



MSPO CERTIFICATION SUMMARY REPORT

SABAH SOFTWOODS BERHAD

ANNUAL SUREVEILLANCE 12

Date: 30/05/2019

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MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance 12



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Abbreviations

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
GAP	Good Agricultural Practice
GPS	Global Positioning System
ISCC	International Sustainability & Carbon Certification
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

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1. INTRODUCTION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct a surveillance audit for its oil palm estates according to MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

1.1. Objective

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

1.2. Scope

The audit is based on the documentation developed by the group office and estates.

The supporting documents are 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 MSPO 2530-3:2013 Part 3 General principles for Plantation and Organised Smallholders.

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 out of the guidelines applied was checked.

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Plantation and Organised Smallholders audit guidance;
2. Issuance of MSPO Logo Usage License by MPOCC under Malaysian Sustainable Palm Oil (MSPO) certification Scheme.

1.3. Appointment and qualification of team members

The audit team consist of one team leader and three team members. The onsite team members contribute to the review of documents, the assessment of the project activity and to the 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.

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture;	Zul Hairi Bin Abu Hassan	Graduate in Diploma in Plantation Industry Management.	Yes
	Sheron Pui Ling Wui	Graduate in Medical Science (Life Science).	Yes

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Requirement	Assessor	Qualification	Compliance
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	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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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.
 - Operating licenses and approvals
 - Operating records
 - Training records
 - Applicable Legislation Documents
- Interviews of relevant operation personnel
- Assessment reporting

Annual Surveillance 12:

Annual surveillance 12 was conducted on 28/01/2019 to 01/02/2019 covers the following activities but not limited to below:

- Onsite visit, observations and inspections of estate facilities and field activities;
- Interview operation personnel and field workers for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;

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- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

For list of all reviewed documents refer to chapter 7, Table 7-1.

On-site Assessment

The audit of the estates was conducted according to the MS 2530-3:2013 Part 3 for Plantation and Organised Smallholders.

The methodology for collection of objective evidence included 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 were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

For the surveillance audit, the selected estates was based on the formula $S = 0.8\sqrt{n}$ where S = sample size and n = number of estates which is in accordance to MSPO certification procedure.

Based on the formula, the sample size for the estate $S = 0.8\sqrt{9} = 2.4$ therefore round up to the next integral of 3 estates. Thus, a total of 3 estates were selected for the onsite assessment and inspection as listed in Table 2-1 below:

Table 2-1: List of Estates Selected

Name of Estate	Coordinates
Kapilit Estate	N04° 31' 37.4" / E117° 30' 33.6"
Banita Estate	N04° 30' 43.1" / E117° 43' 14.5"
Sg. Indit Estate	N04° 39' 38.3" / E117° 41' 52.2"

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 or 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 acceptance. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

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3. ORGANISATION INFORMATION

Sabah Softwoods Berhad (SSB) was incorporated in 1973 and commenced operations the subsequent year. SSB was originally held by Yayasan Sabah (now Innoprise Corporation Sdn Bhd - ICSB) and North Borneo Timbers Bhd (NBT) in the proportion of 60% and 40% respectively.

SSB first Oil Palm Plantation estate was developed in 1981 to 1988 planting with an area of about 500 hectares. In 1995, 15,000 hectares was initiated with various year of planting until year 2001. To date, Sabah Softwoods Berhad Oil Palm Plantation has planted over 34,011.20 hectares from its land bank of 60,618 hectares.

The details of the ninth estates as below:

Name of Estate	Location	Coordinates
Bukit Tukok Estate	KM 83 Kalabakan Road, Kalabakan, Sabah	N04° 27' 37.9" / E117° 29' 40.3"
Kumansi Estate	KM 96 Kalabakan Road, Kalabakan, Sabah	N04° 28' 42.4" / E117° 26' 58.6"
Kapilit Estate	KM 74 Kalabakan Road, Kalabakan, Sabah	N04° 31' 37.4" / E117° 30' 33.6"
Mawang Estate	KM 90 Kalabakan Road, Kalabakan, Sabah	N04° 33' 23.2" / E117° 28' 58.9"
Bukit Batu Estate	KM 82 Kalabakan Road, Kalabakan, Sabah	N04° 31' 55.8" / E117° 29' 31.5"
Dumpas Estate	KM 45 Dumpas Estate, Kalum, Sabah	N04° 30' 43.1" / E117° 43' 14.5"
Cenderamata Estate	KM 43 Cenderamata Estate, Kalum, Sabah	N04° 30' 41.1" / E117° 43' 14.5"
Banita Estate	KM 45 Banita Estate, Kalum, Sabah	N04° 30' 43.1" / E117° 43' 14.5"
Sg. Indit Estate	KM 85 Sg. Indit Estate, Kalum, Sabah	N04° 39' 38.3" / E117° 41' 52.2"

3.1. Production volume

Name of Estate	Area (Ha)		Projected FFB Production (mt) (January 2019 to December 2019)
	Total*	Production**	
Bukit Tukok Estate	3,948.52	3,056.07	23,582.18
Kumansi Estate	3,957.58	3,184.78	22,028.18
Kapilit Estate	3,499.16	2,471.60	20,410.87
Mawang Estate	3,964.47	3,258.61	22,686.97
Bukit Batu Estate	3,903.03	3,005.62	23,488.36
Dumpas Estate	4,460.41	2,986.00	24,455.00
Cenderamata Estate	4,226.65	3,195.28	20,904.46
Banita Estate	3,185.60	2,068.51	378.59
Sg. Indit Estate	6,033.24	3,267.68	10,946.00
Total FFB	37,178.66	26,494.15	168,880.61

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**includes productive and non-productive area (infrastructures, conservation, HCV, housing & office compound use, set aside area etc.)*

***Immature + Mature Area*

3.2. Planting Program for Each Estate

Year / estate	Bukit Batu	Bukit Tukok	Kapilit	Kumansi	Mawang	Dumpas	Cenderamata	Sg. Indit	Banita
1995	-	-	-	-	-	-	-	-	-
1996	-	-	-	-	-	1,333.53	192.59	-	-
1997	-	319.20	-	-	-	255.22	940.38	-	-
1998	-	458.51	-	-	1,605.12	214.39	-	-	-
1999	-	208.24	-	-	-	-	-	-	-
2000	1,137.26	-	-	-	925.64	205.05	721.92	-	-
2001	685.58	-	40.09	-	594.74	90.79	727.33	-	-
2004	-	288.73	-	-	-	-	-	-	-
2005	139.62	1,358.26	-	1,077.67	-	168.39	227.97	-	-
2006	807.15	400.52	1,260.40	1,185.96	133.11	330.00	129.07	-	-
2007	236.01	22.61	1,126.33	921.15	-	-	108.21	-	-
2008	-	-	-	-	-	-	-	402.60	-
2009	-	-	44.78	-	-	-	-	273.18	-
2010	-	-	-	-	-	28.97	-	237.71	-
2011	-	-	-	-	-	163.63	-	135.46	-
2012	-	-	-	-	-	-	-	482.09	-
2013	-	-	-	-	-	-	-	438.13	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	1,006.85	-
Total Mature	3,005.62	3,056.07	2,471.60	3,184.78	3,258.61	2,789.97	3,047.48	2,976.02	-
2016	-	-	-	-	-	30.97	-	262.62	526.42
2017	-	-	-	-	-	-	-	29.04	823.53
2018	-	-	-	-	-	164.64	147.80	-	718.57
2019	-	-	-	-	-	-	-	-	-
Total Immature	-	-	-	-	-	195.61	147.80	291.66	2,068.51
Total Oil Palm	3,005.62	3,056.07	2,471.60	3,184.78	3,258.61	3,308.19	3,333.38	3,267.68	2,068.51

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3.3. Replanting program for each estate

Year of replanting	Planted area (ha) in each estate									Total area to be replanted (ha)
	Bukit Batu	Bukit Tukok	Kapilit	Kumansi	Mawang	Dumpas	Cenderamata	Sg. Indit	Banita	
2018	-	-	-	-	-	415	271	-	-	687
2019	-	256	-	-	486	385	467	-	-	1,594
2020	-	382	-	-	458	362	223	-	-	1,425
2021	-	302	-	-	459	439	390	-	-	1,590
2022	-	228	-	-	460	552	422	-	-	1,661
2023	449	-	-	-	485	584	326	-	-	1,844
TOTAL	449	1,168	0	0	2,348	2,737	2,099 3			8,801

3.4. Maps of Plantations

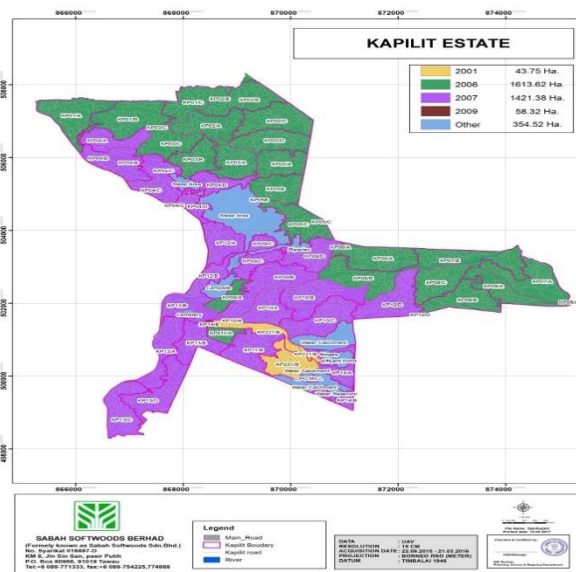


Figure 1: Kapilit Estate

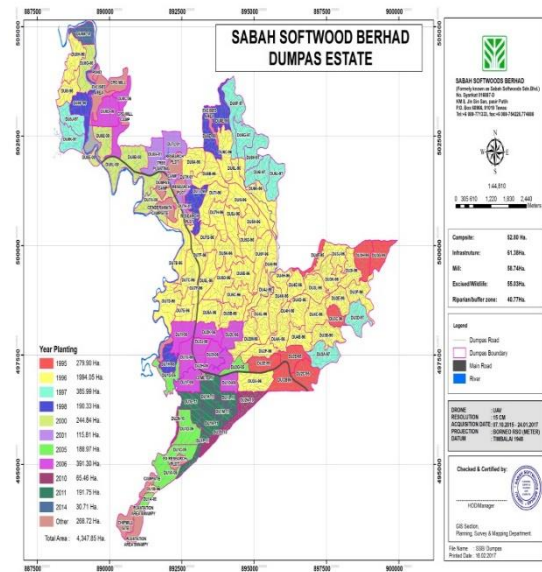


Figure 2: Dumpas Estate

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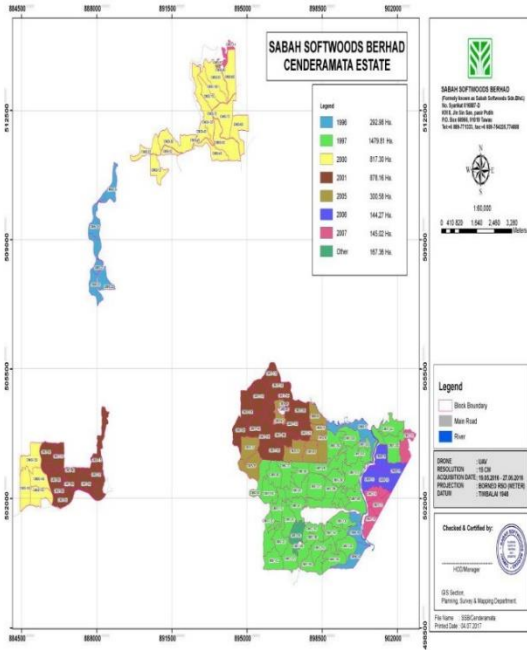


Figure 3: Cenderamata Estate

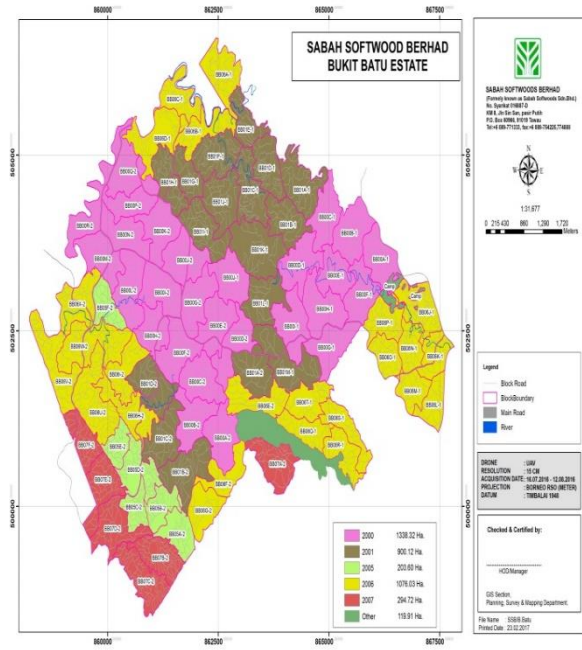


Figure 4: Bukit Batu Estate.

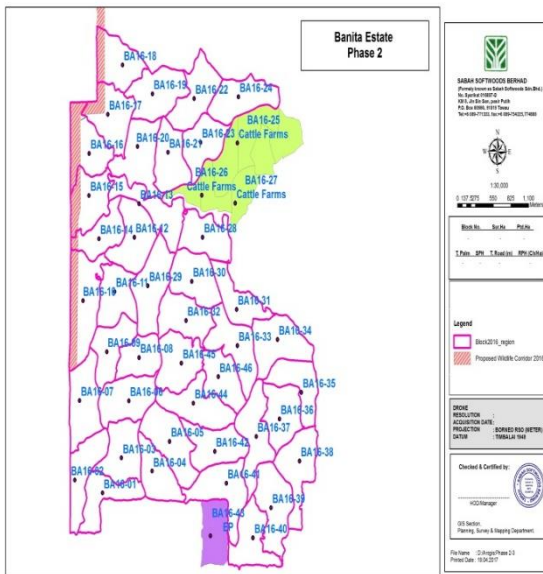


Figure 5: Banita Estate

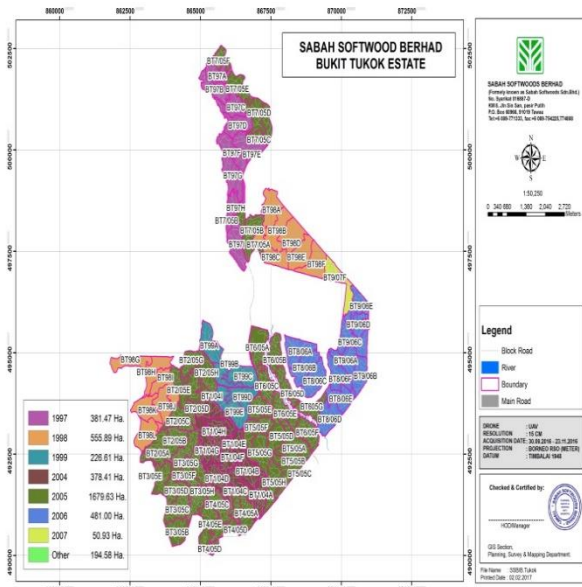


Figure 6: bukit Tukok Estate

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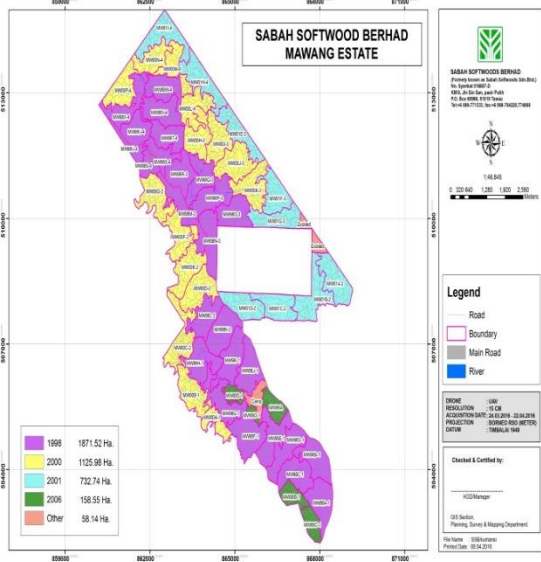


Figure 7: Mawang Estate

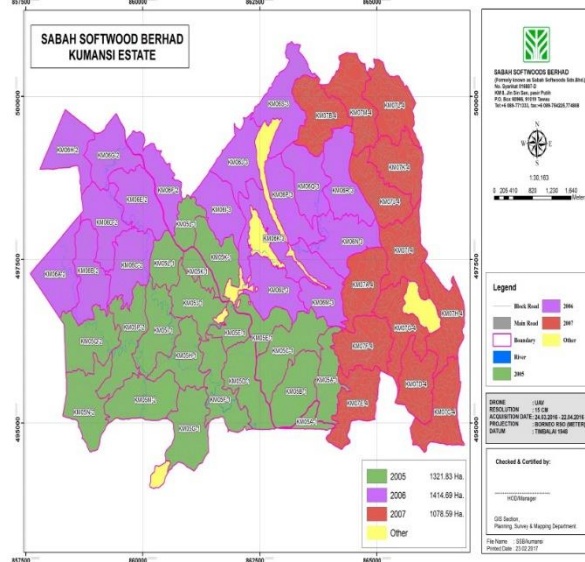


Figure 8: Kumansi Estate.

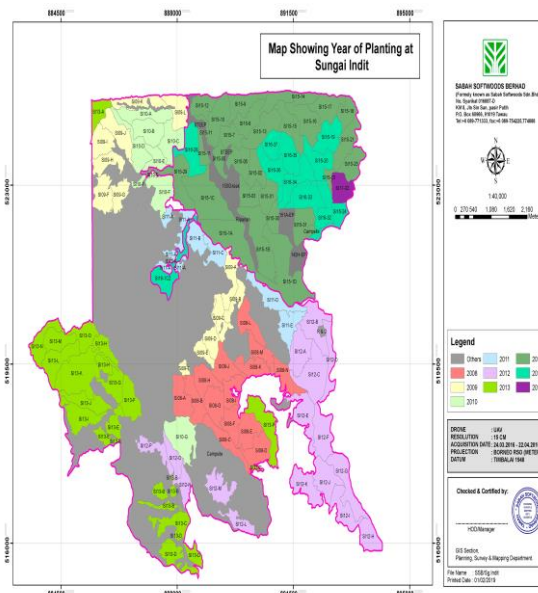


Figure 9: Sg. Indit Estate

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4. CERTIFICATION ASSESSMENT

4.1. Annual surveillance audit 12

The objective of the audit is to assess Sabah Softwoods Berhad palm oil estates activities to ensure they are in compliance with MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

4.1.1. Surveillance audit:

The surveillance audit was conducted on 28/01/2019 to 01/02/2019 covering three selected estates – Kapilit Estate, Mawang Estate and Sg. Indit Estate.

During the previous audit, there is (2 major and 1 minor raised. The non-conformances raised during the previous audit are closed out by means document review and verifying the documents are established, corrected and implemented appropriately.

For details of the assessment, refer summary of assessment for each indicator in section 4.4 of this report.

The number of audit findings raised in this audit refer to section 4.5 of this 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 28/01/2019 there were no comments received.

Invitation letters are sent on 07/01/2019 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 provided
4. Wildlife management and wildlife corridor
5. Type of wildlife sighted at the 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 SSB 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 Sabah Softwoods Behad.

There are 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 Sabah Softwoods MSPO surveillance audit.	Positive comments towards Sabah Softwoods Estates management.
2	Social issues	There is no social issue raised by stakeholders during meeting nor other ways of communication.	Positive comments towards Sabah Softwoods Estates management.
3	Economy / livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholders attended the meeting acknowledged Sabah Softwoods provides job opportunities to local community.	Positive comments towards Sabah Softwoods Estates management.
4	Does MSPO will largely benefits the local community?	Local communities aware and acknowledge that there are improvement in income since they are working in the estates.	Positive comments towards Sabah Softwoods Estates management.
5	Environmental understanding	Sabah Softwoods Estate use stakeholders meeting as ways to disseminate information.. Stakeholders attended the meeting aware and have a better understanding on environmental issues.	Positive comments towards Sabah Softwoods Estates management.
6	Are there any estates management practices that affect you?	Stakeholders present at meeting confirmed they are negative impacts from the estates operation.	Positive comments towards Sabah Softwoods Estates management.

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Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
7	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 estates operations.	Positive comments towards Sabah Softwoods Estates management.
8	Do you have any suggestions for management?	Stakeholders are satisfied with the management. No suggestion made by any of attended stakeholders.	Positive comments towards Sabah Softwoods Estates management.

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 all criterions will be assessed. Evidences were sought for conformity with the MSPO 2530-2. The summary of the assessment can be seen below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences when non conformity found. Summary of the non-conformity can be found below

Principle 1: Management Commitment & responsibility

Indicator	Summary of Assessment	Compliance
4.1.1.1	SSB has established MSPO Policy dated 01/04/2015 sign by Chef Executive Officer. The policy has describe: <ol style="list-style-type: none"> Operations to be compliance with legal requirements. Integrated sustainability considerations into all our business decision. Clearly define and communicate management responsibility 	Yes
4.1.1.2	SSB has established MSPO policy dated 01/04/2015. The policy describes: <ol style="list-style-type: none"> Committed to ensure continuous improvement with the objective of improving estates and milling operations for sustainability development. The policy is available and displayed at estates notice boards, housing sites. Interview with workers indicates they understand and aware of the policy.	Yes
4.1.2.1	SSB has established an Internal audit procedure for MSPO compliance, document number MSPO -SSB/OP-10, version 01, effective dated May 2015. The procedure described on process of audit and frequency of audit is annually	Yes
4.1.2.2	SSB has established internal audit programme for year 2019. Internal audit is conduct annually. Internal audit is based on MSPO requirements as the checklist. Assessment has been conducted and any findings will be highlighted as non-conformities.	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Internal audit for last year conducted on 30/08/2018 for Kapilit Estate, 27/12/2018 for Banita Estate and 09/07/2019 for Sg Indit Estate. There were 3 observations for Kapilit Estate, 12 findings for Banita Estate and 13 findings for Sg Indit Estate. All the findings have been resolved before the management review on 10/01/2019.	
4.1.2.3	Internal audit report is available at estate office for review. Internal audit report included in the management review for action and implementation.	Yes
4.1.3.1	Centralized management review conducted on 10/01/2019. The management review include results of on internal audit..	Yes
4.1.4.1	SSB has established Continual Improvement Plan. Example of CIP established Banita estate Continuous improvement plan dated 31/12/2018. Topics stated in the CIP: <ol style="list-style-type: none"> 1. Environment. Genset house. 2. Issue. Oil Trap. 3. Action required. To provide a proper oil trap/ drip pan for the mobile power generator. 	Yes
4.1.4.2	Management review meeting, version 01/2019 conducted on 10/01/2019. Section 4.5.4 Improvement plan described the use of badang at terrace area for improving productivity. It involved 5 estates; sg Indit, Banita, Kapilit, Dumpas, and Kumansi. Badang (mini tractor) used for infield FFB evacuation.	Yes
4.1.4.3	SSB has established mechanization basic handling and maintenance training for Badang (mini tractor). Training for mechanization basic handling and maintenance conducted on 17/10/2018.	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	SSB has communicated the information to stakeholder via stakeholders meeting on 22/08/2018. Sighted Transparency procedure dated 05/01/2018. The procedure states management to keep copies of each publicly available documents for stakeholders viewing. Examples of publicly available document are SOP, land title and company policy. Memo of "Public summary of MSPO certification uploaded into SSB website" dated 08/02/2018 available in English and Bahasa Malaysia. Estates conduct stakeholders meeting at least once per year to communicate relevant information to stakeholders. "Buku Rekod Dokumen Pejabat Untuk Rujukan & Panduan" and "Borang Permohonan Rujukan Document" for external stakeholder, no information request from January 2018 to January 2019.	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.2	<p>SSB has established memo "Surat Makluman Senarai Dokumen" dated 12/07/2018 states the documents in master list are classified as publicly available. Other documents which would result to negative social or environmental outcome will be consider as unavailable documents or confidential.</p> <p>The current practice in providing information to stakeholders is assigned to Human Resource.</p>	Yes
4.2.2.1	<p>SSB has established Communication and consultation procedure document number: MSPO-SSB/OP-01, effective date May 2015 mentioned internal and external communication.</p> <p>There are two communication channels Verbal and non-verbal. Verbal are referring to briefing, meeting while non-verbal are through notice boards, emails and suggestion box.</p> <p>Estate has conducted morning muster briefing as a communication to workers.</p>	Yes
4.2.2.2	<p>SOP Communication and consultation procedure, MSPO-SSB/0P-01, effective date: May 2015 described that the chairman of MSPO Working Committee is responsible for internal and external communication. Chairman of MSPO Working Committee is Manager of sustainability team. Besides that, estate assistant manager is in-charge or assisting in MSPO related issue.</p> <p>Example of the appointment letter for assistant manager dated 16/01/2019 as a coordinator of MSPO effective on 16/01/2019.</p>	Yes
4.2.2.3	<p>SSB has updated the list of stakeholders 2018 dated 29/11/2018 which include external and internal stakeholders, examples government agencies, suppliers, contractors and local communities.</p> <p>Interview with stakeholders indicate that they know how to submit complaint to management.</p> <p>Estates has conducted the stakeholder meeting which include topics of law and regulation, complaint and grievance, MSPO principles and others.</p> <p>Sighted the stakeholder meeting minutes for all estates including contactor, supplier and shop owner:</p> <p>Kapilit estate stakeholder meeting minute dated 22/08/2018.</p> <p>Banita estate has conducted stakeholder meeting minute dated 23/01/2018.</p> <p>Sg. Indit estate has stakeholder meeting minute dated 18/12/2018.</p> <p>Non-conformity:</p> <p>Stakeholder meeting has been conducted on 23/01/2018 for Banita Estate and Sg Indit Estate. However, the minutes of meeting indicates:</p> <ul style="list-style-type: none"> 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	<p>SSB has established SOP for traceability, SPO MSPO-SSB/OP-06, revision 0 dated 01/10/2015. The SOP described process of:</p>	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	<ol style="list-style-type: none"> 1. Harvesting. 2. FFB evacuation and trucking. 	
4.2.3.2	Internal audit conducted in Kapilit Estate on 30/08/2018, Banita Estate on 27/12/2018 and Sg Indit Estate on 09/07/2018 include traceability.. No findings on traceability found in the internal audit.	Yes
4.2.3.3	The person in-charge for is the senior estate executive	Yes
4.2.3.4	<p>SOP for Traceability, document number SPO MSPO-SBB/OP-06 revision 0 dated 01/10/2015 h described on process flow for traceability.</p> <p>Traceability documents such delivery notes, grading chit from estate has been cross check with mill weighbridge ticket for tracking purposes.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SSB has established list of licenses and follow up on update of each licensing period.</p> <p>Example of updated license:</p> <ol style="list-style-type: none"> 1. MPOB license. 2. Air compressor license. 3. Permit Pengajian pekerja bukan bermastautin. 	Yes
4.3.1.2	<p>SSB has established legal register and other requirement form, number: SSB/Legal-/Reg/16-01, updated on 04/01/2019.</p> <p>Example of legal requirements:</p> <ol style="list-style-type: none"> 1. Akta Keselamatan dan Kesihatan Pekerjaan 1994. 2. Akta kualiti Alam Sekitar 1974. 3. Ordinant Buruh Sabah 1949 (Bab 67). 4. Akta Bekalan Elektrik 1990. 	Yes
4.3.1.3	<p>SSB has established Procedure for legal register, document number SSB-MSPO-18-01 version 01 dated March 2018.</p> <p>The SOP describe:</p> <ol style="list-style-type: none"> 1. Assign person is responsible to monitor validity period of license. 2. Ensuring the legal register updated annually. 	Yes
4.3.1.4	Person in charge for legal requirement is the administrative officer of each operation unit or estates.	Yes
4.3.2.1	SSB land is sub leased from Sapangar Sdn Bhd. There are two sub leased land title, namely Kalabakan and Bruma.	Yes
4.3.2.2	<p>There are two sub leased land from Sapangar Sdn Bhd.</p> <p>There are two land titles of Sabah Softwoods plantations area are Kalabakan and Brumas . Both are country leased land title with sub lease period of 60 years.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	The listed titles were approved by Sabah Land Authority.	
4.3.2.3	Boundary stone and area are well preserved and boundary drains constructed to indicate the limits of land ownership.	Yes
4.3.2.4	SSB has established Estate Land Conflict Management policy document number: SSB – Legal- Land -01 -1 effective date 01/01/2010. The procedures describe the process for mitigation for any land issue. Review of stakeholders meeting and grievance records indicates no land issue has ever raised by stakeholders.	Yes
4.3.3.1	SSB Berhad has established Estate Land Conflict Management policy document number: SSB – Legal- Land -01 -1 effective dated 01/01/2010. Describe in the SOP: 1. Description of customary right which include provision under Sabah Land Ordinance (Sabah Chapter 68) . 2. Issue Raised was either due to SSB encroach into other party land and other party encroached into SSB land. 3. Consultation with the claimant in effort to resolve the conflicts faster 4. Agreement on compensation.	Yes
4.3.3.2	All land under Sabah softwoods was sub lease land. There are no customary right land under SSB area. Sabah Softwoods has established mapping for Brumas and Kalabakan Area. The map scale was 1: 159,259.	Yes
4.3.3.3	There are no recorded cases of land conflict. Stakeholders meeting has been conducted on Kapilit Estate, dated 22 /08/2018, Banita Estate, dated 23/01/2018.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SSB has established Social Impact Assessment procedure dated 01/10/2015. The Social Impact Assessment procedure indicates stakeholder's involvement in the process. The SIA report includes positive and negative impact from external stakeholders. Kapilit estate "Social Impact Assessment Visit 2018" dated 31/01/2018. Example of positive impact: SSB prioritize jobs opportunity to local community and HR department in-charge for ongoing implementation. Banita estate and Sg. Indit estate have conducted joint SIA dated January 2018. Non-conformity: SIA 2018 has been established for estates which included gathering response form stakeholders. However, there are no evidence of internal stakeholders' involvement in assessment conducted.	Minor NC 1
4.4.2.1	SSB has established Standard Operating Procedure for Complaint and Grievance dated 04/01/2016.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The SOP includes a flowchart for internal and external complaint.</p> <p>Internal complaint will be handled by assistant manager or manager and will be resolved within 7 days.</p> <p>External complaint will be resolved within 14 days by assistant manager or manager, if the case require decision from chief executive officer (CEO) another 30 days awaiting decision from CEO.</p> <p>SSB has established complaint form and summary of grievance.</p> <p>Complaint form available at all site offices.</p>	
4.4.2.2	<p>SSB has established 'Borang Aduan dan Sungutan' for complainant to fill up their grievances.</p> <p>Sighted the complaint record for Kapilit estate indicate complaint has resolved in timely manner. Example complaint dated 29/01/2018 and was resolved on 30/01/2018.</p> <p>Reviewed on Banita estate and Sg. Indit estate "Buku Aduan" sighted no complaint was lodged from January 2018 until January 2019.</p>	Yes
4.4.2.3	<p>Estates has placed the complaint form and box outside the office.</p> <p>Estate has conducted the muster briefing for complaint process to all level of workers.</p> <p>During Interviews with workers indicate they understand the complaint process and can make complaint and submit complaint form to complaint box when any.</p>	Yes
4.4.2.4	<p>Grievance procedure and flow is displayed on notice board for workers information.</p> <p>During stakeholder consultation, interviewed stakeholder indicates that they understand the complaint procedure which can be demonstrated.</p> <p>Estates has conducted briefing on complaint and grievance procedure to all level worker. Example Kapilit estate h on 29/01/2019, Banita estate has conducted training on 31/01/2019 and Sg. Indit estate conducted briefing on 04/12/2018.</p>	Yes
4.4.2.5	<p>SSB has maintain complaint records and was listed as publicly available document.</p> <p>Kapilit estate has maintain complaints record since 2011 onwards.</p> <p>Banita estate has no complaint found since 2016.</p> <p>Sg. Indit estate no complaint was lodge on 2018 until January 2019.</p>	Yes
4.4.3.1	<p>SSB has provided jobs opportunity for local community by recruiting local workers and store operate by local community.</p> <p>All estate shops are operated by local community.</p> <p>Sighted workers list indicate local communities are hired to work in estate.</p>	Yes
4.4.4.1	<p>SSB established Occupational Safety and Health policy dated 01/01/2016, revision No 2 approved by Chief Executive Officer (CEO). The policy was written in two languages, Bahasa Malaysia and English and available at office notice boards and operational sites.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.4.2	<p>OSH policy is displayed at the notice boards in muster ground and office area.</p> <p>Records of briefing on OSH conducted on 17/09/2018 at muster call.</p> <p>.</p> <p>Interviewed workers indicates they understand on safety and health policy.</p> <p>Example of safety briefing conducted:</p> <ol style="list-style-type: none"> 1) harvesting operation conducted on 17/01/2018 2) manuring workers conducted on 02/07/2018 <p>SSB Group has been established Hazard identification Risk Assessment and Risk Control (HIRARC) Doc No SSB-HSESP-01-1, revision 4 dated 04/01/2016</p> <p>Example of assessment area conducted:</p> <ol style="list-style-type: none"> 1. Palm Oil Operation 2. Storage store 3. Manuring <p>Example training conducted :-</p> <ol style="list-style-type: none"> 1) Chemical premix training. 2) PPE and work practices for manure. <p>SDS are available for the product used.</p> <p>Example, Chemical name N-(phosphonomethyl) glycine, Trade name: BL Glyphosate 41.0, Inspect 41.0, Chemical class: Glycine derivative, Recommended use: Herbicide Hazard: Toxic if inhaled.</p> <p>Sighted PPE issued to the respective workers for their work site requirement and records are documented and well maintained.</p> <p>SSB has established SOP Chemical Handling on Doc No SSB/OSH/OPD-PKS/3-(1), revision no 2 and effective date 02/01/2018.</p> <p>The scope of SOP is to protect the environment and minimize the chemicals contamination to human.</p> <p>The Estate Manager is appointed as the responsible person for safety and health committee chairman.</p> <p>Estate has conducted OSH meetings on 18/07/2018, 12/10/2018 and the latest minute meeting conducted on 11/12/2018.</p> <p>Example of topics discussed in the meeting are:</p> <ul style="list-style-type: none"> - Emergency report that include any accident and injuries - Training report - ERT/PPE report 	Minor NC 2

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Emergency response plan established for accident may /may not happen including Fire and chemical spillage. Sighted SOP for safety and health SSB. Doc no SSB/OSH/ERT/2016-(1)</p> <p>Person in charge for First Aid kit is the mandore for estate operation. First aid kits available at spray operation.</p> <p>Records of first aid kit distributions w available and well maintained.</p> <p>Example, record of distributions updated as at 26/01/2019.</p> <p>Non-conformity:</p> <p>HIRARC for Sg Indit Estate has been established which included assessment of all risk applicable activities within the estate. However, the HIRARC does not reflect any changes on risk assessment and rating for any repetitive minor cases. In consideration of established HIRARC and no major cases in Sg Indit Estate occurs within the past 2017-2018 period, the major non-conformity has been downgraded to minor.</p>	
4.4.5.1	<p>SSB has established policies such as:</p> <ul style="list-style-type: none"> • Social Policy dated 01/07/2015. signed by Chief Executive Officer (CEO) • Human Rights Policy dated 14/03/2017.signed by General Manager HR <p>All the company policies are in two language English and Bahasa Malaysia and displayed at notice board. Interview with worker indicate they understand the company policies.</p> <p>During the interview with worker there is no violation of human right occurred.</p> <p>Company has established the “Surat Kebenaran Menyimpan Pasport Pekerja” and record the worker passport for safekeeping.</p> <p>During the interview with workers and management, passports for safekeeping purpose are at worker’s own free will.</p>	Yes
4.4.5.2	<p>SSB has established policy</p> <ul style="list-style-type: none"> • Equal Employment Policy dated 04/01/2016 states management committed to ensure all staff and/or employee member are entitled to fair and equally treated. • Sexual Harassment & Gender Discrimination Policy dated 04/01/2016 which states on non-discrimination. <p>SSB has established SOP:</p> <ul style="list-style-type: none"> • “Sexual Harassment and Discrimination effective date 01/07/2010 state anti-sexual harassment and discrimination. • “Recruitment and Selection” effective date 01/10/2011 describes the hiring process are based on the candidate qualification and working experience against jobs specifications. • “Interview for Promotion”, effective date 01/10/2011 describes promotion will based on working experience, responsibilities, career goal and current achievement. 	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	During the interview with worker's they are aware the management does not support discrimination at work place.	
4.4.5.3	<p>Reviewed on the contract and pay slip worker show the pay and conditions meet the legal requirement as per stated on the contract.</p> <p>SSB has established the "Penstrukturan Gaji" as attachment for employment contract states minimum legal requirement 2018 (amended) of RM42.31 per day effective on 01/01/2019 and signed by worker as acknowledgment.</p> <p>Example employment contract worker dated 15/01/2019 states the rate before 2019 RM35.38/day and starting 01/01/2019 is RM42.31/day, and include working hours, annual leave, sick leave that meet legal requirement.</p>	Yes
4.4.5.4	<p>SSB kept in file pay slips for contractor's workers as part of monitoring purposes. Sighted pay slip for contract workers on November 2018 complied with the Minimum Wage Order 2016.</p> <p>Example contractor worker pay slip for month November 2018 meet the minimum legal requirement.</p>	Yes
4.4.5.5	<p>SSB has established monthly "Manpower Report" included the worker contain full names, gender, date of birth, date of entry, job description, wage and period of employment.</p> <p>"Manpower Report" example of harvester, joined on 03/12/2018 and is above age of 18 years old</p>	Yes
4.4.5.6	<p>The employee has provided a fair contract that has been signed by both parties. The copy of contract is kept by office and workers.</p> <p>Example of employment contract for general worker dated 21/11/2013 signed by the employer and worker.</p> <p>Interviewed workers indicate that they understand the conditions in the employment contract and received a copy after signed.</p>	Yes
4.4.5.7	<p>SSB has issue memo to follow the Sabah Labour Ordinance (SLO) dated 29/04/2016 signed by General Manager HR.</p> <p>Estates working hours and break time stated in the worker employment agreement and displayed in the notice board.</p> <p>Checkroll is use for worker as time recording system. Worker overtime records verified with pay slip.</p> <p>Example overtime November 2018 for worker pay slip and record was counter check with checkroll show payment as per working hours.</p> <p>Interview with worker indicate they aware on OT rate example normal OT 1.5 times.</p>	Yes
4.4.5.8	<p>The individual workers have time break during the working hours' time break is 5.30am to 3.00pm with one and half hour break in middle of working hours.</p> <p>The overtime rate was sighted on monthly overtime records and comply with the Sabah Labour Ordinance.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Leave entitlement stated in the employment contract for foreign and appointment letter to locals based on years of service.</p> <p>Sighted the worker employment contract, pay slip and checkroll in regards of OT and working hours are complied with legal requirement.</p> <p>Example of worker night watchman pay slip was above minimum wage and check roll record indicate payment meet legal requirement.</p>	
4.4.5.9	<p>SSB has established standardize pay slips to all workers. The pay slips include the general wages, overtime and deduction of EPF and SOCSO to the local workers.</p> <p>Sighted worker pay slip and cross counter check with checkroll, the wages and overtime payment meet legal requirement and same as stated in employment contract.</p> <p>Example worker November pay slip indicate worker work for 24 normal days per moths and OT below 104 hours.</p>	Yes
4.4.5.10	<p>Working contract to local workers state benefits such as SOCSO, EPF, and annual leave. Etc. Contract agreement for the foreign workers states medical, housing, free water and electricity, annual leave, medical leave, etc.</p>	Yes
4.4.5.11	<p>Housing provided to workers and staff follow industry best practice includes water supply and electricity.</p> <p>There are sport amenities available at the estate. Example; football field and badminton court.</p> <p>During interview with worker indicate housing provided according to industry best practice.</p>	Yes
4.4.5.12	<p>SSB has established Sexual Harassment & Gender Discrimination Policy dated 04/012016. The policy stated SSB committed to prevent and eradicate sexual harassment and gender discrimination.</p> <p>SSB has established Prevention on Workplace Violence Policy dated 04/01/2016 that states SSB firmly committed to prevent violence and promote a violence free workplace.</p> <p>Gender committee is established.</p> <p>Example Sg. Indit estate gender committee latest meeting conducted on 13/12/2018 stated no sexual harassment and violence case was found.</p> <p>During interview with worker and gender committee indicate there was no sexual harassment and violence at workplace.</p>	Yes
4.4.5.13	<p>SSB has established Freedom of Association Statement dated 01/01/2010 signed by Chief Executive Officer (CEO).</p> <p>The Freedom of Association Statement states SSB recognize and respects employee's rights and freedom to join organization of their own choosing, to associate freely and bargain collectively.</p> <p>There are no union form by workers however workers are able to raise and discuss any issue in JCC meeting.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Example of JCC meeting dated 25/10/2018 represented management and workers discussed issues on welfare, social and environmental.</p> <p>Interviews with workers indicate that they are aware on their rights to form union.</p>	
4.4.5.14	<p>SSB has established policies:</p> <ul style="list-style-type: none"> • Child Protection Policy dated 01/07/2015 signed by Chief Executive Officer (CEO) stated SSB compliance with the law and regulation, and ensure all children are equally protected. • Minimum Age Policy signed by CEO dated 04/01/2016 states “SSB is firmly committed to support the employment age as stated in Sabah Labor Ordinance.” <p>The employment records were review with no workers below age of 18 were employed. In the workers and staffs list the youngest employee joined the estate at age 18 years.</p> <p>During the field observation and interview with worker indicate there was no underage worker employed by estate.</p>	Yes
4.4.6.1	<p>SSB estates have established training programs for all operation in estate.</p> <p>Sighted records of training conducted:</p> <ol style="list-style-type: none"> 1) Manuring operation dated 18/06/2018. 2) Harvesting operation dated 09/05/2018 <p>Attendance records, training materials and photos sighted.</p>	Yes
4.4.6.2	<p>Individual Training matrix is established according to the job description. Estates has establish list of training which covers the requirements of each worker.</p>	Yes
4.4.6.3	<p>Estate has established “Program Latihan Pekerja 2019”.</p> <p>Example list of training programme to be conducted are:</p> <ul style="list-style-type: none"> - Safety and health briefing for all operation. - First Aid Training. - SOP company. - Complaint and grievances training. 	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SSB has established environmental policy dated 01/04/2015 signed by CEO states:</p> <ul style="list-style-type: none"> • Complying with all applicable legal and statutory and regulatory requirement. • Developing and maintaining management systems that identify and manage the significant environmental impacts and risks that are apparent in our operations. 	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"> • Create environmental, safety and health awareness among all employees, contractors and suppliers. • Establishing objective and targets and reviewing performances as means of ensuring continual improvement. <p>SSB has established Environmental management Plan 2019. The plan includes aspect of operations and impact towards the environment.</p> <p>Awareness training for workers.</p> <ul style="list-style-type: none"> • 03/12/2018 at Kapilit estate • n 31/01/2018 at Banita estate • on 18/01/2018 at Sg Indit estate <p>The environmental policy is made available at office notice boards and workers quarters.</p> <p>Interview with workers understand the environmental policy.</p>	
4.5.1.2	<p>The environmental management plan 2018/2019 established in line with the environmental policy dated 01/04/2015.</p> <p>Aspect and impact assessment stated in environmental management plan that cover all operations.</p> <p>Example:</p> <p>Unit: Field operation</p> <p>Pollution sources: EFB</p> <p>Operational activities: Maintenance</p> <p>Aspect: Land pollution, water pollution</p> <p>Impact: Pollutes land area, leached waterways.</p>	Yes
4.5.1.3	<p>Environmental improvement plan include mitigate the negative and promote to positive</p> <p>Example of negative impact:</p> <p>Process: fix bridges and culverts</p> <p>Issue: use of raw material, cement & iron</p> <p>Aspect: waste of raw material</p> <p>Impact: land contamination</p> <p>Mitigation plan: proper training</p> <p>Training for environmental policy conducted on 14/08/2018. 1</p>	Yes
4.5.1.4	<p>Positive impacts stated in environmental management plan and included in the continual improvement plan.</p> <p>Example</p> <ul style="list-style-type: none"> • Tray for chemical to be place at chemical storage. Sighted budget amount and time line 01/12/2018 for the implementations. • Sighted the tray during site visit at chemical store. 	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services																		
Indicator	Summary of Assessment					Compliance												
4.5.1.5	<p>SSB estates has established program for training dated 2018/2019. Sighted the training program for environmental policy training, training has been conducted as stated in indicator 4.5.1.1 for each estates.</p> <p>Interviewed workers confirmed their understanding and awareness of the environment policy and objective of the EMP.</p>					Yes												
4.5.1.6	<p>Estates has conducted the meeting to discuss environmental issue in the estate.</p> <p>Example;</p> <ul style="list-style-type: none"> JCC meeting conducted on 22/10/2018 has discuss on domestic waste management and good housekeeping for the compound area at Banita estate. JCC meeting Bil. 02/2018 dated 13/06/2018. The agenda of meeting was upkeep housing, environmental, social. Discussion regarding fencing of housing for cleanliness. 					Yes												
4.5.2.1	<p>Each SSB estates has established diesel consumption (L/mt FFB), to monitor non-renewable energy to sustain good environmental performance.</p> <p>The baseline of diesel consumption from 2015 to 2017 is established. The actual usage in 2018 is compared against the average of the baseline established actual application.</p> <p>The diesel consumption includes contractors for transporting FFBs. Sighted Sg Indit diesel consumption above the baseline for April 2018 due to transfer of loose fruits to Kapilit Mill.</p>					Yes												
4.5.2.2	<p>Budget 2019 for diesel consumption/FFB has been established by SSB and been review. The budget includes machineries, genset and contractors diesel amount.</p>					Yes												
4.5.2.3	<p>SSB has implemented renewable energy by using solar panel for generating electric used for electric fencing at Kapilit, Banita and Sg Indit estates.</p>					Yes												
4.5.3.1	<p>Waste management plan 2018 has been established.</p> <p>The sources of pollution and identified of wastes documented such as:</p> <ul style="list-style-type: none"> Scheduled waste Domestics waste Recycle waste <p>Example of wastes at estate:</p> <table border="1"> <thead> <tr> <th>Waste products</th> <th>Source of pollution</th> <th>Mitigation measure</th> <th>Target</th> <th>Person responsible</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>Empty pesticide and</td> <td>Container used for containing pesticide</td> <td>Empty container sends for recycle</td> <td>Upon request</td> <td>AM/EEA</td> <td>On going</td> </tr> </tbody> </table>					Waste products	Source of pollution	Mitigation measure	Target	Person responsible	Status	Empty pesticide and	Container used for containing pesticide	Empty container sends for recycle	Upon request	AM/EEA	On going	Yes
Waste products	Source of pollution	Mitigation measure	Target	Person responsible	Status													
Empty pesticide and	Container used for containing pesticide	Empty container sends for recycle	Upon request	AM/EEA	On going													

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Principle 5: Environment, natural resources, biodiversity and ecosystem services							
Indicator	Summary of Assessment						Compliance
	chemical container	and chemical	after triple-rinsed, re use for flower pot				
4.5.3.2	<p>Waste pollution plan 2018 established for each estate include wastes generated from workshop, field operations, store, housing and office.</p> <p>Example of waste pollution at Kapilit estate:</p> <p>Source of waste and pollution-use oil and hydraulics, human waste, pesticide containers.</p> <p>Mitigation plan via collection of scheduled waste and domestic septic stank.</p> <p>SSB has appointed the contractor to collect scheduled waste. Sighted collection by contractor dated 21/11/2018 for SW305, dated 03/10/2018 SW410, clinical waste dated 27/03/2018.</p> <p>Re-cycle bins established and implemented at workers' quarters.</p>						Yes
4.5.3.3	<p>SSB established SOP for handling of used chemicals 'Operasi Membancuh Racun' document no: SSB/OSH/OPD-PKS/3-(1) date effective is 02/01/2014.</p> <p>The procedure established covers safety and standard working practise before, during and after application. .</p> <p>Chemical & fertilizer stored with proper arrangement of chemical and fertilizer such as labelling and signage awareness.</p> <p>Chemical are stored properly. Liquids are stored below powder or granules.</p> <p>SDS available at the chemical store and up to date. Interview with the spraying gang confirmed their understanding of the chemical handling SOP and the processes.</p>						Yes
4.5.3.4	<p>The SOP, Operasi Membancuh Racun does describe on managing used chemical containers.</p> <p>The procedure describes on:</p> <p>Empty containers are reused for chemical mixing and spraying. Used chemical containers are label and stored properly. Empty chemical containers that cannot be reused as flower pots.</p>						Yes
4.5.3.5	<p>SSB has established landfill sites for disposal of domestic wastes.</p> <p>Each estates has their own landfill located far away from water sources / waterways and housing quarters.</p> <p>Example:</p> <ul style="list-style-type: none"> • Kapilit estate: 2.1 km. • Banita estate: 5 km. • Sg. Indit estate: 0.7 km. <p>Proper signage installed with, date of opening and closing.</p>						Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.4.1	<p>SSB has establish pollution management plan for year 2018/2019 dated 20/2/2018. The plan include assessment for all types of pollution.</p> <p>Example:</p> <ol style="list-style-type: none"> 1) Store – pesticides containers 2) Housing – Human waste, domestics waste 3) Office – used paper 4) Field operation-Genset, vehicle engine, EFB 	Yes
4.5.4.2	<p>Pollution management plan has include mitigation plan to reduce or control pollution</p> <p>Example :</p> <p>Pollution source: pesticide containers</p> <p>Operational activities: Chemical mixing</p> <p>Impact: Pollution of water ways.</p> <p>Mitigation plan: Proper scheduled waste management and awareness programme. Scheduled wastes are collected by licensed third party scheduled wastes collector.</p>	Yes
4.5.5.1	<p>SSB has establish water management plan Doc No F27-ROO-150917, dated 27/08/2018.</p> <p>Water sources for all estates are:</p> <ol style="list-style-type: none"> 1. Water catchment pond. 2. Rainwater harvesting. <p>Estate monitor the daily monitoring of water usage</p> <p>Domestic water analysis conducted once a month to ensure and monitored water quality.</p> <p>Action taken to ensure water quality and availability:</p> <ol style="list-style-type: none"> 1. Rrecords for domestic water usage 2. Building of silt pits, drains to retain water availability on field. 3. Proper frond stacking as per GAP and retaining soft grass to ensure soil moisture content are retained. <p>During on site verification at riparian area, sighted there is no sign pollution of chemical or spillage oil at the area. Sighted estate has established riparian area</p> <ul style="list-style-type: none"> - Fences - Sign board - Marking area 	Yes
4.5.5.2	<p>During filed visits, it could observed there are no construction of bunds, weirs and dams at the streams or rivers passing through the estates</p>	Yes
4.5.5.3	<p>Rainwater harvesting is implemented at housing and offices Observation on field indicates silt pit and water drains built to retain water in field.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.6.1	<p>SSB has established Environmental and Conservation Standard Procedure for Flora and Fauna SSB-E & C Dept – 02-1 dated 02/01/2018.</p> <p>SSB conducted Wildlife Assessment on a monthly basis.</p> <p>The assessment identify types of Mammalia, bird, reptilian and amphibian. Example of animals:</p> <ul style="list-style-type: none"> • Gajah, • Burung layang-layang, • Ular sawa pendek, • katak kiau borneo. <p>Endangered: Gajah, vulnerable: Babi Hutan, least concern: Pelanduk, unknown: Tebuan Madu, Near threatened: Monyet ekor panjang.</p> <p>Secondary data on list of wildlife was gathered based on information from workers.</p> <p>SSB has established Flora and fauna inventory report, dated 24/09/2018 to 12/10/2018. .</p> <p>Species sighted during monitoring conducted:</p> <p>Commercial tree: Seraya Minyak Noncommercial trees: Pisang-pisang Fruits trees: Kedondong</p> <p>List of biodiversity is made available. In the list, IUCN status together with legal compliance of protected status included. Enakmen Pemeliharaan Hidupan Liar 1997 (Pindaan jadual 2017)</p>	Yes
4.5.6.2	<p>SBB established Environmental and Conservation Standard Procedure for Flora and Fauna SSB-E & C Dept – 02-1 dated 02/01/2018. The procedure in compliance with the listed legal requirements:</p> <ol style="list-style-type: none"> 1. Sabah Wildlife Protection Ordinance 1998. 2. Enakmen Pemeliharaan Hidupan Liar 1997 Pindaan 2017 <p>Signage placed at HCV and riparian area stating that prohibiting any kind of hunting. This is sighted t during field verification.</p> <p>Estates have conducted training for biodiversity on 12/09/2018 to prevent illegal or inappropriate hunting to workers example at Kapilit estate.</p> <p>SSB has been established High Biodiversity Value for Development of New Planting dated 02/11/2018.</p> <p>Night survey / patrolling to monitor and record wildlife movement.</p>	Yes
4.5.6.3	<p>SSB Wildlife assessment report includes monitoring on a monthly basis. Stated in the report; monitoring plan for estates on boundary checking, information gathered from workers or stakeholders on wildlife and trees conditions as well as monitoring on wildlife corridor.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.7.1	<p>SSB have established Zero Burning Policy Doc No SSB/OPD-SOP/IMMT/01-00 dated 01/01/2014, signed by Chief Executive Officer (CEO)</p> <p>SSB has established SOP for the Felling and Clearing (SSB/OPD-SOP/IMMT/02-00) issue no 1 dated 01/01/2014. Standard requirement from company mention there is Zero Burning Policy will be implemented and strictly followed.</p> <p>Field observation on replanting and new planting area indicate that there are no open burning found.</p>	Yes
4.5.7.2	SSB does not practise open burning. There are no diseases outbreak in SSB that required burning as control measure.	Yes
4.5.7.3	SSB has established Zero Burning Policy Doc No SSB/OPD-SOP/IMMT/01-00 signed by Chief Executive Officer (CEO) dated 01/01/2014. There are new planting and replanting and no open burning activities were found.	Yes
4.5.7.4	<p>SSB has established SOP Felling and Clearing Doc No SSB/OPD-SOP/IMMT/2-00 dated 01/01/2014 describe felled palm were be chipped according to standard requirement.</p> <p>All chipped materials should be stacked as follows :</p> <ol style="list-style-type: none"> 1) Flat and undulating (<math><12^\circ</math>) in between two palm rows (straight line planting) 2) Hilly – inter Terrace Avenue. 	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SSB has been established SOP for best practices for each operations. .</p> <p>Example:</p> <ol style="list-style-type: none"> 1) Nursery – SSB/OPD-SOP/NURS/07-00 revision 0 dated 01/01/2014 <ul style="list-style-type: none"> • Objective – to plant seeds properly and on timely basis to achieve optimum growth and survival rate • Operating procedure – Pre nursery, Main nursery. 2) Immature –SSB/OPD-SOP/IMMT/04-00 revision 0 dated 01/01/2014 <ul style="list-style-type: none"> • Standard requirement – the holes size 45cm x 45cm x 50cm (18in x 18in x 20in) 3) Mature – SSB/OPD-SOP/MTUR/05-00 revision 0 dated 01/01/2014 <ul style="list-style-type: none"> • Objective – to outline some of the major pests and disease found in palm oil and their control measure. • Pest control – control of rat in oil palm, choice of control treatment, bagworm and nettle caterpillar control. 	Yes
4.6.1.2	SSB has established SOP on felling and Clearing SSB/OPD-SOP/IMMT/02-00 dated 01/01/2014 states methods in stacking fronds in hilly or slope areas.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	All shredded palms should be stacked as follows: <ol style="list-style-type: none"> 1. Flat and undulating (<12) in between two palm rows 2. Hilly Inter terrace avenue. 	
4.6.1.3	SSB Estates has been established block marking at road junction. Example of block marking: <ol style="list-style-type: none"> 1) KP 07 O 2) KP 06 A 3) KP 07 L 	Yes
4.6.2.1	SSB has established the BSC-Strategic Plan 2015-2020. The plan includes: <ol style="list-style-type: none"> 1. Financial projection. 2. Operational costs. 3. Yield projection (FFB). 4. Replanting programme. The plan is review yearly for any changes which will be adopted to develop yearly business budget. <ol style="list-style-type: none"> 1) 	Yes
4.6.2.2	SSB has established replanting programme for each of its estates. Records of replanting programme can be referred in section 3.3 on this report.	Yes
4.6.2.3	SSB has established budget for year 2019 The annual budget includes planting materials, crop projection, yields, production costs, replanting programme, etc.	Yes
4.6.2.4	SSB estates has established monthly progress report on following: <ol style="list-style-type: none"> 1. Management comment 2. Area Statement 3. Rainfall record 4. Manpower 5. FFB production performance. 	Yes
4.6.3.1	The estates and Kapilit oil mill are fully owned by Sabah Softwoods Bhd. Therefore, no contracts between the mill and estates for FFBs pricing mechanisms. SSB estates has establish contract agreement for transportation of FFB Sighted contract agreement signed between Kapilit estate and transport contractor for a period of 1 years from 01/01/2019 to 31/12/2019.	Yes
4.6.3.2	The contract for transportation of FFB includes schedule of payment, rates and payment terms duly agreed and signed by both parties. Payment made sighted and according to contract terms of payment.	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	The contract reviewed is deemed fair, legal and transparent and payment made in timely manner.	
4.6.4.1	<p>Stakeholders meeting conducted with contractors to meet the MSPO requirement.</p> <p>Stakeholders meeting:</p> <ul style="list-style-type: none">• Kapilit estate on 22/08/2018• Banita estate on 23/01/2018• Sg. Indit estate on 18/12/2018 <p>Sighted in minutes of meeting. Example contractor must follow minimum wages starting January 2019.</p> <p>SSB has established contract agreement with contractor that includes a clause, contractor required to comply MSPO requirement.</p>	Yes
4.6.4.2	Sighted contract agreement for road maintenance work at estate.. The contract agreement duly signed by both parties.	Yes
4.6.4.3	<p>SSB has a certification agreement with the accredited certification body and is allowed to inspect and audit any contractor's premises.</p> <p>SSB requires contractors to acknowledge and understand MSPO as well accepting all requirements to follow MSPO certification process.</p>	Yes
4.6.4.4	SSB has established records for monitoring works performed by the contractors. Daily record forms, job order statement and invoices available and cross check for authentication.	Yes

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Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	SSB has established Environmental Compliance report dated 19/05/2015 for proposed new planting project. . The site project was previously forest plantation as stated in the forest plantation planting statement	Yes
4.7.1.2	SSB has established Environmental Compliance report dated 9/05/2015, for proposed new planting project. The assessment was conducted for total of 4,453.32 hectares. The development will be carried in 3 phases. The report is submitted to Environment Protection Department (EPD) for approval. Stated in the assessment: <ol style="list-style-type: none"> 1. Project proponent adopt environmentally friendly approach towards oil palm plantation development. 2. Preservation of river with buffer zone of 40 meters from river bank. 	Yes
4.7.2.1	Stated in the Assessment conducted, there is no peat land in the new planting area. Sighted soil map for Banita Estate, namely Tg Lipat, Paliu, Kumansi and Kapilit type of soil.	Yes
4.7.3.1	SSB has established Environment and Social Impact Assessment Report 2018/2019 for new development area. Example of SEIA for Sg Indit area for year 2018/2019. The assessment include: <ol style="list-style-type: none"> 1. Input from local communities. 2. Inout from headman of Village. 	Yes
4.7.3.2	SEIA established new planting areas includes: <ol style="list-style-type: none"> 1. Introduction of assessment; 2. Objective of assessment, 3. List of stakeholders involved surrounding community and SSB workers. 4. Participatory methodology which use method such as questionnaire and interview. 	Yes
4.7.3.3	SEIA established includes: Recommendations: <ol style="list-style-type: none"> 1. To provide awareness among workers on MSPO and conservation of flora and fauna. 2. Reduction of pollution. SSB management has conduct policies and MSPO training for each site to ensure awareness among workers. Pollution level control and monitoring on estate level. Example: diesel consumption, vehicle inspection.	Yes
4.7.3.4	New planting development by SSB does not involve any smallholders scheme. The developed land is within the leased land granted to SSB Berhad.	Yes
4.7.4.1	Soil map for new planting has been established. Example soil map for Banita Estate, dated 10/07/2018 indciates type of soil series available for Tg Lipat, Paliu, Kumansi, and Kapilit.	Yes

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4.7.4.2	Topographic map for new planting has been established. Example contour map for Banita Estate, dated 18/01/2019 by GIS Section, Planning Survey and Mapping Department, SSB Berhad. The map indicates topography structure of new planting area for Banita Estate.	Yes
4.7.5.1	Environmental Compliance report established dated 19/05/2015. Stated in the observation section: no activities sighted in the areas during site inspections. SSB has taken measures to preserve slope area by retaining its natural vegetation.	Yes
4.7.5.2	Stated in Environmental Compliance Report, demarcation on the ground for areas with 25° slope and more will be carried out. SSB does not plant on steep areas but to preserve the areas to ensure no soil erosion occurs. Observation at new planting areas indicates no land slide or soil erosion occurred.	Yes
4.7.5.3	Soil map for new planting indicates no marginal, fragile or peat soil. SSB has taken consideration on type of soil before construction of drains and others activities prior to planting	Yes
4.7.6.1	New planting established by SSB is country Leased title. There is no involvement of customary land in the new development.	Yes
4.7.6.2	Observation of land title, planting statement as well as field observation indicates not customary land involved in the new planting.	Yes
4.7.6.3	Observation of land title, planting statement as well as field observation indicates not customary land involved in the new planting. The land title is verified	Yes
4.7.6.4	SSB has established Land Conflict Management procedure dated SSB – Legal- Land -01 -1 effective dated 01/01/2010. Describe in the procedure the process on compensation for land acquired by company.	Yes
4.7.6.5	SSB has established Land Conflict Management procedure dated SSB – Legal- Land -01 -1 effective dated 01/01/2010. The procedure describes on: 1. Description of customary right which include provision under Sabah Land Ordinance (Sabah Chapter 68). 2. Issue Raised w either due to SSB encroach into other party land and other party encroached into SSB land. 3. Consultation with the claimant in effort to resolve the conflicts faster.	Yes
4.7.6.6	SSB has established Land Conflict Management procedure dated SSB – Legal- Land -01 -1 effective dated 01/01/2010. Describe in the procedure the process on compensation for land acquired by company	Yes
4.7.6.7	The new planting are is Country Leased title. There are no involvement of any customary land thus no documentation or history of compensation.	Yes
4.7.6.8	The new planting area developed by SSB is previously forest plantation under the same management, There are no newly acquired land for planting of oil palms.	Yes

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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 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 < Major 01 >			
Indicator: 4.6.3.2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.			
Location	Bukit Batu/Bukit Tukok/Kumansi estates		
Description of Finding / Objective Evidence:			
The following issues were detected in the contract: <ol style="list-style-type: none"> 1. The date of contract made was after the commencing date stated in the contract agreement. 2. Schedule part which indicates the registered vehicle was not filled up. 3. The contract agreement was expired and not renewed. 			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
Raised by Auditor: Mohamad Norhisham Bin Mohd Salleh	Date Raised: 02/03/2018		
Deadline for implementation:	02/05/2018		
Root Cause Analysis (by company):			
Absence of contract renewal specification in the existing procedure.			
Correction (by company):			
To review the existing vendor requisition SOP.			
Corrective / Preventive Action (by company)			
<ol style="list-style-type: none"> 1. To inform and distribute additional information to all estate regarding procedure and deadline. 2. To be monitored by SEEA/AAO – annually, 3 months before expiry. 3. Amendment of Contract agreement effective on 15 January 2018 (refer sample). 			
Review of Correction & Corrective / Preventive Action			

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Non Conformity Number < Major 01 >	
Sighted amended contract agreement with contractor A, dated 15/01/2018, Contract commenced from 01/01/2018 to 31/12/2018. SSB has include clause regarding all contact agreement with contractors. Company has established SOP on Payment -contract PDE revision 01 dated 01/01/2012 which indicates step by step process of payment. Thus, by referring to the evidence provided and reviewed the non-conformity was closed.	
The effectiveness of the implementation will be further reviewed during the next surveillance 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: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 18/04/2018
Review of Implementation for Major NC (where applicable)	
Contract agreement, job order statement and invoices for contractors has been reviewed. The sequence of contract agreement and commencing date indicates proper arrangement and process on documentation. All the processes stated are in line with the established Payment -contract PDE.	
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: 28/01/2019

Non Conformity Number < Major 02 >	
Indicator: 4.3.1.1	
All operations are in compliance with the applicable local, state, national and ratified international laws and regulations	
Location	Bukit Batu,Bukit Tukok, Kumansi estates
Description of Finding / Objective Evidence:	
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 contains 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.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Ang Wai Sheng (Terence)	Date Raised: 02/03/2018
Deadline for implementation:	02/05/2018
Root Cause Analysis (by company):	
No assigned person monitoring the legal requirement.	
Correction (by company):	
1) Procedure for legal register has been established. (refer to reference no: SSB-MSPO-18-01) 2) Have assigned person/s of respective estates and mill to monitor the legal requirement. (refer appendix 1 and appendix 2) 3) Have established checklist/register on required compliance. (refer appendix 3)	
Corrective / Preventive Action (by company)	

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Non Conformity Number < Major 02 >	
Assign person to update on timely manner the status of compliance.	
Review of Correction & Corrective / Preventive Action	
The company has established a new SOP for legal register dated 22/03/2018 was submitted and reviewed. The table and form to control the amended legal register was created for easy to refer the date of the expired legal register. The company has submitted the new identification and updated on legal and other requirement including the flow chart. This NC could be considered closed. The effectiveness of the implementation will be further reviewed during the next surveillance 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: Ang Wai Sheng (Terence).	Date of Closure: 17/04/2018.
Review of Implementation for Major NC (where applicable)	
SSB has established legal register and other requirement form, number: SSB/Legal/-Reg/16-01, updated on 04/01/2019. The procedure states person in charge and process on monitoring changes on the laws and regulations. Review on license indicates the estates has monitored and comply with the applicable laws and regulations.	
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: 28/01/2019

Non Conformity Number < Minor 01 >	
4.4.5.8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	
Location	Bukit Batu, Bukit Tukok, Kumansi estates
Description of Finding / Objective Evidence:	
The company may consider to indicate the actual rate of overtime in the contract agreement of workers rather than states according to Sabah Labour Ordinance.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Zul Hairi Bin Abu Hassan	Date Raised: 02/03/2018
Deadline for implementation:	Next Audit
Root Cause Analysis (by company):	
Not clearly defined in the contract agreement.	
Correction (by company):	
To review the contract agreement details of working hour and overtime terms and to be sign by the workers. 31/10/2018 - HR Dept. & Sr. Executive Administration Office for all estate.	
Corrective / Preventive Action (by company)	
Newly reviewed contracts to include OT & working hour details. (29/03/18 – Mr Hendra HR Dept.)	
Review of Correction & Corrective / Preventive Action	

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Non Conformity Number < Minor 01 >	
The action plan to review contract agreement with workers to include OT & working hour details to be implemented by 31/10/2018 and HR Department is in-charged. The action plan will be reviewed in the next audit.	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor: Zul Hairi Bin Abu Hassan	Date of Review Action Plan: 17/04/2018
Review of Implementation for Major NC (where applicable)	
Review contract agreement of new workers includes details information such as overtime rate for normal day 1.5 times and rest day 2.0 time. Working hours; 8 hours includes rest time. Interviewed workers indicates they able to explain working hours and overtime rate in accordance with Sabah Labour Ordinance (Chapter 67).	
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: 28/01/2019

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	1
MINOR Non-Conformities	2
Observations	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 should be properly maintained. (MAJOR)			
Location	Banita Estate and Sg Indit Estate.		
Description of Finding / Objective Evidence:			
a) Stakeholders meeting has been conducted on 23/01/2018 for Banita Estate and Sg Indit Estate. However, the meeting does not include other group of stakeholders, example: government agencies and No external stakeholders' feedback recorded.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
Date Raised:01/02/2019	Deadline for implementation	01/04/2019	
Root Cause Analysis (by company):			
Less understanding and poor monitoring of stakeholders meeting.			
Correction (by company):			
Stakeholder meeting will conduct in 20 March 2019 that invite all group of stakeholders including government agencies. Feedback forms is use to get feedback from the stakeholders.			

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Non Conformity Number < 01 >	
Corrective / Preventive Action (by company)	
Assign person to record list of stakeholders. To schedule for stakeholder consultations To have feedback form to record feedbacks Address issues arise from feedback form (if there is any) Stakeholder meeting should include minutes of meeting with attendance and photos	
Review of Correction & Corrective / Preventive Action	
Stakeholders meeting conducted on 21/03/2019 include all relevant stakeholders. Feedback for stakeholders and responds from management included in the minutes of meeting. Thus, this non-conformity could considered closed. This will further 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 Lead Auditor: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 29/03/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < 02 >	
Indicator: 4.4.1.1 Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. (MINOR)	
Location	All estates
Description of Finding / Objective Evidence:	
SIA 2018 has been established for estates which included 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:	01/03/2019.
Root Cause Analysis (by company):	
Lack of understanding pertaining to SIA	
Correction (by company):	

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Non Conformity Number < 02 >	
Conduct the assessment and gather responds from internal stakeholders' and record Plan to conduct the SIA on: Sg. Indit Est. in March, 2019. Banita Est. in July, 2019. Kapilit Est in March, 2019.	
Corrective / Preventive Action (by company)	
Understand the objective/purpose of SIA Plan a schedule to conduct Establish an assessment and respond form from stakeholders to mitigate the negative impacts and promote the positive ones.	
Review of Correction & Corrective / Preventive Action	
Action plan has been received and reviewed. Stated in action plan schedule for SIA which involved internal stakeholders for Sg Indit on March 2019, Banita Estate on July 2019 and Kapilit Estate on March 2019. Implementation will be reviewin 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 checked="" type="checkbox"/> No	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < 03 >	
Indicator: 4.4.4.2 The occupational safety and health plan shall cover the following: b) The risks of all operations shall be assessed and documented. (MAJOR).	
Location	Sg Indit Estate
Description of Finding / Objective Evidence:	
HIRARC for Sg Indit Estate has been established which included assessment of all risks applicable activities within the estate. However, the HIRARC does not reflect any changes on risk assessment and rating for any repetitive minor cases. In consideration of established HIRARC and no major cases in Sg Indit Estate occurs within the past 2017-2018 period, the major non-conformity has been downgraded to minor	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Ariff Bin Lokman	Date Raised: 01/02/2019
Deadline for implementation:	01/03/2019.
Root Cause Analysis (by company):	
Lack of understanding and monitoring	

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Non Conformity Number < 03 >	
Correction (by company):	
Identify the risk of all operation and repetitive accidents on the field by the cases from dispensary report.	
Corrective / Preventive Action (by company)	
Review the HIRARC accordingly rating for any repetitive minor and major cases immediately and conduct the training or awareness program for workers.	
Review of Correction & Corrective / Preventive Action	
Action plan has been received and reviewed. Stated in action plan HIRARC will be review accordingly for any minor and major cases. Safety and health department will be in charge on implementation. The implantation will be reviewed 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: Ariff Bin Lokman	Date of Review Action Plan: 28/02/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input checked="" 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 surveillance audit for its ninth estates according to MSPO 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

The one Major NC raised in this audit is closed out successfully. Furthermore, two minor non-conformances action plans are submitted, reviewed and are accepted.. Implementation of Minor NCs will be review and verify 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 established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-Part 3:2013.

Any audit is based on sampling within an organization's management system and therefore is not a guarantee of 100 % conformity with requirements.

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

Total certified number of estates:	9 Estates
Total certified production area:	26, 494.15 Ha
Projected Certified FFBS January to December 2019:	499,807.00 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 were interviews, observations, sampling of activities and review of documentation and records.

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

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, 30/05/2019

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

Puchong, 30/05/2019

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

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7. REFERENCES

Table 7-1: List of Interviewed Persons And Stakeholders

No.	Name	Organisation / Function
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

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