

MSPO CERTIFICATION SUMMARY REPORT

HAP SENG PLANTATIONS (RIVER
ESTATES) SDN BHD

BUKIT MAS PALM OIL MILL

ANNUAL SURVEILLANCE 1

Date: 28/01/2019

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Company Name: Hap Seng Plantations (River Estates Sdn Bhd)

Certifying Unit: Bukit Mas Palm Oil Mill

Client Number: 92-035

Audit Type: Annual Surveillance Audit 1



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Abbreviations

CHRA	Chemical Health Risk Assessment
CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
ERT	Endangered Rare and Threatened species
EU	European Union
FFB	Fresh Fruit Bunch
GGL	Green Gold Label
GMP	Good Manufacturing Practice
GPS	Global Positioning System
HACCP	Hazard Analysis and Critical Control Point
HCV	High Conservation Value
HCVF	High Conservation Value Forest
MSDS	Material Safety Data Sheet
NC	Non Conformity
OSH	Occupational Safety and Health
OSHAS	Occupational Safety and Health Assessment Scheme
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
MT	Metric Tonnes
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board
HBV	High Biodiversity Value
ISCC	International Sustainability & Carbon Certification

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1. INTRODUCTION

Hap Seng Plantations (River Estates) Sdn. Bhd. has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 1 audit for its Bukit Mas Palm Oil Mill according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

1.1. Objective

The objective of this surveillance 1 audit is to assess Bukit Mas Palm Oil Mill by an independent certification body with the aim for compliance of the standards.

1.2. Scope

The surveillance assessment is based on the documentation developed by the Bukit Mas Palm Oil Mill and Hap Seng Plantations (River Estates) Sdn. Bhd.

The supporting documents were provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information were reviewed against the requirements and criteria based on MS 2530-4:2013 Part 4 General principles for palm oil mills. TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

In addition, the following reference was used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked.

1. Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mill audit guidance;

1.3. Appointment and Qualification of team members

An assessment team consisting of one team leader, 3 team members and 2 trainee auditors are appointed. During onsite the team review documents, onsite inspection, interviews to assess the project activity and preparation of this report under the leadership of the team leader.

Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan (Trainee)

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Graduate in Plantation Industry Management
At least five (5) years of work experience in the oil palm sector or related field in consultancy /	9 years working experience in estate management.

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Requirement	Qualifications
auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	
Attended the MS 2530 series of standards training	Successfully completed MSPO Lead auditor training course
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Has conducted 2 MSPO and equivalent sustainability certification (MSPO) as lead auditor in training
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Able to communicate in Bahasa Malaysia, and English languages.
Field working experience in the palm oil sector, or demonstrable equivalent	9 years working experience in estate management.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	9 years working experience in estate management.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Successfully completed Lead Auditor Course ISO 45001:2018
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA8000 Basic Training and 1 year auditor for RSPO and MSPO scheme
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Successfully completed Lead auditor RSPO SCC training.

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture;	Terence, Ang Wai Sheng	Diploma and Advance Diploma in Tourism Management	Yes
	Mohamad Norhisham Bin Mohd Salleh	Graduate in Agrobiology	Yes

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Requirement	Assessor	Qualification	Compliance
ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);	Sheron, Pui Ling Wui	Graduate in Medical Science (Life science)	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	Graduate in Plantation Industry Management	Yes
iii) Engineering, Process Technology;	Ariff Bin Lokman (Trainee Auditor)	Graduate in Plantation Industry Management	Yes
iv) Energy Management, Quality Management;			
v) Social Sciences and/or Anthropology;			
vi) Business Management; or			
vii) Other relevant related fields			
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Terence, Ang Wai Sheng	More than 9 years in sustainable related field	Yes
	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	7 years working experience in palm oil estates.	Yes
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
Attended the MS 2530 series of standards training	Terence, Ang Wai Sheng	Successfully completed MSPO Lead auditor training course	Yes
	Mohamad Norhisham Bin Mohd Salleh	Successfully completed MSPO Lead auditor training course	Yes
	Sheron, Pui Ling Wui	Successfully completed MSPO Lead auditor training course	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	Successfully completed MSPO Lead auditor training course	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed MSPO Lead auditor training course	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction	Terence, Ang Wai Sheng	Qualified as auditor base on audit log.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Qualified as auditor base on audit log.	Yes

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Requirement	Assessor	Qualification	Compliance
and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Sheron, Pui Ling Wui	Qualified as auditor base on audit log.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Terence, Ang Wai Sheng	Bahasa Malaysia, English and Mandarin.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Bahasa Malaysia, English	Yes
	Sheron, Pui Ling Wui	Bahasa Malaysia, English and Mandarin.	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	Bahasa Malaysia, English	Yes
	Ariff Bin Lokman (Trainee Auditor)	Bahasa Malaysia, English	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Terence, Ang Wai Sheng	1 year as Certifier and Reviewer for RSPO P&C and SCC schemes 1 year as Wildlife (Biodiversity) and Ecotourism Consultant (EMS &HCV) 3 years as Wildlife Guide (Licensed issued by Ministry of Tourism, Malaysia) 6 months as Field Technician for University of Montana on HC	Yes
	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	7 years working experience in palm oil estates.	Yes
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
	Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Terence, Ang Wai Sheng	Successfully completed Lead Auditor Course ISO 45001:2018
Mohamad Norhisham Bin Mohd Salleh		Successfully completed Lead Auditor Course ISO 45001:2018	Yes

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Requirement	Assessor	Qualification	Compliance
	Sheron, Pui Ling Wui	Successfully completed Lead Auditor Course ISO 45001:2018	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Terence, Ang Wai Sheng	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
	Sheron, Pui Ling Wui	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Terence, Ang Wai Sheng	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.	yes
	Mohamad Norhisham Bin Mohd Salleh	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.	Yes
	Sheron, Pui Ling Wui	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.	Yes
	Muhammad Khairul Anuar Bin Azizul Hasan (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Terence, Ang Wai Sheng	Has involved in auditing for RSPO SCC standard	Yes
	Mohamad Norhisham Bin Mohd Salleh	Has involved in auditing for RSPO SCC standard	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

Annual Surveillance 1

Annual surveillance 1 was conducted on 04/10/2018 covers the following activities but not limited to:

- Onsite inspection, observations and inspections of mill facilities such as process, workshops, stores, wastewater treatment system, waste handling and disposal sites, workers and staff living quarters, receiving and delivery of products for compliance to relevant Principles & Criteria of the applied standard;
- Interview operation personnel for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised during stage 2 audit;
- Assessment reporting;

For list of personnel participated in the audits refer attendance sheet and Table 7-1.

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On-site Assessment

The audit of the mill is conducted according to the MS 2530-4: 2013 Part 4: General principles for palm oil mills.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires are used to guide the collection of information. The comments made by external stakeholders are also taken into account in the assessment.

Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major and Minor as well as Observations (OBS) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from date of audit closing meeting. All minor non-conformances action plan submitted within 30 days after date of audit closing meeting, review and accepted by Lead Auditor. Implementation of Minor NCs and OBS will be review and verify during the next audit.

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3. ORGANISATION INFORMATION

Bukit Mas Palm Oil Mill is the subsidiary of Hap Seng Plantations (River Estates) Sdn Bhd located at 40km off Jalan Jeroco Lahad Datu, Sabah, Malaysia

Bukit Mas CPO Mill met the Malaysia Palm Oil Board licensing requirements. The mill began operation in 15/04/1998 with an operating capacity of 45 MT per hour.

Name of Mill	Location	Coordinates
Bukit Mas POM	40km off Jalan Jeroco, Lahad Datu, Sabah, Malaysia	5.337300°N; 118.473640°E

3.1. Production volume

Volume for the past year Jan 2017 to Dec 2017 (mt)			Actual volumes Jan 2018 to Sep 2018 (mt)			Projected volume Jan 2019 to Dec 2019 (mt)		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
251,711.02	51,186.64	13,777.49	170,242.77	34,163.32	8,766.20	180,501	36,739	9,857

3.2. Maps of Company and Mill Location

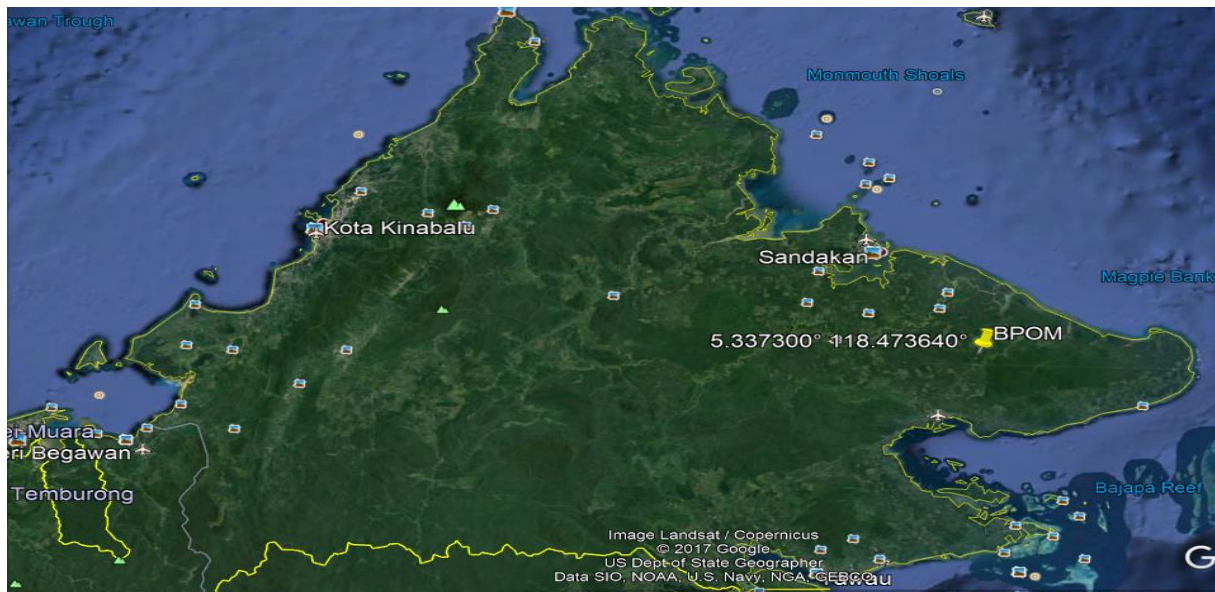


Figure 1: Location of Bukit Mas Palm Oil Mill.

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Figure 2: Location of Bukit Mas Palm Oil Mill with other Hap Seng Plantations Group Estates and Mills.

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4. CERTIFICATION ASSESSMENT

4.1. Annual Surveillance 1

The objective of the ASA 1 is to assess the activities of the mill are in compliance with MS 2530-4: 2013 Part 4: General principles for palm oil mills.

Number of audit findings raised in this audit been addressed in Section 4.4 of this audit report. For details of the assessment, refer to the summary of assessment in this summary report.

4.1.1. Annual Surveillance 1

The ASA 1 was conducted on 04/10/2018 at Bukit Mas Palm Oil mill.

The objective of the ASA1 is to assess the activities of the mill documentation established and implemented in accordance to MS 2530-4: 2013 Part 4: General principles for palm oil mills.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 29/08/2018 to obtain feedback and comments. As at audit date on 01/10/2018 there are no comments received.

In addition, invitation letters are sent on 29/08/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 01/10/2018 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

1. Introduction of Hap Seng Group MSPO certification.
2. Community service and support provided by Hap Seng Group
- 3.
4. Local communities' development.

The following relevant Principles & Criteria of the applied standard are discussed during the stakeholders' consultation:

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:
The stakeholders could confirm they have attended meetings with personnel on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint
The stakeholders' advice they have been informed a logbook and form is available to lodge any complaints or suggestions is available at the office.
3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.
The stakeholders could confirm the company has provided assistance and support to communities.
4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information

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The stakeholder who provides maintenance and service could confirm briefing on MSPO requirements have been provided.

TUV NORD (Malaysia) Sdn. Bhd., has publish the public notification on 29/08/2018 as to accommodate stakeholder's consultation meeting for Bukit Mas Palm Oil Mill.

There are no issues raised during the stakeholder's consultation in terms of tenure and/or use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1.

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Company in regards to the MSPO audit?	Interviewed stakeholders are aware of the certification scheme of Hap Seng Group. They are aware of other schemes certificates held by Hap Seng Group such as RSPO And ISCC.	Hap Seng Group conduct internal stakeholder meeting annually and external once in two year.
2	Social context	During interviewing with internal stakeholder Hap Seng Group provide social activities to neighbouring village Kg Litang. Hap Seng assist in road maintenance, supply clean water during dry season, free medical support for the villages. Hap Seng Group provide Humana school for foreign workers children and invite neighbouring plantations children to attend at the school.	Good comment from the Hap Seng Group
3	Understanding of "NCR Land"?	A few attendees from different group example from Jabatan Pertanian informed there are no issues concerning Hap Seng land.	Hap Seng Group land titles are country leased.
4	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Surrounding, villager confirmed the opportunity of work have increase in r Hap Seng Group. Many of the younger generation are now working with Hap Seng Group mill or estate workers. Some are now in executive level. Thus improve the livelihood of the people.	Hap Seng Group will continues to provide support to local communities.
5	Does MSPO will largely benefits the local community?	Hap Seng Group MSPO certification has largely benefit the local community. There are	Hap Seng Group will continues to provide support to community.

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Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
		job opportunities for local communities.	
6	Environmental understanding	The attendees understand environmental from training provided.	Good comment from the stakeholders
7	Awareness towards species, habitats, and high conservation values?	Stakeholders could name the animals which are listed as protected and mention in the training.	Good comment from the stakeholders
8	Support to smallholders	Smallholders, outgrower and other plantations mention Hap Seng Group provides great support and assist the smallholders in MSPO certification process.	Good comment from the stakeholders
9	FFB quality	There are complaint on quality of FFB. Stakeholders mention that Hap Seng Mills have a strict grading process, they confirmed they are abiding to the quality. The records of grading provided to smallholders.	Quality is the priority for the Hap Seng Group to produce high quality oil and follow all relevant requirements of FFB quality. Training and monitoring is conducted to give good results.
10	Are there any plantation or mill management practices that affect you?	There is no complaint from the stakeholders on Hap Seng Group.	Hap Seng Group fully committed and always improved their relationship with the stakeholders via meeting.
11	Do you consider any management is in conflict with the MSPO certification?	There are no conflicts raise for MSPO certification.	Hap Seng Group follow MSPO requirements.
12	Do you have any suggestions for management?	Stakeholders attend would like to involve more in programme that held by Hap Seng Group. One of the attendees mention Hap Seng Group could update job vacancy in the Job Malaysia Website.	Hap Seng Group fully committed to any complaint or suggestion from stakeholders.

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4.3. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences were sought for conformity with the MSPO 2530-4:2013 Part 4. The summary of the assessment can be found below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences t when non conformity is found. A summary of the non-conformity can be found below

Principle 1: Management Commitment & responsibility		
Criterion By Audit	Summary of Assessment	Compliance
4.1.1	<p>BPOM adopted the group MSPO Policy dated 24/03/2017 approved by Chief Executive – Group Plantation.</p> <p>The policy is display at mill notice board and security guard house.</p> <p>The policy includes a statement committed to continual improvement practice by harnessing its resources of people processes and technology in order to ensure the continuous production of oil palm products in a sustainable manner.</p>	Yes
4.1.2	<p>BPOM adopted the group internal audit procedure and flowchart date revised on 05/02/2018.</p> <p>Internal audit is conducted on 18/01/2018 and on yearly basis.</p> <p>The objective of the internal audit is to determine the strength, weakness and potential area for further improvement.</p> <p>Example:</p> <p>Strength: Proper documentation of MSPO filing.</p> <p>Weakness: Improvement on the awareness of recycle of wastes and disposal among workers.</p> <p>All findings are documented and present during the management review.</p>	Yes
4.1.3	<p>The management review meeting is held on 22/01/2018 to review results of the internal audit and action plan for improvement.</p> <p>The meeting agenda includes following:</p> <ol style="list-style-type: none"> 1. Internal audit results 2. Improvement plan for corrective actions of findings raised in internal audit 3. External audit 4. Previous management review 5. Any other business 	Yes
4.1.4	<p>The continuous improvement plan establish dated 01/03/2013 with consideration of social and environmental impact and opportunities and action plan for improvement.</p> <p>Example for social :</p> <p>Issue: Replacement old housing to new.</p>	Yes

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Principle 1: Management Commitment & responsibility		
Criterion By Audit	Summary of Assessment	Compliance
	<p>Example: Action plan additional houses for the staff management and workers budgeted in SSGOE and BPOM 5 year financial plan</p> <p>Environmental impact Assessment (EIA)</p> <p>Issue: Palm Oil Mill Effluent (POME) discharge.</p> <p>Example: Monitoring of POME discharge for land irrigation.</p> <p>Records are maintain on daily basis with the time frame continue.</p> <p>Example Raw effluent flow meter reading records dated 04/10/2018 sighted</p>	

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1	<p>Sighted list of publicly available documents reference HSPSB P1 1120(C) last update on 01/03/2017.</p> <p>Example of documents made publicly available:</p> <ol style="list-style-type: none"> 1. Annual surveillance report 2. Environmental impact assessment 3. Environmental compliance report 4. Land titles <p>Hap Seng Group has establish procedure “Memohon Maklumat Syarikat” latest update on March 2017. The procedure states that any stakeholders require information from the mill example OER, KER and price will be announce at the notice boards and summary report for the month upon request.</p>	Yes
4.2.2	<p>BPOM adopted the group procedure “Memohon Maklumat Syarikat” latest update on 3/03 2017 for the transparent method of communication and consultation.</p> <p>List of stakeholders dated 23/07/2018 sighted.</p> <p>Records of consultations and communications for stakeholder meeting with external stakeholders conducted on 23/05/2017 sighted.</p> <p>The meeting is conducted once in two year. The agenda for the meeting:</p> <ul style="list-style-type: none"> • Introduction of HSPHB and company MSPO status. • Brief introduction about joint consultation committee (JCC) and • HSPHB company policy. • Question and answer session with HPHB representative. • Other matters <p>Records of action taken in response to input from stakeholders shall be properly maintained</p> <p>OBS</p> <p>BPOM has establish and update list of stakeholders with WWF and Humana listed as NGOs. However, could consider to include other local or regional NGOs in the list.</p>	OBS

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Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.3	<p>BPOM adopted the group SOP for Traceability dated 31/05/2018.</p> <p>The inspection on the compliance is stated in the internal audit dated 18/01/2018. There is no issue for traceability.</p> <p>The Mill Manager shall be responsible for the overall Chain of Custody activities.</p> <p>Incoming FFBs are from Bukit Mas, Sungai Segama 1 and 2 Estates.</p> <p>Information for outgoing CPO and PK to buyers is according to traceability requirement.</p>	Yes

Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
4.3.1	<p>BPOM has establish List of summary of licenses and permits with validity period.</p> <p>For example:</p> <ul style="list-style-type: none"> • MPOB licence dated 01/04/2018 – 31/03/2019. • Lesen berniaga 2018, dated 07/11/2017 - 31/12/2018. <p>BPOM adopt Hap Seng group 'Legal Register' dated 30/07/2018 updated by agronomy department. The list include a representation E = Estate and M = Mills to indicate which legal requirements are applicable for the mill.</p> <p>For example:</p> <ul style="list-style-type: none"> • Employee Provident Fund Act 1991 • Environmental Quality Act 1974 <p>Permit Wanita Bekerja Malam (JTK) valid from 13/10/2017 to 12/10/2018. The 'mechanism for tracking of any changes of legal requirements dated 25/06/2015 state the changes through news release, internet, circulars from relevant association such as MPOB. The list will be updated as and when new legislations are released.</p> <p>The implementation of laws and regulations will be monitor by the plantation advisor and sustainability team.</p>	Yes
4.3.2	<p>BPOM is located inside Bukit Mas estate and there is no diminish of land use rights. Bukit Mas estate land title is country leased. The estate map is review where BPOM is located.</p>	Yes
4.3.3	<p>BPOM mill is located in Bukit Mas estate. There is no complaint arise on the matter of user right. Map and land title reviewed. There is no conflict therefore no negotiation.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.1	<p>Social Impact Assessment, management action plans and continuous improvement plans for Sungai Segama Group of estates include BPOK dated 01/03/2018 is review.</p> <p>The SIA report include positive and negative impacts.</p> <p>During reviewed of SIA assessment, management action plans and continuous improvement plans it was found not all stakeholders from BPOM are involved. In appendix 11, the assessment interview with workers was conducted on 12/03/2018 which is after the report is completed.</p>	Minor
4.4.2	<p>BPOM adopted HSPHB group SOP complaints and grievance 'Melapor Aduan dan Permasalahan (Pihak Berkepentingan Luaran)' ref: HSPSB P1 1120 latest review on 31/03/3018</p> <p>The procedure is available in both English and Bahasa Malaysia languages.</p> <p>The procedure states complaint will be lodged by using the complaint form. Sighted the complaint form and complaint box placed outside the office and at security post.</p> <p>The procedure describe the time to resolve complaint is 30 days for external and 2 days for internal.</p> <p>Workers are aware of the complaint procedure and able to lodge whenever required.</p> <p>Sighted 'muster briefing' dated 23/09/2018 on policy and complaint procedure to workers.</p> <p>Interviewed workers are aware of the complaint procedure and could lodge whenever required</p> <p>There are no complaints lodge by external and internal stakeholders as of audit date except housing repairs requisition.</p> <p>The complaint mechanism is display at the notice boards.</p> <p>BPOM has establish complaint feedback book for external. No complaints sighted on records.</p>	Yes
4.4.3	<p>BPOM contract local communities to operate canteen, hire local for office and logistics operations.</p>	Yes
4.4.4	<p>BPOM adopted the Group Safety and health policy dated 01/04/2015 signed by Chief Executive Plantation Group.</p> <p>The policy statement is to ensure and promote a harmonious, safe and healthy work environment for all its employees.</p> <p>The policy is display at mill office and workers quarters and operational areas notice boards.</p> <p>OSH committee is establish with the manager or assistant manager as PIC. The committee consists of management and workers representatives.</p> <p>BPOM has establish Safety and Health Plan 2018. The plan covers workplace inspection, training program and medical surveillance.</p> <p>Example training conducted:</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
	<p>SOP incinerator conducted on 02/06/2018 and SOP sterilizer conducted on 02/01/2018.</p> <p>Organization Safety and Health committee meeting is conducted quarterly according to the DOSH requirements. Latest OSHA meeting on 14/09/2018 sighted.</p> <p>HIRARC is conducted on 11 01/2018. HIRARC covers all work activities listing the potential hazards, risks mitigation and the responsible person.</p> <p>Latest CHRA established on 17/02/2016 that include summary report of chemical risk assessment,</p>	
4.4.5	<p>BPOM adopted the Group policies as below signed by Chief Executive Group Plantations.</p> <ol style="list-style-type: none"> 1. Human rights policy dated 01/10/2016. 2. Equal opportunity dated 22/03/2016. 3. Sustainable Agriculture Policy dated 21/02/2017 4. Sexual Harassment, Violence and Abuse Policy dated 20/11/2017 5. Freedom of Association and Right to Collective Bargaining dated 22/03/2018 6. Child Labour Policy dated 02/01/2017 <p>All the policies are available at website and notice boards. Policy briefing for human right dated 10/08/2018 for all workers.</p> <p>Onsite interview observed no sign of discrimination and equal opportunity for workers. From workers interview feedback the passport is kept by them.</p> <p>BPOM observe the minimum wage order 2016 of RM920.00/month or RM35.38/day. Mill workers are either monthly paid or daily rate. Wage pay slips are review and verify there are no wages paid below the minimum wage order.</p> <p>There is no contractor workers working in the mill. Therefore no information available to verify.</p> <p>Summary records of workers are available with full name, date of birth, date of join, job assign, wage type of either daily or monthly rate working hours, overtime rate and any deductions. All workers have a work agreement signed with management representative.</p> <p>Based on the list of stakeholders, there are contractor workers for building & civil works.</p> <p>The workers summary list include name, IC number, date join and type of work.</p> <p>Attendance are recorded using punch card system.</p> <p>Pay slips are available for all workers.</p> <p>Based on site verification, workers quarters adopt the minimum housing and amenities act (Act 446) as guidance.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.6	<p>Training program is establish, documented and well maintained. Training need analysis is determine by the mill based on job description of the respective employees.</p> <p>All information regarding training records, attendance and training materials are maintained.</p> <p>Example:, Training on SOP for Press station operator conducted on 19/09/2018. Attendance records of training and photos are maintained.</p>	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services										
Criterion By Audit	Summary of Assessment	Compliance								
4.5.1	<p>BPOM adopted the group sustainable agricultural policy dated 21/02/2017 signed by Chief Executive Group Plantations</p> <p>BPOM has establish Environmental Impact Assessment and Continuous Improvement Plans date of 2nd assessment 10/02/2018 – 22/02/2018. Next review will be on March 2019.</p> <p>The plan includes positive and negative impacts.</p> <p>Example: POME application to land possibility overflow water courses and neighboring land during monsoon season. Mitigation: Monitoring of satellite ponds and trenches conduct daily for overflow.</p> <p>Mill has conduct environmental quality meeting on 29/09/2018.</p>	Yes								
4.5.2	<p>BPOM has establish five years diesel consumption for period 2013- 2017. Diesel consumption for year 2018 is compared against the average of 3 years bassline is found to be lower.</p>	Yes								
4.5.3	<p>BPOM has establish Environmental Impact Assessment and Continuous Improvement Plans. The plan include identifying and mitigation action related to waste generated describe in appendix 3</p> <p>Example:</p> <table border="1" data-bbox="347 1579 1235 1917"> <thead> <tr> <th>Source</th> <th>Mitigation action</th> </tr> </thead> <tbody> <tr> <td>Electrical waste</td> <td>Proper scheduled waste management conducted as required in EQA (scheduled waste 2005)</td> </tr> <tr> <td>Paper and cartridge ink</td> <td>Reused paper by using both side, used cartridge return to supplier.</td> </tr> <tr> <td>POME and sludge</td> <td>Installation of Belt Press at POME plant completed in year 2014.</td> </tr> </tbody> </table> <p>SSPO 'Pengendalian Bahan Kimia', doc no: SSOP/PBK/2012/001 describe;</p> <p>Operator to use PPE and understand SDS.</p>	Source	Mitigation action	Electrical waste	Proper scheduled waste management conducted as required in EQA (scheduled waste 2005)	Paper and cartridge ink	Reused paper by using both side, used cartridge return to supplier.	POME and sludge	Installation of Belt Press at POME plant completed in year 2014.	Yes
Source	Mitigation action									
Electrical waste	Proper scheduled waste management conducted as required in EQA (scheduled waste 2005)									
Paper and cartridge ink	Reused paper by using both side, used cartridge return to supplier.									
POME and sludge	Installation of Belt Press at POME plant completed in year 2014.									

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Principle 5: Environment, natural resources, biodiversity and ecosystem services						
Criterion By Audit	Summary of Assessment	Compliance				
	Site visit to operational site example engine room workers are provided with appropriate PPE such as earplug, safety helmet and safety shoes					
4.5.4	<p>BPOM has establish Fossil Fuel Management Plan which state the sources of emission:</p> <ol style="list-style-type: none"> 1. 2. Vehicles 3. Generator set <p>The type of GHG emissions are include in the EIA report. Stack emissions are monitored using smoke density meter with results below 20%. Example:</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Source</th> <th>Mitigation action</th> </tr> </thead> <tbody> <tr> <td>Vehicles</td> <td> <ul style="list-style-type: none"> • Mill has set up a schedule fuel usage and monitoring. • Regular services of vehicles to ensure smooth running of engine and proper maintenance of vehicles. </td> </tr> </tbody> </table>	Source	Mitigation action	Vehicles	<ul style="list-style-type: none"> • Mill has set up a schedule fuel usage and monitoring. • Regular services of vehicles to ensure smooth running of engine and proper maintenance of vehicles. 	Yes
Source	Mitigation action					
Vehicles	<ul style="list-style-type: none"> • Mill has set up a schedule fuel usage and monitoring. • Regular services of vehicles to ensure smooth running of engine and proper maintenance of vehicles. 					
4.5.5	<p>BPOM has establish Water Management Plan 2018. The plan include assessment of water source, water treatment process, water storage, water consumption monitoring, and water pollutant / waste and water analysis. POME discharge for land irrigation and monitor daily for any changes. The monitoring is according to DOE requirements.</p>	Yes				

Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.1	<p>BPOM has established Standard Operating Procedure (SOP) for mill operation and best management practices. Example Chapter 7 – ‘Pengendalian Bahan Kimia’, Chapter 12 - Pome treatment plant, Chapter 25 – ‘Pembungkusan & Penyimpanan Bunch Ash’. SOPs sighted for each operation such as engine room and Sterilizer. Mill conduct on job training for their workers to ensure everyone understood and perform their job according to SOP requirement. Example: On job training for CPO storage tank, CPO & PK despatch & lab training. JKKP records book on inspection for operation such as vacuum oil dryer, air receiver and horizontal tank available.</p>	Yes
4.6.2	<p>BPOM has establish long-term business and management plan and financial plan for 2018 to 2022.</p>	Yes

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Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
	The budget includes crop forecast, capex, OER, KER, CPO, PK and income & expenditure. Business plan include previous 2 years actual and 2 years projections.	
4.6.3	BPOM has establish contract agreement with contractors. Example: Sighted contract agreement for soil investigation work for purposed building & civil works. Payment details stated in agreement. Sighted invoice dated 30/08/2018 with payment as per agreement contract.	Yes
4.6.4	BPOM has conduct briefing on MSPO requirement to suppliers and contractors. The awareness of MSPO requirement include in the contract agreement. Agreement allow the accredited certificate body to inspect and audit suppliers and contractors.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have been implemented to address the identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
X	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

Non Conformity Number < 01 >		
Indicator: 4.4.4.2: The occupational safety and health plan shall cover the following:		
b) The risks of all operations shall be assessed and documented		
Location	Bukit Mas POM	
Description of Finding / Objective Evidence:		
The risk assessment HIRARC is conducted. Hap Seng have included element of likelihood, severity and risk in the assessment. The action plan is establish. HIRARC include the action plan and all required actions to be conducted. However, the plan did not clearly segregate according to the risk specify. Therefore, to avoid confusion from reader the management can consider separating the action plan according to the risk.		
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor
		<input type="checkbox"/> Observation
	Deadline for implementation	23/10/2018

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Non Conformity Number < 01 >	
Root Cause Analysis (by company):	
Lack of understanding on the requirement that action plan for the HIRARC is needed to be segregated based on the individual hazard risk.	
Correction (by company):	
To immediately segregate the Action Plan of the HIRARC based on the individual Hazard Risk.	
Corrective / Preventive Action (by company)	
HIRARC will be yearly monitored by Sustainability Team through internal audit to ensure the Action plan of the HIRARC segregated based on individual Hazard Risk.	
Review of Correction & Corrective / Preventive Action	
Action plan accepted. Implementation will be review in the next surveillance.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Review: 27/12/2017
Review of Implementation	
HIRARC dated 11/07/2018 is review with changes made are segregate according to the individual hazards risk. The implementation of individual risk at the mill operation is verified	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name of Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 04/10/2018

Observation < 01 >	
Indicator: 4.1.4.1	
The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.	
Location	Bukit Mas POM
Description of Finding / Objective Evidence:	
SIA conducted for both SSGOE & BPOM Details are included in appendix 8 with 3 details documented and 3 completed. The CIP could be improved by proper segregating and identify mitigation and improvement plan appropriately.	
Raise by: Terence Ang	Date Raise: 23/10/2017
Review of Corrective Action	
Sighted SIA establish for BPOM dated 01/03/2018. The CIP establish is segregated and includey mitigation and improvement plans.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name of Auditor: Terence Ang	Date of Review: 04/10/2018

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Observation < 02 >	
Indicator: 4.4.2.2	
The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.	
Location	Bukit Mas POM
Description of Finding / Objective Evidence:	
The management could consider separating request comment from complaint in the complaint form. Currently both are using the same form where can be misleading as some of the comments are not complaints or grievances.	
Raise by:	Date Raise:
Mohamad Norhisham Bin Mohd Salleh	23/10/2017
Review of Correction & Corrective / Preventive Action	
Sighted the complaints records has been separated to;	
<ul style="list-style-type: none"> • Complaints and grievances • Housing repair request 	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name Auditor:	Date of Review:
Mohamad Norhisham Bin Mohd salleh	04/10/2018

Observation < 03 >	
Indicator: 4.5.3.2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for identifying and monitoring sources of waste and pollution.	
Location	Bukit Mas POM
Description of Finding / Objective Evidence:	
Oil trap could be install at the drain besides the stack. Possibility of contamination of the waterway due to cleaning of floor or accidental spillage/leakage of oil.	
Raise by:	Date Raise:
SK Leong	23/10/2017
Review of Corrective Action	
Oil trap is installed at the drain besides the stack and working properly.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name Auditor:	Date of Review:
Mohamad Norhisham Bin Mohd Salleh	04/10/2018

4.5. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

AUDIT OUTCOME

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MAJOR Non-Conformities	0
MINOR Non-Conformities	1
OBSERVATION	1

Non Conformity Minor 1			
Indicator: 4.4.1.1			
Social impacts should be identified and plans should be implemented to mitigate the negative impacts and promote the positive ones.			
Location	Bukit Mas Palm Oil Mill		
Description of Finding / Objective Evidence:			
During review of SIA assessment, management action plans and continuous improvement plans is was found not involved all stakeholders from BPOM are involved. In appendix 11, the assessment interview with workers was conducted on 12/03/2018 which is after the report is completed.			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
Date Raised: 04/10/2018	Deadline for implementation	Next Audit	
Root Cause Analysis (by company):			
It is due to late submission of interview form by BPOM to Agronomy Department which has led to delay in updating the SIA Report on the internal stakeholder respond.			
The submission of interview list and respond by BPOM internal stakeholder was late is because of no follow up for interview list.			
Correction (by company):			
To immediately include the BPOM internal stakeholder in the SIA Report.			
(Attachment 1.1)			
To conduct SIA re assessment which include input from BPOM stakeholder.			
Corrective / Preventive Action (by company)			
The social impact assessment for internal stakeholder shall be conducted by BPOM with the submission of interview form by BPOM to Agronomy Department under close monitoring of independent Sustainability Team before completion of SIA Report.			
Review of Correction & Corrective / Preventive Action			
Action plan submitted is review and accepted. Implementation will be review in next surveillance audit.			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No		Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
Name of Auditor: Sheron, Pui Ling Wui		Date of Review: 14/12/2018	
Review of Implementation			
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No		Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:		Date of Review:	

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Observation 01	
Indicator: 4.2.2.3 List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained.	
Location	Bukit Mas Palm Oil Mill
Description of Finding / Objective Evidence:	
The group has establish and update list of stakeholders with WWF and Humana listed as NGOs. However, could consider to include other local or regional NGOs in the list.	
Raise by: Zul Hairi Bin Abu Hassan	Date Raise: 04/10/2018
Review of Corrective Action	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

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5. CONCLUSION

Hap Seng Plantations (River Estates) Sdn Bhd., has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit 1 for Bukit Mas Palm Oil Mill according to MSPO 2530-4:2013 Part 4 General principles for palm oil mills.

The no Major NC raised in this audit. 1 Minor NC is raised with action plan accepted that will be review and verify in the next audit. Implementation of OBS will be review and verify during the next audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TUV NORD Malaysia with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-4:2013 Part 4.

As a result of this certification audit, the audit team confirms that:

Certified CPO January to September 2018: 34,163.32mt

Certified PK January to September 2018: 8,766.20 mt

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6. RECOMMENDATION

The audit team conducted a process-based audit focussing on significant aspects/risks and objectives required by the standard(s). The audit methods used were interviews, observations, sampling of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan included in to this summary report.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policy and objectives.

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity that this management system certification be

	Recommended for Certification
/	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 28/01/2018

Zul Hairi Bin Abu Hassan
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchongya, 28/01/2018

Cheong Chun Yuen (Robert)
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

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7. REFERENCES

Table 7-1: Name of Stakeholders

No.	Name	Organisation / Function
1.	So Chon Sheng	Hap Seng Fertilizers S/B
2.	Ngui Yun Sang	Hap Seng Fertilizers S/B
3.	Hamzah Lahimta	Ketua Kampung Litang
4.	Petrus Jehni	Hap Seng Trading S/B
5.	Azman Akmad	Kian Ming Hardware S/B
6.	Rizal Osman	Jabatan Tenaga Kerja
7.	Amat Hj Alimpunus	Jabatan Pertanian Lahad Datu
8.	Khairuddin	Jabatan Immigration
9.	Mohd Ejanri Bahari	Manager LPC Plantations
10.	Koo Pui Tong	Assistant Manager LPC Plantations

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Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body.

Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures

Annex /
corresponding audit documentation

- P&C Audit Report / Checklist(s)
- Audit Plan
- Additional annexes, number