

**MALAYSIAN SUSTAINABLE PALM OIL  
1<sup>st</sup> ANNUAL SURVEILLANCE ASSESSMENT\_ASA1  
Public Summary Report**

<b>TSH Resources Berhad</b>
<b>Client company Address:</b> <b>Head office:</b> Jalan Apas & Bangunan TSH TB9, KM 7 91000 Tawau Sabah, Malaysia
<b>Certification Unit:</b> <b>Lahad Datu Palm Oil Mill &amp; supply base</b> <b>Location of Certification Unit:</b> KM 48, Lahad Datu – Sandakan Highway 90200 Kinabatangan Sabah, Malaysia

**Report prepared by:**  
**Muhammad Fadzli Masran**

**Report Number:**  
**SMO No. 9674551**

**Assessment Conducted by:**  
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<b>TABLE of CONTENTS</b>	<b>Page No</b>
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).....	4
1.6 Certified CPO / PK Tonnage .....	4
1.7 Certified Area .....	5
1.8 Details of Certification Assessment Scope and Certification Recommendation: .....	6
Section 2: Assessment Process .....	7
1. Assessment Program .....	8
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 .....	12
3.4 Issues Raised by Stakeholders .....	20
3.5 Summary of the Nonconformities and Status.....	21
3.6 Summary of the findings by Principles and Criteria .....	22
Section 4: Assessment Conclusion and Recommendation .....	122
Appendix A: Assessment Plan .....	123
Appendix B: List of Stakeholders Contacted .....	125
Appendix C: Smallholder Member Details.....	126
Appendix D: Location Map of Lahad Datu Palm Oil Mill Certification Unit and Supply bases	127
Appendix E: Ong Yah Ho Estate Field Map.....	128
Appendix F: Gomantong Estate Field Map.....	129
Appendix G: List of Abbreviations .....	130

## Section 1: Executive Summary

1.1 Organizational Information and Contact Person			
MPOB License	Lahad Datu Palm Oil Mill: 508717404000 (validity 1/6/2018 to 31/5/2019) Ong Yah Ho Estate: 503443702000 (validity 1/2/2019-31/01/2020) Gomantong Estate: 60055900200 (validity 1/8/2018-31/7/2019)		
Company Name	TSH Plantation Sdn Bhd		
Address	KM 48, Lahad Datu-Sandakan Highway, 90200 Kinabatangan, Sabah		
Group name if applicable:	TSH Resources Berhad		
Subsidiary of (if applicable)	N/A		
Contact Person Name	Rohana Parilla Binti Abdul Salam		
Website	<a href="http://www.tsh.com.my">www.tsh.com.my</a>	E-mail	<a href="mailto:Rohana.SHO@tsh.com.my">Rohana.SHO@tsh.com.my</a>
Telephone	089-912020/ 012-5837275	Facsimile	089-913000

1.2 Certification Information			
Certificate Number	Mill: MSPO 682916 Estates: 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	4 – 7/12/2018		
Continuous Assessment Visit Date (CAV) 2			
Continuous Assessment Visit Date (CAV) 3			
Continuous Assessment Visit Date (CAV) 4			
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
RSPO 652155	Roundtable Sustainable Palm Oil	BSI Services (M) Sdn Bhd	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 Highway, 90200 Sabah, Malaysia	Datu-Sandakan Kinabatangan,		118° 02' 33.8" E	5° 19' 9.0" N
TSH Palm Products Sdn. Bhd. (Ong Yah Ho Estate)	KM 48, Lahad Highway, 90200 Sabah, Malaysia	Datu-Sandakan Kinabatangan,		118° 02' 43.4" E	5° 19' 26.1" N
TSH Resources Bhd. (Gomantong Estate)	KM 52, Lahad Highway, 90200 Sabah, Malaysia	Datu-Sandakan Kinabatangan,		118° 04' 13" E	5° 34' 56" N

1.4 Plantings & Cycle					
Estate	Age (Years) - ha				
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30
Ong Yah Ho	0	0	1,905	0	0
Gomantong	318	0	0	629	0

1.5 FFB Production (Actual) and Projected (tonnage)			
Producer Group	Projected from last audit	Actual production Jan – Dec 2016 or last 12 months	Projected production for next 12 months (Jan – Dec' 2017)
Ong Yah Ho	56,783.00	48,163.89	49,162.11
Gomantong	20,045.00	15,196.36	12,484.87
Total	76,828.00	63,360.25	61,646.98

1.6 Certified CPO / PK Tonnage			
Mill	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
Lahad Datu POM 60 MT/hr	<b>CPO (OER: 20.5 %)</b>	<b>CPO (OER: 20.5 %)</b>	<b>CPO (OER: 20.5 %)</b>
	15,749.74	12,988.85	12,637.63
	<b>PK (KER: 5.5 %)</b>	<b>PK (KER: 5.5 %)</b>	<b>PK (KER: 5.5 %)</b>
	4,225.54	3,484.81	3,390.58

<b>1.7 Certified Area</b>					
<b>Estate</b>	<b>Total Planted (Mature + 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>

**1.8 Details of Certification Assessment Scope and Certification Recommendation:**

BSI Services Malaysia Sdn Bhd has conducted the Annual Surveillance 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.

The assessment was conducted onsite 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.

The onsite assessment was conducted on 5 – 7 December 2018

Based on the assessment result, Lahad Datu Palm Oil Mill and its supply base complies 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.

## 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 5 – 7 December 2018. 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 a MSP0 Certification Unit. A range of environmental and social factors were covered. This includes consideration of topography, palm age, proximity to areas with HBVs, 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  $S = r\sqrt{n}$  where n 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  $(r\sqrt{n})$ ; where r is the risk factor (may defers 1, 1.5 and 2 depending on risk), where n is total number of group members. 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.

All the previous nonconformities are remains closed. 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 2, 2019 - December 6, 2019**

**Total No. of Mandays: 6 mandays**

**BSI Assessment Team:**

**Muhammad Fadzli Masran – Lead Assessor**

He graduated in Bachelor of Forestry Science at University Putra Malaysia. He started his career as Assistant Manager at Kulim Plantations Sdn. Bhd. managing the day to day plantation operations. In his career at Kulim Plantation, Fadzli had accumulated more than 10 years of sustainability implementation experience including workers’ welfare, workers’ occupational, health & safety, environment conservation and protection at buffer areas and continuous improvement management plans. He had accumulated auditing experience when he was the internal auditor for ISO9001 and ISO14001 at Kulim Plantations. He has completed ISO IMS 9001, 14001, 45001(OHS 18001) Lead Auditor Course in April 2018, endorsed RSPO Lead Auditor Course in July 2018 and endorsed MSPO Lead Auditor Course in October 2018. During this assessment, he assessed on the aspects of environmental and estate best practise. He is fluent in Bahasa Malaysia and English languages.

**Daniel Francis – Team Member**

He holds a Bachelor of Applied Science Degree in Food Science, graduated from Charles Sturt University, Australia. He has over 8 years of working experience in the oil and gas industry and 3 years in the food & beverage industry. He is an experienced auditor for several management system standards including ISO 9001, ISO 14001, OHSAS 18001 and Integrated Management System. He had completed the ISO 9001:2015 & ISO 14001:2015 Lead Auditor Course RSPO P&C and RSPO SCC Lead Auditor Course. He had been involved in the RSPO & MSPO audits with various companies in Malaysia. During assessment, he covers the legal issues and occupational safety and health.

**Accompanying Persons: NA**



### Section 3: Assessment Findings

#### 3.1 Details of audit results

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

- 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 three major nonconformities raised. The TSH Resources Sdn. Bhd., Lahad Datu Palm Oil Mill and supply base 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.

<b>Finding Reference</b>	1717030-201812-M1	<b>Certificate Reference</b>	MSPO 682916
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	MS 2530-4:2013 Part 4 clause 4.5.1.1
<b>Category</b>	Major		
<b>Area/Process</b>	As Per BSI Public Summary		
<b>Statement of non conformance</b>	The evidence of diesel, lubricant and scheduled waste spillage shows the environmental improvement plan was not effectively implemented		
<b>Clause requirements</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>Objective evidence</b>	Site visit was conducted at the Scheduled Waste store and Engine room. At the engine room it was sighted evidence of diesel and lubricant oil spillage below the diesel storage tank. At Scheduled Waste store evidence of spillage of used lubricant oil SW 305 under the storage container. In the Environmental Improvement Plan, in section Waste/M/002, the objective stated 'to improve collection, segregation, storage and disposal of all scheduled waste and domestic waste. The action programmed were 'all scheduled wastes to collect, segregated, store and disposed through the DOE licensed company.		

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

<b>Cause</b>	Current understanding by site management that concrete flooring and oil sump-pit can or/was sufficient to control & collect any spillage of oil or SW.
<b>Correction / containment</b>	To designed and install secondary containment suitable for the SW store & the engine room diesel tank.
<b>Corrective action</b>	To revised the TSHR/ENV/F03 to include the secondary requirements & conduct environmental improvement training on the SW305 5S collection & storage.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Assessment Conclusion</b>	The Major NC was closed on 26/02/2019

<b>Finding Reference</b>	1717030-201812-M2	<b>Certificate Reference</b>	MSPO 682916
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	MS 2530-3:2013 Part 3 clause 4.5.1.1
<b>Category</b>	Major		
<b>Area/Process:</b>	As Per BSI Public Summary		
<b>Statement of non conformance</b>	The evidence of scheduled waste SW 305 spillage shows the environmental improvement plan was not effectively implemented.		
<b>Clause requirements</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>Objective evidence</b>	Ong Yah Ho Estate Site visit was conducted at the Scheduled Waste store evidence of spillage of used lubricant oil SW 305 under the storage container. In the Environmental Improvement Plan, in section Waste/M/002, the objective stated 'to minimize the land contamination through generating of schedule waste'. The action programmed were 'to collect, segregate, labelling, store and disposed all scheduled waste through the DOE licensed company.		
<b>Cause</b>	Current understanding by site management that concrete flooring and oil sump-pit can or/was sufficient to control & collect any spillage of oil or SW.		
<b>Correction / containment</b>	To designed and install secondary containment suitable for the SW store.		
<b>Corrective action</b>	To revised the TSHR/ENV/F03 to include the secondary requirements & conduct environmental improvement training on the SW305 5S collection & storage.		
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.		
<b>Assessment Conclusion</b>	The Major NC was closed on 26/02/2019		

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

<b>Finding Reference</b>	1717030-201812-M3	<b>Certificate Reference</b>	MSPO 682916
<b>Certificate Standard</b>	MS 2530:2013 Part-4	<b>Clause</b>	MS 2530-3:2013 Part 3 clause 4.4.4.2
<b>Category</b>	Major		
<b>Area/Process:</b>	As Per BSI Public Summary		
<b>Statement of non conformance</b>	The OSH management plan was not effectively implemented		
<b>Clause requirements</b>	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 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.		
<b>Objective evidence</b>	Lapses of the following Regulations was sighted in the legal register. Occupational Safety and Health – Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013 – Gomantong Estate The Agrochemicals, Lubricant and Hydraulic oil Safety and Data Sheets found at the Agrochemicals store and Workshop did not have their valid (more than 5 years old) SDS displayed.		
<b>Cause</b>	The updated of SDS are not received regularly from supplier unless requested. There is a lapse of request for updated SDS for 2018		
<b>Correction / containment</b>	To submit the chemical master list to Purchasing Group & Store PIC for their help to on getting the revised SDS for relevant chemical.		
<b>Corrective action</b>	To update and send the chemical register annually to Purchasing Group & Store PIC for annual SDS expiry status and to get the updated copy from either supplier or manufacturer. Revised the OSH WI - THSR/OSH/WI02. Conduct training for the PIC"		
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.		
<b>Assessment Conclusion</b>	The Major NC was closed on 26/02/2019		

<b>Noteworthy Positive Comments</b>	
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**

<b>Ref. no</b>	1563660-201712-M1
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 3, Clause 4.4.5.9
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	Wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements.
<b>Clause requirements</b>	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.
<b>Objective evidence</b>	Ong Yah Ho: 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. 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.
<b>Cause</b>	The practice onsite is when the workers' re-new the passport then will come back and re-new the contract agreement as well.
<b>Correction / containment</b>	To update/re-new all employees contract agreement for Year 2017.
<b>Corrective action</b>	Do Communicate on the preferred procedure, which the contract agreement shall be re-new yearly base on the date of sign by the employees.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	Verification during assessment: Evidence found during assessment confirmed the CAP took place was effective. Interview with affected stakeholder confirm no sign of recurrence of issues shown and found. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.

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

<b>Ref. no</b>	1563660-201712-M2
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 3, Clause 4.5.3.1
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	Expired/discarded agrochemical was not identified and documented.
<b>Clause requirements</b>	All waste products and sources of pollution shall be identified and documented.
<b>Objective evidence</b>	Ong Yah Ho Estate i) Found in the chemical store, class II chemical Chlorpyrifus (termite control), manufacturing date: 31/11/12. ii) Expired/discarded agrochemical has not included in the document; Waste Identification and Disposal Plan, TSHR/ENV/F03 dated 30/9/15.
<b>Cause</b>	The discarded/expired agrochemical was not include in the initial waste identification and Disposal Plan in Year 2015.
<b>Correction / containment</b>	To store the expired/discarded agrochemical at the Scheduled Waste Store.
<b>Corrective action</b>	To include the Expired/Discarded agrochemical in the TSHR/ENV/F03, Waste Identification & Disposal Plan.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	Verification during assessment: Procedure revision (waste identification and disposal plan) was made that any expired chemicals will be disposed as SW 429. However the chemical concerned Chlorpyrifus (termite control) has been issued out to a sister company for application. The chemical has yet to be classified as expired at time of application. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.

<b>Ref. no</b>	1563660-201712-M3
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 3, Clause 4.5.6.1
<b>Scope</b>	MSPO 682916

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

<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	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.
<b>Clause requirements</b>	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: a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities. 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.
<b>Objective evidence</b>	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.
<b>Cause</b>	Current practice was done for wildlife monitoring yearly basis and the monitoring should be have after a few years' data. Yet the monitoring not overall of the list of the RTE listed in the HCV Report.
<b>Correction / containment</b>	To identify the RTE species found in the HCV Report.
<b>Corrective action</b>	1) Create a form relevant to the HCV assessment to monitor 14 type of species as stated in the HCV assessment dated October 2015. 2) 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. 3) Do provide CCTV at the designated point onsite to monitor the wildlife movement.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	Verification during assessment: A format has been created. Records have been formatted dated 05-06/7/18 on the wildlife monitoring for both the Estates with details provided such as info/transect point/site./pictures/findings. The report is prepared by En Mohd Azman Mabaloh (Environmental Engineer) and verified by the Estates and Manager and Senior Manager. Training has been provided on 20-21/3/18 by Wildlife Warden (Warden Kehormat Hidupan Liar) attended by 16 Executives/staff from OYH Estate Similarly a session was conducted in Gomantong Estates respectively attended by 23 personnel of various categories of employees. The wildlife department was represented by 9 people headed by En Roland Nuim. Their presence was supported by evidence

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

	provided in the visitors book. Thus, the implementation of the corrective action found to be effective and Minor NC was closed on 7/12/2018.
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<b>Ref. no</b>	1563660-201712-M4
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 3, Clause 4.6.4.1
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	Required documentation and information for understanding of MSPO requirements in case of the engagement of contractors was not effectively demonstrated.
<b>Clause requirements</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.
<b>Objective evidence</b>	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.
<b>Cause</b>	Current contract agreement was made before the MSPO certification.
<b>Correction / containment</b>	To include the terms sustainability (MSPO & RSPO) in all the Long term Contract Agreement.
<b>Corrective action</b>	To communicate the addition of contract agreement to all vendors. The communication shall be with evidence and the record shall be kept.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	Verification during assessment: Evidence found during assessment confirmed the CAP took place was effective. Sighted the amendment made into the contractors contract and communicated with the contractors. Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.

<b>Ref. no</b>	1563660-201712-M5
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 4, Clause 4.3.1.1
<b>Scope</b>	MSPO 682916

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

<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	<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 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></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>
<b>Clause requirements</b>	All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.
<b>Objective evidence</b>	<p>Condition no. 3:  Drawing plan of the land irrigation is not accurate when compared to actual situation on the ground (GPS satellite image aided).</p> <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>
<b>Cause</b>	<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>
<b>Correction / containment</b>	<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>
<b>Corrective action</b>	<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>



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

	<p>Condition No. 37:</p> <p>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.</p>
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	<p>Verification during assessment:</p> <p>This has been verified. Map TOPOGRAPHICAL SURVEY FOR EFFLUENT DISCHARGE LAND IRRIGATION SYSTEM dated M09/18. Was prepared by SMART SURVEY CONSULTANT a licensed surveyor. The drawing was approved by a certified Professional Engineer registered no C13176. Ir Azmeer Shamsuddin.</p> <p>The agreement by the DOE is evidenced in the current Jadual Pematuhan ref no JPKKS/12/003530 clause no 2 stating ` Semua pelepasan efluen hendaklah dilepaskan ke pengairan tanah dari Sampling point (final discharge point) sepertimana yang yang ditunjukkan dalam pelan no. WM/TSH/LDPOM/DOE/02/06Rev.5. bertajuk "General Arrangement Of Extended Aerobic Biological Effluent Treatment Plant.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

<b>Ref. no</b>	1563660-201712-M6
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 4, Clause 4.4.4.2 (d)
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	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.
<b>Clause requirements</b>	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).
<b>Objective evidence</b>	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.
<b>Cause</b>	The PPE identification was base on the process e.g. for overall boiler process.

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

<b>Correction / containment</b>	To purchase the PPE to significant activities.
<b>Corrective action</b>	To revise the HIRADC base on the process. Then, the list/table of PPE change from activity to process in the TSHR/OSH/SOP05.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	Verification during assessment: Site verification showed that the Boilerman and Fireman were provided with high cut safety shoes, fire retardant jacket, face shield, safety helmet, leather gloves, ear plug, NT95 mask and full body jump suit (for major clean-up and maintenance) as per revised Work Instruction TSHR/OSH/WI dated 1.3.2018. Thus, the implementation of the corrective action found to be effective and Minor NC was closed on 7/12/2018.

<b>Ref. no</b>	1563660-201712-M7
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 4, Clause 4.4.5.9
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non conformance</b>	Wages and overtime payment documented on the pay slips were not in line with legal regulations and collective agreements.
<b>Clause requirements</b>	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.
<b>Objective evidence</b>	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 <ul style="list-style-type: none"> <li>- written agreement by workers</li> <li>- agreement shall kept at work place</li> <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>

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

	<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>
<b>Cause</b>	Less aware on the Permit requirement once received.
<b>Correction / containment</b>	Do meeting to all women employees that involve in night shift to propose and get agreeable allowance rate.
<b>Corrective action</b>	<p>1) Provide required allowances to all women employees that involve in working at night shift.</p> <p>2) To provide the Agreement Letter on working and night and the required allowances.</p>
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	<p>Verification during assessment:</p> <p>Evidence found during assessment confirmed the CAP took place was effective. Interview with affected stakeholder confirm no sign of recurrence of issues shown and found.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

<b>Ref. no</b>	1563660-201712-M8
<b>Area/Process</b>	As per public summary report
<b>Clause</b>	MSPO Part 4, Clause 4.6.4.1
<b>Scope</b>	MSPO 682916
<b>Certificate Standard</b>	MS2530-2:2013
<b>Category</b>	Major
<b>Statement of non-conformance:</b>	Required documentation and information for understanding of MSPO requirements in case of the engagement of contractors was not effectively demonstrated.
<b>Clause requirements</b>	In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.
<b>Objective evidence</b>	<p>Long term contracts sampled;</p> <p>i) CPO transporter: HMK Transport Sdn Bhd, signed on 1st February 2017</p> <p>ii) Palm Kernel transporter: Pengangkutan Sri Silam, signed on 1st February 2017</p> <p>Special clause on MSPO compliance was not seen in the above contract agreement.</p>
<b>Cause</b>	Current contract agreement was made before the MSPO certification.

<b>Correction / containment</b>	To include the terms sustainability (MSPO & RSPO) in all the Long term Contract Agreement.
<b>Corrective action</b>	To communicate the addition of contract agreement to all vendors. The communication shall be with evidence and the record shall be kept.
<b>Close out evidence</b>	All the evidence of correction and corrective action were found to be adequate.
<b>Audit team conclusion</b>	<p>Verification during assessment:</p> <p>Evidence found during assessment confirmed the CAP took place was effective. Sighted the amendment made into the contractors contract and communicated with the contractors.</p> <p>Thus, the implementation of the corrective action found to be effective and nonconformity remained closed.</p>

### 3.4 Issues Raised by Stakeholders

IS #	Description
1	<p>Issues:</p> <p>Follow-up from last audit: Energy Commission (EC), 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 – submission received on June 2018 and under review.</p>
	<p>Management Responses:</p> <p>Communication with EC made through monthly power generation report. No any negative feedbacks received from EC so far.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
2	<p>Issues:</p> <p>Nabila Trading (Grocery Shop/Canteen Operator): Some foreign worker who completed their contract did not pay grocery debt before repatriating. Already discuss with management and looking for resolution.</p>
	<p>Management Responses:</p> <p>Management not allowed to deduct salary for debt payment without any permit. To seek confirmation with JTK whether such permit is allowed. Plan to visit JTK Kinabatangan office early 2019 and can broght matter to discuss as well.</p>
	<p>Audit Team Findings:</p> <p>Result of consultation with JTK will be follow-up during next assessment. For the time being, management agreed to advise all workers to pay their debts especially to grocery shop since the shop provide convenience for workers to buy food.</p>
3	<p>Issues:</p> <p>Neighbour Estates (Tamaco, JC Chang &amp; Linddale): No any issue relevant to operation and/or boundaries. Have long stand relationship as oil palm growers within same area.</p>
	<p>Management Responses:</p> <p>Positive comments noted.</p>
	<p>Audit Team Findings:</p> <p>No further issue.</p>
4	<p>Issues:</p> <p>Mill Vendor: No issue in products supply pricing and payment. Has long business relationship with company for more than 10 years.</p>
	<p>Management Responses:</p>

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

	Positive comments noted.
	Audit Team Findings: No further issue.
5	Issues: CLC teacher: Estate managements always visits and contributes to school programs and activities. 100% of children among estate workers are schooling at CLC including from neighbour estate. School facilities were well maintained by company.
	Management Responses: Positive comments noted.
	Audit Team Findings: No further issue.

**3.5 Summary of the Nonconformities and Status**

CAR Ref.	CLASS	ISSUED	STATUS
1563660-201712-M1	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M3	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M4	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M5	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M6	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M7	Major	12/12/2017	Closed on 01/02/2018
1563660-201712-M8	Major	12/12/2017	Closed on 01/02/2018
1717030-201812-M1	Major	7/12/2018	Closed on 26/02/2019
1717030-201812-M2	Major	7/12/2018	Closed on 26/02/2019
1717030-201812-M3	Major	7/12/2018	Closed on 26/02/2019

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

**Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mills**

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 05/09/17.	Complied
<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) Assisting Transparency ii) Occupational Safety and Health iii) Equal Opportunity and Anti-Discrimination iv) Freedom of Association v) Zero Tolerance towards Sexual harassment	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		vi) Promoting Reproductive Rights vii) Against Child Labour viii) Promoting Human Rights and Responsible Business Practices	
<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.  <b>- Major compliance -</b>	Internal audit process is documented under Audit Procedure, TSHR/QD/SOP03 rev2 dated 31/05/18. Annual audit schedule for 2018 was made available for review.  The MSPO internal audit was carried out from 24-26/09/18 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 Quality Auditing Process – Preparation of audit.  Record of training checked: i) Briefing on RSPO, MSPO, Company Policy: 12/12/17. ii) Internal Audit Training (RSPO/MSPO): 05/11/18.	Complied
<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 rev2 dated 31/05/18 established and used as reference for audit process. Audit results documented under internal audit checklist, document ref# TSHR/QD/F14 rev0.	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		Total 07 CAR (06 Major and 01 Minor) raised and reported in CAR form, TSHR/QD/F01 rev1 and all CAR were closed and verified by Sustainability Team on 24/11/18.	
<b>4.1.2.3</b>	Reports shall be made available to the management for their review. <b>- Major compliance -</b>	Report dated 25/09/18 under Internal Audit Summary TSHR/QD/F09 rev0 was made available to the management for their review.	Complied
<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, rev2 dated 01/11/17 the minimum meeting frequency is once per year. The management review committee consists of Group ED, GM, Managers, Quality HOD and other HODs.  The management review was carried out on 16/11/18.  All pertinent elements for the meeting has been discussed and recorded in the minutes. Results of corrective action plan presented under agenda; audit results, non-conformities and corrective action together with the improvement plan and timeline for implementation.	Complied
<b>Criterion 4.1.4 – Continual Improvement</b>			
<b>4.1.4.1</b>	The action plan for continual improvement shall be based on a consideration of the main social and environmental impact and opportunities for the company.	TSH Resources Berhad has established management plan on social, safety and health and environmental impact. Verified the management plan for 2018 which covers social, environmental,	Complied



Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>safety and best practices as well as biodiversity aspect in plantation. Monthly update will be presented during mill management meeting.</p> <p>Among continual improvement plan sighted:</p> <p>Social</p> <ul style="list-style-type: none"> <li>• CSR Plan (5 years)</li> <li>• Price monitoring (shop within compound)</li> <li>• Housing, Creche Ayah, School &amp; Community Hall</li> <li>• Medical Surveillance</li> <li>• Distribution of PPE based on working practices.</li> </ul> <p>Environment (pollution prevention)</p> <ul style="list-style-type: none"> <li>• Replace current CEMS with new type to monitor both CEMS &amp; PM for compliance.</li> <li>• Install new pollution control system – ESP/Scrubber</li> <li>• Competent person for Pollution Control System</li> <li>• EFB storage to comply to maximum capacity of 14 days &amp; disposal not exceeding 14 days with leachate drainage into the Effluent Pond to comply to the Written Permission.</li> </ul>	
4.1.4.2	<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>- Major compliance -</p>	<p>System to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
<b>4.2 Principle 2: Transparency</b>			
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; Rev2; Effective date: 01/11/2017</li> <li>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</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>- Email dated 15/10/2018: Enquiries on HACCP questionnaires Response: Email dated 18/10/2018)</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 12/07/2018: Grievance by workers for increase in dog population; Response: Corrective action by management to make available dog traps and to catch the dogs.</li> </ul> <p>Plans for continuous improvement including annual budgeting for CSR contributions sighted including Friendly Futsal Tournament (26/07/18), SMK Paris 3 Mill Visit 2018 (25/07/18), Workers Day</p>	<p>Complied</p>

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>Celebration for TSH LDPOM, OYH &amp; GMTG 2018 (01/05/18), Maulidur Rasul Celebration (01/12/17) and Cleaning of Surau (10/11/17).</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>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 2017 and accessible for downloading its softcopy version from company's website: <a href="http://www.tsh.com.my/annual-report-2017/">http://www.tsh.com.my/annual-report-2017/</a>.</p>	Complied
<p><b>Criterion 4.2.2 – Transparent method of communication and consultation</b></p>			

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

Criterion / Indicator		Assessment Findings	Compliance
<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; Rev2; Effective date: 01/11/2017</p> <p>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</p> <p>Sighted also the following:</p> <p>Internal Stakeholder List; Rev4; Effective date: 01/12/2018 External Stakeholder List; Rev3; Effective date: 21/11/2018</p> <p>Latest stakeholder meeting was done as following:</p> <p>i) External Stakeholder Meeting; Dated 29/08/18; Venue: Ong Yah Ho Estate Seminar room. The meeting amongst all was attended by vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities.</p> <p>ii) Internal Stakeholder Meeting; Dated 15/11/18; Venue: Lobi Lahad Datu POM.</p> <p>iii) Other internal stakeholder meeting done including Gender Committee Meeting Q4 conducted on 25/10/18 and Welfare Meeting LDPOM conducted on 25/10/18.</p>	Complied
<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>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 17/10/2018 for the</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Minor compliance</b> -	appointed person, Mr. Mohd Fadilah Rusdy by the Group Executive Director.	
<b>4.2.2.3</b>	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.  - <b>Major compliance</b> -	Sighted the following: Internal Stakeholder List; Rev4; Effective date: 01/12/2018 External Stakeholder List; Rev3; Effective date: 21/11/2018  As per records of corrective action by management (12/07/18) to make available dog traps (13/07/18) and to catch the dogs (17/07/18).	Complied
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	The management shall commit itself to implement and maintain the requirements for the traceability and shall establish a standard operation procedure for traceability.  - <b>Major compliance</b> -	Procedure for , TSHR/SUST/SOP05 rev2 dated 01/11/18 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: <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> </ul>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <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 03/12/18. 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 (Supply Chain) is Puan Patimah Tenri. Refer to appointment letter dated 27/11/17.</p>	Complied
<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>Puan Patimah Tenri has been appointed in charge of traceability. Refer to appointment letter dated 27/11/17.</p>	Complied
<b>4.2.3.4</b>	<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.</p> <p>Example of records evidence are as below:</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
	<p>a. Daily production Record dated 03/12/18 sampled:</p> <ul style="list-style-type: none"> <li>i. FFB Received own crop and from outsider (3rd 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> <p>b. Sale and Stock Movement dated 01-30/11/18 sampled:</p> <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> <p>c. Weighbridge advice ticket @ WAT</p> <p>d. Sales and purchase record</p> <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.</p> <p>Refer November 2018 report submitted to MPOB on 07/11/18 by Puan Suzianah Binti Mahmud.</p>	

**4.3 Principle 3: Compliance to legal requirements**

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.3.1 – Regulatory requirements</b>			
<b>4.3.1.1</b>	<p>All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>TSH Management has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement of TSH Group as per document no TSHR/SUST/SOP04 dated 1/11/2017 approved by the Group Executive Director.</p> <p>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. Sighted the sampled evidence of compliancy to the regulation as follows:</p> <ul style="list-style-type: none"> <li>• DOE Licence/ Jadual Pematuhan: 003530, JPKKS/12/003530 (validity period 1/7/2018 - 30/6/2019) for 60 MT/hr. Method of effluent disposal/discharge is land irrigation. The mill has conducted new mapping for 'Survey of 6" and 4" Pipeline at Ong Yah Ho Estate, TSH Lahad Datu Palm Oil Mill' by Smart Survey Consultant. Letter notification has been submitted to DOE as per letter dated 15/8/2018. Refer letter no. TSHLDPOM/DOE/2018-2</li> </ul> <p>Competence person license</p> <ul style="list-style-type: none"> <li>• Mill manager (serial# 195/2009) 2nd grade steam engineer</li> <li>• Engine driver (serial# 58/12/EIS/02/159) 2nd grade</li> <li>• Engine driver (serial# H/ED/169/92) 2nd grade</li> </ul>	<p>Complied</p>



Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>Electrical chageman competency acknowledgement (perakuan) 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.</li> </ul>	
<b>4.3.1.2</b>	<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>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses.</p> <p>Evaluation of all compliancy to applicable law and requirement was conducted by Sustainability Department (LORR audit) on annually basis. Latest LORR audit for Lahad Datu POM was conducted on 22-24/10/2018. The mill complied with all applicable law and requirement.</p> <p>The 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 details of regulations recorded under evaluation of legal compliance, TSHR/RSPO/F04 dated November 2017.</p>	Complied
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p>	<p>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- <b>Major compliance</b> -	tracking the legal requirement as well as monitoring the status of legal compliance.  All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses.	
<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> -	TSH Management has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement of TSH Group as per document no TSHR/SUST/SOP04 dated 1/11/2017 approved by the Group Executive Director.  Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance as per SOP established.  Evaluation of all compliancy to applicable law and requirement was conducted by Sustainability Department (LORR audit) on annually basis. Latest LORR audit Lahad Datu POM was conducted on 22-24/10/2018. The mill complied with all applicable law and requirement.	Complied
<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.	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.	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.3.2.2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual legal use of the land. - Major compliance -	TSH Resources Berhad did not acquire land from landowners, but leased it directly from the Sabah government. There were no issues of land disputes.	Complied
4.3.2.3	Legal parameter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable. - Major compliance -	The mill is located in Ong Yah Ho Estate. Land title for Ong Yah Ho Estate available at the mill for review. Refer title no. Country Lease 095327218 issued by the Sabah Government.	Complied
4.3.2.4	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). - Minor compliance -	There were no issues of land disputes.	Complied
<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. - Major compliance -	Land issue is under the management of the estate. There were no issues of land disputes.	Complied
4.3.3.2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available. - Minor compliance -	Land issue is under the management of the estate. There were no issues of land disputes.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.3.3.3	Negotiation and FPIC shall be recorded and copies of the relevant agreements should be made available. <b>- Major compliance -</b>	Land issue is under the management of the estate. There were no issues of land disputes.	Complied
<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 impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones. <b>- Minor compliance -</b>	<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 (Soal Selidik Sosio-Ekonomi Penduduk) also known as Borang Banci. Sighted the latest survey was conducted on 13-15/11/18.</p>	Complied
<b>Criterion 4.4.2: Complaints and grievances</b>			

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

Criterion / Indicator		Assessment Findings	Compliance
4.4.2.1	<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; Rev0; Effective date: 12/01/2016.</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 12/07/2018: Grievance by workers for increase in dog population; Response: Corrective action by management to make available dog traps and to catch the dogs.</p> <p>As per records of corrective action by management (12/07/18) to make available dog traps (13/07/18) and to catch the dogs (17/07/18).</p>	Complied
4.4.2.2	<p>The system shall be able to resolve dispute in an effective, timely and appropriate manner, which is accepted by all parties.</p> <p><b>- Major compliance -</b></p>	<p>Records shown CAR was closed within one week from the dated raised on 12/07/18 and verified closed on 17/07/18.</p>	Complied
4.4.2.3	<p>A complaint form should be made available at the premises, where employees and affected stakeholders can make complaints.</p> <p><b>- Minor compliance -</b></p>	<p>Communication implemented based on following procedures:</p> <p>i) Information Request; TSHR/SUST/SOP01; Rev2; Effective date: 01/11/2017</p> <p>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</p> <p>Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>- Email dated 15/10/2018: Enquiries on HACCP questionnaires Response: Email dated 18/10/2018)</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 12/07/2018: Grievance by workers for increase in dog population; Response: Corrective action by management to make available dog traps and to catch the dogs.</p>	
<b>4.4.2.4</b>	<p>Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.</p> <p><b>- Minor compliance -</b></p>	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.	Complied
<b>4.4.2.5</b>	<p>Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.</p> <p><b>- Major compliance -</b></p>	Records of complaints/grievances and their resolutions were made available since the implementation of management system in 2016.	Complied
<b>Criterion 4.4.3: Commitment to contribute to local sustainable development</b>			
<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><b>- Minor compliance -</b></p>	Plans for continuous improvement including annual budgeting for CSR contributions sighted including Friendly Futsal Tournament (26/07/18), SMK Paris 3 Mill Visit 2018 (25/07/18), Workers Day Celebration for TSH LDPOM, OYH & GMTG 2018 (01/05/18),	Complied

Criterion / Indicator		Assessment Findings	Compliance
		Maulidur Rasul Celebration (01/12/17) and Cleaning of Surau (10/11/17).	
<b>Criterion 4.4.4: Employees safety and health</b>			
<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><b>- Major compliance -</b></p>	<p>TSH Resources Berhad has established Safety and Health Policy signed by the Managing Director dated 6/10/2015. The policy was communicated to the employee through training briefing and displayed on notice board at several placed in the mill.</p> <p>The mill has established Safety and Health Plan and reviewed on annually basis. The plan covers trainings, meetings, HIRADC review, inspections, evaluations of compliance, medical surveillance, CEM, CHRA and ERP training. Latest review was conducted on 27/1/2018.</p> <p>Sighted the implementation of safety and health plan as follows:</p> <p>i. Latest Medical Surveillance was conducted by DAB OH Sdn. Bhd. , registered OSH doctor no. OHD/18/DOC/00/00201 on 9/10/2018. 6 workers were examined, 5 workers were declared fit to work while 1 workers were recommended to be given alternative work due to fatty liver disease. Refer report no. dated 19/10/2018.</p> <p>ii. Audiometric test was conducted on annually basis. Latest test was conducted on 9/10/2018. From 27 workers send for the test, 3 workers were identified with hearing impairment and required retest scheduled on January 2019 as per report dated 15/10/2018. JKPP 7 form was submitted to DOSH on 16/10/2018.</p>	Complied

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

Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.4.4.2</b> 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> <li>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as</li> </ul>	<p>TSH Resources Berhad has established Safety and Health Policy signed by the Managing Director dated 6/10/2015. The policy was communicated to the employee through training briefing and displayed on notice board at several placed in the mill.</p> <p>TSH Group has established SOP to assess risk of all operation. Refer doc no. TSHR/OSH/SOP01 dated 1/9/2015. The mill has conducted risk assessment and documented in Hazard Identification, Risk and Determining Control. Review scheduled at minimum of every 2 years. Latest review was conducted on 27/9/2018.</p> <p>The mill has established training program for employees exposed to chemicals used at the palm oil mill to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager, Sustainability Executives and representative form the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <ul style="list-style-type: none"> <li>i. Briefing on safety issue during handling machine/station/store and PPE importance dated 1/8/2018</li> <li>ii. Safety chemical handling dated 16/5/2018</li> <li>iii. Safety chemical handling dated 24/5/2018</li> <li>iv. Scheduled waste management training dated 23/10/2018</li> </ul> <p>TSH has established Safety Work Procedure for every station in the mill and estate. Refer doc no. TSHR/OSH/WI02 dated 1/3/2018. In</p>	<p>Complied</p>



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

Criterion / Indicator	Assessment Findings	Compliance
<p>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>the SWP listed all PPE to be used at every work station. The mill provided appropriate PPE to all workers and conducted monthly PPE inspection to all workers as per HIRADC and SWP established. Sighted the PPE for Ear Plug, Safety Shoes, Leather Hand Glove and Dusk Mask for Boiler Station and Laboratory. Sighted also the records of PPE inspection for both station for the month of November.</p> <p>TSH Group has established SOP for handling chemicals and storage as per Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. The SOP was documented in Occupational Safety and Health Handbook – POM, doc no. TSHR/OSH/SOP05 under sec. 11 – Chemical Safety.</p> <p>The mill management has appointed Asst. Mill Engineer as Person Responsible for workers safety and health as per letter dated 18/10/2018. The Mill management has appointed Safety Committee Member consist of Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Mill Manager dated 18/10/2018. The OHS Person In Charge are in coordination with Sustainability Department for any update national regulations and collective agreements.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health</p>	

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

Criterion / Indicator	Assessment Findings	Compliance
<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>and welfare such as accident statistic, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee dated 30/8/2018 and 31/5/2018.</p> <p>Emergency Preparedness and Response Procedure (TSHR/OSH/SOP06 dated 4/7/2016) was established. List of ERP documented as per the following:</p> <ul style="list-style-type: none"> <li>i. Accident/Incident reporting</li> <li>ii. Fire/Explosion Action Plan</li> <li>iii. Hazardous Material Spillage (chemical/SW)</li> <li>iv. Effluent Overflow/Major Spillage</li> <li>v. CPO Spillage</li> </ul> <p>The emergency procedures was communicated to the employee through training and briefing. Interview with the employee at the boiler and engine room shows the understanding of the emergency procedure. Latest the ERP training 1/8/2018.</p> <p>The mill have provided first aid training and the first aider are present at the mill operations. Interview with the employee at the boiler and engine room shows the understanding of first aid equipment. The first aid kit were placed at several strategic placed in the mill and the map was available on several notice board at the mill.</p>	

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

Criterion / Indicator		Assessment Findings	Compliance
	<p>j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.</p> <p><b>- Major compliance -</b></p>	<p>Records of all accidents is kept and reviewed during Safety Committee Meeting on quarterly basis. For annual accident statistic, JKPP 8 form submitted to DOSH for 2017 on 31/1/2018 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; Rev0; Effective date: 16/10/15 with documented statement of Human Rights &amp; Responsible Business Practices; signed by MD dated 16/10/15 as Appendix 1 of the procedure.</p>	Complied
<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; Rev4; Effective date: 01/12/2018 in which all employees within all Position/Department were provided with house based on house addresses sighted on the list.</p>	Complied
<b>4.4.5.3</b>	<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.</p> <p>Payslip were sighted for the month of September, October and November 2018 of sampled workers as following:</p> <p>i) Employee ID 01-0192</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii) Employee ID 05-0642 iii) Employee ID 05-0710 iv) Employee ID 02-0622 v) Employee ID 02-0668	
<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>	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 2018 of sampled workers as following: i) Employee ID 01-0192 ii) Employee ID 05-0642 iii) Employee ID 05-0710 iv) Employee ID 02-0622 v) Employee ID 02-0668	Complied
<b>4.4.5.5</b>	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. <b>- Major compliance -</b>	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 28/11/18.	Complied

Criterion / Indicator		Assessment Findings	Compliance
4.4.5.6	<p>All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract shall be made 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.</p> <p>Following employee ID were sampled:</p> <p>Female workers:</p> <p>i) 04-0508; Hard Bunch Attendant; Agreement date: 28/02/18; Period: 01 year.</p> <p>ii) 01-0192; Laboratory Attendants; Agreement date: 28/02/18; Period: 01 year.</p>	Complied
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>	Complied
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>As at current status, there was none has crossed 80 hours of overtime. Verified the payslips, the payment and calculation of overt time well distributed.</p> <p>The overtime rate after 8 hours daily rated is: upkeeping</p> <p>- Mon - Sat – daily rated / 8 hours x 1.5</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <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 2.0</li> <li>- Public holiday – flat rate x 3.0</li> </ul>	
<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>Based on the following permits:</p> <p>i) Permit Wanita Bekerja Malam Seksyen 75 Ordinan Buruh (Sabah Bab 67); Validity period: 05/04/18 – 05/04/20.</p> <ul style="list-style-type: none"> <li>- written agreement by workers</li> <li>- agreement shall kept at work place</li> <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: 04-0508; Agreement date: 18/12/17; Month of Sept 2018; Time and Attendance Report - night shift work: 1-10/09/18; 11-21/09/18; 21-30/09/18.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>iii) Women Employee; ID: 01-0192; Agreement date: 19/12/17; Month of Sept 2018; Time and Attendance Report - night shift work: 1-10/09/18; 11-20/09/18; 21-30/09/18.</p> <p>It was found that wages and overtime payment documented on the pay slips were in line with legal regulations and collective agreements.</p>	
<b>4.4.5.10</b>	<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>i) Local workers &amp; staff: Social Security Organization (SOCSO) Monthly Contribution sighted as per sample latest Form 8A; dated 02/12/18 for the monthly contribution for the month of November 2018; TSH Plantation Sdn Bhd; Employee code: F9304876W</p> <p>ii) Foreign workers: Foreign Workers Compensation Scheme Policy; Compensation Scheme Schedule eSchedule No.: 17PTW5003782-01; Period of insurance: 11/11/18 - 10/11/19.</p>	Complied
<b>4.4.5.11</b>	<p>In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.</p> <p><b>- Major compliance -</b></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 other facilities such as mosque, community hall, sundry store, canteen, children's crèche and football field.</p>	Complied
<b>4.4.5.12</b>	<p>The management shall establish a policy to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>Policy on protection against Sexual Harassment available and made aware to all the women representatives at the Gender Committee meetings.</p> <p>There is no any reported case of harassment in the operating units.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>A combined operating units Gender Committee Meeting Q4 conducted on 25/10/18 mainly as part of the implementation and communication medium on sexual harassment prevention among women employees.</p> <p>Awareness among the rest of employees also provided through Welfare Meeting LDPOM conducted on 25/10/18.</p>	
<b>4.4.5.13</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>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 &amp; Discrimination, TSH/POL/SOP03, Rev0 in place.</p>	Complied
<b>4.4.5.14</b>	<p>Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.</p> <p><b>- Major compliance -</b></p>	<p>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; Rev0.</p> <p>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.</p> <p>During field visit, children were not seen at any of the working place at both mill and estates. Interview with workers confirmed the understanding of company policy on children workers.</p>	Complied



Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.4.6:</b> Training and competency			
<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>	Mill has established training plan for base from training need analysis conducted and documented in TSH Training program – Lahad Datu POM. 58 training program were identified and programmed for all type of workers throughout the year. Sighted the sampled training records as follows: i. Wildlife Survey training dated 20/3/2018 ii. OSH handbook and policy training dated 24/10/2018 iii. HIRADC training dated 27/9/2018 iv. Safety aspect in FFB grading training dated 2/11/2018 v. Confined space and SCBA training dated 1/10/2018 vi. Safe working practice for workshop team training dated 2/8/2018. vii. RSPO awareness on RSPO and PPE for contractor workers dated 29/8/2018	Complied
<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 description.  <b>- Major compliance -</b>	TSH Resoruces Bhd has conducted training needs assessment prior to prepare the annual training plan for the year 2018 for all the employee groups including new and existing workers and staffs. Training program is based on worker’s competency 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.	Complied
<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.	Continuous training program is planned and implemented covering all employees and contractors as per the documented training procedure.	Complied

Criterion / Indicator		Assessment Findings	Compliance
- Minor compliance -			
<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>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>TSH Group has established Environmental Policy dated 16/10/2015 signed by the Managing Director. The policy was communicated to the employee through training, briefing and displayed on noticed board at several area in the mill.</p> <p>The mill has established Environmental Continuous Improvement Plan based on significant impact from Environmental Aspect Impact Assessment. Latest review was conducted on 22/10/2018.</p> <p>Site visit was conducted at the Scheduled Waste store and Engine room. At the engine room it was sighted evidence of diesel and lubricant oil spillage below the diesel storage tank. At Scheduled Waste store evidence of spillage of used lubricant oil SW 305 under the storage container.</p> <p>In the Environmental Improvement Plan, in section Waste/M/002, the objective stated 'to improve collection, segregation, storage and disposal of all scheduled waste and domestic waste. The action programmed were 'all scheduled wastes to collect, segregated, store and disposed through the DOE licensed company.</p> <p>The evidence of diesel, lubricant and scheduled waste spillage shows the environmental improvement plan was not effectively implemented.</p>	Major NC

Criterion / Indicator		Assessment Findings	Compliance
		Thus, non-conformity raised. Refer NC no. 1717030-201812-M1	
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 established environmental policy which was endorsed by the Managing Director. TSH has conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation as per procedure. Refer doc no. TSHR/ENV/SOP04, rev. 0, 1/9/2015.</p> <p>The environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation and documented in Environmental Continual Improvement Plan 2015 - 2020. Ref doc no. TSHR/ENV/F08; rev. 0. The plan was implemented to monitor the effectiveness of the mitigation measures. The plan covers the environmental objective, time frame, mitigation plan and person responsible. The plan was reviewed on annual basis. Latest review was conducted on 22/10/2018.</p>	Complied
4.5.1.3	<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 environmental management plan was established base on Environmental Aspect Impact Identification and Environmental Impact Evaluation. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 22/10/2018.</p>	Complied
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 mill, there was no positive impact identified.</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
4.5.1.5	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. <b>- Major compliance -</b>	The mill management has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers.  Sighted the training conducted to ensure the employee awareness as follows: i. Wildlife guidelines training dated 20/3/2018 ii. HCV/IA awareness training dated 23/10/2018	Complied
4.5.1.6	The management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed. <b>- Major compliance -</b>	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 28/10/2018 and minutes were available for verification. Among the agenda discussed were POME, air pollution management, wastes management, etc.	Complied
<b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b>			
4.5.2.1	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 <b>- Major compliance -</b>	The Mill maintains records of energy usage. The use of the steam turbine for electricity generation has been optimized in order to reduce the dependence on diesel fossil fuel. Sighted the consumption of non-renewable and renewable energy for 2017 as follows:  Non-renewable energy i. Diesel – 48725.10 liter	Complied

Criterion / Indicator		Assessment Findings	Compliance
		ii. Electric – 3111970.00 kwh/year Renewable energy i Shell – 158.58 ton ii EFB – 18367.15 ton	
<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>	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 & shell to estate, private power plant and refinery.	Complied
<b>4.5.2.3</b>	The use of renewable energy should be applied where possible. <b>- Minor compliance -</b>	Renewable energy used is from biofuel (shell and EFB/fibre) for boiler start-up and methane gas from biogas plant for boiler combustion fuel. Sighted the records of renewable energy usage for FY 2017 as follows: i Shell – 158.58 ton ii EFB – 18367.15 ton	Complied
<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. <b>- Major compliance -</b>	The mill has identified all waste products and source of pollutions and documented in Waste Identification and Disposal Plan. Refer doc. no TSHR/ENV/F03, rev. 0, 1/9/2015.	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>i. Area – e.g. store, lab, workshop, generator room, WTP, mill processing, canteen/shop, office, etc.</p> <p>ii. 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, boiler ash, etc.</p> <p>iii. Handling methods – kept in designated store, triple rinsed and pierced, etc.</p> <p>iv. Disposal plan – e.g. sent to licensed recyclers, SW contractors, reused for landscape decoration, landfill at estate</p>	
<b>4.5.3.2</b>	<p>A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measure for:</p> <p>a) Identifying and monitoring sources of waste and pollution.</p> <p>b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.</p> <p><b>- Major compliance -</b></p>	<p>The mill has established waste management plan base on the identification and source of pollutions and documented in Waste Identification and Disposal Plan. Refer doc. no TSHR/ENV/F03, rev. 0, 1/9/2015.</p>	Complied
<b>4.5.3.3</b>	<p>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</p>	<p>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:</p> <p>i. Identification of scheduled wastes and their regulated coding</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -	<p>ii. Storage of scheduled wastes (labelling, quantity and time)</p> <p>iii. inventory recording (including eSWIS)</p> <p>iv. Disposal of scheduled wastes</p> <p>The mill have a proper Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Sighted the sampled scheduled waste disposal records:</p> <p>i. 28/11/2018 for SW 322; C/N no: B 003053</p> <p>ii. 28/11/2018 for SW 305; C/N no: B 003052</p> <p>iii. 28/11/2018 for SW 409; C/N no: B 003054</p> <p>iv. 28/11/2018 for SW 102; C/N no: B 003051</p>	
4.5.3.4	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourse.</p> <p>- Minor compliance -</p>	<p>The domestic wastes generated from office, housing, etc. are disposed through landfill method managed by Ong Yah Ho Estate.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.5.4:</b> Reduction of pollution and emission			
<p><b>4.5.4.1</b></p>	<p>An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.</p> <p><b>- Major compliance -</b></p>	<p>The assessment of all polluting activities was conducted through environmental aspect and impact assessment which includes the greenhouse gas emissions, stack emission, scheduled wastes, solid wastes and effluent.</p> <p>Monitoring plan was established based on Environment Aspect and Impact assessment DOE license compliance schedule which include scheduled waste storage and disposal record, POME final discharge BOD and boiler stack sampling.</p> <p>Observed the stack emission monitoring as per DOE requirement:</p> <p>Boiler 1</p> <p>i. Report date: 15/3/2018            Report no.: RS/STACK/18-015            Result: 0.351 g/m3 dry@ 12% CO2</p> <p>ii Report date: 7/9/2018            Report no.: RS/STACK/18-079            Result: 0.364 g/m3 dry@ 12% CO2</p> <p>Result shown the stack emissions are within approval limit.</p> <p>The latest river water analysis test report was conducted as follows:</p> <p>i. Report date 19/10/2018            Report no.: RS/CH/2018/1583(A)</p>	<p>Complied</p>



Criterion / Indicator		Assessment Findings	Compliance																													
		Result: conform with DOE requirement																														
4.5.4.2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented.  - <b>Major compliance</b> -	The mill has identified all significant pollutant and documented in Quality, Safety and health and Environmental objective. 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.	Complied																													
4.5.4.3	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> -	<p>Mill effluent is treated through biological anaerobic treatment. Regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE accordingly. Sighted the Quarterly Return Form to DOE as follows:</p> <p>2nd quarter:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Apr</td> <td>BOD</td> <td>17.00</td> </tr> <tr> <td>pH</td> <td>8.44</td> </tr> <tr> <td rowspan="2">May</td> <td>BOD</td> <td>6.80</td> </tr> <tr> <td>pH</td> <td>8.44</td> </tr> <tr> <td rowspan="2">June</td> <td>BOD</td> <td>18.00</td> </tr> <tr> <td>pH</td> <td>7.17</td> </tr> </tbody> </table> <p>3<sup>rd</sup> quarter:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Jul</td> <td>BOD</td> <td>18.00</td> </tr> <tr> <td>pH</td> <td>7.62</td> </tr> <tr> <td>Aug</td> <td>BOD</td> <td>11.00</td> </tr> </tbody> </table>	Month	Parameter	Results	Apr	BOD	17.00	pH	8.44	May	BOD	6.80	pH	8.44	June	BOD	18.00	pH	7.17	Month	Parameter	Results	Jul	BOD	18.00	pH	7.62	Aug	BOD	11.00	Complied
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**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings			Compliance								
			pH	8.12									
		Sep	BOD	18.00									
			pH	8.22									
<b>Criterion 4.5.5: Natural water resources</b>													
<b>4.5.5.1</b>	<p>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:</p> <ul style="list-style-type: none"> <li>a) Assessment of water usage and sources.</li> <li>b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.</li> <li>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.).</li> </ul> <p><b>- Major compliance -</b></p>	<p>The mill has established Water Management and documented in Environment Continual Improvement Plan 2015 – 2020. Refer doc. No TSHR/ENV/F08, rev. 0, 1/9/2015. The plan focusing on efficiency of water usage and avoiding natural waterway to be affected from mill activities. In the plan stated the water source, objective, monitoring, mitigation plan, person responsible and time frame.</p> <p>The latest river water analysis test report was conducted as follows:</p> <ul style="list-style-type: none"> <li>i. Report date 19/10/2018</li> <li>Report no.: RS/CH/2018/1583(A)</li> <li>Result: conform with DOE requirement</li> </ul>			Complied								
<b>4.5.5.2</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>Effluent discharge is 100% through land irrigation. Regular monitoring was conducted as per requirement. Monthly and quarterly report was submitted to DOE accordingly. Sighted the Quarterly Return Form to DOE as follows:</p> <p>2nd quarter:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Parameter</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Apr</td> <td>BOD</td> <td>17.00</td> </tr> <tr> <td>pH</td> <td>8.44</td> </tr> </tbody> </table>			Month	Parameter	Results	Apr	BOD	17.00	pH	8.44	Complied
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**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings			Compliance
		May	BOD	6.80	
			pH	8.44	
		June	BOD	18.00	
			pH	7.17	
		3 <sup>rd</sup> quarter:			
		Month	Parameter	Results	
		Jul	BOD	18.00	
			pH	7.62	
		Aug	BOD	11.00	
			pH	8.12	
		Sep	BOD	18.00	
			pH	8.22	
<b>4.6 Principle 6: Best Practices</b>					
<b>Criterion 4.6.1: Mill Management</b>					
<b>4.6.1.1</b>	Standard operating procedures shall be appropriately documented and consistently implemented and monitored.  - <b>Major compliance</b> -	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,			Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		communication participation and consultation, and performance, monitoring & measurement. v) RSPO procedure including legal and other requirements procedure.	
<b>4.6.1.2</b>	All palm oil mills shall implement best practices. <b>- Major compliance -</b>	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.  Mill advisor visited the mill on in prompt too basis. Sighted the latest Mill advisor report dated 12/6/2017 recorded in the visiting management record book. Any concerns or issues raised by the process audit team need to be addressed by the mill management.	Complied
<b>Criterion 4.6.2:</b> Economic and financial viability plan			
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. <b>- Major compliance -</b>	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 & Maintenance Plan 3 years: 2018 - 2020 The business plan contains FFB processed, production of CPO & CPK. Component of fixed asset, emolument and labour expenses, administration cost, depreciation, manufacturing cost etc. Inclusive in the business plan is also Capital Expenditure (CAPEX) among others replacement / upgrading of building/machinery, workers amenities for the mill.	Complied
<b>Criterion 4.6.3:</b> Transparent and fair price dealing			

Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.6.3.1</b> 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 1st February 2017. Contract Addendum was made and effective from 02/01/18.</li> <li>ii. Palm Kernel transporter: Pengangkutan Sri Silam, company representative: Amador Sandrik T.Parin; signed on 1st February 2017. Contract Addendum was made and effective from 02/01/18.</li> <li>iii. Chemical supplier: Chemindus Sdn Bhd, signed date 10/08/18 valid until 31/08/19. Contract Addendum was made and effective from 10/08/18.</li> </ul> <p>For the sales of CPO and PK, following contracts were verified:</p> <ul style="list-style-type: none"> <li>i. Contract# LDO/36P1808/0079L &amp; LDO/36P1808/0069L dated 11/07/18.</li> </ul> <p>Product: CSPK            Program: Mass Balance            Quantity: 272.4 mt</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>ii. Contract# 4710007199/4710007236/4710007285 dated 11/07/18.</p> <p>Product: CSPO</p> <p>Program: Mass Balance</p> <p>Quantity: 2,555.15 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 3rd party suppliers/ smallholders/out growers during stakeholder meeting and some during site visit at their farm.</p> <p>Evidence of acknowledgement verified during session with the suppliers on 29/08/18.</p> <p>All the terms and conditions were specified in the contract and contractors have acknowledged on each page of the contract.</p>	
<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>Sample contract and payment record verification together with interviews of suppliers and contractor found the payments has been made as per contract.</p> <p>As mentioned under FFB purchase procedure, TSH/PR/SOP03 rev1 dated 19/02/18. Under clause 8b; advance payment journal at every 15th and 30th (base on 70% of last month price).</p> <p>Sample of invoice and payment verified:</p> <p>i) Supplier: Lee Voon Yen and Sons Co (LPOM – TWU)</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>FFB final statement for October 2018, ref# PI11794 dated 12/11/18, payment advice dated 14/11/18, ref# GLVB13564506.</p> <p>ii) Supplier: Sumarni Binti Marsuki (TWU)</p> <p>FFB final statement for October 2018, ref# PI11800 dated 12/11/18, payment advice dated 14/11/18, ref# GLVB13564562.</p> <p>iii) Supplier: Chew Liok Bee (LPOM – CIMB/TWU)</p> <p>FFB final statement for October 2018, ref# PI11799 dated 12/11/18, payment voucher dated 23/10/18, ref# AV05459.</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 MSPO requirements and shall provide the required documentation and information.</p> <p><b>- Major compliance -</b></p>	<p>Long term contracts sampled;</p> <p>i. Contract for CPO transporter: HMK Transport Sdn Bhd, company representative: James Wong Chen Hiung; signed on 1st February 2017. Contract Addendum was made and effective from 02/01/18.</p> <p>ii. Palm Kernel transporter: Pengangkutan Sri Silam, company representative: Amador Sandrik T.Parin; signed on 1st February 2017. Contract Addendum was made and effective from 02/01/18.</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		iii. Chemical supplier: Chemindus Sdn Bhd, signed date 10/08/18 valid until 31/08/19. Contract Addendum was made and effective from 10/08/18.	
<b>4.6.4.2</b>	The management shall provide evidence of agreed contracts with the contractor. <b>- Major compliance -</b>	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; i. Contract for CPO transporter: HMK Transport Sdn Bhd, company representative: James Wong Chen Hiung; signed on 1st February 2017. Contract Addendum was made and effective from 02/01/18. ii. Palm Kernel transporter: Pengangkutan Sri Silam, company representative: Amador Sandrik T.Parin; signed on 1st February 2017. Contract Addendum was made and effective from 02/01/18. iii. Chemical supplier: Chemindus Sdn Bhd, signed date 10/08/18 valid until 31/08/19. Contract Addendum was made and effective from 10/08/18.	Complied
<b>4.6.4.3</b>	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required. <b>- Minor compliance -</b>	Lahad Datu POM has no objection to allow BSI auditors to verify the assessment through physical inspection if required.	Complied



**Malaysian Sustainable Palm Oil 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 05/09/17.	Complied
<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) Assisting Transparency ii) Occupational Safety and Health iii) Equal Opportunity and Anti-Discrimination iv) Freedom of Association v) Zero Tolerance towards Sexual harassment vi) Promoting Reproductive Rights vii) Against Child Labour viii) Promoting Human Rights and Responsible Business Practices	Complied

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.1.2 – Internal Audit</b>			
<b>4.1.2.1</b>	<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 rev2 dated 31/05/18. Annual audit schedule for 2018 was made available for review.</p> <p>The MSPO internal audit was carried out from 24-26/09/18 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 Quality Auditing Process – Preparation of audit.</p> <p>Record of training checked:</p> <p>i) Briefing on RSPO, MSPO, Company Policy: 12/12/17.</p> <p>ii) Internal Audit Training (RSPO/MSPO): 05/11/18.</p>	<p>Complied</p>
<b>4.1.2.2</b>	<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 rev2 dated 31/05/18 established and used as reference for audit process. Audit results documented under internal audit checklist, document ref# TSHR/QD/F14 rev0.</p> <p>Total 07 CAR (05 Major and 02 Minor) raised and reported in CAR form, TSHR/QD/F01 rev1 and all CAR were closed and verified by Sustainability Team on 24/11/18.</p>	<p>Complied</p>
<b>4.1.2.3</b>	<p>Report shall be made available to the management for their review.</p> <p><b>- Major compliance -</b></p>	<p>Report dated 26/09/18 under Internal Audit Summary TSHR/QD/F09 rev0 was made available to the management for their review.</p>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.1.3 – Management Review</b>			
<b>4.1.3.1</b>	<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, rev2 dated 01/11/17 the minimum meeting frequency is once per year. The management review committee consists of Group ED, GM, Managers, Quality HOD and other HODs.</p> <p>The management review was carried out on 16/11/18.</p> <p>All pertinent elements for the meeting has been discussed and recorded in the minutes. Results of corrective action plan presented under agenda; audit results, non-conformities and corrective action together with the improvement plan and timeline for implementation.</p>	
<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 consideration of the main social and environmental impact and opportunities of 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 2018 which covers social, environmental, safety and best practices as well as biodiversity aspect in plantation. Monthly update will be presented during mill management meeting.</p> <p>Among continual improvement plan sighted:</p> <p>Social</p> <ul style="list-style-type: none"> <li>• CSR Plan (5 years)</li> <li>• Price monitoring (shop within compound)</li> </ul>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>Housing, Creche Ayah, School &amp; Community Hall</li> <li>Medical Surveillance</li> <li>Distribution of PPE based on working practices.</li> </ul> <p>Environment (pollution prevention)</p> <ul style="list-style-type: none"> <li>Replace current CEMS with new type to monitor bpth CEMS &amp; PM for compliance.</li> <li>Install new pollution control system – ESP/Scrubber</li> <li>Competent person for Pollution Control System</li> <li>EFB storage to comply to maximum capacity of 14 days &amp; disposal not exceeding 14 days with leachate drainage into the Effluent Pond to comply to the Written Permission.</li> </ul>	
<b>4.1.4.2</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>Buffalo assisted harvesting (BAH) was observed at selected field (flat area).</p>	Complied
<b>4.1.4.3</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>System to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance	
<b>4.2 Principle 2: Transparency</b>			
Criterion 4.2.1 – Transparency of information and documents relevant to MSPO 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; Rev2; Effective date: 01/11/2017</li> <li>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</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> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>- Request dated 03/10/18: Enquiries on the HCV report of OYH &amp; Gomantong for MSPO certification sample; Response: Submitted edited version to requester (through email dated 03/10/18).</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>- 3/10/18 – Lindale Sdn Bhd requesting information on HCV report for both estates.</li> <li>- Monthly – VMO visit requesting medical records of employees during the month.</li> <li>- 13/12/17 – Pejabat Kesihatan officers requesting data from both estates.</li> </ul>	<p>Complied</p>

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>No Employee Grievance reported to-date.</p> <p>Plans for continuous improvement including annual budgeting for CSR contributions sighted including Friendly Futsal Tournament (26/07/18), SMK Paris 3 Mill Visit 2018 (25/07/18), Workers Day Celebration for TSH LDPOM, OYH &amp; GMTG 2018 (01/05/18), Maulidur Rasul Celebration (01/12/17) and Cleaning of Surau (10/11/17).</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>Ong Yah Ho Estate</p> <p>Land title sighted available: Title no. Country Lease 095327218; Register memo no.: 20243896; dated 25/8/1998.</p> <p>Gomantong Estate</p> <p>Land title sighted available: Title no. Country Lease 095310731; Register memo no.: 20299391; dated 9/4/2009.</p> <p>5 years Environment Continual Improvement Plan (2015-2020) for Determined Significant Impact.</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 2017 and accessible for downloading its softcopy version from company's website: <a href="http://www.tsh.com.my/annual-report-2017/">http://www.tsh.com.my/annual-report-2017/</a> .	Complied

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

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>	<p>Procedures shall be established for consultation and communication with the relevant stakeholders.</p> <p>- Major compliance -</p>	<p>As above, established as per following procedures:</p> <ul style="list-style-type: none"> <li>i) Information Request; TSHR/SUST/SOP01; Rev2; Effective date: 01/11/2017</li> <li>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</li> </ul> <p>Sighted also the following:</p> <p>Internal Stakeholder List; Rev1; Effective date: 01/11/18</p> <p>External Stakeholder List; Rev2; Effective date: 02/01/18</p> <p>Latest stakeholder meeting was done as following:</p> <ul style="list-style-type: none"> <li>i) External Stakeholder Meeting; Dated 29/08/18; Venue: Ong Yah Ho Estate Seminar room. The meeting amongst all was attended by vendor/supplier/service provider as well as local communities among neighbouring estate representative, village head, school teacher and local authorities.</li> <li>ii) Internal Stakeholder Meeting; Dated 15/11/18; Venue: Ong Yah Ho Estate. Other internal stakeholder meeting done including Gender meeting OYH &amp; GMT conducted on 21/09/18 and Welfare Committee (Workers Representative) meeting on 27/09/18.</li> </ul>	Complied
<b>4.2.2.2</b>	A management official should be nominated to be responsible	Sighted the Letter of Appointment Social Person In Charge for TSH Palm Products Sdn Bhd (Ong Yah Ho Estate) dated on 01/11/17 for	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
	for issues related to Indicator 1 at each operating unit. <b>- Minor compliance -</b>	the appointed person i.e. Muhd Firdaus Bin Mohammad by the Sr Estate Manager.  In Gomantong Estate, there's a new Management official responsible i.e. Mohd. Fadilah Rusdy (QA Engineer) as per Letter of Appointment Social Person In-Charge; Date: 17/10/2018	
<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; Rev1; Effective date: 01/11/18 External Stakeholder List; Rev2; Effective date: 02/01/18  Based on procedures, sighted records of Stakeholder Registration Form that was used for Information Request by mostly external stakeholders sampled as following:  Ong Yah Ho Estate - Request dated 03/10/18: Enquiries on the HCV report of OYH & Gomantong for MSPO certification sample; Response: Submitted edited version to requester (through email dated 03/10/18).  Gomantong Estate - 3/10/18 – Lindale Sdn Bhd requesting information on HCV report for both estates. - Monthly – VMO visit requesting medical records of employees during the month. - 13/12/17 – Pejabat Kesihatan officers requesting data from both estates.	Complied



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

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.2.3 – Traceability</b>			
<b>4.2.3.1</b>	<p>The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).</p> <p><b>- Major compliance -</b></p>	<p>TSH Resources Berhad estate’s only send their FFB to Lahad Datu POM. Fresh Fruit Bunch – harvesting &amp; despatchment; TSHP/OPE/SOP07, rev2 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.</p> <p>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.</p>	<p>Complied</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>Regular inspection on traceability system is being monitored on daily basis via Oil Palm Harvesting – Bunch Count Sheet, TSHP/OPE/F32, rev2. FFB is traceable from specific block, task, gang assigned to account total number of bunches on each harvesting day</p> <p>Daily and monthly FFB crop production report are available up to closing month of November 2018. 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.</p>	<p>Complied</p>
<b>4.2.3.3</b>	<p>The management should identify and assign suitable employees to implement and maintain the traceability system.</p> <p><b>- Minor compliance -</b></p>	<p>Puan Rozian Narsu has been assigned to maintain the traceability system. The appointment letter for Supply Chain Person in Charge dated 27/11/17 with job responsibility has been clearly defined.</p>	<p>Complied</p>

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

Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.2.3.4</b> Records of sales, delivery or transportation of FFB shall be maintained.</p> <p><b>- Major compliance -</b></p>	<p>Inspection of records confirmed these were updated daily according to the established traceability procedure.</p> <p>Verified traceability records:</p> <p>Ong Yah Ho Estate</p> <ol style="list-style-type: none"> <li>1. WAT#A315198 dated 06/11/18; D/O #ES01A18111LD0001 18309; Weight: 5.48mt.</li> <li>2. WAT#A315448 dated 10/11/18; D/O #ES01A18111LD0001 18511; Weight: 6.36mt.</li> <li>3. WAT#A315897 dated 17/11/18; D/O #ES01A18111LD0001 18662; Weight: 6.06mt.</li> <li>4. WAT#A316140 dated 21/11/18; D/O #ES01B18111LD0001 18703; Weight: 6.03mt.</li> <li>5. WAT#A316681 dated 28/11/18; D/O #ES01A18111LD0001 18914; Weight: 7.03mt.</li> </ol> <p>Gomantong Estate</p> <p>Evidence obtained during the review shown all payments were timely disperse through cheque payments and internet banking (whichever preferred by the service providers/vendors) as per following sample FFB Final Payment:</p> <ul style="list-style-type: none"> <li>- Supplier: Chew Liok Bee; Payment Voucher # A/V05459; Date: 23/10/2018</li> <li>- Supplier: Lee Voon Yen &amp; Sons Co.; Payment Advise Ref. # GLVB13564506; Date: 14/11/2018</li> </ul>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		- Supplier: Sumarni Binti Marsuki; Payment Advise Ref. # GLVB13564562; Date: 14/11/2018	
<b>4.3 Principle 3: Compliance to legal requirements</b>			
<b>Criterion 4.3.1 – Regulatory requirements</b>			
<b>4.3.1.1</b>	<p>All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.</p> <p><b>- Major compliance -</b></p>	<p>TSH Management has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement of TSH Group as per document no TSHR/SUST/SOP04 dated 1/11/2017 approved by the Group Executive Director.</p> <p>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. Sighted the sampled evidence of compliancy to the regulation as follows:</p> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i. Diesel Permit for quantity 18,200 litres according to Controlled Supply Act 1974, serial no. S011832, period of validity from 19/10/2018 – 18/10/2019</li> <li>ii. Diesel Permit for quantity 200 L (3 times / week) according to Controlled Supply Act 1974, serial no. S011832, period of validity from 19/10/2018 – 18/4/2019</li> </ul>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>iii. Salary Deduction Permit, serial no 600-1/2/15/87(11/TWU/2018-0330), period of validity from 13/11/2018 – 12/11/2020</li> <li>iv. Permit of Advance Payment for Salary, serial no 600-1/2/15/87(06/TWU/2018-042), period of validity from 5/3/2018 – 5/3/2020</li> <li>v. License to Employ Non-Resident workers, License no. JTK.H.KBN.600-4/1/1/01261/0101 for 94 Indonesian workers, period of validity from 15/9/2018 -114/09/2019</li> <li>vi. Certificate of Fitness, CF no. SB PMT 18 09658 valid until 29/4/18</li> <li>vii. MPOB license, 503443702000 valid until 31/1/19 for estate area at 1941 ha</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>i. Diesel Permit for quantity 18,000 litres according to Controlled Supply Act 1974, serial no 0118310, , period of validity from 19/10/2018 – 18/10/2019</li> <li>ii. License to Employ Non-Resident workers, ref# JTK.H.KBN.600-4/1/1/01261/0100 for 53 Indonesian Workers and 6 Philippines workers, , period of validity from 7/8/2018 – 6/8/2019</li> <li>iii. MPOB license, 600559002000 valid until 31/7/19 for estate area at 970 ha</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>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>sites were updated on a yearly basis / as and when needed for new updates/licenses.</p> <p>Evaluation of all compliancy to applicable law and requirement was conducted by Sustainability Department (LORR audit) on annually basis. Latest LORR audit for Gomantong Estate and Ong Yah Ho Estate was conducted on 22-24/10/2018. Both Estate complied with all applicable law and requirement.</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 details of regulations recorded under evaluation of legal compliance, TSHR/RSPO/F04 dated November 2017.</p>	
<b>4.3.1.3</b>	<p>The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.</p> <p><b>- Major compliance -</b></p>	<p>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance.</p> <p>All legal requirement was documented in Legal Document Master List and License Master List. Compliance to each applicable law and regulation is monitored by the operating units. The legal register at all sites were updated on a yearly basis / as and when needed for new updates/licenses.</p>	Complied
<b>4.3.1.4</b>	<p>The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory</p>	<p>TSH Management has established SOP on track changes, monitoring, implementation and compliances of legal and other requirement of</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	requirements. <b>- Minor compliance -</b>	<p>TSH Group as per document no TSHR/SUST/SOP04 dated 1/11/2017 approved by the Group Executive Director.</p> <p>Sustainability Department and respective operating units will undertake the responsibility of identifying, managing, updating and tracking the legal requirement as well as monitoring the status of legal compliance as per SOP established.</p> <p>Evaluation of all compliancy to applicable law and requirement was conducted by Sustainability Department (LORR audit) on annually basis. Latest LORR audit for Gomantong Estate and Ong Yah Ho Estate was conducted on 22-24/10/2018. Both Estate complied with all applicable law and requirement.</p>	
<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>	There were no issues of land disputes recoded at the estates visited.	Complied
<b>4.3.2.2</b>	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>	<p>TSH Group leased all the land directly from the government. There were no issues of land disputes recorded. All land title were kept in the office and available for review.</p> <p>Sighted sampled of Land Title at both estates visited:</p> <p>Ong Yah Ho Estate  Country Lease no. 095327218,  Area: 2,000 Ha more or less</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Lessee: Tan Soon Hong Holdings,                      Lease period: 1/1/1998 to 31/12/2096,                      Special Condition: Cultivation of oil palm                      Gomantong Estate                      Country Lease no. 095310731                      Area: 2489 acre (1007 ha) more or less                      Lessee: TSH Resources Berhad                      Lease period: 1/1/1979 to 31/12/2077                      Special Condition: Cultivation of agricultural crop of economic value</p>	
4.3.2.3	<p>Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.</p> <p><b>- Major compliance -</b></p>	<p>Legal perimeter boundaries were visibly maintained and clearly demarcated at both estate visited. The management demarcated the boundary using concrete cylinder pegs (painted with red and white) and trenches.</p> <p>Ong Yah Ho Estate</p> <p>Sighted during site visit at boundary with 'Hutan Pertanian', the original boundary stone was visibly maintained. The boundary was clearly demarcated with concrete cylinder pegs with red and white color and trenches.</p> <p>Gomantong</p> <p>Sighted during site visit at boundary with Linddale Estate and Ong Yah Ho Estate, the boundary was clearly demarcated with concrete cylinder pegs with red and white color and trenches.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
<b>4.3.2.4</b>	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> -	There were no issues of land disputes recorded at the estates visited.	Complied
<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> -	No land is encumbered by customary rights.	Complied
<b>4.3.3.2</b>	Maps of an appropriate scale showing extent of recognized customary rights land, if any, should be made available.  - <b>Minor compliance</b> -	No land is encumbered by customary rights.	Complied
<b>4.3.3.3</b>	Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.  - <b>Major compliance</b> -	No land is encumbered by customary rights.	Complied
<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>	Social impact should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.	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,	Complied



Criterion / Indicator		Assessment Findings	Compliance
	- <b>Minor compliance</b> -	<p>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 (Soal Selidik Sosio-Ekonomi Penduduk) also known as Borang Banci. Sighted the latest survey was conducted on 13-15/11/18.</p>	
<b>Criterion 4.4.2:</b> Complaints and grievances			
<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; Rev0; Effective date: 12/01/2016.</p> <p>No Employee Grievance reported to-date.</p>	Complied
<b>4.4.2.2</b>	<p>The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.</p> <p>- <b>Major compliance</b> -</p>	<p>The system implemented based on following procedures:</p> <p>i) Information Request; TSHR/SUST/SOP01; Rev2; Effective date: 01/11/2017</p> <p>ii) Employee grievance; TSHR/HR/SOP06; Rev0; Effective date: 12/01/2016.</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
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 03/10/18: Enquiries on the HCV report of OYH & Gomantong for MSPO certification sample; Response: Submitted edited version to requester (through email dated 03/10/18).  No Employee Grievance reported to-date.	Complied
4.4.2.4	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.	Complied
4.4.2.5	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.	Complied
<b>Criterion 4.4.3:</b> Commitment to contribute to local sustainable development			
4.4.3.1	Growers should contribute to local development in consultation with the local communities.  - <b>Minor compliance</b> -	Plans for continuous improvement including annual budgeting for CSR contributions sighted including Friendly Futsal Tournament (26/07/18), SMK Paris 3 Mill Visit 2018 (25/07/18), Workers Day Celebration for TSH LDPOM, OYH & GMTG 2018 (01/05/18), Maulidur Rasul Celebration (01/12/17) and Cleaning of Surau (10/11/17).	Complied
<b>Criterion 4.4.4:</b> Employees safety and health			

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

Criterion / Indicator		Assessment Findings	Compliance
4.4.4.1	An occupational safety and health policy and plan shall be documented, effectively communicated and implemented. <b>- Major compliance -</b>	TSH Resources Berhad has established Safety and Health Policy signed by the Managing Director dated 6/10/2015. The policy was communicated to the employee through training briefing and displayed on notice board at several placed in both estates visited.	Complied
4.4.4.2	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.	<p>TSH Resources Berhad has established Safety and Health Policy signed by the Managing Director dated 6/10/2015. The policy was communicated to the employee through training briefing and displayed on notice board at several placed in both estates visited.</p> <p>TSH Group has established SOP to assess risk of all operation. Refer doc no. TSHR/OSH/SOP01 dated 1/9/2015. Both has conducted risk assessment and documented in Hazard Identification, Risk and Determining Control. Refer form no TSHR/OSH F01. Review scheduled at minimum of every 2 years. Latest review was conducted on 23/11/2018 where changes made for new person responsible.</p> <p>Sighted the implementation of both estates visited as follows:</p> <p>i. Medical surveillance was conducted on annually basis. Latest medical surveillance was conducted on 17/8/2018 by DAB OH Sdn. Bhd.17 person undergo the medical surveillance and found fit to work as sprayers.</p> <p>ii. Medical screening for woman workers involve in chemical application was conducted on monthly basis. Latest medical screening was conducted on 4/9/2018, 23/10/2018 and 8/11/2018.</p>	Major NC

Criterion / Indicator	Assessment Findings	Compliance
<p>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:</p> <ul style="list-style-type: none"> <li>i. all employees involved shall be adequately trained on safe working practices</li> <li>ii. all precautions attached to products shall be properly observed and applied</li> </ul> <p>d) The management shall provide the appropriate PPE at the place of work to cover all potentially hazardous operations as</p>	<p>Both estates has established training program for employees exposed to chemicals used in the estates to ensure the continuous awareness to the employee. The training was conducted by the Manager, Asst. Manager, Sustainability Executives and representative form the chemical suppliers to the supervisors and operators. Sighted the training records as follows:</p> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i. Triple rinsing training dated 26/10/2018</li> <li>ii. Scheduled waste management training dated 23/10/2018</li> <li>iii. SOP and safety maintenance for spraying and manuring gang dated 15/8/2018</li> <li>iv. Petronas Lubricant Seminar dated 29/3/2018</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>i. Scheduled waste management training dated 18/10/2018</li> <li>ii. Chemical handling training dated 3/10/2018</li> <li>iii. Premixed procedure and guidelines training dated 28/11/2018</li> <li>iv. Spraying and chemical handlings dated 8/11/2018.</li> </ul> <p>Both has conducted risk assessment and documented in Hazard Identification, Risk and Determining Control. Refer form no TSHR/OSH F01. The estates has provided the appropriate PPE to the workers as per HIRARC, CHRA and SOP established. Records were</p>	

Criterion / Indicator	Assessment Findings	Compliance
<p>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 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.</p>	<p>available of PPE issued to individual workers and contractors, including signatures to confirm receipt.</p> <p>Ong Yah Ho Estate</p> <p>Sighted during interview with spraying operator shows the understanding of wearing proper PPE. The operators was provided with safety google, respirator, apron and safety boot. Sighted the sampled PPE issuance for spraying gang, manuring gang and harvesting gang.</p> <p>TSH Group has established SOP for handling chemicals and storage as per Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000. The SOP was documented in Occupational Safety and Health Handbook – POM, doc no. TSHR/OSH/SOP05 under sec. 11 – Chemical Safety.</p> <p>Gomantong Estate</p> <p>Lapses of the following Regulations was sighted in the legal register. Occupational Safety and Health – Classification, Labelling and Safety Data Sheet of Hazardous Chemicals) Regulations 2013, The Agrochemicals, Lubricant and Hydraulic oil Safety and Data Sheets found at the Agrochemicals store and Workshop did not have their valid (more than 5 years old) SDS displayed.</p>	

Criterion / Indicator	Assessment Findings	Compliance
<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>Thus, Major NC was raised. Refer NC no. 1717030-201812-M3</p> <p>The management has appointed the SPO coordinator as Person Responsible for workers' safety and health. The estates management has appointed Safety Committee Member consist of Secretary, seven representatives from Employer and ten representatives from Employee as per appointment letter by the Estate Manager. The OHS Person In Charge are in coordination with Sustainability Department for any update national regulations.</p> <p>The management conducted OSH committee meeting on quarterly basis. In the meeting discussed issue on employees' safety, health and welfare such as accident statistic, workplace audit report, legal compliance, safety and health training and etc. Sighted the minutes meeting for OSH committee for Ong Yah Ho Estate and Gomantong Estate conducted on dated 27/9/2018. 29/6/2018 and 8/3/2018.</p> <p>Emergency Preparedness and Response Procedure (TSHR/OSH/SOP06 dated 4/7/2016) was established. List of ERP documented as per the following:</p> <ul style="list-style-type: none"> <li>A. Accident/Incident reporting</li> <li>D. Fire/Explosion Action Plan</li> <li>E. Hazardous Material Spillage (chemical/SW)</li> </ul>	

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

Criterion / Indicator	Assessment Findings	Compliance						
<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>	<p>The emergency procedures was communicated to the employee through training and briefing. Interview with the employee at the chemical store and Schedule waste store shows the understanding of the emergency procedure. Latest the ERP training for Ong yah Ho Estate was conducted on 26/8/2018 with evacuation time of 8 minutes and 50 seconds and Gomantong Estate conducted on 30/10/2018 with evacuation time of 7 minutes and 22 seconds.</p> <p>The estates have provided first aid training and the first aider are present at the estate operations. First aid kit has appointed mandore and fird supervisor as responsible person for first aid kit. Interview with the spraying and harvesting mandore shows the understanding of first aid equipment. Training of first aider was conducted together for both estate. Latest first aid training was conducted on 12/11/2018.</p> <p>Records of all accidents is kept and reviewed during Safety Committee Meeting on quarterly basis. For annual accident statistic, JKKP 8 form submitted to DOSH for 2017 on 31/1/2018 and JKKP 6 as and when necessary.</p> <p>Accident statistics for both estate visited as follows :</p> <table border="1" data-bbox="1048 1238 1872 1332"> <thead> <tr> <th></th> <th>OYH Estate</th> <th>Gomantong Estate</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>8 cases (25 LTI)</td> <td>2 cases (6 LTI)</td> </tr> </tbody> </table>		OYH Estate	Gomantong Estate	2017	8 cases (25 LTI)	2 cases (6 LTI)	
	OYH Estate	Gomantong Estate						
2017	8 cases (25 LTI)	2 cases (6 LTI)						

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.4.5:</b> Employment conditions			
<b>4.4.5.1</b>	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. <b>- Major compliance -</b>	Established based on Human Rights & Responsible Business procedure; Doc. No.: TSHR/POL/SOP09; Rev. 0; Effective date: 16/10/2015 with documented statement of Human Rights & Responsible Business Practices; signed by MD dated 16/10/2015 as Appendix 1 of the procedure.	Complied
<b>4.4.5.2</b>	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. <b>- Major compliance -</b>	No any evidence of discriminatory practices based on the workers statistics, i.e. Internal Stakeholder List; Rev1; Effective date: 01/11/18 in which all employees within all Position/Department were provided with house based on house addresses sighted on the list.	Complied
<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.	Complied
<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, manuring, etc.) except for FFB transporters and palm tree felling & chipping of replanting machinery operator.	Complied



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

Criterion / Indicator		Assessment Findings	Compliance
		<p>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>	
<b>4.4.5.5</b>	<p>The management shall establish records that provide an accurate account 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>There is a list of employees consist of employee number, name, division, pay, NRIC/Passport no, employment category, nationality, DOB, age, race and status in the HR/Payroll system sighted as at November 2018.</p>	Complied
<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.</p> <p>Following employee ID were sampled:                      Ong Yah Ho Estate sample sighted as following:</p> <ul style="list-style-type: none"> <li>i) 04-4095; Harvesters; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> <li>ii) 03-3132; Sprayer; Agreement date: 22/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> </ul>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>iii) 04-1742; Mandors; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</p> <p>iv) 03-2905; Mandors; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</p> <p>v) 07-4745; Loose Fruit Collector; Agreement date: 06/08/18; Period: 01 year; Daily rate: RM35.40/day.</p> <p>Gomantong Estate sample sighted as following:</p> <ul style="list-style-type: none"> <li>- Employee # 03-1581; Work station: Watchman; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 01-0983; Work station: Crèche Ayah; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 01-1069; Work station: General Worker; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 04-2418; Work station: Creche Ayah; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 06-0780; Work station: Harvester; Agreement date: 2/1/2010; Nationality: Indonesia</li> </ul>	
<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>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.4.5.8</b> 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>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).</p> <p>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.</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>As at current status, there was none has crossed 80 hours of overtime. Verified the payslips, the payment and calculation of overt time well distributed.</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>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 2.0</li> <li>- Public holiday – flat rate x 3.0</li> </ul>	<p>Complied</p>

Criterion / Indicator	Assessment Findings	Compliance
<p><b>4.4.5.9</b> 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:</p> <p>Ong Yah Ho Estate sample sighted as following:</p> <ul style="list-style-type: none"> <li>i) 04-4095; Harvesters; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> <li>ii) 03-3132; Sprayer; Agreement date: 22/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> <li>iii) 04-1742; Mandors; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> <li>iv) 03-2905; Mandors; Agreement date: 02/01/18; Period: 01 year; Daily rate: RM35.40/day.</li> <li>v) 07-4745; Loose Fruit Collector; Agreement date: 06/08/18; Period: 01 year; Daily rate: RM35.40/day.</li> </ul> <p>Gomantong Estate sample sighted as following:</p> <ul style="list-style-type: none"> <li>- Employee # 03-1581; Work station: Watchman; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 01-0983; Work station: Crèche Ayah; Agreement date: 2/1/2018; Nationality: Indonesia</li> <li>- Employee # 01-1069; Work station: General Worker; Agreement date: 2/1/2018; Nationality: Indonesia</li> </ul>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
		<p>- Employee # 04-2418; Work station: Creche Ayah; Agreement date: 2/1/2018; Nationality: Indonesia</p> <p>- Employee # 06-0780; Work station: Harvester; Agreement date: 2/1/2010; Nationality: Indonesia</p> <p>This indicated that the wages and overtime payment documented on the pay slips were in line with legal regulations and collective agreements.</p>	
<b>4.4.5.10</b>	<p>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.</p> <p><b>- Minor compliance -</b></p>	<p>Social benefits for workers including the insurance as following:</p> <p>i) Local workers &amp; staff: Social Security Organization (SOCSO) Monthly Contribution sighted as per sample latest Form 8A; dated 04/12/18 for the monthly contribution for the month of November 2018; TSH Palm Products Sdn Bhd; Employee code:601226812</p> <p>ii) Foreign workers: Foreign Workers Compensation Scheme Policy; Compensation Scheme Schedule No.: 17PTW5004239-01-00; validity 13/12/18 to 12/12/19.</p>	Complied
<b>4.4.5.11</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>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.</p> <p>Policy reflected the Work Act 1955. Procedure Equal Opportunity &amp; Discrimination, TSH/POL/SOP03, Rev0 in place.</p>	

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

Criterion / Indicator		Assessment Findings	Compliance
<b>4.4.5.12</b>	<p>The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.</p> <p><b>- Major compliance -</b></p>	<p>Policy on protection against Sexual Harassment available and made aware to all the women representatives at the Gender Committee meetings.</p> <p>There is no any reported case of harassment in the operating units.</p> <p>A combined operating units Gender Committee meeting was conducted on 21/09/18 mainly as part of the implementation and communication medium on sexual harassment prevention among women employees.</p> <p>Awareness among the rest of employees also provided through Welfare Committee (Workers Representative) meeting on 21/09/18.</p>	Complied
<b>4.4.5.13</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>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.</p> <p>Policy reflected the Work Act 1955. Procedure Equal Opportunity &amp; Discrimination, TSH/POL/SOP03, Rev0 in place.</p>	Complied
<b>4.4.5.14</b>	<p>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</p>	<p>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.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
	<p>programmes. Children shall not exposed to hazardous working conditions.</p> <p><b>- Major compliance -</b></p>	<p>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.</p> <p>During field visit, children were not seen at any of the working place in the estate. Interview with workers confirmed the understanding of company policy on children workers.</p>	
<b>Criterion 4.4.6: Training and competency</b>			
<b>4.4.6.1</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>Mill has established internal and external training plan for base from training need analysis conducted and documented in TSH Training program and programmed for all type of workers throughout the year. Sighted the sampled training records as follows:</p> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i. Safety and health briefing dated 2/8/2018</li> <li>ii. MSPO, RSPO and Best practices training dated 30/11/2018</li> <li>iii. Sexual Harassment Guideline training dated 27/11/2018</li> <li>iv. Environmental care and procedure dated 27/10/2018</li> <li>v. Safety tractors driving training dated 21/8/2018</li> <li>vi. HCV briefing dated 11/1/2018</li> <li>vii. Harvesting and FFB collection training dated 22/9/2018</li> </ul>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>i. Safety and health briefing dated 3/12/2018</li> <li>ii. Harvesting SOP training dated 22/11/2018</li> <li>iii. Safety tractor training dated 21/8/2018</li> <li>iv. No open burning awareness briefing dated 24/5/2018</li> <li>v. Human Rights briefing dated 30/10/2018</li> <li>vi. PPE awareness briefing dated 8/11/2018</li> <li>vii. Domestic waste management training dated 23/10/2018</li> </ul>	
<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 Resoruces Bhd has conducted training needs assessment prior to prepare the annual training plan for the year 2018 for all the employee groups including new and existing workers and staffs. Training program is based on worker’s competency 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.</p>	Complied
<b>4.4.6.3</b>	<p>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.</p> <p><b>- Minor compliance -</b></p>	<p>Continuous training program is planned and implemented covering all employees and contractors as per the documented training procedure.</p>	Complied
<p><b>4.5 Principle 5: Environment, natural resources, biodiversity and ecosystem services</b></p>			



Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.5.1: Environmental Management Plan</b>			
<p><b>4.5.1.1</b></p>	<p>An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.</p> <p><b>- Major compliance -</b></p>	<p>TSH Group has established Environmental Policy dated 16/10/2015 signed by the Managing Director. The policy was communicated to the employee through training, briefing and displayed on noticed board at several area in the mill.</p> <p>Estates visited has established Environmental Continuous Improvement Plan based on significant impact from Environmental Aspect Impact Assessment. Latest review was conducted on 26/1/2018.</p> <p>Ong Yah Ho Estate</p> <p>Site visit was conducted at the Scheduled Waste store evidence of spillage of used lubricant oil SW 305 under the storage container.</p> <p>In the Environmental Improvement Plan, in section Waste/M/002, the objective stated 'to minimize the land contamination through generating of schedule waste'. The action programmed were 'to collect, segregate, labelling, store and disposed all scheduled waste through the DOE licensed company.</p> <p>The evidence of scheduled waste SW 305 spillage shows the environmental improvement plan was not effectively implemented.</p> <p>Thus, non-conformity raised. Refer NC no. 1717030-201812-M2</p>	<p>Major NC</p>
<p><b>4.5.1.2</b></p>	<p>The environmental management plan shall cover the following:</p> <p>a) An environmental policy and objectives;</p>	<p>TSH Group have conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation for both estates visited. The EAI and EIE conducted covers all activity in the estate.</p>	<p>Complied</p>

Criterion / Indicator		Assessment Findings	Compliance
	<p>b) The aspects and impacts analysis of all operations.</p> <p><b>- Major compliance -</b></p>	<p>The EAI/EIE was conducted in October and November 2015. Refer report entitled 'Proposed Replanting of 3007 Hectares Oil Palm Plantation at Ong Yah Ho Estate and Gomantong Estate", on Land Title Nos. CL095327218 and CL095310731, in the District of Kinabatangan, Sabah by TSH Resources Berhad' by Kiwiheng Environmental Consultants Sdn. Bhd. dated March 2016</p> <p>The estates have listed all significant aspect from Environmental Aspect Impact Assessment and established the Environmental Management Plan and documented in Environmental Continual Improvement Plan 2015 - 2020. Ref doc no. TSHR/ENV/F08; rev. 0. The plan was implemented to monitor the effectiveness of the mitigation measures for all significant aspect.</p> <p>Last reviewed was done on 26/1/2018.</p>	
<b>4.5.1.3</b>	<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>TSH Group have conducted Environmental Aspect Impact Identification and Environmental Impact Evaluation for both estates visited. The estates have listed all significant aspect from Environmental Aspect Impact Assessment and established the Environmental Management Plan and documented in Environmental Continual Improvement Plan 2015 - 2020. Ref doc no. TSHR/ENV/F08; rev. 0. The plan was implemented to monitor the effectiveness of the mitigation measures. This plan incorporated a monitoring protocol, which is adaptive to operational changes and is reviewed every year to reflect the results of monitoring operational changes that may have positive and negative environmental impacts. Last reviewed was done on 26/1/2018.</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
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>Estates visited has promoted the activities with positive impacts to the environment in the continual improvement plan as follows:</p> <ul style="list-style-type: none"> <li>i. Emission control – Regular maintenance of machinery and equipment (including exhaust system) and vehicle.</li> <li>ii. Emission control – No open burning at all time.</li> </ul>	Complied
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 objectives.</p> <p><b>- Major compliance -</b></p>	<p>Estates visited has established annual training program which covers the environmental awareness and compliance related trainings to the executives, staffs and workers.</p> <p>Sighted the training conducted to ensure the employee awareness as follows:</p> <p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i. Housing facilities and hygiene briefing dated 22/10/2018</li> <li>ii. Environmental training and procedures training dated 28/2/2018</li> <li>iii. Domestic waste management training dated 29/2/2018</li> <li>iv. HCV briefing dated 11/1/2018</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>i. Environmental training and procedures training dated 27/10/2018</li> <li>ii. No open burning awareness briefing dated 24/5/2018</li> <li>iii. HCV briefing dated 11/1/2018</li> <li>iv. Recycling awareness and procedures training dated 4/4/2018</li> </ul>	Complied

Criterion / Indicator		Assessment Findings	Compliance																																							
<b>4.5.1.6</b>	<p>Management shall organize regular meetings with employees where their concerns about environmental quality are discussed.</p> <p><b>- Major compliance -</b></p>	<p>The estates visited continuously provided training and briefing to enhance the environmental awareness among the employee. Environmental related matters were discussed during muster briefing. Noted during interview with employee shows the understanding on the importance of environmental quality. The employee are also encouraged to discuss environmental issues with the management.</p>	Complied																																							
<b>Criterion 4.5.2: Efficiency of energy use and use of renewable energy</b>																																										
<b>4.5.2.1</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>The estates maintains records of energy usage. Sighted the consumption of non-renewable energy (diesel) for 2018 as follows:</p> <table border="1"> <thead> <tr> <th rowspan="2">Month</th> <th colspan="2">Ong Yah Ho</th> <th colspan="2">Gomantong</th> </tr> <tr> <th>Transportation (L)</th> <th>Operation (L)</th> <th>Transportation (L)</th> <th>Operation (L)</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>906</td> <td>9591</td> <td>745</td> <td>4368</td> </tr> <tr> <td>Jun</td> <td>379</td> <td>8654</td> <td>831</td> <td>4088</td> </tr> <tr> <td>Jul</td> <td>714</td> <td>10241</td> <td>803</td> <td>4157</td> </tr> <tr> <td>Aug</td> <td>776</td> <td>9326</td> <td>758</td> <td>4737</td> </tr> <tr> <td>Sep</td> <td>479</td> <td>7595</td> <td>653</td> <td>4421</td> </tr> <tr> <td>Oct</td> <td>532</td> <td>10664</td> <td>751</td> <td>5149</td> </tr> </tbody> </table> <p>As to date October 2018, diesel consumption for both estate as follows:</p> <p>Ong Yah Ho: 97930 L</p> <p>Gomantong: 55131 L</p>	Month	Ong Yah Ho		Gomantong		Transportation (L)	Operation (L)	Transportation (L)	Operation (L)	May	906	9591	745	4368	Jun	379	8654	831	4088	Jul	714	10241	803	4157	Aug	776	9326	758	4737	Sep	479	7595	653	4421	Oct	532	10664	751	5149	Complied
Month	Ong Yah Ho			Gomantong																																						
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**MSPO Public Summary Report**  
**Revision 0 (Aug 2017)**

Criterion / Indicator		Assessment Findings	Compliance
4.5.2.2	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>	Estates visited has established the estimation of diesel usage based on the historical data of diesel consumption by the machinery and vehicles which later incorporated in the annual budget.	Complied
4.5.2.3	The use of renewable energy should be applied where possible. <b>- Minor compliance -</b>	No renewable energy used in the estates visited.	Complied
<b>Criterion 4.5.3: Waste management and disposal</b>			
4.5.3.1	All waste products and sources of pollution shall be identified and documented. <b>- Major compliance -</b>	Estates visited has identified all waste products and source of pollutions and documented in Waste Identification and Disposal Plan. Refer doc. no TSHR/ENV/F03, rev. 0, 1/9/2015. Waste identified as follows:  i. Estate operation – Pruned oil palm frond, buffalo dung, buffalo carcass, discarded buffalo carts, oil palm trunks, used polybags, used fertilizer bags.  ii. Generator rooms – used lubricant, used oil filter, empty container, broken parts  iii. Workshop – used batteries, broken parts, scrap metal, scrap woods, used lubricant, used oil filter, used tires, contaminated rags  iv. Store – empty fertilizer bags, empty pesticides containers, used PPE, discarded spray equipment, expired pesticides	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>v. Clinic – used needle And other sharp device, dressing or treatment waste, empty drug container</p> <p>vi. Office – used paper, plastic container, discarded computer, use printer tones, cartridge, ink bottles and other toner byproducts</p>	
<b>4.5.3.2</b>	<p>A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for:</p> <p>a) Identifying and monitoring sources of waste and pollution</p> <p>b) Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products</p> <p><b>- Major compliance -</b></p>	<p>Estates visited has identified all waste products and source of pollutions. The waste management plan has been established based on the waste identified and documented in Waste Identification and Disposal Plan. Refer doc. no TSHR/ENV/F03, rev. 0, 1/9/2015.</p> <p>Scheduled waste inventory recorded in form TSHR/ENV/F04. The inventory form stated the date generated, description, volume generated and method of handling. Sighted the inventory records for both estate for SW 305, SW 102, SW 410 and SW 409.</p> <p>Both estates visited have a proper designated Scheduled Waste Store for storing scheduled waste until time of disposal by DOE authorized waste disposal contractor. Stores for scheduled waste were inspected at both estate visited and disposal was done by scheduled waste disposal company authorized and licensed by Department of Environment.</p> <p>Observed during workers interview with storekeeper shows the understanding the proper disposal for waste as all used lubricant and contaminated spill kit will be collected as Scheduled Waste and stored in designated storage area.</p> <p>All the records were found adequate as per required by EQ (Scheduled Waste) Regulations 2005.</p> <p>Sighted the sampled scheduled waste disposal records as follows:</p>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		<p>Ong Yah Ho Estate</p> <ul style="list-style-type: none"> <li>i. 28/11/2018 for SW 410; C/N no: B 003057</li> <li>ii. 28/11/2018 for SW 305; C/N no: B 003055</li> <li>iii. 28/11/2018 for SW 408; C/N no: B 003056</li> <li>iv. 29/6/2018 for SW 404; C/N no: TSH 004</li> </ul> <p>Gomantong Estate</p> <ul style="list-style-type: none"> <li>i. 28/11/2018 for SW 102; C/N no: B 003058</li> <li>ii. 28/11/2018 for SW 305; C/N no: B 003059</li> <li>iii. 28/11/2018 for SW 409; C/N no: B 003061</li> <li>iv. 28/11/2018 for SW 410; C/N no: B 003066</li> </ul>	
<b>4.5.3.3</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>TSH Group has established SOP for weeding and pest and disease. The justification of chemical usage was documented in the SOP. Refer doc no as follows:</p> <ul style="list-style-type: none"> <li>i. Nursery Pest – P&amp;D-SOP01-00</li> <li>ii. Nursery disease – P&amp;D-SOP02-00</li> <li>iii. Leaf pest – P&amp;D-SOP03-02</li> <li>iv. Oryctes – P&amp;D-SOP04-01</li> <li>v. Termite – P&amp;D-SOP05-01</li> <li>vi. Occasional insects pest – P&amp;D-SOP06-00</li> <li>vii. Rat – P&amp;D-SOP07-01</li> </ul>	Complied

Criterion / Indicator		Assessment Findings	Compliance
		viii. Vertebrates pest – P&D-SOP08-05 ix. Ganoderma – P&D-SOP09-02 xi. Fruit bunch disease & disorders – P&D-SOP10-00 xii. Leaf & apical bud disease – P&D-SOP11-00 xiii. Leaf spots – P&D-SOP12-00 xiiii. Physical crown damages – P&D-SOP13-00 xv. Tirathaba - P&D-SOP14-01	
<b>4.5.3.4</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>Chemical containers has been triple rinse and puncture was categorized under industrial waste and disposed accordingly as per required by EQ (Scheduled Waste) Regulations 2005 through licensed contractors, Legenda Bumimas Sdn Bhd.</p> <p>Sighted the sampled of empty container disposal as estates visited as follows:</p> <p>Gomantong Estate</p> <p>i. 28/11/2018 for SW 409; C/N no: B 003061</p>	Complied
<b>4.5.3.5</b>	<p>Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses.</p> <p><b>- Minor compliance -</b></p>	<p>Domestic waste was collected twice a week by both estate management. The waste was disposed through landfill that located far from housing area and watercourse in both Ong Yah ho Estate and Gomantong Estate. Sighted the domestic waste disposal records for the month of September, October and November.</p>	Complied
<b>Criterion 4.5.4:</b> Reduction of pollution and emission			



Criterion / Indicator		Assessment Findings	Compliance
<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. <b>- Major compliance -</b>	Estates visited has conducted Environmental Aspect Impact Assessment to identify all polluting activities. All significant aspect were listed and management plan were established and documented in Environmental Continuous Improvement Plan. Latest review was conducted on 26/1/2018.	Complied
<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>	Estates visited has promoted the activities with positive impacts to the environment in the continual improvement plan as follows:  Sighted the implementation of the management plan as follows: i. Emission control – Regular maintenance of machinery and equipment (including exhaust system) and vehicle. ii. Emission control – No open burning at all time.	Complied
<b>Criterion 4.5.5: Natural water resources</b>			
<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. b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate’s current activities. c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application,	Estates visited has established Water Management plan and documented in Environment Continual Improvement Plan 2015 – 2020. Refer doc. No TSHR/ENV/F08, rev. 0, 1/9/2015. The plan focusing on efficiency of water usage and avoiding natural waterway to be affected from mill activities. In the plan stated the water source, objective, monitoring, mitigation plan, person responsible and time frame.  Sighted during site visit at buffer zone, the buffer zone was demarcated with blue and white color ring at the last palm from the buffer zone. There are no spraying activity along the river buffer zone	Complied

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

Criterion / Indicator		Assessment Findings	Compliance																					
	<p>maintenance of equipment to reduce leakage, collection of rainwater, etc.).</p> <p>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.</p> <p>e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.</p> <p>f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.</p> <p><b>- Major compliance -</b></p>	<p>and the vegetation along are well preserved. The estate has placed signage of prohibition to conduct activity at buffer zone area.</p> <p>The latest river water analysis test report was conducted as follows:            i. Report date 19/10/2018            Report no.: RS/CH/2018/1583(A)            Result: conform with DOE requirement</p> <p>The estates maintain monitoring records of water usage in the estates. Sighted the sampled monitoring records as follows:</p> <table border="1"> <thead> <tr> <th>Month</th> <th>Ong Yah Ho</th> <th>Gomantong</th> </tr> </thead> <tbody> <tr> <td>May</td> <td>8082</td> <td>1692.8</td> </tr> <tr> <td>Jun</td> <td>7646</td> <td>1574.8</td> </tr> <tr> <td>Jul</td> <td>7917</td> <td>1742.0</td> </tr> <tr> <td>Aug</td> <td>7845</td> <td>1824.0</td> </tr> <tr> <td>Sep</td> <td>7844</td> <td>1775.2</td> </tr> <tr> <td>Oct</td> <td>8050</td> <td>1811.2</td> </tr> </tbody> </table>	Month	Ong Yah Ho	Gomantong	May	8082	1692.8	Jun	7646	1574.8	Jul	7917	1742.0	Aug	7845	1824.0	Sep	7844	1775.2	Oct	8050	1811.2	
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<b>4.5.5.2</b>	<p>No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.</p> <p><b>- Minor compliance -</b></p>	<p>There is no construction of bunds, weirs and dams across main rivers or waterways passing through both estates visited.</p>	Complied																					
<b>4.5.5.3</b>	<p>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><b>- Minor compliance -</b></p>	<p>Sighted during site visit the water harvesting practices was implemented in both estate visited. The estate constructed collection sump to divert and collect the water into the field. The estate also constructed terrace for water conservation at slope more than 25 degree.</p>	Complied																					

Criterion / Indicator	Assessment Findings	Compliance	
<b>Criterion 4.5.6:</b> Status of rare, threatened, or endangered species and high biodiversity value			
<p><b>4.5.6.1</b></p>	<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><b>- Major compliance -</b></p>	<p>TSH Group has conducted HCV assessment for Ong Yah Ho and Gomantong Estate in October 2015 to February 2016 by third party assessor lead by Anna Wong.</p> <p>The assessment report recommended the management to conduct 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.</p> <p>The management has established HCV monitoring program and documented in Environmental, Health and Safety Program. The monitoring was conducted monthly by the operating units and twice a year by the appointed wildlife warden. Wildlife warden were trained by Wildlife Officer from Wildlife Department K. Kinabalu. Latest training were conducted on 20-22/3/2018 for 10 representative from both estate.</p> <p>Sighted the wildlife monitoring report for 1<sup>st</sup> half 2018 conducted on 5-6/7/2018. Sighted during the monitoring as follows:</p> <ul style="list-style-type: none"> <li>i. Wildboar foot print</li> <li>ii. Monitor Lizard</li> <li>iii. Snakehead bird</li> <li>iv. Hornbill</li> </ul>	<p>Complied</p>

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

Criterion / Indicator		Assessment Findings	Compliance
		v. Cattle Egret vi. Greater Coucal vii. Short Tail Macaque viii. Wallace Hawk Eagle	
<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> <p>a) Ensuring that any legal requirements relating to the protection of the species are met.</p> <p>b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts.</p> <p><b>- Major compliance -</b></p>	<p>Applicable of legal requirement under Wildlife Conservation Enactment, 1997, Wildlife Regulations 1998 was identified in the SOP established. Refer doc no. THSR/RSPO/F04, rev. 0 dated 24/06/2016.</p> <p>i. Prohibited weapons and hunting license, Part IV, Reg. 20, 26(1), (2)</p> <p>ii. Possession of and Trade in animals, Part V, Reg. 31(1), (4), 35(1), 37(1)(a to d)</p> <p>Evaluation of compliancy of applicable legal requirement was conducted by Sustainability department. Latest LORR audit was conducted on TSHR/POL/SPO08 rev no. 1 under clause 7B dated 22-24/10/2018. The policy clearly stated:</p> <p>i. Prohibition of all forms of hunting and fishing of protected species within the company area of operations</p> <p>ii. Ensure the protection areas determined as HCV that remains under company land titles</p> <p>iii. Prohibit the handling, keeping or killing of any large mammals and other protected wildlife</p> <p>iv. Explicitly maintain a 'zero kill', prohibit the capturing, handling or harming, directly or indirectly, of all species of orang utan</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
4.5.6.3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required. <b>- Major compliance -</b>	Estates visited has established management plan and documented in Environment Continual Improvement Plan 2015 – 2020 – HCV Conservation Plan.. Refer doc. No TSHR/ENV/F08, rev. 0, 1/9/2015.	Complied
<b>Criterion 4.5.7: Zero burning practices</b>			
4.5.7.1	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. <b>- Major compliance -</b>	TSH Resources Bhd. has established Environmental Policy that covers prohibition of use of fire for clearing of land and open burnings (Zero Burning. Refer doc no. TSHR/POL/SPO08 rev no. 1 under clause 7B dated 1/11/2017.	Complied
4.5.7.2	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>	No controlled burning conducted in the estate.	Complied
4.5.7.3	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>	No controlled burning conducted in the estate.	Complied
4.5.7.4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. <b>- Minor compliance -</b>	TSH Resources Bhd has established SOP for replanting. Refer doc no. TSHP/OPE/SOP10 dated 1/7/2016. 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 degree angle of the trunk. Roots trunk (chips) are stacked underneath inside the trench, followed	Complied

Criterion / Indicator		Assessment Findings	Compliance
		by shredded crown and the frond on top. Sighted the replanting at Gomantong conducted as per procedure.	
<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>	TSH Group has established SOP for all estates as guidelines for daily operations and documented in Standard Operating Procedure dated 01/7/2016. The SOP covers all activities such as: i. Land Clearing & Preparation - Procedure, HCV /Riparian Boundary marking ii. Nursery - Ordering planting material/Soil & manuring iii. Cover crops - Standards/Supply and treatment of seeds/Pest iv. Weeding - Chemical recommendations/Manual weeding v. Pruning & sanitation - Frond stacking placement/Pruning selection method vi. FFB harvesting & Collection - Harvesting system and buffalo system. vii. Manuring viii. Replanting - Program/Schedule of work.	Complied
<b>4.6.1.2</b>	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	TSH Group has established SOP for replanting. The SOP covers the land clearing and preparation.	Complied

Criterion / Indicator		Assessment Findings	Compliance
	contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. <b>- Major compliance -</b>	Terrace, cover crop & stop bunds were among the methods used by the estates in order to minimise soil erosion	
<b>4.6.1.3</b>	A visual identification or reference system shall be established for each field. <b>- Major compliance -</b>	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.	Complied
<b>Criterion 4.6.2: Economic and financial viability plan</b>			
<b>4.6.2.1</b>	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. <b>- Major compliance -</b>	Both estates visited has established has established annual business plan documented in Budget For the Year 2018 as guidance for the estate to conduct daily operation.  The management also has established projection of business plan and documented in Long Term Project Development and Maintenance Plan (3 years). The projection are prepared as guidance for future planning.	Complied
<b>4.6.2.2</b>	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. <b>- Major compliance -</b>	TSH Group Lahad Datu Region estates have long range replanting program from FY 2018 - 2030. Replanting is planned for low yield field area, tall palm and older than 25 years old. Latest review was conducted by the Estate Manager and approved by the Group Executive Director dated 30/10/2017.  Ong Yah Ho Estate  No replanting program for the next 5 years as the oldest palm planted in 1998 and yield are still productive.	Complied

Criterion / Indicator		Assessment Findings	Compliance			
		<p>Gomantong Estate</p> <p>Replanting program was planned from FY 2018 – 2024. Program for the next 5 financial year as follow:</p> <p>2018: 166.00 ha            2019: 150.00 ha            2020: 192.00 ha            2021: 234.00 ha            2022: 0.00 ha</p>				
<b>4.6.2.3</b>	<p>The business or management plan may contain:</p> <ul style="list-style-type: none"> <li>a) Attention to quality of planting materials and FFB</li> <li>b) Crop projection: site yield potential, age profile, FFB yield trends</li> <li>c) Cost of production : cost per tonne of FFB</li> <li>d) Price forecast</li> <li>e) e) Financial indicators : cost benefit, discounted cash flow, return on investment</li> </ul> <p><b>- Major compliance -</b></p>	<p>Both estates visited has established has established annual business plan documented in Budget For the Year 2018 as guidance for the estate to conduct daily operation.</p> <p>The management also has established projection of business plan and documented in Long Term Project Development and Maintenance Plan (3 years). The projection are prepared as guidance for future planning.</p> <p>Sighted the annual budget for FY 2018 and 3 years projection of business FY 2018 – 2020. In the business plan covers the FFB production, projected income, cost for piece rated jobs and contract rate, vehicle running expenditure, replanting, field upkeep and maintenance expenditure, Harvesting and collection expenditure and cost of production.</p> <p>Sampled business plan sighted at both estates visited as follows:</p> <table border="1" data-bbox="1048 1321 1870 1383"> <tr> <td>Estate</td> <td>OYH Estate</td> <td>Gomantong Estate</td> </tr> </table>	Estate	OYH Estate	Gomantong Estate	Complied
Estate	OYH Estate	Gomantong Estate				



Criterion / Indicator		Assessment Findings						Compliance	
		Year	2018	2019	2020	2018	2019	2020	
		FFB	49536	49574	49721	14470	12748	19420	
		Cost/ha	4490.93	4652.76	4697.99	3726.85	4816.41	3433.59	
		Cost/MT	172.71	178.79	180.00	217.64	200.62	132.07	
<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> -	TSH Resource Bhd has established a system to monitor the mill and estate operation. Plantation Advisor conducted visit on annually basis. Latest visit was conducted 25 – 26 June 2018 for Ong Yah Ho Estate and 26 – 27 June 2018 for Gomantong Estate. The reports covers on reports covers on all aspect of operation. Refer report no 15 (visit June 2018).						Complied	
<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 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> <li>• Quotation</li> <li>• Vendor creation for new supplier</li> <li>• Purchase order</li> <li>• Goods received</li> <li>• Goods returned</li> </ul>						Complied	

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>Urgent item to purchase</li> <li>Documents for accounts</li> <li>Records</li> </ul>	
4.6.3.2	<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>Ong Yah Ho Estate sample sighted as following:</p> <p>Contract agreements verified:</p> <ul style="list-style-type: none"> <li>Safiyah Enterprise – dated 14/05/18 for the 2018 replanting area hectares to be replanted (166ha).</li> <li>General Service for Farm Tractors at Ong Yah Ho Estate (United Track Sdn Bhd) dated 01/06/17.</li> </ul> <p>Gomantong Estate sample sighted as following:</p> <p>Since no actual contractual agreement except for monthly FFB Statement, FFB payment for smallholders were done based on following:</p> <ul style="list-style-type: none"> <li>Final FFB Statement for October 2018; Supplier: Chew Liok Bee; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</li> <li>Final FFB Statement for October 2018; Supplier: Lee Voon Yen &amp; Sons Co.; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</li> </ul>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<p>- Final FFB Statement for October 2018; Supplier: Sumarni Binti Marsuki.; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</p> <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>	
<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>Ong Yah Ho Estate sample sighted as following:</p> <p>Long term contract sampled;</p> <ul style="list-style-type: none"> <li>General Service for Farm Tractors at Ong Yah Ho Estate (United Track Sdn Bhd) dated 01/06/17 (Term: 2 years) Special clause on MSPO compliance was seen in the above contract agreement.</li> </ul> <p>Gomantong Estate sample sighted as following:</p> <p>Since no actual contractual agreement except for monthly FFB Statement, FFB payment for smallholders were done based on following:</p> <p>- Final FFB Statement for October 2018; Supplier: Chew Liok Bee; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</p>	Complied

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

Criterion / Indicator		Assessment Findings	Compliance
		<ul style="list-style-type: none"> <li>- Final FFB Statement for October 2018; Supplier: Lee Voon Yen &amp; Sons Co.; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</li> <li>- Final FFB Statement for October 2018; Supplier: Sumarni Binti Marsuki.; Date: 12/11/2018; Custom Report for Sales and Purchases Report: 1 – 31/10/2018</li> </ul>	
<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>The estate has prepared a standard contract for all the contractors. The signed copy of the contract available at the estate office.</p> <p>Sample of contract agreement for general service contractor and replanting;</p> <ul style="list-style-type: none"> <li>a. General Service for Farm Tractors at Ong Yah Ho Estate (United Track Sdn Bhd) dated 01/06/17.</li> <li>b. Safiyah Enterprise – dated 14/05/18 for the 2018 replanting area hectares to be replanted (166ha).</li> </ul>	Complied
<b>4.6.4.3</b>	<p>The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.</p> <p><b>- Minor compliance -</b></p>	<p>Estates has no objection to allow BSI auditors to verify the assessment through physical inspection if required.</p>	Complied
<b>4.6.4.4</b>	<p>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.</p> <p><b>- Major compliance -</b></p>	<p>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.</p>	Complied

Criterion / Indicator	Assessment Findings	Compliance
<b>4.7 Principle 7: Development of new planting</b>		
<b>Criterion 4.7.1:</b> High biodiversity value		
<b>4.7.1.1</b>	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.  <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.
<b>4.7.1.2</b>	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.  <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.
<b>Criterion 4.7.2:</b> Peat Land		
<b>4.7.2.1</b>	New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.  <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.
<b>Criterion 4.7.3:</b> Social and Environmental Impact Assessment (SEIA)		

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

Criterion / Indicator		Assessment Findings	Compliance
<b>4.7.3.1</b>	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>4.7.3.2</b>	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. <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>4.7.3.3</b>	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>4.7.3.4</b>	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. <b>- Minor compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.4:</b> Soil and topographic information			
<b>4.7.4.1</b>	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.	There is no development of new planting at all the visited estates.	NA



Criterion / Indicator		Assessment Findings	Compliance
	- Major compliance -		
4.7.4.2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.5: Planting on steep terrain, marginal and fragile soils</b>			
4.7.5.1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.5.2	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.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
4.7.5.3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.  - Major compliance -	There is no development of new planting at all the visited estates.	NA
<b>Criterion 4.7.6: Customary land</b>			
4.7.6.1	No new plantings are established on recognised customary	There is no development of new planting at all the visited estates.	NA

Criterion / Indicator		Assessment Findings	Compliance
	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 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



Criterion / Indicator		Assessment Findings	Compliance
<b>4.7.6.6</b>	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>4.7.6.7</b>	The process and outcome of any compensation claims shall be documented and made publicly available. <b>- Major compliance -</b>	There is no development of new planting at all the visited estates.	NA
<b>4.7.6.8</b>	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development. <b>- Minor compliance -</b>	There is no development of new planting at all the visited estates.	NA

**Section 4: Assessment Conclusion and Recommendation**

<b>Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings</b>	
Based on the findings during the assessment <i>TSH Resources Berhad – Lahad Datu Palm Oil Mill</i> Certification Unit complies with the <b>MS 2530-2:2013 or MS 2530-3:2013 or MS 2530-4:2013</b> . It is recommended that the certification of <i>TSH Resources Berhad – Lahad Datu Palm Oil</i> Certification Unit is approved and/or continued.	
<b>Acknowledgement of Assessment Findings</b>	<b>Report Prepared by</b>
<b>Name:</b> BRUNO BUNGKONG	<b>Name:</b> Muhammad Fadzli Masran
<b>Company name:</b> TSH Resources Berhad	<b>Company name:</b> BSI Services Malaysia Sdn. Bhd.
<b>Title:</b> mill manager	<b>Title:</b> Client Manager
<b>Signature:</b> 	<b>Signature:</b> 
<b>Date:</b> 20/3/19	<b>Date:</b> 11 March 2019

**Appendix A: Assessment Plan**

PRELIMINARY AGENDA				
Date	Time	Subjects	Fadzli	Daniel
Tuesday 4/12/18	PM	Audit team travelling to Kota Kinabalu via MH2606, ETA 2135. Overnight in Kota Kinabalu.	√	√
Wednesday 5/12/18  <b>Lahad Datu POM</b>	0610 am	Audit team travelling to Lahad Datu via MH3010, ETA 0705	√	√
	08.30 – 09.00	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>		
	09.00 – 12.30	<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, clinic, etc.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate's stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Continue with 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	√	√
16.30 - 17.00	Interim Closing briefing.	√	√	
Thursday 6/12/2018  <b>Ong Yah Ho Estate</b>	09.00 – 12.30	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
	10.30 – 12.30	Stakeholder interviews (combined with estate's Stakeholders)	-	√
	12.30 – 13.30	Lunch	√	√
	13.30 – 16.30	Document review P1 – P6 (MSPO part 3), 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 and P6 : Best practices, P7: Development of New Planting (if any )	√	√

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

Date	Time	Subjects	Fadzli	Daniel
	16.30 - 17.00	Interim Closing briefing.	√	√
Friday 7/12/2018  <b>Gomantong Estate</b>	08.30 – 11.00	Field visit, boundary inspection, field operations, staff & workers interview, buffer zone, HCV area, IPM implementation, OSH&ERP, workshop, storage area (agrochemical, fertilizer, lubricant etc), agrochemical mixing area, Schedule waste management, worker housing, clinic, Landfill etc.	√	√
		Document review P1 – P6 (MSP0 part 3), 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 and P6 : Best practices, P7: Development of New Planting (if any )	√	√
	11.00 – 12.30	Preparation of audit report and presentation of findings	√	√
	12.30 – 14.00	Lunch and Friday Prayer	√	√
	1400	End of audit and travel back to Kuala Lumpur via MH 3019, MH2631	√	√

**Appendix B: List of Stakeholders Contacted**

<p><b>Internal Stakeholders</b></p> <p>Mill &amp; Estate managers &amp; asst. managers          Supervisors, Staff &amp; Clerks          Mill local &amp; foreign workers (process, workshop, etc.)          Estate local &amp; foreign workers (harvesters, sprayers, etc.)          Local workers representatives          Foreign workers representatives          Gender committee representative          Crèche minder</p>	<p><b>Union/Contractors/Local Communities</b></p> <p>Nabila Trading (Grocery Shop/Canteen Operator)          Tamaco Plantation Kemajuan Bintang Mas Estate (Neighbour Estate)          Linddale Sdn. Bhd. (Neighbour Estate)          Millivest Sdn. Bhd. (Vendor)          JC Chang Melewar Estate 1 (Neighbour Estate)</p>
<p><b>Government Departments</b></p> <p>Energy Commision Sandakan (via phone)</p>	<p><b>NGO</b></p> <p>CLC Lahad Datu POM teacher</p>

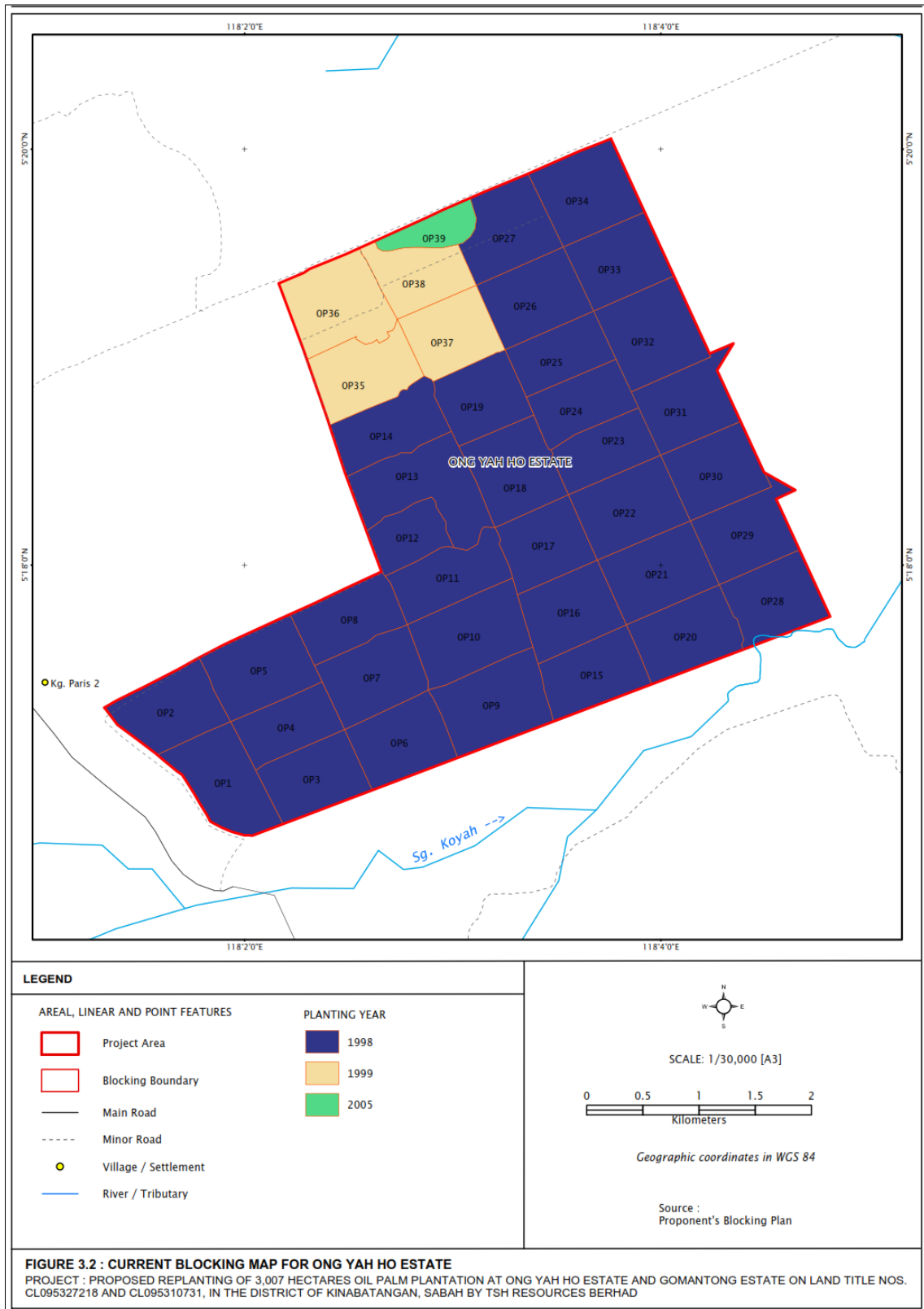
**Appendix C: Smallholder Member Details**

No	Name of smallholder	Year Planted	Land Area (ha)	Forecast FFB (Mt/ha/year)
1	NA. No smallholders in the scope of certification.			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
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14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
<b>TOTAL</b>				

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

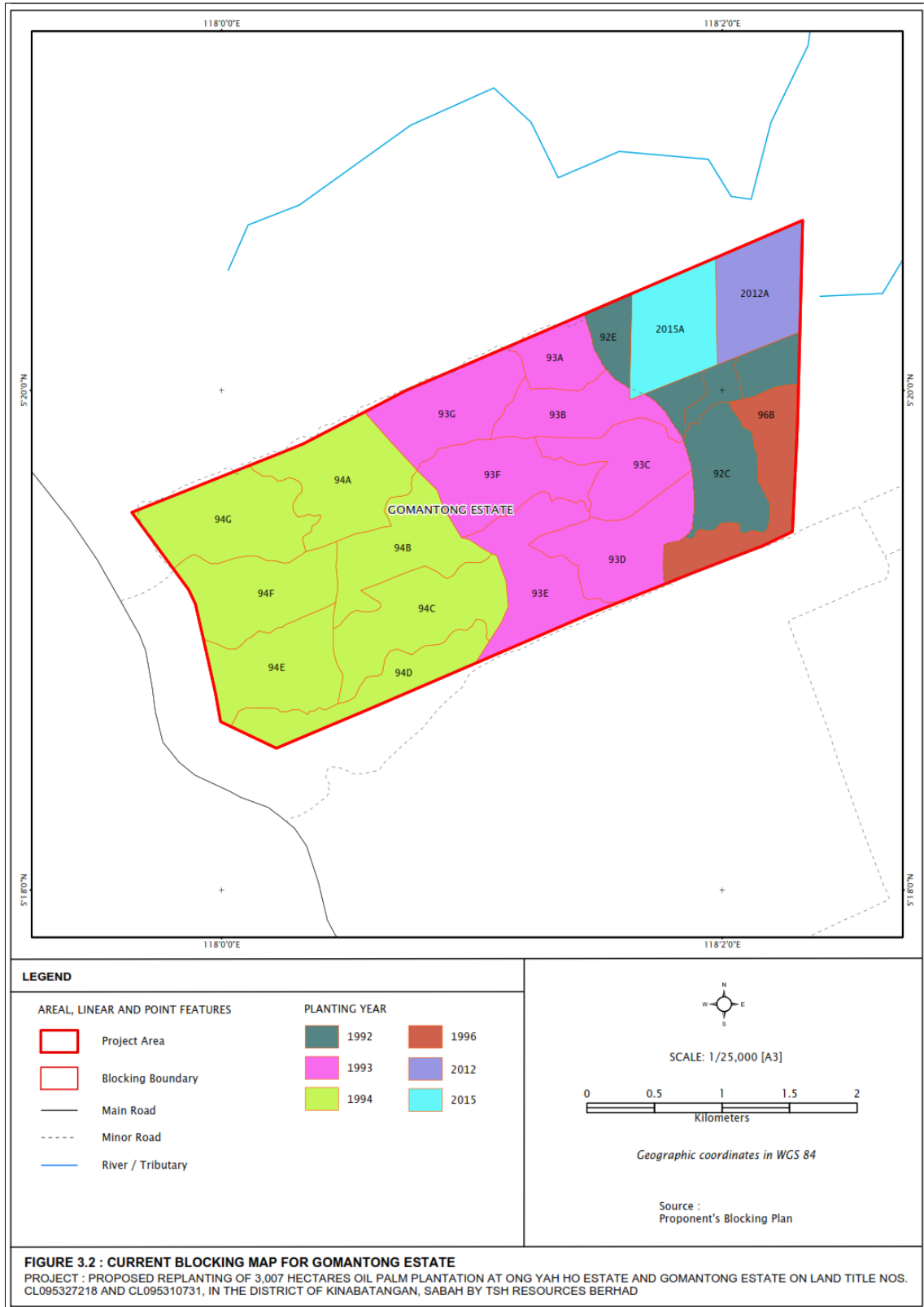


**Appendix E: Ong Yah Ho Estate Field Map**





**Appendix F: Gomantong Estate Field Map**



**Appendix G: List of Abbreviations**

BOD	Biochemical Oxygen Demand
CB	Certification Bodies
CHRA	Chemical Health Risk Assessment
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
EFB	Empty Fruit Bunch
EHS	Environmental, Health and Safety
EIA	Environmental Impact Assessment
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior, Informed and Consent
GAP	Good Agricultural Practice
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
ISCC	International Sustainable Carbon Certification
LD50	Lethal Dose for 50 sample
MSPO	Malaysian Sustainable Palm Oil
MSDS	Material Safety Data Sheet
MT	Metric Tonnes
OER	Oil Extraction Rate
OSH	Occupational Safety and Health
PK	Palm Kernel
PKO	Palm Kernel Oil
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RTE	Rare, Threatened or Endangered species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operating Procedure