

## Tung Huat Pelita Niah Plantations Sdn. Bhd. Audit Summary Report

<b>Organization:</b>	<b>Tung Huat Pelita Niah Plantations Sdn. Bhd.</b>		
<b>Address:</b>	<b>Headquarters</b> Lot 331, 1st Floor, Jalan Cressandra, Jalan Duranta, New Town Extension, 98000 Miri, Sarawak, Malaysia  <b>Estate</b> Lot 2, Bukit Kisi Land District, Miri.		
<b>Standard(s):</b>	<b>MS2530-3 : Part 3 : General Principles for Oil Palm Plantations and Organized Small Holders</b>	<b>Accreditation Body(s): DEPARTMENT STANDARDS MALAYSIA</b>	
<b>Representative:</b>	<b>Dr Felix Moh</b>		
<b>Site(s) audited:</b>	<b>Tung Huat Pelita Niah Plantations Sdn Bhd</b>	<b>Date(s) of audit(s):</b>	<b>7<sup>th</sup> May 2019</b>
<b>Visit Type:</b>	<b>MSPO Stage 2 Audit</b>	<b>Types of certification assessment:</b>	<b>Main Audit</b>
<b>Lead auditor:</b>	<b>Dickens Mambu (DM)</b>	<b>Additional team member(s): Audit Member (AM)</b>	<b>Jeffrey Denis Ridu (JDR)</b>
This report is confidential and distribution is limited to the audit team, client representative and the SGS office.			

### 1. Audit objectives

The objectives of this audit were:

- to confirm that the management system conforms with all the requirements of the audit standard;
- to confirm that the organization has effectively implemented the planned management system;
- to confirm that the management system is capable of achieving the organization's policy objectives.

### 2. Scope of certification

**Production of Fresh Fruit Bunches (FFB) for Plantations in compliance to the MSPO Certification Standard MS2530-3:2013 Part 3: General Principles For Oil Palm Plantations And Organized Smallholders**

The audit covered the MS 2530:2013 requirements particularly MSPO Certification Standard **MS2530-3:2013 Part 3**.

Validation of processes for production and service provision

Has this scope been amended as a result of this audit?

Yes

No

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This is a multi-site audit and an Appendix listing all relevant sites and/or remote locations has been established (attached) and agreed with the client  Yes  No

### 3. Current audit findings and conclusions

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). The audit methods used were interviews, observation of activities and review of documentation and records.

The structure of the audit was in accordance with the audit plan and audit planning matrix included as annexes to this summary report.

The audit team concludes that the organization  has  has not established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organization's policy and objectives.

Number of nonconformities identified:  1  Major  0  Minor

Therefore the audit team recommends that, based on the results of this audit and the system's demonstrated state of development and maturity, management system certification be:

Granted /  Continued /  Withheld /  Suspended until satisfactory corrective action is completed.

### 4. Previous Audit Results

The results of the last audit of this system have been reviewed, in particular to assure appropriate correction and corrective action has been implemented to address any nonconformity identified. This review has concluded that:

- Any nonconformity identified during previous audits has been corrected and the corrective action continues to be effective.
- The management system has not adequately addressed nonconformity identified during previous audit activities and the specific issue has been re-defined in the nonconformity section of this report.

### 5. Audit Findings

The audit team conducted a process-based audit focusing on significant aspects/risks/objectives. The audit methods used were interviews, observation of activities and review of documentation and records.

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support implementation and maintenance of the management system.  Yes  No

The organization has demonstrated effective implementation and maintenance / improvement of its management system.  Yes  No

The organization has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.  Yes  No

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- The internal audit program has been fully implemented and demonstrates effectiveness as a tool for maintaining and improving the management system.  Yes  No
- The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system.  Yes  No
- Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.  Yes  No
- Certification claims are accurate and in accordance with SGS guidance  N/A  Yes  No

## 6. Significant Audit Trails Followed

The specific processes, activities and functions reviewed are detailed in the Audit Plan. In performing the audit, various audit trails and linkages were developed, including the following primary audit trails, followed throughout:

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<b>MPOB License No.:</b>	<b>524441002000</b>		
<b>Scope of Activity:</b>	<b><i>Menjual dan Mengalih FFB</i></b>		
<b>Date of certificate issued and validity</b>	<b>Nil (New Application)</b>		
<b>Other Sustainability Certification</b>	<b>Nil</b>		
<b>Proposed Date of Next Surveillance Audit</b>	<b>May 2019</b>		
<b>Visit Number:</b>	<b>02 (Stage 2)</b>	<b>Actual Visit Date:</b>	<b>7<sup>th</sup> May 2019</b>
<b>Visit Due by Date:</b>	<b>Nil</b>	<b>For auditor information only</b>	
<b>Lead Auditor:</b>	Dickens Mambu (DM) Tel :0146962400		
<b>Team Member(s):</b>	Jeffrey Denis Ridu (JDR)		
<b>Additional Attendees and Roles</b>	NIL		
<b>Standard(s):</b>	<b>MSPO MS2530-3:2013 Part 3: General principles for oil palm plantations and organized smallholders</b>		
<b>Audit Language:</b>	English & Malay		

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<b>Audit Scope:</b>	<p>1.The audit covered one (1) site performing the following scope: Operations, comprising of plantation management systems, production of Fresh Fruit bunches (FFB), documentation and field assessment.</p> <p>2.The audit covered all the MS2530-3:2013 Part 3 requirements with no permissible exclusion of clause in compliance to the MSPO Certification Standard</p>
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Date	Time	Auditor	Organisational and Functional Units/ Processes and Activities	Key Contact
7 <sup>th</sup> May 2019	6.30 am	DM & JDR	<b>Tung Huat Pelita Niah Plantation Sdn Bhd</b>	Estate Personnel
	7.30		MS 2530-3-2013 Part 3	
	8.30		Breakfast	
	8.40		Depart to Niah	
	9.00		Arrive Estate	
			Opening Meeting	
			Audit Process (Site visit)	
			<ul style="list-style-type: none"> <li>• Principle 1: Management commitment and responsibility</li> <li>• Principle 2: Transparency</li> <li>• Principle 3: Compliance to legal requirements</li> <li>• Principle 4: Social responsibility, health, safety and employment condition</li> <li>• Principle 5: Environment, natural resources, biodiversity and ecosystem services</li> <li>• Principle 6: Best practices</li> </ul>	
	12.30pm		<b>Lunch</b>	
	1.00 pm		Continue Audit Process (Document review, Policies, local law compliances,deduction and pay slip, Safety and health procedures, environment procedure, minimum wages monitoring, social benefits)	
	4.00pm		Closing Meeting	
	6.00 pm		<b>End of MSPO Stage 2 Audit</b>	

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### Location and Maps

Tung Huat Pelita Niah Plantations Sdn. Bhd. project is located in the Niah area immediately northwest of Miri Division. The main access to the project area are Miri- Bintulu Road and Miri- Bekenu coastal road. The GPS locations of the estate is shown in **Table 1**.

**Table 1: Tung Huat Pelita Niah Plantations Sdn. Bhd. GPS Location**

<b>Supply Base / Estates:</b>	<b>Location Address:</b>	<b>GPS Coordinate(s):</b>	<b>Area Certified(HA):</b>
Tung Huat Pelita Niah Plantations Sdn. Bhd.	Lot 2, Bukit Kisi Land District, Miri	3°51'50.0"N 113°56'10.0"E	804.62

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Figure 1 : Tung Huat Pelita Niah Plantations Sdn. Bhd. Locality Map



(Source : Land and Survey Department Map, Sarawak 2004, Scale 1: 500 000, Series 8, Edition 8)

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### Description of Estate Production Capacity

The FFB are sourced from the estate which are directly managed by Tung Huat Pelita Niah Plantations Sdn. Bhd . The estate have two division with each division monitored by estate assistant manager. The crop yield from the estate as mention in **Table 2** below.

**Table 2: FFB Production (Mt)**

Estate	FFB Production (MT)	
	Jan2018-Dec2018 (Actual)	Jan2019-Dec2019 (Projection)
Tung Huat Pelita Niah Plantations Sdn Bhd	15,550.93 mt	17,340 mt

### Area Statement

The operating unit are listed in **Table 3**. Details of production area (mature/immature) are also listed.

**Table 3: Area Statement of the Supplying Estates**

Name of estate	Title area (ha)	Plantation area (ha)				
		Production	Conservation	Land Issue	*Others	Undeveloped Area
Tung Huat Pelita Niah Plantations Sdn. Bhd.	Title: 3,361 ha	804.62	1.590	274.212	1.6 ha	2,278.978
*Others: Transmission tower, Quarry, Roads, line site, rives, water catchment area, office building, etc						

### Stakeholder Consultation and List of Stakeholders Contacted

A public announcement was made 30 days prior to the audit,

<https://www.sgs.com/en/certified-clients-and-products/fcm/malaysia/tung-huat-pelita-niah-plantations-sdn-bhd>

Stakeholder consultation took place in the form of meetings and interviews. Due to this is the main assessment, meetings with stakeholders were held in the estate office

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Comment on MS2530-3 Compliance Status:

<p>Comment on Principle 1</p>	<p>MSPO Policy is available.</p> <p>Signed by Managing Director Dato Sri Lau Hieng Su dated 1<sup>st</sup> September 2018.</p> <p>In the policy it is stated in one of the points, ... <i>overall business strategy adheres to the principles of sustainable development, balancing considerations for people, planet and profit and continuous improvement. Policy signed : 1<sup>st</sup> September 2018</i></p> <p>Internal audit Procedure :MSPO/IA/THPN Internal audit and audit results are documented in the 'MSPO Internal Audit Report.</p> <p>The non-conformities are summarised in the audit finding report.</p> <p>There were 3 issues in the site inspection and 10 issues in the documentation.</p> <p>1. The verification of corrective action made available for the management review meeting which has been conducted on 17 October 2018. All findings were closed at estate level.</p> <p>The report was available and sighted during audit. The management review meeting was attended by Senior Estate Manager, Estate Manager and MSPO staff.</p> <p>Major 1 During interview session with relevant stakeholders, several issues was found</p> <p>1. Workers interviewed was found not aware of MSPO component (policy, procedures and implementation) Stakeholders interview (smallholders &amp; Community) was found not aware of the complaint form, where to obtain &amp; who shall communicate with if there is any complaint / suggestion.</p> <p>Continual Improvement Plan for Tung Huat Pelita Niah Plantations 15 December 2018 has 3 issues:</p> <p>1) Social - Workers quarters and social life communication. 2) Safety - Permanent workshop, personal protective equipment (PPE). 3) Environmental - Scheduled waste store, Lubricant store and workers quarters housekeeping. 4) Community &amp; Smallholder- Continious communication with stakeholders</p>
<p>Comment on Principle 2</p>	<p>Complaints &amp; Grievance Procedure is available Ref No. MSPO/THPN/ GP dated 9/11/2018. Flow chart on grievance was available.</p> <p>This procedure currently been used as a method on communication with</p>

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	<p>stakeholders (internal &amp; external)</p> <p>The SOP was made available in estate office</p> <ol style="list-style-type: none"> <li>1) Complaints &amp; Grievances procedure - Ref No. MSPO/THPN</li> <li>2) Communication &amp; consultation</li> </ol> <p>Any other types of information needed can be requested thru formally written or fill in the request form which are available at the site office.</p> <p>Procedures shall be established for consultation and communication with the relevant stakeholders : Ref No. MSPO/THPN Mechanism for Communication and Consultation Procedure</p> <p>The following are the sections available:</p> <ol style="list-style-type: none"> <li>1) Purpose</li> <li>2) Scope</li> <li>3) Reference</li> <li>4) Responsibility</li> <li>5) Procedure - Internal &amp; external</li> <li>6) Records &amp; related documents.</li> </ol> <p>A stakeholder meeting was held on 15<sup>th</sup> Feb 2019. Chairing the meeting was Dr Felix Moh.</p> <p>The appointment letter fo MSPO officers were made available dated 1 February 2019.</p> <p>Mr Tee Seng Whatt has been appointed as Social Liaison Officer. Letter of appointment signed by director was sighted, The management has established the following standard operating procedure on Traceability Ref. No. MSPO/THPN dated 15/11/2018.</p> <p>In the procedure, the following is identified:</p> <ol style="list-style-type: none"> <li>1) Harvester</li> <li>2) Mandore/Checker</li> <li>3) Driver/loader</li> <li>4) Weighbridge operator recordTransfer to lorry</li> <li>5) Despatch to Mill</li> <li>6) Mill weighbridge</li> <li>7) Office - documentation</li> </ol> <p>Sampling Taken : Tung Huat Pelita Niah Estate</p> <p>Field staff will record the harvester name and no. Of bunches harvested for the day in the Daily Summary of FFB Checklist No. THPN 5485 dated 10/1/2019.</p> <p>FFB Bin No. And weight Record at estate platform</p> <p>A FFB Despatch Note No. 4551 dated 11/1/2019 showed the total bunches loaded into lorry.</p>
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	<p>A Weighbridge Advice Ticket issued          Vehicle: Lorry          Material : FFB Time: 8.00 am          Nett : 19.57 mt          Date: 11/1/2019</p>
<p>Comment on Principle 3</p>	<p>The estate operation is in compliance with the applicable of local state, national and ratified international laws and regulations.</p> <p>The plantation sustainability team are responsible to monitor on the compliances.</p> <p>. Environmental Quality Act 1974          2. OSH Act 1994          3. Sarawak Labour Ordinance 1958          4. Employment Act 1955</p> <p>The management have provided a Legal Register (effective date ) consists of International Conventions; Malaysia law register and Sarawak State law is made available at the estate office.</p> <p>The management list of law is monitored by the sustainability team and monitored periodically. The document updating will be noted in the law regulations master list with detail revision and date of revision.</p> <p>Mr. Ting Sing Hong has been appointed as Legal officer to monitor compliance and to track or update changes in regulatory requirements. Appointment letters dated 18.02.201</p>
<p>Comment on Principle 4</p>	<p>It was observed the Social Impact Assessment (SIA) report was available during the document assessment. The SIA was prepared in April 2019 by Mr Deli ak Nyuak (Social Liaison Officer).</p> <p>Stakeholders meeting was conducted on 15th October 2018, venue at Conference room of Zion Pelita Plantation Sdn Bhd, attended by 10 attendees. The document can be verified in Social Impact Assessment file.</p> <p>The Grievance and Complaint form was made available at the front of estate office. SOP for complaints and grievances procedure was made available in the estate.</p> <p>It was observed the Standard Operation Procedures (SOP) was available on site. Currently there was no complaints issue from others (workers, Staff or stakeholders). The SOP can be verified in Standard Operation Procedure.</p> <p>It was observed the complaint form was available at the site office.</p> <p>Occupational Safety, Health and Environment Policy was made available in the estate Signed by Managing Director Dato Sri Lau Hieng Su dated 1<sup>st</sup> September 2018.</p> <p>It was observed the way of management communicate the policy via display the safety at the notice board and during training activity.</p>

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	<p>30<sup>th</sup> October 2018.</p> <p>It was observed the training record was made available in Training Plan, Training Programme &amp; Training Record file. The latest training record was conduct on 6<sup>th</sup> January 2019.</p> <p>The risks of all operations was sighted in file name HIRARC. The content in the HIRARC document list as below:</p> <ul style="list-style-type: none"> <li>i. <i>Pemanduan &amp; Pengangkutan peralatan dan pekerja ke tempat kerja dan dari tempat kerja.</i></li> <li>ii. <i>Menebas &amp; menebang anak pokok</i></li> <li>iii. <i>Penyemburan racun rumpai dan serangga perosak</i></li> <li>iv. <i>Kerja kimpalan dan memotong dibengkel (welding &amp; cutting)</i></li> <li>v. <i>Pra-campuran racun</i></li> <li>vi. <i>Pest &amp; Disease control (Rait baiting)</i></li> <li>vii. <i>Penuaian buah tandan segar (harvesting)</i></li> <li>viii. <i>Kerja bengkel dan penyelenggaraan kenderaan/ jentera</i></li> <li>ix. <i>Membaja</i></li> </ul> <p>The document can be verified in file Principle 4.</p>
<p>Comment on Principle 5</p>	<p>The Environmental policy was integrated in Safety, Health and Environment Policy which was signed by Signed by Managing Director Dato Sri Lau Hieng Su dated 1<sup>st</sup> September 2018.</p> <p>The Environmental Monitoring Report for 1<sup>st</sup> Quarter 2019 (January to March) conducted by Ecosol Consultancy Sdn Bhd was sighted. Conclusion on water qualities were generally found to be good and the water monitoring exercise had not detected any major pollution effects from the plantation.</p> <p>It was observed the awareness and training programme was established and implemented. In line with that, meeting was conducted to communicate with the estate staffs to ensure they understand and follow the vision and mission toward environment commitment. The meeting was conducted on 7<sup>th</sup> March 2019, which was attended by 24 persons. In the meeting, it was discussed on issues of safety and health and environmental.</p> <p>Training records can be accessed in the Principle 4 No. 06 File. Among training done as follows:</p> <ul style="list-style-type: none"> <li>(1) Tata kerja penyimpanan &amp; pelupusan bekas racun on 11/04/2019.</li> <li>(2) Tata kerja penyemburan racun on 21/12/2018.</li> <li>(3) Tata kerja pemotong tandan kelapa sawit on 18/12/2018.</li> </ul>

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	<p>(4) PPE training on 26/11/2018.            (5) Tata kerja pengendalian peralatan memateri (welding set) on 21/03/2019.</p> <p>Record and usage of Non-renewable Energy (Diesel Consumption). As we can see in the table below, the consumption of diesel increased from 2016 to 2017 due to increasing of machine in the estate.</p> <table border="1" data-bbox="550 515 1085 817"> <thead> <tr> <th></th> <th>2016</th> <th>2017</th> <th>2018</th> </tr> </thead> <tbody> <tr> <td></td> <td colspan="3" style="text-align: center;">Litre</td> </tr> <tr> <td>Actual usage</td> <td>198,039</td> <td>244,794</td> <td>238,632</td> </tr> <tr> <td>Estimated Budget</td> <td>216,000</td> <td>254,000</td> <td>304,464</td> </tr> </tbody> </table> <p>Increase in 2017 was due to high usage of machinery for land clearing while less in 2018.</p> <p><b><u>Genset operation.</u></b>            There are 2 large and 6 small gensets.            Genset 1 – operating 12 hours each as there are 2 sets of 175Kva.</p> <p>Genset 2 – 9 hp and operating 6pm - 10 pm.            The management had taken necessary action to identify pollutant. It can be refer in Environmental Aspect and Impact Assessment (EAIA) Register. Recommended action list as follow:</p> <ol style="list-style-type: none"> <li>Handling of chemical by provide secondary containment and emergency spill kit</li> <li>Storage of lubricant by provide secondary containment and emergency spill kit.</li> <li>Storage of diesel by provide secondary containment and bund wall.</li> <li>Fertilizers application by no fertilizers application at the buffer and riparian zone.</li> <li>Chemical spraying by no chemical spraying at the buffer &amp; riparian zone.</li> </ol> <p>It was observed the estates was committed to zero open burning.</p>		2016	2017	2018		Litre			Actual usage	198,039	244,794	238,632	Estimated Budget	216,000	254,000	304,464
	2016	2017	2018														
	Litre																
Actual usage	198,039	244,794	238,632														
Estimated Budget	216,000	254,000	304,464														
<p>Comment on Principle 6</p>	<p>Management have provided SOP on Best Practices. The Ref No: Procedure No. 01/2018 dated 15 July 2018 and implemented 1 August 2018.</p> <p>Objectives of the SOP for the Best Practices            Is to ensure that all work with regards to environment and social are complied with for efficient and systematic management of work processes. Block marking are available on site visit. Boundary pegs are sighted and drains are also used for boundaries.</p>																
<p>Comment on Principle 7</p>	<p>Not Applicable as there is no New Planting for THPN</p>																



## 7. Nonconformity

### MSPO MS2530-3: 2013 Part 3: General Principles for Plantations & Organized Smallholders

### MS2530-3:2013 Part 3

Non Conformity	N° 1 of 1		Major 1			
	Date Recorded>	7 <sup>th</sup> May 2019	Due Date>	7 <sup>th</sup> July 2019	Date Closed>	7 <sup>th</sup> September 2019
Department / Function:	Administrative		Standard Ref.: Indicator		MS2530-Part 3 4.5.3.3	
Document Ref.:	Criterion : 4.1.1.1		Issue / Rev. Status:		Closed	
Details of Nonconformity:	Relevant MSPO component was not communicated with relevant stakeholders. It was found not communicated with all levels of workforce and interested parties					
Objective Evidence:	During interview session with relevant stakeholders, several issues was found: 1.Workers interviewed was found not aware of MSPO component (policy, procedures and implementation) 2. Stakeholders interview (smallholders & Community) was found not aware of the complaint form, where to obtain & who shall communicate with if there is any complaint / suggestion.					
Close-out evidence:	The management has submitted evidence on second internal meeting to explain stakeholders both internal & external on MSPO requirement and component. This was sighted and accepted by auditor.					

Nonconforming detailed here shall be addressed through the organization's corrective action process, in accordance with the relevant corrective action requirements of the audit standard, including actions to analyse the cause of the nonconformity and prevent recurrence, and complete records maintained.

- Corrective actions to address identified major nonconforming shall be carried out immediately and SGS notified of the actions taken within 30 days. An SGS auditor will perform a **follow up visit** within 60 days to confirm the actions taken, evaluate their effectiveness, and determine whether certification can be granted or continued.
- Corrective actions to address identified major nonconforming shall be carried out immediately and **records with supporting evidence sent to the SGS auditor** for close-out within 60 days.
- Corrective Actions to address identified minor non nonconformity shall be documented on a action plan and sent by the client to the auditor within 60 days for review. If the actions are deemed to be satisfactory they will be followed up at the next scheduled visit
- Corrective Actions to address identified minor non-nonconformity have been detailed on an action plan and the intended action reviewed by the Auditor, deemed to be satisfactory and will be followed up at the next scheduled visit.
- Appropriate immediate action taken in response to each non-conformance as required

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Note:- Initial, Re-certification and Extension audits – recommendation for certification cannot be made unless check box 4 is completed. For re-certification audits the time scales indicated may need to be reduced in order to ensure re-certification prior to expiry of current certification.

Note: At the next scheduled audit visit, the SGS audit team will follow up on *all* identified nonconformities to confirm the effectiveness of the corrective actions taken.

## 8. General Observations & Opportunities for Improvement

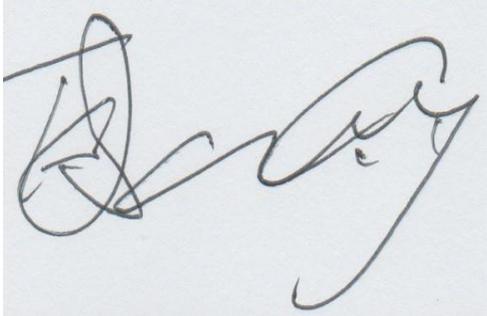
### **Positive Observations:**

- The support from Tung Huat Pelita Niah Plantations Sdn. Bhd. personnel, especially the ground staff contribute to the smoothness and successful of the audit process.
- The spirit of unity and enthusiasm of the personnel towards achieving MSPO certification is impressive.
- The unit has dedicated staffs who are assets to the company. Their cooperative, knowledgeable and hospitality are commendable
- Organized documentation & highly commitment towards certification

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## Appendix 1: List of Stakeholders Contacted

Stakeholder	Type of Stakeholder	Issues raised	Comments/Action Taken
Welington Serit No : 010 9787147 Rh Jeli Sg Merah, Sibuti	External Stakeholders (Community & Smallholder)	Need more information on MSPO & explanation on grievance procedure	NIL
Luonid Emmer No : 013 3001534 Rh Lingu ak Jilan, Sg Pakut Sibuti	External Stakeholder (Community & Smallholder)	Need more information on MSPO & explanation on grievance procedure	NIL
Andrea Chin WWF Malaysia	External Stakeholder (NGO)	NIL	NIL
Monica Mone Malaysia Palm Oil Certification Council (MPOCC)	External Stakeholder (Government)	NIL	NIL
Jumirah Manuring Workers	Internal	MSPO been informed to Mandor but mandor did not explain to the workers	
Sirajudin Saking Kamiseng Kaseng Harvester (Cutter-carrier)	Internal	MSPO been informed to Mandor but mandor did not explain to workers	

Signed on behalf of <b>Tung Huat Pelita Niah Plantations Sdn. Bhd.</b>	Signed on behalf of <b>SGS Malaysia Sdn Bhd</b>
 <p data-bbox="338 754 576 824"><b>Mr. Te Seng Whatt</b> Sr Estate Manager</p>	 <p data-bbox="836 759 1369 864"><b>Mr. Dickens Mambu</b> Certification and Business Enhancement Regional Head Certification (Sarawak)</p>

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