

GLOBAL GATEWAY CERTIFICATIONS

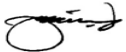
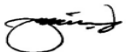
MALAYSIAN SUSTAINABLE PALM OIL (MSPO)

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 Draf Report	Muhammad Syafiq	Lead Auditor	
B	01/08/18	Incorporated Peer Review Comments and Issued for Final Report	Muhammad Syafiq	Lead Auditor	



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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. [hereafter 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 TH Plantations Berhad, Kluang Complex (POM).

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)

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	No action requires	Positive findings

		<p>violence case was happened in the workplace.</p> <ul style="list-style-type: none"> • 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. 		
2.	Stakeholders B (Estate Workers-Harvesting gang)	<ul style="list-style-type: none"> • Good understanding about MSPO. • 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. 	No action requires	Positive findings
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. 	No action requires	Positive findings

		<ul style="list-style-type: none"> • Their salary was paid according to Minimum Wage Order 2016. • Free housing was provided to them with subsidized of water and electricity. 		
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 other issues raised. 	No action requires	Positive findings
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 	Will keep informed all the Internal and External Stakeholders on the points highlighted.	Positive findings

		consistently being remind on the Open Burning. • No issues being reported to the BOMBA.		
8.	Stakeholders H (PDRM)	• 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

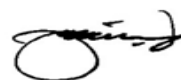
GGC auditors will not discuss or reveal any of the confidential information seen during the audit to any third party. Any public summary of the main assessment will be approved by the client prior to publication.

6.3. Signing of Report

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

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

