

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

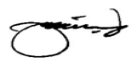


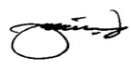
CERTIFICATION AUDIT REPORT


Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders

TH Plantations Berhad
Kota Bahagia Complex [Estates]

-Group Certification-

MAIN ASSESSMENT
19th September 2018 – 22nd 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	
A	28/12/18	Peer Review 1 Comments	Remi bin Rasidi	Peer Reviewer 1	
A	28/12/18	Peer Review 2 Comments	Mohd Zuhaili bin Mukri	Peer Reviewer 2	
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 [Estates]**. 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 **19th September 2018 to 22nd September 2018** to assess the compliance of the certification unit against the **"MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholder"**. The scope of certification is **"Management of Sustainable Oil Palm Plantations from Cultivation, Planting and Production of Fresh Fruit Bunches"**.

1.2 Company details and Contact information

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

1.3 Certification Unit

Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Kota Bahagia Estate	Peti Surat 19, 26700 Muadzam Shah, Pahang.	E 102°55'45.81"	N 2°58'45.36"
2.	Sungai Mengah Estate	Peti Surat 21, 26700 Muadzam Shah, Pahang.	E 102°55'45.81"	N 2°58'45.36"
3.	Sungai Buan Estate	Peti Surat 18, 26700 Muadzam Shah, Pahang.	E 102°55'45.81"	N 2°58'45.36"
4.	Sungai Merchong Estate	Peti Surat 4, 26700 Muadzam Shah, Pahang.	E 103°9'16.62"	N 3°1'41.28"



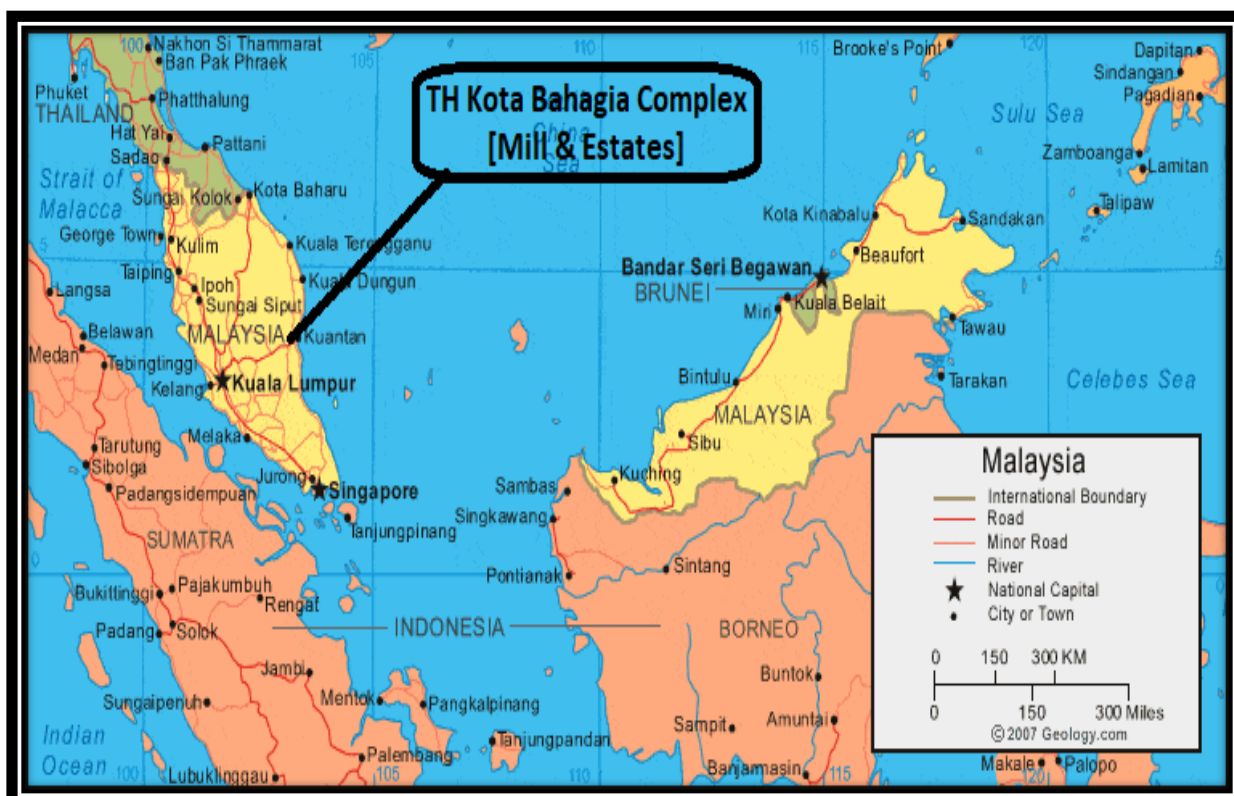
MPOB License Information

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Kota Bahagia Estate	1) 536938002000 2) 539205011000	1) 28/02/2019 2) 30/04/2019	1) Menjual dan Mengalih FFB 2) Menghasilkan, Menjual, Mengalih dan Menyimpan Anak Benih Kelapa Sawit
2.	Sungai Mengah Estate	1) 538078002000	1) 31/03/2019	1) Menjual dan Mengalih FFB
3.	Sungai Buan Estate	1) 536031002000	1) 31/01/2020	1) Menjual dan Mengalih FFB
4.	Sungai Merchong Estate	1) 538079002000 2) 539206011000	1) 31/01/2019 2) 30/04/2019	1) Menjual dan Mengalih FFB 2) Menghasilkan, Menjual, Mengalih dan Menyimpan Anak Benih Kelapa Sawit

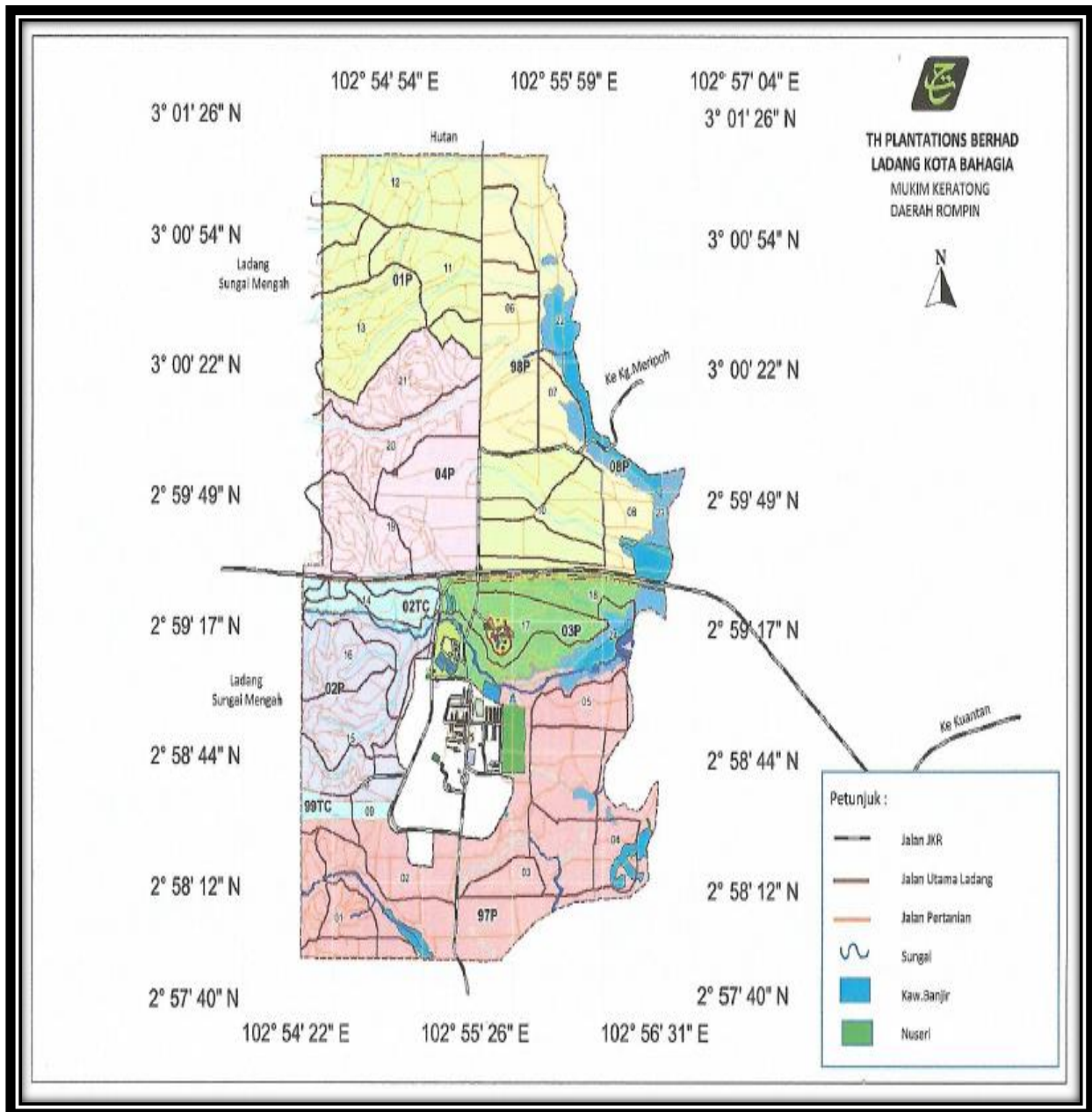
Others Sustainability Certification NIL

1.4 Map Showing Geographical Location

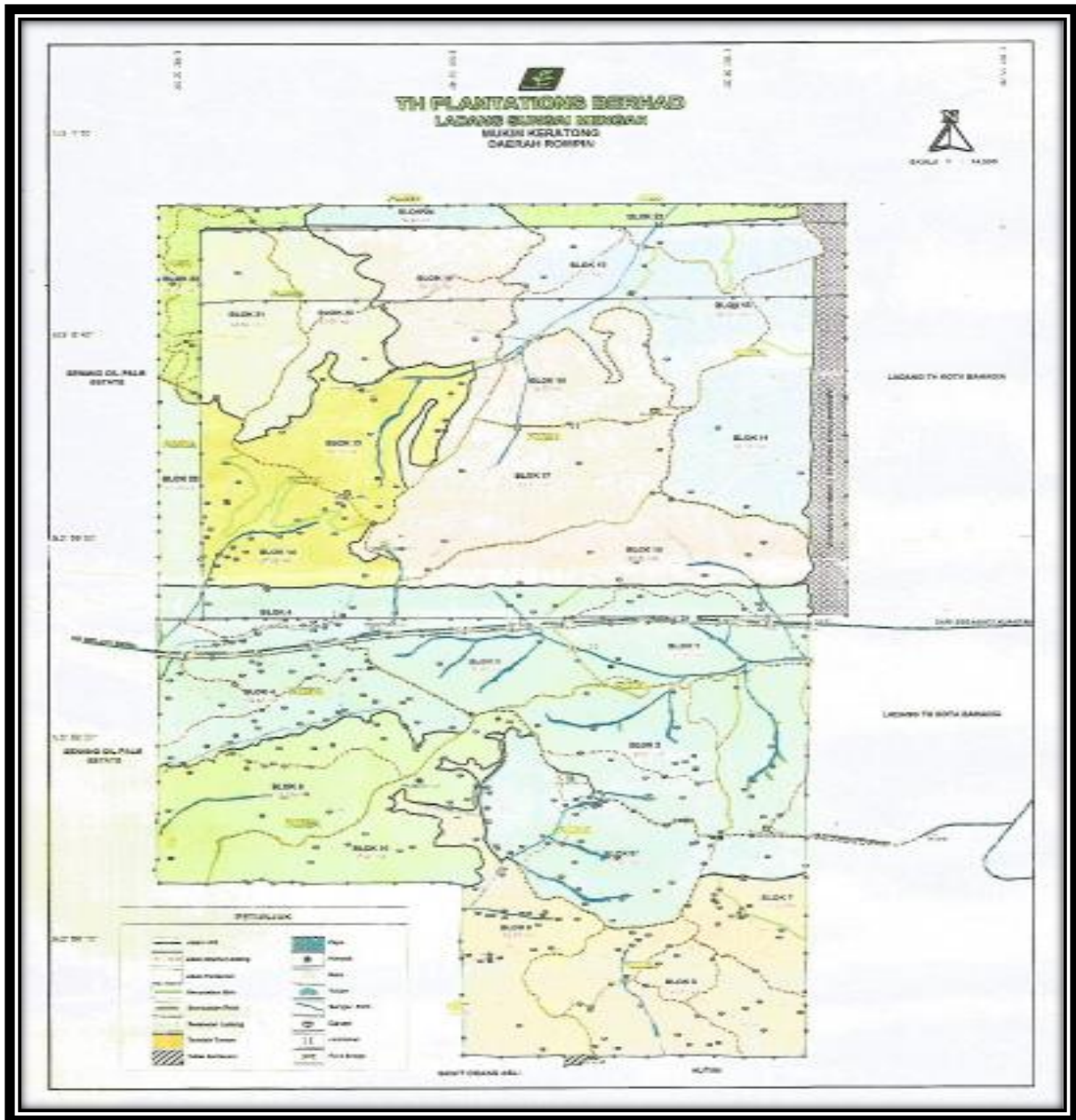
a) Kota Bahagia Complex [Mill & Estates]



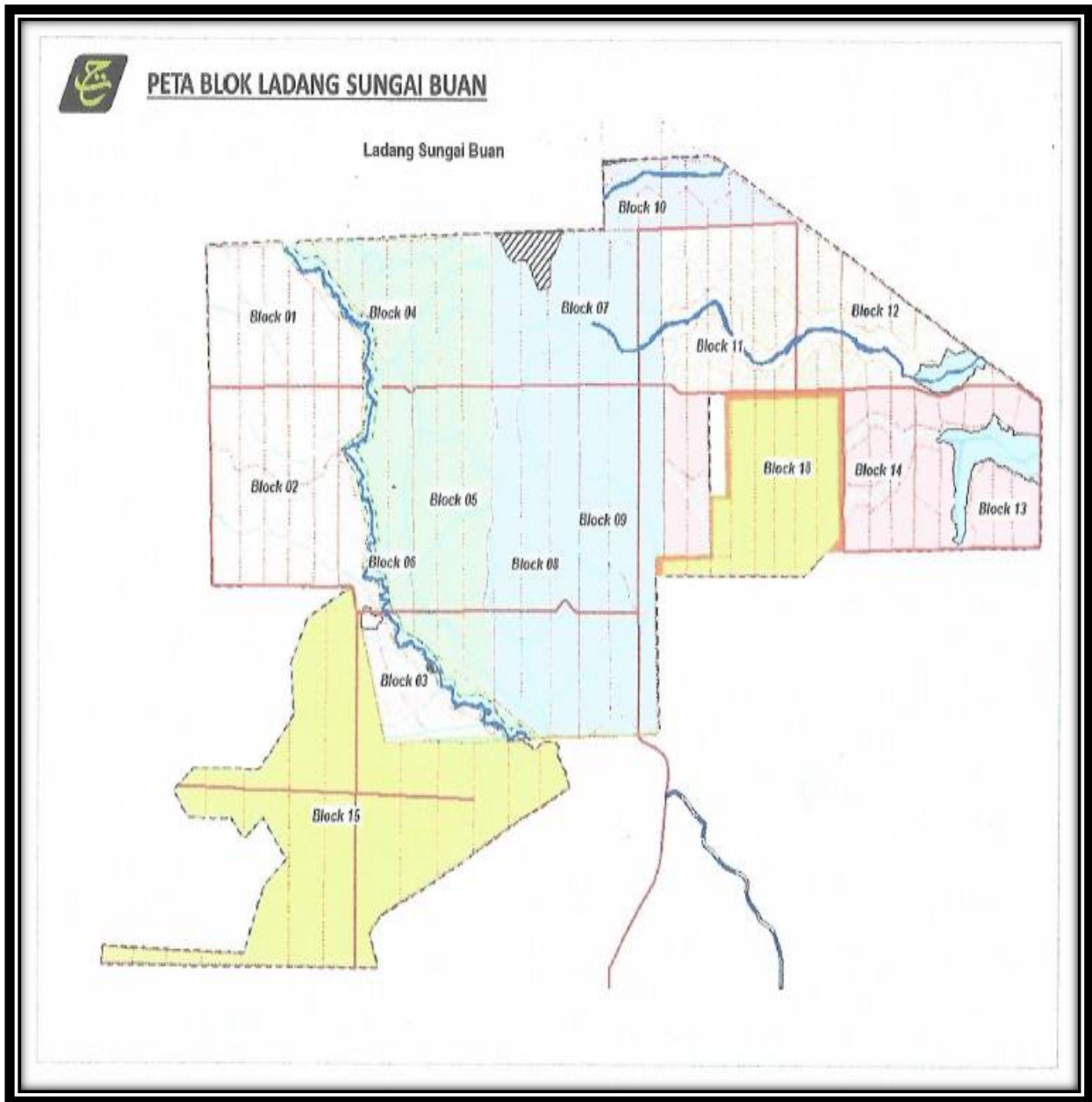
b) Kota Bahagia Estate



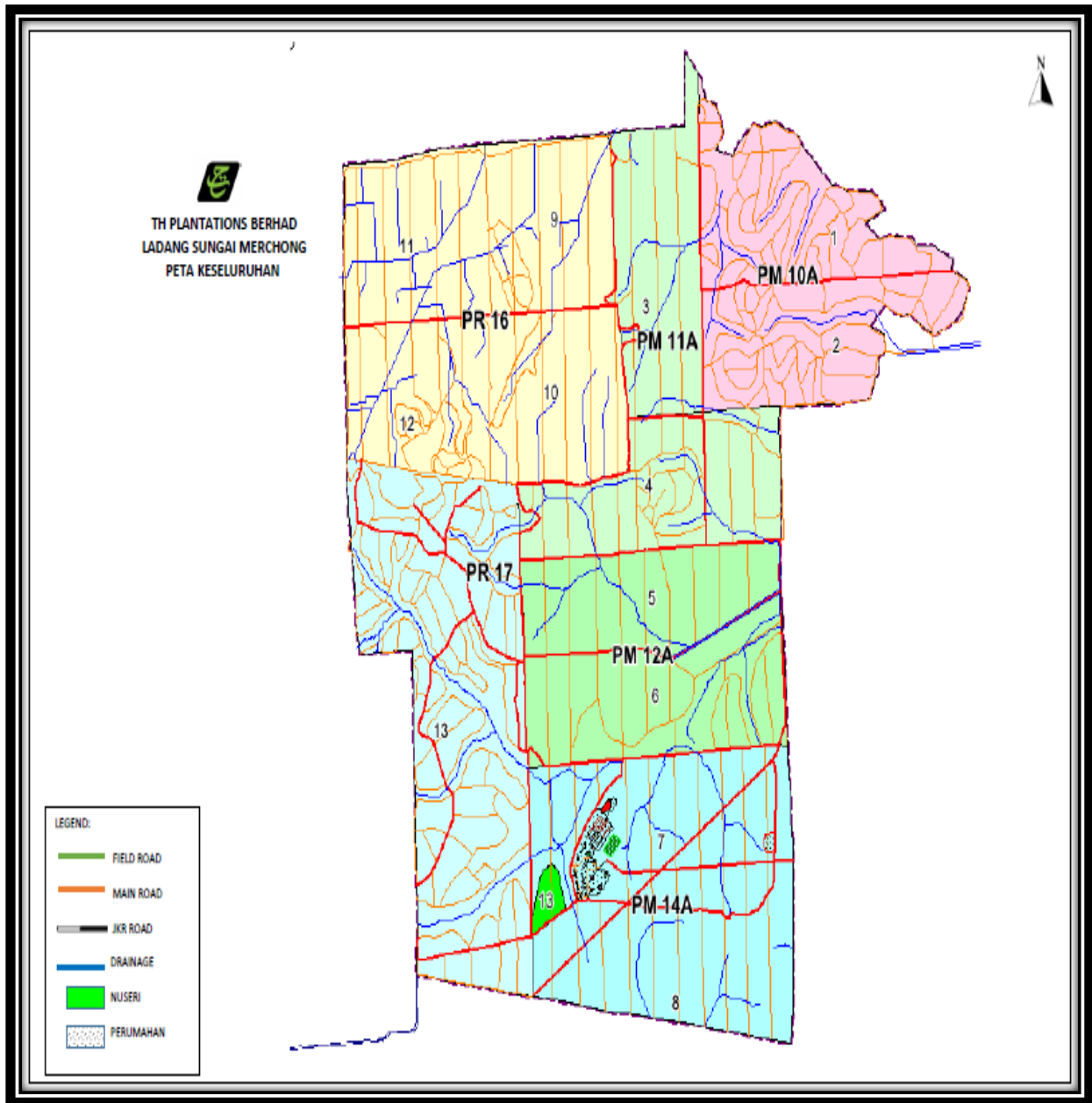
c) Sungai Mengah Estate



d) Sungai Buan Estate



e) Sungai Merchong Estate



1.5 Production Area, Actual and Projected FFB Production (MT)

Name of the Certification Unit	Area Summary (HA)		
	Certified Area (per Land Title)	Planted	Mature
Kota Bahagia Estate	2,112.4557	1,722.72	1,722.72
Sungai Mengah Estate	2,141.645	2,140.53	2,140.53
Sungai Buan Estate	1,795.925	1,732.74	1,031.63
Sungai Merchong Estate	2,023.428	1,690.01	698.13
Total	8,073.4537	7,286.00	5,593.01

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Kota Bahagia Estate	-	-	135.28
Sungai Mengah Estate	-	-	54.28
Sungai Buan Estate	-	-	62.78
Sungai Merchong Estate	-	-	29.99
Total	-	-	282.33

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit	Actual Production for 12 Months [Sept 2017-Aug 2018]	Projected Production for next 12 Months [Sept 2018-Aug 2019]
Kota Bahagia Estate	NIL	45,714.45	38,235.15
Sungai Mengah Estate	NIL	46,381.44	41,145.43
Sungai Buan Estate	NIL	24,474.33	22,170.90
Sungai Merchong Estate	NIL	15,547.74	22,455.51
Total	NIL	132,117.96	124,006.99

1.6 Certificate Details**Certification body**

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: www.ggc.my

Assessment standard

(MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders

Certificate number

GGC-THPB004-MSPO-00-2018



Initial certificate issued date	31 st December 2018
Certificate expiry date	30 th December 2023
Stage 1 assessment date	30 th May 2018 – 31 st May 2018
Stage 2 / Main Assessment	19 th September 2018 – 22 nd September 2018
Annual Surveillance 1 [ASA 1]	September 2019
Annual Surveillance 2 [ASA 2]	September 2020
Annual Surveillance 3 [ASA 3]	September 2021
Annual Surveillance 4 [ASA 4]	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. Therefore, total numbers of supply based assessed in the audit are 4 estates.

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

Audit Date	19 th September 2018 – 22 nd September 2018
Name of site(s) visited	1) Kota Bahagia Estate 2) Sungai Mengah Estate 3) Sungai Buan Estate 4) Sungai Merchong Estate
Total number of man-days spent	12 man-days

1.10 Audit Result Summary Findings

Category	Numbers	Status (Closed/Open/Not Applicable/No Action Requires)
Major Nonconformities	7	Closed
Minor Nonconformities	4	Open
Area of Concern	0	No action requires
Noteworthy /Positive Comments	4	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 08th 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 estates 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 estates 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"> • They aware and have good understanding about MSPO. • They have good relationship with the management. 	No action requires	Positive findings
2.	Stakeholders A (Contractors)	<ul style="list-style-type: none"> • They informed that the payments were made promptly without any delay. Contract agreement were signed prior commencement of work. • They were aware that any complaints or suggestions could be forwarded to the mill/estates management. 	No action requires	Positive findings
3.	Stakeholders B (School Representatives)	<ul style="list-style-type: none"> • There is a good CSR rendered by the estate management to the school(s). • Student attendance drop to 85% on Friday against the school KPI of 95% due to their parent off day. • Suggested the management to overcome the warm condition of TABIKA as the ceiling fan not in good order. • Management to repair TABIKA fence in order to deter goats from damaging the "kebun dapur". 	<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"> • They have good relationship with the management. 	No action requires	Positive findings
5.	Stakeholder D (Estate workers)	<ul style="list-style-type: none"> • MSPO awareness, company policy and SOP are briefed among workers during muster call. • Personal Protective Equipment are distributed free of charged by management. • They have good understanding about 	No action requires	Positive findings

		<p>complaint and grievance mechanism.</p> <ul style="list-style-type: none"> • They are very happy with the management and hopes to continue their contract for a long time. • Company well managing the welfare, health and safety of their workers. • Housing facilities is provided with water and electrical supply. 		
6.	Stakeholder E (Mill workers)	<ul style="list-style-type: none"> • They have good understanding about MSPO. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They are very happy with the management and hopes to continue their contract for a long time. • They have been treated equally without any discrimination. Their salary was according to Minimum Wage Order 2016. • Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings
7.	Stakeholders F (Estate - Gender Committee Representatives)	<ul style="list-style-type: none"> • They have been treated equally without any discrimination. • No sexual harassment reported. 	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 [Estates]. All Sr. Estate Manager/Estate 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 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders), 7 major non-conformities and 4 minor non-conformities have been raised to the facilities that being audited. All the evidence submitted were found adequate and therefore all major non-conformities are closed. (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 of major non-conformity findings is closed. Therefore, the lead auditor recommends to award the certificate of compliance **"MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders"** to TH Plantations Berhad, Kota Bahagia Complex [Estates].

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
MPOCC	Malaysian Palm Oil Certification Council
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

SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 A policy for the implementation of MSPO shall be established.

Summary TH Plantations Berhad has established Sustainability Policy. The policy has been proved by Dato' Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director dated on 10th January 2018.

As evidence in Sungai Merchong Estate, sighted the "Taklimat MSPO" done by estate management. As evidence:

1. Date on 22nd January 2018; Attended by 131 workers and conducted by Mr Ahmad Mazwan bin Jamaludin (Estate Manager).
2. Date on 13th June 2018; Attended by 111 workers and conducted by Tn Hj Abd Rashid bin Md Isa (Estate Sr Assistant Manager).
3. Date on 15th June 2018; Attended by 108 workers and conducted by Mr Syahmie bin Yazit (Estate Assistant Manager).

Meanwhile in Sungai Mengah Estate, sighted the "Taklimat MSPO" done by estate management. As evidence:

1. Date on 09th July 2018; Attended by 72 workers and conducted by Ahmad Luqman bin Ismail (Estate Manager).
2. Date on 10th June 2018; Attended by 66 workers and conducted by Ahmad Luqman bin Ismail (Estate Sr Assistant Manager).
3. Training for staff and executive attended by 47 Personnel date on 08.07.2018.

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize commitment to continual improvement.

Summary TH Plantations Berhad has established Sustainability Policy. Approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

Stated in the Sustainability Policy; Point no 2 – "To continuously improve our operations in line with social, environmental and economic requirements".

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

Indicator 1 Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement.

Summary As per interviewed with Mr. Mohd Uzair Rozali (Assistant Manager) from Sustainability & Investor Relations Department, the internal audit frequency has been planned at least once a year or when required. Internal audit for MSPO program will be conducted by Sustainability & Investor Relations Department from Head Office.

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary TH Plantations Berhad has established an internal audit procedure to determine the strong and weak points or potential areas for improvements. The procedure is available in MSPO Procedure; Internal Audit (MSPO-TH-01; Rev 0; Date 10/01/2018).

The internal audit conducted by Sustainability & Investor Relations Department from Head Office. As evidence in Sungai Buan Estate, the internal audit conducted by Mr. Mohd Uzair bin Rozali, Mr. Mahazan Mat Isa, Mr Mohd Hidayat bin Mohd Hussein and Mr. Sazali Zainol on 23rd April 2018. The findings were documented in the Internal Audit Findings Summary. 6 Majors, 1 Minor, 8 Observations raised by internal audit team.

In Compliance **Yes** No Not Applicable

Indicator 3 Report shall be made available to the management for their review.

Summary The internal audit report was documented and made available for management review. As evidence, all findings from internal audit was responded by all estates management within the acceptable timeframe. The findings from documentation audit has been discussed and approved for implementation by the respective management unit during sustainability management review meeting.

As evidence, audit in Sungai Merchong Estate conducted by Mr. Mohd Uzair bin Rozali, Mr. Mahazan Mat Isa, Mr. Mohd Hidayat bin Mohd Hussein and Mr. Azma Syhihan Ariffin on 24th April 2018 has been discusses during this meeting.

In Compliance **Yes** No Not Applicable

Criterion 3 Management review

Indicator 1 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.

Summary TH Plantations Berhad has established the Management Review Procedure. MSPO-TH-02; Rev 0; Date 10/01/2018. Agenda and minutes of meeting has been reviewed and confirmed that all input from internal audit has been discussed.

In Compliance **Yes** No Not Applicable



Criterion 4 Continual improvement
Indicator 1 The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company.

Summary TH Plantations Berhad has established Sustainability Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

Stated in the Sustainability Policy; Point no 2 – “To continuously improve our operations in line with social, environmental and economic requirements”.

As evidence in Sungai Mengah Estate, sighted a few management plan covering safety, environment and social. The plan has been documented in Continuous Improvement Plan for year 2018. Prepared by Mr. Azma Syhihan bi Ariffin (Estate Sr. Assistant Manager) and approved by Tn Hj Yazit bin Ab. Jalil (Sr Estate Manager).

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 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

Summary Sighted in Sungai Mengah Estate, “Tough- Far” from Androit Advance Agro Sdn Bhd. This is for FFB transport from harvesting path to platform. 10 units has been used by estate.

Other estates, there is no new application of new technology implemented during the certification period. The current practices continued and guide by Estate Plantation Advisor.

In Compliance **Yes** **No** **Not Applicable**

Indicator 3 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.

Summary Training for the use of “Tough- Far” has been conducted on year 2017 attended by 20 person which is appointed to manage and use the machine. As to the date of audit, there is no new technology identified or implemented in other estates. However, all new technologies will be communicated by training to the employees as required.

In Compliance **Yes** **No** **Not Applicable**

2.2 Principle 2 : Transparency

Criterion 1 Transparency of information and documents relevant to MSPO requirements
Indicator 1 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.

Summary TH Plantations Berhad has established procedures for consultation and communication with the relevant stakeholders which is specified in the Stakeholder Communication & Consultation Procedure. MSPO-TH-03; Date 5th April 2018 (second release).

Communication and consultation process are also communicated through stakeholder meeting. As evidence in Kota Bahagia Estate, latest meeting with Internal and External Stakeholders was held on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill. The minutes being prepared by Mr. Sazali bin Zainol (Estate Sr. Assistant Manager) and approved Tuan Haji Mohd Jafri bin Arshad (Estate Senior Manager). No record on request and response matter being addressed by stakeholders as at September 2018.

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary The management documents are made publicly available except prevented by confidentiality. Sighted Reference Document List guideline by Head, Sustainability and Investor Relations, last updated 10th April 2018. All these documents were sighted in the estate office. Requests for official documents through the estate office will have to go through the estate manager/assistant in charge, whom will make the decision as to whether the information can be shared to or viewed by the person requesting the information or document.

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

Indicator 1 Procedures shall be established for consultation and communication with the relevant stakeholders.

Summary TH Plantations Berhad has established the Stakeholder Communication & Consultation Procedure. MSPO-TH-03; Date 5th April 2018 (second release). The Standard Operating Procedure has identified mechanism for consultation and communication with the relevant stakeholders.

In Sungai Buan Estate, latest meeting with Internal and External Stakeholders was held on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill. The minutes being prepared by Mr. Ahmad Luqman bin Ismail and (Estate Sr. Assistant Manager) approved Tuan Haji Mohammad Sakri bin Idris (Estate Manager). Sighted in the minutes of meeting the agenda on Communication and Consultation Procedure.

In Compliance **Yes** No Not Applicable



Indicator 2 A management official should be nominated to be responsible for issues related to Indicator 1 at each operating unit.

Summary All estates have nominated responsible person to in charge consultation and communication in estate level. As evidence in Sungai Mengah Estate, the responsible personnel for the communication and consultation with the stakeholder's agenda is Mr. Azma Syhihan bin Ariffin, appointed on 1st January 2018 by Tn Haji Yazit bin Ab Jalil (Estate Manager).

In Compliance Yes No Not Applicable

Indicator 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.

Summary Stakeholder list is made available to the auditor during the audit. Observed that the stakeholder list consists of various stakeholders covering the NGOs, local communities, contractors, neighboring estates, relevant government agencies. As evidence in Sungai Buan Estate, sighted latest stakeholders list on 30th June 2018. The stakeholders list was updated by Mr. Ahmad Luqman bin Ismail.

Records of stakeholder meeting are also available indicating that the company has been engaging with the stakeholders. With regards to the stakeholder request and complaints, as of the date of the audit, there is no request and complaints placed by the stakeholders detected during the audit.

In Compliance Yes No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s).

Summary The THP has established the MSPO Procedure: Title FFB Traceability. MSPO-TH-04; Rev 0; Date 1st November 2017. Sighted all records done by Estate Management.

Harvesting operation being conducted by check-roll workers (own harvester) and the mandore / supervisor is under Estate Management. At field, estate mandore / supervisor will conduct FFB grading and recorded all the Fresh Fruit Bunches (FFB) that harvested by the harvester in Daily Bunch Record. The daily bunch record consists of the following information:

- a. Harvester unique ID
- b. Date
- c. Quantity
- d. Field No.

Upon completion of field FFB Grading, the FFB will be loaded and transported to ramp and recorded in the Bunch Record. At ramp, the FFB again being graded and record in the Grading Record and Grading Chit.

Later, the FFB being loaded into the lorry and being weighed at Sungai Mengah Estate weighbridge before transporting to mill. The weighbridge operator will key – in the following information in the system:-

- a. Date of weighing
- b. Gross/tare/net weight
- c. Contract Number
- d. Weighbridge ticket number
- e. Descriptions of contents
- f. Vehicle number
- g. Name of driver
- h. Time in / out

Finalizing key-in the information, the weighbridge operator will issue dispatch Chit, delivery Note and Dispatch Ticket.

Further, at security post guard the security personnel will checked the following information:-

- a. Date
- b. Vehicle Number
- c. Name of driver
- d. Name of Supplying Estates and Field No
- e. Time in / out

Then, the FFB being transported to the designated Mill as per Contract. Base on interview with the Person In – Charge of all the Estates, they are well versed with the procedures.

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall conduct regular inspections on compliance with the established traceability system.

Summary The Internal Audit team has conducted inspections on compliance with the traceability system as seen in the Internal Audit Findings. The findings were documented in the Internal Audit Findings Summary. There is no non-conformity raised by the internal auditor, with respect to the traceability as a result of the internal audit conducted.

In Compliance **Yes** No Not Applicable

Indicator 3 The management should identify and assign suitable employees to implement and maintain the traceability system.

Summary Estates have identified and assign responsible person to implement and maintain the traceability system. As evidence in Sungai Buan Estate, the overall person in charge for traceability in estate is Mr. Mohammad Jamil bin Mohid (Estate Assistant Manager), appointed on 6th December 2017 by the Mr. Mohamad Sakri bin Idris (Estate Manager).

In Compliance **Yes** No Not Applicable



Indicator 4 Records of sales, delivery or transportation of FFB shall be maintained.

Summary All sampled estates maintained all records of sales and delivery of FFB to the POM. All records are maintained covering the weighbridge ticket issued by the estates.

In Compliance **Yes** No Not Applicable

2.3 Principle 3 : Compliance to legal requirements

Criterion 1 Regulatory requirements

Indicator 1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Summary The Company has established and updated list of applicable laws and regulations that are applicable for the estate as per "Plantation Quality Management System (PQMS) – Summary of Compliance. The legal register is prepared by Sustainability Industrial Relation (SIR) Department. It includes the following:

1. Occupational Safety and Health Act 1994
2. Factories and Machinery Act, 1967
3. Uniform Building By Law, 1986
4. Pesticides Act 1974 (Act 149)
5. Petroleum (Safety Measures) Act, 1984
6. Electricity Supply Act, 1990
7. Fire Service Act, 1984
8. Environmental Quality Act 1974
9. Local Government Act, 1976
10. Workers' Minimum Standards of Housing and Amenities Act 1990

As evidence in Sungai Merchong Estate, sighted lists of permits/licenses which has been monitored and updated periodically includes;

1. Permit Barang Kawalan Berjadual - Minyak diesel (15,000 liter) & petrol (200 liter), No Siri C026614, expiry 18.07.2019.
2. Permit Khas Barang Kawalan Berjadual - Minyak petrol (100-liter sehari), No Siri C006837, expiry 17.11.2018.
3. MPOB license 539206011000 - Menghasilkan SLGBiji, Menjual dan Mengalih SLGBiji dan Menyimpan SLGBiji, expiry 30.04.2019
4. MPOB license 538079002000 – Menjual dan Mengalih FFB, expiry 31.03.2019.
5. "Sijil Pendaftaran Majikan – KWSP since 26.08.1981.
6. Sighted Borang 2, Perakuan Kelayakan Minimum perumahan dan kemudahan pekerja 1990 (Peraturan 38(1)(a)) for 4 unit (2 blok x 2 unit) rumah pekerja kekal, dated 21.04.2006. Ref: PHG.PKN.7/2006.
7. Sighted Borang 2, Perakuan Kelayakan Minimum perumahan dan kemudahan pekerja 1990 (Peraturan 38(1)(a)) for 2 unit (1 blok x 2 unit) rumah kediaman kekal, dated 28.04.2017. Ref: PHG.PKN.1/2017.
8. Sighted Borang 2, Perakuan Kelayakan Minimum perumahan dan kemudahan pekerja 1990 (Peraturan 38(1)(a)) for 2 unit (1 blok x 2 unit) rumah pekerja kekal, dated 27.04.2018. Ref: PHG.PKN.13/2018.



9. Sighted Borang 2, Perakuan Kelayakan Minimum perumahan dan kemudahan pekerja 1990 (Peraturan 38(1)(a)) for 2 unit (1 blok x 2 unit) rumah pekerja kekal, dated 27.04.2018. Ref: PHG.PKN.10/2017.
10. "Perakuan Penentuan Timbang dan Sukat" Certificate No. B1232504 for 80mt weighbridge calibrated by Metrology Corporation Malaysia Sdn Bhd on 12.03.2018.
11. Sighted note from Mr Mohd Fauzi Bin Badawi , Pegawai Keselamatan dan Kesihatan Pekerjaan on "Pemeriksaan Ulangan Jentera" for Air Compressor on 21.03.2018.
12. Sighted latest updated "Senarai Kedudukan 29 unit Alat Pemadam Api"with 6 unit of them was sent for refilling.
13. Permit potongan daripada gaji pekerja (Seksyen 24 Akta Pekerja 1955 as follow;
 - a) "Tabung Pekerja dengan jumlah sebanyak RM1.00 sebulan" effective 15.01.1997.
 - b) "Bayaran bagi bekalan Elektrik dengan kadar sebenar bacaan meter untuk bekalan dari TEN atau RM1.00 sebulan sekiranya bekalan oleh janakuasa dalaman ladang/kilang" effective 15.01.1997
 - c) "Bayaran bagi bekalan air untuk jumlah yang melebihi subsidi RM8.00 bagi setiap rumah" effective 15.01.1997
 - d) Sighted letter of application to the Pengarah Tenaga Kerja Pekan, Pahang on "Permohonan Permit Potongan Gaji Pekerja Di bawah Seksyen 24 Akta Kerja 1955" on 06.08.2018.
 - i) Potongan PLKS/Visa/proses sebanyak RM200 (RM50.00/mth x 4 months)
 - ii) Potongan sewa beli kerbau (RM40.00/mth)
 - iii) Potongan pinjaman pendahuluan pekerja di Indonesia (RM100/mth x 10 to 15 mths)
 - iv) Potongan pinjaman pendahuluan pekerja baru (RM50.00/mth x 2 mths)
 - v) Potongan caruman insuran Great Eastern Life Assurance (M) Berhad (RM10.00/mth in accordance to NUPW Agreement)
 - vi) Potongan Yuran NUPW (RM8.00/mth in accordance to NUPW Agreement)
 - vii) Potongan pinjaman labour fund – mengikut perjanjian pinjaman.
 - viii) Potongan simpanan Tabung Haji – potongan not more than 50% potongan gaji.
 - ix) Potongan pinjaman pendahuluan – deduction not more than 50% potongan gaji.
 - x) Potongan cukai pendapatan (LHDN) – deduction not more than 50% potongan gaji.

Sighted letter of appointment for the responsible person, Pn Norhapiza Binti Zakaria (Kerani Akaun), signed by Mr Ahmad Mazwan Bin Jamaluddin (Estate Manager) dated 01.01.2018.

However, one major non-conformity has been raised to all estates due to:

- 1) RM8.00 water subsidy was given to local workers on house basis as compared to foreign workers which was based on per head basis (Sg Merchong)

- 2) Linesite Visit by the Hospital Assistant on 29.08.2018 for Sg Mengah and Kota Bahagia was 22 and 24 days from the previous visit, accordingly. It is against the Section 23(2) of Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446).
- 3) Empty chemical, lubricant and paint containers were sighted at worker's houses. 350litres spent lubricant oil (SW305), 15,800pcs empty fertilizer bags and 52pcs Storm boxes (SW409) sold to SS Setia Teknologi Enterprise at Sg Mengah. Sighted invoice no. 3040820180001 for the sales of used fertilizer bags to SS Setia Teknologi Enterprise at Sg Buan.

In Compliance Yes **No** Not Applicable

Indicator 2 The management shall list all laws applicable to their operations in a legal requirement register.

Summary Sighted updated list of applicable laws and regulations that are applicable for the estate as per "Plantation Quality Management System (PQMS) – Summary Compliance. The legal register is prepared by Sustainability Industrial Relation (SIR) Department.

The list is fully covered the requirements that related to MSPO compliance. These documents include information on legal requirements, environmental, general and other requirements.

In Compliance **Yes** No Not Applicable

Indicator 3 The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force.

Summary List of applicable legal and other requirements was made available during the assessment.

As per interview with Puan Razlini Binti Zainal (Sungai Mengah Estate - General Clerk), she will update any new amendments or any regulations once received through the following manner:

- HQ Department
- Communication with law/enforcement officers
- Website

In Compliance **Yes** No Not Applicable

Indicator 4 The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements.

Summary The person in charge to monitor compliance and to track and update the changes in the legal requirement register at Kota Bahagia Estate is Pn. Fakhitah Binti Muhammad (General Clerk), signed by Tn Hj Mohd Jafri Bin Arshad (Estate Senior Manager) dated 01.03.2018.

In Compliance **Yes** No Not Applicable



Criterion 2 Land use rights

Indicator 1 The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.

Summary All estates land title are available and maintained. As evidence:

- 1) Sg. Merchong Estate has 1 land title.
- 2) Sg. Mengah Estate has 3 land titles.
- 3) Sg. Buan Estate has 3 land titles.
- 4) Kota Bahagia Estate has 3 land titles.

However, one minor non-conformity has been raised to all estates due to:

Estate	Total Land Titled	Total Area Statement	Discrepancy	Overpaid quit rent
Sg Merchong	2,023.428 ha	1,720.00 Ha	303.428 Ha	RM21,240.72
Sg Buan	1,795.925 ha	1,795.52 Ha	0.405 Ha	RM40.50

Kota Bahagia:

Syarat-syarat Nyata for HS(D) 3783– Not stated on the title, Rekod ketuan punyaaan: Lembaga Dan Urusan Tabung Haji for HS(D) 3736 & 3737 – spelling error.

Kota Bahagia/Sungai Mengah:

Discrepancy of 201.2907 ha between total land titled (2,112.4557 ha) versus area statement of 1,858.00 ha after taking consideration of 53.165 ha taken by Sg Mengah Estate.

In Compliance Yes **No** Not Applicable

Indicator 2 The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land.

Summary All estates have demonstrated legal ownership of their land by having legal land titles to the land. The copy of land titles are kept in the estates office and were sighted during the audit, while the original copies were kept at the TH Plantations Berhad Head Quarters. Evidence of annual payment of quit rent the state government is available in the form of receipts.

In Compliance **Yes** No Not Applicable

Indicator 3 Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.

Summary Boundary markers available and maintained on the estate map furnished with GPS coordinates. Boundary markers mapping number has been observed and counter verify with boundary markers mapping. The boundary markers at block was clearly demarcated and can be observed. Field visit sighted the boundary markers well maintained and visible.

In Compliance **Yes** **No** **Not Applicable**

Indicator 4 Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC).

Summary No disputes have been recorded in estates area. There is no evidence of conflict present in this estate. There is no violence in instigated violence in maintaining peace because company has a clear procedure for land conflict.

During interview with stakeholders, no issues related to loss of legal customary rights with indigenous peoples, local communities and other stakeholders reported.

In Compliance **Yes** **No** **Not Applicable**

Criterion 3 Customary rights

Indicator 1 Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced.

Summary There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 Maps of an appropriate scale showing extent of recognized customary rights shall be made available.

Summary There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership. Therefore, no maps for recognized customary rights is available.

In Compliance **Yes** **No** **Not Applicable**

Indicator 3 Negotiation and FPIC shall be recorded and copies of negotiated agreements should be made available.

Summary There is no customary land in or surrounding all the estates. There are also no land disputes or claims involving these estates. The company has proper legal land tile for the land ownership.

In Compliance **Yes** **No** **Not Applicable**



2.4 Principle 4 : Social responsibility, health, safety and employment condition

Criterion 1 Social impact assessment (SIA)

Indicator 1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones.

Summary Sighted MSPO Procedures on Stakeholder Communication and Consultation Procedure dated 5th April 2018 (2nd release). In Sungai Merchong Estate, sighted the latest Social Impact Assessment was conducted on 05th September 2018. The purpose of Social Impact Assessment is to measure and assessing on "menjalankan kerja-kerja membaikpulih jalan utama ladang". 58 respondents being assessed with 5 questionnaires in the assessment conducted and 1 responded negatives. Seen in the review report, the mitigation plan, targeted date for completion and Person in-charge.

Meanwhile in Sg. Mengah Estate, the latest Social Impact Assessment was conducted on 1st August 2018. The SIA is assessing on Access and Use Rights, Economic likelihoods and working condition, cultural and religion issues, health and education facilities and subsistence activities. 65 respondents being assessed with 5 questionnaires in the assessment conducted and 0 responded negatives.

In Compliance **Yes** No Not Applicable

Criterion 2 Complaints and grievances

Indicator 1 A system for dealing with complaints and grievances shall be established and documented.

Summary TH Plantations has established MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 1, Dated 05th April 2018 has been established and documented. Sample of Grievance Form as per Appendix 3.

The procedure and flowchart outlined the mechanism to handle issues highlighted by all the stakeholders and resolved effectively, timely and appropriate manner that is accepted by all parties.

In Compliance **Yes** No Not Applicable

Indicator 2 The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.

Summary Sighted MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 1, Dated 05th April 2018 has been established and documented. Any complaints to analyze and provide feedback within an appropriate time frame.

Observed that the above established mechanism is able to resolve the disputes in a timely manner.

As evidence in Sg. Merchong Estate, 1 complaint being recorded to date September 2018. Seen samples of complaints dated 15/5/18 by one of the contractor on:-

1. "Jalan utama yang tidak berturap 300 meter perlu dinaiktaraf diharap dapat menaiktaraf jalan yang berlubang perlu dibaikpulih.
2. Parit jalan perlu dibina dan disambung ke saliran pembuangan.
3. Batu kerikil perlu diletakkan dijalan yang bermasalah"

In Compliance **Yes** No Not Applicable

Indicator 3 A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.

Summary Sighted MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 0, Dated 1st November 2017 has been established and documented. Sample of Grievance Form as per Appendix 3. Complaint form is available at the office and the complaint being place in the Drop Box outside the office.

However, one minor non-conformity has been raised to all estates due to the complaint forms being used is not according to MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 0, Dated 1st November 2017.

In Compliance Yes **No** Not Applicable

Indicator 4 Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time.

Summary Sighted the complaints and grievances procedure being displayed outside the estate office notice board. This complex has conducted stakeholders meeting with their stakeholders on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill.

Interview with the stakeholders and workers demonstrate that they understand the complaint procedure.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request.

Summary Sighted all internal complaints filled and responded and records maintained. No evidence of external complaints from stakeholders using complaints forms. No major negative impacts given during Stakeholders Meeting.

As this is 1st year implementation of MSPO, no negative complaints made by internal and external stakeholders since the system introduce in May 2018.

In Compliance **Yes** No Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Growers should contribute to local development in consultation with the local communities.



Summary All estate are committed and have contributed to local development. The contribution made to the internal and external stakeholders.

The estates have maintained all corporate social responsibility (CSR) for the development of local communities. As evidence in Sungai Mengah Estate, estate Menyediakan perkhidmatan Bas Sekolah untuk penduduk setempat Kota Bahagia. The amount incurred per month is RM6,000.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.

Summary Sighted the Occupational Safety & Health Policy. Established on 10th January 2018 which was approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin. The policy is written in Bahasa and English language.

There are SOPs available for each work activity which include safety precaution in working environment. Examples for:

- 1) Chemical handling
- 2) Harvesting
- 3) Manuring

OSHA Plan 2018 is established for all operational areas covering:

- a) Health and Safety training
- b) Fire Drill
- c) First aid training
- d) Health medical surveillance

Interviews with workers on site for all estates demonstrate that they are aware of their safety, understand the usage of PPE, first aid, any possible hazard and how to overcome such hazard in workplace.

In Compliance **Yes** No Not Applicable

Indicator 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.
- c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:
 - i) all employees involved shall be adequately trained on safe working practices; and
 - ii) all precautions attached to products shall be properly observed and applied.
- d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC).
- e) The management shall establish Standard Operating Procedure for handling of

chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labeling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.

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.

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 meetings are kept and the concerns of the employees and any remedial actions taken are recorded.

h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.

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.

j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

Summary

TH Plantations Berhad has established the Occupational Safety & Health Policy. Dated on 10th January 2018 which was approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin. The policy is written in Bahasa and English language. The policy being displayed at the Notice Board and awareness programme to all the stakeholders.

Risk assessment was conducted through HIRARC based on the severity and the likelihood. HIRARC is consist of hazard identification (type of work activity, hazard & effect), Risk analysis (Existing risk control, likelihood, severity & risk) & Risk Control (Recommended control measures & PIC appointed are Staff or Executive). HIRARC sighted for the followings work operation :-

- a) Harvesting
- b) Manuring
- c) Spraying
- d) Fertiliser Store
- e) Linesite
- f) Pengangkutan BTS
- g) Planting

However, one major non-conformity has been raised to all estates due to:

- 1) Inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations be assessed and documented (All Estates).
- 2) No evidence of Management responded to CHRA Recommendations.
- 3) No evidence Emergency Response Plan being communicated to all workers and staffs (Sungai Buan).

Safety training has been conducted to all relevant workers with respect to the OSH requirements and compliance. One of the samples training has been done at Sg. Buan Estate on first aid training. The training was sighted on 26th June 2018. Conducted by Mr. Batmanathan and attended by 16 participants.

Estate has provided appropriate PPE for all workers in their operations. As evidence in Kota Bahagia Estate, person in-charge of in issuing PPE is Pn. Nurul Aziana bt. Nadir. PPE Issuance and replacement record sighted for:-

- 1) Staff/AP
- 2) Harvesters
- 3) Field Workers
- 4) General Workers

The type of PPE is included in the HIRARC assessment chart for all type of job activities. During field visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works.

Application of any chemical products in the estate is under controlled and carried out by only qualified workers which have attended specific training related to chemical handling. Seen, Standard Operating Procedure for transporting, receiving, handling, storage and disposal of chemicals, MNL/OSH/2009/1 - 1.14 dated 1st March 2009.

Chemical Health Risk Assessment (CHRA) has been carried out by all estates. As evidence in Kota Bahagia Estate, CHRA being conducted on 25th July 2018 by Dr. Noormahani binti Harun [JKKP IH 127/171 -2 (154)] from QMSPRO Sdn Bhd.

Site inspection to the storage facilities evidence that all pesticides are stored in an appropriate manner. All pesticides are labelled with original labels. Safety Data Sheet (SDS) for all the chemical sighted and updated. All empty pesticides containers are triple rinsed and punched prior to delivery to the approved collector.

All Managers for this complex are responsible person for health and safety. In Sg. Merchong Estate, the person in charge for OSH is Mr. Ahmad Mazwan bin Jamaludin (Estate Manager). Safety and health committee has been conducted every 3 months to discuss about health and safety.

Sighted the Emergency Procedure for the Estate under Emergency Response Plan. Ref No : MNL /OSH/2009/1-1.21 in English language dated 1st March 2009. Emergency response plan include the emergency contact number and also have guidelines on accident, Emergency Procedures and exit routes as well as assembly point in file and pasted on notice board.

Emergency response plan include the Emergency Contact Number, Emergency Response Team, Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board. ERP Chart 2018 indicates Mr. Saadon bin Kadir (Hospital Assistant) as First Aider for Sg. Merchong Estate.

Estate has submit JKKP 8 (I & II)(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. As evidence in Sg. Mengah Estate, JKKP 8 was submitted on 15th January 2018.

In Compliance Yes **No** Not Applicable



Criterion 5 Employment conditions

Indicator 1 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.

Summary Sighted the Social Policy. Established on 10th January 2018 which was approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin. The policy is written in Bahasa and English language. This policy covers :-

- a) Mematuhi perundangan dan peraturan – peraturan yang ditetapkan termasuk untuk undang –undang buruh, undang –undang hakmilik tanah serta perumahan pekerja.
- b) Memastikan polisi persaraan minima dipatuhi.
- c) Menyediakan latihan dan pembangunan yang berkaitan dengan peranan dan tanggungjawab pekerja dan kakitangan tersebut.
- d) Melarang pengambilan tenaga kerja tidak sah secara paksaan dan pekerja di bawah umur.
- e) Membayar gaji kepada pekerja dan kakitangan berdasarkan perintah gaji minima
- f) Menghormati dan melindungi hak asasi manusia dan pekerja (termasuk pekerja sementara, kontrak dan atau pekerja asing.
- g) Tidak mengamalkan sikap diskriminasi dan prejudis terhadap jantina, bangsa, agama, kewarnegaraan dan pandangan politik.
- h) Menyediakan persekitaran kerja yang harmoni kepada pekerja ,pelanggan dan orang yang berkepentingan.
- i) Memastikan Suasana kerja bebas daripada gangguan seksual samada secara langsung atau tidak langsung kepada semua pekerja, masyarakat dan pihak berkepentingan keseluruhannya.

The estate is displayed at notice boards outside the office. Communication of all the policies to workforce is through training and during muster call.

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the estate. All workers enjoy the same scale of pay

In Compliance **Yes** No Not Applicable

Indicator 3 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.



Summary

Pay and conditions are documented in the workers' Contract Agreement and wage payment records / pay slip. The salary is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary is RM1,000.00 as stated in the guidelines.

Interview with all estates staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment.

As evidence in Sungai Mengah Estate;

- Paozi – AK 895137
 - August 2018
 - Basic Salary = RM1,102.88
 - Holiday Pay = RM52.31
 - Spraying Allowance = RM17.00
 - Gross salary = RM 1,172.19
 - Deduction
 - Advance = RM150.00
 - NUPW = RM8.00
 - Labour Fund= RM1.00
 - Net salary = RM 1,013.20

As evidence in Sungai Buan Estate;

- Nasaruddin bin Jantan
 - August 2018
 - Basic = RM961.50
 - Holiday Pay = RM38.46
 - FFB loading incentive = RM 930.09
 - Driver allowance = RM100.00
 - Mintenance tractor = RM 30.00
 - Gross Pay = RM2,060.05
 - Deduction
 - KWSP = RM229.00
 - PERKESO = RM10.25
 - SIP = RM4.10
 - Advance = RM400.00
 - Labour Fund = RM1.00
 - Lembaga Tabung Haji = RM200.00
 - Net salary = RM 1,215.70

In Compliance **Yes** No Not Applicable



Indicator 4 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.

Summary The salary of the contractor workers is according to 'Guidelines on the Implementation on the Minimum Wages'. National Wages Consultative Council Act 2011 (Act 732) Malaysian minimum salary is RM1,000.00 as stated in the guidelines.

Several payslips (latest) has been verified and confirmed that the worker's salary are above the minimum threshold limit set by the Malaysian laws and regulations (RM1,000.00/month).

Sighted in Sg. Merchong Estate, sighted an Agreement between THP Kota Bahagia Sdn Bhd (No Syarikat 413912-H), Ladang Sungai Merchong and Nas Niaga Enterprise on "Memuat dan Mengangkut BTS dari Ramp Ladang Sungai Merchong ke Kilang Sawit Kota Bahagia". The agreement valid from 1st January 2018 until 31st December 2018.

However, one minor non-conformity has been raised due to no evidence that contract agreement between the contractor and his workers available during the audit.

In Compliance Yes **No** Not Applicable

Indicator 5 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.

Summary Sighted, the registration card Pendaftaran Pekerja-Pekerja under Akta Keselamatan Dalam Negeri, 1960 Keselamatan Dalam Negeri (Undang –Undang Pendaftaran Pekerja),1960 (Peraturan 3). The registration card stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc.

In Compliance **Yes** No Not Applicable

Indicator 6 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.

Summary Sighted, Employment Contract between THP Plantation Sdn Bhd and the workers. The Agreement stated all the term and conditions according to Malaysian Law. The contract is in Bahasa Malaysia.

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian.

All workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed though interview with workers from the Estate and also through verification of contracts of service and pay slips of workers.



No evidence of discrimination based on race, skin color, religion, gender, national origin, ancestry, disability, marital status, and sexual orientation was found in the estate.

However, one major non-conformity has been raised to Sungai Mengah Estate and Kota Bahagia due to Under "No 6 Disiplin dan Tatalaku, clause 6.1 Pekerja tidak dibenarkan bekerja dengan mana-mana individu institusi atau organisasi lain selain daripada ladang milik THP Kota Bahagia Sdn Bhd semasa tempoh kontrak ini". As evidence, Estate workers being engaged to Kota Bahagia POM for Grading Work at Mill Hopper. Sample taken on Muhamad Rifa'I – AR 667526 (Ladang Sungai Mengah) and Udin – AT 908821 (Ladang Kota Bahagia).

In Compliance Yes **No** Not Applicable

Indicator 7 The management shall establish a time recording system that makes working hours and overtime transparent for both employees and employer.

Summary Working hours is 8 hours. From Saturday to Thursday. The overtime maximum is 104 hours according to Malaysian Law. Daily attendance recorded during muster call. Estate has used pocket check-roll as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 8 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.

Summary The working hour and break time have been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties. There is no complaint received regarding payment or are forced to work overtime during site interview.

In Compliance **Yes** No Not Applicable

Indicator 9 Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

Summary Salary slips clearly shows the calculations of gross salary, all deductions and net salary of a worker. Workers interviewed confirmed that they are being paid more than the stipulated minimum wage and that they understand all the deductions being made. Documented payslip was distributed to individual workers on the day of payment.

In Compliance **Yes** No Not Applicable

Indicator 10 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.



Summary All workers have been provided with medical and accident insurance. Productivity incentives and outturn incentive.

LONPAC Insurance Bhd. is appointed as insurance provider to foreign workers. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.

In Compliance **Yes** No Not Applicable

Indicator 11 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.

Summary All workers are provided with housing facilities at workers linesite. Water is provided free at a subsidize rate of RM8.00 / person and electricity is RM8.00 / House. In Sg Merching Estate and Sg Buan Estate, sanitary and waste disposal is arrange by estate. Others welfare Amenities area Surau, Pusat Asuhan Kanak-Kanak, Klinik and Takraw Court.

In Compliance **Yes** No Not Applicable

Indicator 12 The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace.

Summary Sighted the Social Policy, established on 10th January 2018 which was approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin.

The policy to prevent all forms of sexual harassment and violence at the workplace has stated under the following number:

- "Menyediakan persekitaran kerja yang harmoni kepada pekerja ,pelanggan dan orang yang berkepentingan".
- "Memastikan Suasana kerja bebas daripada gangguan seksual samada secara langsung atau tidak langsung kepada semua pekerja, masyarakat dan pihak berkepentingan keseluruhannya"

In Compliance **Yes** No Not Applicable

Indicator 13 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.

Summary Sighted the Social Policy, established on 10th January 2018 which was approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin.



The policy on respect the right of all employees to form or join trade union has been stated under the following number:

- “Menghormati dan melindungi hak asasi manusia dan pekerja (termasuk pekerja sementara, kontrak dan atau pekerja asing”.

In Compliance **Yes** No Not Applicable

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions.

Summary Child and young person policy is incorporated in the Social Policy. The policy was established on 10th January 2018 and approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin. The policy is written in Bahasa and English language

The policy on Children and young persons shall not be employed or exploited. has been stated under the following number:

- “Melarang pengambilan tenaga kerja tidak sah secara paksaan dan pekerja di bawah umur”.

There are no children below ages of 18 working in the Estate and this was proven through checking the list of employees. The workers were clear that no one below 18 years old should be employed.

In Compliance **Yes** No Not Applicable

Criterion 6 Training and competency

Indicator 1 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.

Summary Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. As evidence in Sg Mengah Estate, seen training programme for year 2018. The training as per below:

- 1) Latihan Kebakaran
- 2) Latihan Pertolongan Cemas
- 3) Latihan ERP
- 4) Taklimat PPE - Penuai
- 5) Latihan SOP - Penuai
- 6) Taklimat PPE – Penyembur Racun

One of the samples was training for “Pekerja Yang Terlibat Dengan Aktiviti Kerja-Kerja Meracun Kawasan Spraying”. The training was sighted on 26th July 2018. Conducted by En. Azma bin Syhian and attended by 9 participants.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 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.

Summary Yearly training plan is created based on Training Needs Analysis for workers involved in the operations. Sighted the Training Need Analysis of all workers, staffs and Management which are based on their competencies and job description.

However, one major non-conformity has been raised to Sungai Buan Estate due to no evidence Training Needs Analysis of individual employees being identified base on their specific skill and competency.

In Compliance **Yes** **No** **Not Applicable**

Indicator 3 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.

Summary Annual Training Plan is available as per in the Training Needs & Plan FY 2018. Observed that the training plan outlined all scheduled training for all operating areas within the respective estates including the safety and health, awareness of the MSPO requirements, emergency procedures and etc. As far as operating areas, the training is found to be grouped based on the working areas such as sprayers, harvesters, maintenance, administration, manuring and general workers.

In Compliance **Yes** **No** **Not Applicable**

2.5 Principle 5 : Environment, natural resources, biodiversity, and ecosystem services

Criterion 1 Environmental management plan

Indicator 1 An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.

Summary TH Plantations Berhad has established Environmental Policy. Approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

All estates have established environmental aspect impact assessment. As evidence in Kota Bahagia Estate, sighted Environmental Aspect Impact Assessment; Prepared by Mr. Sazali bin Zainol (Estate Sr. Assistant Manager) and approved by Tuan Haji Mohd Jafri bin Arshad (Estate Senior Manager) on 25th May 2018. One of example:

- Sub-Activity: Chemical Containers
- Aspect: Generation of empty chemical containers
- Impact: Land Pollution
- Mitigation Measure: Collection of empty containers by contractors



- Monitoring programme: Ongoing (disposal record)

Medium of communication are through display at office, training and briefing during roll call. In Sg. Merchong Estate, sighted "Taklimat MSPO" done by estate management. As evidence:

- 1) Date on 22nd January 2018; Attended by 131 workers and conducted by Mr Ahmad Mazwan bin Jamaludin (Estate Manager).
- 2) Date on 13th June 2018; Attended by 111 workers and conducted by Tn Hj Abd Rashid bin Md Isa (Estate Sr Assistant Manager).
- 3) Date on 15th June 2018; Attended by 108 workers and conducted by Mr Syahmie bin Yazit (Estate Assistant Manager).

In Compliance **Yes** No Not Applicable

Indicator 2 The environmental management plan shall cover the following:
a) An environmental policy and objectives;
b) The aspects and impacts analysis of all operations.

Summary TH Plantations Berhad has established Environmental Policy. Approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

- a) In line with these goals, TH Plantations Berhad is committed towards implementing the following practices:
 - To execute estates and mill operations in line with relevant legislations and the Environment Quality Act
 - To practice a "Zero Burning" policy on new land development and replanting activities
 - To ensure that estates and mill activities follow the guidelines of current industry practices: and
 - To promote and provide the awareness on environmental protection to all employees and stakeholders

Environmental aspects and impacts analysis is available for verification during the audit. As evidence in Sungai Mengah Estate, sighted Environmental Aspect Impact Assessment; Prepared by Mr. Anuar Fikri bin Mat Fauzi (Estate Assistant Manager) and approved by Tn Hj Yazit bin Ab Jalil (Estate Sr. Manager) on 1st May 2018.

However, one major has been raised to Kota Bahagia Estate due to no evidence aspect and impacts analysis has been prepared by estate management.

In Compliance Yes **No** Not Applicable

Indicator 3 An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, implemented and monitored.

Summary A documented Environmental Management Plan is available and found to be outlining the identified impacts; both negative and positive with the proviso to mitigate and promotes both impacts.

As evidence in Sungai Buan Estate, sighted Environmental Aspect Impact Assessment; Prepared by Mr. Ahmad Luqman bin Ismail (Estate Assistant Manager) and approved by Tuan Haji Mohammad Sakri bin Idris (Estate Manager) on May 2018. One of aspect impact assessment:

Environmental Issue

- Leakage of Pesticide during chemical mixing and washing into outside land

Mitigation measures

- To recollect water usage at chemical mixing area to be recycle during mixing activity
- To construct contamination sum at chemical mixing area to contain any leakage
- To place al chemical container on metal trays

However, one major has been raised to Sungai Mengah Estate due to no plan to mitigate the negative impacts and to promote the positive ones has been developed, effectively implemented and monitored by estate management.

In Compliance Yes **No** Not Applicable

Indicator 4 A programme to promote the positive impacts should be included in the continual improvement plan.

Summary The audit team observed that the positive impact has been included into the continual improvement plan. Sighted the program for continuous improvement plan includes:

- Programme 3R
- Planting Beneficial Plant
- Chemical usage reduction
- GHG reduction
- FFB yield optimization
- Waste reduction

In Compliance **Yes** No Not Applicable

Indicator 5 An awareness and training programme shall be established and implemented to ensure that all employees understand the policy, objectives of the environmental management and improvement management plans and are working towards achieving the objectives.

Summary The estates have a comprehensive annual training plan for its staffs and workers and this was sighted in the training records file for each staffs and workers. The training plan for 2018 was sighted.

Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. As evidence,



seen in Sg. Merchong Estate, the "Taklimat Mengenai Kesedaran Alam Sekitar" on 05th June 2018. Attended by 22 workers and conducted by Tn Hj Abd Rashid bin Md Isa (Estate Sr Assistant Manager).

In Compliance **Yes** No Not Applicable

Indicator 6 Management shall organize regular meetings with workers where concerns of workers about the environmental quality are discussed.

Summary All issues relating to environmental are found to be discussed during the Environmental Meeting which is conducted at least once in a year. As evidence in Sg. Merchong Estate, Sighted the "Mesyuarat Alam Sekitar" on 04th July 2018. Attended by 21 participants and conducted by Mr Ahmad Mazwan bin Jamaludin (Estate Manager).

In Compliance **Yes** No Not Applicable

Criterion 2 Efficiency of energy use and use of renewable energy

Indicator 1 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.

Summary All of the estates visited are found to be monitoring the usage of Diesel and Electricity consumption for the operation of the estates. The audit team observed that the consumption is monitored on a monthly basis.

In Compliance **Yes** No Not Applicable

Indicator 2 The oil palm premises shall estimate the direct usage of nonrenewable 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.

Summary The projection consumption of diesel for all estates visited has been documented on annual basis based on the financial year with the latest available is for year 2018. All estates also were compiled the contractor diesel consumption for 2018 and 2019.

In Sg Merchong Estate, sighted estimate usage for both contractors for year 2019:

- An Bina Enterprise
- Nas Niaga Enterprise

It was monitored to optimize use of renewable energy. Data was compiled for comparison and control for future improvement.

In Compliance **Yes** No Not Applicable

Indicator 3 The use of renewable energy should be applied where possible.

Summary There was no opportunity to use renewable energy in all estates. Operation of vehicle is fully dependent on fossil fuel.

In Compliance **Yes** **No** **Not Applicable**

Criterion 3 Waste management and disposal

Indicator 1 All waste products and sources of pollution shall be identified and documented.

Summary TH Plantations Berhad has established the MSPO Procedure; Title: Waste Management. MSPO-TH-05; Rev 0; Date 10/01/2018. All waste products and sources of pollutions are documented in Waste/Environmental Management Plan. Among the wastes identified are scheduled wastes (from store, workshop, clinic), domestic wastes (from line-site, office), sewage and etc.

In Compliance **Yes** **No** **Not Applicable**

Indicator 2 A waste management plan shall be developed and implemented, to avoid or reduce pollution. The waste management plan should include measures for:
a) Identifying and monitoring sources of waste and pollution.
b) Improving the efficiency and recycling potential of mill by-products by converting them into value-added products.

Summary Estate has established waste management. As evidence in Kota Bahagia Estate, list of waste - Organic waste, domestic, Digestive waste/, maintenance oil, empty chemical container, electrical waste, clinical waste, paper and cartridge ink and scheduled wastes. The samples taken,

- Organic Waste.
 - Source generated: worker housing and clubhouse
 - Action taken: Disposal of domestic waste was done on daily basis. and kept at landfill which is far away from waterways.
- Domestic waste. Example: Glasses, aerosol spray, plastic bags.
 - Source generated: housing
 - Action taken: Provide recycle waste bin at housing and awareness training to workers.

However, one major has been raised to Sungai Merchong Estate and Sungai Mengah Estate due to no Waste Management Plan being developed and implemented by the Estate Management.

In Compliance **Yes** **No** **Not Applicable**

Indicator 3 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.



Summary Tabung Haji Group of Plantations Standard Operation Manual (OSH); Ref. No: MNL/OSH/2009/1-1.14; Safe Operating Procedure (Transporting, Receiving, Handling, Storage and Disposal of Chemicals); Date 01st March 2009.

Handling of any used chemical produced in the estate is under controlled and carried out by qualified person which have attended certain training. Estate has specialized person in handling the chemical. The person must be trained before handling the chemicals.

In Compliance **Yes** No Not Applicable

Indicator 4 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..

Summary As per interviewed, the chemical containers will triple rinse and punctured to prevent contamination of water source or to human health. It is not used for other purposes.

The other empty containers generated from estate are send to DOE approved contractor for disposed. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation.

No empty containers disposed by DOE approved contractor. Estate will use Pentas Flora (Kuantan) Sdn Bhd; No: 004873; Expired 01/05/2018-30/04/2019.

In Compliance **Yes** No Not Applicable

Indicator 5 Domestic waste should be disposed as such to minimise the risk of contamination of the environment and watercourse.

Summary Domestic waste was disposed at landfill. Landfill location selected by all estate's management is far from the housing and river. For Sg. Mengah Estate, domestic waste disposed at field PM96A; Block 1.

In Compliance **Yes** No Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

Indicator 1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.

Summary All polluting activities are assessed via the environmental impact assessment – Smoke emission, scheduled waste, domestic waste, discharge from septic tanks, etc. The assessment of polluting activities is identified and documented in the environmental aspect impact assessment. From the environmental aspect impact assessment, it will be evaluated for the impact and any impact will be included in the management plan.



As evidence in Sg Merchong Estate, sighted Environmental Aspect Impact Assessment; Prepared by Mr Syahmie bin Yazit (Estate Assistant Manager) and approved by Mr Ahmad Mazwan bin Jamaludin (Estate Manager) on May 2018. One of example:

- Sub-Activity: Human Sewage
- Aspect: Human sewage waste generated from workers housing area
- Impact: Pollution of soil and water course
- Mitigation Measure: Construct proper sanitation system; Brief on workers and staff right procedure and usage
- Monitoring programme: Done & Ongoing

In Compliance **Yes** No Not Applicable

Indicator 2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.

Summary TH Plantations Berhad has established Environmental Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

In line with these goals, TH Plantations Berhad is committed towards implementing the following practices:

- 1) To execute estates and mill operations in line with relevant legislations and the Environment Quality Act
- 2) To practice a “Zero Burning” policy on new land development and replanting activities
- 3) To ensure that estates and mill activities follow the guidelines of current industry practices: and
- 4) To promote and provide the awareness on environmental protection to all employees and stakeholders

As evidence, zero burning is practiced. No open burning was observed during field and land fill sites visits.

In Compliance **Yes** No Not Applicable

Criterion 5 Natural water resources

Indicator 1 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, maintenance of equipment to reduce leakage, collection of rainwater, etc.).
- 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.
- e) Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented.



f) Where bore well is being use for water supply, the level of the ground water table should be measured at least annually.

Summary TH Plantations Berhad has established the MSPO Procedure; Title: Water Management Plan. MSPO-TH-08; Rev 0; Date 10/01/2018.

There are 1 river, Sg. Keratong flowing through the Sg. Mengah estate’s land. The estate has set aside a minimum of 20m riparian zone on each side of the river bank. Sighted all the area has been protect by estate management. Demarcation of buffer zone has been made by signage installation. As evidence, sighted the signboard for “Riparian Zone”. The natural vegetation within and along the riparian areas were adequately monitored.

All estates monitored of outgoing water. As evidence in Sg. Mengah Estate, sighted 4 samples taken (2 upstream and 2 downstream) monitoring on water. Latest on 23rd May 2018 by Felda Palm Industries Sdn Bhd. Sighted “Sijil Analisis”: 1453/2018; Date on 23/05/2018”. All the test is under threshold level.

Sighted the monitoring usage of water consumption for the operation of the estate. The audit team observed that the consumptions are monitored on a monthly basis and showed satisfactory monitoring of the resources.

During site visit, sighted all the area has been protect by estate management. Demarcation of buffer zone has been made by signage installation. As evidence, sighted the signboard for “Rizab Riparian” – Kawasan Larangan untuk Membaja, Meracon, Mandi, Memancing, Membakar, Membuang Sampah dan Sisa Barangan Berjadual”.

No bore well is being used for water supply in the estate. For water usage, estate use Pengurusan Air Pahang Berhad (PAIP). No water usage from the river.

In Compliance **Yes** No Not Applicable

Indicator 2 No construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

Summary During site visit, no construction of bunds, weirs and dams across main rivers or waterways passing through an estate.

In Compliance **Yes** No Not Applicable

Indicator 3 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).

Summary Water harvesting is implemented in various ways such as retention of water in the field such as road side drains.

In Compliance **Yes** No Not Applicable



Criterion 6 Status of rare, threatened, or endangered species and high biodiversity value area

Indicator 1 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.

Summary TH Plantations Berhad has established the MSPO Procedure; Title: Rare, Threatened, Endangered & High Biodiversity Management. MSPO-TH-08; Rev 0; Date 10/01/2018.

Identification and assessment of HCV habitats and protected areas within land holdings; and attempt assessments of HCV habitats and protected areas surrounding landholdings are available. Identification of the HCV has been conducted through an HCV reassessment by internal team from TH Plantations Berhad.

However, one minor non-conformity has been raised to all estates. There is inadequate identification on the rare, threatened and endangered species existed in the estate vicinity and its surrounding.

In Compliance Yes **No** Not Applicable

Indicator 2 If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:
a) Ensuring that any legal requirements relating to the protection of the species are met.
b) Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts.

Summary For any ERT species listed as a result of the above HCV Assessment, the audit team observed that the company has putting an effort and commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities, as well as developing responsible measures to resolve human-wildlife conflicts.

The management of the individual estates has taken action to discourage any illegal or inappropriate hunting fishing or collecting activities. This is the form of placing signage in appropriate locations and briefing workers.

In Compliance **Yes** No Not Applicable

Indicator 3 A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.

Summary The Management Plan for HCVs identified within the unit covering the scope, programme, timeframe, management plan as well as person in-charge to execute the plan is available and has been verified during the audit. The plan is also found to be approved by the respective estate manager.



In Compliance **Yes** **No** **Not Applicable**

Criterion 7 Zero burning practices

Indicator 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.

Summary TH Plantations Berhad has established Environmental Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018. In line with these goals, TH Plantations Berhad is committed towards implementing the following practices:

- To practice a “Zero Burning” policy on new land development and replanting activities

There is no evidence fire being used for waste disposal sighted during field visit. Implementation of the waste management program is evident from the field visit and schedule waste disposal records sighted in the estate’s office.

As per interviewed with Estate Manager, during replanting estate to carry out works such mechanical felling, chipping, spreading & pulverizing old palm oil tree.

In Compliance **Yes** **No** **Not Applicable**

Indicator 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.

Summary As per interview with Estates Manager, no special approval needed to do open burning. Estate has adopted Environmental Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

In Compliance **Yes** **No** **Not Applicable**

Indicator 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.

Summary Estates have adopted Environmental Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.

In Compliance **Yes** **No** **Not Applicable**

Indicator 4 Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched.

Summary Estates have adopted Environmental Policy. Approved by Dato’ Sri Zainal Azwar bin Zainal Aminuddin; Chief Executive Officer/Executive Director; Date on 10th January 2018.



Open burning in relation to new planting, re-planting or other development is not allowed and this was communicated to all employee and stakeholder. During replanting process, the old palm to be felled and chipped and been remained in the field for self-composed.

In Compliance **Yes** No Not Applicable

2.6 Principle 6 : Best practices

Criterion 1 Site management

Indicator 1 Standard operating procedures shall be appropriately documented and consistently implemented and monitored.

Summary The estate has implemented Good Agriculture Practice (GAP) base on on Standard Operating Procedure Manual, Technical Oil Palm & Rubber Forest Plantation dated 1st March 2009. These includes the following;

- 1) TCH/OP/2009/1 – Land Development
- 2) TCH/OP/2009/2 – Nursery
- 3) TCH/OP/2009/3 – Field Upkeep
- 4) TCH/OP/2009/4 – Manuring
- 5) TCH/OP/2009/5 – Harvesting
- 6) TCH/OP/2009/6 – Mechanisation
- 7) TCH/OP/2009/7 – Rubber Forest Plantation

SOPs are kept in the all operating unit offices and are readily available. All estates have furnished SOP for all stage of operations and in accordance with MSPO requirements. All procedure are kept and will be updated periodically. To ensure all the SOP's are understood by all workers, seen the Training Programme for year 2018 for all estates.

The mechanism to ensure the implementation is through Plantation Advisor visit (annually). During site inspection, the audit team confirms that all visited estates are implementing best practices according to the company procedure.

In Compliance **Yes** No Not Applicable

Indicator 2 Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals.

Summary TH Plantations Berhad SOP TCH/OP/2009/1-1.5 dated 01.03.2009 on Terrace and Platform Construction – "Areas with slopes in excess of 25° are not recommended for planting with oil palm". In addition, soil and topography maps for the estate are evidence that there is no fragile soils exist in the estate.

As evidence in Sg. Merchong Estate, there are 19 soil series recorded for the estate. During site visit observed there is no terracing above 25 Degrees.

In Compliance **Yes** No Not Applicable

Indicator 3 A visual identification or reference system shall be established for each field.

Summary The estate has a visual reference system to identify each field or block. Each field has the signboard with block number, year of planting & hectare only. Task marking for harvester was painted on the palm trunk.

In Compliance **Yes** No Not Applicable

Criterion 2 Economic and financial viability plan

Indicator 1 A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.

Summary All estates had an annual budget for the financial year 2018. The budget includes the projected FFB production, general charges, upkeep & cultivation and Collection which projected for three years from 2018 until 2020. As evidence in Kota Bahagia Estate,

FY	2018	2019	2020
Total crop	39,617	41,495	42,004
YPH	23.00	24.09	24.38
Estimate OER %	20.50	20.50	20.50

In Compliance **Yes** No Not Applicable

Indicator 2 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.

Summary There is replanting programme for the next 3 years in Sungai Buan Estate. Data as per below:

- Year 2019 = 187.52 ha
- Year 2020 = 165.89 ha
- Year 2021 = Nil

For other estates, no replanting programme for the next 3 years as none of the mature areas are due for replanting as yet.

In Compliance **Yes** No Not Applicable

Indicator 3 The business or management plan may contain:
 a) Attention to quality of planting materials and FFB.
 b) Crop projection: site yield potential, age profile, FFB yield trends.



- c) Cost of production: cost per tonne of FFB.
- d) Price forecast.
- e) Financial indicators: cost benefit, discounted cash flow, return on investment.

Summary Sighted business management plan for all estates prepared by Estate Manager. As evidence in Kota Bahagia Estate:

- Progeny/clone – DXP Chemara, Felda, Golden Hope & Felda Tissue Culture
- Total tonnage – 39,617mt
- Yield / Ha – 23.00Mt
- Cost of Production – RM 229.00/Mt

In Compliance **Yes** No Not Applicable

Indicator 4 The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented.

Summary The estates performance is recorded in the monthly progress report. Details on the actual vs budget i.e. FFB production, capital expenditure, production cost and revenue & profit account are shown therein.

The management also provides monthly variance report on the actual production cost against budget and year 2017 achievement.

As evidence in Sg. Buan Estate, sighted a daily cost for Block 6, PR14 updated up to 30.08.2018.

In Compliance **Yes** No Not Applicable

Criterion 3 Transparent and fair price dealing

Indicator 1 Pricing mechanisms for the products and other services shall be documented and effectively implemented.

Summary The pricing of FFB is done by Marketing Department at HQ based on monthly MPOB pricing. Sighted the "Penyata BTB & Kadar Perahan - Ogos 2018 signed by the Asst General Manager, Kilang Sawit Kota Bahagia. Sighted "Perkiraan Pembelian BTB Bulan Ogos 2018" from Pengurus Besar Pemasaran addressed to Asst General Manager, Kilang Sawit Kota Bahagia.

The determination of FFB pricing for the estate will be based on the %OER and %KER achieved for the month less MPOB Cess, Transport Cost of CPO and Mill Processing Cost.

Sighted a contract agreement between THP Kota Bahagia Sdn Bhd with Ladang Kota Bahagia (The Contractor) in respect of "Pembekal BTS" Contract No. THP/LKB/BTS/2018-2020 dated 01.01.2018 until 31.12.2020.

In Compliance **Yes** No Not Applicable



Indicator 2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.

Summary Sighted the Contract Agreement between THP Kota Bahagia Sdn Bhd – Ladang Sungai Mengah with the following contractors includes;

- 1) Mohd Ghazalli Bin Zakawi on 01.01.2018 for contract related to "Penyewaan Back-hoe dengan anggaran sebanyak 2,200 jam untuk menjalankan kerja-kerja penyelenggaraan yang bersesuaian di Ladang Sungai Mengah (2,140.53ha).
- 2) Sighted payment to Mohd Ghazalli Bin Zakawi for the work done in August 2018 has been done through payment voucher No. PY09180002 dated 07.09.2018

However, one major non-conformity has been raised to Sg. Buan Estate due to

- 1) Tetuan RF Maju Jaya Enterprise has been paid on 10.09.2018 for the work completed in August 2018.
- 2) No Clause of duration/ timeframe of payment provided in a terms and conditions of the contract agreement.
- 3) Unable to provide evidence to estate's own Clause 16 (Buku Gaji dan Jadual Waktu).

In Compliance Yes **No** Not Applicable

Criterion 4 Contractor

Indicator 1 Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information.

Summary The contractors has been informed that the estate is undergoing the MSPO certification process. The contractor has been briefed by the estate management to comply with the MSPO standard requirements through "Terma & Syarat Perjanjian Kontrak" attached with the Contract Agreement (Appendix 3.1).

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall provide evidence of agreed contracts with the contractor.

Summary All the contractors are aware that estate will certified under MSPO. Therefore, the contractor has been informed by estate management to follow the MSPO standard requirement.

Sighted all contract includes an agreement signed by contractor and estate manager with term and condition. As evidence in Sungai Mengah Estate,

- 1) Mohd Ghazalli Bin Zakawi on 01.01.2018 for contract related to "Penyewaan Back-hoe dengan anggaran sebanyak 2,200 jam untuk menjalankan kerja-kerja penyelenggaraan yang bersesuaian di Ladang Sungai Mengah (2,140.53 ha).

In Compliance **Yes** No Not Applicable

Indicator 3 The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required.

Summary The estates were audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 19th September 2018 – 22nd September 2018. Sighted audit plan dated 17th August 2018 (2nd Revised) which have been accepted address to Miss Aisyatul Aizzura Salha Abdul Rahim, the Assistant General Manager of Sustainability and Investor Relations Department. All the auditors are qualified MSPO auditor. As per agreed, the TH Plantations Berhad, Kota Bahagia Complex [Estates] accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

In Compliance **Yes** No Not Applicable

Indicator 4 The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted.

Summary All estates verified the work done by the contractors before all the payment paid to the contractors. Estate also inspect the contractor's workers. As per interviewed and also during site visit, the workers aware with OSH requirement. As example, the workers wear the PPE during the work task that given to them.

In Compliance **Yes** No Not Applicable

2.7 Principle 7 : Development of new planting

Criterion 1 Oil palm shall not be planted on land with a high biodiversity value

Indicator 1 Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 2 Peat land

Indicator 1 New planting and replanting may be developed and implemented on peat land as per MPOB guidelines on peat land development or industry best practice.



Summary At this moment, there were no new plantings involving peat area. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 3 Social and Environmental Impact Assessment (SEIA)

Indicator 1 A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 3 The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 4 Where the development includes smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 4 Soil and topographic information

Indicator 1 Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.



In Compliance Yes No **Not Applicable**

Indicator 2 Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 5 Planting on steep terrain, marginal and fragile soils

Indicator 1 Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 3 Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Criterion 6 Customary land

Indicator 1 No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 2 Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites.



Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 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.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 4 The owner of recognized customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 5 Identification and assessment of legal and recognised customary rights shall be documented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 6 A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 7 The process and outcome of any compensation claims shall be documented and made publicly available.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

Indicator 8 Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development.

Summary There were no new plantings involving forest land or land with high biodiversity. Thus, it is not applicable for all estates.

In Compliance Yes No **Not Applicable**

2.8 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) The estate management has demonstrated fully commitment during the entire audit process.
- 3) Good relationship being maintained with surrounding smallholders and villages.
- 4) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan

AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
18 th September 2018	08:00 – 09:00	<ul style="list-style-type: none"> ➤ Centralize Opening Meeting at Kota Bahagia POM: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor. ➤ Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MS	IBI/AS
	09:00 – 13:00	Kota Bahagia POM <ul style="list-style-type: none"> ➤ Document Audit: ➤ Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	MS	IBI/AS
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc ➤ Mill inspection: <ul style="list-style-type: none"> • Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Schedule Waste, POME and etc. 	MS	IBI/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues, auditor discussion and end of audit for day 1. 	MS	IBI/AS

Date	Time	Subjects	Lead Auditor	Auditor
19 th September 2018	08:00 – 13:00	Sungai Merchong Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	IBI/AS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	MS	IBI/AS



	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues, auditor discussion and end of audit for day 2. 	MS	IBI/AS

Date	Time	Subjects	Lead Auditor	Auditor
20 th September 2018	08:00 – 13:00	Sungai Mengah Estate <ul style="list-style-type: none"> ➤ Document Audit: • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	09:30 – 11:30	<ul style="list-style-type: none"> ➤ Estate inspection: • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Centralize Stakeholder Consultation 		IBI/AS
	13:00 – 14:00	<ul style="list-style-type: none"> ➤ Lunch 	MS	IBI/AS
	14:00 – 16:00	<ul style="list-style-type: none"> ➤ Continue document review • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Verify any outstanding issues, auditor discussion and end of audit for day 3. 	MS	IBI/AS

Date	Time	Subjects	Lead Auditor	Auditor
21 st September 2018	08:00 – 13:00	Sungai Buan Estate <ul style="list-style-type: none"> ➤ Document Audit: • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	IBI/AS





	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 16:00	➤ Continue document review • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.	MS	IBI/AS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	MS	IBI/AS

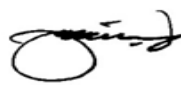
Date	Time	Subjects	Lead Auditor	Auditor
22 nd September 2018	08:00 – 13:00	Kota Bahagia Estate ➤ Document Audit: • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.	MS	IBI/AS
	10:30 – 12:30	➤ Estate inspection: • Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.	MS	IBI/AS
	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 15:30	➤ Continue document review • Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.	MS	IBI/AS
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion	MS	IBI/AS
	16:00 – 17:00	➤ Centralize Closing Meeting at Kota Bahagia Estate: ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment	MS	IBI/AS

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit



Major Nonconformities:	The following NC's were raised for this audit.
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Company Name		TH Plantations Berhad – Kota Bahagia Complex [Estates]		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number		GGC-D3-MSPO-2018		
NC No. / Ref.	D3/MSPO/MAJOR/01	Date Detected	22 nd September 2018	
Site(s) concern	All Estates	Target Completion	90 Days	
Normative Reference and Requirement	4.3.1.1 Major All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	<ol style="list-style-type: none"> 1. Unfair to provide free and adequate piped water drawn from a public main for local workers and their dependants against Section 6(1)(a) Act 446. 2. Hospital Assistant inspection/visit interval for worker's houses, nursery and community hall doesn't comply with Section 23(2) Act 446. 3. Unable to comply with the relevant laws concerning the storage and disposal of scheduled waste. 			
NC Objective Evidence:				
<ol style="list-style-type: none"> 1. RM8.00 water subsidy was given to local workers on house basis as compared to foreign workers which was based on per head basis (Sg Merchong) 2. Linesite Visit by the Hospital Assistant on 29.08.2018 for Sg Mengah and Kota Bahagia was 22 and 24 days from the previous visit, accordingly. It is against the Section 23(2) of Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). 3. Empty chemical, lubricant and paint containers were sighted at worker's houses. 350litres spent lubricant oil (SW305), 15,800pcs empty fertilizer bags and 52pcs Storm boxes (SW409) sold to SS Setia Teknologi Enterprise at Sg Mengah. Sighted invoice no. 3040820180001 for the sales of used fertilizer bags to SS Setia Teknologi Enterprise at Sg Buan. 				
Lead Auditor Signature:		Client Signature:		
				

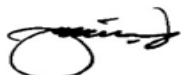
Root cause Analysis (to be filled by client):	
MSPO clause were not fully understood as this is the new requirement for estate management to be adhered.	
Corrective action planned (to be filled by client):	
<ol style="list-style-type: none"> 1) Estate has standardized water subsidy on house basis (Sg. Merchong) 2) Once a week line-site visit was carried out by HA effective from October 2018 3) Estate is in progress to make an agreement with Kualiti Alam Sdn Bhd & Pentas Flora Sdn. Bhd which are authorized by DOE. (Sg. Buan) 	
Preventive Action (to be filled by client):	
<ol style="list-style-type: none"> 1) Monitor and ensure subsidies are given accordingly and fairly (Sg. Merchong) 2) Each visit will be documented and authorized by estate manager. 3) All schedule waste will not be sold until the agreement signet (Sg. Buan) 	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 


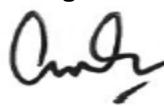
Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MAJOR/02	Date Detected	22 nd September 2018	
Site(s) concern	All Estates	Target Completion	90 Days	




Normative Reference and Requirement	<p>4.4.4.2 Major</p> <p>b. The risks of all operations shall be assessed and documented.</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>i. Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.</p>
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern
Description of Non-Conformity	<p>No evidence sighted during the audit.</p>
<p>NC Objective Evidence:</p> <p>b. Inadequate Hazard Identification, Risk Assessment and Risk Control (HIRARC) covering all activities and operations be assessed and documented (All Estates).</p> <p>e. No evidence of Management responded to CHRA Recommendations.</p> <p>i. No evidence Emergency Response Plan being communicated to all workers and staffs (Sungai Buan).</p>	
<p>Lead Auditor Signature:</p> 	<p>Client Signature:</p> 
<p>Root cause Analysis (to be filled by client):</p> <p>1) No standard format of HIRARC is applied on all activities and operation in estate.</p> <p>2) The estate management are not aware on the need to respond to CHRA Recommendations.</p> <p>3) The ERP has not been conducted for this year (Sg. Buan).</p>	
<p>Corrective action planned (to be filled by client):</p> <p>1) The HIRARC has been complied effective from October 2018 and the next review will be on November 2019.</p> <p>2) The Estate have submitted the F forms of CHRA Recommendations to THP OSH Unit.</p> <p>3) The ERP has been conducted at 20 Sept. 2018 (Sg. Buan)</p>	
<p>Preventive Action (to be filled by client):</p> <p>1) Every HIRARC activities will be reviewed once a year based on requirement.</p> <p>2) The estate will implement CHRA Recommendation as per recommended.</p> <p>3) The estate will keep the ERP program updated every year (Sg. Buan).</p>	
<p>Review of corrective/preventive action (to be filled by Lead Auditor)</p>	






All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 

Company Name		TH Plantations Berhad – Kota Bahagia Complex [Estates]		
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number		GGC-D3-MSPO-2018		
NC No. / Ref.	D3/MSPO/MAJOR/3	Date Detected	22 nd September 2018	
Site(s) concern	Sungai Mengah & Kota Bahagia	Target Completion	90 Days	
Normative Reference and Requirement	4.4.5.6 Major 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.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Evidence, the respective Estate Workers being deploy to Mill against the Employment Contract.			
NC Objective Evidence:				
Under “No 6 Disiplin dan Tatalaku, clause 6.1 Pekerja tidak dibenarkan bekerja dengan mana-mana individu institusi atau organisasi lain selain daripada ladang milik THP Kota Bahagia Sdn Bhd semasa tempoh kontrak ini”.				
Evidence, Estate workers being engaged to Kota Bahagia POM for Grading Work at Mill Hopper. Sample taken on Muhamad Rifa'i – AR 667526 (Ladang Sungai Mengah) and Udin – AT 908821 (Ladang Kota Bahagia).				
Lead Auditor Signature: 		Client Signature: 		

Root cause Analysis (to be filled by client):	
MSPO clause were not fully understood as this is the new requirement for estate management to be adhered.	
Corrective action planned (to be filled by client):	
The estate management has stopped the employees involvement from working in the mill effective from December 2018.	
Preventive Action (to be filled by client):	
The estate management will ensure that the employees will only work in the estate as stated in the contract agreement of worker.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 

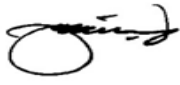

Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MAJOR/04	Date Detected	22 nd September 2018	
Site(s) concern	Sungai Buan	Target Completion	90 Days	
Normative Reference and Requirement	4.4.6.2 Major 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.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence Training Needs Analysis of individual employees being conducted for all the employees.			




NC Objective Evidence:	
No evidence Training Needs Analysis of individual employees being identified base on their specific skill and competency.	
Lead Auditor Signature: 	Client Signature: 
Root cause Analysis (to be filled by client):	
The TNA is not completed and followed the proper format that was given.	
Corrective action planned (to be filled by client):	
The TNA has been completed.	
Preventive Action (to be filled by client):	
The estate will ensure it follows the SOP or circular regarding preparation of documentations and reports.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 

Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MAJOR/05	Date Detected	22 nd September 2018	
Site(s) concern	Sungai Mengah and Kota Bahagia	Target Completion	90 DAYS	



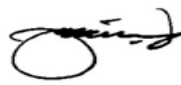
Normative Reference and Requirement	<p>4.5.1.2 Major The environmental management plan shall cover the following: a. An environmental policy and objectives; b. The aspects and impacts analysis of all operations.</p> <p>4.5.1.3 Major An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.</p>	
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern	
Description of Non-Conformity	<p>a) No evidence sighted at Kota Bahagia Estate b) No plan to mitigate the negative impacts and to promote the positive ones</p>	
<p>NC Objective Evidence:</p> <p>a) There is no evidence aspect and impacts analysis has been prepared by estate management (Kota Bahagia Estate).</p> <p>b) Sighted Environmental Aspect Impact Assessment; Prepared by Mr Anuar Fikri bin Mat Fauzi (Estate Assistant Manager) and approved by Tn Hj Yazit bin Ab Jalil (Estate Sr. Manager) on 1st May 2018. However, there is no plan to mitigate the negative impacts and to promote the positive ones has been developed, effectively implemented and monitored by estate management.</p>		
<p>Lead Auditor Signature:</p> 	<p>Client Signature:</p> 	
<p>Root cause Analysis (to be filled by client):</p> <p>Environmental Aspect Impact Assessment was incomplete for some activities or aspects.</p>		
<p>Corrective action planned (to be filled by client):</p> <p>Estates already updated the EAI.</p>		
<p>Preventive Action (to be filled by client):</p> <p>Estates will implement and maintain the EAI as required.</p>		
<p>Review of corrective/preventive action (to be filled by Lead Auditor)</p> <p>All the evidence submitted were found adequate and therefore this major non-compliance is closed.</p>		
<p>NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p>	

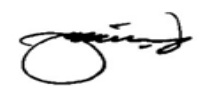




Date Verified: 17 th December 2018	Lead Auditor Signature: 
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Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MAJOR/06	Date Detected	22 nd September 2018	
Site(s) concern	Sungai Merchong & Sungai Mengah	Target Completion	90 Days	
Normative Reference and Requirement	4.5.3.2 Major A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: a. Identifying and monitoring sources of waste and pollution. Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	There is no evidence sighted during the audit.			
NC Objective Evidence: No Waste Management Plan being developed and implemented by the Estate Management.				
Lead Auditor Signature: 		Client Signature: 		
Root cause Analysis (to be filled by client): MSPO clause were not fully understood as this is the new requirement for estate management to be adhered.				
Corrective action planned (to be filled by client): The wastes have been listed and identified in estate waste management plan.				
Preventive Action (to be filled by client): Classify and control all the waste according to the waste management plan.				





Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 



Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MAJOR/07	Date Detected	22 nd September 2018	
Site(s) concern	Sungai Buan Estate	Target Completion	90 Days	
Normative Reference and Requirement	4.6.3.2 Major All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.			
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Evidence, the contract is against the Relevant Laws and Contract Agreement.			
NC Objective Evidence:				
<ol style="list-style-type: none"> 1. Tetuan RF Maju Jaya Enterprise has been paid on 10.09.2018 for the work completed in August 2018. 2. No Clause of duration/ timeframe of payment provided in a terms and conditions of the contract agreement. 3. Unable to provide evidence to estate's own Clause 16 (Buku Gaji dan Jadual Waktu). 				
Lead Auditor Signature: 		Client Signature: 		
Root cause Analysis (to be filled by client):				

<ol style="list-style-type: none"> 1) Late pay on 10th September, the Tetuan RF Maju Jaya 2) MSPO clause were not fully understood as this is the new requirement for estate management to be adhered. 3) The contractor inconsistently prepares the documents of Clause 16 (Buku Gaji & Jadual Waktu) 	
Corrective action planned (to be filled by client):	
<ol style="list-style-type: none"> 1) Starting December 2018, Tetuan RF Maju Jaya will be paid before 7th day of the month 2) The clause regarding timeframe of payment has been prepared by estates and still waiting the addendum clause to be agreed and signed by both parties. 3) The record of Buku Gaji & Jadual Waktu have been prepared by the contractor. 	
Preventive Action (to be filled by client):	
<ol style="list-style-type: none"> 1) Estate will ensure the payment for RF Maju Jaya will be on or before day 7 of the month. 2) Estate will ensure the timeframe of payment should be clearly stated in contract agreement and agreed by both parties. 3) Estate will monitor the records of Buku Gaji & Jadual Waktu from contractors which are appointed by estate. 	
Review of corrective/preventive action (to be filled by Lead Auditor)	
<p>All the evidence submitted were found adequate and therefore this major non-compliance is closed.</p>	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified: 17 th December 2018	Lead Auditor Signature: 




Minor Nonconformities:		The following NC's were raised for this audit.																	
Company Name		TH Plantations Berhad – Kota Bahagia Complex [Estates]																	
Stage of Audit		Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>														
		Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>														
Audited Standard		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders																	
Client Number		GGC-D3-MSPO-2018																	
NC No. / Ref.	D3/MSPO/MINOR/01	Date Detected		22 nd September 2018															
Site(s) concern	All Estates	Target Completion		Next Surveillance Audit															
Normative Reference and Requirement	4.3.2.1 Major downgrade Minor The management shall ensure that their oil palm cultivation activities do not diminish the land use rights of other users.																		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern																		
Description of Non-Conformity	Estate's area statement doesn't tallied with the Land Titled.																		
NC Objective Evidence:																			
<table border="1"> <thead> <tr> <th>Estate</th> <th>Total Land Titled</th> <th>Total Area Statement</th> <th>Discrepancy</th> <th>Overpaid quit rent</th> </tr> </thead> <tbody> <tr> <td>Sg Merchong</td> <td>2,023.428 ha</td> <td>1,720.00 Ha</td> <td>303.428 Ha</td> <td>RM21,240.72</td> </tr> <tr> <td>Sg Buan</td> <td>1,795.925 ha</td> <td>1,795.52 Ha</td> <td>0.405 Ha</td> <td>RM40.50</td> </tr> </tbody> </table>					Estate	Total Land Titled	Total Area Statement	Discrepancy	Overpaid quit rent	Sg Merchong	2,023.428 ha	1,720.00 Ha	303.428 Ha	RM21,240.72	Sg Buan	1,795.925 ha	1,795.52 Ha	0.405 Ha	RM40.50
Estate	Total Land Titled	Total Area Statement	Discrepancy	Overpaid quit rent															
Sg Merchong	2,023.428 ha	1,720.00 Ha	303.428 Ha	RM21,240.72															
Sg Buan	1,795.925 ha	1,795.52 Ha	0.405 Ha	RM40.50															
<p>Kota Bahagia: Syarat-syarat Nyata for HS(D) 3783– Not stated on the title, Rekod ketuan punyaan: Lembaga Dan Urusan Tabung Haji for HS(D) 3736 & 3737 – spelling error.</p> <p>Kota Bahagia/Sungai Mengah: Discrepancy of 201.2907 ha between total land titled (2,112.4557 ha) versus area statement of 1,858.00 ha after taking consideration of 53.165 ha taken by Sg Mengah Estate.</p>																			
Lead Auditor Signature:		Client Signature:																	
																			
Root cause Analysis (to be filled by client):																			
Corrective action planned (to be filled by client):																			
Preventive Action (to be filled by client):																			

Review of corrective/preventive action (to be filled by Lead Auditor)	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature:

Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MINOR/02	Date Detected	22 nd September 2018	
Site(s) concern	All Estates	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	4.4.2.3 Minor A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint.			
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Evidence,, the complaint forms being used is not according to MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 0, Dated 1 st November 2017.			
NC Objective Evidence: Refer to sample of complaint dated 3/4/18 by Mr. Rianto on repair to leaking roof at House No F07. Work was completed on 27 th April 2018 at Sungai Mengah Estate.				
Lead Auditor Signature: 		Client Signature: 		
Root cause Analysis (to be filled by client):				
Corrective action planned (to be filled by client):				

Preventive Action (to be filled by client):	
Review of corrective/preventive action (to be filled by Lead Auditor)	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature:



Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MINOR/03	Date Detected	22 nd September 2018	
Site(s) concern	All Estates	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	4.4.5.4 Minor 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.			
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	No evidence sighted during the audit. .			
NC Objective Evidence:				
There is no evidence that contract agreement between the contractor and his workers available during the audit.				
Lead Auditor Signature:		Client Signature:		
				
Root cause Analysis (to be filled by client):				



Corrective action planned (to be filled by client):	
Preventive Action (to be filled by client):	
Review of corrective/preventive action (to be filled by Lead Auditor)	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature:

Company Name	TH Plantations Berhad – Kota Bahagia Complex [Estates]			
Stage of Audit	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input checked="" type="checkbox"/>
	Surveillance	<input type="checkbox"/>	Recertification	<input type="checkbox"/>
Audited Standard	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
Client Number	GGC-D3-MSPO-2018			
NC No. / Ref.	D3/MSPO/MINOR/04	Date Detected	22 nd September 2018	
Site(s) concern	All Estates	Target Completion	Next Surveillance Audit	
Normative Reference and Requirement	<p>4.5.6.1 Major downgrade Minor 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> <p>a) Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities.</p> <p>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</p>			
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
Description of Non-Conformity	Inadequate identification on the Rare, Threatened and Endangered species existed in the estate vicinity and its surrounding.			



NC Objective Evidence:	
<p>TH Plantations Berhad has established the MSPO Procedure; Title: Rare, Threatened, Endangered & High Biodiversity Management. MSPO-TH-08; Rev 0; Date 10/01/2018., However, there is inadequate identification on the rare, threatened and endangered species existed in the estate vicinity and its surrounding.</p>	
Lead Auditor Signature:	Client Signature:
	
Root cause Analysis (to be filled by client):	
Corrective action planned (to be filled by client):	
Preventive Action (to be filled by client):	
Review of corrective/preventive action (to be filled by Lead Auditor)	
NC Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Date Verified:	Lead Auditor Signature:



Appendix C : List of Stakeholders Contacted

List

Internal Stakeholders

- 1) TH Plantations Berhad, Kota Bahagia Complex [Estates] management team and staff
- 2) Gender Committee Representatives
- 3) Male and Female workers
- 4) Workers Representatives
- 5) Foreign Workers Representatives
- 6) NUPW

External Stakeholders

- 1) Yahya Sharom – Ah Teng Earthwork
- 2) Zainab bte Ali – Tabika Kemas
- 3) Md. Radzan bin Jalil – Kejuruteraan Noraini
- 4) Nachanam A/L Ramulu – Ayamas Mash Bahau
- 5) Mohd Akmal Afif bin Mohd Nasir – Keratong Sembilan Trading
- 6) Mohd Ghazali bin Zakawi – Atot CNT
- 7) Abdullah bin Ibrahim Ab Abro Bina Services
- 8) Siti Zubaidah bt Abu Bakar SKLKB
- 9) Aimuddin bin Patton – Kota Bahagia
- 10) Mohd Azuar bin Shahrudin – Nas Niaga