5.1.6</b></p>	<p>The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>There is a regular meeting entitled "Environment Performance Monitoring Committee (EPMC) Meeting", which was conducted monthly and participated by the mill manager, engineers and ESH officer to discuss about environmental performance and other issues. The output of the meeting will then be disseminated to the workers thereafter mainly during shifts briefing. Last meeting was conducted on 21/11/2017 and minutes were available for verification. Among the agenda discussed were POME, air pollution management and wastes management.</p>	<p>Yes</p>
<p><b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b></p>			

<p><b>4.5.2.1</b></p>	<p>Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity in the operations over the base period</p> <p><b>- Major compliance -</b></p>	<p>Baselines of diesel consumption were established based on 2016 average consumptions i.e.:</p> <ol style="list-style-type: none"> <li>1) Genset 288kW – 6,110.67 lt/month</li> <li>2) Genset 500 kW – 7,053.17 lt/month</li> <li>3) Transportation vehicles – 669.75 lt/month</li> <li>4) Machinery – 2,830.73 lt/month</li> </ol> <p>2017 performance in general was ~54% above the baseline mainly due to bio-gas engine breakdown since October 2016.</p>	<p>Yes</p>
<p><b>4.5.2.2</b></p>	<p>The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations.</p> <p><b>- Major compliance -</b></p>	<p>The estimation is calculated through GHG calculation [PalmGHG Calculator] where all the usage of non-renewable energy for all their operation was considered. This include own consumption of diesel (generator set, vehicles, machinery), transportation distance of EFB &amp; shell to estate, private power plant and refinery. 2016 performance – 466 tCO<sub>2</sub>e or 0.02 tCO<sub>2</sub>e/tFFB – based on 26.50 mt/ha in 2016 of own crop.</p>	<p>Yes</p>
<p><b>4.5.2.3</b></p>	<p>The use of renewable energy should be applied where possible.</p> <p><b>- Minor compliance -</b></p>	<p>Renewable energy used is from biofuel (shell and fibre) for boiler start-up and methane gas from biogas plant for boiler combustion fuel.</p>	<p>Yes</p>
<p><b>Criterion 4.5.3: Waste management and disposal</b></p>			
<p><b>4.5.3.1</b></p>	<p>All waste products and sources of pollution shall be identified and documented.</p> <p><b>- Major compliance -</b></p>	<p>Documented in “Wastes Identification and Disposal Plan” [TSHR/ENV/F03, rev. 0, 1/9/2015]. The form has the information about:</p> <ol style="list-style-type: none"> <li>1) Area – e.g. store, lab, workshop, generator room, WTP, mill processing, canteen/shop and office.</li> <li>2) Major wastes identified – paper, plastic, scrap iron, discarded electrical products, chemical containers, spent chemicals, spent lubricants, used oil &amp; filter, EFB, plant sludge, mesocarp fibre and boiler ash.</li> <li>3) Handling methods – kept in designated store, triple rinsed and pierced.</li> </ol>	<p>Yes</p>

		4) Disposal plan – e.g. sent to licensed recyclers, SW contractors, reused for landscape decoration, landfill at estate	
<b>4.5.3.2</b>	A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for: a) Identifying and monitoring sources of waste and pollution. b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.  <b>- Major compliance -</b>	a) Identification and monitoring sources of waste and pollution is done through the method mentioned in 4.5.3.1. b) Among the mill by-products which were re-used are decanter cake + clinker/boiler ash, EFB, effluent to land irrigation.	Yes
<b>4.5.3.3</b>	The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005  <b>- Major compliance -</b>	SOP for handling scheduled wastes has been established entitled “Waste Management” [TSHR/ENV/SOP03, rev. 2, 4/7/2016]. In order to comply with the Environmental Quality Regulations (Scheduled Waste) 2005, among the elements covered in the procedure are: <ul style="list-style-type: none"> <li>the identification of scheduled wastes and their regulated coding</li> <li>storage of scheduled wastes (labelling, quantity and time)</li> <li>inventory recording (including eSWIS)</li> <li>disposal of scheduled wastes</li> </ul>	Yes
<b>4.5.3.4</b>	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.  <b>- Minor compliance -</b>	The domestic wastes generated from office and housing, are disposed through landfill method. This operation is handled by the estate’s management, whereby in this case is Ong Yah Ho Estate.	Yes
<b>Criterion 4.5.4: Reduction of pollution and emission</b>			
<b>4.5.4.1</b>	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot	The assessment of all polluting activities was conducted through environmental aspect and impact assessment which includes the	Yes

	emissions, scheduled wastes, solid wastes and effluent. <b>- Major compliance -</b>	greenhouse gas emissions, scheduled wastes, solid wastes and effluent.	
<b>4.5.4.2</b>	An action plan to reduce identified significant pollutants and emissions shall be established and implemented. <b>- Major compliance -</b>	Addressed through Environment Continual Improvement Plan (2015-2020) [TSHR/ENV/F08]. Among the pollutants identified are dark smoke from boiler, spillage of CPO from CPO tank, schedule wastes from work implementation, POME from milling process, leachate from EFB storage area.	Yes
<b>4.5.4.3</b>	Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations. <b>- Major compliance -</b>	Mill effluent is treated through biological anaerobic treatment. Based on the effluent final discharge sampling which is conducted once a month by an independent accredited laboratory [DSM accreditation no.: SAMM NO 812], the mill complied to the regulated limit of parameters i.e. BOD, SS, OG, AN, pH and T.	Yes
<b>Criterion 4.5.5: Natural water resources</b>			
<b>4.5.5.1</b>	The management shall establish water management plans to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: a) Assessment of water usage and sources. b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities. c) Ways to optimize water and nutrient usage and reduce wastage ( <i>e.g.</i> having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).	Water management plan for the mill is documented in Environment Continual Improvement Plan (2015-2020) [TSHR/ENV/F08, rev. 0, 1/9/2015]. Among the action plans established: <ul style="list-style-type: none"> <li>• water consumption is monitored and recorded daily</li> <li>• water quality analysis – river and raw water intake</li> <li>• maintain river buffer zone to minimise pollution. The upstream and downstream of the river water quality is monitored</li> <li>• quality of outgoing water is maintained in accordance to regulations (refer 4.5.4.3)</li> </ul>	Yes

	- Major compliance -		
4.5.5.2	Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.  - Major compliance -	Effluent discharge is 100% to land irrigation.	Yes
<b>4.6 Principle 6: Best Practices</b>			
<b>Criterion 4.6.1: Mill Management</b>			
4.6.1.1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.  - Major compliance -	TSH Resources Berhad has established SOP for all operation for Lahad datu POM. List of procedure includes: i) Occupational Safety & Health Procedure ii) HIRADC procedure iii) Evaluation of compliance, supplier and contractor management, iv) Occupational Safety and Health Handbook – POM and Plantation, Emergency, preparedness and response, communication participation and consultation, and performance, monitoring & measurement. v) RSPO and MSP0 procedures including legal and other requirements procedure.	Yes
4.6.1.2	All palm oil mills shall implement best practices.  - Major compliance -	The monitoring of the mill process is made through the shift supervision headed by an Engineer. All process parameters are documented and summarized in a daily report. Internal monitoring made through Process Audit Department/Engineering/Training scheduled on monthly basis. Latest Mill Process Audit Report dated 23/11/17 was verified. The report has summarized on the mill safety and security operation, effluent treatment capacity and freeboard, quality, biogas operation, boiler and power generation and operational parameter. Any concerns or issues raised by the process audit team need to be addressed by the mill management.	Yes

<b>Criterion 4.6.2: Economic and financial viability plan</b>			
<b>4.6.2.1</b>	<p>A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.</p> <p><b>- Major compliance -</b></p>	<p>TSH Resources Berhad has established a business plan for Lahad Datu POM. The document is in the form of annual budget and the projection for 3 years prepared as guidance for future planning. Document entitled Long Term Project Development &amp; Maintenance Plan (3 years: 2016-2018) The business plan contains FFB processed, production of CPO &amp; CPK. Component of fixed asset, emolument and labour expenses, administration cost, depreciation and manufacturing cost. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill.</p>	Yes
<b>Criterion 4.6.3: Transparent and fair price dealing</b>			
<b>4.6.3.1</b>	<p>Pricing mechanisms for the products and other services shall be documented and effectively implemented.</p> <p><b>- Major compliance -</b></p>	<p>Lahad Datu Palm Oil Mill process FFB from company owned estates only. No FFB purchased from out-growers or smallholders.</p> <p>Pricing for the service, refer to schedule A of the contract has been documented in the contracts for the transportation and chemical supplier:</p> <ul style="list-style-type: none"> <li>i. Contract for CPO transporter: HMK Transport Sdn Bhd, company representative: James Wong Chen Hiung; signed on 1<sup>st</sup> February 2017</li> <li>ii. Palm Kernel transporter: Pengangkutan Sri Silam, company representative: Amador Sandrik T.Parin; signed on 1<sup>st</sup> February 2017</li> <li>iii. Chemical supplier: Chemindus Sdn Bhd, signed date 11/8/17</li> </ul> <p>For the sales of CPO and PK, following contracts were verified:</p> <ul style="list-style-type: none"> <li>a. Contract# LDO/36P1710/0102L dated 31/10/17 Commodity: CPO RSPO MB</li> </ul>	Yes

**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<p>PORAM/MPOA specification          Delivery month: November 2017          Quantity: 400 mt</p> <p>b. Contract# 4710006740 dated 31/10/17          Commodity: CPO RSPO MB          PORAM/MPOA specification          Delivery month: November 2017          Quantity: 2,000 mt</p> <p>Lahad Datu POM has practiced open market approach to all FFB suppliers. No binding contract between supplier and Lahad Datu POM. Pricing mechanism explained to the 3<sup>rd</sup> party suppliers/smallholders/out growers during stakeholder meeting and some during site visit at their farm.          Evidence of acknowledgement verified during session with the suppliers on 23/8/17.</p> <p>All the terms and conditions were specified in the contract and contractors have acknowledged on each page of the contract.</p>	
<p><b>4.6.3.2</b></p>	<p>All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.  <b>- Major compliance -</b></p>	<p>Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract. As mentioned under FFB purchase procedure, TSH/PR/SOP03 rev:0 dated 17/8/15. Under clause 8b; advance payment journal at every 15<sup>th</sup> and 30<sup>th</sup> (base on 70% of last month price). Sample of invoice and payment verified:</p> <p>i) Supplier: Lee Voon Yen and Sons Co.          FFB final statement for October 2017, ref# PI111561 dated 11/11/17, payment advice dated 14/11/17, ref# GB1336142699</p>	<p>Yes</p>



**MSP0 Public Summary Report**  
**Revision 0 (Aug 2017)**

		<p>ii) Supplier: Ahmad Hussain Bin Lahaya</p> <p>FFB final statement for October 2017, ref# PI111562 dated 11/11/17, payment advice dated 14/11/17, ref# GB1336142700</p> <p>Seen the purchase summary and invoice confirmed that the payment was made promptly and according to the signed contract agreement. Interviewed with the contractor confirmed that the payment was made accordingly.</p>	
<b>Criterion 4.6.4: Contractor</b>			
<b>4.6.4.1</b>	<p>In case of the engagement of contractors, they shall be made to understand the MSP0 requirements and shall provide the required documentation and information.</p> <p><b>- Major compliance -</b></p>	<p>Long term contracts sampled;</p> <p>i) CPO transporter: HMK Transport Sdn Bhd, signed on 1<sup>st</sup> February 2017</p> <p>ii) Palm Kernel transporter: Pengangkutan Sri Silam, signed on 1<sup>st</sup> February 2017</p> <p>Special clause on MSP0 compliance was not seen in the above contract agreement.</p> <p>Thus, a major NC was raised.</p>	No
<b>4.6.4.2</b>	<p>The management shall provide evidence of agreed contracts with the contractor.</p> <p><b>- Major compliance -</b></p>	<p>Lahad Datu POM has prepared a standard contract for all the contractors. The signed copy of the contract available at the mill and HQ (upon request). Verified sample of contract with both party agreement for;</p> <p>i. Contract for CPO transporter: HMK Transport Sdn Bhd, company representative: James Wong Chen Hiung; signed on 1<sup>st</sup> February 2017</p> <p>ii. Palm Kernel transporter: Pengangkutan Sri Silam, company representative: Amador Sandrik T.Parin; signed on 1<sup>st</sup> February 2017</p> <p>iii. Chemical supplier: Chemindus Sdn Bhd, signed date 11/8/17</p>	Yes



<p><b>4.6.4.3</b></p>	<p>The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.</p> <p><b>- Minor compliance -</b></p>	<p>Lahad Datu POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.</p>	<p>Yes</p>

**4.0 Assessment Conclusion and Recommendation:**

<b>Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings</b>	
Based on the findings during the assessment, Lahad Datu Palm Oil Mill and its FFB supplying estates (Ong Yah Ho and Gomantong) complies with the MS 2530-3:2013 or MS 2530-4:2013. It is recommended that the certification of Lahad Datu Palm Oil Mill and its FFB supplying estates (Ong Yah Ho and Gomantong) is approved.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> BRUNO BUNGKONG	<b>Name:</b> Valence Shem
<b>Company name:</b> TSA Plantation Sdn. Bhd	<b>Company name:</b> BSI Services Malaysia Sdn Bhd
<b>Title:</b> Mill manager	<b>Title:</b> Lead Auditor
<b>Signature:</b> 	<b>Signature:</b> 
<b>Date:</b> 11/4/2018	<b>Date:</b> 11/4/2018

**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

**Appendix A: Assessment Plan**

Date	Time	Subjects	VS	MHZ	HMM
Monday 11/12/2017  <b>Lahad Datu Palm Oil Mill</b>	0830-0900	Opening meeting: <ul style="list-style-type: none"> <li>Opening presentation by audit team leader</li> <li>Confirmation of assessment scope and finalize audit plan</li> </ul>	✓	✓	✓
	0900-1230	<b>Lahad Datu POM</b> Inspection: FFB receiving, warehouse, workshop, wastes management & Landfill, Effluent Ponds, OSH & ERP, Environment issues, POME application, water treatment. Laboratory, weighbridge and palm product storage area, staff, workers and contractor interview, housing and facility inspection and clinic.  Stakeholder interviews (combine with estate's stakeholder)	✓	✓	✓
	1230-1330	Lunch	✓	✓	✓
	1330-1630	Continue with unfinished elements Document Review (MSPO Part 4), P1: Management commitment and responsibility, P2: Transparency P3: Compliance to legal requirement P4: Social responsibility, health safety and employment condition  P5: Environment, natural resources, biodiversity and ecosystem services P4: Social responsibility, health safety and employment condition, P6: Best practices.	✓	✓	✓
	1630-1700	Interim closing briefing	✓	✓	✓
Tuesday 12/12/2017  <b>Ong Yah Ho and Gomantong Estates</b>	0900-1230	<b>Ong Yah Ho and Gomantong estates</b> Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer and lubricant), agrochemical mixing area, Schedule waste management, worker housing, clinic and landfill.  Document review P1 – P6 (MSPO Part 3), P1: Management commitment and responsibility, P2: Transparency, P3: Compliance to legal requirement	✓	✓	✓
	1230-1330	Lunch	✓	✓	✓
	1330-1600	P4: Social responsibility, health safety and employment condition, P5: Environment, natural resources, biodiversity and ecosystem services, P6: Best practices and P7: Development of New Planting	✓	✓	✓
	1600-1630	Audit team discussion and preparation of closing meeting presentation			
	1630-1700	Closing meeting (venue to be determined)	✓	✓	✓

**Appendix B: List of Stakeholders Contacted****Internal Stakeholders**

- Crèche Child Minder
- Senior Dresser
- Clinic Helper/Attendant
- Mill workers
- Estate workers

**Government Departments**

- Immigration Department, Lahad Datu
- Factory & Machinery Inspector, Department of
- Occupational Safety & Health, Sandakan Branch
- Branch Head, Department of Environment, Sandakan
- Area Director, Energy Commission, East Coast Area,

**Union/Contractors/Local Communities**

- Sundry Shop Owner
- Restaurant owner

**NGO**

- CLC Teacher

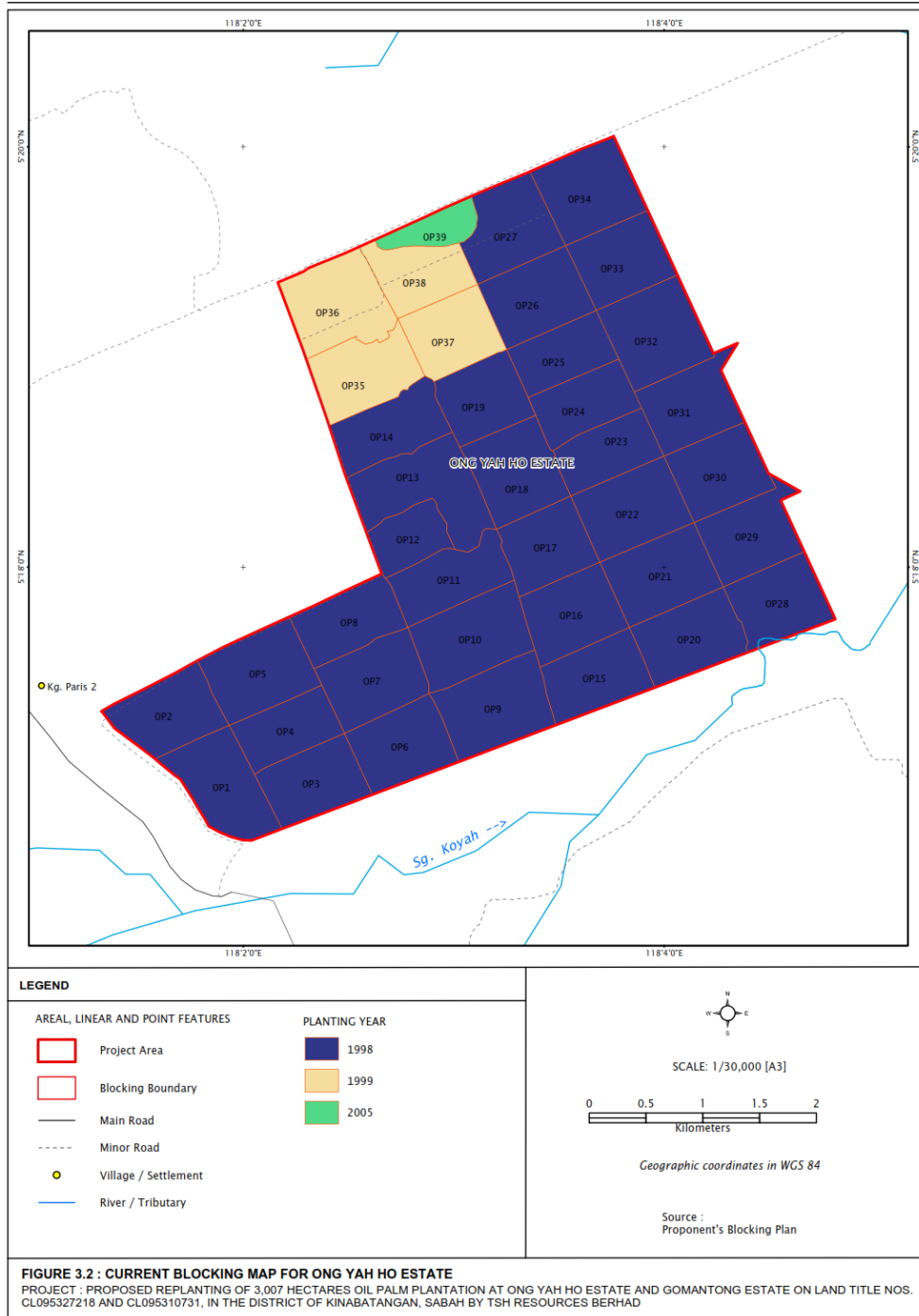
**Appendix C: Smallholder Member Details**

N/A

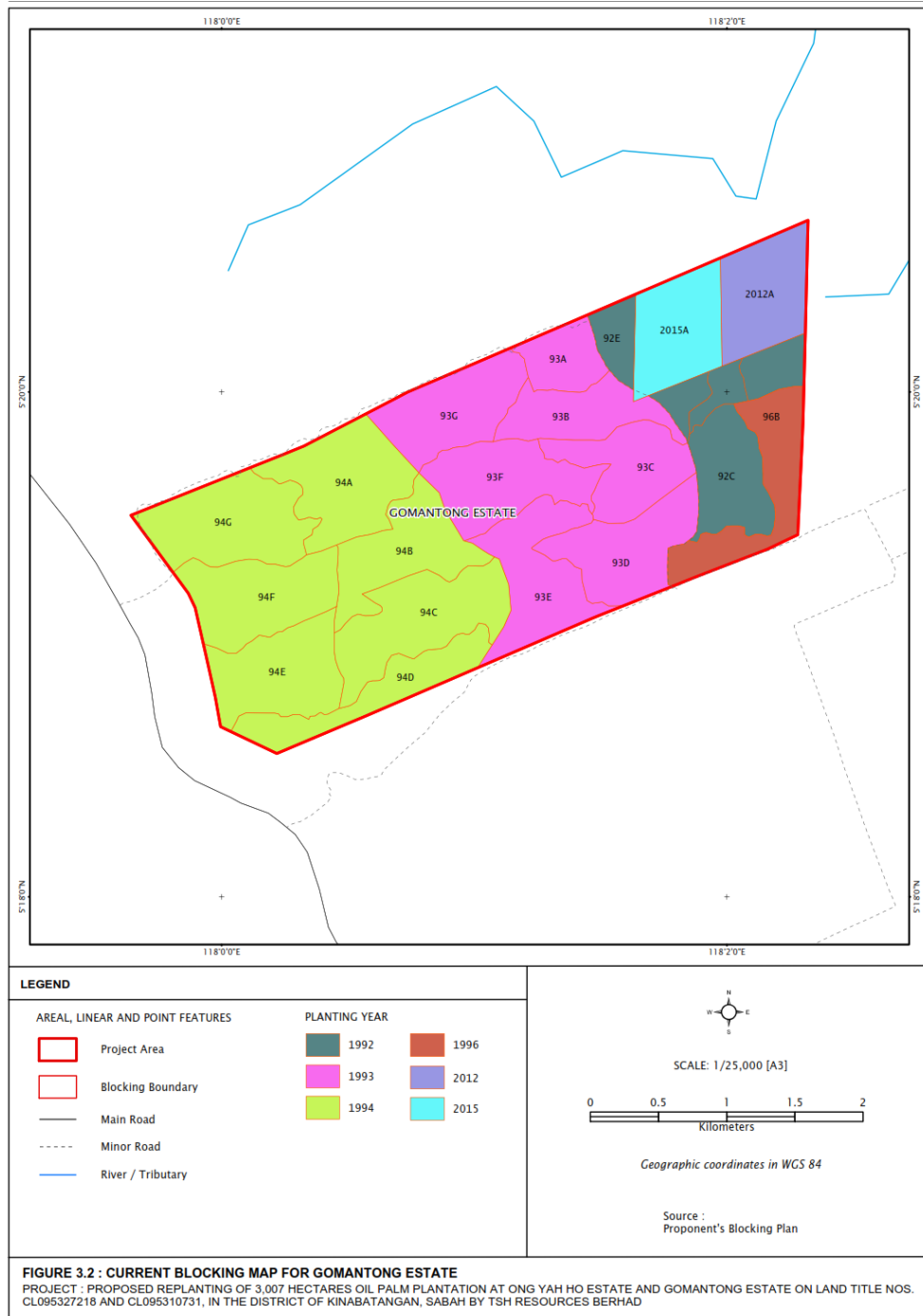
**Appendix D: Location and Field Map**



**Ong Yah Ho Estate**



**Gomantong Estate**





**Appendix E: List of Abbreviations**

AN	Ammoniacal Nitrogen
BOD	Biological Oxygen Demand
CHRA	Chemical Health Risk Assessment
CPO	Crude Palm Oil
DOSH	Department of Occupational Safety & Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
GMP	Good Manufacturing Practice
HCV	High Conservation Value
IAV	Initial Assessment Visit
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
MSDS	Material Safety Data Sheet
MSPO	Malaysian Sustainable Palm Oil
O&G	Oil and Grease
PK	Palm Kernel
PPE	Personal Protective Equipment
PSQM	Plantation Sustainability and Quality Management
PQR	Performance Quality Rating
RC	Re-Certification
RED	Renewable Energy Directive
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
SOU	Strategic Operating Unit
SS	Suspended Solids
TN	Total Nitrogen
TS	Total Solids
VFA	Volatile Fatty Acids