

GLOBAL GATEWAY CERTIFICATIONS

MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

Part 4 : General Principles for Palm Oil Mills

TH Plantations Berhad
Kota Bahagia Complex [Mill]

-Group Certification-

MAIN ASSESSMENT
18th September 2018

Revision History					
Rev	Date	Description	Performed by	Role	Signature
A	20/12/18	Issued as Draft Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	
A	28/12/18	Peer Review 1 Comments	Nzri bin Rasidi	Peer Reviewer 1	
A	28/12/18	Peer Review 2 Comments	Mohd Zuhaili bin Mukri	Peer Reviewer 2	
B	30/12/18	Issued as Final Report	Muhammad Syafiq bin Abd Razak	Lead Auditor	

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

Declaration

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

WITH INTEGRITY WE SERVE



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

SECTION I : PUBLIC SUMMARY REPORT

1.1 Certification Scope

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

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

1.2 Company details and Contact information

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

1.3 Certification Unit

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

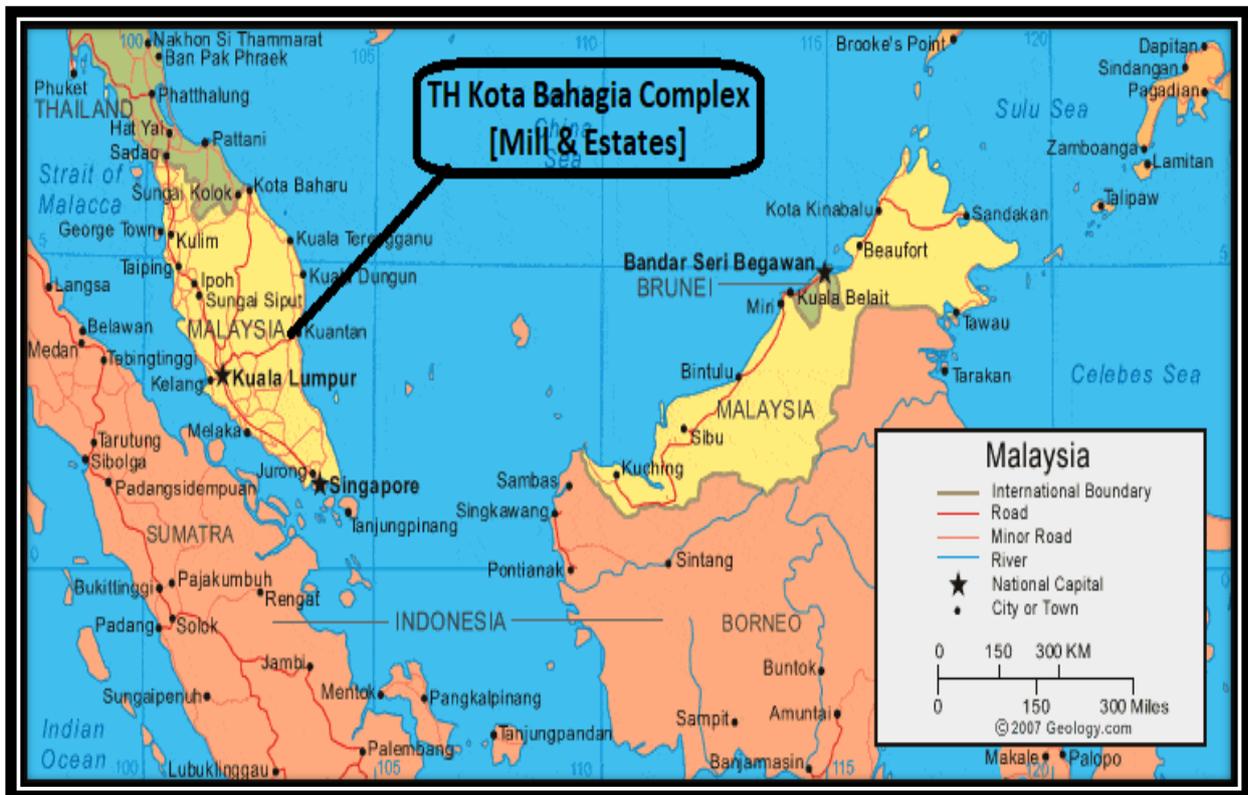


MPOB License Information	License No.	539203004000
	Scope of Activity	<ol style="list-style-type: none"> 1. Menjual dan Mengalih FFB, PK, CPO & SPO 2. Membeli dan Mengalih FFB, PK & CPO 3. Menyimpan PK, CPO & SPO 4. Mengilang FFB
	Expiry Date	30 th April 2019

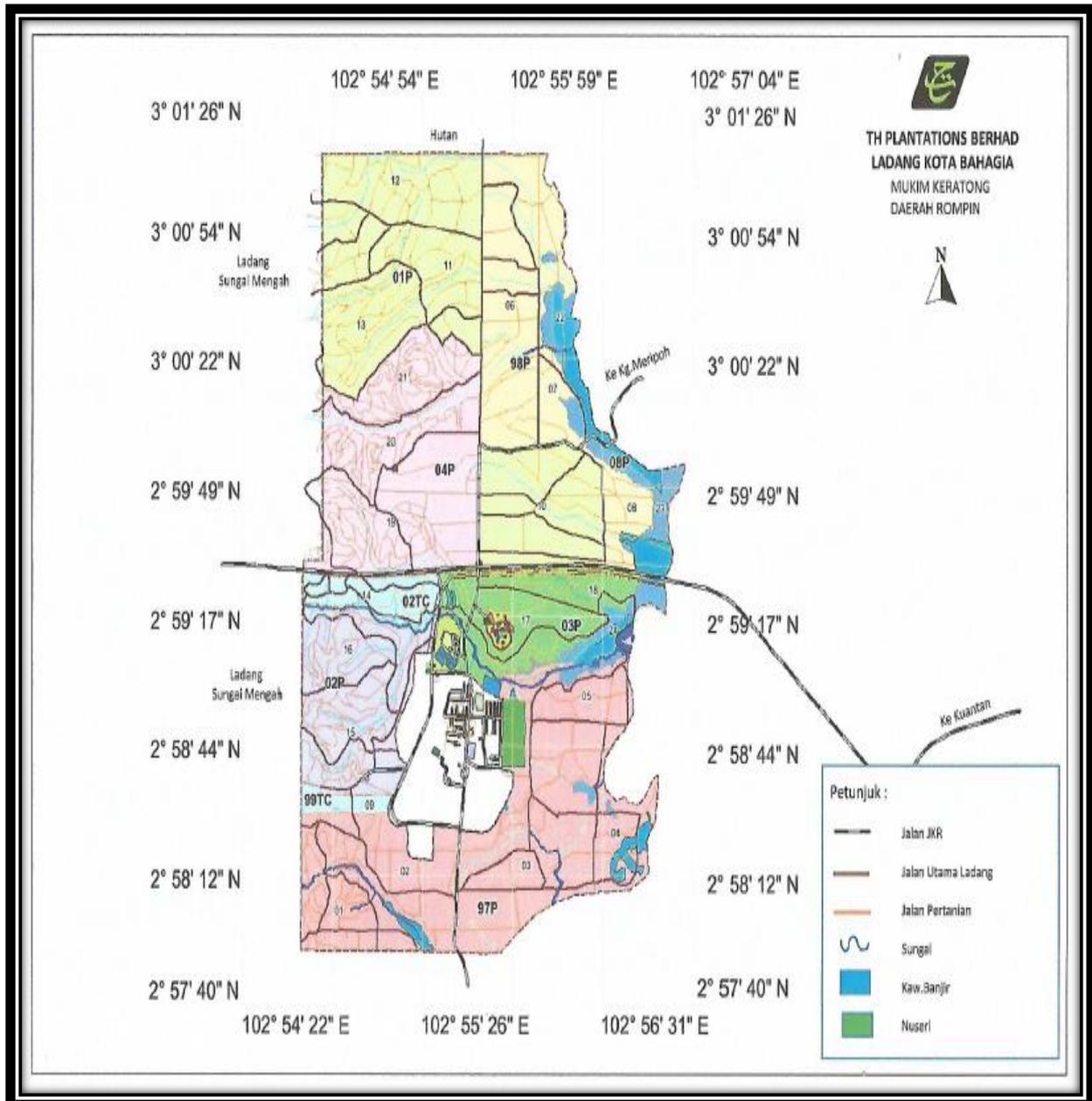
Others Sustainability Certification	NIL
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1.4 Map Showing Geographical Location

1) Kota Bahgia Complex [Mill & Estates]



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



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

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

FFB's Own Estates

Production for Uncertified Unit

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

1.6 Certificate Details

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

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

1.7 Qualification of the Lead Assessor and Assessment Team

Lead Auditor

Name: **Muhammad Syafiq bin Abd Razak**

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

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

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

Auditor

Name: **Ismadi bin Hj. Ismail**

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

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

Auditor

Name: **Hj. Ahmad bin Sukiman**

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

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

1.8 Audit Methodology

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

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

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

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

1.9 Audit Plan Information

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

1.10 Audit Result Summary Findings

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

1.11 Stakeholder Consultation

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

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

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

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

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

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

1.12 Recommendation

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

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

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

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

1.13 Date of Next Surveillance Audit

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

1.14 Confidentiality

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

1.15 Abbreviations Used

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

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



SECTION II : ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

2.1 Principle 1 : Management commitment and responsibility

Criterion 1 Malaysian Sustainable Palm Oil (MSPO) Policy

Indicator 1 Policy for the implementation of MSPO shall be established.

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

Sighted the "Taklimat Pengenalan MSPO, Safety & ESH" on 11th April 2018. Attended by 95 workers and conducted by Mr. Mohd Azahar bin Yasin (Assistant General Manager).

In Compliance **Yes** No Not Applicable

Indicator 2 The policy shall also emphasize on the commitment to continual improvement with the objective of improving the milling operation.

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

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

In Compliance **Yes** No Not Applicable

Criterion 2 Internal audit

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

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

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

In Compliance **Yes** No Not Applicable

Indicator 2 The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action.

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

The internal audit conducted by Mr. Mohd Uzair bin Rozali, Mr. Mahazan Mat Isa, Mr. Mohd Hidayat bin Mohd Hussein and Mr. Khairull Hafiz Ismail on 25th April 2018.

The findings were documented in the Internal Audit Findings Summary. 4 Majors, 1 Minor and 5 Observations raised by internal audit team. All the findings already closed by mill management on 15th May 2018.

In Compliance **Yes** No Not Applicable

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

Summary The internal audit report was documented and made available for management review. As evidence, the annual meeting with regard to the status of action taken for internal audit findings carried out on 25.04.2018 was held on 27.08.2018 and minuted/documentated in the Management Review Meeting 2018 attended by the executives, staff and workers, chaired by the Mr. Mohd Azahar bin Yasin (Assistant General Manager).

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.

The management review had included internal and external sustainable palm oil audit results review. The status of the correction and preventive actions are being discuss and reviewed.

Sighted 2 management review meeting was done by mill management. 2nd meeting for Management Review conducted on 27.08.2018 were discussing on the NC's issued in the Internal Audit Report.

In Compliance **Yes** No Not Applicable

Criterion 4 Continual improvement

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



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

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

As evidence in Kota Bahagia POM, sighted a few management plan covering safety, environment and social. The plan has been documented in Continuous Improvement Plan for year 2018. Prepared by Mr Aizuddin bin Abdul Hamid (Mill Sr Assistant Manager) and approved by Mr Mohd Azahar bin Yasin (Assistant General Manager).

In Compliance **Yes** No Not Applicable

Indicator 2 The company should establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the workforce.

Summary There is no new application of new technology implemented during the certification period. The current practices continued and guide by Chief Engineer.

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 adequate information to other stakeholders on environmental, social and legal issues relevant to sustainable practices in the relevant languages and forms.

Summary TH Plantations Berhad has established Standard Operating Procedures (SOP) for stakeholders Communication & Consultation Procedure; MSPO-TH-03; Rev 0; Dated 5th April 2018 (second release).

Communication and consultation process are also communicated through stakeholder meeting and the records with attendance lists was sighted. Latest meeting with Internal and External Stakeholders was held on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill. The minutes being prepared by Sr. Assistant, En. Aizuddin bin Abdul Hamid and approved by Mr. Mohd Azahar bin Yasin (Mill Assistant General Manager).

No record on request and response matter being addressed by stakeholders as at September 2018 as per Appendix 4, Stakeholders Communication & Consultation Procedure; MSPO-TH-03; Rev 0; Dated 5th April 2018 (second release).

In Compliance **Yes** No Not Applicable

Indicator 2 Management documents shall be publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes

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

In Compliance **Yes** No Not Applicable

Criterion 2 Transparent method of communication and consultation

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

Summary TH Plantations Berhad has established Standard Operating Procedures (SOP) for stakeholders Communication & Consultation Procedure; MSPO-TH-03; Rev 0; Dated 5th April 2018 (second release). The Standard Operating Procedure has identified mechanism for consultation and communication with the relevant stakeholders.

Latest meeting with Internal and External Stakeholders was held on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill. The minutes being prepared by Sr. Assistant, En. Aizuddin bin Abdul Hamid and approved by Mr. Mohd Azahar bin Yasin (Mill Assistant General Manager).

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall nominate management officials at the operating unit responsible for issues related to Indicator 1 (4.2.2.1).

Summary The mill management has appointed 8 mill personnel to in charge for MSPO Part 4 which is lead by the Mr. Mohd Azahar Bin Yasin, Mill Assistant General Manager. Sighted all the appointment letters dated 1st March 2018. The letter for Assistant General Manager signed by Ir. Ramli Mohd Tahar, Chief Engineer.

In Compliance **Yes** No Not Applicable

Indicator 3 A list of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.

Summary Stakeholder list is made available to the auditor during the audit. Observed that the stakeholder list consists of various stakeholders covering the NGOs, local communities, contractors, neighbouring estates, relevant government agencies.



Sighted latest stakeholders list on 22nd June 2018. The stakeholders list was updated by Mr. Aizuddin bin Abdul Hamid, The Senior Assistant Manager.

In Compliance **Yes** No Not Applicable

Criterion 3 Traceability

Indicator 1 The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.

Summary TH Plantations Berhad has established MSPO Procedure; Title: FFB Traceability; dated 10th January 2018; MSPO-TH-04; Rev 0.

The mill is receiving FFBs from own estates. Procedure for the FFB traceability as follows:

- a. Raw Material Reception: Security Guard House & Weighbridge Station.
- b. Production & Storage.
- c. Sales & Dispatch: Products to customer.

In Compliance **Yes** No Not Applicable

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

Summary The TH Plantations Berhad has established the MSPO Procedure: Title FFB Traceability. MSPO-TH-04; Rev 0; Date 1st November 2017. Sighted all records done by Mill Management. Sighted the Security will check the followings before the vehicles are allow to enter the mill premises: -

- a) Date
- b) Vehicle Number
- c) Name of driver
- d) Name of Supplying Estate / Field No
- e) Time in / Out

Later, the loaded FFB to be weighed at the weighbridge: -

- a) Date of weighing
- b) Name of Supplier
- c) Gross/Tare/Net Weight
- d) Contact Number
- e) Weighbridge ticket number
- f) Description of contents
- g) Vehicle number
- h) Name of driver
- i) Time in / out

Then, the FFB being unload at ramp and the crop being graded by grading team. Result of grading being recorded in Grading Chit.

Upon completion, the vehicles need to weigh empty in order to obtain actual FFB weight, data synchronizing from the first weighing. The lorry will left the mill with Received Ticket.

Base on interview with the Person In – Charge of the mill, they are well versed with the procedures.

In Compliance **Yes** No Not Applicable

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

Summary The mill management has appointed 8 mill personnel to in charge for MSPO Part 4 which is lead by the Mr. Mohd Azahar Bin Yasin, Mill Assistant General Manager. Sighted all the appointment letters dated 1st March 2018. The letter for Assistant General Manager signed by Ir. Ramli Mohd Tahar, Chief Engineer.

In Compliance **Yes** No Not Applicable

Indicator 4 Records of storage, sales, delivery or transportation of crude palm oil and palm kernel shall be maintained.

Summary Purchases and sales will base on demand and has agreeable documentation with the supplier.

FFB supplier for Kota Bahagia POM are;-

- 1) Sungai Buan Estate
- 2) Sungai Merchong Estate
- 3) Sungai Mengah Estate
- 4) Kota Bahagia Estate
- 5) Kima Oil – Collection center
- 6) Eng Huat – Collection center
- 7) ASPA – Collection center

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 shall be in compliance with applicable local, national and ratified international laws and regulations.

Summary The company has established and updated list of applicable laws and regulations that are applicable for the Mill as stipulated in Plantation Quality Management System (PQMS).



The legal register has column indicating the title, subject, reference No., requirements, status of compliance and enforcing agency. The legal and other requirements register (LORR) was last updated on 17.07.2018. The legal register is prepared by THP Sustainability Department and subsequently updated internally by Mr. Ekmal Fauzan Bin Alias (Asst Mill Manager) and approved by Mr. Mohd Azahar Bin Yasin (AGM Mill).

The Summary of Compliance comprised mostly for the requirements that related to MSPO compliance. This document includes information on requirement, percentage and remarks.

Sighted lists of licenses & certificate of fitness which has to be monitored and updated periodically such as Jabatan Alam Sekitar, Suruhanjaya Tenaga, MPOB license, KPDNKK & Majlis Daerah Rompin.

Sighted Letter of Appointment for the responsible person (Pn Nurasyikin Binti Zainoldin) signed by Mr. Mohd Azahar Bin Yasin (AGM Mill) dated 01.03.2018.

Sighted the appointed licensed collector (Urban Environmental Industries Sdn Bhd, No Lesen 003229), to collect the scheduled wastes at the Kota Bahagian POM valid till 30.04.2019. Latest disposal dated 29.08.2018 as follow;

- 1) SW429 – Discarded chemical 0.02mt
- 2) SW410 – Used oil filter 0.0145mt
- 3) SW305 – Spent lubricant oil 0.19mt
- 4) SW410 – Spent Rags 0.036mt
- 5) SW409–Contaminated container 0.001mt

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

Indicator 2 The management shall list all relevant laws related to their operations in a legal requirements register.

Summary There are laws and regulations identified in the legal register. Some of applicable laws includes:

- Akta Kerja 1955
- EQA, 1974 (Act 127)
- OSHA and regulations 1994 (Act 514)
- Factories and Machinery Act with regulations, 1967 (Act 139)
- Pesticides Act & Regulations (Act 149)
- Electricity Supply Act (Act 447)
- Petroleum (Safety Measures) Act, 1984
- Fire Services Act, 1984
- Code of Practice for safe working in a confined space, 2001
- Jadual Pematuhan (Departmental of Environment)
- MPOB (Act 582)
- Employees Social Security Act and Regulations (Act 4)
- Industrial Relations Act and Regulations (Act 177)
- Employees Provident Fund Act 1991
- Etc.

Sighted the following documents as evidence of compliance:



- MPOB License, No. Lesen 539203004000, expiry date 30.04.2019
- Jabatan Alam Sekitar – lesen men duduki atau menggunakan premis yang ditetapkan No. 003207 dated 09.06.2014, renewed and expiry 30.06.2019
- Permit Barang Kawalan Berjadual), No Siri C026595 expiry date 29.05.2019
- Suruhanjaya Tenaga License No. Siri 31277, expiry date 30.09.2019
- Perakuan Penentuan Timbang dan Sukat (by Metrology Corporation Malaysia Sdn Bhd), Serial No. : B1232523, Stamping Date : 04.04.2018
- Majlis Daerah Rompin expiry 31.12.2018
- Perakuan Kebolehan, Peraturan 5 (2). No Perakuan 071/98 for Mr Mohd Azahar Bin Yasin dated 22.12.1998.
- Chargeman certificate for Mr Khairuddin Bin Bajuri, IC No. 750515-71-5025, Category A0 dated 15.08.2002
- Boilerman Certificate for Mr Jamarudin Bin Paimin, IC No. 691107-01-5743, Grade One dated 15.11.2007.
- Permit Potongan upah dibawah Seksyen 24 Akta Kerja 1955 dated 03.04.2013 (Jumlah keseluruhan potongan upah pekerja sebulan tidak boleh melebihi 50% daripada pendapatan bulanan atau 75% sekiranya potongan gaji melibatkan pinjaman perumahan)
- Permit Pendahuluan upah di bawah Seksyen 22 Akta Kerja 1955 dated 04.04.2013 (Had maksimum pendahuluan adalah tertakluk kepada jumlah keseluruhan potongan upah pekerja sebulan tidak boleh melebihi 50% daripada pendapatan bulanan atau 75% sekiranya potongan gaji melibatkan pinjaman perumahan).
- Permit had kerja lebih masa di bawah Seksyen 60A (4)(a) Akta Kerja 1955 (Had maksimum kerja lebih masa dibenarkan sehingga 130jam dengan syarat waktu kerja biasa pekerja-pekerja yang terlibat adalah kurang dari tujuh (7) jam.
- Sighted "Permohonan dan Kebenaran Membuat Potongan Gaji" for the following;
 - Potongan bayaran pendahuluan gaji,
 - Potongan keahlian MAPA/Amesu
 - Potongan Tabung Kebajikan Pekerja
 - Potongan Simpanan Lembaga Tabung Haji
 - Potongan Skim Insurans
 - Potongan bayaran bil elektrik/TNB (ikut bil)

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 The 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 or new amendment are captured and updated, through the following manner:

- Enforcement by Government Body
- Campaign by Government Body
- Course or training for new or change of amendments
- Letter or memo from Government Body
- Newspaper or article on the new or change of amendment
- Website



Sighted the legal register is prepared by THP Sustainability Department and subsequently updated internally by Pn Nurasyikin Binti Zainoldin and approved by Mr. Mohd Azahar Bin Yasin (AGM Mill).

In Compliance **Yes** No Not Applicable

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

Summary The appointed person in charge to monitor compliance status and to track update the changes in regulatory requirements is Pn Nurasyikin Binti Zainoldin effective 01.03.2018.

The person in charge for Kota Bahagia POM sustainability is Mr. Mohd Azahar Bin Yasin (AGM Mill). The appointed letter has been signed by the Ketua Jurutera (Ir. Ramli Mohd Tahar) on 01.03.2018.

In Compliance **Yes** No Not Applicable

Criterion 2 Land use rights

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

Summary The Mill is situated in the Land Title of H.S.(D) 3737, PT289 valid till 29.09.2071 with the area of 9.804ha. The copy of land title is kept in the mill office and was sighted during the audit.

Evidence of annual payment of land tax and quit rent paid to the state government is available in the form of receipts. The payment for the following has been made on:

- "Cukai tanah" paid on 18.05.2018 by Kota Bahagia Estate.

In Compliance **Yes** No Not Applicable

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

Summary Sighted Land ownership of the company. Title No. H.S.(D) 3737, PT289. The Land title for the mill is available and maintained by Kota Bahagia Estate. Mill was built within the Kota Bahagia Estate's area.

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 As the mill was built within the Kota Bahagia Estate's area, the permanent fence had been constructed to demarcate the vicinity of the mill area.

Mill is situated within the estate land title No. H.S.(D) 3737, PT289. The Mill site is located at coordinate E 102°55'39.78" and N 2°59'8.34"

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 As the Mill was built within the Kota Bahagia Estate (the same Company's land), thus no disputes been recorded by the mill. There is no evidence of land conflict present in the mill. There is no violence on instigated violence in maintaining peace because company has a clear procedure on handling the land conflict.

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 As the mill was built within the Kota Bahagia Estate, thus no customary rights will affect the mill. There are also no land disputes or claims involving the mill. The company has proper legal land title with regards to 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 As the mill was built within the Kota Bahagia Estate, thus no disputes been recorded by the mill. There is no evidence of land conflict present in the mill. There is no violence on instigated violence in maintaining peace because company has a clear procedure on handling the land conflict.

In Compliance **Yes** No Not Applicable

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

Summary There is no land conflict or disputes recorded by the mill. The mill land title and ownership are legally identified and documented.

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 should be implemented to mitigate the negative impacts and promote the positive ones.

Summary Sighted MSPO Procedures on Stakeholder Communication and Consultation Procedure dated 5th April 2018 (2nd release).

Three Social Impact Assessment have been conducted in 2018. Sighted, the latest Social Impact Assessment was conducted on 14th August 2018. The purpose of Social Impact Assessment is to measure and assessing on "Kawasan belakang perumahan pekerja yang semak boleh membahayakan keselamatan dan kesihatan pekerja dan keluarga"

30 respondents among workers and staffs being assessed. Sighted, all respondents giving 100% positive responds. Social Impact Assessment prepared by Mr. Aizuddin bin Abdul Hamid, The Senior Assistant Manager and checked by Mr. Mohd Azahar bin Yasin. Mill Assistant General Manager.

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 MSPO Procedure, Stakeholder Communication and Consultation Procedures, Ref No: MSPO – TH -03, Rev: 0, Dated 1st November 2017 has been established and documented. Sample of Grievance Form as per Appendix 3

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 resolves disputes in an effective, timely and appropriate manner, which is accepted by all parties.

Summary 3 complaints being recorded to date September 2018. Complaints forms seen are responded and completed within 1 -2 working day.

Seen samples of complaints dated 26/6/18 by Mr. Khairuddin Bin Bajuri, an Electrical Chargeman on " Dahan pokok yang rendah di laluan masuk perumahan kakitangan kilang membahayakan pengguna kenderaan terutamanya penunggang motosikal". The issue being resolved on 29th June 2018.

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 complaints.

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

In Compliance **Yes** No Not Applicable

Indicator 4 Employees and surrounding communities should be made aware of its existence and that complaints or suggestions may be made at any time.

Summary Latest meeting with Internal and External Stakeholders was held on 11th July 2018 attended by 62 external and 77 internal stakeholders. The meeting was conducted by All Managers Estates and Mill. The minutes being prepared by Sr. Assistant, Mr. Aizuddin bin Abdul Hamid and approved by Mr. Mohd Azahar bin Yasin (Mill Assistant General Manager). Sighted in the minutes of meeting the agenda on Complaints and Request Procedure.

In Compliance **Yes** No Not Applicable

Indicator 5 Complaints and solutions within the past 24 months shall be documented and be made available to affected stakeholders upon request.

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

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

In Compliance **Yes** No Not Applicable

Criterion 3 Commitment to contribute to local sustainable development

Indicator 1 Palm oil millers should contribute to local development in consultation with the local communities. Where the mill is an integral part of a plantation, such contribution to local community development may be regarded as a joint effort by the mill and the plantation.

Summary Mill is committed and have contributed to local development. The contribution made to the internal and external stakeholders. As evidence, the management has organized activities as follows:-

- 1) External
"Menyediakan Tiang Tempat Letak Basikal" di Sekolah Kebangsaan Ladang Kota Bahagia dated 30th April 2018
- 2) Internal



Majlis tahlil Kompleks Kota Bahagia dated 29th March 2018 amounting RM400.00.

In Compliance **Yes** No Not Applicable

Criterion 4 Employees safety and health

Indicator 1 An occupational safety and health policy and plan which is in line with Occupational Safety and Health Act 1994 and Factories and Machinery Act 1967 (Act139) shall be documented, effectively communicated and implemented.

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

Seen the Taklimat Pengenalan MSPO, Safety and ESH dated 11th April 2018 attended by 88 participants. The briefing conducted by Mr. Sr. Assistant, Mr. Aizuddin bin Abdul Hamid and approved by Mr. Mohd Azahar bin Yasin, Mill Assistant General Manager.

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 chemicals used at the palm oil mill:
 - i) all employees involved are adequately trained on safe working practices; and
 - ii) all precautions attached to products should 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 shall 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 that affect their business such as those related to employees' safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.
- h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.
- i) Employees trained in First Aid shall be present at all mill operations. First Aid equipment should be available at each worksite.
- j) Records shall be kept of all accidents and be reviewed periodically a t quarterly



intervals.

Summary

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

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

HIRARC sighted for the followings work operation :-

- Weighbridge
- Sterilization
- Oil room
- Press station
- Boiler room
- Engine room
- Empty Fruit Bunch ramp
- Depericarper
- Kernel Plant
- FFB Conveyor
- Loading ramp
- Pengiraan USB
- Kernel Recovery
- Storage and dispatch of products

HIRARC review date on 20th September 2018

The Mill has a comprehensive annual training programme for the Staffs and Workers. Training programme as sighted below:-

- 1) Fire Drill
- 2) PPE Training
- 3) First Aid Training
- 4) Chemical Handling Training
- 5) Waste Handling Training
- 6) Pollutions Control and Environmental Training
- 7) FFB Grading Training
- 8) FFB Sterilization Training
- 9) Threshing and Pressing Training
- 10) Oil Room Training
- 11) Kernel Station Training
- 12) Engine Room and Boiler Training
- 13) Water Treatment Training
- 14) POME Training
- 15) Driver Training

Samples training conducted:

- POME Training was sighted on 7th September 2018 conducted by Mr. Ekmal Fauzan bin Alias, Assistant Manager attended by 5 participants.

SDS are displayed at the stores for each type of chemical used. Sighted, Standard Operating Procedures for Personal Protective Equipment, Ref No: MNL /OSH/2009/1 – 1.19 dated 1st March 2009. Mill has provided appropriate PPE for all workers in their operations. Person in-charge of in issuing PPE is Mr. Shofie bin Saad. PPE Issuance and replacement record. Sighted for:-

- Staff/AP
- General Workers

The type of PPE is included in the HIRARC assessment chart for all type of job activities.

Sighted, Standard Operating Procedures for Guideline on Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (Regulations 2004), Ref No: MNL /OSH/2009/1 – 1.17 dated 1st March 2009.

Sighted, CHRA being conducted on 7th April 2018 by Dr. Noormahani binti Harun (JKKP IH 127/171 -2 (154)) - 2018/015 from QMSPRO Sdn Bhd. Audiometry Test conducted on 3rd May 2018 by Specialist Mobile Safety Supplies Sdn Bhd, 59 workers being sending for reviewing the audiometry test. Only 21 worker having Standard Threshold Shift. The worker being resend for the 2nd test on 26th October 2017.

The person in charge for OSH is Mr. Mohd Azahar bin Yasin (Mill Assistant General Manager). OSH Committee Chart 2018 sighted. Letter of appointment for committee members dated 1/1/2018.

Sighted latest meetings conducted on 15th August 2018 and attended by 25 members. The meeting discussed on training, policies and other matters. To discuss all issues regarding worker's safety and health. No accidents recorded in 2017.

Sighted the Emergency Procedure for the mill under Emergency Response Plan. Ref No : MNL /OSH/2009/1-1.21 in English language dated 1st March 2009. Sighted, briefing to all personnel being conducted on 7th September 2018 by Mr. Aizuddin Bin Abd Hamid.

Emergency response plan include the Emergency Contact Number, Emergency Response Team, Guidelines on Accident, Emergency Procedures and Exit routes as well as assembly point in file and pasted on notice board. ERP Chart 2018 indicates Mr. Mohd Shahril bin Ghazali (Wireman) as First Aider. Sighted, Competency certificate of En. Mohd Shahril bin Ghazali attended First Aider and CPR Training dated 18th July 2018 under AFQ Training and Services.

Mill has submit JKKP 8 (I & II)(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. JKKP 8 was submitted on 02nd January 2018.

In Compliance **Yes** No Not Applicable



Criterion 5 Employment conditions

Indicator 1 The management shall establish a policy on good social practice regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and communicated to the employees.

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

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

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

In Compliance **Yes** No Not Applicable

Indicator 2 The management shall not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.

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

In Compliance **Yes** No Not Applicable

Indicator 3 Management shall ensure that employees’ pay and conditions meet legal or industry minimum standards as per Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage.



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

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

- Muhammad Ariff bin Yahaya
 - August 2018
 - Basic = RM923.04
 - Holiday Pay = RM85.46
 - Kerja Hari Cuti = RM230.76
 - Overtime = RM495.11
 - NUPW Subsidy = RM3.00
 - Deduction
 - KWSP = RM139.00
 - PERKESO = RM 8.75
 - SIP = RM3.50
 - Great Eastern Life Assurance = RM10.00
 - Labour Fund = RM4.00
 - Lembaga Tabung Haji = RM60.00
 - NUPW = RM11.00
 - TNB = RM60.00
 - Net salary = RM 1,462.35

Sighted, pay and conditions are documented in the Collective Agreement in each of the individual workers as per MAPA & NUPW Agreement.

In Compliance **Yes** No Not Applicable

Indicator 4 Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee.

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

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

In Compliance **Yes** No Not Applicable

Indicator 5 The management shall establish records that provide an accurate overview 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) for Md Desa bin Ishak and Mohd Izan bin Idris. The registration card stated the workers personal and family biodata.

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 shall be made available for each and every employee indicated in the employment records.

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

This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian. Sample taken on Al Mahmud Faisal bin Abu Bakar and Muhamad Ariff bin Yahaya.

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.

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

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

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 the employees and employers.

Summary Working hours is 8 hours (8.00 am – 4.00 pm). From Saturday to Thursday. The overtime maximum is 104 hours according to Malaysian Law. Mill has used punch card as a working time recording system.

In Compliance **Yes** No Not Applicable

Indicator 8 The working hours and breaks of the individual worker indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed upon and shall meet the legal requirement applicable.

Summary The working hour and break time have been clearly stated in the Employment Contract. Sighted in the Contract Agreement the rate of overtime which agreed by both parties.

There is no complaint received regarding payment or are forced to work overtime during site interview.

In Compliance **Yes** No Not Applicable

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

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

In Compliance **Yes** No Not Applicable

Indicator 10 Other forms of social benefits should be offered by the employer to employees, their families or community such as incentives for good work performance, bonus payment, support of professional development, medical care provisions and improvement of social surroundings

Summary All workers have been provided with medical and accident insurance. Productivity incentives and outturn incentive. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations.

In Compliance **Yes** No Not Applicable

Indicator 11 In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities.

Summary All workers are provided with housing facilities at workers linesite. Water is provided free and electricity is RM8.00/House. Sanitary and waste disposal is arranged by estate.

Welfare Amenities: Mosque, football field, hall facilities and school bus to children are provided free of charge.

In Compliance **Yes** No Not Applicable

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

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

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



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

In Compliance **Yes** No Not Applicable

Indicator 13 The management shall respect the right of all employees to form and join trade union and allow workers' own representative(s) to facilitate collective bargain in accordance with applicable laws and regulations. Employees shall be given freedom to join trade unions relevant to the industry or organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.

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

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

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

In Compliance **Yes** No Not Applicable

Indicator 14 Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation.

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

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

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

There are no children below ages of 18 working in the mill 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 and contractors shall be appropriately trained. A training programme shall include regular assessment of training needs and documentation, including records of training.



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

- 1) Fire Drill
- 2) PPE Training
- 3) First Aid Training
- 4) Chemical Handling Training
- 5) Waste Handling Training
- 6) Pollutions Control and Environmental Training
- 7) FFB Grading Training

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.

All workers involved in the mill operations have been trained in safe working practices and environmental awareness.

As evidence, communication of the policy to workforce is carried out through training processes and documentation. Sighted record of training "Program Keselamatan dan Kesihatan 2018" and training needs analysis, attendance & evaluation form.

In Compliance **Yes** No Not Applicable

Indicator 3 A continuous training programme shall be planned and implemented to ensure that all employees are well trained in their job function and responsibility in accordance to the documented training procedure.

Summary Annual Training Plan is available as per in the Training Needs & Plan FY 2018. Observed that the training plan outlined all scheduled training for all mill areas including the safety and health, awareness of the MSPO requirements, emergency procedures and etc. As far as operating areas, the training is found to be grouped based on the working areas such as grader, POME, maintenance, workshop and etc.

In Compliance **Yes** No Not Applicable



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

Criterion 1 Environmental management plan

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

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

Sighted Environmental Aspect Impact Assessment; Prepared by Mr Aizuddin bin Abdul Hamid (Mill Sr Assistant Manager) and approved by Mr Mohd Azahar bin Yasin (Assistant General Manager) on 30th August 2018. One of example:

- Sub-Activity: Petrol / Diesel
- Aspect: Disposal of Non-Biodegradable Wastes
- Impact: Land contamination
- Mitigation Measure: Provide bins to linesite and conduct awareness training
- Monitoring programme: Done & Ongoing

In Compliance **Yes** No Not Applicable

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

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

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

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

Environmental aspects and impacts analysis are available for verification during the audit. As evidence in sighted Environmental Aspect Impact Assessment; Prepared by Mr. Aizuddin bin Abdul Hamid (Mill Sr Assistant Manager) and approved by Mr. Mohd Azahar bin Yasin (Assistant General Manager) on 30th August 2018.

In Compliance **Yes** No Not Applicable



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

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

Sighted Environmental Aspect Impact Assessment; Prepared by Mr Aizuddin bin Abdul Hamid (Mill Sr Assistant Manager) and approved by Mr Mohd Azahar bin Yasin (Assistant General Manager) on 30th August 2018. From the EIA, sighted continuous improvement plan for mill for year 2018.

In Compliance **Yes** No Not Applicable

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

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

- Activities such as such as noise pollution was identified as high for the mill which has the mitigation measures such as enclosed area, noise exposure monitoring and providing ear protective equipment.

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 and management plans and are working towards achieving the objectives.

Summary Mill 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 2018 was sighted. Trainings conducted were recorded in the various trainings record and completed with attendance records, training materials and photographs of the training. As evidence, sighted the "Taklimat Pengenalan MSPO, Safety & ESH" on 11th April 2018. Attended by 95 workers and conducted by Mr. Mohd Azahar bin Yasin (Assistant General Manager).

In Compliance **Yes** No Not Applicable

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

Summary Kota Bahagia POM has conducted regular meeting with their staffs and workers to discuss issues related to environment. As evidence, sighted the latest "Mesyuarat Alam Sekitar" on 06th September 2018. Attended by 17 workers and conducted by Mr Mohd Azahar bin Yasin (Assistant General 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 A monthly record on energy consumption for both renewable and non-renewable sources were also maintained documented. It is monitored to optimise use of renewable energy. The data is compiled for comparison and control for future improvement with aim of gradual reduction particularly diesel.

In Compliance **Yes** No Not Applicable

Indicator 2 Palm oil millers shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations.

Summary Kota Bahagia POM has estimation of total energy required. This estimation was compared to the actual usage by monthly. The mill conducts monitoring of fossil fuel in term of litre / MT FFB processed. Sighted mill has been maintained all the record year by year.

In Compliance **Yes** No Not Applicable

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

Summary Monthly record on energy consumption for both renewable and non-renewable sources were kept and documented. It is monitored to optimize use of renewable energy. Data is being compiled for comparison and control for future improvement.

Apart from use of diesel for electricity, palm fibre and nut shells were also used to generate electricity through steam turbine and boiler. The mill uses by product of FFB production as renewable energy source where 100% of fibre and shell are extracted from FFB production. Biogas plant expected to run in 2020.

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.

The POM has identified types of waste and sources of the pollution. For example, sources of pollution are generated from:



- Workshop
- Chemical Store
- Laboratory
- Processing, General and Workshop
- Line site
- Clinic

The plan has included:

- Type of waste
- Sourced of Pollution/Waste
- Action to be Taken
- Person in Charge

Example of action plan included in the waste management plan is to monitor workers housing complex, collect & record amount of SW and promoting recycling. Recycling program in the POM has been started and indicating the progress of the management in minimizing waste disposal to the landfill.

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 Documented waste management plan was established where the site visit confirmed that the practice of reduce, reuse and recycle of materials has been implemented throughout the mill. Segregation of wastes i.e. general wastes and scheduled wastes was verified to be satisfactory in the POM. Proper storage areas were identified for the storage of the recyclable wastes at the mill.

The waste management plan 2018 prepared by Mr. Aizuddin bin Abdul Hamid (Mill Sr Assistant Manager) and approved by Mr. Mohd Azahar bin Yasin (Assistant General Manager).

1. Type of waste: Scheduled Waste
 - Item description: Lubricant
 - Source: Vehicles & Machinery (Tractors, Lorry)
 - Action to be taken:
 - Store to update inventory on spent lubricating oil every month and fill up Fifth Scheduled as per requirement by DOE
 - Proper management & handling should contain:
 - List of scheduled waste generated
 - Inventory of scheduled waste generated (monthly)
 - Checklist for inventory of every SW
 - Consignment note
 - Cleanliness of SW store

2. Type of waste: Domestic Waste



- Item description: Rubbish
- Location: Housing Quarters
- Action to be taken:
- Provide adequate garbage bins and collect to dispose.
- Burning of waste must be prohibited within the premises.

In Compliance **Yes** No Not Applicable

Indicator 3 The palm oil mill 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. Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005.

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 mill is under controlled and carried out by qualified person which have attended certain training. Mill has specialized person in handling the chemical. The person must be trained before handling the chemicals.

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

In Compliance **Yes** No Not Applicable

Indicator 4 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 Kota Bahagia Estate. All domestic waste disposed at landfill area.

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 polluting activities are identified and documented in the environmental impact assessment and management plan. From the EIA, it will be evaluated for the impact and any impact will be included in the management plan. Sighted the GHG Calculation for Kilang Sawit Kota Bahagia year 2017 using GHG Emissions Calculation Methods, RSPO PalmGHG Calculator, V.3.0.1.

In Compliance **Yes** No Not Applicable



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

Summary Action plan to reduce significant pollutants and emissions has been established as evident in environmental impact assessment and management plan for year 2018.

Example of the action plan included as part of reducing polluting activities is by conducting frequent maintenance of all vehicles. Sighted latest maintenance records of mill vehicles.

In Compliance **Yes** No Not Applicable

Indicator 3 Palm oil mill effluent (POME) shall be treated to ensure compliance with standards as stipulated in the relevant Environmental Quality (Prescribed Premises) (Crude Palm Oil) Regulations 1977. POME discharge limits and method should be in accordance with the respective state and national policies and regulations

Summary The POM is treating POME in accordance to the DOE Limits for final discharge into the watercourse. The POME is discharge to the drain and finally to Sg. Keratong.

Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Jadual Pematuhan). Verification from the documents confirms that effluent discharges are sampled on a monthly basis and founds meeting requirements set by DOE. As evidence, latest result on 16th August 2018:

- Ph = 7.6
- BOD – 26.0 mg/L
- COD – 184 mg/L
- Suspended Solid – 21.1 mg/L
- Total Dissolved Solids – 4,840 mg/L
- Ammoniacal Nitrogen – 18.2 mg/L
- Total Nitrogen – 39.1 mg/L
- Oil & grease – 2.6 mg/L

Mill will send the First Schedule [Regulation 10 (2)] – Quarterly Return Form report quarterly to DOE. As evidence sighted Second Quarter (01/04/2018-31/06/2018).

In Compliance **Yes** No Not Applicable

Criterion 5 Natural water resources

Indicator 1 The management shall establish water management plans 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.
b) Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the mill's current activities.
c) Ways to optimize water and nutrient usage and reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc).

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

Identification on water usage have been document in the water management plan. This includes consumption for domestic, boiler and processing. Summary of water consumption on POM have been reviewed.

Mill has abstract Sungai Keratong with the license permit SWUL/LPSA/131/2018.

Mill has been monitored the outgoing water/POME. As evidence, sighted the water analysis results conducted by Felda Palm Industries Sdn Bhd once a month.

In the water management plan, water consumption activity, efficiency monitoring for domestic water use including installing of flow meter at the point where water is extracted, and water quality test have been in place.

In Compliance **Yes** No Not Applicable

Indicator 2 Where open discharge of POME into water course is practiced, mills should undertake to gradually phase it out in accordance to the applicable state or national regulations.

Summary The effluents are discharged through water courses as approved by DOE in Jadual Pematuhan. Site inspection confirms that the effluent treatment plant meets the requirements set by DOE (Jadual Pematuhan). Verification from the documents confirms that effluent discharges are sampled on a monthly basis and founds meeting requirements set by DOE.

In Compliance **Yes** No Not Applicable

2.6 Principle 6 : Best practices

Criterion 1 Mill management

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

Summary The mill has implemented Good Milling Practice (GMP) as observed during the audit visit. The mill processed its own estates (90%) and external suppliers (10%). The Mill Capacity is 30 Mt/Hr - Continuous Sterilizer has been installed to replace the existing Conventional Sterilizer system on April 2007 – new technology. The mill has one (1) unit 80 MT weighbridge which was last calibrated on 04.04.2018 by Metrology Corporation Malaysia Sdn Bhd.

Kota Bahagia Palm Oil Mill has 3 types of Manuals-

- 1) Standard Operating Procedure (SOP) Manual – Milling Operation Procedure
- 2) Standard Operating Procedure (SOP) manual – Occupational Safety & Health
- 3) Standard Operating Procedure (SOP) manual – Technical Mill Operation Procedure

The mill SOP – Technical Mill Operation Procedure established on 1st March 2009 described all stages of operation that includes the following;

- Reception Station
- Sterilizer Station
- Threshing Station
- Pressing Station
- Clarification Station
- Depericarping Station
- Kernel Recovery Station
- Boiler Station
- Effluent Treatment Plant
- Product Storage and Despatch
- Quality Assurance and Process Control
- Mill Laboratory
- CPO and Kernel Stock Check
- Arahan Kerja Bergambar

The mill SOP – Occupational Safety & Health established on 1st March 2009 comprised the following;

- Standard Operation manual
- Introduction to Management of Occupational Safety and Health (OSH)
- THP's OSH Policy & Guiding Principles
- Occupational Safety Responsibilities
- Establishment of Safety and Health Committee
- Hazard Analysis
- Establishment of Safe Operating Procedure (Work Safety Procedure)
- Etc

The Mill SOP – Technical Mill Operation Procedure established on 1st March 2009 includes the following;

- Weighbridge
- Weighbridge – Reception of FFB
- Weighbridge – Delivery of Product
- Loading Ramp Station
- Loading Ramp Station – FFB Grading
- Sterilizer Station
- Threshing/Press Station
- Clarification
- Kernel Station
- Depericarping Station
- Boiler House
- Capital Contract
- Specification
- FFB Grading
- Laboratory & Laboratory Test Methods
- Water Treatment Plant
- Effluent Treatment Plant
- To Determine Month End FFB/OER/KER Declaration
- Problem Solving Guide (PSG)

The Standard Operation Procedures (9 for the MSPO implementation includes as below:

- SOP 1 – Internal Audit
- SOP 2 – Management Review
- SOP 3 – Stakeholder Communication & Consultation Procedure
- SOP 4 – FFB Traceability
- SOP 5 – Waste Management
- SOP 6 – Environmental Management Plan (EMP)
- SOP 7 – Rare, Threatened, Endangered & High Biodiversity Management
- SOP 8 – Water Management Plan
- SOP 9 – Training & Competency

In Compliance **Yes** No Not Applicable

Indicator 2 All palm oil mills shall implement best practices.

Summary The mill is not certified by MPOB Codes of Milling Practice (CoP). However, mill has implemented Good Milling Practice (GMP) based on its own SOP's.

As evidence, the mill is operating in accordance to Jadual Pematuhan – Syarat-Syarat Lesen Premis Minyak Kelapa Sawit Mentah (for 30mt/hr), Jabatan Alam Sekitar Negeri Pahang Darul Makmur No lessen 003207, Ref No. JP/KKS/2018/2019/003207 valid until 30.06.2019.

Sighted Quarterly Return Report, First Schedule (Regulation 10(2)) for a period of 1st April until 31st June 2018.

The mill is complying with the BOD limit stipulated under Pengurusan Efluen - "Kepekatan Oksigen Biokimia Yang hendak dilupuskan (BOD, 3 hari, 30°C) bagi efluen daripada "Facultative Pond No. 4" hendaklah tidak melebihi 100mg/l".

Sighted effluent record 2018 Kota Bahagia POM. The effluent final discharge analysis was conducted on weekly basis for Pond No. 4. The latest sampling was carried out for the month of June with average reading of BOD is 79mg/l.

No analysis for the month of July & August due to Anaerobic Pond No 2 has been desilted for a period of 09.06.2018 till 22.06.2018, Facultative Pond No 3 (from 23.06.2018 till 14.07.2018) and facultative Pond No 4 (from 15.07.2018 till 31.07.2018).

Sighted letter addressed to Ketua Cawangan, Jabatan Alam Sekitar Cawangan Rompin with regards to "Pemberitahuan Tiada Pelepasan Effluent Di Takat Akhir" dated 22.06.2018

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 Kota Bahagia POM has an annual budget for the financial year 2018. The palm oil mill budget includes the projected FFB to be processed, CPO and PK production for the period of three years from 2018 until 2020.

It is also incorporated items such as General Charges, Processing cost, Despatch and Depreciation. Sighted documented Business and Management Plan prepared by Mr Mohd Azahar Bin Yasin (AGM Mill).

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 Sighted the pricing mechanism formula attached to the Contract Agreement between THP Kota Bahagia Sdn Bhd and Golden Max Oil Palm Contract No: THP/GOLDEN MAX OIL PALM/ PEMB. BTS/2018 based on "Cara Pengiraan".

Sighted signage of FFB pricing (displayed daily based on last month MPOB average price) at the weighbridge as a reference for the external FFB suppliers.

In Compliance **Yes** No Not Applicable

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

Summary Sighted a Contract Agreement on "Pembekal BTS" between THP Kota Bahagia Sdn Bhd and Mohd Aspar Bin Sulaiman, Contract No: THP/M.ASPAR/ PEMB. BTS/2018. The contract agreement has been signed on 26.01.2018 between the Senior Manager of THP Kota Bahagia Sdn Bhd and Mohd Aspar Bin Sulaiman expiry 31.12.2018.

Sighted "Cara Bayaran - ii) Bayaran sebenar untuk jumlah penghantaran BTS pada bulan berkenaan akan dibuat setelah ditolak bayaran pendahuluan dan baki bayaran akan dibuat dalam masa tujuh (7) hari selepas pengumuman harga minyak sawit mentah dan isirong sawit yang dikeluarkan oleh MPOB.

In Compliance **Yes** No Not Applicable

Criterion 4 Contractor

Indicator 1 In case of the engagement of contractors, they shall be made to understand the MSPO requirements and shall provide the required documentation and information.

Summary Sighted a Contract Agreement on "Pembekal BTS" between THP Kota Bahagia Sdn Bhd and Mohd Aspar Bin Sulaiman, Contract No: THP/M.ASPAR/ PEMB. BTS/2018. The contract agreement has been signed on 26.01.2018 between the Senior Manager of THP Kota Bahagia Sdn Bhd and Mohd Aspar Bin Sulaiman expiry 31.12.2018.



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

The Mill will verify the work done by the contractor before payment is made. Sighted minutes of 1st Stakeholder Consultation meeting for the year 2018 chaired by Mr Mohd Azahar Bin Yasin (AGM Mill) on MSPO matters at the Dewan Serbaguna Kota Bahagia attended by 77 management representatives and 61 stakeholders including contractors and dealers on 11.07.2018.

The contractor, Mohd Aspar Bin Sulaiman's representative i.e. Tn Hj Hashim Bin Abdul Halim & Mr Aizuddin Bin Abdul Hamid, has attended the meeting and has been briefed to comply with the MSPO standard requirements when carrying out their work.

In Compliance **Yes** No Not Applicable

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

Summary All the contractors aware that mill will be certified under MSPO. Therefore, the contractor has been instructed by mill management to follow the MSPO standard requirement when carrying out their work in the mill premise. All the contract agreement are kept in contractors file. Sighted the contract that sign by contractors with the company.

In Compliance **Yes** No Not Applicable

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

Summary The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 18th September 2018. Sighted audit plan dated 17th August 2018 (2nd Revised) which have been accepted address to Miss Aisyatul Aizzura Salha Abdul Rahim, the Assistant General Manager of Sustainability and Investor Relations Department. All the auditors are qualified MSPO auditor. As per agreed, the TH Plantations Berhad, Kota Bahagia Complex [Mill] accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.

In Compliance **Yes** No Not Applicable

2.7 Details of Audit Findings

Details Non-Conformity

- See Appendix B -

Details of Area of Concern

- See Appendix B -

Details of Noteworthy / Positive Findings

- 1) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 2) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 3) The mill management has demonstrated fully commitment during the entire audit process.
- 4) Signages throughout office, chemical area and in the field sites, effectively maintained and appropriate to the needs of the process.
- 5) Good relationship being maintained with surrounding smallholders and villages.
- 6) Good positive feedback received from internal and external stakeholders.

Appendix A: Audit Plan

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

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



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

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

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



	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 16:00	➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	16:00 – 17:00	➤ Verify any outstanding issues, auditor discussion and end of audit for day 4.	MS	IBI/AS

Date	Time	Subjects	Lead Auditor	Auditor
22 nd September 2018	08:00 – 13:00	Kota Bahagia Estate <ul style="list-style-type: none"> ➤ Document Audit: <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	10:30 – 12:30	<ul style="list-style-type: none"> ➤ Estate inspection: <ul style="list-style-type: none"> Field inspection, boundary inspection, fertilizer application, field spraying, harvesting, workers interview, buffer zone, conservation area, office, workshop, agriculture best practices, chemical store, and pre-mixing, etc. 	MS	IBI/AS
	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 15:30	➤ Continue document review <ul style="list-style-type: none"> Public documents, SOPs, Policies, Internal audit, Production & Supply chain records, FFB pricing, Review on SEIA documents and records, payment records, complaint records, workers records, training records, permits, CIP, etc. 	MS	IBI/AS
	15:30 – 16:00	➤ Verify any outstanding issues and auditor discussion	MS	IBI/AS
	16:00 – 17:00	<ul style="list-style-type: none"> ➤ Centralize Closing Meeting at Kota Bahagia Estate: <ul style="list-style-type: none"> ➤ Chaired by the audit Lead Auditor • Welcome and introduction by the Lead Auditor • Presentation of findings by the audit team • Questions & answers and Final summary by Lead Auditor ➤ End of assessment 	MS	IBI/AS

Appendix B : Non-Conformity details

Non-Conformities Identified During This Audit	
Major Nonconformities:	Non-were raised during this audit.
Minor Nonconformities:	Non-were raised during this audit.



Appendix C : List of Stakeholders Contacted

List

Internal Stakeholders

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

External Stakeholders

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