



MSPO CERTIFICATION SUMMARY REPORT KAPILIT PALM OIL MILL

SURVEILLANCE 12

Date: 27/05/2019

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MSPO Certification Summary Report

Company Name: Kapilit Palm Oil Mill – Sabah Softwoods Berhad.

Certifying Unit: Kapilit Palm Oil Mill

Client Number: 92-002

Audit Type: Annual surveillance 12



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Abbreviations

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CHRA	Chemical Health Risk Assessment
CoC	Chain of Custody
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
FFB	Fresh Fruit Bunch
GMP	Good Milling Practice
GPS	Global Positioning System
ISO	International Standard Organisation
MSPO	Malaysia Sustainable Palm Oil
NC	Non Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
RSPO	Roundtable Sustainable Palm Oil
RTE	Rare, Threatened and Endangered Species
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
MT	Metric Tonnes
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board
MPOCC	Malaysia Palm Oil Certification Council
SDS	Safety Data Sheet
ISCC	International Sustainability & Carbon Certification

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1. INTRODUCTION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance 12 for its Kapilit Palm Oil Mill according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

1.1. Objective

The objective of this surveillance audit is to assess KApilit Palm Oil Mill by an independent certification body with the aim for compliance of the standards.

1.2. Scope

The certification is based on the documentation established by Kapilit Palm Oil Mill.

The supporting documents provided to the audit team as well as information received by means of interviews and background investigation.

The documents and information are reviewed against the requirements and criteria based on MS 2530-4:2013 Part 4 General principles for palm oil mills. TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

In addition, the following reference are used as part of the assessment; the compliance of the requirements of the guidelines applied are checked.

1. Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mill audit guidance;
2. Issuance of MSPO logo Usage License by MPOCC under the Malaysian Sustainable Palm Oil (MSPO) Certification Scheme.

1.3. Appointment and Qualification of team members

The audit team consisting of one team leader and three team members. The team members contribute to the review of documents, assessment of the project activity and preparation of this report..

Qualification of the Lead Auditor: Mohamad Norhisham Bin Mohd Salleh

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Graduate in Applied Science (Major In Agrobiology).

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Requirement	Qualifications
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	5 years working experience in palm oil estates.
Attended the MS 2530 series of standards training	Successfully completed MS2530 series training,
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as lead auditor for MSPO scheme
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	5 years working experience in palm oil estates.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	5 years working experience in palm oil estates.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Auditor for RSPO and MSPO scheme.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Auditor for RSPO and MSPO scheme.

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following	Zul Hairi Bin Abu Hassan	Graduate in Diploma in Plantation Industry Management.	Yes

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Requirement	Assessor	Qualification	Compliance
i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Sheron Pui Ling Wui	Graduate in Medical Science (Life Science).	Yes
	Ariff Bin Lokman	Graduate in Plantation Industry management.	Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Zul Hairi Bin Abu Hassan	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Sheron Pui Ling Wui	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Ariff Bin Lokman	Qualified MSPO auditor. Have conducted audits for MSPO audit.	Yes
Successfully completed MS 2530 series of standards training	Zul Hairi Bin Abu Hassan	Successfully completed MSPO Lead auditor training course.	Yes
	Sheron Pui Ling Wui	Successfully completed MSPO Lead auditor training course.	Yes
	Ariff Bin Lokman	Successfully completed MSPO Lead auditor training course.	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Zul Hairi Bin Abu Hassan	Qualified as auditor base on audit log.	Yes
	Sheron Pui Ling Wui	Qualified as auditor base on audit log.	Yes
	Ariff Bin Lokman	Qualified as auditor base on audit log.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Zul Hairi Bin Abu Hassan	Able to communicate in Bahasa Malaysia and English.	Yes
	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia and English.	Yes

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Requirement	Assessor	Qualification	Compliance
	Ariff Bin Lokman	Able to communicate in Bahasa Malaysia and English.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Zul Hairi Bin Abu Hassan	9 years working experience in oil palm plantations.	Yes
	Sheron Pui Ling Wui	Qualified MSPO auditor. Have been conducting audit for both MSPO and RSPO.	Yes
	Ariff Bin Lokman	7 years working experience in oil palm plantations.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Zul Hairi Bin Abu Hassan	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Sheron Pui Ling Wui	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001, and ISO 45001 Lead Auditor course.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Zul Hairi Bin Abu Hassan	Successfully completed SA8000 Basic Training.	Yes
	Sheron Pui Ling Wui	Successfully completed SA8000 Basic Training.	Yes
	Ariff Bin Lokman	Successfully completed SA8000 Basic Training.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Zul Hairi Bin Abu Hassan	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.	Yes
	Sheron Pui Ling Wui	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.	Yes
	Ariff Bin Lokman	Successfully completed IMS ISO 9001, ISO 14001 and ISO 45001 LA course and auditor for MSPO scheme.	Yes

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Requirement	Assessor	Qualification	Compliance
Good Milling Practices for example palm oil milling working experience or demonstrate equivalent.	Zul Hairi Bin Abu Hassan	Successfully completed MSPO Lead auditor course training and Qualified as auditor for MSPO scheme.	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

Annual surveillance audit 12:

Annual surveillance audit 12 was conducted on 30/01/2019 covers the following activities but not limited to below:

- Onsite inspection, observations and inspections of mill facilities such as process, workshops, stores, wastewater treatment system, waste handling and disposal sites, workers and staff living quarters, receiving and delivery of products for compliance to relevant Principles & Criteria of the applied standard;
- Interview operation personnel for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

For list of personnel participated in the audits refer attendance sheet and Table 7-1.

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On-site Assessment

The audit of the mill is conducted according to the MS 2530-4: 2013 Part 4: General principles for palm oil mills.

The methodology for collection of objective evidences include physical site inspections, observation of tasks and processes, interviews of stakeholders, communities, staff, workers and their families, review of documentation and data. Checklists and questionnaires are used to guide the collection of information. The comments made by external stakeholders are taken into account in the assessment.

Non-conformance:

On the basis of the desk review, evidences presented during the audits as well as from the onsite visits non-conformance (NC) Major and Minor as well as Observations (OBS) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. All minor non-conformances are required to submit action plan within 30 days from closing date of audit for review and acceptance. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

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3. ORGANISATION INFORMATION

Kapilit Oil Mill is the subsidiary of Sabah Softwoods Berhad located at KM 72, Jalan Tawau-Kalabakan, Sabah.

Kapilit CPO Mill met Malaysia Palm Oil Board licensing requirement.

The mill began operation in 2010 with an operating capacity of 45 MT per hour. In the year 2014, it was upgraded to 90 MT per hour operating capacity.

The mill has established Biogas plant with capacity of 1.025 Megawatts. The biogas plant was commissioned in 2014 generating renewable energy using POME from the mill and supplies the power to adjacent Kapilit estate, mill and housing compounds.

Name of Mill	Location	Coordinates
Kapilit Palm Oil Mill	KM 72, Jalan Tawau-Kalabakan, Sabah.	N: 4° 30' 14.1", E: 117° 31' 26.5"

3.1. Production volume

Volume for the past year Jan 2018 to Dec 2018			Actual volumes Jan 2018 to Dec 2018			Projected volume Jan 2019 to Dec 2019		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
337,280.00	69,255	13,491	252,737.34	69,372.18	14,276.44	373,469.00	76,661	14,939

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3.2. Maps of Company and Mill Location

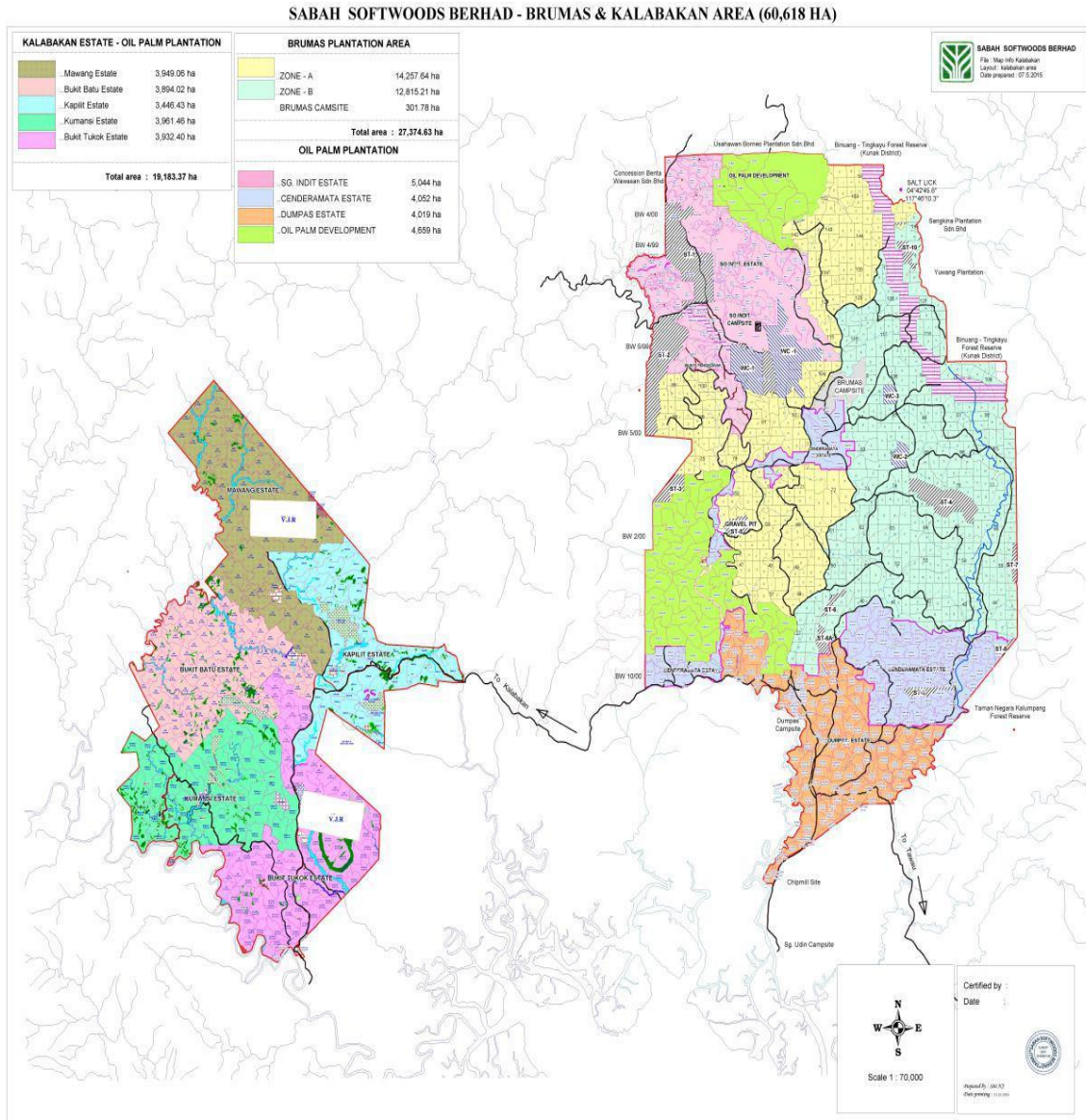


Figure 1: Map Of Sabah Softwoods (Brumas and Kalabakan)

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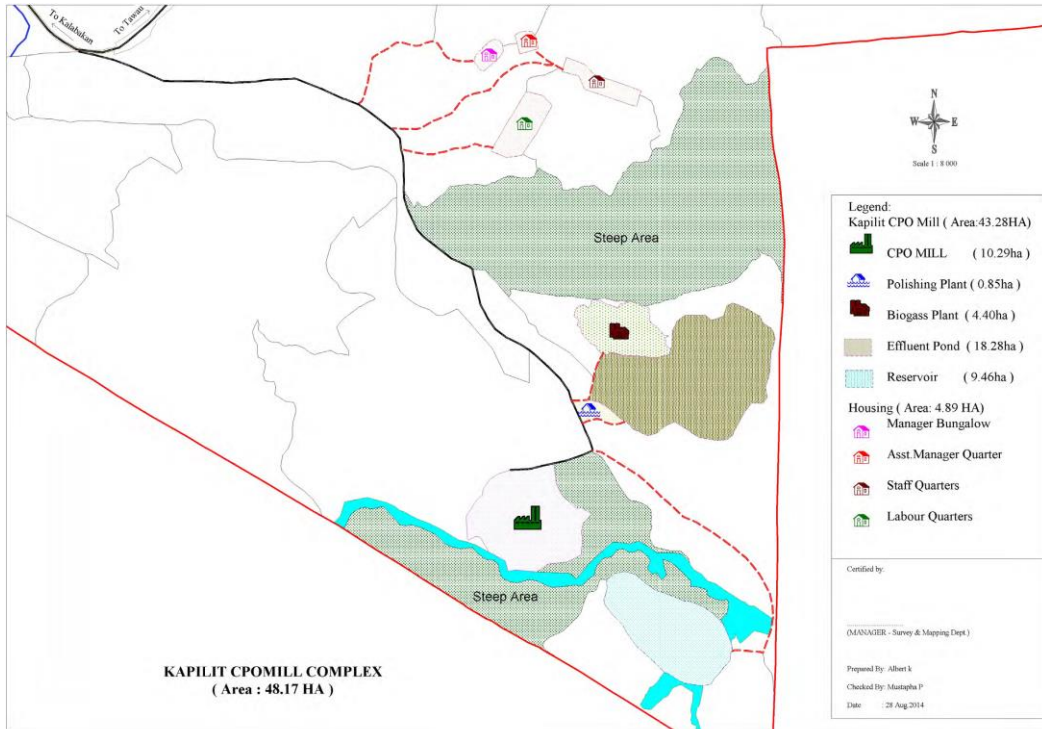


Figure 2: Map of Kapilit Oil Mill complex.

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4. CERTIFICATION ASSESSMENT

4.1. Annual surveillance 12

The objective of the annual surveillance audit 12 is to assess the activities of the mill are in compliance with MS 2530-4: 2013 Part 4: General principles for palm oil mills.

4.1.1. Surveillance Audit:

The surveillance audit is conducted on 30/01/2019 covering Kapilit Palm Oil Mill. During this audit, the minor non-compliance and observations raised in the last audit, the audit team has review by mean of inspection of mill activities, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the mill team. The corrective measures implemented could be verified as appropriate.

For details of the assessment, refer summary of assessment for each indicator in section 4.3 of this report.

The number of audit findings raised in this audit refer to section 4.5 of this audit report.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd, has published the public notification on 27/12/2018 to obtain feedback and comments. As at audit date on 29/01/2019 there are no comments received.

Invitation letters are sent on 07/01/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 28/01/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

1. Introduction of MSPO certification.
2. Development of oil palm plantations.
3. Community service and support.
4. Wildlife management and wildlife corridor.
5. Type of wildlife sighted at plantations and wildlife corridor.
6. Local communities' development.

The following relevant Principles & Criteria of the applied standard have discussed during the stakeholders' consultation:

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:
The stakeholders could confirm they have attended meetings with Kapilit Palm Oil Mill personnel on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint
The stakeholders' advice they have been informed a logbook and form is available to lodge any complaints or suggestions is available at the office.

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3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.

The stakeholders could confirm the company has provided assistance and support to communities.

4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information

The stakeholder who provides maintenance and service could confirm briefing on MSPO requirements have been provided.

TUV NORD (Malaysia) Sdn. Bhd has published the public notification on 28/12/2018 as to accommodate stakeholder's consultation meeting for Kapilit Palm Oil Mill.

There no issues raised during the stakeholder's consultation in terms of tenure and/or use rights, social or environmental aspects of management and operations that need to be addressed by the certified unit. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The list of stakeholders who attended the meeting refer to Table 7-1.

Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Company as regards to the MSPO audit?	Stakeholders attended meeting are aware on Kapilit Palm Oil Mill certification.	Positive comments towards Kapilit Palm Oil Mill.
2	Social issues	There is no social issue raised by stakeholders during meeting nor other ways of communication.	Positive comments towards Kapilit Palm Oil Mill
3	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholder attended the meeting has acknowledge Kapilit POM efforts by providing job opportunities to local community, providing workers needs and basic amenities.	Positive comments towards Kapilit Palm Oil Mill
4	Does MSPO will largely benefits the local community?	Local communities aware and acknowledge that there are improvement in income since they working in mill.	Positive comments towards Kapilit Palm Oil Mill
5	Environmental understanding	Mill use stakeholders meeting as ways to disseminate understanding among stakeholders. Stakeholders attended meeting aware and have a better understanding on environmental issues.	Positive comments towards Kapilit Palm Oil Mill
6	Support to smallholders	Stakeholders attend meeting does acknowledge mill support in accepting their FFB and assistance	Positive comments towards Kapilit Palm Oil Mill

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Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
		in provide information on FFB price.	
7	FFB quality	Mill was collaboration with supplier in ensuring the FFB quality was controlled and monitored.	Positive comments towards Kapilit Palm Oil Mill
8	Are there any mill management practices that affect you?	Stakeholders present at meeting confirmed they not confront any negative impacts from the mill operation.	Positive comments towards Kapilit Palm Oil Mill
9	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders confirmed that there is no breach of MSPO principle and criteria by the mill operations.	Positive comments towards Kapilit Palm Oil Mill
10	Do you have any suggestions for management?	Stakeholders are satisfied with the management. Ni suggestion made by any of attended stakeholders.	Positive comments towards Kapilit Palm Oil Mill

4.3. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits where all criterions will be assessed. Evidences were sought for conformity with the MSPO 2530-4. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences when non conformity is found. Summary of the non-conformity is below

Principle 1: Management Commitment & responsibility

Indicator	Summary of Assessment	Compliance
4.1.1.1	Kapilit Oil Mill adopted SSB Berhad MSPO Policy dated 01/04/2015 sign by Chef Executive Officer. The policy describe: <ol style="list-style-type: none"> 1. Operation to be compliance with legal requirements. 2. Integrated sustainability considerations into all our business decision. 3. Clearly define and communicate management responsibility. 	Yes
4.1.1.2	Kapilit Oil Mill has adopted SSB Berhad MSPO policy dated 01/04/2015. The policy describe: Committed to ensure continuous improvement with the objective of improving estates and milling operations for sustainability development.	Yes
4.1.2.1	Kapilit Oil Mill has established Internal audit procedure, document number: no MSPO-SSB/OP-11 dated May 2015. The procedure describes the process of audit, methodology and audit outcome.	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Internal audit plan 2019 is review. Internal audit for Kapilit Oil Mill is planned on August 2019.	
4.1.2.2	Internal audit for Kapilit Oil Mill is conducted on 28/06/2018 Internal audit includes document review and on-site verification. There are 10 findings raised during the audit. All findings have been closed on 17/01/2019.	Yes
4.1.2.3	The result of the internal audit and the findings are reported in management review conducted on 10/01/2019.	Yes
4.1.3.1	Management review was conducted on 10/01/2019. Included in the management review agenda: <ol style="list-style-type: none"> 1. Review of previous minutes. 2. Review of internal audit 2018 findings 3. Action Plan for year 2019. 	Yes
4.1.4.1	Kapilit Oil Mill has established Continuous Improvement Plan for year 2019. Example topics included in the plan: <ol style="list-style-type: none"> 1. Social 2. Environment 3. Safety and health. Action plan include time line, person in charge, and possible impact toward the mill.	Yes
4.1.4.2	Stated under the CIP for 2019, installation of booster (Mphone GSM+UMTS) for mill to have better access to internet connection and as part of improvement in new technology.	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	Kapilit Oil Mill has conducted stakeholders meeting dated 15/01/2019. The meeting has included information of MSPO principles on social, legal, environment in local language. The Transparency statement dated 05/01/2018 “The management keep copies of each management documents that are available for the stakeholders viewing and other documents permitted under company’s communication procedure” Review on “Stakeholder Request Record” no information has been requested by stakeholder from January 2018 until January 2019.	Yes
4.2.1.2	Memo of “Public summary of MSPO certification uploaded into SSB website” dated 08/02/2018. Counter check on website SSB the document “Public Summary of MSPO certification uploaded into SSB website” available. Memo “Surat Makluman Senarai Dokumen” dated 12/07/2018 state the document on “master list of records” classified as publicly available. Other	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	documents which would result to negative social or environmental outcome will be consider as unavailable documents or confidential. Example of publicly available documents are ccompany policies, SOP and laws of Malaysia and Sabah.	
4.2.2.1	Kapilit Oil Mill has established communication and consultation procedure, document number: MSPO-SSB/OP-01, effective date: May 2015. The procedure describes internal communication process between various levels and sections within the company. External communication between the company and external interested parties on matters pertaining to MSPO. Example of communication channel are meeting, briefing, notice board and complaint box. Mill conducts morning muster and briefing as part of communication process to worker. During interview with workers indicate they received briefing from management for any necessary information at morning muster. Beside workers feedback, the notice board displayed information such as working hours.	Yes
4.2.2.2	Kapilit Oil Mill has nominated executive production as person in charge, sighted appointment letter for dated 23/05/2018 and effective from 07/05/2018.	Yes
4.2.2.3	Kapilit Oil Mill has established “List of the stakeholders 2019” dated 02/01/2019 which include the external and internal stakeholders. Stakeholder meeting has been conducted on 15/01/2019. Stakeholders consultation indicate they know how to submit complaint to management Non-conformity: Review on stakeholder meeting conducted on 15/01/2019 at Kapilit Palm Oil Mill indicates: a. Meeting does not include other group of stakeholders, example: government agencies. b. No external stakeholders’ feedback recorded	Major NC 1
4.2.3.1	Kapilit Oil Mill has established SOP Traceability KPOM-PKS-04, revision 0, dated 01/08/2015. The SOP described the process involved starting from incoming FFB until the outgoing of CPO and PK.	Yes
4.2.3.2	Internal audit was conducted in June 2018 and January 2019 (verification audit). The internal audit has included traceability indicator. There are no findings regarding traceability. Inspection on traceability system conducted twice a year. Previous conducted on 12/06/2018 and latest on 01/12/2018.	Yes
4.2.3.3	Person in charge for traceability is the mill production executive. To ensure the documents and mill practices are compliance with MSPO standard.	Yes
4.2.3.4	Records of incoming FFB, storage, sales, and delivery of Crude Palm Oil and Palm Kernel are well maintained.	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	Delivery of palm products are traceable to contract, weighbridge tickets and invoices.	

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>Kapilit Oil Mill has established list of licenses and permits which includes expiry date.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. MPOB License. 2. Fire Certification license 3. Permit for Diesel (skid tank) 4. Mill staff competency certificates for boilerman and charginman. 	Yes
4.3.1.2	<p>Kapilit Oil Mill has established legal register and other requirements dated 01/01/2019. The legal register include:</p> <ol style="list-style-type: none"> 1. Enforcement agency. 2. Part of the related Act relevant to Mill. 3. Areas of Concern. 4. Enforcement standard. 5. Penalty. <p>Example legal documents in the register:</p> <ol style="list-style-type: none"> 1. Akta Perkhidmatan Bomba 1988 (Akta 341). 2. Akta Bekalan Elektrik 1990. 3. Perintah Gaji Minimum 2018. 	Yes
4.3.1.3	<p>Kapilit Oil Mill has established procedure for legal register, document number SSB-MSPO-19-01 version 01 dated 22/03/2018.</p> <p>Legal register was updated annually and monitored for any updates on changes of laws and regulations. Latest legal register updated on 01/01/2019, and previous year on 01/01/2018</p>	Yes
4.3.1.4	Person in charge for legal compliance is admin officer.	Yes
4.3.2.1	Kapilit Oil Mill is within Kapilit Estate area. Therefore, no issue on land use rights.	Yes
4.3.2.2	Kapilit Oil Mill is within Kapilit Estate area. Land title for Kapilit estate is reviewed.	Yes
4.3.2.3	Kapilit Oil Mill is within Kapilit Estate area. Therefore, does not border with others	Yes
4.3.2.4	Kapilit Oil Mill is within Kapilit Estate area. Therefore no applicable.	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.3.1	Kapilit Oil Mill is within Kapilit Estate. Stakeholders meeting conducted on confirm no land dispute for the mill.	Yes
4.3.3.2	Kapilit Oil Mill is within Kapilit Estate. The estate map is review to confirm the location.	Yes
4.3.3.3	Kapilit Oil Mill is located within Kapilit Estate. Thus the indicator is not applicable.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	<p>Kapilit Oil Mill has established Social Impact Assessment procedure dated 01/10/2015 that describes on stakeholder's involvement in the process.</p> <p>Kalabakan Social Impact Assessment Visit 2018 is established covering issues related to five estates and one mill (KPOM) within the group. Date of assessment conducted on 30/01/2018, 31/01/2018 and 01/02/2018</p> <p>Example of issue raised by external stakeholders:</p> <p>Positive Impact:</p> <p>SSB clinic very helpful in handling emergency cases and include locals.</p> <p>Action Plan: To continues clinic services during emergency</p> <p>Person in charge: Estate/mill Management</p> <p>Dateline: When necessary</p> <p>No negative impact for the mill.</p> <p>Non-conformity:</p> <p>SIA conducted on 2018 has been established for Mill which included gathering respond form stakeholders. However, there are no evidence of internal stakeholders' involvement in assessment conducted.</p>	Minor NC 1
4.4.2.1	<p>Kapilit Oil Mill has established Standard Operating Procedure for Complaint and Grievance, document number: SSB-HRCCA-HRSOP-14-0 dated 04/01/2016.</p> <p>The SOP has flowchart for internal and external complaint.</p> <p>Internal complaint stated will be handle by assistant manager or manager and resolve within 7 days.</p> <p>External complaint once lodge by external stakeholder it will be resolve within 14 days by assistant manager or manager, if the case need decision from chief executive officer (CEO) another 30 days.</p> <p>Kapilit Oil Mill has established complaint form and summary of grievance records</p>	Yes
4.4.2.2	<p>Kapilit Oil Mill has established 'Borang Aduan dan Sungutan' for complainant and grievances.</p> <p>Review 2018 complaint records there are no complaints lodged sighted.</p> <p>In 2019 record has one complaint lodged on 02/01/2019 and resolved on</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Example: Complaint lodge on 02/01/2019, action taken on 09/01/2019 and was signed and acknowledge by complainant on 15/01/2019. The complaint is resolved in timely manner.	
4.4.2.3	Complaint forms and box available at guardhouse for stakeholders and workers to make complaint. Interviews with workers and stakeholders indicate they understand the complaint process.	Yes
4.4.2.4	Grievance procedure and flow chart displayed at notice board of guardhouse for workers and stakeholder to review and understand the complaint process. Briefing on grievance conducted on 30/01/2019. Interview with workers indicate they understand and aware of grievance procedure. During stakeholder consultation, stakeholders provide feedback on their understanding of complaint procedure and can made complaint anytime.	Yes
4.4.2.5	Historical grievance records available and maintain since 2016.	Yes
4.4.3.1	Kapilit Oil Mill has provide jobs opportunity for local communities. such as employment and operate canteen. During interview with workers indicate there are only local people work in the mill.	Yes
4.4.4.1	Kapilit Oil Mill adopted SSB Occupational Safety and Health policy, dated 01/01/2016. The policy is available in Bahasa Malaysia and English. The policy is displayed at mill notice board and operation site. Policy awareness training was conducted together with SOP training. Interviewed with workers indicates they understand the need of safe work conditions.	Yes
4.4.4.2	OSH Policy established dated 01/01/2016 and displayed at all working area notice boards. Interviewed with workers at boiler room that they understood and are aware of the safety and health policy. Kapilit Oil Mill established Hazard Identification Risk Assessment and Risk Control (HIRARC) Doc No SSB/OSH-HIRARC/KPOM/28-2 revision 2, dated 01/01/2016 for KPOM operations. HIRARC established includes activities, risk, and risk grading factors. Mitigation action has included control measures to prevent reoccurrence of accident. Example: <ol style="list-style-type: none"> 1) Oil room 2) CPO dispatch bay Kapilit Oil Mill established Annual Training Programme for 2018. Training conducted has included in the programme are : <ul style="list-style-type: none"> - SOP training 	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>- Chemical handling</p> <p>Kapilit Oil Mill has been documented relevant SDS relevant for chemicals used in mill operation. Sighted example of Safety Data Sheet for raw water treatment.</p> <p>Mill Management provide PPEs such as helmets, safety vest, safety boots, gloves and ear plugs to workers</p> <p>Kapilit Oil Mill established Chemical safety procedure Doc no. SSB-HSESP-015-01-0 dated 01/01/2010. Implementation on stated procedure has been verified at oil and chemical storage for process of handling, storage, labeling and use of PPE.</p> <p>Kapilit Oil Mill appointed Assistant Engineering as a responsible person for workers safety and health.</p> <p>Kapilit Oil Mill has conducted Occupational Safety and Health meetings on 27/06/2018 and 20/09/2018.</p> <p>The latest minute meeting conducted on 20/11/2018. Topics discussed in the meeting</p> <ul style="list-style-type: none"> - Work Place inspection - PPE usage <p>Sighted documented minute, attendance records and photos</p> <p>Mill Management established fire management plan dated 01/01/2011.</p> <p>Fire drill training on 20/12/2018.</p> <p>Mill management conducted training of First Aid, CPR & Automated External Defibrillator (AED) on 17/01/2019.</p> <p>Training conducted to person in charge of First Aid Kit. First aid kits are available at office, laboratory, and operational sites. Records of first aid kit usage available and well maintained.</p> <p>Example: Records of first aid kit distribution are updated and monitored by Medical Assistant.</p> <p>JKKP 8 for annual reporting to DOSH sighted in accordance to DOSH. JKPP 8 submission date was on 25/01/2019</p> <p>Training on SOP and on job training on 18/01/2018 Photos of training available in the training file.</p>	
4.4.5.1	<p>Kapilit Oil Mil has established policies:</p> <ul style="list-style-type: none"> • Social Policy signed by Chief Executive Officer (CEO) dated 01/07/2015. • Human Rights Policy signed by General Manager HR dated 14/03/2017 <p>The company policies are in two language English and Bahasa Malaysia.</p> <p>Mill has communicate company policies via display at notice board and training “Taklimat Pendedahan Kepada MSPO & Polisi syarikat” on 21/12/2018.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	During the interview with worker, indicate there is no violation of human right.	
4.4.5.2	<p>Kapilit Oil Mill established Equal Employment Policy dated 04/01/2016 describe management committed to ensure all staff and/or employee members are entitled to fair and equally treatment.</p> <p>KPOM has established Sexual Harassment & Gender Discrimination Policy dated 04/01/2016 describe provide equal opportunity and no-discrimination regardless race, colour, sex, religion, political opinion, nationality, disability and others.</p> <p>During the interview with workers they are aware the management does not support discrimination at work place.</p> <p>Procedure for “Recruitment and Selection” effective date 01/10/2011 describe the hiring process based on candidate qualification and working experience.</p> <p>Procedure “Interview for Promotion”, effective date 01/10/2011 describe promotion based on working experience, responsibilities, career goal and current achievement.</p>	Yes
4.4.5.3	<p>Workers contract and pay slip review show the pay and conditions has meet the legal requirement Minimum wage order 2016.</p> <p>Example employment contract dated 17/08/2017 states the rate before 2019 is RM35.38/day and starting from 01/01/2019 RM42.31/day. The working hours, annual leave, sick leave meet the legal requirement.</p>	Yes
4.4.5.4	<p>Kapilit Oil Mill monitors contractor’s workers wage from the pay slip.</p> <p>Example transport contractor worker’s pay slip on November 2018 above the minimum wages of Minimum Wage Order 2016 counter check with employment contract is stated as per Minimum Wage Order 2016.</p>	Yes
4.4.5.5	<p>Kapilit Oil Mil established “Monthly manpower return” record for all staff and workers.</p> <p>Monthly manpower return” for December 2018 include employee number, name, designation, grade, DOB, age, sex, race and date of employment.</p> <p>Example of worker S30226 as operation kernel plant, male, joined company on 24/08/2016, paid by daily rate RM35.38/day and period of employment is 2 years.</p>	Yes
4.4.5.6	<p>The workers was are provided with fair contract signed by both worker and management. The copy of contract kept by office and workers.</p> <p>During interview with workers, feedback indicate they understand the contract content, signed and received a copy.</p>	Yes
4.4.5.7	<p>Punch card system is implemented to monitor workers and staff reporting for work.. The mill management displayed the notice of “Masa Bekerja dan Rehat Bagi Kakitangan & pekerja” at notice board.</p> <p>Day shift working hours: 7:30am – 3:30 am</p> <p>Shift 2 working hours: 3:30pm – 11:30pm</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.8	<p>The break time is 12.30 pm to 1.30 pm for morning shift and 7.30 to 8.30pm for afternoon shift.</p> <p>The overtime payment sighted on overtime records and comply with the Sabah Labour Ordinance. Normal day 1.5 times and rest day 2.0 times of hourly rate stated in the employment contract. .</p>	Yes
4.4.5.9	<p>Kapilit Oil Mil established standardize pay slips for all workers. The pay slips include the general wages, overtime, deduction of EPF and SOCSO to the local workers.</p> <p>Example: Worker punch card and pay slip December 2018 states work for 25 days with 118 OT hours is counter check on overtime amount paid according to normal OT 1.5 times and rest day OT 2.0 times</p> <p>Non-conformity:</p> <p>Review on mill overtime records show overtime of workers are above maximum allowable overtime according to Sabah Labour Ordinance 1950 (Chapter 67). Example: Kernel plant operator having overtime for 118 hours for month of December 2018.</p>	Major NC 2
4.4.5.10	Workers are provided benefits such as annual leave, medical leave, SOCSO, EPF, medical allowance, housing, water, electricity and free transportation for children going to school.	Yes
4.4.5.11	The housing provided to workers and staff follow industry best practice such as recreation areas, worship place, shop and canteen.	Yes
4.4.5.12	<p>Kapilit Oil Mil has established Sexual Harassment & Gender Discrimination Policy dated 04/012016. The policy states SSB committed to prevent and eradicate sexual harassment and gender discrimination. Policy training conducted on 07/12/2018.</p> <p>Kapilit Oil Mill has established Prevention on Workplace Violence Policy dated 04/01/2016 states SSB firmly committed to prevent violence and promote a violence free workplace.</p> <p>Company policies has displayed on the notice board.</p> <p>Gender committee is established and sighted committee meeting minutes dated 26/07/2018 has brief on the policy and discuss on gender matter there is no sexual harassment or violence case occurred.</p> <p>During interview with workers and gender committee indicate there is no sexual harassment and violence at workplace.</p>	Yes
4.4.5.13	<p>Kapilit Oil Mil established Freedom of Association Statement signed by Chief Executive Officer (CEO) dated 01/01/2010 states SSB recognize and respects employee's rights and freedom to join or to refrain from joining organization of their own choosing, to associate freely and bargain collectively.</p> <p>There is no union form however workers are able to raise and discuss any issue in JCC meeting. JCC meeting conducted on 12/12/2018 represented management and workers. The meeting discussed topics on welfare, social and environmental.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Interviews with workers indicate that they are aware of their rights to form union.	
4.4.5.14	<p>Kapilit Oil Mill has established Child Protection Policy signed by Chief Executive Officer (CEO) dated 01/07/2015. The Child Protection policy describe SSB compliance with the law and regulation and ensure all children are equally protected.</p> <p>Kapilit Oil Mill has established Minimum Age Policy signed by Chief Executive officer (CEO) ON 04/01/2016. The Minimum Age Policy describe “SSB is firmly committed to support the employment age as stated in Sabah Labor Ordinance.”</p> <p>The employment records were sighted, no workers below age of 18 were employed. Tthe youngest employee joined the mill is age 18.</p> <p>During the site observation and interview with workers there are no underage workers found employed by the mill.</p>	Yes
4.4.6.1	<p>Training programme for 2019 established.</p> <p>List of training programme:</p> <ul style="list-style-type: none"> - Induction training (Feb 2019) - Safety handling of chemicals training (march 2019) 	Yes
4.4.6.2	<p>Kapilit Oil Mill established training programme for year 2019 based on job training description and work condition.</p> <p>Example of training conducted:</p> <ol style="list-style-type: none"> 1. Induction conducted on 21/12/2018 2. Laboratory SOP Training conducted on 20/12/2018 	Yes
4.4.6.3	<p>Kapilit Oil Mill has established and documented training programme and records for the year 2019.</p> <p>Example training conducted:</p> <ol style="list-style-type: none"> 1. SDS 2. Safety handling of chemical 3. First aid training. 4. MSPO Briefing. 	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>Kapilit Oil Mill adopted SSB Environmental Policy Statement dated 01/04/2015 and sign by Chief Executive Officer.</p> <p>Stated in the policy:</p> <ul style="list-style-type: none"> • Complying with all applicable legal, statutory and regulatory requirements. 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> Minimizing waste and improving the efficiency of resources utilized. <p>Environmental management plan established for year 2019. Training on the environmental policy on 21/12/2018. Tool box talk briefing conducted for shift workers. During interview with workers, they are aware and understand the environmental policy.</p>	
4.5.1.2	<p>EMP includes environmental policy and objective for each activity.</p> <p>Example objective stated to comply with water discharge EQA (Prescribed Premises) (CPO) Reg. 1977 for the POME activity.</p> <p>Aspect and impact stated in EMP for all operations</p> <p>Example: Activity: waste water discharge Environmental aspect: indiscriminate dumping of waste water or raw or partially treated effluent from mill. Environmental impact: watercourse pollution, may affect existing biodiversity and community.</p>	Yes
4.5.1.3	<p>EMP include mitigation of negative impacts.</p> <p>Example of mitigation</p> <p>Activities: FFB waste disposal Impact: improper storage, polluting watercourse through effluent or storm water drain. Mitigation: proper collection of waste and process line, storage area away from drains, Dried long Fiber Plant for EFB Monitoring: good housekeeping The implementation was sighted during on site visit with good cleanliness housekeeping by daily monitoring of FFB waste disposal area.</p>	Yes
4.5.1.4	<p>Continual Improvement Plan 2019 established for the improvement at mill. The CIP includes activities and monitoring process.</p> <p>Example: Scrap iron-monitor the amount of scrap iron and availability for collection by third party collector.</p>	Yes
4.5.1.5	<p>Mill has established training program for 2019. Program include company policy, scheduled wastes management, safety handling of chemical that related to environmental issue.</p> <p>Training on environmental conducted:</p> <ul style="list-style-type: none"> Environmental policy on 21/12/2018. Scheduled wastes on 28/09/2018. Safety handling of chemical on 23/02/2018. <p>Awareness of training was confirmed during interview with workers..</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.6	<p>Joint Consultation Committee (JCC) meeting conducted on 29/06/2018. Topics discuss captured in the meeting minutes.</p> <ol style="list-style-type: none"> 1. Discussion of last minutes meeting. 2. Environmental awareness briefing by management. 3. Environmental issue raised by attendances. 	Yes
4.5.2.1	<p>Kapilit Oil Mill monitors diesel consumption records (L/mt FFB) for year 2015 to 2017 to establish baseline used and control of diesel usage for year 2018. Sighted May 2018 high usage of diesel due to Biogas engine under repair. Summary as at end of year diesel consumption is not above the baseline established.</p>	Yes
4.5.2.2	<p>Diesel consumption for year 2019 has been established. Its include FFB projection and estimated diesel consumption per mt of FFB.</p>	Yes
4.5.2.3	<p>Kapilit mill has installed biogas plant in 2013 to generate renewable electricity using POME. The electricity is supply for mill operation and housing.</p>	Yes
4.5.3.1	<p>Waste management action plan 2018/2019 has been established with type of waste identified and documented:</p> <ul style="list-style-type: none"> • Scheduled wastes-lubricant oil, chemical containers. • Domestic wastes-organic waste generated from housing area. • Recycle wastes-recycle waste such as plastic bottle, glasses and used paper. 	Yes
4.5.3.2	<p>Waste pollution plan 2018/2019 established Include source of the pollution identified</p> <p>Example:</p> <p>Source: waste water</p> <p>Aspect: water pollution</p> <p>Impacts: pollutions of waterways.</p> <p>Implementation pollution control device (PCD) example oil trap checking at mill in good condition. Last maintenance for cleaning oil trap dated 01/01/2019.</p> <p>Mill implement the re-cycle program.</p> <p>Example empty fruit bunches processed to dried long fibre or send for mulching.</p>	Yes
4.5.3.3	<p>Kapilit Oil Mill adopted the group SSB SOP Chemical safety, doc no: SSB-HSESP-015-01-0, issue no 1, dated 01/01/2010. SOP states:</p> <ul style="list-style-type: none"> • Responsibility • Control of corrosive material • Handling corrosive material • Corrosive material storage 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<ul style="list-style-type: none"> • Disposal of corrosive materials. • Spills • Human contamination. <p>Sighted scheduled waste storage in good condition and collected by contractor. Example SW305 dated 21/11/2018.</p>	
4.5.3.4	<p>Kapilit Oil Mill has own landfill for domestic waste located 100 m from the nearest waterway.</p> <p>Sighted schedule at notice boards worker quarter for domestic wastes collection 3 times per week. Signage are installed at the landfill states no scheduled wastes disposed at landfill.</p>	Yes
4.5.4.1	<p>Pollution management plan has been established for year 2018/2019 dated 20/2/2018. The plan has included assessment for all types of pollution :</p> <ol style="list-style-type: none"> 1) Air pollution – boiler smoke stack 2) Water pollution - POME 3) Land pollution – EFB 	Yes
4.5.4.2	<p>Kapilit Oil Mill Pollution management plan include mitigation to reduce or control pollution</p> <p>Example :</p> <ol style="list-style-type: none"> 1) Stack monitoring system. 2) Building of oil trap. 	Yes
4.5.4.3	<p>POME is treated using ponding system and biogas plant.</p> <p>Sighted Latest final discharge report dated 19/12/2018 where BOD and ph value within permissible level.</p>	Yes
4.5.5.1	<p>KApilit Oil Mill established water management plan Doc No MSPO-SSB/OP-03 version no 1 dated 20/02/2018.</p> <p>The plan include water sources</p> <ol style="list-style-type: none"> 1) Pond. 2) Rain water harvesting <p>Mill establish monitoring of water usage by mill and housing and plan to reduce or manage water usage</p> <p>Example:</p> <p>Rain water harvesting at staff housing as secondary water source for domestic use.</p>	Yes
4.5.5.2	<p>Kapilit Oil Mill established Biogas plant as part of plan to reduce pollution caused by POME.</p> <p>The captured biogas used to generate electrical power for mill and estate.</p> <p>Final discharge quality tests is reviewed.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>Kapilit Oil Mill established list of SOPs for operations.</p> <p>Example:</p> <ul style="list-style-type: none"> - KPOM-PKS-001 Peraturan AM & Keselamatan AM di kilang dated 01/03/2010 - KPOM-PKS-005 Prosedur operasi mesin steriliser dated 01/03/2010 <p>Example of training conducted:</p> <ol style="list-style-type: none"> 1. Program Latihan & Taklimat SOP for Station Loading ramp on 18/12/2018 2. HIRARC for Sterilizer station on 18/12/2018 <p>Interviews with workers at operation area indicate that they understand and aware of their job as per SOP stated.</p>	Yes
4.6.1.2	<p>Kapilit Oil Mill established SOPs for operations that include best practices.</p> <p>Examples:</p> <ol style="list-style-type: none"> 1. KPOM-PKS-007 Prosedur operasi mesin thresher dated 01/03/2010 2. KPOM-PKS-005 Prosedur operasi mesin steriliser dated 01/03/2010. <p>Each SOP established based on working conditions and work processes.</p>	Yes
4.6.2.1	<p>Kapilit Oil Mill business plan has been incorporated in Sabah Softwoods Berhad h business management, for the period of 2016 to 2021.</p> <p>Business management plan includes target that are achievable by the mill.</p> <p>Kapilit Oil Mill established budget for year 2019.</p> <ul style="list-style-type: none"> - Sales of palm products. - Projection of FFB received, and CPO and PK produced. - Operation expenses 	Yes
4.6.3.1	<p>Kapilit Oil Mill engage contractor for COP transport.</p> <p>Contract is established with the agreed rate per ton of CPO transported, payment terms and signed by both parties.</p> <p>Example contract dated 31/10/2018 is reviewed.</p>	Yes
4.6.3.2	<p>The term and conditions in the contract is agreed and duly sign by both parties thus indicates the contract as fair and transparent</p>	Yes
4.6.4.1	<p>Kapilit Oil Mill has conducted briefing to contractors on the MSPO requirements on 15/01/2019.</p> <p>Minutes of meeting state:</p> <ul style="list-style-type: none"> • Safety and health • MSPO requirement <p>The attendance list and minutes of meeting reviewed.</p>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.4.2	Sighted contract agreement on the transportation of CPO and PK. Period of contract agreement 01/01/2019 to 31/12/2019. The agreement signed by both parties.	Yes
4.6.4.3	Kapilit Oil Mill has a certification agreement with the accredited certification body and allowed to inspect and audit or inspect any contractors' premises.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have been implemented to address the identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
X	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

Non Conformity Number < 01 >			
Indicator: 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.			
Location	Kapilit Oil Mill		
Description of Finding / Objective Evidence:			
<p>1. The following were not complying to Environmental Quality Act 1974 (Scheduled Wastes) Regulations, 2005:</p> <ul style="list-style-type: none"> Scheduled waste disposed at the landfill, e.g. oil drum, chemical container and florescent tube. Contaminated rags mixed with general waste at the workshop. Chemical waste, empty containers, filters and batteries not disposed within 180 days. Empty containers, batteries, oil filters and capacitors not labelled as per EQA requirements. <p>2. A mechanism of ensuring legal compliance is not in place. There is a delay in ensuring legal permit in place including diesel tank. Other legal document received by SSB contain error including hectares and land title. A mechanism ensuring compliance of such legal document and legal compliance shall be in place to ensure all documents and legal requirements are meet.</p>			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation

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Non Conformity Number < 01 >	
Raised by Auditor: Ang Wai Sheng(Terence), Leong Sak Kuan.	Date Raised: 01/03/2018
Deadline for implementation:	02/05/2018
Root Cause Analysis (by company):	
Lack of awareness on Scheduled Waste housekeeping.	
Correction (by company):	
1. a) To prepare letter/documentation from KPOM to GMOP for requesting new landfill site or additional earthwork on existing landfill. b) To prepare separate waste bin for used cotton rags and informed KPOM staff. c) To notify Env. Conservation Dept on current SW contractor. d) Proper labelling on SW including Empty Containers, Batteries, Oil Filters and Capacitors as per EQA 2. a. Procedure for legal register has been established. (refer to reference no: SSB-MSPO-18-01) have assigned person/s of respective estates and mill to monitor the legal requirement. (refer appendix 1 and appendix 2) b. Have established checklist/register on required compliance. (refer appendix 3)	
Corrective / Preventive Action (by company)	
1) To conduct awareness briefing on EQA SW for KPOM key personnel. 2) Assign person to update on timely manner the status of compliance	
Review of Correction & Corrective / Preventive Action	
<p>The mill has submitted the memo from the Mill manager regarding requisition for additional earthwork on existing landfill and picture of current landfill area has been closed. The training was conducted for management of schedule waste by mill manager and attendance list was reviewed. The picture for signage of the name schedule waste was verified.</p> <p>The mill has established a new SOP for legal register dated 22/03/2018. The SOP was reviewed. A table and form to control the amended legal register was been included for easy reference on the date of the expired legal register.</p> <p>The mill has submitted the new identification and update the legal with a flow chart. From the review of the submitted documents and updated SOP, this NC could be considered closed.</p> <p>The effectiveness of the implementation will be further reviewed during the next surveillance audit</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Leong Sak Kuan Ang Wai Sheng (Terence)	Date of Closure: 17/04/2018
Review of Implementation for Major NC (where applicable)	

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Non Conformity Number < 01 >	
<p>1. Observation on scheduled waste collecting stores indicates all schedule waste are properly stored and label accordingly. Visit to Mill landfill sighted no scheduled wastes present. Latest scheduled waste collected on 21/11/2018 by scheduled waste collector. Mill has complied with the timeline of 6-month interval for delivering the scheduled waste to third party license collector. Scheduled waste training as part of awareness programme conducted on 25/09/2018.</p> <p>2. Procedure of legal register established dated 01/01/2019 include assigned person (admin officer) for follow up on any changes in laws and regulation. Review on legal register that it was up to date and includes applicable list for mill.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 01/02/2019

4.5. Detail of Audit Findings Identified During This Audit

This section gives an overview of the non-conformities raised during this audit.

AUDIT OUTCOME	
MAJOR Non-Conformities	2
MINOR Non-Conformities	1
OBSERVATION	0

Non Conformity Number < 01 >			
Indicator: 4.2.2.3: List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders shall be properly maintained.			
(MAJOR)			
Location	Kapilit Palm Oil Mill		
Description of Finding / Objective Evidence:			
Review on stakeholder meeting conducted on 15/01/2019 at Kapilit Palm Oil Mill indicates:			
<ul style="list-style-type: none"> a. Meeting does not include other group of stakeholders, example: government agencies. b. No external stakeholders' feedback recorded. 			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
Raised by Lead Auditor: Mohamad Norhisham Bin Mohd Salleh	Date Raised: 29/01/2019		
Deadline for implementation:01/04/2019			
Root Cause Analysis (by company):			
<ul style="list-style-type: none"> 1. Minimal understanding the purpose and whom to invite for consultation 2. No government agencies invited to attend stakeholder meeting 3. No feedback form distributed to stakeholder 			
Correction (by company):			

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Non Conformity Number < 01 >

1. Conduct stakeholder meeting on 14/03/2019
2. Invite all stakeholders as per listed including government agencies
3. Brief the stakeholders the purpose of consultation, distribute and record their inputs into the feedback form.

Corrective / Preventive Action (by company)

- 1) Assign a person to conduct consultation.
- 2) Schedule for stakeholder's consultation.
- 3) Available of feedback form.
- 4) Address issues that may arise from feedback form.

Review of Correction & Corrective / Preventive Action

Memo Invitation Letter dated 12/03/2019 for External Stakeholder Meeting held on 22/03/2019.

List of invitation has included government agencies, contractors, buyers and suppliers. Minutes of stakeholders meeting dated 22/03/2019.

Review on stakeholders meeting minutes dated 22/03/2019 indicates question and answer session included as part of meeting agenda. Documents provided are sufficient to close the major non-conformity raised. Further verification will be conducted in next surveillance audit.

Closed: Yes No

Site verification : Yes No

Name of Lead Auditor:

Mohamad Norhisham Bin Mohd Salleh

Date of Closure:

28/03/2019

Review of Implementation for Major NC (where applicable)

Closed: Yes No

Site verification : Yes No

Name of Lead Auditor / Auditor:

Date of Closure:

Non Conformity Number < 02 >

Indicator: 4.4.5.9: Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements.

(MAJOR)

Location

Kapilit Palm Oil Mill

Description of Finding / Objective Evidence:

Review on mill overtime record shows overtime of workers are above maximum allowable overtime according to Sabah Labour Ordinance 1950 (Chapter 67). Example: Kernel plant operator having overtime for 118 hours for December 2018.

Classification Major

Minor

Observation

Raised by Auditor:

Date Raised: 29/01/2019

Deadline for implementation:

01/04/2019

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Non Conformity Number < 02 >	
Root Cause Analysis (by company):	
1. Overtime more than 104 hours (Maximum allowable overtime according to Sabah Labour Ordinance 1950 (Chapter 67).	
Correction (by company):	
1. Apply permission to work in excess of the limit of hours prescribed. 2. To control and monitor worker's overtime.	
Corrective / Preventive Action (by company)	
1. List down of the staff that may go above maximum allowable overtime. 2. Mill will inform HR office to get permission from Director of Labour permission to work in excess of the limit of hours prescribed.	
Review of Correction & Corrective / Preventive Action	
Permohonan kebenaran Kerja Lebih Masa dated 27/02/2019, is reviewed, The list include total number of workers involved in additional works. Sighted letter, Pengesahan Bekerja Lebih Masa dated 21/03/2019, acknowledgement letter by workers for working extra time. Based on evidence provided, the major non-conformity is closed. The implementation will be review in next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Sheron Pui Ling Wui	Date of Closure: 28/03/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < 03 >	
Indicator: 4.4.1.1 Social impacts should be identified, and plans should be implemented to mitigate the negative impacts and promote the positive ones. (MINOR).	
Location	Kapilit Palm Oil Mill
Description of Finding / Objective Evidence:	
SIA conducted on 2018 for estates include gathering respond form stakeholders. However, there are no evidence of internal stakeholders' involvement in assessment conducted.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Sheron Pui Ling Wui	Date Raised: 29/01/2019
Deadline for implementation:	Action plan to be submitted before 01/03/2019. NC will be review in next surveillance audit.
Root Cause Analysis (by company):	

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Non Conformity Number < 03 >	
1. Minimal understanding of SIA that resulted not inviting internal stakeholders involved in SIA assessment	
Correction (by company):	
1. Conduct SIA for internal stakeholders. Tentative date is in July, 2019. 2. Distribute feedback form and record their inputs	
Corrective / Preventive Action (by company)	
1. Assign a person to conduct SIA for all stakeholder including internal stakeholder 2. List down all stakeholders. 3. Schedule for SIA meeting. 4. Develop feedback form.	
Review of Correction & Corrective / Preventive Action	
Action plan dated on 28/02/2019 indicate Kapilit Palm Oil Mill will conduct SIA on July 2019 with involvement of internal stakeholders. The action plan is accepted. Further verification will review in next surveillance audit.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Auditor: Sheron Pui Ling Wui	Date of Review Action Plan: 28/02/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Closure:

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5. CONCLUSION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit for its Kapilit Oil Mill according to MSPO 2530-4:2013 Part 4 General principles for palm oil mills.

The two Major NC raised in this was closed out successfully. Furthermore, all minor non-conformances action plan are reviewed and accepted.. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews conducted during this surveillance audit have provided TUV NORD Malaysia with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-4:2013. Part 4.

As a result of this audit, the audit team confirms that:

Certified CPO January to December 2018:	69,372.18	mt
Certified PK January to December 2018:	14,276.44	mt
Projected volume CPO January to December 2019:	76,661.00	mt
Projected volume PK January to December 2019:	14,939.00	mt

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6. RECOMMENDATION

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

The structure of the audit is in accordance with the audit plan included in to this summary report.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for products and/or services within the scope and the organisation's policy and objectives.

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

	Recommended for Certification
X	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 27/05/2019

Mohamad Norhisham Bin Mohd Salleh
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 27/05/2019

Nur Amanina Zahir
TUV NORD (Malaysia) Sdn Bhd
Certifier / Technical Reviewer

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7. REFERENCES

Table 7-1: List of Interviewed Persons and Stakeholders

No.	Name	Organisation
1.	Kopral Roi Bin Rais	Balai Polis Kalabakan
2.	Kopral Faizal bin Abdullah	Balai Polis Kalabakan
3.	M.Zufakri abin Muse	Azman Jaya Enterprise
4.	Abdul Hamid Bin Acho	VT Engineering
5.	Junaidi Suri	MPOB Tawau
6.	Amad Maulana Lacho	MPOB Tawau
7.	Hidayat Badri	MPOB Tawau
8.	A Rauf Mohd	MPOB Tawau
9.	Ariffin Mohd Noor	Pengurus Kumpulan Yaysan Sabah.
10.	Toni Bin Alias	Penyelia Asrama
11.	Kabir Auluck	Sri Mekar Agri Supplier
12.	Malik Singh Auluck	Mekar Maju Trading
13.	Nasir Seelba	IZ Enterprise
14.	Amsa	ABK Enterprise

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Distribution / Confidentiality / Rights of ownership / Limitations / Responsibilities / Audit Objectives

This report is sent to the certification body or bodies, the members of the audit team and the audit representative of the organisation. All documents (such as this report) regarding the certification procedure are treated confidentially by the audit team and the certification body. This audit report remains the property of the certification body.

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation.

Salvo clause:

The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation.

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body.

Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures

Annex /
corresponding audit documentation

- P&C Audit Report / Checklist(s)
- Audit Plan
- Additional annexes, number