

GLOBAL GATEWAY CERTIFICATIONS

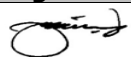

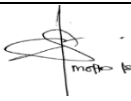
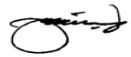
MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

CERTIFICATION AUDIT REPORT

Part 4 : General Principles for Palm Oil Mills

TH Plantations Berhad, Bukit Lawiang Palm Oil Mill

MAIN ASSESSMENT 12th May 2018

Revision History					
Rev	Date	Description	Done by	Role	Signature
A	21/07/18	Issued as Draft Report	Muhammad Syafiq	Lead Auditor	
A	<u>27/07/18</u>	<u>Peer Review 1 Comments</u> <u>1-Comments</u>	<u>Mohamad Padil</u>	<u>Peer Reviewer 1</u> <u>Peer Reviewer-1</u>	
A	<u>27/07/18</u>	<u>Peer Review 2 Comments</u> <u>2-Comments</u>	<u>Mohd Isa</u>	<u>Peer Reviewer 2</u> <u>Peer Reviewer-2</u>	
B	<u>01/08/18</u>	<u>Incorporated Peer Review Comments and Issued for Final Report</u> <u>Incorporated Peer Review Comments and Issued for Final Report</u>	<u>Muhammad Syafiq</u>	<u>Lead Auditor</u> <u>Lead Auditor</u>	



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1. Executive Summary

1.1. Objective, Audit Methodology, Certification Scope and Recommendation

Objective of Certification Assessment

Global Gateway Certifications Sdn. Bhd. [thereafter known as GGC] has conducted the Certification Assessment of TH Plantations Berhad, Kluang Complex (Palm Oil Mill). During this Main Assessment (Stage 2) Audit, the audit team briefed by sustainability member, of the supply base disposition. The source of FFB supplies to Bukit Lawiang POM are from their own estates [Bukit Lawiang Estate and Gunung Sumalayang Estate] and from out-grower and other smallholders.

This assessment was conducted onsite on 12th May 2018 by 3 auditors 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.

Audit Methodology

The methodology for collecting of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, officers, review of documentation and data. Checklists and questionnaires were used to guide the collection of information and the comments made by external stakeholders were also taken into account in the assessment.

Certification Scope Methodology

The approach to the audit was to treat the TH Plantations Berhad, Kluang Complex (POM) as a MSPO Certification Unit. The assessment focused on documentation review, internal procedures, management system, mill inspection as well as identification of any significant issues for both environment or social issues, waste management and etc. Details of the actual assessment programme are given in Appendix A (Audit Plan). Some stakeholders were consulted randomly during the assessment to get their feedback on the management compliance and performance.

The assessment was conducted based on sampling approach as specified in MSPO Certification Requirement. The purpose of sampling audit, risk assessment of the certification unit was carried out prior to the assessment through the documentation (MSPO-Questionnaire Self-Assessment-RA). Result of the self-assessment is then considered when considering the sampling calculations. There is only Bukit Lawiang POM in this complex. Thus, Bukit Lawiang POM was selected in this audit.

Recommendation

The company has established Sustainability Policy, objectives and procedures that define an effective system for the administration and control of sustainability management system throughout all operation activities of TH Plantations Berhad, Kluang Complex (Estates). All Estate Senior Manager/Estate Manager is in charge and ensures that facility and his subordinates comply with the requirements and procedures

stated in this manual. Both site 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), 7 major non conformities, 1 minor non-conformity and 2 area of concerns have been raised to the facilities that being audited. All the evidence submitted were found adequate and therefore all major non-conformities are closed. (Refer to Appendix B, non-conformity table for details).

Since the audit objectives as mentioned in the audit plan have been achieved and assessment resulted with no major non-conformity findings. Therefore, the lead auditor recommends to award the certificate of compliance MS 2530-4:2013 Malaysian Sustainable Palm Oil (MSPO) Part 4: General principles for palm oil mills to ~~KLK Lungmanis~~ TH Plantations Berhad, Kluang Complex (Palm Oil MillPOM).

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	Bukit Lawiang Palm Oil Mill
Mill Capacity (MT/HR)	40

Site Address	Peti Surat 114, 86007 Kluang, Johor
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GPS Reference of the site office	Longitude	E 103°26'04.5"
	Latitude	N 1°57'54.1"

1.4. Production Area, Actual and Projected FFB Production (MT)

Production for Certified Unit

Bukit Lawiang POM	Projected from last audit	Actual Production for 12 Months [June 2017-May 2018]	Projected Production for next 12 Months [June 2018-May 2019]
FFB Summary (MT)	NIL	56,361.81	54,494.71
CPO Summary (MT)	NIL	10,460.24	10,353.99
PK Summary (MT)	NIL	2,253.83	2,316.03

Production for Un-Certified Unit

Bukit Lawiang POM	Projected from last audit	Actual Production for 12 Months [June 2017-May 2018]	Projected Production for next 12 Months [June 2018-May 2019]
FFB Summary (MT)	NIL	141,158.80	141,505.29
CPO Summary (MT)	NIL	27,634.39	27,239.77
PK Summary (MT)	NIL	7,759.00	7,075.26

1.5. Certification 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 - www.ggc.my
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Assessment standard	(MSPO) Part 4: General principles for palm oil mills
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Certificate number	To be release after report approved
Initial certificate issued date	To be release after report approved
Certificate expiry date	To be release after report approved
Stage 1 assessment date	29 th March 2018
Stage 2 / Main Assessment	12 th May 2018
Annual Surveillance 1 [ASA 1]	NA
Annual Surveillance 2 [ASA 2]	NA
Annual Surveillance 3 [ASA 3]	NA
Annual Surveillance 4 [ASA 4]	NA

2. Assessment Process

2.1. 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 Management Commitment, 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 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. Member of GGC MSPO audit team.

During this assessment, he assessed on the aspect of 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: **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. Member of GGC MSPO audit team.

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

2.2. Stakeholder Consultation

GGC has published the public notification on 03rd April 2018 and as to accommodate a stakeholders' consultation meeting for mill and estates. Therefore, it was conducted on 05/05/2018-06/05/2018 in TH Plantations Berhad, Kluang Complex (Mill & Estates) to gather information from the local communities in accordance to Certification Scheme and Stakeholder Consultation requirements.

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

At the start of meeting, the auditor explained the purpose of the audit followed by an evaluation of the relationship between the stakeholders before discussions continued. The auditor recorded comments made by stakeholders and verified with the mill/estates management before incorporating into the assessment findings. There was no complaint or feedback received during the audit or during the field assessment when interviewing with the external and internal stakeholders. (Refer to part 4 table for details)

3. ASSESSMENT FINDINGS BY PRINCIPLES AND CRITERIA

3.1. 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.

The sustainability policy has stated on the TH Plantations Berhad commitment of the following sustainable practices:-

- To operate its management based on the principles and criteria contained in the MS 2530:2013 standards.
- To continuously improve our operations in line with social, environmental and economical requirements
- To ensure area with high conservation value and high carbon stock are preserved and protected.
- To ensure the protection rare, threatened and endangered species of flora and fauna
- To ensure that this sustainability policy is distributed to all employees and stakeholders.

Communication and consultation process are also communicated through training programs and attendance lists was sighted and duly recorded. As evidence sighted MSPO Awareness for:

- 1) Executives and staffs was conducted on 16th Jan 2018 by Mr. Md Nazri bin Md Noh attended by 21 participants.
- 2) Workers was conducted on 21st January 2018, 23rd January 2018, 25th January 2018 and 31st January 2018 by Mr. Ahmad Farhan bin Ali attended by 62 participants.

Sighted, external stakeholders Minutes Meeting dated 21st November 2017 attended by 25 stakeholders comprising estate and mill. The meeting material and attendance list well documented in the file.

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 bin 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.

Sighted latest internal audit done by TH Plantations Head Office on 05th March 2018 for Bukit Lawang POM. Conducted by Mr. Mohd Uzair bin Rozali, Mr. Mohd Hidayat bin Mohd Hussein, Mr. Khairul Hafiz Ismail, Mr. Aizudin Abdul Hamid and Mr. Mahazan bin Mat Isa. Result is summarized in Internal Audit Findings Summary. Issues raised during the internal audit have been closed and actions taken on issues raised are evident.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary TH Plantations Berhad has established MSPO Procedure on the Internal Audit. MSPO-TH-01; Rev 0; Date 10/01/2018. Sighted 1st internal audit on 05th March 2018 conducted by Mr. Mohd Uzair bin Rozali, Mr. Mohd Hidayat bin Mohd Hussein, Mr. Khairul Hafiz Ismail, Mr. Aizudin Abdul Hamid and Mr. Mahazan bin Mat Isa. The findings were documented in the Internal Audit Findings Summary.

All finding has been closed by mill management on 09th April 2018. Seen the action taken by Mill Manager for all the findings raised by the Sustainability & Investor Relations Department. All details well documented by mill management.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Seen 1st internal audit report on 05th March 2018 conducted by Mr. Mohd Uzair bin Rozali, Mr. Mohd Hidayat bin Mohd Hussein, Mr. Khairul Hafiz Ismail, Mr. Aizudin Abdul Hamid and Mr. Mahazan bin Mat Isa. The findings were documented in the Internal Audit Findings Summary.

Corrective action has been taken by mill management on 09th April 2018. Seen the action taken by Mill Manager for all the findings raised by the Sustainability & Investor Relations Department. All details well documented by mill management.

As per interviewed with Mr. Mohd Uzair Rozali (Assistant Manager) from Sustainability & Investor Relations Department, the report is available for Management to review and being responded in timely manner.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3 Management review

Indicator 1 The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification.

Summary Sighted Management Review Procedure for TH Plantations Berhad; 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.

As evidence in TH Plantations Berhad - Kluang Complex, management review was done on 09th April 2018. As per interviewed with Mill Manager, the internal audit (MSPO) findings for site audit has been discussed during management review meeting.

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".

Sighted two Continuous Improvement Plan on Environmental being developed namely:-

- 1) Prevention of air Pollution include CO2 and its control (Boiler and Genset Smoke Emission)
- 2) Prevention of water contamination / pollution and its control 9 POME discharge drain Facultative Pond No 4)

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 Mill has established a few systems to improve the practice of mill performance. As per audit, sighted latest practices to be implemented is prevention of air pollution include CO2 and its control (Boiler and Genset Smoke Emission), the tendering process is still in progress at HQ Level. Expected by end 2018 work will be completed.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

3.2. 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 the Stakeholder Communication & Consultation Procedure. MSPO-TH-03; Rev 0; Date 10/01/2018. The purpose of this procedure is to outline the arrangements for consultation and communication by TH Plantations estate and mill management with its relevant stakeholders and how their concerns and views are addressed.

Observed that the above SOP specifies the means to communicate and consult with the relevant stakeholders pertaining to the company's safety & health, social, environmental and other aspects. The SOP also specifies the timeframe to be taken for any communication received. Nevertheless, as of the date of the audit, there is no request placed by the stakeholders recorded during the audit.

Sighted stakeholders meeting (THPB Kluang Complex) on 21st November 2017. Attended by 25 participants. All discussion with the stakeholders stated in the minute of the meeting. Prepared by Mr. Mohd Razuan b Razman (Sr Assistant Manager) and approval from Tn Hj Mukhtar b Hj Yusuf (MSPO Coordinator for THPB Kluang Complex).

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary Sighted MEMO from TH Plantations Berhad Head Quarters on 10th April 2018 – List of documents and classifications. The memo was issued by Miss Aisyatul Aizzura Salha Abdul Rahim, Assistant General Manager of Sustainability and Investor Relations Department and approved by Dato' Abd. Rashid Sahibjan (Plantation Director). The MEMO is a guideline for TH Plantations Berhad to determine the confidentiality status or availability for public disclosure.

As per interviewed with the Mr. Mohd Uzair bin Rozali (Assistant Manager-Sustainability and Investor Relations Department), all the publicly available document can be seen in THP website (www.thplantations.com.my). As example:

- Policy
- Sustainability
- Social
- Environment
- OSH

For confidential document, need to get approval from TH Plantations Berhad HQ.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 2 Transparent method of communication and consultation

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

Summary TH Plantations Berhad has established the Stakeholder Communication & Procedure. MSPO-TH-03; Rev 0; Date 10/01/2018. The purpose of this procedure is to outline the arrangements for consultation and communication by TH Plantations estate and mill management with its relevant stakeholders and how their concerns and views are addressed.

Sighted stakeholders meeting (THPB Kluang Complex) on 21st November 2017. Attended by 25 participants. All discussion with the stakeholders stated in the minute of the meeting. Prepared by Mr. Mohd Razuan b Razman (Sr Assistant Manager) and approval from Tn Hj Mukhtar b Hj Yusuf (MSPO Coordinator for THPB Kluang Complex).

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).
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Summary Sighted an appointment letter of Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager) as person in charge for MSPO matters. The letter dated 8th January 2018, signed by Mill Manager, Mr. Md Nazri Md Noh.

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.
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Summary Latest stakeholder list is evident as documented in MSPO-TH-P2-C2-1, dated in 1st January 2018. by Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager). List consist internal (45) and external (25) stakeholders.

Here, requests are recorded and being provided in appropriate languages and forms. Sighted the records of request and respond log book for Bukit Lawiang POM. The requests were made and will be processed / approved by Mill Manager or Assistant Manager. Sighted the above request and others as stated in the log book effectively responded by mill management.

Stakeholder meeting was conducted on 21/11/2017 for THPB Kluang Complex with the participation of relevant stakeholders such as government authorities, local communities, contractor and etc. There were some comments and enquiries raised during the meeting and the management has explained during the meeting immediately.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 3	Traceability
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Indicator 1	The management shall commit itself to implement and maintain the requirements for traceability and shall establish a standard operation procedure for traceability.
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Summary TH Plantations Berhad has established the MSPO Procedure: Title FFB Traceability. MSPO-TH-04; Rev 0; Date 10/01/2018. The purpose of this procedure is to establish a suitable identification and traceability of Fresh Fruit Bunch (FFB) production from the estate operation to the Crude Palm Oil (CPO) or Palm Kernel (PK) produced by the milling operation of the TH Plantations Berhad. Sighted the procedure explanation by chart on traceability for mill.

Sample of FFB received tickets and grading receipt were checked for internal and external supplier. As evidence:

- 1) Internal supplier:
 - Kilang Sawit Kota Bahagia.

- 2) External supplier:
- Maju Jaya Prasarana Sdn Bhd.
 - Choon Guan Oil Palm Sdn Bhd.

Immature FFB were returned back to supplier based on contract agreement. Sighted the contract agreement between Choon Guan Oil Palm Sdn Bhd and Kluang POM, TH Plantations Berhad, contract no KSBL(01)MMB/2018 dated 1st April 2018.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary Mill conduct the inspection on traceability system by daily. After the lorry reached the palm oil mill gate, Auxiliary Police (AP) will obtained some data from the deliverer and fill in "Penerimaan Buah Kelapa Sawit" form (THP/KSBL/01/SEM.0) dated on 27th April 2018. Sighted the form with serial number 40705. All data will check by Assistant Manager.

MSPO Internal audit done once a year by Internal Audit Department – IAD". Internal audit on 05th March 2018 conducted by Mr. Mohd Uzair bin Rozali, Mr. Mohd Hidayat bin Mohd Hussein, Mr. Khairul Hafiz Ismail, Mr. Aizudin Abdul Hamid and Mr. Mahazan bin Mat Isa. The findings were documented in the Internal Audit Findings Summary.

During mill visit, sighted the weighbridge operator able to demonstrate on how the system tracks the FFB input.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary Mill management has assigned 2 personnel as person in charge to maintain and implement traceability system, Puan Misnah Bt Sahari (Account Clerk) and Puan Saniah Bt Mohamad (Weighing Clerk) assist by Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager).

Sighted the appointment letter for both personnel dated on 8th January 2018 which were signed by the Mill Manager, Mr. Md Nazri Md Noh.

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. As evidence, seen the record of sales between TH Plantations Berhad and Keck Seng (M) Sdn Bhd, dated on 3rd May 2018, with reference no M-TH/CPO-0518/PB924 amounted 100 metric ton.

Also sighted Contract agreement of CPO transportation (KSBL/02/CPO/2017 between the mill, TH Plantations Berhad and Bin Seng Commercial Vehicle & Transport Sdn Bhd.

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

3.3. 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 legal & other requirement register (LORR) Ref No. MSPO-TH-P3-C1-1 that are applicable for the Mill dated 01.01.2018. It includes the following:

- 1) Occupational Safety and Health Act 1994
- 2) Factory and Machinery Act 1967
- 3) Electrical Supply Act 1990
- 4) Fire Services Act 1988
- 5) Code of Practice for Safe Working in A Confined Space, 2001
- 6) Environmental Quality Act 1974
- 7) Workers' Minimum Standards of Housing and Amenities Act 1990
- 8) Akta Kerja 1955
- 9) Employee Provident Fund Act 1991
- 10) Employees Sosial Security Act 1969
- 11) Akta Kesatuan Sekerja, 1959
- 12) Minimum Retirement Age Act, 2012
- 13) National Wage Consultative Council Act 2011, Minimum Wages Order 2012
- 14) Weights and Measures (Act 71) Regulations 1981
- 15) Malaysian Palm Oil Board Licensing Regulation (2005)

Also, sighted lists of permits/licenses which has been monitored and updated periodically includes;

- 1) Pengandung Tekanan Tak Berapi expiry 13.10.2018. Sighted "Perintah Kilang dan Jentera (Penegcualian Perakuan Kelayakan Bagi Bejana Tekanan Tidak berapi) 2017" dated 14.09.2017.
- 2) Permit Barang Kawalan Berjadual -Minyak diesel (11,000 liter) and minyak petrol (100 liter) expiry 04.09.2019,
- 3) MPOB licenses No. 500107504000 expiry 31.05.2019
- 4) Permit to Purchase, Store and Use of Sodium Hydroxide expiry 31.12.2018.
- 5) Lesen Jab. Alam Sekitar expiry 30.06.2018

- 6) Chargeman Certificate for En Sarudin Bin Nasir, IC No. 5260180, Category A4 dated 02.08.1990
- 7) Steam Engineer Gred Dua for En Md Nazri Bin Md Noh, No Perakuan 041/2004 dated 24.09.2004
- 8) Engine Driver Gred Satu Certificate for En Md Yunos Bin Sangidin No Perakuan J11/08 dated 28.02.2008
- 9) Engine Driver Gred Satu Certificate for En Abd Aziz Bin Ismail No Perakuan J367/07 dated 07.11.2007
- 10) Engine Driver Gred Satu Certificate for En Adnan Bin Haron No Perakuan J32/94 dated 10.05.1994

List of legal correspondences permits/licenses will be periodically updated by Puan Norazlina Binti Ismail (Kerani Am). The letter of appointment for Puan Norazlina Binti Ismail as a Person-In-Charge of Legal requirement Compliance, has been signed by the Mill Manager, Mr. Md Nazri Bin Md Noh dated 08.01.2018.

The list is fully covered the requirements that related to MSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard, fine, person in charge, and compliance status.

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

- 1) Workers' wages deduction for water and electricity consumption exceeded the "Permit potongan daripada gaji pekerja (Seksyen 24 Akta Pekerja 1955)" endorsed by Jabatan Tenaga Kerja dated 10th January 2002.
- 2) No valid agreement been sealed between Kualiti Alam Sdn Bhd and TH Plantations Berhad to collect the scheduled wastes at Bukit Lawiang POM.
- 3) No evidence on approval granted by Jabatan Tenaga Kerja base on Seksyen 24, Akta Pekerja 1955 on the deduction of Amanah Saham Nasional Berhad, Tabung haji and NUPW Insurance.

In Compliance ☐ Yes ☒ No ☐ Not Applicable

Indicator 2	The management shall list all relevant laws related to their operations in a legal requirements register.
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Summary Sighted updated list of applicable laws and regulations that are applicable for the estate as per "Plantation Quality Management System (PQMS) – Summary Compliance. The legal register is prepared by Sustainability Industrial Relation (SIR) Department. As evidence:

- 1) Occupational Safety and Health Act 1994
- 2) Factory and Machinery Act 1967
- 3) Code of Practice for Safe Working in A Confined Space, 2001
- 4) Environmental Quality Act 1974
- 5) Workers' Minimum Standards of Housing and Amenities Act 1990
- 6) Akta Kerja 1955
- 7) Employee Provident Fund Act 1991
- 8) Akta Kesatuan Sekerja, 1959
- 9) National Wage Consultative Council Act 2011, Minimum Wages Order 2012

10) Malaysian Palm Oil Board Licensing Regulation (2005)

Bukit Lawiang POM has maintained copy of the relevant laws and legislation pertaining the mill operation as per listed in the standard. The list is fully covered the requirements that related to MSPO compliance. These documents include information on laws, enforcement bodies, main requirement, environmental aspect, standard, fine, person in charge and compliance status.

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 Based on interview with Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager) that Puan Norazlina Binti Ismail (General Clerk) will update any new amendments or any new regulations received from the following sources:

- 1) HQ Department
- 2) Communication with law/enforcement officers
- 3) Website

In Compliance ☒ **Yes** ☐ **No** ☐ **Not Applicable**

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

Summary The person in charge to monitor compliance and to track and update the changes in the legal requirement register is Puan Norazlina Binti Ismail (General Clerk) assist by Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager).

Sighted the appointment letter dated 8th January 2018 signed by the Mill Manager, Mr. Md Nazri Bin Md Noh dated 08.01.2018.

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 Mill's area is located within the land title PTD 4747 which was shared by Gunung Sumalayang and Bukit Lawiang Estates. The copy of land titles is kept in the mill office and were sighted during the audit. Evidence of annual payment of land tax and quit rent to the state government is available in the form of receipts.

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 Land title for mill is available and maintained by Gunung Sumalayang Estate and Bukit Lawiang Estate. Mill is built within both estate land title.

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 per mill is built within Gunung Sumalayang Estate and Bukit Lawiang Estate, mill have permanent fence separates mill and estate area.

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 per mill is built within Gunung Sumalayang Estate and Bukit Lawiang Estate. Thus, no disputes have been recorded in mill area. There is no evidence of conflict present in this mill. There is no violence in instigated violence in maintaining peace because company has a clear procedure for 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 There is no customary land in or surrounding mill area. There are also no land disputes or claims involving the land of the Mill as it was built within the land title of PTD 4747 which was shared by Gunung Sumalayang Estate and Bukit Lawiang Estate.

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 per mill is built within Gunung Sumalayang Estate and Bukit Lawiang Estate. There is no customary land in or surrounding the mill. There are also no land disputes or claims involving this mill area. The company has proper legal land tile for the land ownership. Thus, no maps for recognized customary rights is available.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary There is no customary land in or surrounding mill area. There are also no land disputes or claims involving the land of the Mill as it was built within the land title of PTD 4747 which was shared by Gunung Sumalayang Estate and Bukit Lawiang Estate.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

3.4. 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 SOP No. MSPO-TH-03: Stakeholders Communication & Consultation Procedure. Dated 5th April 2018 (2nd release). Seen six (8) Social Impact Assessment being conducted on 20th till 30th March 2018.

The method of assessment was through interview, field observation and documentation review. The SIA has been established taking into consideration of the feedback from the external and internal consultation conducted during the SIA formulation. In general, the SIA summarize the analysis of the impact identified such as housing and living conditions, safety issues, employment of local communities and etc.

SIA action plan is also found to be established based on the identified of the SIA analysis conducted (as reflected above). The SIA action plan observed to be specifying information such as SIA areas of concerns, the action plan, the implementation status, the responsible personnel and the estimated completion date.

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

Criterion 2 Complaints and grievances

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

Summary Sighted SOP No. MSPO-TH-P2-C2-1: Prosedur Pengurusan Aduan Pekerja / Stakeholder dated 01st January 2018. Mechanism in order to handle issues highlighted by stakeholders.

All the complaints and grievances were handled by the Mill Manager/Assistant Manager. A complaint and grievances logbooks are kept in the office. Samples seen as follows:-

- 1) Complainant; Kamalsah b Sat
- 2) Date: 15th March 2018
- 3) Complaint Form No; 1/2018
- 4) "Jarak simpanan bahan kimia jauh sukar untuk diangkat"

Sighted in the Complaint Investigation Form the investigation was conducted on 19th March 2018.

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 There were some request/complaints reported in the logbook. As per interviewed, all the complaints and grievances were handled by the Mill Manager/Assistant Manager.

However, one minor non-conformity has been raised due to no evidence on date of action taken and completion sighted in the Complaint and Grievances form that the management has responded to all the complaints and grievances in timely and appropriate manner.

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 All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form and place into the Drop Box at Office.

Last stakeholder meeting dated 21st November 2017, 25 stakeholders attended the meeting and no complaints raised during meeting. All discussion with the stakeholders stated in the minute of the meeting. Prepared by Mr. Mohd Razuan b Razman (Sr Assistant Manager) and apporoval from Tn Hj Mukhtar b Hj Yusuf (MSPO Coordinator for THPB Kluang Complex).

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 The complaints and grievances procedure being displayed outside the mill office notice board. As per interviewed with Mr. Md Nazri Bin Md Noh (Mill Manager) regularly mention to the staffs, workers, contractors and other stakeholders the process for making any complaints or suggestion to mill management.

As evidence, sighted external stakeholders minutes meeting dated 21st November 2017 attended by 25 stakeholders comprising estate and mill. All discussion with the stakeholders stated in the minute of the meeting.

All internal employee and external stakeholders' can deliver their complaints and grievances directly to the management through filling the complaints form at office Drop Box.

Interview with the workers and stakeholders confirmed that they are aware of the complaints mechanism.

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 As this is 1st year audit on MSPO. Thus, no record available for previous year. In January 2018, the complaints and grievances procedure being commenced and implemented. Record is fully filled up and filed. At this moments, no negative complaints made by stakeholders.

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. Such as activities related to religion to the workers, workers sport day, donation to school and etc.

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 available in Bahasa and English language that can be easily understood by all levels of its employees. Seen in file and displayed at notice board.

Sighted OSH Plan for mill has been established, "Memastikan polisi keselamatan dipatuhi untuk menhurangkan kadar kemalangan kepada 7%". Bukit Lawiang POM has a training programme its staffs and workers and this was sighted in the training records file for staffs and workers. The training programme for OSH year 2018 was sighted.

During mill visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works.

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 at quarterly intervals.

Summary

Occupational Safety & Health Policy approved by Dato' Sri Zainal Azwar bin Zainal Aminuddin dated 10th January 2018 sighted in file and office notice board. The policy is written in Bahasa and English language.

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
- Laboratory sampling
- Boiler room

- Engine room
- Empty Fruit Bunch ramp
- Sludge pit
- CPO Dispatch bay
- Workshop

The mill has a comprehensive annual training plan for the staffs and workers and this was sighted in the training records file for each staffs and workers. Training programme includes:

- 1) Awareness of Company Policies and objectives
- 2) HIRARC
- 3) Emergency Response action Plan Procedure
- 4) First Aid
- 5) First Extinguisher
- 6) PPE Handling and replacement procedure
- 7) New workers training
- 8) SOP for milling operation and best practices
- 9) Chemical Handling Procedure
- 10) Workplace Inspection

Seen, briefing on MSPO and Safety being conducted on 21st February 2018 by Mr. Ahmad Farhan bin Ali and Tuan Haji Rafee bin Tuan Mohd Yunus attended by 20 participants.

PPE Issuance and replacement record sighted for:-

- Staff/AP
- Lab/Store
- Workshop/Electric
- Process
- Ramp/Boiler

A sample taken on the PPE issuing records for mill workers under the laboratory and water treatment plant station namely:-

- 1) Mohd Rosli bin Jemadi
- 2) Kamalsah bin Saat

For chemical respirator, respirator cartridges, safety helmet, ear plug and safety shoes was recorded and maintain since last 4 years.

During mill visit, sighted the workers have been trained with safety and the workers wear the PPE required by his/her works.

Sighted SOPs for handling of chemicals to ensure proper and safe handling and storage. Application of any chemical products in the mill is under controlled and carried out by only qualified workers which have attended specific training related to chemical handling.

Site inspection to the storage facilities evidence that all pesticides are stored in an appropriate manner. All pesticides are labelled with original labels. Safety Data Sheet (SDS) for all the chemical sighted and updated.

The new CHRA is in progress and expected to complete by June 2018 to replace the expired CHRA conducted in 2013. The last CHRA was conducted by 20th June 2013 by Dr. Mohd Noh Bin Serul (JKKP HIE 127/171-2(219). Seen letter from Estate Department on new appointment of Consultant to conduct CHRA dated 14th February 2018.

Medical Surveillance was conducted for 3 laboratory workers and one storekeeper on 10th December 2017. Last Audiometry Test was conducted on 14th March 2017 by Specialist Mobile Safety Supplies Sdn Bhd.

Seen, Environmental Noise Monitoring Report conducted by Spectrum Laboratories (Johore) Sdn Bhd dated 10th April 2018. The result for day and night time for all points (N1,N2,N3,N4) are within the guideline limit, 90Db. To conduct calibration once a year referring to Syarat – syarat Lesen Premis Minyak Kelapa Sawit Mentah, Jadual Pematuhan under License No 002354.

The person in charge for OSH is Mr. Md Nazri Bin Md Noh (Mill Manager). Seen, the last meeting was conducted on 21st December 2017.

However, there is one major non-conformity has been raised due to no evidence of the OSH meeting being conducted within 3 months as per Occupational Safety and Health (Safety and Health Committee) Regulations 1996 Part IV Meeting of Safety and Health Committee – No 21. Frequency of meetings of committee; (1) A safety and health committee shall meet as often as may be necessary commensurate with the risks attendant on the nature of work at the place of work but shall not meet less than once in three months.

Emergency Response Procedure Standard Operating Procedure, MNL/OSH/2009/1-1.21 dated 1st March 2009 sighted. The ERP has clearly justified procedures when dealing with chemical spillage, accident and others.

Emergency response plan include the emergency contact number and available in local language (Malay and English). The ERP has been explained to all workers and staffs during training which has been conducted. Seen Emergency Respond Plan Procedure and exit routes in file and notice board.

ERP Chart 2018 indicates Mr. Mohd Rafi bin Mohd Noor (Fruit Inspector) as First Aider for Bukit Lawiang POM. The Hospital Assistant, Mr. M. Firzan bin Md. Yatim under Bukit Lawiang Estate and he oversee all complex (estate and mill).

Records of all accidents are available and discussed quarterly during OSH Meeting. Accident is handled according to the national OSH department (JKKP) includes reporting any accident case, investigation and calculation of LTA. Mill has sent JKKP 8 (I & II)/(IV) on annually basis to the DOSH. LTA calculation based on local interpretation from DOSH. The latest is on 17th 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.

As per interviewed, this policy has been communicated during MSPO awareness to all workforce level. As evidence, seen the:

- 1) MSPO Awareness for Executives and staffs was conducted on 16th January 2018 by Mr. Md Nazri bin Md Noh attended by 21 participants.
- 2) MSPO Awareness for Workers was conducted on 21st January 2018, 23rd January 2018, 25th January 2018 and 31st January 2018 by Mr. Ahmad Farhan bin Ali attended by 62 participants.

For external, sighted stakeholder's minutes meeting dated 21st November 2017 attended by 25 stakeholders comprising estate and mill. The meeting material and attendance list well documented in the file.

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 All the local workers enjoy the same scale of pay and provided with equal housing and work facilities. This was confirmed through interview with workers at estate and also personal interview with Mr. Ahmad Farhan bin Ali (Mill Assistant Manager) 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. During interviews, it is clearly stated no forced labour at mill area.

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 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 RM1000.00 as stated in the guidelines.

Implementation of Minimum Wages 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

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

- 1) Mr Zulhasmi bin Adnan – (Malaysian)
- Employee Number -0542A
 - Contract of employment dated 02/05/2012
 - Payroll April 2018
 - 23 working day x RM 43.37 = RM884.58
 - Overtime = RM21.84
 - Shift Allowance = RM 46.90
 - Work on rest day = RM153.84
 - Gross salary = RM 1,038.42

Deduction:

- KWSP = RM 121.00
- PERKESO = 6.25
- SIP = RM 2.50
- Advance = RM205.00
- Tabung Haji = RM 300.00
- TNB = RM 14.85
- Net salary = RM649.60

Interview with both mill staff and workers (both male and female) confirmed that they understand the terms and conditions of their employment. No confinement history and no forced deduction as per this audit period.

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 Pay and conditions are documented in the appointment letter of the contractor workers. 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.

Evidence of contract between the workers and the subcontractor is available for verification during the audit. Observed that the contract specifies all requirements stipulated in the Employment Act, 1955 as well as the rules of minimum wage as required by the Minimum Wage Order, 2016.

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 (RM 1,000/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 In Bukit Lawiang POM, workers employed consisted of local and Indonesian. Each employee has an employment contract. Company has employment details of all employees:

- Name
- Identify card/Passport No.
- EPF
- SOCSO
- Gender
- Nationality
- Date of birth
- Date of employment
- Either spouse employed
- Wages
- Work category
- Residents dependant

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 Employment contract stated the offered position, wages implied, working hours, OT, allowances, rest day, working on holiday etc. The contract is in Malay/English as it is easy to be understood by workers. This contract is signed by both employee and employer and accompanied with respective witnesses. Workers employed consisted of local and Indonesian.

As evidence, sighted the Employment contract for workers as "Tawaran Sebagai Pekerja Bergaji Hari" and Internal security Act 1960, Internal Security (Registration of Labour) Regulation 1960 (Regulation 3) Register of Workman (In schedule Industry).

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.

However, one major non conformity has been raised to Bukit Lawiang POM. Seen, the rate of pay of 60 workers in the contract agreement was not follows the National Wages Consultative Council Act 2011 (Act 732) – Minimum Wages Order 2016 [Minimum salary is RM1,000.00 (Peninsular Malaysia)]. Refer to samples of April 2018:

- 1) Miss Nur Fitri Suria binti Mohd Rafi – (Malaysian)
 - Employee Number – 0807E

- Contract of employment dated 3/10/2016
- 2) Mr. Abd Rahman Ibrahim – Malaysian
 - Employee number – 02221E
 - Contract of employment dated 15/10/1991

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. From Saturday to Thursday. Total monthly working hours is 208 hours. The overtime maximum is 104 hours according to Malaysian Law. During site visit, sighted above data displayed at notice board.

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 has been clearly stated in the Employment Contract. The attendance record was available. Sighted gazette public holidays 2018 displayed on notice board.

Interviewed with the workers confirmed that they have rest time in between of the working hours. Overtimes were paid according to the rate stated in the agreement and regulatory requirements.

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. Wages and overtime payment documented on the pay slips are in accordance with legal regulations and collective agreements (between MAPA and NUPW).

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. With regards to local workers, staffs and executives, all of them are covered under EPF & SOCSO as required by the Malaysian Laws and Regulations. Seen the evidence that the company paid to the insurance by monthly basis.

The company also has provided various types of social benefits to the workers and families such as:

- 1) Community Hall
- 2) Clinic
- 3) Surau for Muslim Workers
- 4) Labour quarters with basic amenities
- 5) Annual Sport Day

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 quarters. Basic amenities such as water, electricity, football field and etc were provided to the workers. Water is subsidized free at RM8.00 per head and electricity to be paid by employee.

The housing condition was accordance to the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). Interviewed with the workers confirmed that they did not have any complain or grievance related to housing to be reported.

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 Sexual harassment and Violence at the workplace 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 to prevent all forms of sexual harassment and violence at the workplace has stated under no i. "Memastikan Suasana kerja bebas daripada gangguan seksual samada secara langsung atau tidak langsung kepada semua pekerja, masyarakat dan pihak berkepentingan keseluruhannya".

Gender Committee was established to monitor and take care of the welfare of female workers to ensure no case of sexual harassment or violence happened. Interviewed

with the female workers found that no sexual harassment or violence case reported so far.

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 Freedom of Association 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. As evidence, the gender committee is formed at Bukit Lawiang POM. Women Committee 2018 lead by

- 1) Ms Saminah bt Manap (Chairwoman)
- 2) Ms Nur Fitri Sufia (Secretary)
- 3) Committee Members comprising another 8 members.

Seen, the last minutes meeting dated 12th October 2017 and the meeting discuss on the following issues:-

- 1) Safety & Health at workplace
- 2) Monitoring on gender cases, reproductive right and others related issues.
- 3) Committee's activities
- 4) Other matters

The audit team also observed that in general all employees are a member to NUPW which is the organization that representing the workers. The NUPW is also a mechanism for the workers to voice their concerns pertaining to the working conditions and welfare.

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 The company has created and implemented child and young person policy that 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.

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 Training and Development 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 mill has a comprehensive annual training plan. The training plan for 2018 was sighted. Records of the training conducted are maintained in training records folder. The audit team observed that the above records consist of all necessary information (attendance, photos, and training contents).

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 All workers involved in the operations have been adequately trained in safe working practice.

However, one major non-conformity has been raised due to no training needs analysis being identified and established for each of individual employees based on their competency.

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 All workers involved in the operations have been adequately trained in safe working practice. The mill has a comprehensive annual training plan for its staffs and workers.

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

- Fire Drill Training
- Confine Space Training
- Usage of PPE
- Sustainability Training
- Schedule Waste Handling

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

3.5. 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.

The policy has been communicated to all workers in Bukit Lawiang POM. Trained by Mr Ahmad Farhan Ali (Mill Assistant Manager). Evidence of attendance is sighted in Internal/External Training Record.

The mill environmental impact assessment and management plan has covered processes such as FFB Intake, Ramp station, Sterilization, Threshing, Digestion, Pressing Station, Oil Room, Kernel station, Boiler House, Power station, POME treatment, etc.

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.

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

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

Sighted Environmental Aspect Impact Assessment Form. Prepared by Mr Ahmad Farhan Bin Ali (Mill Assistant Manager) and Approval by Mr. Md Nazri Md Noh (Mill Manager) on 20th -23rd March 2018. As evidence,

- Water & Effluent Treatment: Spillage of POME due to leakage/overflow ponding/piping system.
- Environmental Impact: Land and water pollution
- Impact Analysis: 9

- Mitigation:
 - Ensure POME discharge according to EQA requirements.
 - Maintain POME level in the pond below 0.7m.
 - Maintain and ensure pump and piping system in good order.
 - Monitor and ensure oil/sludge trap at monsoon drains in good order.
- Monitoring Program: Training Record ERP

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 to mitigate and promotes both impacts.

There was no change to the current operation or activities for the mill. The environmental management plan has been established to monitor the identified significant activities that give impacts on environment. The coverage of the assessment found to be adequate for all the mill operation.

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 mill has a program to identify all activities /aspects of the palm oil mill that have impact to the environment. The document was prepared by Mr Ahmad Farhan Bin Ali (Mill Assistant Manager) and Approval by Mr. Md Nazri Md Noh (Mill Manager).

Sighted in the Minute of Project Meeting, dated on 22nd November 2017, the management has plan to install 1 unit Electrostatic Precipitator System (ESP) to reduce gas released into the air. Expected to install in 2018. Sighted the tender document for the above-mentioned purpose.

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 Sighted the training program and records for all workers on MSPO requirement prepared by Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager) and Approval by Mr. Md Nazri Md Noh (Mill Manager).

As evidence, sighted the record of MSPO awareness training for Staffs and Supervisors dated on 12th April 2018 with attendance of 22 personnel. Training was done by Mr. Ahmad Farhan Bin Ali (Mill Assistant Manager).

In Compliance ☒ **Yes** ☐ No ☐ Not Applicable

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

Summary The POM has conducted regular meeting with their staffs and workers to discuss issues related to environment. The meeting it to review environmental performance within the POM. Among the agenda discussed were:

- review of progress against environmental objectives & targets
- review of environmental performance indicators & status of corrective action and preventive action
- environmental complaints
- emergency situation
- staff/training matters
- legal and other requirements
- review of environmental aspect and impacts

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.

Under the energy management plan 2018 the mill aimed for reduction plan among others;

- 1) Educate workers on fuel saving practice.
- 2) Avoid leakages during vehicles maintenance.

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 The projection consumption of diesel for mill has been documented on annual basis based on the financial year with the latest available is for year 2018.

The mill conducts monitoring of fossil fuel in term of litre / MT FFB transported. 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 The mill uses by product of FFB production as renewable energy source where 30% of fibre and 7% or nut 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.

Bukit Lawiang POM has established list of waste identified, ref no MSPO-TH-P5_C3-1, dated on 1st January 2018.

However, one major non-conformity has been raised to Bukit Lawiang POM. Sighted during site visit there was a paint container at the mill's compartment. The paint container is not included in the waste identified list by mill management.

In Compliance ☐ Yes ☒ No ☐ Not Applicable

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

Summary Sighted waste management plan 2017/2018 by prepared by Mr. Ahmad Farhan Ali. As evidence,

1) Type of waste: Domestic Waste

Item description: Rubbish

Location: Housing Area

Action to be taken:

- Provide adequate garbage bins and collect to dispose at landfill.
- Burning of waste must be prohibited within the premises.

2) Type of waste: Scheduled Waste

Item description: Empty pesticide container

Source: Chemical application at lab & water treatment.

Action to be taken:

- Collect and replaced the empty container store.
- When there is adequate quantity, contact the licensed contractor for collection.

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 products in the mill is under controlled and carried out by qualified person which have attended certain training.

The schedule wastes generated from mill are send to DOE approved contractor for disposed. Scheduled waste was disposed in accordance with scheduled waste requirements and regulation. As evidence, sighted the records of disposal. Latest disposal was dated on 27th April 2018 where Spent Lubricant, Filter and Empty Bottle Chemical at 0.014 MT, 0.001 MT and 0.0266 MT were disposed.

However, one major non-conformity has been raised to Bukit Lawiang POM. During mill visit shows that paint container (SW 417) was sighted at the mill's area and was not well disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005.

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 Mill dispose of domestic waste to minimize the risk of contamination of the environment and watercourse:

- Domestic waste for linesite area is managed by the estate. All domestic wastes are disposed at landfill (P86A Block 11 -Gunung Sumalayang Estate).

In Compliance ☒ Yes ☐ No ☐ Not Applicable

Criterion 4 Reduction of pollution and emission including greenhouse gas

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

Summary The 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.

However, one major non-conformity has been raised due to no assessment conducted for greenhouse gas emissions by Bukit Lawiang POM.

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 land application. Sighted the DOE approval letter for land application. The final POME is sent to the Gunung Sumalayang Estate by trenches for land application.

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

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-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 been monitored the outgoing water/POME. As evidence, sighted the water analysis results conducted by Felda Palm Industries Sdn Bhd.

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 land application as approved by DOE in Jadual Pematuhan. The final POME is sent to the Gunung Sumalayang Estate by trenches.

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**

3.6. 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 (30%) and external suppliers (70%).

The mill capacity is 40 MT/HR – by conventional system. The mill has 2 units 60 MT weighbridges weighbridge which was last calibrated on 22.06.2017 by Metrology Corporation Malaysia Sdn Bhd.

Bukit Lawiang POM has 4 types of Manuals:

- 1) Standard Operating Procedure (SOP) Manual – Milling Operation includes:
 - Reception Station
 - Sterilizing Station
 - Threshing Station
 - Pressing Station
 - Clarification Station
- 2) Standard Operating Procedure (SOP) Manual – Occupational Safety & Health includes:
 - 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
- 3) Standard Operating Procedure (SOP) Manual – Technical Mill Operation Procedure includes:
- Weighbridge
 - Loading Ramp Station
 - Sterilizer Station
 - Threshing/ Press Station
 - Clarification
 - Kernel Station
 - Boiler House
 - Water Treatment Plant
- 4) Standard Operation Procedures for the MSPO includes:
- SOP 1 – Internal Audit
 - SOP 2 – Management Review
 - SOP 3 – Stakeholder Communication & Consultation Procedure
 - SOP 4 – FFB Traceability
 - SOP 5 – Waste Management

All the document was maintained and well implemented.

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, Jabatan Alam Sekitar Negeri Johor Ref No. AS(B)J31/152/000/046Jld.6(SK07) valid until 30.06.2018.

The mill is complying with the BOD limit stipulated under 3.0 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 discharge monitoring for Bukit Lawiang POM. The effluent final discharge analysis was conducted on monthly basis (Pond No. 1 to Pond No. 7) and weekly basis for Pond No. 4. The latest sampling was carried out on 24.04.2018 and the analysis result for BOD is 55mg/l.

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 Bukit Lawiang 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. Md Nazri Bin Md Noh (Mill Manager).

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 TH Plantations Berhad and Choon Guan Oil Palm Sdn Bhd Contract No: KSBL (01) MMB/2018 based on "Lampiran 5 of Manual Penggredan Buah Kelapa Sawit MPOB Edisi ketiga (2015)".

Signage of FFB pricing (daily and 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.
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Summary All the contract agreement are kept in one file and the documents are kept for more than 2 years. Sighted the contract that sign by contractors with the company and payment record shown that the company pay fee to the contractors according the agreement. All the payment is made promptly every month and as per agreement. Terms and condition of safety, health and labor are included in the contract.

As evidence, sighted a contract agreement on "Menerima dan Membeli BTS untuk Kilang Sawit Bukit Lawiang" between TH Plantations Berhad - Bukit Lawiang POM and Choon Guan Oil Palm Sdn Bhd contract No. KSBL (01) MMB/2018. The contract agreement has been signed between Messrs Choon Guan Oil Palm Sdn Bhd and Mr. Md Nazri Bin Md Noh (Mill Manager) on 01.04.2018 valid till 31.12.2019. Sighted "9. Cara Bayaran - 9 (I) Bayaran akan dibuat di peringkat Ibu Pejabat iaitu bayaran pendahuluan sebelum 20hb dan bayaran akhir pada 10hb setiap bulan".

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	<p>The Contract Agreement is attached with Term and Condition (MSPO Requirement) that the contractor have to abide prior to the commencement of work.</p> <p>The contractors are aware that the mill is undergoing the MSPO certification process. The contractor has been briefed to comply with the MSPO standard requirements when carrying out their work.</p> <p>Sighted minutes of 1st Stakeholder Consultation meeting for the year 2017 chaired by Tuan Hj Mukhtar Bin Hj Yusuf (Koordinator MSPO) on MSPO matters at the Dewan Kompleks THP Kluang attended by 5 management representatives and 20 stakeholders including contractors and dealers on 21.11.2017.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 2	The management shall provide evidence of agreed contracts with the contractor.
Summary	<p>Contract agreements between the mill and its contractors are well documented and recorded at POM office. Seen in the contract agreement that both site agreed with the term and condition.</p> <p>All the contractors also 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.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>
Indicator 3	The management shall accept MSPO approved auditors to verify the assessments through a physical inspection, if required.
Summary	<p>The mill was audited by Global Gateway Certifications Sdn Bhd MSPO auditor on 12th May 2018. Sighted audit plan dated 23rd March 2018 (2nd Revised) which have been accepted address to Miss Aisyatul Aizzura Salha Abdul Rahim, Assistant General Manager of Sustainability and Investor Relations Department. All the auditors are qualified MSPO auditor. As per agreed, the TH Plantations Berhad, Kluang Complex accept the GGC MSPO Auditors to verify through a physical inspection if required for audit purposed.</p> <p>In Compliance <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Not Applicable</p>

4. Issues Raised by Stakeholders and Findings with respect to each issue

In this stakeholders meeting, external and internal stakeholders were presented which came from local communities, government agencies, workers and etc. In overall, there are lots of positive issues highlighted by the stakeholders during the meeting. There are tremendous improvements either from environmental, social and safety aspect. There are also positive statements given by the participants required aspects in MSPO especially in social aspect. These statements were accepted by the management representative as a good feedback and will do the necessary. Salary for all workers is the same regardless of gender as per minimum wages stipulated in Employment Act. All stakeholder agree that with the MSPO implementation, tremendous improvement has been achieved from working agreement to community amnesties. Details, as per below:

No	Stakeholders Name	Subject raised / Identified Risk	Company response and proposed action to be taken. [What we did]	Assessment team findings [Outcome]
1.	Stakeholders A (Estate Workers-Spraying gang)	<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 reported that no sexual harassment and violence case was happened in the workplace. • They were treated equally with no discrimination based on gender. • They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs. • They confirmed wages are being paid more than the Minimum Wage Order 2016 of RM1, 000.00 per month and understand all the deductions being made. 	No action requires	Positive findings
2.	Stakeholders B (Estate Workers-Harvesting gang)	<ul style="list-style-type: none"> • Good understanding about MSPO. 	No action requires	Positive findings

		<ul style="list-style-type: none"> • They are very happy with the management and hopes to extend their contract. • They have good understanding about complaint and grievance mechanism. • PPE given by company – free. • They claimed that the management provides good living quarters with proper domestic waste collection and promptly attend to quarters repairs. • They confirmed wages are being paid more than the Minimum Wage Order 2016 of RM1, 000.00 per month and no issue on wages received as well as the deductions made. 		
3.	Stakeholders C (Mill workers)	<ul style="list-style-type: none"> • The workers were satisfied with the management. • They were treated equally among all different nationalities. • Their salary was paid according to Minimum Wage Order 2016. • Free housing was provided to them with subsidized of water and electricity. 	No action requires	Positive findings
4.	Stakeholder D (Estate Contractors)	<ul style="list-style-type: none"> • The company has good relation with supplier and there is no issue with company's performance. • They informed that they have signed on the contract agreement prior the services and understood the terms and conditions particularly compliance to MSPO Requirements. • Payment was done in timely manner to the contractors/suppliers. 	No action requires	Positive findings

		<ul style="list-style-type: none"> No other issues raised. 		
5.	Stakeholder E (Mill Contractors)	<ul style="list-style-type: none"> He informed that the payments were made promptly without any delay. They have good understanding about MSPO. They have good understanding about complaint and grievance mechanism. Agreement was signed prior to work. 	No action requires	Positive findings
6.	Stakeholders F (Jabatan Tenaga Kerja)	<ul style="list-style-type: none"> He aware and have good understanding about MSPO. He explained that the Estates and Mill were comply with applicable legal and act related to labor. No issues being reported to Jabatan Tenaga Kerja. 	No action requires	Positive findings
7.	Stakeholders G (Bomba)	<ul style="list-style-type: none"> He explained that the Estates and Mill are free to call his Department for any assistance required. He stress out that all the communities need to consistently being remind on the Open Burning. No issues being reported to the BOMBA. 	Will keep informed all the Internal and External Stakeholders on the points highlighted.	Positive findings
8.	Stakeholders H (PDRM)	<ul style="list-style-type: none"> They have good relationship with the management. The management will provide assistance whenever they requested No big case or issues reported to the PDRM. 	No action requires	Positive findings

5. Findings Identified for this audit

5.1. Summary Findings

Major Nonconformities	7
Minor Nonconformities	1
Area of Concern	2
Noteworthy / Positive Comments	4

5.2. Details Non-Conformity

- See Appendix B -

5.3. Details of Area of Concern

- See Appendix B -

5.4. Details of Noteworthy / Positive Findings

- 1) The management is highly committed to comply the MSPO system by adopting continuous improvement programs.
- 2) Sustainability and Investor Relations Department will perform internal audits on annual basis.
- 3) Top management continuously establishes directions for the middle and upper management to execute in ways to comply with the MSPO management system in future.
- 4) Good relationship being maintained with surrounding smallholder and villages.

6. Acknowledgement

6.1. Date of Next Surveillance Audit

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

6.2. 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.

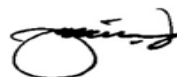
6.3. Signing of Report

Signed for on behalf of
TH Plantations Berhad – Kluang Complex (POM)


AIZZURA AS RAHIM
Head, Sustainability & Investor Relations
TH Plantations Berhad

Name :
Role :
Date :

Signed for on behalf of
Global Gateway Certifications Sdn. Bhd



Name : Muhammad Syafiq Abd Razak
Role : GGC Lead Auditor
Date : 01st August 2018

Appendix A: Audit Plan


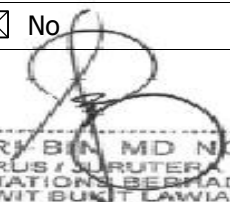
AGENDA				
Date	Time	Subjects	Lead Auditor	Auditor
11 th May 2018	TBA	➤ Travelling from Ampang, Selangor – Kluang, Johor	MS	IBI/AS
12 th May 2018	08:00 – 09:00	➤ Opening Meeting at Bukit Lawiang POM: <ul style="list-style-type: none"> • Presentation by the manager/coordinator • Presentation by Lead Auditor • Confirmation of assessment scope and finalize Audit plan (including stakeholder's consultation – where applicable). 	MS	IBI/AS
	09:00 – 13:00	Bukit Lawiang POM <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"> ➤ Mill inspection: <ul style="list-style-type: none"> • Workshop, Laboratory, Environment, OHS, Chemical Stores, Workers Welfare and Interview, Clinic, Landfill, Mill Housing, Biogas System, WWTP, Schedule Waste, POME. 	MS	IBI/AS
	13:00 – 14:00	➤ Lunch	MS	IBI/AS
	14:00 – 15:00	<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. 	MS	IBI/AS
	15:00 – 16:00	➤ Verify any outstanding issues, auditor discussion and end of audit for estate [Part 3].	MS	IBI/AS
	16:00 – 17:30	Closing Meeting at Bukit Lawiang POM: <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
13 th May 2018	TBA	➤ Travelling from Kluang, Johor – Ampang, Selangor	MS	IBI/AS

Appendix B : Non-Conformity details

Major Nonconformities:	The following NC's were raised for this audit.		
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Company Name	TH Plantations Berhad – Kluang Complex		
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>		
Audited Standard	Part 4 : General Principles for Palm Oil Mills		
Client Number			

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th May 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 days
Normative Reference and Requirement	4.3.1.1 Major All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	a) Workers' wages deduction for water and electricity consumption exceeded the "Permit potongan daripada gaji pekerja (Seksyen 24 Akta Pekerja 1955)" endorsed by Jabatan Tenaga Kerja dated 10 th January 2002. b) No valid agreement been sealed between Kualiti Alam Sdn Bhd and TH Plantations Berhad to collect the scheduled wastes at Bukit Lawiang POM. c) No evidence on approval granted by Jabatan Tenaga Kerja base on Seksyen 24, Akta Pekerja 1955 on the deduction of Amanah Saham Nasional Berhad, Tabung haji and NUPW Insurance.		
Objective Evidence: a) Sighted "Bacaan Meter Air (SAJ)" record book and payslips for 0108G En Mohd Roslen Bin Jemadi (deducted RM41.88 for the month of March 2018) and 0212I En Zakaria Bin Ariffin (deducted RM40.61 for the month of January 2018). Sighted "Bil Elektrik (TNB)" record book and payslips for 0530D En Mohd Shairul Nizam Bin Nen (deducted RM142.25 for the month of April 2018) and 0318B En Abd Razak Bin Suran (deducted RM135.20 for the month of April 2018). b) It was observed that the agreement between Kualiti Alam Sdn Bhd and TH Plantations Berhad to collect the scheduled wastes at Bukit Lawiang Palm Oil Mill was without Kualiti Alam's signatory and date. c) Refer to sample of April 2018 – Mr Zulhasmi Bin Adnan (Malaysian), Employee Number – 0542A. Contract of Employment dated 02.05.2012			
Root cause Analysis (to be filled by client):			

a) Requirement of Seksyen 24, Akta Pekerja 1955 was not fully understood because lack of detail knowledge on the legal requirement under MSPO since this is the initial stage of the implementation. b) Agreement between Kualiti Alam Sdn Bhd and TH Plantations Berhad has been misplaced due to filing system. c) As stated in root cause (a)	
Corrective action planned (to be filled by client):	
a) Mill management re-submitted revised permit application to JTK which includes salary deduction specified by the auditors to comply with legal requirements. b) To review and update DOE filing system to ensure every document is updated and placed in correct file and person responsible provided awareness training on MSPO documentation and filing system to ensure accurate retrieval.	
Preventive Action (to be filled by client):	
a) To include all the applicable ACT in the internal audit check sheet. b) Provide awareness training on all legal requirements. c) To develop and publish a documentation list and include location and file identification system to ensure related files are systematically kept.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature: 	Client Signature: 
Date: 12 th May 2018	Date: 18 th July 2018

Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018			
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days			
Normative Reference and Requirement	4.4.4.2 Major 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 meeting shall be kept and the concerns of employees and any remedial actions taken shall be recorded.					
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern					
Description of Non-Conformity	No evidence of OSH Meeting conducted on year 2018					
Objective Evidence:						
<p>Seen, the last meeting was conducted on 21st December 2017. No evidence of the OSH Meeting being conducted within 3 months as per Occupational Safety and Health (Safety and Health Committee) Regulations 1996 Part IV Meeting of Safety and Health Committee – No 21. Frequency of meetings of committee; (1) A safety and health committee shall meet as often as may be necessary commensurate with the risks attendant on the nature of work at the place of work but shall not meet less than once in three months.</p>						
Root cause Analysis (to be filled by client):						
<p>The safety and health committee have held meeting within every three months and the last meeting was conducted on 21st March 2018. However, the minute of the meeting and attendance list still not updated and filed due to the secretary of OSH Committee has been involved in an accident and still on sick leave during the audit. Only draft recording is available. In addition, some members have left the company and replacement has not been made.</p>						
Corrective action planned (to be filled by client):						
<ul style="list-style-type: none"> a) Update all the missing minutes of the meeting and attach the attendance list. b) To review the membership of the safety committee and nominate new members to replace the vacant post. c) To appoints a back-up secretary to complete the outstanding minute of meeting. 						
Preventive Action (to be filled by client):						
<ul style="list-style-type: none"> a) To establish a fixed schedule as follows: 21st March, 21st June, 21st Sep and 21st Dec. b) Mill Manager to ensure replacement of safety committee membership shall be nominated within 2 weeks. 						
Review of corrective/preventive action (to be filled by Lead Auditor)						

All the evidence submitted were found adequate and therefore this major non-compliance is closed.

NC Closed: ☒ Yes ☐ No

Site verification: ☐ Yes ☒ No

Lead Auditor Signature:



Date: 12th May 2018


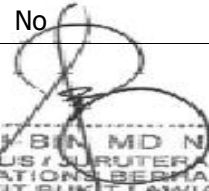
Client Signature:

MD NAZRI BIN MD NOH
PENGURUS / JURUTERA
TH PLANTATIONS BERHAD
KILANG SAWIT BUKIT LAWIANG

Date: 18th July 2018

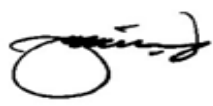
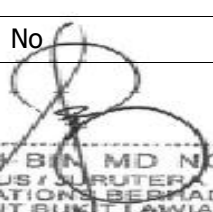
Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days
Normative Reference and Requirement	<p>4.4.5.6 Major</p> <p>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.</p>		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	<p>The rate of pay of 60 workers in the Employment Contract was not according to the Minimum Wages Order 2016.</p>		

Objective Evidence:	
<p>Seen employment contract for 60 workers. The rate of pay in the contract agreement was not follows the National Wages Consultative Council Act 2011 (Act 732) – Minimum Wages Order 2016 [Minimum salary is RM1,000.00 (Peninsular Malaysia)]. Refer to samples of April 2018:</p> <p>a) Miss Nur Fitri Suria binti Mohd Rafi – (Malaysian)</p> <p>Employee Number – 0807E Contract of employment dated 3/10/2016</p> <p>b) Mr. Abd Rahman Ibrahim – Malaysian</p> <p>Employee number – 02221E Contract of employment dated 15/10/1991</p>	
Root cause Analysis (to be filled by client):	
<p>Contract signed before the National Wages Consultative Council Act (Act 732) enforcement are not re-issued. However, the actual wages paid are according to the Minimum Wages Order. Contract template not updated accordingly.</p>	
Corrective action planned (to be filled by client):	
<p>a) To-update and re-issue workers contract agreement to all the affected workers.</p> <p>b) To recall all the contract and provide a copy of new contract to the workers.</p>	
Preventive Action (to be filled by client):	
<p>To update mill contract agreement template to the revised minimum wages.</p>	
Review of corrective/preventive action (to be filled by Lead Auditor)	
<p>All the evidence submitted were found adequate and therefore this major non-compliance is closed.</p>	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature:	Client Signature:
	
Date: 12 th May 2018	Date: 18 th July 2018

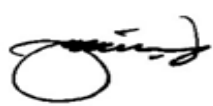
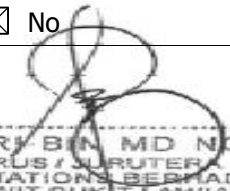
Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days
Normative Reference and Requirement	4.4.6.2 Major. Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No training needs analysis record sighted for Bukit Lawiang POM employees.		
Objective Evidence:			
Sighted during audit, various training programmes was conducted to the employees. However, no training needs analysis being identified and established for each of individual employees based on their competency.			
Root cause Analysis (to be filled by client):			
Training Need Analysis (TNA) was based on verbal feedback from the supervisors appraisal results as source to identify training required for the staffs and workers.			
Corrective action planned (to be filled by client):			
a) To conduct TNA survey by issuing Training Needs Identification form to all the employees. b) To analyse the information from the survey and establish an Annual Training Calendar. c) To provide a training on the usage of the MSPO-TH-08 Training and Competency procedure to all section held on the applicability of the procedure.			
Preventive Action (to be filled by client):			
a) To appoint a person in charge of the training to implement effectively the training and competency procedure (MSPO-TH-08) b) To ensure effectiveness and implementation is audited in the Internal Audit annually.			

Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature: 	Client Signature: 
Date: 12 th May 2018	Date: 18 th July 2018


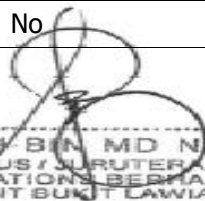
Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days
Normative Reference and Requirement	4.5.3.1 Major All waste product and sources of pollution shall be identified and documented.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	Waste products and source of pollution is not fully identified and documented.		
Objective Evidence: There is a list of Waste Identified, ref no MSPO-TH-P5-C3-1, dated on 01 st January 2018. Sighted during site visit there was a paint container at the mill's compartment. However, the paint container is not included in the Waste Identified list by mill management.			
Root cause Analysis (to be filled by client): MSPO Requirements were not fully understood as this is a new system and still in the initial stage of the program.			
Corrective action planned (to be filled by client):			

The paint containers will be listed into waste identification. The person in charge will make sure the containers are kept into the SW store properly.	
Preventive Action (to be filled by client):	
To set up a committee and conduct a meeting to review and discuss about environmental issues. The related exercises will be also conducted to obtain more inputs in order to identify the waste more specifically.	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature: 	Client Signature: 
Date: 12 th May 2018	Date: 18 th July 2018

Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days
Normative Reference and Requirement	<p>4.5.3.3 Major</p> <p>The palm oil mill management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environmental Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling, storage and disposal.</p> <p>Scheduled waste shall be disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005</p>		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		

Description of Non-Conformity	Paint container not disposed properly.
Objective Evidence:	
<p>Sighted the records of disposal. Latest disposal was dated on 27th April 2018 where Spent Lubricant, Filter and Empty Bottle Chemical at 0.014 MT, 0.001 MT and 0.0266 MT were disposed.</p> <p>However, site visit shows that paint container (SW 417) was sighted at the mill's area and was not well disposed as per Environmental Quality Act 1974 (Scheduled Waste) Regulations, 2005.</p>	
Root cause Analysis (to be filled by client):	
Paint container found by the auditors still contains paint for painting work use at the mill building. But the mill management acknowledges it is not kept in proper storage that can cause risk of abuse and pollution.	
Corrective action planned (to be filled by client):	
<ul style="list-style-type: none"> a) To allocate a storage location to keep new paint container in the chemical store. b) Identify by proper labelling and maintain inventory records. c) SDS (Safety Data Sheet) is displayed and made available. d) Register empty paint container as SW 417 and update schedule waste records. e) Follow e-swiss procedure to dispose and report to DOE. 	
Preventive Action (to be filled by client):	
The awareness meeting/training with environmental committee members will be conducted by focusing on the proper storage of paints container and disposal of empty container accordingly to the schedules waste disposal method. The awareness campaign also will be held directly or indirectly to all workers (etc; during roll call or training programme.)	
Review of corrective/preventive action (to be filled by Lead Auditor)	
All the evidence submitted were found adequate and therefore this major non-compliance is closed.	
NC Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Lead Auditor Signature:	Client Signature:
	
Date: 12 th May 2018	Date: 18 th July 2018

Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	90 Days
Normative Reference and Requirement	4.5.4.1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent.		
NC Type	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No assessment being conducted for greenhouse gas emissions.		
Objective Evidence:			
Mill has identified and conducted assessment for all activities on scheduled wastes and solid waste. However, no assessment conducted for greenhouse gas emissions by mill.			
Root cause Analysis (to be filled by client):			
GHG emission was missed out due to lack of knowledge on the requirements of the MSPO since it is still in the initial stage of implementation.			
Corrective action planned (to be filled by client):			
a) To include GHG emission in the Aspect Impact Assessment. b) To identify sources of the GHG and include in the mitigation plan.			
Preventive Action (to be filled by client):			
a) To continuously update the Environmental Management Plan whenever new activities are included. b) To conduct annual review on the Aspect Impact Assessment. c) To nominate a person responsible to enforce the action.			
Review of corrective/preventive action (to be filled by Lead Auditor)			

All the evidence submitted were found adequate and therefore this major non-compliance is closed.

NC Closed: ☒ Yes ☐ No

Site verification: ☐ Yes ☒ No

Lead Auditor Signature:



Date: 12th May 2018

Client Signature:

MD NAZRI BIN MD NOH
PENGURUS / JURUTERA
TH PLANTATIONS BERHAD
KILANG SAWIT BUKIT LAWIANG

Date: 18th July 2018

Minor Nonconformities:

The following NC's was raised for this audit.

Company Name	TH Plantations Berhad – Kluang Complex
Audit Type	MSPO – Stage 1 <input type="checkbox"/> Stage 2 <input checked="" type="checkbox"/> ASA <input type="checkbox"/>
Audited Standard	Part 4 : General Principles for Palm Oil Mills
Client Number	

NC No. / Ref.	Will be generated automatically in system	Date Detected	12 th may 2018
Site(s) concern	Bukit Lawiang POM	Target Completion	Next Surveillance Audit
Normative Reference and Requirement	4.4.2.2 Minor The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties		
NC Type	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Area of Concern		
Description of Non-Conformity	No evidence the Complaints and Grievances being resolve in an effective, timely and appropriate manner		
Objective Evidence:			
No evidence on date of action taken and completion sighted in the Complaint and Grievances form that the Management has responded to all the Complaints and Grievances in timely and appropriate manner.			
Root cause Analysis (to be filled by client):			

Person in charge did not transfer the Planned Date of Action and actual completion data into the complaints and grievance form due to lack knowledge in handling this task since it is new procedure.

Corrective action planned (to be filled by client):

- a) Re-training provided to PIC on this procedure MSPO-TH-03; Stakeholders communication and consultation on the correct usage of the form to include the dates.
- b) Included the planned date of action and actual completion date.
- c) Included references no in the complaint form Rev 1 for traceability and registration.

Preventive Action (to be filled by client):

To establish a complaints and grievance log with status especially action taken and completion date.

Review of corrective/preventive action (to be filled by Lead Auditor)

All the evidence submitted were found adequate and therefore this minor non-compliance is closed.

NC Closed: ☒ Yes ☐ No

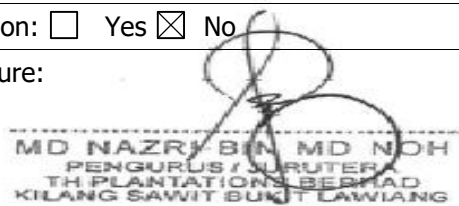
Site verification: ☐ Yes ☒ No

Lead Auditor Signature:



Date: 12th May 2018

Client Signature:



MD NAZRI BIN MD NOH
PENGURUS / DIRECTOR
TH PLANTATIONS BERHAD
KILANG SAWIT BUKIT LAWANG

Date: 18th July 2018

Area of Concern:

The following AOC for this audit.

No.	AOC
1.	Seen, Emergency Response Plan reference number in Tabung Haji Group of Plantations Standard Operating Procedure is MNL/OSH/2009/1-1.21 dated 1 st March 2009 and under "Pelan Tindakan Kecemasan Kemalangan / Kecederaan" is MSPO-TH-P4-C4-2 dated 1 st January 2018.
2.	Based on Fire Services Act, 1998, Requirement of fire certificate 28. (1) Every designated premises shall require a fire certificate. (2) A fire certificate shall be renewable annually. Provided that if in the opinion of the Director General there exists in the premises mentioned in this subsection any fire hazard, the Director General may require such premises to be subject to periodic inspection and any necessary direction may be issued to the owner of such premises for due compliance of the provisions of this Act.