

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

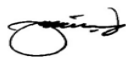
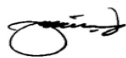
### CERTIFICATION AUDIT REPORT


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

TH Plantations Berhad  
Terengganu Complex [Estates]

-Group Certification-

**MAIN ASSESSMENT**  
**12<sup>th</sup> September 2018 – 14<sup>th</sup> September 2018**

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	20/12/18	Issued as Draft Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
B	28/12/18	Issued as Final Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	

Acknowledgment by TH Plantations Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	28/12/18	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, Terengganu Complex [Estates]**. During this **Main Assessment (Stage 2) Audit**, the audit team were briefed by sustainability member, of the supply base disposition. The estates consist of Sungai Ibok Estate, Ulu Chukai Estate and Bukit Bidong Estate.

This assessment was conducted onsite on **12<sup>th</sup> September 2018 to 14<sup>th</sup> 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

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

### 1.3 Certification Unit

#### Name of the Certification Unit

No	Name of the Certification Unit	Site Address	GPS Reference of the site office	
			Longitude	Latitude
1.	Sungai Ibok Estate	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu.	E 103°18'6.15"	N 4°22'17.43"
2.	Ulu Chukai Estate	Peti Surat 2, 24107 Kijal, Kemaman, Terengganu.	E 103°20'05.2"	N 4°22'06.4"
3.	Bukit Bidong Estate	Lot 2092-1, Jalan Merang-Terengganu, Kampung Gong Tengah, 22100 Permaisuri, Terengganu.	E 102°55'29.6"	N 5°29'20.8"



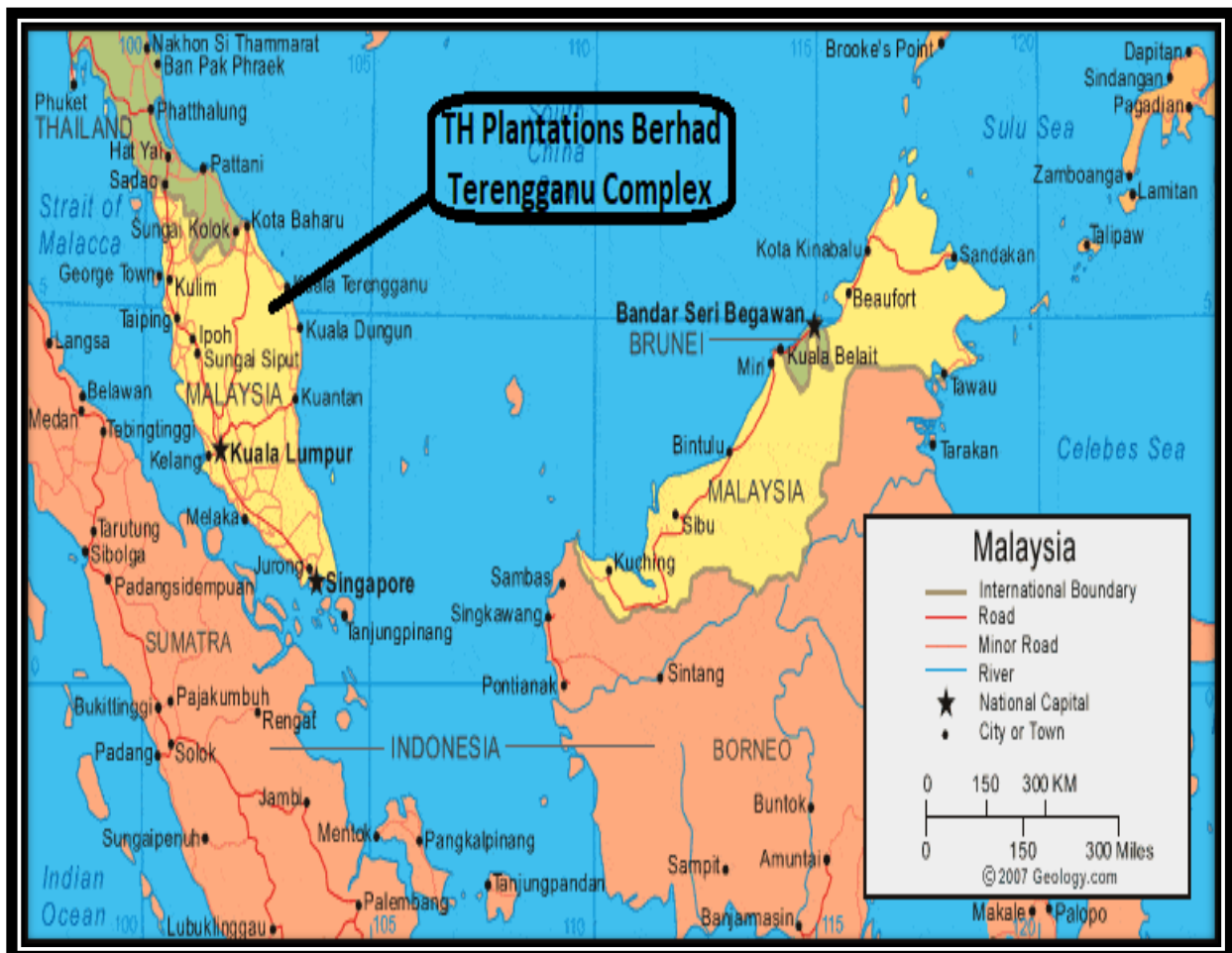
**MPOB License Information**

No	Name of the Site	LICENCE NUMBER	EXPIRY DATE	SCOPE ACTIVITY
1.	Sungai Ibok Estate	501658702000	30/11/2019	“Menjual dan Mengalih FFB”
2.	Ulu Chukai Estate	501669202000	30/11/2019	“Menjual dan Mengalih FFB”
3.	Bukit Bidong Estate	557733002000	31/01/2019	“Menjual dan Mengalih FFB”

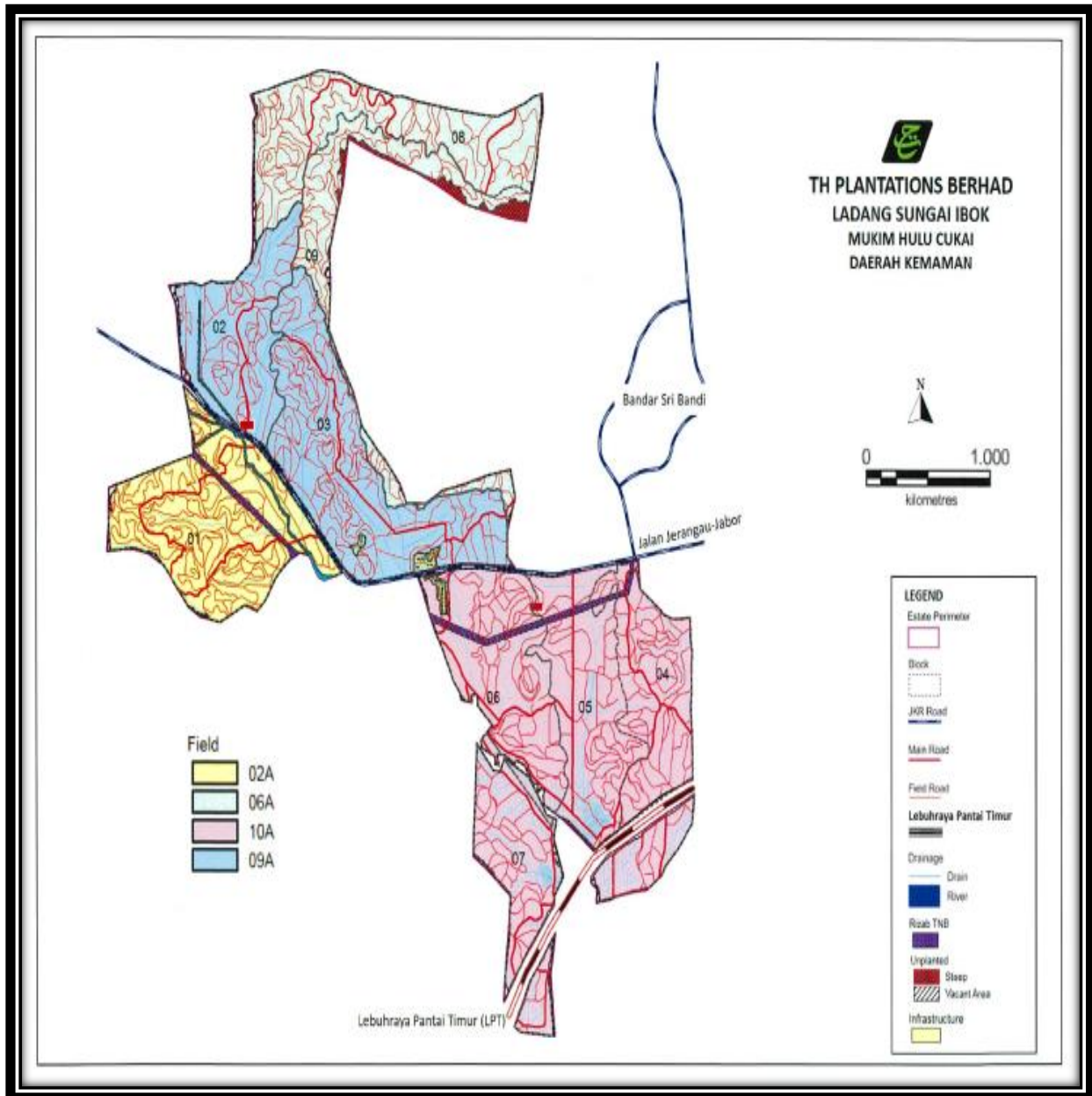
**Others Sustainability Certification** NIL

**1.4 Map Showing Geographical Location**

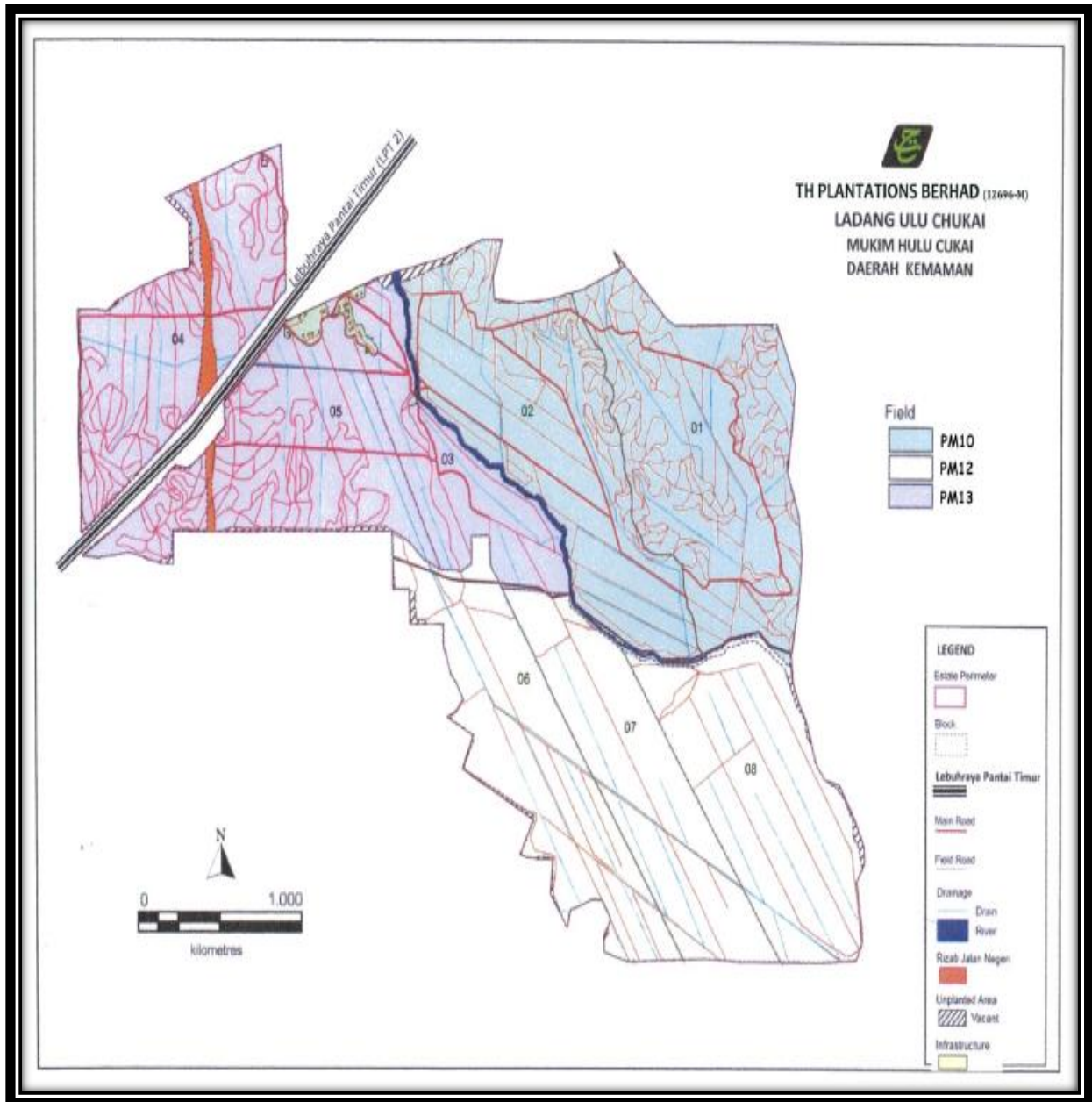
**a) Terengganu Complex [Estates]**



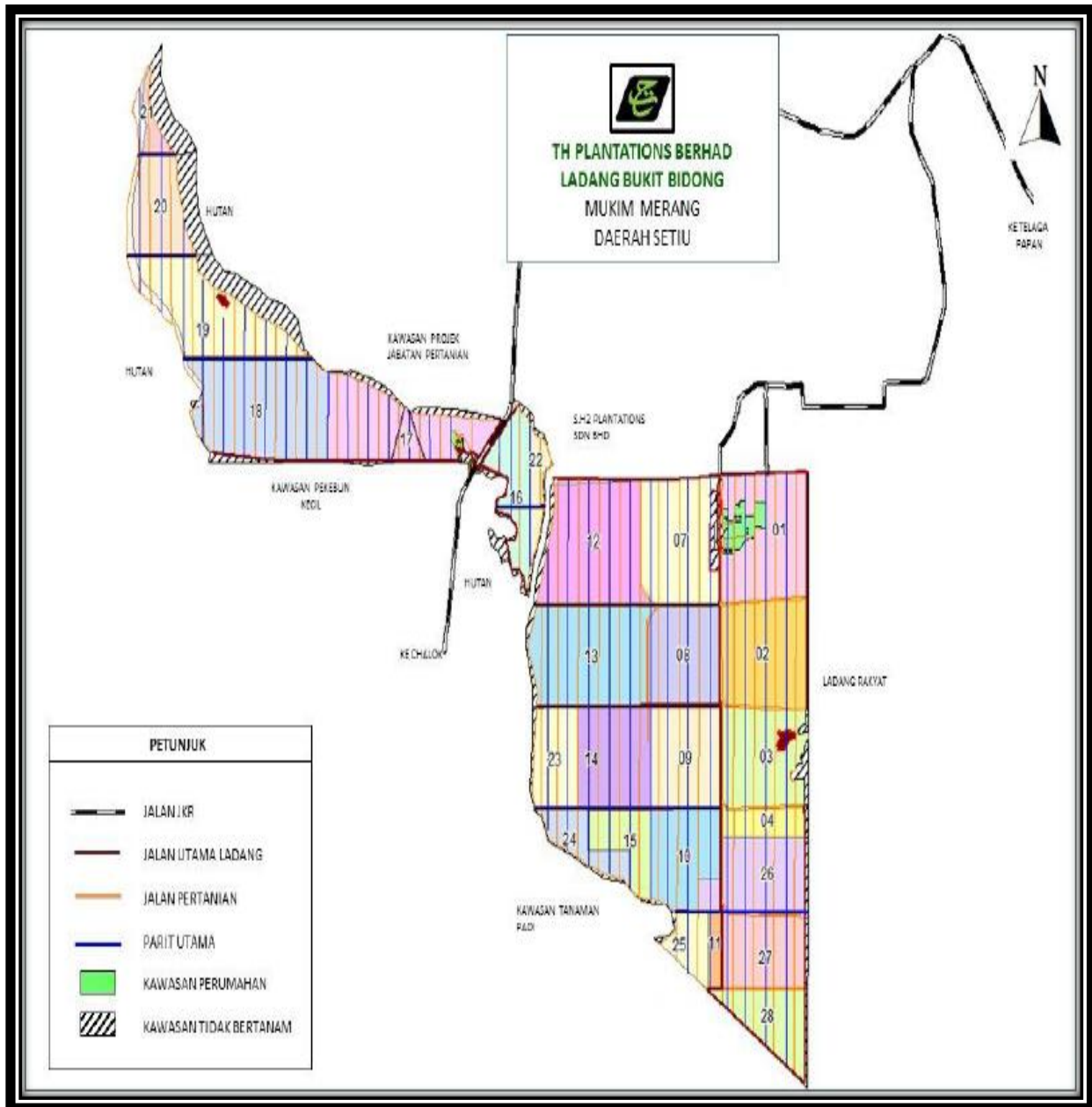
**b) Sungai Ibok Estate**



**c) Ulu Chukai Estate**



**d) Bukit Bidong 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
Sungai Ibok Estate	924.15	865.17	865.17
Ulu Chukai Estate	902.20	850.35	850.35
Bukit Bidong Estate	2,594.50	2,307.00	1,882.25
<b>Total</b>	<b>4,420.85</b>	<b>4,022.52</b>	<b>3,597.77</b>

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Others
Sungai Ibok Estate	-	-	-
Ulu Chukai Estate	-	-	-
Bukit Bidong Estate	-	-	-
<b>Total</b>	-	-	-

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]
Sungai Ibok Estate	NIL	15,353.47	16,792.62
Ulu Chukai Estate	NIL	14,947.19	16,894.00
Bukit Bidong Estate	NIL	14,465.01	19,615.13
<b>Total</b>	<b>NIL</b>	<b>44,765.67</b>	<b>53,301.75</b>

**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](http://www.ggc.my)

**Assessment standard**

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

**Certificate number**

GGC-THPB003-MSPO-00-2018

**Initial certificate issued date**

29<sup>th</sup> December 2018





<b>Certificate expiry date</b>	28 <sup>th</sup> December 2023
<b>Stage 1 assessment date</b>	27 <sup>th</sup> May 2018 – 28 <sup>th</sup> May 2018
<b>Stage 2 / Main Assessment</b>	12 <sup>th</sup> September 2018 – 14 <sup>th</sup> September 2018
<b>Annual Surveillance 1 [ASA 1]</b>	September 2019
<b>Annual Surveillance 2 [ASA 2]</b>	September 2020
<b>Annual Surveillance 3 [ASA 3]</b>	September 2021
<b>Annual Surveillance 4 [ASA 4]</b>	September 2022

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead Auditor

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

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

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

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

#### **Auditor**

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

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

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

#### **Auditor**

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

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

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

### **1.8 Audit Methodology**

The audit was conducted based on sampling following the method as specified in the MSPO requirements (MSPO-Questionnaire Self-Assessment – RA). The sampling was calculated and determined prior to the audit assessment. Therefore, total numbers of supply based assessed in the audit are 3 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

<b>Audit Date</b>	12 <sup>th</sup> September 2018 – 14 <sup>th</sup> September 2018
<b>Name of site(s) visited</b>	1) Sungai Ibok Estate 2) Ulu Chukai Estate 3) Bukit Bidong Estate
<b>Total number of man-days spent</b>	9 man-days

## 1.10 Audit Result Summary Findings

<b>Category</b>	<b>Numbers</b>	<b>Status (Closed/Open/Not Applicable/No Action Requires)</b>
Major Nonconformities	9	Closed
Minor Nonconformities	4	Open
Area of Concern	2	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, 01<sup>st</sup> August 2017; Stakeholder Consultation Requirements For Certification Bodies Operating Oil Palm Management Certification, the stakeholder consultation shall be carried out in stage 2 and recertification audit cycle of the management unit.

GGC has published the public notification on 08<sup>th</sup> August 2018 and as to accommodate a stakeholders' consultation meeting for estates. Therefore, it was conducted on 12/09/2018-14/09/2018 in TH Plantations Berhad, Terengganu Complex (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.	Stakeholders A (Supplier)	<ul style="list-style-type: none"> <li>• Informed that the payment was made promptly.</li> <li>• The contract agreement with the management is fair and transparent.</li> <li>• The company has good relation with supplier and there is no issue with company's performance</li> <li>• He has good understanding about complaint and grievance mechanism.</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (School Representatives)	<ul style="list-style-type: none"> <li>• The Estate Management is quite supportive on Corporate Social Responsibilities to the school.</li> <li>• The school hope the Management still render their assistance although no children from Estate study at the school.</li> </ul>	<p>No action requires</p> <p>Management will ensure to channel assistance and cooperation to the school.</p>	Positive findings
3.	Stakeholder C (Neighbouring Estate)	<ul style="list-style-type: none"> <li>• He informed that both companies have good relationship.</li> </ul>	No action requires	Positive findings
4.	Stakeholders D (Estate - Gender Committee Representatives)	<ul style="list-style-type: none"> <li>• There was no discrimination, sexual harassment or violence case reported thus far.</li> <li>• The Management is quite supportive on the Committee activities.</li> </ul>	No action requires	Positive findings
5.	Stakeholders E (Sprayers Gang)	<ul style="list-style-type: none"> <li>• They have good understanding about MSPO.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• PPE given by company – free.</li> <li>• They were treated equally with no discrimination based on gender.</li> </ul>	No action requires	Positive findings

		<ul style="list-style-type: none"> <li>• They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs.</li> <li>• They confirmed wages are being paid more than the Minimum Wage Order 2016 of RM1, 000.00 per month and understand all the deductions being made.</li> </ul>		
6.	Stakeholders E (Harvesting Gang)	<ul style="list-style-type: none"> <li>• Good understanding about MSPO.</li> <li>• They are very happy with the management and hopes to extend their contract.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> <li>• PPE given by company – free.</li> <li>• They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs.</li> <li>• They confirmed wages are being paid more than the Minimum Wage Order 2016 of RM1, 000.00 per month and no issue on wages received as well as the deductions made.</li> </ul>	No action requires	Positive findings

## 1.12 Recommendation

The company has established sustainability policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of TH Plantations Berhad, Terengganu Complex (Estates). All 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), 9 major non conformities, 4 minor non-conformities and 2 area of concerns 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, Terengganu 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

