

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

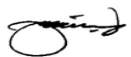
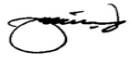
### CERTIFICATION AUDIT REPORT

#### Part 4 : General Principles for Palm Oil Mills

TH Plantations Berhad  
Kota Bahagia Complex [Mill]

-Group Certification-

**MAIN ASSESSMENT**  
**18<sup>th</sup> September 2018**

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	20/12/18	Issued as Draft Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	30/12/18	Issued as Final Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	

Acknowledgment by TH Plantations Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	31/12/18	Acceptance of the contents	Miss Aisyatul Aizzura Salha binti Abdul Rahim	Head Sustainability & Investor Relations	

#### **Declaration**

The auditor(s) has (had) no personal, business or other ties to the client and the assessment is carried out objectively and independently.

WITH INTEGRITY WE SERVE



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Note: Section II of this report contain confidential information and been protected from public disclosure.



## SECTION I : PUBLIC SUMMARY REPORT

### 1.1 Certification Scope

**Global Gateway Certifications Sdn. Bhd. (GGC)** has conducted the Certification Assessment of **TH Plantations Berhad, Kota Bahagia Complex [Mill]**. During this **Main Assessment (Stage 2) Audit**, the audit team were briefed by sustainability member, of the supply base disposition. The source of FFB supplies to Kota Bahagia POM are from their own estates [Kota Bahagia Estate, Sungai Mengah Estate, Sungai Buan Estate, Sungai Merchong Estate] and from out-grower and other smallholders.

This assessment was conducted onsite on **18<sup>th</sup> September 2018** to assess the compliance of the certification unit against the "**MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles for Palm Oil Mills**". The scope of certification is "**Production Of Sustainable Crude Palm Oil And Palm Kernel**".

### 1.2 Company details and Contact information

<b>Company Name</b>	TH Plantations Berhad
<b>Business Address</b>	Menara TH Platinum, Level 31-35, No. 9 Persiaran KLCC, 50088 Kuala Lumpur.
<b>Contact Person</b>	Miss Aisyatul Aizzura Salha Abdul Rahim
<b>Office Telephone</b>	+603 2603 4800
<b>E-Mail</b>	aizzura@thplantations.com

### 1.3 Certification Unit

<b>Name of the Certification Unit</b>	Kilang Sawit Kota Bahagia	
<b>Mill Capacity (MT/HR)</b>	30	
<b>Site Address</b>	Peti Surat 20, 26700 Muadzam Shah, Pahang.	
<b>GPS Reference of the site office</b>	<b>Longitude</b>	E 102°55'39.78"
	<b>Latitude</b>	N 2°59'8.34"

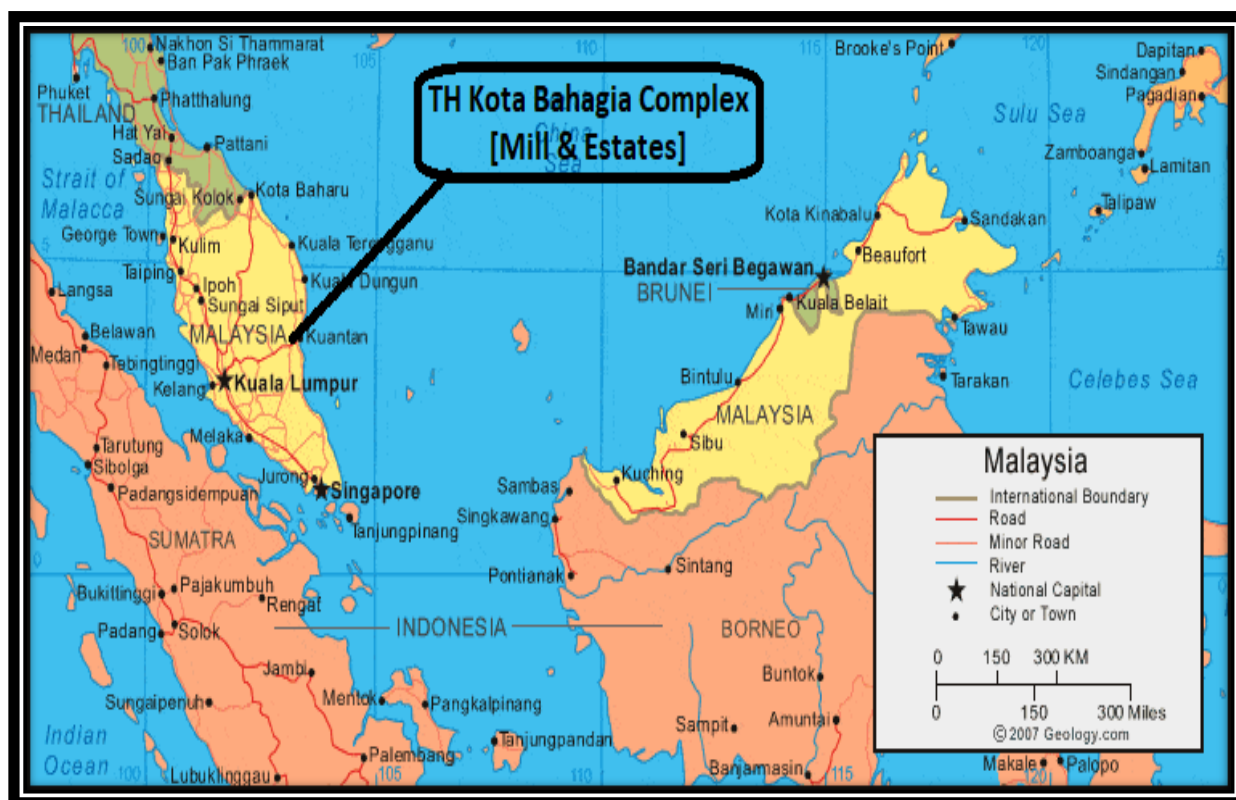


<b>MPOB License Information</b>	<b>License No.</b>	539203004000
	<b>Scope of Activity</b>	<ol style="list-style-type: none"> <li>1. Menjual dan Mengalih FFB, PK, CPO &amp; SPO</li> <li>2. Membeli dan Mengalih FFB, PK &amp; CPO</li> <li>3. Menyimpan PK, CPO &amp; SPO</li> <li>4. Mengilang FFB</li> </ol>
	<b>Expiry Date</b>	30 <sup>th</sup> April 2019

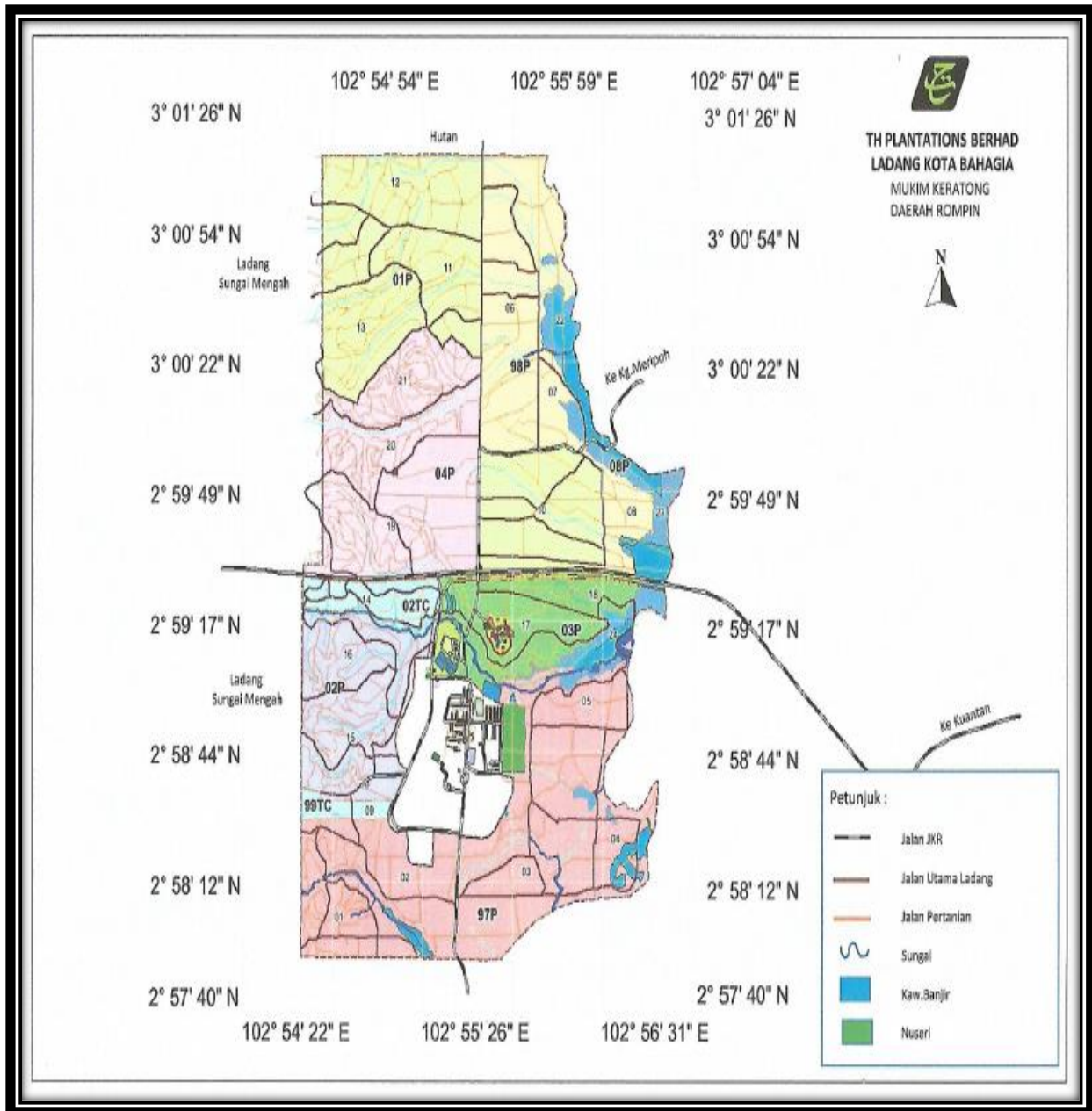
<b>Others Sustainability Certification</b>	NIL
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#### 1.4 Map Showing Geographical Location

##### 1) Kota Bahgia Complex [Mill & Estates]



**2) Kilang Sawit Kota Bahagia (Share with Kota Bahagia Estate Land Title)**



**1.5 Production Area, Actual and Projected FFB Production (MT)****Production for Certified Unit**

<b>Kilang Sawit Kota Bahagia</b>	<b>Projected from last audit</b>	<b>Actual Production for 12 Months [Sept 2017-Aug 2018]</b>	<b>Projected Production for next 12 Months [Sept 2018-Aug 2019]</b>
FFB Summary (MT)	NIL	127,692.79	123,125.38
CPO Summary (MT)	NIL	24,952.83	24,798.35
PK Summary (MT)	NIL	7,155.59	6,841.90

# FFB's Own Estates

**Production for Uncertified Unit**

<b>Kilang Sawit Kota Bahagia</b>	<b>Projected from last audit</b>	<b>Actual Production for 12 Months [Sept 2017-Aug 2018]</b>	<b>Projected Production for next 12 Months [Sept 2018-Aug 2019]</b>
FFB Summary (MT)	NIL	24,762.01	17,501.70
CPO Summary (MT)	NIL	4,763.67	3,327.07
PK Summary (MT)	NIL	1,267.08	892.59

**1.6 Certificate Details**

<b>Certification body</b>	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 Website: <a href="http://www.ggc.my">www.ggc.my</a>
<b>Assessment standard</b>	(MSPO) Part 4: General principles for palm oil mills
<b>Certificate number</b>	GGC-THPB005-MSPO-00-2018
<b>Initial certificate issued date</b>	31 <sup>st</sup> December 2018
<b>Certificate expiry date</b>	30 <sup>th</sup> December 2023

<b>Stage 1 assessment date</b>	30 <sup>th</sup> May 2018 – 31 <sup>st</sup> May 2018
<b>Stage 2 / Main Assessment</b>	18 <sup>th</sup> September 2018
<b>Annual Surveillance 1 [ASA 1]</b>	September 2019
<b>Annual Surveillance 2 [ASA 2]</b>	September 2020
<b>Annual Surveillance 3 [ASA 3]</b>	September 2021
<b>Annual Surveillance 4 [ASA 4]</b>	September 2022

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead Auditor

**Name:** **Muhammad Syafiq bin Abd Razak**

Graduate in plantation management with more than 7 years working experience in various plantation company and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Fully trained in similar agriculture certification programs such as RSPO, SCCS, MSPO and etc. Qualified as Lead Auditor/Auditor in several certification programme. Involved in RSPO and MSPO assessment since 2014. Involved in audits conducted in for many different companies in Malaysia, Indonesia, Australia, Pakistan, Arab Saudi and Ivory Coast. Completed and certified MSPO Auditor course in 2014 (3rd Batch) held by MPOB. Member of GGC MSPO audit team.

Experienced in handling mineral and peat soil oil palm estate. Knowledgeable in chemical in control of weeds and pest & disease in Oil Palm Plantation sector. Understanding in Industrial relation and labour law. Attended OSH Act 1994 & Regulations and Factories & Machinery Act 1967 & Regulations Training. Participated in Workshop for Oil Palm Growers on Peat at Bogor, Indonesia. Completed and attended Social Impact Assessment Training at Bogor, Indonesia organized by Remark Asia. Also, has attended training for RSPO GHG calculation on year 2015 in Kuala Lumpur.

During this assessment, he assessed on the aspect of Transparency, Legal, Safety and Health, Social, Stakeholder's Consultation, Workers Welfare, Environment and etc. He is able to speak and understand Bahasa Malaysia and English.

#### **Auditor**

**Name:** **Ismadi bin Hj. Ismail**

He holds Diploma in Planting Industry Management from MARA Institute of Technology, Kuantan Pahang. 24 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in CoP, MSPO and OSHAS. Qualified as Lead Auditor/Auditor for MSPO and CoP. Involved in MSPO assessment since 2017. Completed and certified MSPO Auditor course in 2017 held by SGS (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Transparency, Safety and Health, Employment Condition, Social and community engagements, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.

#### **Auditor**

**Name:** **Hj. Ahmad bin Sukiman**

He holds MSc Plantation Management from Universiti Putra Malaysia (UPM). Above 30 years of working experiences with various plantation companies and skills in Best Agriculture Practices (GAP) for plantation. Fully trained in MSPO and qualified as Lead Auditor/Auditor for MSPO. Involved in MSPO assessment since 2015. Completed and certified MSPO Auditor course in 2015 held by DQS Certification (M) Sdn Bhd and ISO 9001:2015 lead auditor course by TOMC. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of Management Responsibility, Best Practices, stakeholder's consultation and workers welfare. Able to speak and understand Bahasa Malaysia and English.

### **1.8 Audit Methodology**

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). The sampling was calculated and determined prior to the audit assessment. In the case of this certification unit, sampling calculation was not applied as there is only one palm oil mill, namely "**Kilang Sawit Kota Bahagia**".

The assessment activities include of documents review and site inspection. The documents that had been reviewed among others were company policy, internal procedures, management system procedures, waste management procedures, legal documents etc. Significant issues that would impact to the environmental and social were also been verified.

The methodology for collection of objective evidence was established during physical site inspections, observation of tasks and processes, interviews of stakeholders, interview of officers, review of documents and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also been taken into consideration in this assessment.

Appendix A (Audit Plan) details the actual assessment plan. Stakeholders were consulted randomly during the assessment to obtain feedback on the management compliance and performance (Appendix C) of MSPO.



## 1.9 Audit Plan Information

<b>Audit Date</b>	18 <sup>th</sup> September 2018
<b>Name of site(s) visited</b>	Kilang Sawit Kota Bahagia
<b>Total number of man-days spent</b>	3 man-days

## 1.10 Audit Result Summary Findings

Findings category		
Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	0	No action requires
Minor Nonconformities	0	No action requires
Area of Concern	0	No action requires
Noteworthy /Positive Comments	6	No action requires

## 1.11 Stakeholder Consultation

As per ACB-Malaysian Sustainable Palm Oil (MSPO); ACB-OPMC4; Issue 1, 01st August 2017; Stakeholder Consultation Requirements For Certification Bodies Operating Oil Palm Management Certification, the stakeholder consultation shall be carried out in stage 2 and recertification audit cycle of the management unit.

GGC has published the public notification on 08<sup>th</sup> August 2018 and as to accommodate a stakeholders' consultation meeting for mill and estates. Therefore, it was conducted on 18/09/2018-22/09/2018 in TH Plantations Berhad, Kota Bahagia Complex [Mill & Estates] to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

During this Main Assessment (Stage 2) audit, the audit team has conducted stakeholder consultations involving both internal and external stakeholders as to understand the practices in relation to environmental, social performance and their performance with respect to the MSPO requirements. The meeting was conducted without the present of mill management.

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill management before incorporating into the assessment findings. There was no complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. The details is as per table below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	All stakeholders	<ul style="list-style-type: none"> <li>They aware and have good understanding about MSPO.</li> <li>They have good relationship with the management.</li> </ul>	No action requires	Positive findings
2.	Stakeholders A (Contractors)	<ul style="list-style-type: none"> <li>They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work.</li> <li>They were aware that any complaints or suggestions could be forwarded to the mill/estates management.</li> </ul>	No action requires	Positive findings
3.	Stakeholders B (School Representatives)	<ul style="list-style-type: none"> <li>There is a good CSR rendered by the estate management to the school(s).</li> <li>Student attendance drop to 85% on Friday against the school KPI of 95% due to their parent off day.</li> <li>Suggested the management to overcome the warm condition of TABIKA as the ceiling fan not in good order.</li> <li>Management to repair TABIKA fence in order to deter goats from damaging the "kebun dapur".</li> </ul>	<p>No action requires</p> <p>Management to review the impact from the weekly off day, if possible</p> <p>Management to handle the issue amicably.</p>	<p>Positive findings</p> <p>Will review by next surveillance audit</p> <p>Will review by next surveillance audit</p>
4.	Stakeholder C (Neighbouring Estate)	<ul style="list-style-type: none"> <li>They have good relationship with the management.</li> </ul>	No action requires	Positive findings
5.	Stakeholder D (Estate workers)	<ul style="list-style-type: none"> <li>MSPO awareness, company policy and SOP are briefed among workers during muster call.</li> <li>Personal Protective Equipment are distributed free of charged by management.</li> <li>They have good understanding about</li> </ul>	No action requires	Positive findings

		<p>complaint and grievance mechanism.</p> <ul style="list-style-type: none"> <li>• They are very happy with the management and hopes to continue their contract for a long time.</li> <li>• Company well managing the welfare, health and safety of their workers.</li> <li>• Housing facilities is provided with water and electrical supply.</li> </ul>		
6.	Stakeholder E (Mill workers)	<ul style="list-style-type: none"> <li>• They have good understanding about MSPO.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• PPE given by company – free.</li> <li>• They are very happy with the management and hopes to continue their contract for a long time.</li> <li>• They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016.</li> <li>• Free housing was provided to them with subsidized of water and electricity.</li> </ul>	No action requires	Positive findings
7.	Stakeholders F (Estate - Gender Committee Representatives)	<ul style="list-style-type: none"> <li>• They have been treated equally without any discrimination.</li> <li>• No sexual harassment reported.</li> </ul>	No action requires	Positive findings

## 1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of TH Plantations Berhad, Kota Bahagia Complex [Mill]. Assistant General Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures stated in this manual. All operating units also assist by TH Plantations Berhad, Sustainability and Investor Relations Department.

The management is committed to comply with MSPO system by giving awareness training to all personnel involved in this standard to make them understand the procedures and implementation of the standard. The employees are aware of the requirements of MSPO. There was no complaint or feedback received during this Main Assessment (Stage 2) Audit.

This report will be internally reviewed prior to certification decision by GGC and externally peer reviewed by independents panel reviewers (qualified and trained by MPOCC). During this Main Assessment (Stage 2) Audit [based on MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 4: General Principles For Palm Oil Mills, there is no non-conformity has been raised to the facility that being audited. (Refer to Appendix B, non-conformity table for details).

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted was "zero non-conformity". Hence, the audit objectives as mentioned in the audit plan had been achieved and the Lead Auditor recommends to award the certificate comply to **"MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General Principles For Palm Oil Mills"** to TH Plantations Berhad, Kota Bahagia Complex [Mill].

### 1.13 Date of Next Surveillance Audit

The first annual surveillance assessment visit will be scheduled after 12 months of the MSPO Certificate being issued.

### 1.14 Confidentiality

GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

### 1.15 Abbreviations Used

BOD	Biological Oxygen Demand
CHRA	Chemical Health & Risk Assessment
CIP	Continuous Improvement Plan
COD	Chemical Oxygen Demand
CoP	Code of Practise
CSPO	Certified Sustainable Palm Oil
CPO	Crude Palm Oil
CSPK	Certified Sustainable Palm Kernel
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
FGS	Finished Good Stock
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control

ISCC	International Sustainability & Carbon Certification
IPM	Integrated Pest Management
MPOB	Malaysian Palm Oil Board
MSPO	Malaysian Sustainable Palm Oil
NCR	Non-Conformance Report
NGO	Non-Government Organization
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Assessment Series
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable on Sustainable Palm Oil
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating
SPO	Sludge Palm Oil



