

# GLOBAL GATEWAY CERTIFICATIONS

## MALAYSIAN SUSTAINABLE PALM OIL (MSPO)



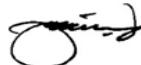
### CERTIFICATION AUDIT REPORT


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

TH Plantations Berhad  
Kluang Complex [Estates]

-Group Certification-

ANNUAL SURVEILLANCE AUDIT 1  
15<sup>th</sup> July 2019 to 16<sup>th</sup> July 2019

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	12/10/2019	Issued as Draft Report	Ismadi bin Ismail	Lead Auditor	
A	19/10/2019	Issued as Final Report	Ismadi bin Ismail	Lead Auditor	
B	23/10/2019	Final Report Approved	Muhammad Syafiq bin Abd Razak	Certifier	

Acknowledgment by TH Plantations Berhad					
Rev	Date	Description	Management Representative	Role	Signature
B	23/10/2019	Acceptance of the contents	Mr. Ahmad Anuar bin Sairi	General Manager (CEO's Office)	

#### **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, Kluang Complex [Mill & Estates]. During this Annual Surveillance Assessment 1(ASA 1) Audit, the audit team were briefed by sustainability member, of the supply base disposition. The source of FFB supplies to Bukit Lawiang POM are from their own estates [Bukit Lawiang Estate and Gunung Sumalayang Estate] and from out-grower and other smallholders.

This assessment was conducted onsite on 15<sup>th</sup> July 2019 to 16<sup>th</sup> July 2019 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>	Mr. Ahmad Anuar bin Sairi
<b>Office Telephone</b>	+603 2603 4800
<b>E-Mail</b>	anuar@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.	Bukit Lawiang Estate	Karung Berkunci 522, 86009 Kluang, Johor.	E 103°26'4.48"	N 1°57'7.45"



2.	Gunung Sumalayang Estate	Karung Berkunci 535, 86009 – Kluang, Johor.	E 103°26'4.48"	N 1°57'7.45"
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#### MPOB License Information

No	Name Of The Site	Licence Number	Expiry Date	Scope Activity
1.	Bukit Lawiang Estate	15017826020000	31/05/2020	Menjual Dan Mengalih FFB
2.	Gunung Sumalayang Estate	502025802000	30/06/2020	Menjual Dan Mengalih FFB

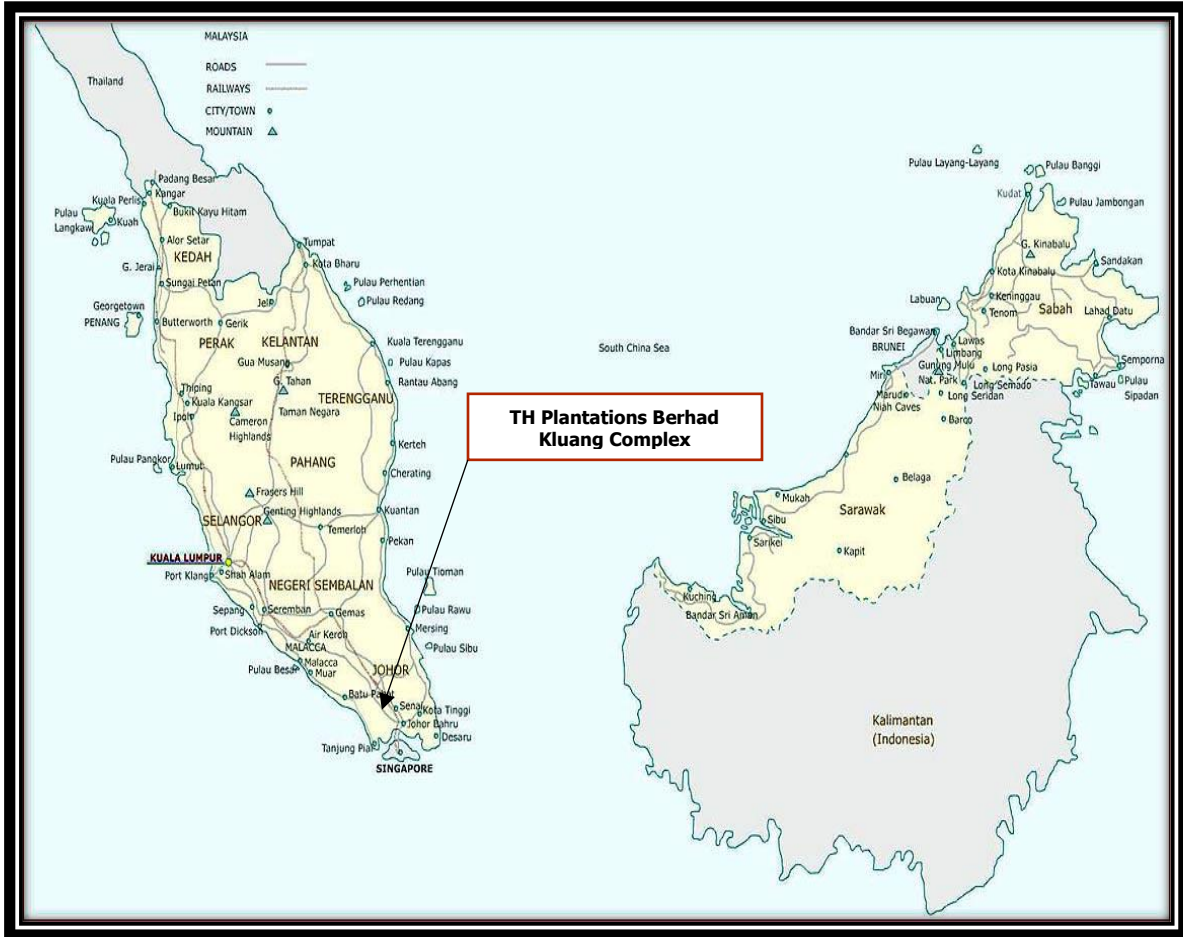
#### Others Sustainability Certification

No	Name of the Site	Others Sustainability Certification
1.	Bukit Lawiang Estate	NIL
2.	Gunung Sumalayang Estate	NIL

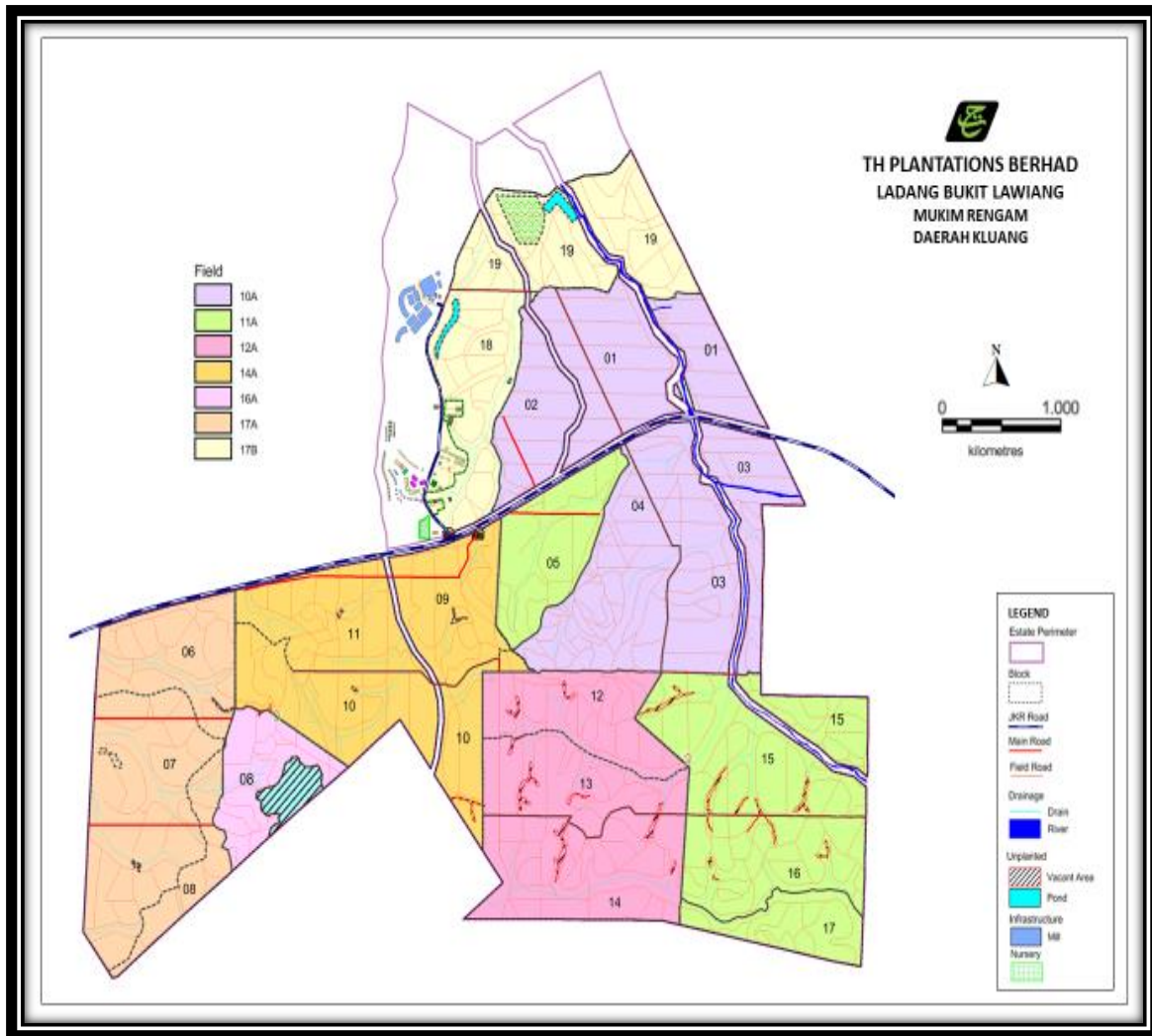


## 1.4 Map Showing Geographical Location

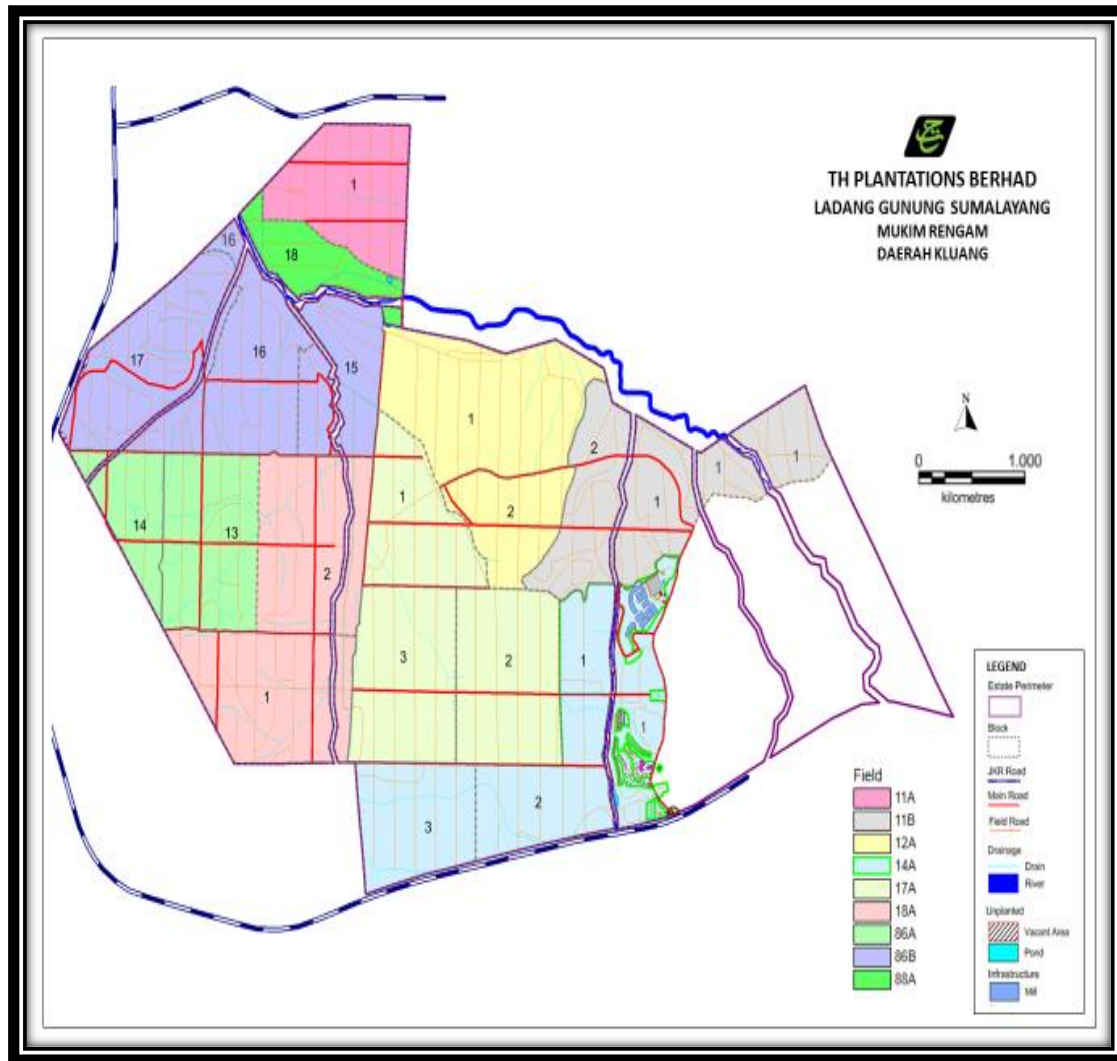
### a) TH Plantations Berhad – Kluang Complex [Estates]



**b) Bukit Lawiang Estate**



**c) Gunung Sumalayang Estate**



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

Name of the Certification Unit	Area Summary (HA)		
	Land Title	Planted	Mature
Bukit Lawiang Estate	1,932.82	1,854.91	1,339.29
Gunung Sumalayang Estate	2,125.06	2,055.50	1,161.45
<b>Total</b>	<b>4,057.88</b>	<b>3,910.41</b>	<b>2500.74</b>

Name Of The Supply Base	Area Summary (HA)		
	Conservation Area	HCV	Conservation Area
Bukit Lawiang Estate	NIL	NIL	77.90
Gunung Sumalayang Estate	NIL	NIL	65.77
<b>Total</b>	<b>NIL</b>	<b>NIL</b>	<b>143.67</b>

Name of the Certification Unit	FFB Summary (MT)		
	Projected from last audit [July 2018-June 2019]	Actual Production for 12 Months [July 2018-June 2019]	Projected Production for next 12 Months [July 2019-June 2020]
Bukit Lawiang Estate	29,843.00	34,149.19	34,821.76
Gunung Sumalayang Estate	23,230.00	26,129.72	24,560.00
<b>Total</b>	<b>53,073.00</b>	<b>60,278.91</b>	<b>59,381.76</b>





## 1.6 Certificate Details

<b>Certification body</b>	Global Gateway Certifications Sdn. Bhd., No. 10 Jalan Rasmi 7, Taman Rasmi Jaya, 68000 Ampang, Selangor Darul Ehsan, Malaysia. Tel.: +603 4256 2689; Fax: +603 4256 2687 Website: <a href="http://www.ggc.my">www.ggc.my</a>
<b>Assessment standard</b>	(MSPO) Part 3: General Principles for Oil Palm Plantations and Organized Smallholders
<b>Certificate number</b>	GGC-THPB001-MSPO-00-2018
<b>Initial certificate issued date</b>	03 <sup>rd</sup> August 2018
<b>Certificate expiry date</b>	02 <sup>nd</sup> August 2023
<b>Stage 1 assessment date</b>	28 <sup>th</sup> March 2018
<b>Stage 2 / Main Assessment</b>	05 <sup>th</sup> - 06 <sup>th</sup> May 2018
<b>Annual Surveillance 1 [ASA 1]</b>	15 <sup>th</sup> - 16 <sup>th</sup> May 2019
<b>Annual Surveillance 2 [ASA 2]</b>	May 2020
<b>Annual Surveillance 3 [ASA 3]</b>	May 2021
<b>Annual Surveillance 4 [ASA 4]</b>	May 2022

## 1.7 Qualification of the Lead Assessor and Assessment Team

### Lead 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:** **Mohd Fadzli bin Bistamam**

Post graduate qualification in Agricultural Engineering with more than 7 years working experience in Oil Palm Plantation Industry. More than 7 years of working experience in Oil Palm Plantation Industry with skills in Good Agricultural Practices (GAP) and Integrated Pest Management (IPM). Experience in managing estate workers, handling of mineral and peat soil and knowledgeable in chemical control of weeds and Pest & Diseases in Oil Palm Plantation Sector. Fully trained in similar agriculture certification programs such as RSPO, MSPO and ISCC. Completed and certified in ISO 9001:2015, RSPO Lead Auditor Course, MSPO Training and ISCC Basic Training. Thus, became qualified Lead Auditor for the above programs. Involved in Oil Palm Sustainability Audit since year 2016. Involved in audits conducted in Malaysia, Indonesia, Papua New Guinea, Ivory Coast, India and Singapore. Member of GGC MSPO audit team. Able to write and speak in Bahasa Malaysia and English.

### Auditor

**Name:** **Mohd Razin bin Bakal**

Graduate in Degree of Accountancy with University Putra Malaysia. Having 16 years of working experience in various field in Malaysia, Africa and Indonesia. Have enough knowledge and experiences in oil palm estate operation inclusive of estate administrative, budget preparation, jungle clearing, new planting, nursery establishment and management, harvesting, field upkeep and maintenance, safety and health, vehicle running and skills in Good Agricultural Practices (GAP) including Integrated Pest Management (IPM). Involved in MSPO auditing since 2018. Qualified as Lead Auditor/Auditor for MSPO 2530:2013, ISO 14001:2015 and ISO 9001:2015 from Sirim Berhad. Member of GGC MSPO audit team. 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 2 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>	15 <sup>th</sup> July 2019 to 16 <sup>th</sup> July 2019
<b>Name of site(s) visited</b>	1. Ladang Bukit Lawiang 2. Ladang Gunung Sumalayang
<b>Total number of man-days spent</b>	6 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	4	Closed
Minor Nonconformities	0	No action requires
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, 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. The CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

GGC has published the public notification on 09<sup>th</sup> July 2019 and as to accommodate a stakeholders' consultation meeting for mill and estate.

The aim of stakeholder consultation is to ensure that the MSPO requirements are continuously implemented and adhere to, as well as others aspects that they considered could be improved. The auditor begin consultation with brief explained on the purpose of the audit, interviewed and record comments made by the stakeholders. The comments were verified with the Estate Management before incorporating into the assessment findings. There was no negative complaint or feedback received during the audit or during the field assessment when interviewing with the stakeholders.

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 (Estate Workers-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>• PPE given by company – free.</li> <li>• They have good understanding about complaint and grievance mechanism.</li> </ul>	No action requires	Positive findings
2.	Stakeholders B (Estate Workers-Spraying 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 reported that no sexual harassment and violence case was happened in the workplace.</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 2018 of RM1,100.00 per month and understand all the deductions being made if any.</li> </ul>		
3.	Stakeholders C (Estate Contractors)	<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 informed that the payments were made promptly without any delay.</li> <li>• Contract agreement were signed prior commencement of work.</li> <li>• They were aware that any complaints or suggestions could be forwarded to the estate management.</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, Kluang 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 Unit.

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 Annual Surveillance Audit.

Since this is a surveillance audit, therefore this report will be internally reviewed for certification decision by GGC and external peer review by independent reviewers (Qualified by MPOCC) not required. During this Annual Surveillance Audit [based on MS 2530-3:2013 Malaysian Sustainable Palm Oil (MSPO)] Part 3: General Principles for Oil Palm Plantations and Organized Smallholders, 4 major non-conformities have been raised to the facilities that being audited.

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 continue 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, Kluang Complex.

### 1.13 Date of Next Surveillance Audit

The second 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

CHRA	Chemical Health & Risk Assessment
CPO	Crude Palm Oil
DOE	Department of Environmental
DOSH	Department of Occupational Safety and Health Malaysia
EIA	Environmental Impact Assessment
EMP	Environmental Management Plan
FFB	Fresh Fruit Bunch
GAP	Good Agriculture Practise
GHG	Greenhouse Gas
GGC	Global Gateway Certifications Sdn Bhd
HIRARC	Hazard Identification, Risk Assessment and Risk Control
IPM	Integrated Pest Management
THP	Tabung Haji Plantation
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
SEIA	Social Environmental Impact Assessment
SOP	Standard Operating Procedure

## 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 was established on 01st March 2019, which was approved by the CEO, Muzmi Bin Mohamed. The policy is written in Bahasa and English language.

Communication and consultation process are also communicated through training programs and attendance lists was sighted and duly recorded

MSPO Awareness training for estate workers (LGS) has been conducted on 19th April 2019. It was conducted during "gotong-royong" activity held at workers housing area. Besides that MSPO awareness training also conducted during safety training for chemical sprayers in the field on 15th April 2019.

For Bukit Lawiang Estate workers, MSPO awareness training has been conducted on 29.04.2019. Training record and attendance list sighted during the audit

**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. The policy has been proved by Mr. Muzmi bin Mohamed; Chief Executive Officer dated on 1<sup>st</sup> March 2019.

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** TH Plantations Berhad has established MSPO Procedure on the Internal Audit. MSPO-TH-01; Rev 0; Date 10/01/2018. Internal audit is conducted on annual basis.

The internal audit conducted by En. Mohd Uzair bin Rozali on 11.04.2019 as per MSPO Internal Audit Report Ladang Gunung Sumalayang, Audit Ref. No: (4)THP/MSPO/KLUANG/SIR(LGS 01/19). The findings were documented in the Internal Audit Findings Summary. In total, 2 Observations being raised by the internal audit team.

Internal audit for Bukit Lawiang Estate was conducted on 28.04.2019. In total, 10 findings were raised by the internal audit team as per internal audit report No. (4)THP/MSPO/KLUANG/SIR(SBL 01/2019).

**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** All the findings have been verified by the management as per letter submitted to Sustainability & Investor Relation dated 10th May 2019 (Laporan NC Internal Audit MSPO 2019). Root cause and action to be taken have been identified. Sighted NC form from the estate.

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

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

**Summary** All the Non – conformities being replied within the stipulated period targeted by the Internal Auditor. The report is available for Management to review and being responded in timely manner.

**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.

Latest management review meeting was held on 09th April 2019 at Ladang LGS office. Meeting was attended by Estate Manager, Assistant Manager and Staff. All findings from MSPO internal audit and other matters related to MSPO were discussed during the meeting conducted.

For Ladang Bukit Lawiang , Management review was conducted on 13th May 2019, chaired by the Estate Manager, Tn. Hj. Mukhtar Bin Hj. Yusof.

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



<b>Criterion 4</b>	<b>Continual improvement</b>
<b>Indicator 1</b>	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. The policy has been proved by Mr. Muzmi bin Mohamed; Chief Executive Officer dated on 1<sup>st</sup> March 2019. Stated in the Sustainability Policy; Point no 2 – “To continuously improve our operations in line with social, environmental and economic requirements”.

TH Plantations Berhad has established the Management Review Procedure. MSPO-TH-02; Rev 0; Date 10/01/2018, Appendix 2: Continuous Improvement Plan. Evidence at Gunung Sumalayang Estate, two Continuous Improvement Plan on Environmental being developed on reduce of pesticide usage and reduce herbicide usage. The programs are:-

1. Reduce of pesticide usage are:
  - a. Planting beneficial plant (in progress, target 2DM/ha)
  - b. Rat census (continuous)
  - c. Felling, chipping and debolling of ganoderma and death palm
  - d. Proper EFB and Compost application
  
2. Reduce herbicide usage are:
  - a. Legume Cover Crop establishment (PR2014 – completed, PR2017 – Completed)
  - b. Nephrolepis establishment (in progress)
  - c.

All the plans documented with target timeline, the person in-charge and status as of review date.

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

<b>Indicator 2</b>	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
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**Summary** One of new technology that will be used by the company is Cantas. The project is still on trial to study the effectiveness and cost benefit. Besides that, solar powered spot lights are also in use by the estate management to save electricity in office compound especially in estate workshop and storage area.

**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 conducted to date as per Training Programme for year 2019. Sighted 37 training programmes have been conducted which comprising OSH, Environmental and social.

**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 Plantation Berhad has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP MSPO-TH-03. Rev : 0, Date : 01.11.2017 Page 1-6. The policy has identified the procedure of arrangement for consultation and communication by TH Plantations estate and mill management with its relevant stakeholders and how their concern and view are addressed.

Stakeholder Meeting was conducted on 30.10.2018 at Dewan Complex THP Kluang by Mohd Rizuan b. Razman, Penolong Pengurus Kanan, Ladang Gunung Sumalayang and verified by Hj. Mukhtar b. Hj. Yusuf, Koordinator MSPO attended by 27 stakeholders.

**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** Sighted Reference Document List guideline by Head, Sustainability and Investor Relations, last updated 10<sup>th</sup> April 2018 as stated below:-

No	Reference Document	Confidential	Non Confidential
1	Policy		/
2	Standard Operating Procedure	/	
3	Management and Discussion Analysis		/
4	Corporate Information		/
5	Corporate Structure		/

6	Board Directors		/
7	Senior management Profiles		/
8	Corporate Responsibility		/
9	Statement of Corporate Governance		/
10	Statement on Risk Management & Internal Control		/
11	Audit Committee Report		/
12	Additional Compliance Information		/
13	Performance Statistic		/
14	Consolidated Financial Statements		/
15	www.thplantations.com.my		/

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 Plantation Berhad has established Standard Operating Procedures (SOP) for Stakeholders Engagement/Negotiation–SOP MSPO-TH-03. Rev: 0, Date: 01.11.2017 Page 1-6. The policy has identified the procedure of arrangement for consultation and communication by TH Plantations estate and mill management with its relevant stakeholders and how their concern and view are addressed.

**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** The person in charge for transparency agenda at Gunung Sumalayang Estate is Mr. Mohd Rizuan bin Razman ( Penolong Pengurus Kanan) approved by Mr. Abdullah Asya'ari bin Junoh (Pengurus Ladang) dated on 01.01.2019

As for Bukit Lawiang Estate, the person in charge for transparency agenda is Haji Zaini bin Saliman, Penyelia Ladang Gred 1 approved by Haji Mukhtar bin Haji Yusof Pengurus Kanan Ladang dated on 28.04.2019

**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** The list of stakeholders is adequately maintained and keep current. The list of stakeholders for both Estates updated on 7<sup>th</sup> January 2019 are as follows:-

	No of stakeholders
Government / Local Community	31
Supplier / Contractor	10
	41

The audit team observed that the stakeholder list consists of various stakeholders covering:

- 1) Government / Statutory Bodies
- 2) NGO
- 3) Neighbouring communities
- 4) Estate communities
- 5) Service provider/Contractors/Suppliers

**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 1<sup>st</sup> November 2017. The procedure is to establish a suitable identification and traceability of Fresh Fruit Bunch (FFB) production from the estate operation to Crude Palm oil (CPO) or Palm Kernel (PK) produced by the milling operation of TH Plantation Berhad.

Harvesting operation being conducted by Check-roll workers (own harvester) and the mandore / supervisor is under Estate Management.

At field, both 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 being recorded through PLAS-X Bar Code System which consist 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 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 Management team on harvesting holds the responsibility on regular inspection of traceability system. Periodical inspections also being conducted through Plantation Controller, Internal Audit and Agronomist visit.

The effectiveness of the monitoring will evidence in the internal audit and visit report findings.

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

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



**Summary** The person in charge for traceability at Gunung Sumalayang Estate agenda is Mr. Mohd Rizuan bin Razman, Penolong Pengurus Kanan approved by Mr. Abdullah Asya'ari bin Junoh, Pengurus Ladang dated on 01.01.2019

As for Bukit Lawiang Estate, the person in charge for traceability agenda is Haji Zaini bin Saliman, Penyelia Ladang Gred 1 approved by Haji Mukhtar bin Haji Yusof, Pengurus Kanan Ladang dated on 28.04.2019

**In Compliance**  Yes  No  Not Applicable

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

**Summary** FFB being sell to Bukit Lawiang POM, own mill and being monitored by Marketing Department.

Sighted the records of sales, delivery or transportation of FFB. This record being maintained and the documents are kept by the both site, estate and mill.

**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 list is fully covered the details requirements that related to MSPO compliance. Sighted at all Estates, permit & license being monitored and updated by the Person-In-Charge. Sample taken at Gunung Sumalayang Estate as follows:-

	Permit / Licenses	Reference Number	Expiry Date
1	Permit Kawalan Berjadual (Diesel)	BPGK JH(KLU)1263 SK	11.09.2019
2	Permit Pengandung Tekanan Tak Berapi - Compressor	JH PMT 20418/PMT JH/19 71389	26.05.2020
3	MPOB – Menjual dan Mangalih Buah Kelapa Sawit	502025802000	30.06.2020
4	Alat Pemadam Api		27.01.2020
5	Permit Potongan Gaji Pekerja – Bayaran Bil Air, Elektrik, Sewa beli Kerbau		

However, one major non conformity has been raised. No evidence of the Scheduled Waste Inventories being monitored and recorded as per Environmental

Quality Act 1974 (Act 127), Environmental Quality (Scheduled Wastes) Regulations 2005; PU (A) 294/2005; Regulation 11. Waste generator shall keep an inventory of scheduled wastes.

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

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

**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 Compliance. The legal register is prepared by SIR Department.

The List & Summary of Applicable Laws & Regulation comprised mostly for the requirements that related to MSPO compliance. This document includes information on title of laws, subject, reference No. etc., requirements, status of requirement and enforcing agency remarks. Sighted the Summary of Compliance which includes the following:

1. Occupational Safety and Health Act 1994
2. Factories and Machinery Act 1967
3. Uniform Building By Law 1986
4. Pesticide Act 1974 (Act 149)
5. Electrical Supply Act 1990
6. Petroleum (Safety Measures) Act, 1984
7. Fire Services Act, 1984
8. Code of Practice for Safe Working in A Confined Space, 2001.
9. Environmental Quality Act 1974
10. Local Government Act
11. Worker's Minimum Standards of Housing and Amenities Act 1990
12. Akta Kerja 1955
13. Employee Provident Fund Act 1991
14. Employees Social Security Act 1969
15. Akta Kesatuan Sekerja 1959
16. Minimum Retirement Age Act 2012
17. National Wage Consultative Council Act 2011,
18. Minimum Wages Order 2012
19. Weights and Measures Regulations 1981

**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** Any changes to legal requirements are tracked by means of periodic review and evaluation on the Laws & regulations list to ensure that any new/addition as well as changes and amendment are captured and update, through the following manner:

1. SIP Department, HQ
2. Enquiring the laws books publisher
3. Communication with law/enforcement officers
4. 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** Sighted letter of appointment for the responsible person at Gunung Sumalayang Estate, Mr. Mohd Rizuan b. Razman, Penolong Pengurus Kanan approved by Mr. Abdullah Asya'ari bin Junoh, Pengurus Ladang dated on 01.01.2019 and Haji Jalaludin bin Sukri, Penolong Pengurus Kanan approved by Haji Mukhtar bin Haji Yusof, Pengurus Kanan Ladang dated on 28.04.2019 for Bukit Lawiang Estate.

**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** Estate land title is available and well maintained in the estate's office. The list as per tabulated below;

1. Bukit Lawiang Estate

No	Land Title	Hectare
1	PTD 4747	175.10 hectare for Ladang Bukit Lawiang 156.70 hectare for Ladang Gunung Sumalayang
2	PTD 4748	142.50 hectare for Ladang Bukit Lawiang 20.50 hectare for Ladang Gunung Sumalayang
3	PTD 4749	96.50 hectare for Ladang Bukit Lawiang 42.40 hecatre for Ladang Gunung Sumalayang
4	PTD 4750	506.30 hectare
5	PTD 4751	925.00 hectare
6	PTD 4751	87.40 hectare

Total hectare as per land title is 1932.80. Evidence of annual payment for quit rent year 2019 paid to Kerajaan Negeri Johor Darul Takzim, Pentadbirn Tanah Johor for Ladang Bukit Lawiang amounted to RM 201,510.00

2. Gunung Sumalayang Estate

No	Land Title	Hectare
1	PTD 4747	175.10 hectare for Ladang Bukit Lawiang 156.70 hectare for Ladang Gunung Sumalayang



2	PTD 4748	142.50 hectare for Ladang Bukit Lawiang 20.50 hectare for Ladang Gunung Sumalayang
3	PTD 4749	96.50 hectare for Ladang Bukit Lawiang 42.40 hectare for Ladang Gunung Sumalayang
4	PTD 4743	165.20 hectare
5	PTD 4744	136.90 hectare
6	PTD 4745	570.40 hectare
7	PTD 4746	1,033.00 hectare

Total hectare as per land title is 2,125.05. Evidence of annual payment for quit rent year 2019 paid to Kerajaan Negeri Johor Darul Takzim, Pentadbiran Tanah Johor for Ladang Gunung Sumalayang amounted to RM 201,480.00

**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**

Both estate 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 land cess and 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**

Both estate has boundary map titled "Boundary Peg Map". The estate boundary is well demarcated with boundary stones surrounding the land. The boundary stone clearly states the GPS coordinate of that particular point. Maps clearly showing the estate boundary were also sighted in the estate office.

During field visit, auditors also check a few physical boundary stone and verify it with company's GPS coordinate and GGC own GPS coordinate. The coordinate checked by GGC unit are matched to the data that prepared by staff of both estate. Sample taken at Gunung Sumalayang as follows:-

- a. Stone No. B4 Block PM11B Block 1, N01°58' 29.917", E103°17.829"
- b. Stone No.B5 Block PM11B Block 1, N01°58'42.452", E103°25'50.527"

**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 all estate area. There is no evidence of conflict present in this estate.

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

**Criterion 3 Customary land 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' land titles. There are also no land disputes or claims involving these estates. The estate has proper legal land titles 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. Thus, 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.

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



## 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** The purpose of this study is to measure and to understand both positive and negative social impact of the estate operations towards the workforce.

Sighted, the latest Social Impact Assessment at Bukit Lawiang Estate was conducted as per report "Penilaian Impak Sosial Baikpulihan Longkang Belakang Rumah yang mendap dan pecah di Kawasan rumah pekerja Ladang Bukit Lawiang". 50 respondents were involved in this assessment based on survey made on 15<sup>th</sup> May 2019.

Negative impacts caused by this projects were then identified by the management. The negative impacts identified such as noise from the project, problem on the water supply and other pollutions arise from this project. Mitigation measures have been developed by the management as documented in the SIA document – Jadual 2: Tindakan Pengurusan. As for conclusion, the construction of new drain in workers housing area has invited many positive impacts that can be observed by the estate workers. No more problems on soil erosion which caused the old drain to clog.

**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** Sighted SOP No. MSPO-TH-03: Stakeholders Communication& Consultation Procedure. Dated 1<sup>st</sup> November 2017 and Third Release on 23<sup>rd</sup> April 2019 has been established and documented. Sample of Process Flow and Grievance Form as per Appendix 3 and 4.

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, all the complaints and grievances being resolved in timely manner. Repair works / solutions were verified and signed by the person in-charge for each estate.

**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** All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form and place into the Drop Box at Office in both Gunung Sumalayang and Bukit Lawiang Estate.

New improvement sighted during the audit for workers to submit their complaint to the management of Gunung Sumalayang Estate. The management is providing Barcodes (QR code) for the workers to submit the feedback via google form. The code is displayed on notice boards in the office and at the workers housing area.

**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. Policies and procedures have been briefed during stakeholder meeting last conducted on 31st October 2018 for 2 estates and 1 mill. The next consultation is planned to be conducted in October 2019.

**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 complain records for the last 2018 for both estates. All the complaints received from estate workers have been attended by the person in-charge

**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** Sighted, several requests of contribution from surrounding communities sent to the Management. All the requests were attended by the management by contributing some amount of money as requested. CSR record contributed by the estate as follows:-

- a. Bukit Lawiang Estate
  1. Date: 11.07.2019, Sumbangan Menjayakan Hari Keusahawanan SK Bukit Tongkat under Voucher No: CV0720190008, amounting RM 200.00
  2. Date: 05.03.2019, Sumbangan Pembelian Trofi Kejohanan Olahraga SK. LKTP Belitong under Voucher No: CV0320190005, amounting RM 100.00



b. Gunung Sumalayang Estate

1. Date: 28.02.2019, Sumbangan ke sekolah LKTP Belitung – Beli Piala Pusingan under Voucher No: CV0220190005, amounting RM 200.00
2. Date: 13.11.2018, Sumbangan program perhimpunan keluarga PKPDK Ehsan Taman Sri Lambak under Voucher No: CV1120180002 amounting : RM 200.00

**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 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. Chief Executive Officer. The policy is written in Bahasa and English language. The policy being displayed at the Notice Board and awareness programme to all the Stakeholders.

**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

Sighted the Occupational Safety & Health Policy. Established on 01st March 2019, which was approved by CEO, Muzmi Bin Mohamed. The policy is written in Bahasa and English language. The policy being displayed at the Notice Board and awareness program to all the Stakeholders have been conducted.

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 operations such as:

1. Harvesting
2. Manuring
3. Spraying
4. Pest & diseases
5. Pruning
6. Replanting
7. Maintenance of mature Palm
8. Maintenance of Immature Palm
9. Workshop Maintenance
- 10 Diesel Tank
11. Fertilizer Store
12. Chemical store
13. Office
14. Landfill Area

HIRARC review date: 13th December 2018 and next review 14th December 2019. HIRARC for Bukit Lawiang Estate was approved by the manager, Tn. Hj. Mukhtar bin Hj. Yusof in January 2019. HIRARC documents are found inadequate as no assessment has been done for estate daily operation sighted during estate field visit on 16.07.2019 such as FFB loading, Nursery operation, Tractor driving and Mechanical buffalo.

Training program for year 2019 have been developed by the estate management. A total of 34 programs were planned for this year. The training program includes:

1. Scheduled waste Handling Triple Rinsing
2. First Aid
3. Fire safety and drill
4. SOP training for harvesters
5. SOP training for pest and diseases
6. Etc

Sighted, training conducted for chemical spraying gang on 2nd July 2019. The training was on spraying equipment (Inter 16) which was conducted by the supplier from MYCROP, attended by 35 estate workers from Gunung Sumalayang and Bukit Lawiang Estate.

Both estates has provided appropriate PPE for all workers in their operations. PPE Issuance and replacement record (Individual) sighted for:

1. Staff/AP
2. Harvesters
3. Field Workers
4. General Workers

During field visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works. Seen the latest training conducted to the sprayers on PPE was on 15th April 2018 The training attended by 6 workers.

CHRA report for Ladang Gunung Sumalayang and Bukit Lawiang Estate sighted during the audit. The report was prepared by QMSPRO Sdn Bhd (Report No. JKPP HIE 127/171-2(154)-2018/009. Medical Surveillance was conducted for 17 Gunung Sumalayang Estate workers and 8 Bukit Lawiang Estate workers by RS Intan Medicare Sdn Bhd on 13.03.2019 and 10.12.2018 respectively. All the workers are diagnosed as "fit to work".

The person in charge for OSH in Gunung Sumalayang Estate is En. Abdullah Asya'ari Bin Junoh, Estate Manager while for Bukit Lawiang Estate is led by Tn. Hj. Mukhtar Bin Hj. Yusof. OSH Committee Chart 2019 for both estates sighted. Letter of appointment for committee members for both estates sighted during the audit.

Minutes of OSH meeting was available during the audit for both estates. The committee meeting has been conducted in Ladang Gunung Sumalayang as follows:

1. 18th December 2018
2. 18th March 2019
3. 17th June 2019

To discuss all issues regarding worker's safety and health such as workplace inspection report, accident report, safety report and continuous improvement

Sighted the emergency procedure for the Estate under Pelan Tindakan Kecemasan Kemalangan / Kecederaan. Ref No : MSPO -TH -P4-C4-2 in local language dated 1st January 2018. The ERP has been explained to all workers and staffs during training which has been conducted.

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.

ERP Chart 2019 (LGS) indicates En. Muhammad Ishaq Bin Ismail as the chief commandant in case of any emergency in the estate. The latest Training for Fire Drill was conducted by Mohd Rizuan b Razman, the Senior Assistant dated 21st January 2019.

The Hospital Assistant is En. Mohd Firdzan bin Md Yatim under Bukit Lawiang Estate and also oversee all the Kluang Complex Estate & Mill safety and health related matters. The latest 1st Aid Training was conducted by Dr. Nasrah from Klinik Bakti dated 14th May 2018

Sighted during field visit, the mandore is carrying the First Aid Box for the workers under their purview. First aid kits are also available in high risk area such as workshop and chemical store.

Ladang Gunung Sumalayang and Bukit Lawiang have submitted JKKP 8 (I & II)(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH.

One major non-conformity has been raised. Details as per below:

1. HIRARC documents are found inadequate as no assessment has been conducted for FFB loading, nursery operation, tractor driving and mechanical buffalo.
2. An accident occurred on 05.05.2019 involving harvester with his buffalo. He sustained injury to his neck and broken left jaw. However, no such risk of being attacked by buffalo has been assessed in the estate HIRARC document, Harvesting with Assisted buffalo.

**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 in the Social Policy on Respect and protection of basic Human Rights of all Employees (including temporary, contract and/or foreign workers) Established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. 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 Policy being displayed at notice boards outside the office. The Social Policy has been communicated to all External and Internal Stakeholders during the meeting at respective Estates.

**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** Sighted in the Social Policy on Free from discriminatory practices against sex, race, religion, nationality and political opinions. Established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed.

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.

**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** Sighted in the Social Policy on Payment of the minimum salary as gazette by law. Established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. The policy is written in Bahasa and English language

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 2018 (Act 732) Malaysian minimum salary is RM1100.00 as stated in the guidelines.

Interview with both Estate staff and workers and with both male and female confirmed that they understand the terms and conditions of their employment. Sample taken on Gunung Sumalayang Estate, June 2019 Payslip:-



Name : Ikhwandi, Job: Harvester  
Total income : RM 1,923.91  
Deduction : RM200.00 (Advance), RM60.00 (Buffalo loan), Labour Fund (RM1.00), TNB (RM3.24), Water (RM10.80)  
NET INCOME : RM 1,648.90

As for Bukit Lawiang Estate:-

Name : Ali Rahman Job: General  
Total income : RM 2,426.41  
Deduction : RM300.00 (Advance), NUPW (RM30.00)  
NET INCOME : RM 2,096.45

Salary payment being made through bank.

**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** Sighted contract agreement between the estate and contractors working in the estate:

- a. Tiu Beng Chai Road Grading Earth Works – Providing Backhoe dated 1st February 2019 (Contract No: THPB/LGS/2019-6)
- b. Shahzani Enterprise – Roof for diesel tank (Contract No: THPB/LGS/2019-8)
- c. HY Plantation Enterprise – Transporting EFB from mill to Ladang Gunung Sumalayang

Example payslip made to contractor workers from Tiu Beng Chai Road Grading Earth Works showing the employee is paid more than RM 1,100.00 per month with deduction to SOCSO.

**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 the workers and Management. 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. Samples of Employment Contracts verified during the audit are as follows:-

- a. Ladang Gunung Sumalayang  
Name: Muhamad Nasir, Emp. No: 14521, Passport No: AU 531218  
Name: Masrun, Emp. No: 14491, Passport No: AU 572583
- b. Ladang Bukit Lawiang  
Name: Muhyiddin, Passport No: AT 450635, Date joined: 20.04.2016  
Name: Muhsan, Passport No: A 3424090, Date joined: 21.01.2013

**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 using 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. The attendance record was available and recorded in the Check roll book.

Sighted gazette public holidays 2018 displayed on notice board. Verified with the Assistant Managers from both estates during interview on working hours and overtime. He is clear with 8 hours working and above is overtime with a maximum of 104 hours per month.

**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** Pay Slip and Employment Contracts of each workers sighted. 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.

With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.

For Indonesian workers, will be covered under SOCSO upon expiring the Foreign Workers Compensation Scheme.

**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 village. Water and electricity are subsidized at RM8.00 per house and balance paid by employee.

Sanitary and waste disposal is under Estate arrangement. Welfare Amenities: Mosque, football field and sundry shop. Medical facilities provided by estate dispensary located inside the estate area.

**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 in the Social Policy. Established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. The policy is written in Bahasa and English language. The policy to prevent all forms of sexual harassment and violence at the workplace has stated under the following number:

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"

**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 in the Social Policy. Established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. The policy is written in Bahasa and English language. The policy on respect the right of all employees to form or join trade union has been stated under the following number:

- f. Menghormati dan melindungi hak asasi manusia dan pekerja termasuk pekerja sementara, kontrak dan atau pekerja asing.

All workers in the estate is a member of NUPW. Sighted monthly deduction made from workers monthly salary to this organization. Sighted MAPA/NUPW Agreement on the wages of harvesters, harvesting kangannies, loaders and "other loaders" on oil palm estates, 2019.

**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 are incorporated in the Social Policy. The policy was established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. 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:

- d. 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** Training and Development policy is incorporated in the Social Policy which established on 1<sup>st</sup> March 2019 which was approved by En. Muzmi bin Mohamed. The policy is written in Bahasa and English language. The statement under the following number:

- b. Menyediakan latihan dan pembangunan yang berkaitan dengan peranan dan tanggungjawab pekerja dan kakitangan tersebut.

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

As evidence at Gunung sumalayang Estate, a total of 34 programs have been planned to be conducted in this year consists of:

- ERP Training
- First aid training
- SOP training for sprayers, harvesters, FFB loading, etc.
- Schedule waste handling
- Pollution control & environmental training

Sighted few of training records for the training conducted such as:

1. Date: 14.05.2019 on Schedule Waste Management  
Trainer: Pentas Flora Attended by: 9 participants
2. Date: 09.04.2019 on IPM Training  
Trainer: Shaiful Edly – AVP Sime Darby Agro Attended by: 14 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. No evidence, Training Needs Analysis for all employees being established based on their specific skill and competencies as per Standard Operating Procedure-MSPO TH-09.



**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** All workers involved in the operations have been adequately trained in safe working practice. The estate has 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 2019 was sighted. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training.

**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 Tuan Muzmi bin Mohamed; Chief Executive Officer dated 1st March 2019.

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

**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 Tuan Muzmi bin Mohamed; Chief Executive Officer dated 1st March 2019.

Estate has established Environmental Risk Assessment Form for all its' activities in year 2019. The objective is to identify all activities or aspects of the Estate that have impact to the environment.

The EIA assessment findings are recorded in document titled Environmental Risk Assessment Form and last revised by En. Abdullah Asya'ari, The Gunung Sumalayang Estate Manager and Tuan Haji Mukhtar bin Haji Yusof, the Senior Manager of Bukit Lawiang. The Assessment being revised in January 2019

Environmental Risk Assessment is being reviewed on annual basis. Environmental Risk Assessment has approximately covered 15 keys activities of the plantation such as:-

1. Chemical Store
2. Clinic
3. Community
4. Depletion of Natural Resources
5. Fertiliser Store
6. Harvesting
7. Linesite
8. Manuring
9. Mixing Area
10. POL Store
11. Premix Store
12. Replanting
13. Schedule Waste Store
14. Use of Machine and Tractor
15. Workshop

**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** Environmental Impact / Risk Matrix and Risk / Impact Value Table have been established in the Environmental Risk Assessment Form. Environmental consequences are classified into 5 categories: Insignificant, minor, moderate, major, Catastrophic. Likelihood are categorized into rare, unlikely, possible, likely and almost certain. Finally the environmental ratings are classified as low (1-4), medium (5-12) and high (15-25).

The Environmental Risk Assessment has identified columns for Process, Major activity, aspect, impact, risk assessment and risk control. The Environmental Risk Assessment indicate the Estate activities and mitigation measures as follows:-





Process / Area	Aspect	Impact	Management Contrul
Harvesting	a. Leakage of diesel from tractor into waterways	Water pollution	1. Regular maintenance of tractor
	b. Leakage of diesel from tractor into land	Land pollution	2. Regular maintenance of tractor
	c. Emission of black smoke from tractor into the air	Air Pollution	3. Regular maintenance of tractor
Storage of Schedule Waste	a. Spillage of contaminated water into soil	Land Pollution	1. Comply to Scheduled Wasted Management procedure
	b. Spillage of contaminated water into public drain	Water Pollution	2. Regular maintenance
	c. Disposal of Used Filters	Land Pollution	3. To update monthly records of SW Colection
Storage	After chemical – disposal of empty pesticides / herbicide container	Water and Land Pollution	SOP Scheduled Waste

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

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

**Summary** Evidence, the Continuous Improvement Plan being established at both Estates. Sample taken at Gunung Sumalayang Estate which prepared by Mr Mohd Rizuan Razman, Senior Assistant Manager in January 2019 as follows: -



ENVIRONMENTAL		
	Issue	Mitigating
1	Leakage of pesticides during chemical mixing and washing into outside land	<ol style="list-style-type: none"> <li>1. To recollect water used at chemical mixing area to be recycled during mixing</li> <li>2. To construct containment sum at chemical mixing area to contain any leakages</li> <li>3. To place all chemical containers on metal trays</li> </ol>
2	Spillage of lubricant oil during workshop operation and contamination the land.	<ol style="list-style-type: none"> <li>1. Collect and record used lubricants</li> <li>2. Store items under lock &amp; key</li> <li>3. Put up Used Lubricant signage</li> </ol>
3	Dispose of rubbish from domestic use which create pollution and disease	<ol style="list-style-type: none"> <li>1. Prepare landfill area away from water course and residential area</li> <li>2. Create awareness on Hygiene</li> </ol>
4	To use chemical container which contribute to environmental impact	<ol style="list-style-type: none"> <li>1. Collect &amp; record empty pesticides container</li> <li>2. Disposed off the item through registered purchaser</li> <li>3. Establish SOP on Triple Rinsing</li> <li>4. Establish SOP on Disposing Empty Pesticide Containers</li> </ol>

**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** All Estates have established training program for environmental management and improvement plan. Sighted the Environmental Training Programme for the year 2019 at Gunung Sumalayang Estate covers the following;

ENVIRONMENTAL		
Training Programme	Month Programmed	Date Implementation
Waste Handling Training	3 <sup>RD</sup> quarter	
Pollutions Control & Environmental	3 <sup>RD</sup> quarter	
Recycle Waste Awareness	3 <sup>RD</sup> quarter	
Schedule Waste Handling	3 <sup>RD</sup> quarter	14 <sup>th</sup> May 2019
Biodiversity	3 <sup>RD</sup> quarter	

Sighted, training on Scheduled Waste Management being conducted on 14<sup>th</sup> May 2019 to 9 participants.



Awareness and training programmed being conducted to all workers in three different events dated 15<sup>th</sup> April 2019, 10<sup>th</sup> April 2019 and 19<sup>th</sup> April 2019 on MSPO Awareness, Policies and SOPs covering 124 workers and staffs.

**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** The Environmental Policy has been communicated to all External and Internal Stakeholders during the meeting at respective Estates. Sighted at Bukit Lawiang Estate "Mesyuarat Alam Sekitar" on 13th May 2019 attended by 15 participants and conducted by Tuan Haji Mukhtar bin Haji Yusof, Estate Senior 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** Both Estate, Gunung Sumalayang and Bukit Lawiang) have been monitoring of diesel usage by year 2016-2019. As evidence in Gunung Sumalayang Estate:

Year	Diesel (litter)	FFB (MT)	Litres/MT
2016	39062	26374	1.48
2017	38836	23599	1.65
2018	49443	24370	2.03
2019	21870	11419	1.92

Baseline value at 1.74 liter / Mt FFB

As for Bukit Lawiang Estate;

Year	Diesel (litter)	FFB (MT)	Litres/MT
2017	17,914	29,461	0.61
2018	34,115	30,927	1.10
2019	17,327	14,833	1.17

Baseline value at 0.92 liter / Mt FFB

**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 and electricity for estate has been documented on annual basis based on the financial year with the latest available is for FY2019. Evidence at Gunung Sumalayang Estate;

- 1) Estimate Diesel For financial year 2019 – 69,700 Litres
- 2) Estimated FFB 2019 – 23,356 Mt
- 3) Litre per Mt – 2.98 at baseline value 2.90

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

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

**Summary** Evidence, solar panel being installed at Workshop and Store Compound at both Estates in March 2019.

**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.

Sighted the Schedule Waste Management Procedure, Appendix 1 dated 1st January 2019 prepared by Mr. Faezul Asanuar bin Abdul Malik at Gunung Sumalayang Estate and Mr. Mohamad Shahrol Nazeri bin Mukhsan, Bukit Lawiang Estate, Assistant Manager.

Code	Source
SW 102	Battery
SW 305	Lubricating Oil
SW 306	Hydraulic Oil
SW 307	Water and oil interceptor
SW 408	Contaminated Soil
SW 409	Disposed containers, bags, Equipment contaminated with chemicals , pesticides, Mineral oil or Schedule Waste
SW 410	Rags, Plastic, papers or filters contaminated with schedule waste

**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** Sighted, Waste Management Plan FY2019 being prepared by Mr Mohd Rizuan Razman, Senior Assistant Manager in January 2019. The plan as follows:-

Type of Waste	Items	Action Taken
Scheduled Waste	Used lubricants	<ol style="list-style-type: none"> <li>1. Collect &amp; record used lubricants</li> <li>2. Store items under lock &amp; key</li> <li>3. Put up "Used Lubricant" signage</li> <li>4. Disposed off the item through registered purchaser</li> </ol>
	Empty Pesticide Containers	<ol style="list-style-type: none"> <li>1. Collect &amp; record empty pesticides container</li> <li>2. Store items under lock &amp; key in the waste collection centre</li> <li>3. Disposed off the item through registered purchaser</li> <li>4. Establish SOP on Triple Rinsing</li> <li>5. Establish SOP on Disposing Empty Pesticide Containers</li> <li>6. Establishing coding system for traceability of pesticide containers</li> </ol>
	Used Batteries, Tyres & Tubes	<ol style="list-style-type: none"> <li>1. Collect &amp; record batteries</li> <li>2. Store items under lock &amp; key in the waste collection centre</li> <li>3. Disposed off the item through registered purchaser</li> </ol>
Domestic Waste	Rubbish	<ol style="list-style-type: none"> <li>1. Prepared landfill area away from water course and residential area</li> <li>2. Establish Landfill / Collection SOP</li> <li>3. Establish Collection Schedule and PIC</li> <li>4. Create awareness of Hygiene</li> <li>5. Monitoring of usage</li> </ol>
Recycled Waste	EFB	<ol style="list-style-type: none"> <li>1. Monitoring of Collection and Application</li> </ol>
	Compost	<ol style="list-style-type: none"> <li>1. Monitoring of Field Application Record</li> </ol>
	Re-use Empty Container	<ol style="list-style-type: none"> <li>1. Labelling of re-use empty container with X</li> </ol>

		2. Monitoring of usage
Clinical Waste	Dispensary	1. To collect and dispose by VMO

Clinical waste being disposed to Sharps and Bins Sdn Bhd via VMO, Dr. Nasrah bin Salim dated 1st May 2019

**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.

However, one major non-conformity has been raised. Seen, the grease and empty chemical containers at the Workshop compound. The disposal is against TH Plantations Berhad, Waste Management Procedure, Ref No: MSPO TH-05, Rev: 0, Date 01st Nov 2017 (Revised on 10th Jan 2018) and Environmental Quality Act 1974; Environmental Quality (Scheduled Wastes) Regulations 2005.

**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 empty chemical containers will be re-used for spraying activities or triple rinse and punctured and disposed to the appointed contractor.

**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 for linesite area is managed by both Estates. All domestic wastes are disposed at landfill, P86A Block 11 -Gunung Sumalayang Estate.



**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** The assessment of polluting activities are identified and documented in the Environmental Risk Assessment Form.

Data on the level of Greenhouse gases (GHG) emissions are monitored and compiled on yearly basis through the GHG calculation methodology accepted for RSPO and ISCC GHG calculations and certifications which are analyzed. As evidence, sighted the GHG Calculation for TH Plantation 2018 using GHG Emissions Calculation Methods, RSPO PalmGHG Calculator, V.3.0.1. Evidence at Sumalayang Estate:-

No.	Description	Total emission (tCO <sub>2</sub> e)	tCO <sub>2</sub> e/h <sup>a</sup>	tCO <sub>2</sub> e/t FFB	Emission allocated to this mill (tCO <sub>2</sub> e)
1	Land Conversion	11,084.09	6.21	0.43	11,084.09
2	Crop Sequestration	(10,506.24)	(5.89)	(0.41)	(10,506.24)
3	*CO <sub>2</sub> Emissions from Fertiliser	996.97	0.56	0.04	996.97
4	**N <sub>2</sub> O Emissions	873.99	0.49	0.03	873.99
5	Fuel Consumption	154.26	0.09	0.01	154.26
6	Peat Oxidation	-	-	-	-
7	Sequestration in Conservation Area	-	-	-	-
	Total	2603.07	1.46	0.1	2603.07

**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 Tuan Muzmi bin Mohamed; Chief Executive Officer dated 1st March 2019.

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

The polluting activities has been assessed during Environmental Risk Assessment Form. The Environmental Risk Assessment Form findings including list of polluting sources are recorded in document titled “Environmental Aspect & Impact Assessment (EAIA) &

Environmental Management Plan (EMP). Mitigation measures are identified in the aspect-impact register to prevent or minimize pollution

**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 dated 01.11.2017 revised on 10.01.2018. The water management plan as follows:-

NO	Water Sources	Usage	Monitoring & Measuring
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1	Water Catchment LBL	1. Nursery 2. Milling processes	1. Visual monitoring for bare erode soil, intrusion, fencing 2. Water quality monitoring
2	Rain Water harvesting	General field watering and Pre-mix Use	1. Rainfall Data
3	Syarikat Air Johor	Domestic Consumption	1. Water usage monitoring

In Gunung Sumalayang Estate and Bukit Lawiang Estate, there is a river in estate area namely Sg Sembrong Kiri. Gunung Sumalayang Estate has 2 areas for sampling; in and out and Bukit Lawiang Estate has 4 sampling points. As evidence, in "Pemantauan Kualiti Air Sungai", all the test is under threshold level. The test being conducted by Felda Palm Industries and the last test was on 21<sup>st</sup> February 2019 and 8<sup>th</sup> May 2019. The result as follows:-

a. Sembrong Kiri River ( Gunung Sumalayang )				
	Inlet A	Inlet B	Outlet 1	Outlet 2
ph value	7.5	7.2	7.0	7.0
Total N	3	3	3	4
BOD (ppm)	3	3	5	3
COD (ppm)	12	16	23	12
NH3-N (ppm)	ND <5	ND <5	ND <5	ND <5

b. Sembrong Kiri River ( Bukit Lawiang )				
	Inlet A	Inlet B	Outlet 1	Outlet 2
ph value	7.3	7.0	6.8	6.3
Total N	2	3	1	1
BOD (ppm)	5	3	2	2
COD (ppm)	32	28	28	16
NH3-N (ppm)	ND <5	ND <5	ND <5	ND <5

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, Meracun, Mandi, Memancing, Membakar, Membuang Sampah dan sisa barangan berjadual".

As of the date of audit, there is no evidence of removal of vegetation within the riparian zone.

**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** There is no river or waterways across the estate area. Thus, not applicable.

**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** No bore well is being used for water supply in the estate. For water usage, estate use Syarikat Air Johor. No water usage from the river.

Water harvesting is implemented in various ways such as retention of water in the field such as road side drains and pre-mix area.

**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, Enlarged & High Biodiversity Management. MSPO-TH-08; Rev 0; Date 10/01/2018.

The assessment was conducted on May 2019 by En Mohd Rizuan Razman. The assessment using methodology as field observation, stakeholder's consultation. I.e. estate management, workers, local communities and other external stakeholders'. As summary, there is no status of rare, threatened, or endangered species and high biodiversity value area in the estate. However, under same approach, the management has declared all house of worships as management areas.

**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** No status of rare, threatened, or endangered species and high biodiversity value area in the estate. Seen Biodiversity Improvement Plan as follows:-

Immediate Action	Action Plan
1. Animal sighting record	1. To record animal sighting into animal sighting record.
1. Elephant Monitoring	1. To record elephant movement in the field, water catchment areas (BAKAJ) and estate boundary.
1. Buffer Zone Establishment	1. To maintain buffer zone peg at buffer zone areas. 2. No spraying and manuring activities.

**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** There is no status of rare, threatened, or endangered species and high biodiversity value area in the estate.

However, estate conducted briefing regarding the Sustainability Policy that includes RTE species.

Awareness and training programmed being conducted to all workers in three different events dated 15th April 2019, 10th April 2019 and 19th April 2019 on MSPO Awareness, Policies and SOPs covering 124 workers and staffs.

**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** Based on the Environmental Policy, TH Plantations Berhad is committed towards implementing the following practices:

1. To practice a "Zero Burning" policy on new land development and replanting activities

Furthermore, the Standard Operating Procedures of Land Development , Ref No:TCH/OP/2009/1-1.1 dated 1st March 2009 did stated the objective to comply to environmental requirements ( Zero Burning techniques )

**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 Estate Sr Manager and Estate Manager, there is no out-break of diseases in estate area.

**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** As per interview with Estate Sr Manager and Estate Manager, no special approval needed to do open burning. Estate has adopted Zero Burning Policy

**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** As per interview with Estate Sr Manager and Estate Manager, no special approval needed to do open burning. Estate has adopted Zero Burning Policy  
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) as seen from visit to the estate and seen from the document and also interviewing the workers.

Estate have 3 types of Manuals-

1. Standard Operating Procedure Manual – Technical Oil Palm & Rubber Forest Plantation

These includes the following;

- 1) TCH/OP/2009/1 – Land Development
- 2) TCH/OP/2009/2 - Nursery

- 3) TCH/OP/2017/3 – 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

2. Standard Operating Procedure Manual – Occupational Safety & Health; MNL/OSH/2009/1
3. Standard Operating Procedure Manual – Office Administration;

These includes the following;

- 1) ADM/2009/1 – Office Administration
- 2) ADM/2009/2 – Contract Management
- 3) ADM/2009/3 – Authority Limit
- 4) ADM/2009/4 - Periodical Submission

**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** Sighted 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 are no fragile soils exist in the estate. There are 4 soil series recorded for the estate. On slope, cover crops was planted to prevent soil erosion, Mucuna bracteata and other Leguminous cover crop

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** Both estates have a visual reference system to identify each field or block. During site visit, each field has the signboard with block number/year of planting, stand per hectare, hectarage and oil palm clone. Task marking for harvester was painted on the palm trunk.

Based on the topographic image, there is no evidence of steep slopes area exist in the estate.

**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** Estate had an annual budget for the financial year 2019. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas. Sighted the long-range business plan for all estates. Sample of Gunung Sumalayang Estate as follows: -

FY	2019	2020	2021
Mature (Ha)	1,165.24	848.83	1,212.08
Immature (Ha)	894.05	1,210.46	847.21
Estimate OER (%)	19.50	19.50	19.50
Yield (MT/Ha)	19.29	21.88	20.48
FFB Production (MT)	22,482	18,571	24,819
FFB Price (RM/MT)	559.79	559.79	559.79
Ex-Estate Cost (RM/MT)	232.00	214.00	223.00

Sighted the 15 years business plan for the Estate.

**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** Sighted the 3 years replanting programme at Gunung Sumalayang Estate being established and reviewed annually.

Financial Year	Field /Clone	Total Hectare
2019	PM86	259.86
2020	PM86	261.25
	PM88	55.16

No replanting programme in Bukit Lawiang Estate in next 5 years.

**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** Estate had an annual budget for the financial year 2019. The budget includes the projected FFB production, general charges, upkeep & cultivation, Collection and Immature areas. Sighted the long-range business plan for all estates. The details as follows: -

	Gunung Sumalayang	Bukit Lawiang
Progeny / Clone	Felda , AA Hybrida, GH500	Felda , AA Hybrida, GH500
Yield / Ha ( Mt )	20.10	23.49
Cost of Production ( RM )	210.73	200.23
FFB Price Forecast ( RM )	451.00	451.00
Revenue ( RM )	5,610,000.00	7,888,830.00

**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. Upkeep maintenance, FFB Production, capital expenditure are shown therein.

**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** There is no existing mechanism of determining FFB pricing for the estate as the crops being processed by its own mill.

The pricing of all Contract Works is base from Procurement Department at HQ.

**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** All contracts are kept in estate office. Sighted the contract Agreement signed by the Contractors and Gunung Sumalayang Estate. As evidence, sampled:

- 1) Messrs Shahzani Enterprise signed on 10.06.2019 for contract related to "Menyediakan buruh, kenderaan dan alat kelengkapan kerja : Construction of Roof for Diesel Tank at Ladang Gunung Sumalayang Untuk Tahun 2019". The contract expiry date is 21.06.2019. Contract No. THPB/LGS/2019-8

- 2) Messrs Tiu Beng Chai Road Grading Earth Works signed on 1.02.2019 for contract related to "Menyediakan buruh, kenderaan dan alat kelengkapan kerja : Perkhidmatan Penyewaan Backhoe ( Anggaran 1800 jam ) di Ladang Gunung Sumalayang Untuk Tahun 2019". The Contract No. THPB/LGS/2019-6
- 3) Messrs Perusahaan dan Pengangkutan Adam signed on 1.01.2019 for contract related to "Menyediakan buruh, kenderaan dan alat kelengkapan kerja : Mengangkut dan Memunggah BTS kawasan PM86B Blok 16& 17 seluas 261.25 hectare dianggar sebanyak 4,703 Mt di Ladang Gunung Sumalayang Untuk Tahun 2019". The Contract No. THPB/LGS/2019 expired on 31<sup>st</sup> December 2019

Sample taken on payment for April 2019 for Messrs Tiu Beng Chai on Rental of Backhoe.

- a. Date Invoice - 30<sup>th</sup> April 2019, 112 hours amounting RM 3,360.00
- b. Work Order - approved on 2<sup>nd</sup> May 2019 under WO0420190005
- c. Payment - 9<sup>th</sup> May 2019 base on Payment Voucher PY05190003 through BIMB 3735 amounting RM3360.00

**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** All the contractors aware that estate is certified under MSPO. Therefore, the contractor has been instructed by estate management to follow the MSPO standard requirement.

The policies were already communicated through the tender process and once contract sign by both parties. The contractor shall be subjected to the management system audits by auditors assigned by the management as and when deemed necessary.

As evidence, sighted of evidence of MSPO clause for Bukit Lawiang contractor in the Agreement:

1. Messrs Nordin bin Muhamad signed on 27.02.2019 for contract related to "Mengangkut dan Mengagih Tandan Kosong ( EFB ) dari Kilang Sawit Bukit Lawiang". The Contract No. THPB/LBL/04/2019 expired on 31st December 2019

**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 is 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 which includes contractor must adhere to TH Plantations policies and MSPO compliances

**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 15th July 2019. As agreed, TH Plantations Berhad 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** The completion of work will be monitored by the estate management. Upon completion of the work, the estate management will verify the quality of work. Payment will only be made upon approval by the Management and satisfactory work by the contractor.

**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** 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 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

- Nil -

### Details of Noteworthy / Positive Findings

- 1) Proactive and highly committed by THP Berhad Top Management in establishing directions for the middle and upper management in complying with the MSPO certification.
- 2) Good cooperation and commitment from the management and staff
- 3) Good relationship being maintained with External Stakeholders.
- 4) Good positive feedback received from internal and external stakeholders.

## Appendix A: Audit Plan

<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
14 <sup>th</sup> July 2019	TBA	Travelling from Ampang, Selangor – Kluang, Johor.	IBI	FB/MRB
15 <sup>th</sup> July 2019	08:00 – 09:00	<ul style="list-style-type: none"> <li>➤ <b>Centralize Opening Meeting at Bukit Lawiang POM:</b> <ul style="list-style-type: none"> <li>• Presentation by the manager/coordinator</li> <li>• Presentation by Lead Auditor.</li> <li>• Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable).</li> </ul> </li> </ul>	IBI	FB/MRB
	09:00 – 13:00	<b>Bukit Lawiang POM</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul> </li> </ul>	IBI	FB/MRB
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Mill inspection:</b> <ul style="list-style-type: none"> <li>• Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Schedule Waste, POME and etc.</li> </ul> </li> </ul>	IBI	FB/MRB
	13:00 – 14:00	<ul style="list-style-type: none"> <li>➤ <b>Lunch/Rest</b></li> </ul>	IBI	FB/MRB
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul> </li> </ul>	IBI	FB/MRB
	16:00 – 17:00	<ul style="list-style-type: none"> <li>➤ Verify any outstanding issues, auditor discussion and end of audit for day 1.</li> </ul>	IBI	FB/MRB
<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
16 <sup>th</sup> July 2019	08:00 – 13:00	<b>Bukit Lawiang Estate</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b> <ul style="list-style-type: none"> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA</li> </ul> </li> </ul>	IBI	FB/MRB

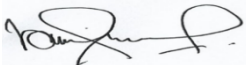




		documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Estate inspection:</b></li> <li>• Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc.</li> </ul>	IBI	FB/MRB
	13:00 – 14:00	<ul style="list-style-type: none"> <li>➤ <b>Lunch/Rest</b></li> </ul>	IBI	FB/MRB
	14:00 – 16:00	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b></li> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul>	IBI	FB/MRB
	16:00 – 17:00	<ul style="list-style-type: none"> <li>➤ Verify any outstanding issues, auditor discussion and end of audit for day 2.</li> </ul>	IBI	FB/MRB
<b>AGENDA</b>				
<b>Date</b>	<b>Time</b>	<b>Subjects</b>	<b>Lead Auditor</b>	<b>Auditor</b>
17 <sup>th</sup> July 2019	08:00 – 13:00	<b>Gunung Sumalayang Estate</b> <ul style="list-style-type: none"> <li>➤ <b>Document Audit:</b></li> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc.</li> </ul>	IBI	FB/MRB
	10:30 – 12:30	<ul style="list-style-type: none"> <li>➤ <b>Estate inspection:</b></li> <li>• 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.</li> </ul>	IBI	FB/MRB
	13:00 – 14:00	<ul style="list-style-type: none"> <li>➤ <b>Lunch/Rest</b></li> </ul>	IBI	FB/MRB
	14:00 – 15:30	<ul style="list-style-type: none"> <li>➤ <b>Continue document review</b></li> <li>• Public documents, SOPs, Policies, Internal audit, Production &amp; Supply chain records, FFB pricing, Review on SEIA documents and</li> </ul>	IBI	FB/MRB



		records, payment records, complaint records, workers records, training records, permits, CIP, etc.		
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion	IBI	FB/MRB
	16:00 – 17:00	<ul style="list-style-type: none"> <li>➤ <b>Centralize Closing Meeting at Gunung Sumalayang Estate:</b></li> <li>➤ Chaired by the audit Lead Auditor</li> <li>• Welcome and introduction by the Lead Auditor</li> <li>• Presentation of findings by the audit team</li> <li>• Questions &amp; answers and Final summary by Lead Auditor</li> <li>➤ <b>End of assessment</b></li> </ul>	IBI	FB/MRB
18 <sup>th</sup> July 2019	TBA	➤ <b>Travelling from Kluang, Johor to Ampang, Selangor.</b>	IBI	FB/MRB






## Appendix B: Non-Conformity details

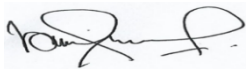
Non-Conformities Identified During This Audit			
<b>Major Nonconformities:</b>		The following NC's were raised for this audit.	
<b>Company Name</b>		TH Plantations Bhd	
<b>Stage of Audit</b>	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2
	Surveillance	<input checked="" type="checkbox"/>	Recertification
<b>Audited Standard</b>		Part 3: General Principles for Oil Palm Plantations and Organized Smallholders	
<b>Client Number</b>		GGC-D1-MSPO-2018	
<b>NC No. / Ref.</b>	D1/MSPO/MAJOR/01	<b>Date Detected</b>	17 <sup>th</sup> July 2019
<b>Site(s) concern</b>	All Estate	<b>Target Completion</b>	90 days
<b>Normative Reference and Requirement</b>	4.3.1.1 Major All operations shall be in compliance with applicable local, state, national and ratified international laws and regulations.		
<b>NC Type</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
<b>Description of Non-Conformity</b>	No evidence sighted during audit.		
<b>NC Objective Evidence:</b>			
No evidence of the Scheduled Waste Inventories being monitored and recorded as per Environmental Quality Act 1974 (Act 127), Environmental Quality (Scheduled Wastes) Regulations 2005; PU (A) 294/2005; Regulation 11. Waste generator shall keep an inventory of scheduled wastes.			
<b>Lead Auditor Signature:</b>		<b>Client Signature:</b>	
			
<b>Root cause Analysis (to be filled by client):</b>			
Schedule Waste Inventories record was not updated.			
<b>Corrective action planned (to be filled by client):</b>			
Schedule Waste Inventories record has been updated and monitored as required.			
<b>Preventive Action (to be filled by client):</b>			
The Schedule Waste Inventories record will be update and monitored closely by person in-charge.			
<b>Review of corrective/preventive action (to be filled by Lead Auditor)</b>			



The evidence submitted was justified and the major non-compliance is closed. Continuous implementation will be further verified in the next surveillance assessment.	
<b>NC Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Date Verified:</b> 12 <sup>th</sup> October 2019	<b>Lead Auditor Signature:</b> 


<b>Company Name</b>	TH Plantations Bhd			
<b>Stage of Audit</b>	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
<b>Audited Standard</b>	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
<b>Client Number</b>	GGC-D1-MSPO-2018			
<b>NC No. / Ref.</b>	D1/MSPO/MAJOR/02	<b>Date Detected</b>	17 <sup>th</sup> July 2019	
<b>Site(s) concern</b>	All Estates	<b>Target Completion</b>	90 days	
<b>Normative Reference and Requirement</b>	4.5.3.3 Major 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.			
<b>NC Type</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
<b>Description of Non-Conformity</b>	Sighted, grease and chemical containers at the Workshop compound.			
<b>NC Objective Evidence:</b>	Seen, the grease and empty chemical containers at the Workshop compound. The disposal is against TH Plantations Berhad, Waste Management Procedure, Ref No: MSPO TH-05, Rev: 0, Date 01 <sup>st</sup> Nov 2017 (Revised on 10 <sup>th</sup> Jan 2018) and Environmental Quality Act 1974; Environmental Quality (Scheduled Wastes) Regulations 2005.			
<b>Lead Auditor Signature:</b>			<b>Client Signature:</b> 	
<b>Root cause Analysis (to be filled by client):</b>				
Grease and empty chemical container not place on proper storage.				
<b>Corrective action planned (to be filled by client):</b>				
The grease are place at the lubricant store and empty chemical container are place in the schedule waste store.				

<b>Preventive Action (to be filled by client):</b>	
Person in-charge will closely monitor and ensure all chemical and grease unused will be keep in store correctly.	
<b>Review of corrective/preventive action (to be filled by Lead Auditor)</b>	
The evidence submitted was justified and the major non-compliance is closed. Continuous implementation will be further verified in the next surveillance assessment.	
<b>NC Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Date Verified:</b> 12 <sup>th</sup> October 2019	<b>Lead Auditor Signature:</b> 

<b>Company Name</b>	TH Plantations Bhd			
<b>Stage of Audit</b>	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
<b>Audited Standard</b>	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
<b>Client Number</b>	GGC-D1-MSPO-2018			
<b>NC No. / Ref.</b>	D1/MSPO/MAJOR/03	<b>Date Detected</b>	17 <sup>th</sup> July 2019	
<b>Site(s) concern</b>	Bukit Lawiang	<b>Target Completion</b>	90 days	
<b>Normative Reference and Requirement</b>	4.4.4.2 Major The occupational safety and health plan shall cover the following: b) The risks of all operations shall be assessed and documented.			
<b>NC Type</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
<b>Description of Non-Conformity</b>	No evidence HIRARC being reviewed during audit			
<b>NC Objective Evidence:</b>				
<ol style="list-style-type: none"> <li>HIRARC documents are found inadequate as no assessment has been conducted for FFB loading, nursery operation, tractor driving and mechanical buffalo.</li> <li>An accident occurred on 05.05.2019 involving harvester with his buffalo. He sustained injury to his neck and broken left jaw. However, no such risk of being attacked by buffalo has been assessed in the estate HIRARC document, Harvesting with Assisted buffalo.</li> </ol>				
<b>Lead Auditor Signature:</b> 		<b>Client Signature:</b> 		
<b>Root cause Analysis (to be filled by client):</b>				
HIRARC not being reviewed.				

<b>Corrective action planned (to be filled by client):</b>	
HIRARC has been updated as required.	
<b>Preventive Action (to be filled by client):</b>	
HIRARC will be updated based on requirement and relevant to the estate respectively.	
<b>Review of corrective/preventive action (to be filled by Lead Auditor)</b>	
The evidence submitted was justified and the major non-compliance is closed. Continuous implementation will be further verified in the next surveillance assessment.	
<b>NC Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Date Verified: 12<sup>th</sup> October 2019</b>	<b>Lead Auditor Signature:</b> 

<b>Company Name</b>	TH Plantations Bhd			
<b>Stage of Audit</b>	Initial Stage 1	<input type="checkbox"/>	Initial Stage 2	<input type="checkbox"/>
	Surveillance	<input checked="" type="checkbox"/>	Recertification	<input type="checkbox"/>
<b>Audited Standard</b>	Part 3: General Principles for Oil Palm Plantations and Organized Smallholders			
<b>Client Number</b>	GGC-D1-MSPO-2018			
<b>NC No. / Ref.</b>	D1/MSPO/MAJOR/04	<b>Date Detected</b>	17 <sup>th</sup> July 2019	
<b>Site(s) concern</b>	Bukit Lawiang	<b>Target Completion</b>	90 days	
<b>Normative Reference and Requirement</b>	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.			
<b>NC Type</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern			
<b>Description of Non-Conformity</b>	No evidence of Training Needs Analysis during audit.			
<b>NC Objective Evidence:</b>	No evidence, Training Needs Analysis for all employees being established based on their specific skill and competencies as per Standard Operating Procedure-MSPO TH-09			
<b>Lead Auditor Signature:</b> 	<b>Client Signature:</b> 			
<b>Root cause Analysis (to be filled by client):</b>				

Training need Analysis was incomplete and not followed to the Standard Operating Procedure.	
<b>Corrective action planned (to be filled by client):</b>	
Training need analysis has been updated as required.	
<b>Preventive Action (to be filled by client):</b>	
Training need analysis will be updated closely by person in-charge.	
<b>Review of corrective/preventive action (to be filled by Lead Auditor)</b>	
The evidence submitted was justified and the major non-compliance is closed. Continuous implementation will be further verified in the next surveillance assessment.	
<b>NC Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Site verification:</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Date Verified:</b> 12 <sup>th</sup> October 2019	<b>Lead Auditor Signature:</b> 

<b>Minor Nonconformities:</b>	Non-were raised during this audit.
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<b>Area of Concern:</b>	Non-were raised during this audit.
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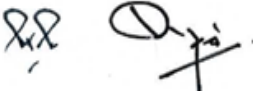


**Non-Conformities Identified During Previous Audit**

**Minor Nonconformities:** The following NC's were raised during previous audit.

Company Name	TH Plantations Berhad – Kluang Complex [Estates]		
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>		
Audited Standard	Part 3 : General Principles for Oil Palm Plantations and Organized Smallholders		
Client Number			
NC No. / Ref.	Will be generated automatically in system	Date Detected	06 <sup>th</sup> May 2018
Site(s) concern	Gunung Sumalayang Estate	Target Completion	Next Surveillance Audit
Normative Reference and Requirement	4.4.2.2 Minor The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties.		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence the Complaints and Grievances being resolve in an effective, timely and appropriate manner.		
Objective Evidence:			
No evidence on date of action taken and completion sighted in the Complaint and Grievances form that the Management has responded to all the Complaints and Grievances in timely and appropriate manner.			
Root cause Analysis (to be filled by client):			
MSPO Requirements were not fully understood as this is a new system and still in the initial stage of the program.			
Corrective action planned (to be filled by client):			
The corrective has been made. Date of action taken in Complaint and Grievance record has been filled. Refer Appendix 9 for supporting.			
Preventive Action (to be filled by client):			



<ol style="list-style-type: none"><li>1. To re – train the management appointment person to be competent on the usage of the Grievance form and inclusion of date of action taken.</li><li>2. To audit the above improvement in the annual internal Audit.</li><li>3. Above subject will be reviewed in the Annual Management Review to ensure is effective</li></ol>	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this minor 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
Lead Auditor Signature: 	Client Signature: 
Date: 06 <sup>th</sup> May 2018	Date: 10 <sup>th</sup> July 2018



## Appendix C: List of Stakeholders Contacted

### Internal Stakeholders

- 1) TH Plantation Kluang Complex [Estates] Management team and staff
- 2) Gender Committee Representatives
- 3) Local Workers Representatives
- 4) Foreign Workers Representatives

### External Stakeholders

NIL