

# MSPO CERTIFICATION SUMMARY REPORT

## KOPERASI PEMBANGUNAN BERSATU SANDAKAN BERHAD

SURVEILLANCE 04

Onsite Audit Date: 06/12/2023 – 07/12/2023

TUV NORD (Malaysia) Sdn Bhd  
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**MSPO Certification Summary Report**

Company Name: Koperasi Pembangunan Bersatu Sandakan Berhad

Certifying Unit: Koperasi Pembangunan Bersatu Sandakan Berhad

Client Number: 92-143

Audit Type: ASA 04

Mode of Audit: Onsite

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**Abbreviations**

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

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### 1. INTRODUCTION

Koperasi Pembangunan Bersatu Sandakan Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct a surveillance 04 audit for its oil palm estates according to MS 2530-3:2013 Part 3 General principles for Oil Palm 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 standard.

#### 1.2. Scope

The assessment is based on the documentation established by the Koperasi Pembangunan Bersatu Sandakan Berhad.

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 MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations 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.

The following references 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 Oil Palm Plantations and Organised Smallholders audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

#### 1.3. Appointment and qualification of team members

The audit team appointed consists of one team leader and two team members. The audit team members contributed to the review of documents, the assessment of the project activity and preparation of the report.

#### Qualification of the Lead Auditor: Khairul Anwar Bin Ismail

| Requirement  | Qualifications                   |
|--|----------------------------------|
| Post-secondary education, college or university diploma / degree in one of the following<br>i) Agriculture;<br>ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);<br>iii) Engineering, Process Technology;<br>iv) Energy Management, Quality Management;<br>v) Social Sciences and/or Anthropology;<br>vi) Business Management; or | Graduate in Agricultural Science |

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| Requirement  | Qualifications   |
|--|--|
| vii) Other relevant related fields   |  |
| 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 oil palm plantations.  |
| Successfully completed MPOCC endorsed lead auditor trainings   | Successfully completed MS2530 series of standards for Lead Auditors                        |
| Carried out 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 and appointed as Lead auditor for MS2530 scheme.                                 |
| Field working experience in the palm oil sector or demonstrable equivalent   | 5 years working experience in oil palm plantations.  |
| Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use   | 5 years working experience in oil palm plantations.  |
| Successfully completed Quality Management Systems (QMS) ISO9001 standard   | Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course                      |
| Health and safety auditing on the estate processes and activities<br>Or<br>Successfully completed Occupational, Health & Safety Management System ISO 45001 standard   | Successfully completed IMS ISO 45001:2018 Lead Auditor course.                             |
| Worker's welfare and social auditing experience<br>or<br>Successfully attended SA8000 or related social or ethical accountability codes  | Successfully completed Basic SA 8000 training.   |
| Environmental and ecological auditing or experience with organic agriculture.<br>or<br>Successfully completed Environmental Management Systems ISO 14001 standard  | Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme. |
| Attended High Conversation Value Assessment training   | Attended and completed the HCV-HCS for producers online course                             |
| Able to communicate in Bahasa Malaysia, English and / or any other local language.   | Able to communicate in Bahasa Malaysia and English.  |

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### Qualification of Team Member

| Requirement  | Name of Assessor                  | Qualification  | Compliance |
|--|-----------------------------------|--|------------|
| Post-secondary education, college or university diploma / degree in one of the following<br>i) Agriculture;<br>ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);<br>iii) Engineering, Process Technology;<br>iv) Energy Management, Quality Management;<br>v) Social Sciences and/or Anthropology;<br>vi) Business Management; or<br>vii) Other relevant related fields | Mohamad Norhisham Bin Mohd Salleh | Graduate in Applied Science (Major In Agrobiology).                  | 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)  | Mohamad Norhisham Bin Mohd Salleh | 5 years working experience in oil palm plantations.                  | Yes        |
| Successfully completed MPOCC endorsed lead auditor trainings   | Mohamad Norhisham Bin Mohd Salleh | Successfully completed MS2530 series of standards for Lead Auditors. | Yes        |
| Carried out 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.   | Mohamad Norhisham Bin Mohd Salleh | Qualified and appointed as lead auditor for MSPO scheme.             | Yes        |
| Field working experience in the palm oil sector or demonstrable equivalent   | Mohamad Norhisham Bin Mohd Salleh | 5 years working experience in oil palm plantations.                  | Yes        |
| Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use   | Mohamad Norhisham Bin Mohd Salleh | 5 years working experience in oil palm plantations.                  | Yes        |
| Successfully completed Quality Management Systems (QMS) ISO9001 standard   | Mohamad Norhisham Bin Mohd Salleh | Successfully completed ISO 9001:2015 Lead Auditor course.            | Yes        |

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| Requirement  | Name of Assessor                  | Qualification   | Compliance |
|--|-----------------------------------|---|------------|
| Health and safety auditing of the estate processes and activities<br>Or<br>Successfully completed Occupational, Health & Safety Management System ISO 45001 standard | Mohamad Norhisham Bin Mohd Salleh | Successfully completed ISO 45001:2018 Lead Auditor course.                                | Yes        |
| Worker's welfare and social auditing experience<br>or<br>Successfully attended SA8000 or related social or ethical accountability codes                              | Mohamad Norhisham Bin Mohd Salleh | Successfully completed Basic SA 8000 training.  | Yes        |
| Environmental and ecological auditing or experience with organic agriculture.<br>or<br>Successfully completed Environmental Management Systems ISO 14001 standard    | Mohamad Norhisham Bin Mohd Salleh | Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme | Yes        |
| Completed High Conversation Value assessment   | Mohamad Norhisham Bin Mohd Salleh | Attended and completed the HCV-HCS for producers online course.                           | Yes        |
| Able to communicate in Bahasa Malaysia, English and / or any other local language.   | Mohamad Norhisham Bin Mohd Salleh | Able to communicate in Bahasa Malaysia and English.                                       | Yes        |

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## 2. METHODOLOGY

The audit approach consists of the following steps:

- Appointment of team members;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- Assessment, inspections, interviews operational personnel, workers, contractors; review of documentation;
- Reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Final approval, certification decision and issuance of certificate.

The surveillance 04 audit is carried out onsite from 06/12/2023 – 07/12/2023 in accordance to the certification procedure.

### Surveillance 04 Audit:

The Surveillance 04 audit carried out onsite on 06/12/2023 – 07/12/2023 covering the following activities but not limited to below:

Onsite:

- Background investigation
- Review of documentation established but not limited to below
  - Policies
  - Estates maps
  - Land titles
  - Standard Operating Procedures;
  - Work Flow Charts;
  - Management Plans;
  - Operating licenses and approvals;
  - Operating records;
  - Training records;
  - Applicable Legislation Documents
- Onsite visit, observations and inspection of estate(s) facilities and field activities;



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- Interview operation personnel and field workers for understanding of work assigned;
- Reviewed revised and updated documentation established and implemented;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised during in last audit;
- Assessment reporting;

### On-site Assessment

The audit of the estates are carried out according to the MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

The methodology for collection of objective evidence by means of physical site inspections, observation of tasks and processes, interview workers and operation personnel, review of documentation and data. Checklists and questionnaires were used to guide the collection of information.

**Table 2-1: Estate(s) Selected**

| Name of Estates | Coordinates                        |
|-----------------|------------------------------------|
| Mile 12         | N 5° 54' 50.69", E 117° 58' 20.86" |
| Mile 26         | N 5° 49' 23.28", E 117° 48' 4.03"  |

### 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, Minor and Opportunity for Improvement (OFI) may be raised during the audit.

Major non-conformance shall be addressed and responded with 60 days from closing date of audit. For minor non-conformances raised and action plan to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be review and verify in the next audit.

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### 3. ORGANISATION INFORMATION

The certified estates are owned by Koperasi Pembangunan Bersatu Sandakan Berhad located at 1<sup>st</sup> floor Block C, Lot 9B, Old Slipway, Sandakan, Sabah.

The details of the estates as below:

| Name of Division | Location                                      | Coordinates                        |
|------------------|---|------------------------------------|
| Mile 12          | Batu 12, Jalan Sungai Manila, Sandakan, Sabah | N 5° 54' 50.69", E 117° 58' 20.86" |
| Mile 26          | Batu 26, Jalan Labuk, Sandakan, Sabah         | N 5° 49' 23.28", E 117° 48' 4.03"  |

#### 3.1. Production volume

| Name of Estate   | Area (Ha)     |               | Projected FFB Production (mt)<br>(January 2023 to December 2023) |
|------------------|---------------|---------------|--|
|                  | Total*        | Production**  |  |
| Mile 12          | 124.49        | 113.58        | 1,700.00   |
| Mile 26          | 379.80        | 359.02        | 5,300.00   |
| <b>Total FFB</b> | <b>504.29</b> | <b>472.60</b> | <b>7,000.00</b>  |

\*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 or Division | Mile 26       | Mile 12       |
|---------------------------|---------------|---------------|
| 1994                      | 44.56         | -             |
| 1998                      | 27.24         | 79.73         |
| 2001                      | 69.81         | -             |
| 2006                      | 40.31         | -             |
| 2008                      | 3.16          | -             |
| 2010                      | 79.08         | -             |
| 2017                      | 59.09         | -             |
| 2018                      | -             | 6.76          |
| 2019                      | -             | 11.38         |
| <b>Total Mature</b>       | <b>323.25</b> | <b>97.87</b>  |
| 2023                      | 35.77         | 15.71         |
| <b>Total Immature</b>     | <b>35.77</b>  | <b>15.71</b>  |
| <b>Total</b>              | <b>359.02</b> | <b>113.58</b> |

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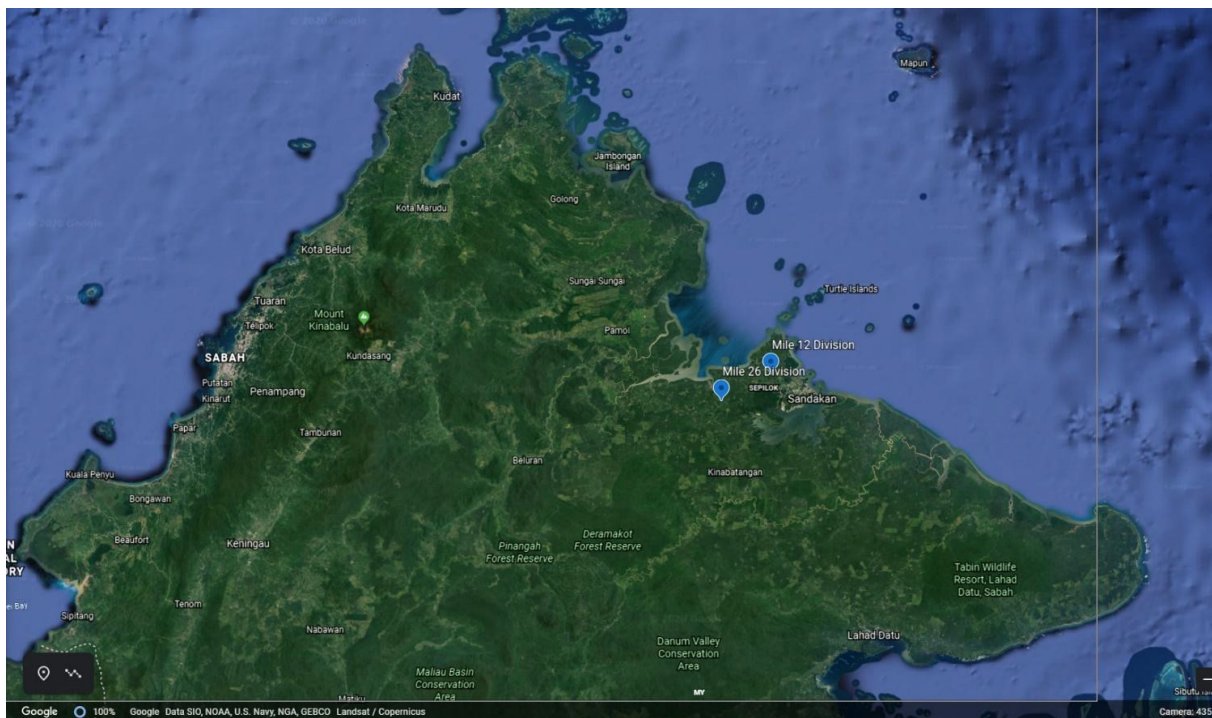
Audit Type: ASA 04

Mode of Audit: Onsite

### 3.3. Replanting program for each estate

| Year of replanting | Planted area (ha) in each division |              | Total area to be replanted (ha) |
|--------------------|------------------------------------|--------------|---------------------------------|
|                    | Mile 12                            | Mile 26      |                                 |
| 2025               | 0                                  | 21.60        | 21.60                           |
| <b>TOTAL</b>       | <b>0</b>                           | <b>21.60</b> | <b>21.60</b>                    |

### 3.4. Maps of Estate Location



Map Mile 26 and Mile 12 division

## MSPO Certification Summary Report

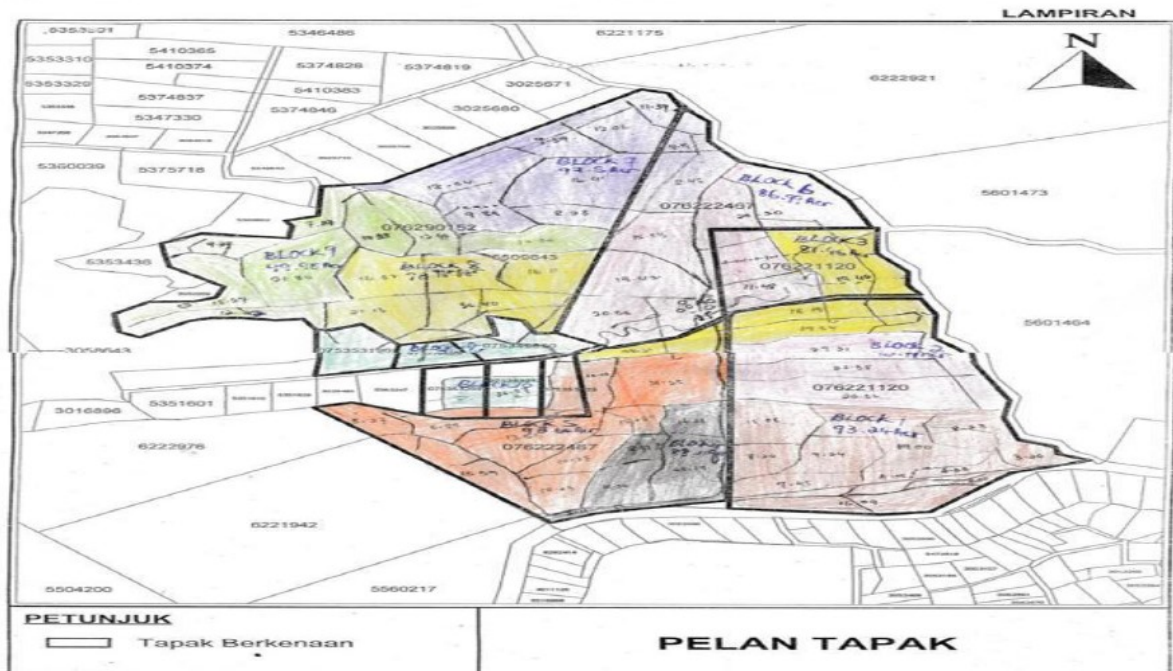
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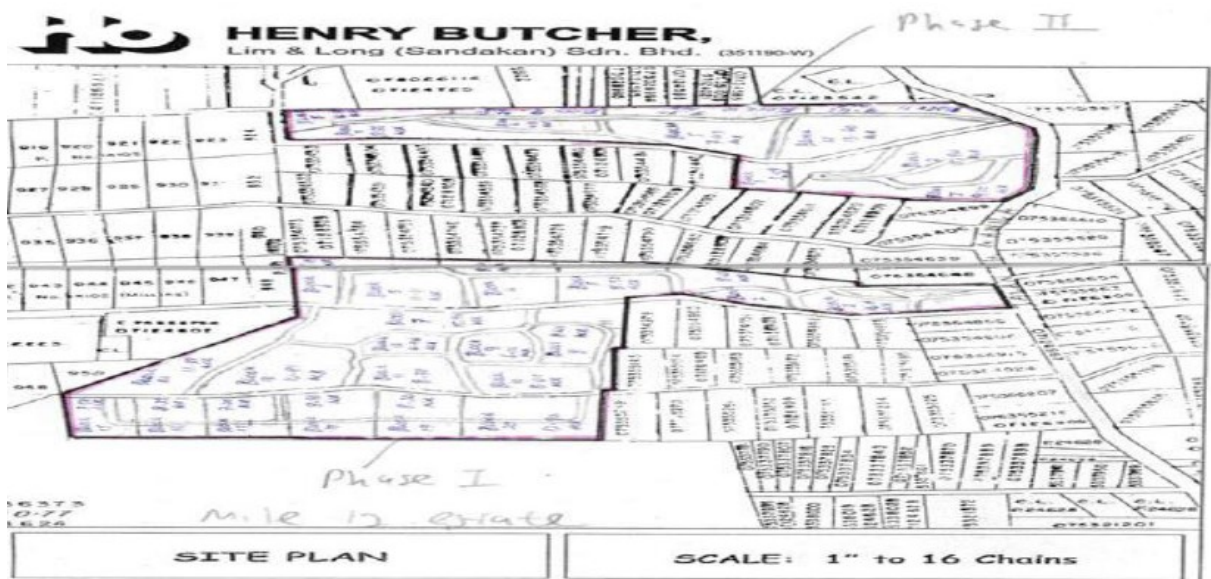
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Map Mile 26 division



Map Mile 12 division

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## 4. CERTIFICATION ASSESSMENT

### 4.1. ASA 04

The objective of the audit is to assess the activities of the estate is in compliance with MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

#### 4.1.1. Surveillance 04 Audit:

The Surveillance 04 audit is carried out on 06/12/2023 to 07/12/2023 covering one estate with two divisions, Mile 12 and Mile 26.

During the last surveillance audit, there are 2 Major and 2 Opportunity of Improvement (OFI) are raised.

During this surveillance 04 audit, the major and minor non-compliance raised in the last audit, the audit team has review by means of physical inspection of estate, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the estate management. The corrective measures implemented could be verified as appropriate.

The major non-conformances raise during the surveillance 04 audit are closed out by means of documents review that are establish, revised and implemented appropriately and preventive actions taken.

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

The audit findings if any, raised in this audit refer to Section 4.6 of this report.

### 4.2. Stakeholders' Consultation

According to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit of the management unit, the CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

Therefore, there is no physical stakeholders consultation carried out for this surveillance audit.

TUV NORD (Malaysia) Sdn. Bhd., has published the audit notification on 06/11/2023 to announce the audit of the certified unit. As at audit date on 06/12/2023 there are no comments received.

### 4.3. Summary of Assessment

#### Principle and Criteria Assessment Summary

The assessment team conduct a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-3. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below in section 4.6.



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| Principle 1: Management Commitment & responsibility |   |            |
|---|---|------------|
| Indicator   | Summary of Assessment   | Compliance |
| 4.1.1.1   | <p>Koperasi Pembangunan Bersatu Sandakan Berhad (KPBSB) established MSPO Policy dated 02/01/2019 signed by Chairman.</p> <p>The policy established in both Bahasa Malaysia and English and publicly available at estate office notice board.</p> <p>KPBSB has carried out company policies training includes MSPO Policy for all workers dated 06/10/2023 and external stakeholders dated 25/09/2023.</p> <p>Field interviews with sampled workers informed they understand on the MSPO Policy.</p>   | Yes        |
| 4.1.1.2   | <p>KPBSB established MSPO Policy dated 02/01/2019 signed by chairman.</p> <p>The policy states continual improvement in every aspect of the principle whenever practical to ensure sustainability of the business.</p>  | Yes        |
| 4.1.2.1   | <p>KPBSB established SOP for internal audit doc no: KPBSB-SOP-01, rev no: 01, updated 11/09/2019 include the flow chart of internal audit planning and carried out. The internal audit planning once a year.</p> <p>The procedure states to identify the weak point and strong point at the audit.</p> <p>KPBSB has carried out internal audit dated 18/10/2023 - 20/10/2023.</p> <p>The weakness and recommendation or improvement plan has been identified and stated in the internal audit.</p> <p>Example:</p> <p>Strong points:</p> <ul style="list-style-type: none"> <li>Establishment of systematic documented information;</li> <li>Social responsibility towards workers in terms of providing; basic amenities and subsidies</li> <li>Build up the positive relationship with stakeholders.</li> </ul> <p>Weakness points:</p> <ul style="list-style-type: none"> <li>Management could consider constructing better path access in certain blocks which are newly matured in Mile 12 estate to facilitate the harvesting process of the harvesters.</li> </ul> | Yes        |
| 4.1.2.2   | <p>KPBSB established SOP for internal audit doc no: KPBSB-SOP-01, rev no: 01, updated 11/09/2019 include the flow chart of internal audit planning and carried out.</p> <p>The SOP describes the internal audit to be conduct once a year and will be review in management review meeting.</p> <p>KPBSB conduct internal audit dated 18/10/2023 - 20/10/2023.</p> <p>No NC raised during the internal audit.</p>  | Yes        |
| 4.1.2.3   | <p>KPBSB internal audit results are available and discuss in the management review dated 28/10/2023.</p>  | Yes        |

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| Principle 1: Management Commitment & responsibility |  |            |
|---|--|------------|
| Indicator   | Summary of Assessment  | Compliance |
| 4.1.3.1   | <p>Management review meeting carried out on 28/10/2023 include discuss on the internal audit findings.</p> <p>Management review agenda minute meeting:</p> <ul style="list-style-type: none"> <li>• MSPO issues arising and solution;</li> <li>• Internal audit discussion;</li> <li>• Opportunities for improvement;</li> <li>• Conclusion.</li> </ul>  | Yes        |
| 4.1.4.1   | <p>KPBSB established Continual Improvement Plan dated 01/03/2019 and updated 01/09/2023 signed by chairman.</p> <p>CIP topic discussed on safety &amp; Health, environmental, regulatory.</p> <p>Example: Environment</p> <p>Action: Improve the workers quarter inspection effectiveness for house cleanliness and water leakage;</p> <p>Responsibility: Estate Assistant;</p> <p>Timeframe: 06/01/2023;</p> <p>Status: Continuously;</p> <p>Review the workers quarter inspection carried out on monthly basis latest on October 2023.</p>   | Yes        |
| 4.1.4.2   | <p>KPBSB established SOP for new information, techniques, equipment dated 01/03/2019.</p> <p>The SOP has describe on:</p> <ul style="list-style-type: none"> <li>• To identify and register all approved new information, techniques, equipment etc;</li> <li>• Valuation of new information, techniques and equipment too suit with the current practices;</li> <li>• Location selection for the experiment trial;</li> <li>• To train the operator or the employees involved;</li> <li>• To ensure that monitoring format of new implementation are revised and approved by chairman.</li> </ul> <p>KPBSB carried out briefing on SOP for new information, techniques and equipment to the workers dated 03/10/2023.</p> | Yes        |
| 4.1.4.3   | <p>KPBSB established SOP for new information, techniques, equipment dated 01/03/2019.</p> <p>The SOP includes responsible person, training, implementation program and evaluation process.</p> <p>The SOP describes the resource such as training to be carried out while there is implementation of new technology, new information or new industry standards.</p>  | Yes        |

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| Principle 2: Transparency |   |            |
|---------------------------|---|------------|
| Indicator                 | Summary of Assessment   | Compliance |
| 4.2.1.1                   | <p>KPBSB established Consultation and Communication Procedure, doc no: KPBSB-SOP-02, rev no: 01, dated 11/09/2019.</p> <p>The procedure describes any request of information from stakeholders will be response within one month.</p> <p>KPBSB has established list of stakeholders latest update 25/09/2023.</p> <p>The list of stakeholders has includes:</p> <ol style="list-style-type: none"> <li>1. Palm Oil mill;</li> <li>2. Supplier;</li> <li>3. Contractors;</li> <li>4. Government agencies;</li> <li>5. Surrounding committee;</li> <li>6. NGO.</li> </ol> <p>KPBSB has conducted stakeholder's consultation meeting dated 25/09/2023 via email communication. Sighted invitation letter to stakeholders conducted by email respond.</p> <p>Feedback from stakeholder was received and no issue of complaint sighted.</p> <p>Example:</p> <p>Stakeholders: JTK Sabah</p> <p>Dated; 26/09/2023.</p> | Yes        |
| 4.2.1.2                   | <p>KPBSB has established list of publicly available and confidential documents dated 01/11/2020.</p> <p>Example:</p> <p>List of publicly available documents;</p> <ol style="list-style-type: none"> <li>1. Company policy;</li> <li>2. SOP;</li> <li>3. Incident record;</li> <li>4. ERP plan;</li> <li>5. PPE records;</li> <li>6. Complaint and Grievances procedure.</li> </ol> <p>List of confidential documents;</p> <ol style="list-style-type: none"> <li>1. Employees personal file;</li> <li>2. Pay slip;</li> <li>3. Employees insurance;</li> <li>4. EPF/SOCSSO.</li> </ol>   | Yes        |



| Principle 2: Transparency |   |            |
|---------------------------|---|------------|
| Indicator                 | Summary of Assessment   | Compliance |
| 4.2.2.1                   | <p>KPBSB has established the SOP for consultant and communication, doc no: KPBSB-SOP-02 updated 11/09/2019.</p> <p>The flowchart stated as below details:</p> <ol style="list-style-type: none"> <li>1. "Perkara atau isu stakeholders yang di bangkitkan harus di siasat terlebih dahulu oleh pengurus atau penolong pengurus estate";</li> <li>2. "Membuat penilaian terhadap aduan yang di terima";</li> <li>3. "Bersemuka dengan pengadu bagi menyelesaikan aduan";</li> <li>4. "Permintaan maklumat daripada stakeholders' harus diselesaikan dalam jangka masa satu bulan daripada tarikh permohonan di terima".</li> </ol> <p>KPBSB establish the communication and consultation form dated on 01/03/2019.</p> <p>The SOP was briefed to stakeholders during stakeholder's consultation on 25/09/2023 via email.</p> | Yes        |
| 4.2.2.2                   | <p>KPBSB has appointed Estate Assistant Manager as person in charge for transparency of information and document dated 01/04/2019.</p> <p>Sstakeholders' were informed of the appointed person during the stakeholder's meeting on 25/09/2023.</p>  | Yes        |
| 4.2.2.3                   | <p>KPBSB list of stakeholders including contractors, suppliers, local community, government agencies and palm oil mill updated on 25/09/2023.</p> <p>Reviewed the consultation and communication records and feedback from stakeholder received, there are no issue of complaints sighted.</p> <p>The SOP was brief to stakeholders attended the stakeholder's consultation on 25/09/2023 via email. There is no information request during the stakeholders meeting.</p>   | Yes        |
| 4.2.3.1                   | <p>KPBSB has established SOP traceability document number KPBSB-SOP-03 dated 01/03/2019 and updated 11/09/2019.</p> <p>The SOP includes flow chart of FFB traceability as below:</p> <ul style="list-style-type: none"> <li>• Harvesting;</li> <li>• Counting FFB;</li> <li>• FFB loading;</li> <li>• Weighbridge;</li> <li>• FFB ramp;</li> <li>• Records data in estate system.</li> </ul> <p>Example:</p> <p>Estate w/bridge ticket (dispatch)-Miles 26</p> <p>Mill: Buyer A</p>   | Yes        |

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 Client Number: 92-143  
 Audit Type: ASA 04  
 Mode of Audit: Onsite

| Principle 2: Transparency |  |            |
|---------------------------|--|------------|
| Indicator                 | Summary of Assessment  | Compliance |
|                           | <p>Ticket number: 003017</p> <p>Date : 02/10/2023;</p> <p>Nett Weight: 11,490 kg</p> <p>Mill w/bridge ticket (receiving)</p> <p>Supplier: KPBSB</p> <p>Ticket number: C0209995</p> <p>Date: 02/10/2023;</p> <p>Nett Weight: 10,990 kg</p> <p>DO number: 003017</p> <p>Estate w/bridge ticket (dispatch)-Miles 10</p> <p>Mill: Buyer B</p> <p>Ticket number: 008261;</p> <p>Date : 06/10/2023;</p> <p>Nett Weight: 4,050 kg</p> <p>Mill w/bridge ticket (receiving)</p> <p>Supplier: KPBSB</p> <p>Ticket number: 012596</p> <p>Date : 06/10/2023;</p> <p>Nett Weight: 3,330 kg</p> <p>DO number: 008261</p> |            |
| 4.2.3.2                   | The inspection of traceability system conducted on monthly basis by appointed person in charge (weighbridge clerks). Reviewed appointment letter dated 01/04/2019 for Mile 26 and Mile 12. Internal audit conducted 18/10/2023 – 20/10/2023 includes traceability inspection.  | Yes        |
| 4.2.3.3                   | <p>KPBSB appointed weighbridge clerk as person in charge for transparency of information and document for mile 26 dated 01/04/2019.</p> <p>KPBSB appointed weighbridge clerk as person in charge for transparency of information and document for mile 12 dated 01/04/2019.</p>  | Yes        |
| 4.2.3.4                   | <p>KPBSB has established records of FFB sold and delivered.</p> <ul style="list-style-type: none"> <li>• Harvester record;</li> <li>• FFB chit;</li> <li>• Estate weighbridge ticket;</li> <li>• Mill weighbridge ticket;</li> <li>• FFB grading sheet.</li> </ul> <p>The unique number is the estate delivery number or estate weighbridge ticket number.</p>   | Yes        |

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Mode of Audit: Onsite

| Principle 2: Transparency |   |            |
|---------------------------|---|------------|
| Indicator                 | Summary of Assessment   | Compliance |
|                           | <p>Example:</p> <p>Estate w/bridge ticket (dispatch)-Miles 26</p> <p>Mill: Buyer A</p> <p>Ticket number: 003017</p> <p>Date : 02/10/2023;</p> <p>Nett Weight: 11,490 kg</p> <p>Mill w/bridge ticket (receiving)</p> <p>Supplier: KPBSB</p> <p>Ticket number: C0209995</p> <p>Date: 02/10/2023;</p> <p>Nett Weight: 10,990 kg</p> <p>DO number: 003017</p> |            |

| Principle 3: Compliance to legal requirements |   |            |
|---|---|------------|
| Indicator                                     | Summary of Assessment   | Compliance |
| 4.3.1.1                                       | <p>Reviewed and verified list of licenses and permits as below:</p> <ol style="list-style-type: none"> <li>1. MPOB license number 501396102000 for KPBSB valid for one (1) year from 01/04/2023 to 31/03/2024;</li> <li>2. MPOB License for nursery number 622098111000 valid for one (10) year from 25/08/2023 to 31/07/2024.</li> <li>3. Jabatan Tenaga Kerja Sabah has approval menggajikan pekerja bukan pemastautin, license number: JTK.H.SDK.600-4/1/1/01261/001326 valid from 12/03/2023 to 11/03/2024;</li> <li>4. Business license for KPBSB serial number: 449807, application number: R22485/2012 dated 05/01/2023;</li> <li>5. Diesel permit doc no: KPDNHEP.SDN.34/2020 (SK) for 18,000 L from 18/08/2021 to 17/08/2024;</li> <li>6. JTK Permit potongan daripada gaji pekerja seksyen 113(4), ordinan buruh (sabah bab 67), no siri: JTKSBH/PMT/113/2023/0115 valid from 06/06/2023 – 05/06/2025.</li> </ol> | No         |
| 4.3.1.2                                       | <p>KPBSB has established list of laws and regulations latest updated on 15/09/2022.</p> <p>Stated in the list as follows:</p> <ol style="list-style-type: none"> <li>1. Environment quality act 1974;</li> <li>2. Employment act 1955;</li> <li>3. Occupational safety and health act 1994;</li> <li>4. Minimum Wages Order 2022;</li> </ol>  | Yes        |

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Mode of Audit: Onsite

| Principle 3: Compliance to legal requirements |  |            |
|---|--|------------|
| Indicator                                     | Summary of Assessment  | Compliance |
|   | <p>5. Prevention and Control of Infectious Diseases (Measures Within Infected Local Areas) Regulations 2020 and related Covid-19 SOPs issued by Majlis Keselamatan Negara and Sabah State Government;</p> <p>6. Pesticides Act 1974.</p>   |            |
| 4.3.1.3                                       | <p>KPBSB has established list of laws and regulations prepared by secretary latest updated on 27/09/2023.</p> <p>KPBSB established the SOP Mechanism of Tracking changes in law dated 11/09/2019.</p> <p>The SOP describes when they are changes in law the management team to follow up the changes to evaluate the effect of the change in laws, and to assess the current practices and suggest changes if any.</p> <p>Example of latest changes in law updated in legal register is Minimum Wages Order 2022.</p>  | Yes        |
| 4.3.1.4                                       | <p>KPBSB has appointed secretary as person in charge of track and update the regulatory requirement on 01/04/2019. Reviewed appointment letter.</p>  | Yes        |
| 4.3.2.1                                       | <p>The land titles are CL and PL issued by the State Land Office for the purpose of the cultivation of tree bearing edible fruit and agricultural crop of economic value.</p> <p>KPBSB has 9 lots of land title for Mile 26 division and 54 lots of land title for mile 12 Sungai Manila division.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>Land title 075353025, CL, validity 01/01/1974 – 31/12/2072;</li> <li>Land title 075353196, CL, validity period 01/01/1974 – 31/12/2072;</li> <li>Land title 075353203, CL, validity period 01/01/1974 – 31/12/2072.</li> </ul> | Yes        |
| 4.3.2.2                                       | <p>KPBSB is the legal owner of the land and approved by State of Sabah Land authority. The land titles stated land use right are for purpose of the cultivation of tree bearing edible fruit and agricultural crop of economic value.</p> <p>The tenure of the land is 99 years lease.</p> <p>Reviewed and verified land titles CL 075353025, CL 075353196 and CL 075353203.</p>   | Yes        |
| 4.3.2.3                                       | <p>During field visit at Mile 26, block 07, observed boundary stone clearly demarcated.</p> <p>Sample: Block 7-2.77 acre.</p>  | Yes        |
| 4.3.2.4                                       | <p>KPBSB land are purchased from previous owner and approved by State Land Department.</p>   | Yes        |

| <b>Principle 3: Compliance to legal requirements</b> |  |            |
|--|--|------------|
| Indicator  | Summary of Assessment  | Compliance |
|  | Therefore, no disputes found during document review. The land are country lease and provisional lease to KPBSB issued by state land authority.<br>No disputes found during document review.                        |            |
| 4.3.3.1  | Land title issued by Sabah Land Authority there is no customary land.<br>Type of land title are country lease and provisional lease.<br>The land tenure was for the period of is 99 years.                         | Yes        |
| 4.3.3.2  | Land title issued by Sabah Land Authority there is no customary land. Type of land title are country lease and provisional lease.<br>The land tenure was for the period of is 99 years. Therefore, not applicable. | Yes        |
| 4.3.3.3  | Land title issued by Sabah Land Authority there is no customary land.<br>Sighted land title transfer from person to KPBSB. The land transfer was acknowledged by both party.<br>No FPIC agreements available.      | Yes        |

| <b>Principle 4: Social Responsibility, health, safety and employment conditions</b> |   |            |
|---|---|------------|
| Indicator   | Summary of Assessment   | Compliance |
| 4.4.1.1   | KPBSB established Social Impact Assessment (SIA) dated 30/09/2023.<br>The SIA report includes feedbacks from internal and external stakeholders, impacts, action plan, person in charge and time frame.<br>A summary of positive and negative impacts, mitigation plan promotes with timeline are included.<br>Example of Negative impact:<br>Negative Impact:<br>Activity: Replanting<br>Negative impact: Potential loss of harvesting income from replanting area<br>Promoting/ control measure: The area to be replanted are currently not harvested due to tall palm trees and insufficient workers. Therefore, the current harvesters' income will not be affected.<br>Person in-charge: Estate Assistant<br>Status: On-going<br>Interview with harvester confirm, the harvesting activities still on going and not effected their income since estate had shortage of harvesters. | Yes        |
| 4.4.2.1   | KPBSB established SOP complaint and grievances document number KPBSB-SOP-14, updated on 11/09/2019.<br>The flowchart describes;<br><ul style="list-style-type: none"> <li>Complainants submit complaint form to field staff;</li> </ul>   | Yes        |

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 Mode of Audit: Onsite

| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
|  | <ul style="list-style-type: none"> <li>Manager and assistant will investigate the complaint;</li> <li>Manager and assistant will assess the complaint;</li> <li>Manager and assistant will meet the complainant in person to solve the problem.</li> </ul> <p>Complaint and grievances flowchart displayed at estate notice board.</p> <p>Field interview with sampled workers informed they understand the complaint and grievances procedure.</p>   |            |
| 4.4.2.2  | <p>KPBSB established flowchart for complaint and grievance document number KPBSB-SOP-14, updated on 11/09/2019.</p> <p>The flowchart describes the timeline to resolve the complaint is one month.</p>  | Yes        |
| 4.4.2.3  | <p>KPBSB complaint form displayed at the estate notice board.</p> <p>Field interview with sampled workers informed they understand on complaint and grievances process.</p> <p>No complaint lodged to KPBSB from year 2019 until the audit date.</p>  | Yes        |
| 4.4.2.4  | <p>KPBSB complaint form and SOP complaint and grievance are displayed at estate notice board.</p> <p>Field interview with sampled workers informed they understand and have been briefed on complaint and grievances procedure.</p> <p>Briefing for complaint and grievances carried out for external stakeholders dated 25/09/2023 and workers dated 03/10/2023.</p>   | Yes        |
| 4.4.2.5  | <p>KPBSB complaint record is review and maintained since year 2019. No complaint lodged to KPBSB until audit date.</p>  | Yes        |
| 4.4.3.1  | <p>KPBSB provide work opportunities on hiring local communities for estate operation such as office admin and mandore.</p> <p>KPBSB provide contract opportunities for local contractor for the FFB transportation</p>  | Yes        |
| 4.4.4.1  | <p>KPBSB established Occupational Safety and Health Policy updated on 15/04/2020 signed by Chairman.</p> <p>The policy states the company committed to comply with health and safety requirements and manage activities with due consideration to the safety and health of any person who may be affected by company operations.</p> <p>The policy displayed at estate notice board.</p> <p>Briefing of occupational health &amp; safety policy carried out on 06/10/2023 to all workers.</p> <p>Field interview with sampled workers informed they have been briefed on the occupational health &amp; safety policy.</p> | Yes        |
| 4.4.4.2  | <p>a KPBSB conduct occupational health &amp; safety policy briefing to workers on 06/10/2023 and external stakeholder on 25/09/2023.</p> <p>The policy is display on the estate notice board.</p>   | Yes        |

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Mode of Audit: Onsite

| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
|  | Field interviews with sampled workers informed they understand on the occupational health & safety policy.  |            |
| b  | <p>KPBSB established HIRARC updated on 20/03/2023 includes all estate operations.</p> <p>HIRARC consists of activity, hazard, risk, existing controls, risk rating, additional controls and person in charge.</p> <p>Example:</p> <p>Activity: Replanting (Palm Chipping)</p> <p>Hazard: Sharp Tractor Bucket blade</p> <p>Risk: Sevier Injuries</p> <p>Existing control: It is forbidden to approach working machinery, the use of complete PPE</p> <p>Recommended control: Replanting Safety procedure training</p> <p>Person in-charge: Estate assistant</p> <p>KPBSB conducted the training for replanting safety procedure t dated 07/12/2023.</p> | Yes        |
| c i  | <p>KPBSB carried out training for SOP includes safe work practices for estate operations.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>SOP harvesting, spraying, manuring and PPE dated 03/10/2023.</li> </ul> <p>Field interviews with sampled workers informed they understand on the safe work practices.</p>  | Yes        |
| c ii   | <p>KPBSB SDSs are kept at chemical and fertilizer store.</p> <p>SDS are available in English and Bahasa Malaysia language.</p> <p>Example:</p> <p>SDS glyphosate dated 05/12/2019.</p> <p>SDS Sentry dated 03/04/2020.</p> <p>Onsite visit at chemical store, store arrangement was in good condition. The store was locked and only person in charge will allow enter. Proper chemical placement and labelling.</p> <p>Signage of warning and hazard is in place.</p>  | Yes        |
| d  | <p>KPBSB established record of PPEs issuance and review on the records is maintained and updated.</p> <p>Example PPE issuance records dated 25/09/2023 for chemical sprayers is review.</p> <p>Field interviews with sampled workers informed, PPE provided by the estate management.</p>   | No         |

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Mode of Audit: Onsite

| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
| e  | <p>KPBSB established SOP Chemical Handling document number KPBSB-SOP-09 dated 01/03/2019.</p> <p>Chemical storage and handling SOP briefed to workers on 03/10/2023.</p> <p>Field interviews with sampled workers informed they understand on the SOP.</p> <p>Onsite visit at chemical store observed chemical products are store in original label and packing.</p>  | Yes        |
| f  | <p>KPBSB appointed estate assistant as person in-charge for safety and health.</p>  | Yes        |
| g  | <p>KPBSB has a total number of 30 workers. Therefore, below the minimum requirements to have an OSH committee in accordance to DOSH requirements.</p> <p>KPBSB conduct safety and health meeting on yearly basis.</p> <p>Latest safety and health meeting carried out on 30/09/2023 with participants of both employer and employee representatives and includes agenda of safety and health and accident update.</p> | Yes        |
| h  | <p>KPBSB established Emergency Response Plan (ERP) dated 01/02/2019.</p> <p>Established ERP includes Chemical Spillage, Accident, Fire, Flood and Poisoning.</p> <p>ERP and emergency contact number displayed at estate notice board.</p> <p>Briefing of safety and ERP carried out on 03/10/2023.</p>   | Yes        |
| i  | <p>KPBSB store clerk is a competent first aider and attended first aid training carried out by Bulan Sabit Merah Malaysia Sandakan dated 23/06/2019.</p> <p>KPBSB carried out first aid briefing dated 03/10/2023.</p> <p>First aid kits are available at the work site and maintained by the first aider.</p>  | Yes        |
| j  | <p>KPBSB established record of accident and injuries, no accident reported since last audit date.</p> <p>KPBSB conduct OSH meeting on 30/09/2023 include agenda on reporting for accident or injuries cases.</p> <p>Annual accident report, JKPP 8 for year 2022 submitted to DOSH on 09/01/2023 with no accident reported.</p>   | Yes        |
| 4.4.5.1  | <p>KPBSB established Human Resources and Social Policy dated 11/09/2019 signed by Chairman.</p> <p>The policy is displayed at estate notice board.</p>  | Yes        |



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 Mode of Audit: Onsite

| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
|  | <p>KPBSB is committed to practice good human resources and social practices for all employee by adhering to the following:</p> <ul style="list-style-type: none"> <li>• Comply with the Labour Ordinance (Sabah Cap. 67) and all related statutes, laws and regulations;</li> <li>• Provide equal opportunity and treatment to all employees;</li> <li>• No discriminatory practices based on race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics;</li> <li>• Provide good living quarters with basic amenities;</li> <li>• Prohibit employment of child and forced labour;</li> <li>• Prohibit any form of domestic violence;</li> <li>• Promote and enhance quality of life and wellbeing of the employees and communities;</li> <li>• Freedom of association and the effective recognition of the right to collective bargaining.</li> </ul> <p>Social Policy was briefed to external stakeholders through email dated 25/09/2023 and workers dated 06/10/2023.</p> <p>Field interview with sampled workers informed they understand the social policy.</p> |            |
| 4.4.5.2  | <p>KPBSB established Human Resources and Social Policy dated 11/09/2019 signed by Chairman.</p> <p>The policy is displayed at estate notice board.</p> <p>KPBSB is committed to practice good human resources and social practices for all employee by adhering to the following:</p> <ul style="list-style-type: none"> <li>• Provide equal opportunity and treatment to all employees;</li> <li>• No discriminatory practices based on race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics.</li> </ul> <p>Field interview with sampled workers informed they understand the social policy.</p>   | Yes        |
| 4.4.5.3  | <p>KPBSB established contract agreement includes list of piece rate, hourly and daily rate work.</p> <p>Contract agreement signed by management and workers.</p> <p>KPBSB issue a memo for revision of daily rate work to follow Minimum Wages Order 2022 dated 01/05/2022.</p> <p>The memo state the new pay rate for daily rate is RM 57.69 per day and RM 7.21 per hourly rate in accordance to Minimum Wages Order 2022.</p> <p>Field interviews with sampled workers informed they had been briefed on the list of piece rate and agreed with the pay rate.</p>  | Yes        |

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| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
|  | The pay slip indicates the workers' pay in line with agreed hourly rate or list of piece rate.  |            |
| 4.4.5.4  | <p>KPBSB monitor FFB transport contractor worker wages by payment voucher based on verbal agreement rates between the contractor and the worker.</p> <p>Reviewed on the payment voucher of the contractor's worker for the month of 01/10/2023 the wages paid is according to agreed rates.</p>   | Yes        |
| 4.4.5.5  | KPBSB established list of workers that contain name, gender, date of birth, date joined, job description and wages.   | Yes        |
| 4.4.5.6  | <p>KPBSB established worker contract for every worker recruited and signed by both parties.</p> <p>Workers are briefed on the terms and conditions, wage, position of the work contract and copy is provided.</p> <p>Field interview with sampled workers informed they have been briefed on the contract terms and conditions and received a signed copy.</p>  | Yes        |
| 4.4.5.7  | <p>KPBSB use the attendance record book to monitor workers reporting work and working hours for each day.</p> <p>The working hours is display at the notice board.</p> <p>Overtime rate according to Sabah Labour Ordinance 1967 requirement of 1.5 times hourly rate for normal overtime and 2.0 times hourly rate for rest day.</p> <p>Field interview with sampled workers informed they understand working hours and overtime rates.</p> <p>Workers informed they are briefed on the working hours when they sign the contract agreement.</p> | Yes        |
| 4.4.5.8  | <p>KPBSB established working hours and displayed at estate notice board.</p> <p>Working hours: 7:00 am to 4:00 pm ;</p> <p>Break time: 12:00 pm – 1:00 pm.</p> <p>Field interview with sampled workers informed they understand on estate working hours.</p>  | Yes        |
| 4.4.5.9  | <p>KPBSB provide pay slip to all workers documenting wage for the month, deduction and any overtime performed.</p> <p>Document review KPBSB have 'JTK Permit Potongan Daripada Gaji Pekerja' approved for electricity deduction valid from 06/06/2023 till 05/06/2025.</p> <p>Workers are paid either piece rate or daily rate.</p> <p>Field interview with sampled workers informed they understand the working hours and overtime rates, however no OT required in the estate.</p>  | Yes        |
| 4.4.5.10   | KPBSB provides benefits for both local and foreign workers such as medical cost, sick leave, SOCSO and public holidays.   | Yes        |

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| Principle 4: Social Responsibility, health, safety and employment conditions |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
| 4.4.5.11   | <p>KPBSB adopt industry best practices for living quarters.</p> <p>The basic amenities such as recreational area, toilet, water and electricity are provided.</p>   | Yes        |
| 4.4.5.12   | <p>KPBSB established Sexual Harassment Policy dated 02/01/2019 signed by Chairman.</p> <p>The policy is displayed at estate notice board.</p> <p>The policy states KPBSB is committed to provide a safe work environment which is conducive, safe and free from sexual harassment. Sexual harassment is unwelcomed conduct of a sexual nature, which makes a person feel offended, humiliated and/or intimidated.</p> <p>Complaint record review no related complaint lodged for sexual harassment and violence.</p> <p>Field interview with sampled workers informed no sexual harassment cases occurred in KPBSB.</p>   | Yes        |
| 4.4.5.13   | <p>KPBSB established Human Resources and Social Policy dated 11/09/2019 signed by Chairman.</p> <p>The policy state KPBSB is committed to freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Worker meeting carried out 25/09/2023 attended by workers and management.</p> <p>Field interview with sampled workers informed there is no union form in KPBSB. However, worker informed the worker meeting carried out annually as communication tools between workers and management team.</p>   | Yes        |
| 4.4.5.14   | <p>KPBSB established Human Resources and Social Policy dated 11/09/2019 signed by Chairman.</p> <p>The policy state KPBSB is committed to practice good human resources and social practices for all employee by adhering to the following;</p> <ul style="list-style-type: none"> <li>Prohibit employment of child and forced labour</li> </ul> <p>Document review on the employee list confirmed all estate workers above 18 years old.</p> <p>Reviewed the summary list of workers and field interview with sampled workers confirmed there is no employment of children or young persons in the estate. All workers are above 18 years prior joining KPBSB.</p> | Yes        |
| 4.4.6.1  | <p>KPBSB established annual training program for year 2023 dated 06/10/2023.</p> <p>Training program include:</p> <ul style="list-style-type: none"> <li>Company policies ;</li> <li>SOPs;</li> <li>First aid;</li> </ul>   | Yes        |

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 Audit Type: ASA 04  
 Mode of Audit: Onsite

| Principle 4: Social Responsibility, health, safety and employment conditions |  |            |
|--|--|------------|
| Indicator  | Summary of Assessment  | Compliance |
|  | <ul style="list-style-type: none"> <li>Environmental;</li> <li>Safety and health.</li> </ul> <p>Example of briefing records:</p> <ul style="list-style-type: none"> <li>Briefing of ERP, SOP complaint and grievance, and SOP new information, technique and equipment dated 03/10/2023;</li> <li>First aid dated 03/10/2023;</li> <li>SOP harvesting, SOP spraying, SOP manuring and PPE dated 05/10/2023.</li> </ul> |            |
| 4.4.6.2  | <p>KPBSB established training need analysis dated 27/09/2023 according to type of job.</p> <p>Example:</p> <p>Harvester need to attend briefing for company policies, SOP harvesting, ERP, safety and health, first aid and environmental.</p> <p>Field interview with sampled workers informed training have been provided to them according to their job task.</p>   | Yes        |
| 4.4.6.3  | <p>KPBSB established continuous training program for year 2024.</p> <p>The training were planned for whole year includes company policies, SOPs, first aid, environmental and safety and health.</p> <p>Example of training program:</p> <ul style="list-style-type: none"> <li>First aid on October 2024.</li> </ul>  | Yes        |

| Principle 5: Environment, natural resources, biodiversity and ecosystem services |  |            |
|--|--|------------|
| Indicator  | Summary of Assessment  | Compliance |
| 4.5.1.1  | <p>KPBSB established Environmental policy revision 00, updated 02/01/2019 signed by Chairman.</p> <p>The policy states;</p> <p>In protecting the environment and enhancing biodiversity, we shall undertake the following:</p> <ol style="list-style-type: none"> <li>Meet all environmental rules and regulation in oil palm industry;</li> <li>Zero burning on all oil palm cultivation activities;</li> <li>Educating and enhancing awareness of stakeholders pertaining to protection of the environment and biodiversity through regular training and communication.</li> </ol> <p>KPBSB established the Identification and Evaluation of Environment Aspects and Impacts updated on 14/01/2022.</p> <p>Identification and Evaluation of Environment Aspects and Impacts included the Activity, Environmental aspect, type of impact and control measure.</p> | Yes        |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services |  |            |
|--|--|------------|
| Indicator  | Summary of Assessment  | Compliance |
|  | <p>Example of the EAIA :</p> <p>Activities: Mixing of pesticide;</p> <p>Environment Aspect: Spillage of pesticide;</p> <p>Environment Impacts: Water and land pollution;</p> <p>Mitigation/improvement plan: Established chemical mixing area and ensure workers using the facility;</p> <p>Person in charge: Estate assistant.</p> <p>Onsite visit to estate confirmed premix are had been set up for workers mixing chemicals.</p>   |            |
| 4.5.1.2  | <p>a KPBSB established the Identification and Evaluation of Environment Aspects and Impacts latest updated on 14/01/2022.</p> <p>Identification and Evaluation of Environment Aspects and Impacts include the objective and environmental policy as stated below;</p> <ul style="list-style-type: none"> <li>• Meet all environmental rules and regulation in oil palm industry.</li> <li>• Zero burning on all oil palm cultivation activities.</li> <li>• Educating and enhancing awareness of stakeholders pertaining to protection of the environment and biodiversity through regular training and communication.</li> </ul>            | Yes        |
|  | <p>b KPBSB established the Identification and Evaluation of Environment Aspects and Impacts latest updated on 14/01/2022.</p> <p>Aspects and Impacts for all estates operation is identified.</p> <ul style="list-style-type: none"> <li>• Admin;</li> <li>• Manuring;</li> <li>• Upkeep/weeding;</li> <li>• Harvesting;</li> <li>• Fertilizer store;</li> <li>• Chemical store;</li> <li>• Workshops;</li> <li>• Workers quarters;</li> <li>• Nursery;</li> <li>• Replanting.</li> </ul> <p>Example:</p> <p>Activities : Landfill;</p> <p>Environment Aspect : Generation of leachate, liquid that drains or leaches from the dumpsite;</p> | Yes        |

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Mode of Audit: Onsite

| Principle 5: Environment, natural resources, biodiversity and ecosystem services |   |            |                      |      |           |      |           |      |           |      |           |     |
|--|---|------------|----------------------|------|-----------|------|-----------|------|-----------|------|-----------|-----|
| Indicator  | Summary of Assessment   | Compliance |                      |      |           |      |           |      |           |      |           |     |
|  | Environment Impacts : Water, air and land pollution;  |            |                      |      |           |      |           |      |           |      |           |     |
| 4.5.1.3  | <p>The Environmental Aspects and Impacts established includes the negatives impacts and control measures to promote the positive ones.</p> <p>Station/Area: Field;</p> <p>Activity: Application of fertilizer.</p> <p>Aspect: Spillage of fertilizer;</p> <p>Type of impact: Negative impact:</p> <p>Station/Area: Field;</p> <p>Activity: Application of fertilizer.</p> <p>Aspect: Use of Fertilizer bags;</p> <p>Type of impact: Positive impact</p> | Yes        |                      |      |           |      |           |      |           |      |           |     |
| 4.5.1.4  | <p>KPBSB established the CIP for environment, updated on 06/01/2023.</p> <p>Example:</p> <p>Action: Improve monitoring of diesel and lubricant spillage in diesel tank area and store;</p> <p>Responsibility: Estate Assistant;</p> <p>Timeframe: Ongoing.</p> <p>Onsite visit to diesel and lubricant store indicates no spillage observed.</p>  | Yes        |                      |      |           |      |           |      |           |      |           |     |
| 4.5.1.5  | <p>KPBSB has established annual training plan for 2023, document number: KPBST-T01, dated 06/10/2023. The plan has includes training on environment policy.</p> <p>The environmental policy and plan training conducted by Secretary, dated on 06/10/2022.</p>  | Yes        |                      |      |           |      |           |      |           |      |           |     |
| 4.5.1.6  | <p>KPBSB has conducted environmental meeting between management and workers on 30/09/2023.</p> <p>The meeting had discussed about housekeeping and cleanliness of worker quarters, waste management and stream water analysis.</p>  | Yes        |                      |      |           |      |           |      |           |      |           |     |
| 4.5.2.1  | <p>KPBSB established the diesel consumption monitoring record from 2019 until 2022.</p> <p>For the past three years, total diesel usage are:</p> <table><tr><th>Year</th><th>Total diesel (Liter)</th></tr><tr><td>2019</td><td>51,809.48</td></tr><tr><td>2020</td><td>39,409.42</td></tr><tr><td>2021</td><td>45,316.29</td></tr><tr><td>2022</td><td>41,305.54</td></tr></table>   | Year       | Total diesel (Liter) | 2019 | 51,809.48 | 2020 | 39,409.42 | 2021 | 45,316.29 | 2022 | 41,305.54 | Yes |
| Year   | Total diesel (Liter)  |            |                      |      |           |      |           |      |           |      |           |     |
| 2019   | 51,809.48   |            |                      |      |           |      |           |      |           |      |           |     |
| 2020   | 39,409.42   |            |                      |      |           |      |           |      |           |      |           |     |
| 2021   | 45,316.29   |            |                      |      |           |      |           |      |           |      |           |     |
| 2022   | 41,305.54   |            |                      |      |           |      |           |      |           |      |           |     |

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 Mode of Audit: Onsite

| Principle 5: Environment, natural resources, biodiversity and ecosystem services |  |                 |                |                      |                      |
|--|--|-----------------|----------------|----------------------|----------------------|
| Indicator  | Summary of Assessment  | Compliance      |                |                      |                      |
|  | <p>Diesel usage for year 2022 is lower compared to 2021. This is mainly due to less usage of machineries for activities such as road repairs, and lower crops production.</p> <p>KPBSB is using an electricity from the grid. Reviewed records of electricity used from grid for the year 2018 to 2023. Electricity consumption is comparable in terms of YTD average.</p> |                 |                |                      |                      |
| 4.5.2.2  | <p>Annual budget for diesel consumption had been established for 2023 and monthly compared with the actual consumption.</p> <p>Diesel usage for year 2023 is within the budget range mainly due to less usage of machineries for activities such as road repairs, etc.</p>   | Yes             |                |                      |                      |
| 4.5.2.3  | KPBSB does not practice renewable energy for their estate.   | Yes             |                |                      |                      |
| 4.5.3.1  | <p>KPBSB has established waste management plan revision 02, dated 01/03/2020.</p> <p>The waste management plan includes the types of waste, item description, location/source and action taken.</p> <p>For example:</p> <p>Scheduled waste (liquid)</p> <p>Sources:</p> <p>Workshop.</p> <p>Type of waste: Scheduled waste.</p> <p>Example: Used lubricant oil.</p>        | Yes             |                |                      |                      |
| 4.5.3.2  | <p>a</p> <p>KPBSB has established waste management plan revision 02, dated 01/03/2020.</p> <p>Source of waste and pollution is identifying in the waste management plan.</p> <p>For example :</p> <p>Recycled waste (Solid)</p> <p>Sources :</p> <p>Estate</p> <p>Type of waste: Organic waste.</p> <p>Action plan: EFB mulching</p>                                       | Yes             |                |                      |                      |
|  | <p>b</p> <p>KPBSB has established waste management plan revision 02, dated 01/03/2020.</p> <p>The waste management plan includes:</p> <table><tr><th>Waste generated</th><th>Recycle/reused</th></tr><tr><td>Empty Fertilizer Bag</td><td>Collect loose fruits</td></tr></table>   | Waste generated | Recycle/reused | Empty Fertilizer Bag | Collect loose fruits |
| Waste generated  | Recycle/reused   |                 |                |                      |                      |
| Empty Fertilizer Bag   | Collect loose fruits   |                 |                |                      |                      |

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 Mode of Audit: Onsite

| Principle 5: Environment, natural resources, biodiversity and ecosystem services |   |                    |  |            |
|--|---|--------------------|--|------------|
| Indicator  | Summary of Assessment   |                    |  | Compliance |
|  |   |                    |  |            |
|  |   | Cutting old fronds | Moisturize the soil and decomposed as organic fertilizer |            |
| 4.5.3.3  | <p>KPBSB has established SOP for chemical handlings revision 00, dated 01/03/2019.</p> <p>The procedure describes:</p> <ol style="list-style-type: none"> <li>1) Handlings of chemical before starting the work;</li> <li>2) Handlings of chemical while the work;</li> <li>3) Handlings of chemical after the work.</li> </ol> <p>Used lubricant oils from vehicles are collected by service contractors. Empty chemical containers are triple rinsed and reused for chemical premixing.</p>             |                    |  | Yes        |
| 4.5.3.4  | <p>KPBSB established SOP management of schedules waste revision 00, dated 01/03/2019.</p> <p>Used lubricant oils from vehicles are collected by service contractors. Empty pesticide containers are triple rinsed and reused for chemical premixing.</p> <p>During site visit, observed empty pesticide containers are triple rinsed and marked with "X" in red.</p> <p>Empty pesticide containers which are triple rinsed and punctured are also reused for worker quarters beautification purposes.</p> |                    |  | Yes        |
| 4.5.3.5  | <p>Domestic wastes had been disposed at dedicated landfill at Mile 26 and as for Mile 12 there are designated bins provided by the local council.</p> <p>The landfill is located 500 m from housing 500 m from waterways.</p> <p>During field visit at Mile 26, observed landfill is well maintained with appropriate open and close date.</p>  |                    |  | Yes        |
| 4.5.4.1  | <p>KPBSB has established waste management plan revision 02, dated 01/03/2020.</p> <p>Example sources and type of wastes identified:</p> <ul style="list-style-type: none"> <li>• Liquid waste - Used lubricants;</li> <li>• Solid waste – empty pesticide containers;</li> </ul> <p>Gaseous waste – Carbon monoxide produced by FFB tractors.</p>   |                    |  | Yes        |
| 4.5.4.2  | <p>KPBSB established Inventory and Mitigation GHG for estate revision 00, dated 01/03/2020.</p> <p>The disposal and treatment method for each type of waste generated had been listed as below example:</p> <p>Activity: FFB Transportation;</p> <p>Operation: Transportation;</p>  |                    |  | Yes        |



| Principle 5: Environment, natural resources, biodiversity and ecosystem services |  |  |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|--|--|--|--------|-------|---------|------------|--|------------|----------------------------|---------|------------|--|------------|----------------------------|-----|
| Indicator  | Summary of Assessment  | Compliance                                 |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | Emission: Carbon monoxide;<br>Mitigation measures: <ul style="list-style-type: none"> <li>Vehicles use for transportation only;</li> <li>Switch off the engine when waiting;</li> <li>Periodic scheduled maintenance.</li> </ul>   |  |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
| 4.5.5.1  | a <p>KPBSB established Water Management Plan revision 00, updated 19/12/2019.</p> <p>Source of water and its usage a below:</p> <table border="1"> <thead> <tr> <th>Estate</th><th>Source</th><th>Usage</th></tr> </thead> <tbody> <tr> <td rowspan="2">Mile 12</td><td>Rain Water</td><td>Weed spraying, washing PPE, triple rinsing</td></tr> <tr> <td>Pipe water</td><td>Drinking, cooking, bathing</td></tr> <tr> <td rowspan="2">Mile 26</td><td>Rain Water</td><td>Weed spraying, washing PPE, triple rinsing</td></tr> <tr> <td>Pipe water</td><td>Drinking, cooking, bathing</td></tr> </tbody> </table> | Estate                                     | Source | Usage | Mile 12 | Rain Water | Weed spraying, washing PPE, triple rinsing | Pipe water | Drinking, cooking, bathing | Mile 26 | Rain Water | Weed spraying, washing PPE, triple rinsing | Pipe water | Drinking, cooking, bathing | Yes |
| Estate   | Source   | Usage                                      |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
| Mile 12  | Rain Water   | Weed spraying, washing PPE, triple rinsing |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | Pipe water   | Drinking, cooking, bathing                 |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
| Mile 26  | Rain Water   | Weed spraying, washing PPE, triple rinsing |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | Pipe water   | Drinking, cooking, bathing                 |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | b <p>Water quality tests conducted to monitor in and outgoing water conducted by external laboratory, Testing Services (Sabah) Sdn. Bhd. dated on 23/08/2023 to ensure no contamination of waterways.</p> <p>WQI results for outlet water is clean with reference to DOE Water Quality Classification Based On Water Quality Index.</p>  | Yes  |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | c <p>The water management plan established has listed method of ensuring optimization of water as below:</p> <ul style="list-style-type: none"> <li>Front stacking to increase soil moisture;</li> <li>Construction of drains in the field;</li> <li>Planting of legume cover crops on terrace area.</li> </ul> <p>During field visit, observed field drains and silt pits constructed for water management.</p>   | Yes  |        |       |         |            |  |            |                            |         |            |  |            |                            |     |
|  | d <p>During field visit, observed buffer zones are maintained for all stream/ river and water catchment area.</p>  | Yes  |        |       |         |            |  |            |                            |         |            |  |            |                            |     |

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Certifying Unit: Koperasi Pembangunan Bersatu Sandakan Berhad

Client Number: 92-143

Audit Type: ASA 04

Mode of Audit: Onsite

| Principle 5: Environment, natural resources, biodiversity and ecosystem services |  |            |
|--|--|------------|
| Indicator  | Summary of Assessment  | Compliance |
|  | <p>All vegetation are preserved and prohibited from any cultivation and plantation maintenance activities for example, manuring, harvesting, and spraying.</p> <p>Training for buffer zone conducted by estate on 06/10/2023.</p>  |            |
| e  | <p>During field visit, observed buffer zones are maintained for all stream/ river and water catchment area.</p> <p>Palms are mark with red paint indicates buffer zone are.</p> <p>All vegetation are preserved and prohibited from any cultivation and plantation maintenance activities for example, manuring, harvesting, and spraying.</p>   | Yes        |
| f  | Field visit to estate site observed no use bore wells for water supply.  | Yes        |
| 4.5.5.2  | Field visit to estate site observed no bunds and weirs constructed by estate.  | Yes        |
| 4.5.5.3  | KPBSB practices rain water harvesting by providing water storage tanks to be placed at worker quarters.  | Yes        |
| 4.5.6.1  | <p>a</p> <p>KPBSB has established High Biodiversity Value Assessments dated 22/04/2019 conducted by environmental consultant (HSE Soutlion).</p> <p>The assessments is to study the existing of flora and fauna in the proposed area.</p> <p>Below is the example of identified rare, threatened, or endangered species (RTE) :</p> <ul style="list-style-type: none"> <li>• Black Flying Squirrel (<i>Aeromys tephromelas</i>);</li> <li>• Crab –eating macaque;</li> <li>• Large treeshrew (Tupai tanah);</li> <li>• Pigeons;</li> <li>• Doves;</li> <li>• Red Junglefowl.</li> </ul> <p>Record of Wildlife Discovery sighted monitor lizard in estate dated 20/08/2023.</p> | Yes        |
|  | <p>b</p> <p>KPBSB has established High Biodiversity Value Assessments dated 22/04/2019.</p> <p>The assessments is to study the existing of flora and fauna in the proposed area.</p> <p>Below is the example of identified rare, threatened, or endangered species (RTE) :</p> <ol style="list-style-type: none"> <li>1. Black Flying Squirrel (<i>Aeromys tephromelas</i>);</li> <li>2. Crab –eating macaque;</li> </ol>  | Yes        |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
|  | 3. Large treeshrew (Tupai tanah);<br>4. Pigeons;<br>5. Doves;<br>6. Red Junglefowl.<br><br>Conservation status of wildlife identified according to IUCN is least concerned.   |            |
| 4.5.6.2  | a KPBSB has established the High Biodiversity Value Assessments dated 22/04/2019.<br><br>Management action plans are as below:<br><br>Issue: Hunting will become the major issues with the existence of the access road;<br><br>Mitigation measure: Signage prohibiting hunting is recommended to alert people on the wildlife protection initiative by the estate's management;<br><br>Monitoring: Well maintain the signage;<br><br>Status: Completed.<br><br>Sighted the signage for no hunting, capturing and penalty according to legal requirements during field visit.<br><br>During field interviews with workers confirmed that they are aware of biodiversity area RTE. | Yes        |
|  | b KPBSB has established environmental policy revision 00, dated 02/01/2019 signed by Chairman.<br><br>The policy has describes its objective; <ul style="list-style-type: none"> <li>Educating and enhancing awareness of stakeholders pertaining to protection of the environment and biodiversity through regular trainings and communication.</li> </ul> Training for Biodiversity for all workers on 06/10/2023.<br><br>Field visit and interviews, confirmed that worker are aware of biodiversity area RTE  | Yes        |
| 4.5.6.3  | Records of wildlife discovery in estate is established for year 2023.<br><br>Sighted in the records date, name of wildlife, person found and action plan.<br><br>Example:<br><br>Record of Wildlife Discovery sighted monitor lizard in estate dated 20/08/2023<br><br>Training for Biodiversity for all workers on 06/10/2023.<br><br>Field visit and interviews, confirmed that worker are aware of biodiversity area RTE   | Yes        |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services |   |            |
|--|---|------------|
| Indicator  | Summary of Assessment   | Compliance |
| 4.5.7.1  | <p>KPBSB has established environmental policy revision 00, dated 02/01/2019 signed by Chairman.</p> <p>The policy has describes;</p> <ul style="list-style-type: none"> <li>Zero burning on all oil palm cultivation activities</li> </ul> <p>During field visit, observed no burning at housing and landfill area.</p> | Yes        |
| 4.5.7.2  | There are no serious palm diseases sighted during the field visits that require burning. Therefore, no special approval for open burning from the relevant authorities.   | Yes        |
| 4.5.7.3  | <p>There are no serious palm diseases sighted during the field visits that require burning.</p> <p>There are no application documents sighted for controlled burning.</p>   | Yes        |
| 4.5.7.4  | <p>KPBSB has established SOP for replanting revision 01, dated 01/03/2019.</p> <p>The SOP includes activities such as, felling, chipping and stacking.</p> <p>Replanting activity conducted at block 4,Miles 12. Field observation confirm replanting was done according to the SOP established.</p>                    | Yes        |

| Principle 6: Best Practices |  |            |
|-----------------------------|--|------------|
| Indicator                   | Summary of Assessment  | Compliance |
| 4.6.1.1                     | <p>KPBSB established list of SOPs for field operations dated 01/03/2019 as follows:</p> <ol style="list-style-type: none"> <li>'Menuai Buah Sawit' document number KPBSB-SOP-06;</li> <li>'Meracun Rumpai', document number KPBSB-SOP-07;</li> <li>'Kerja-Kerja Mengangkut BTS', document number KPBSB-SOP-10</li> <li>'Memandu Kenderaan', document; number KPBSB-SOP-12.</li> </ol> <p>Training of the SOPs carried out to all estate workers.</p> <p>Example:</p> <p>Date: 06/10/2023</p> <p>Type of training:</p> <ol style="list-style-type: none"> <li>SOP and safety working procedure for harvesting and FFB loading;</li> <li>SOP and safety working procedure for manuring;</li> <li>SOP and safety working procedure for spraying.</li> </ol> <p>Field interview with sampled workers informed they understand on the training carried out.</p> | Yes        |
| 4.6.1.2                     | KPBSB established SOP for replanting document number KPBSB-SOP-16, revision 01, dated 01/03/2019 including terrace construction.   | Yes        |

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 Mode of Audit: Onsite

| Principle 6: Best Practices |  |       |            |            |          |       |            |      |         |    |       |  |
|-----------------------------|--|-------|------------|------------|----------|-------|------------|------|---------|----|-------|--|
| Indicator                   | Summary of Assessment  |       |            | Compliance |          |       |            |      |         |    |       |  |
|                             | <p>SOP describes:</p> <ul style="list-style-type: none"><li>• Terracing shall be done mechanically over areas that determined by the management;</li><li>• Terracing shall be carried out along the contour. Distance between terraces shall be indicated by pegs along the contour as determined by the management;</li><li>• Terrace shall be constructed to a minimum width of 4.3 meters;</li><li>• Properly compacted stop bund shall be constructed on the terraces at intervals of 20 meters;</li><li>• The internal end of each blind terrace shall be connected to the nearest terrace above or below it and that all the external ends of terrace shall be connected properly to the roads.</li></ul> <p>KPBSB established Soil Pollution Management Plan, document number KPBSB-ENV-03 dated 01/03/2019 for managing soil erosion.</p> <p>The management plan describes:</p> <ul style="list-style-type: none"><li>• To ensure hilly area constructed with terraces;</li><li>• To plant cover crop at the terrace area.</li></ul> <p>Field visit confirmed terrace constructed at the hilly area and cover crop planted along the terraces.</p> |       |            |            |          |       |            |      |         |    |       |  |
| 4.6.1.3                     | KPBSB established block marker for each block include details such as phase number, block number, total area and planting year.  |       |            | Yes        |          |       |            |      |         |    |       |  |
| 4.6.2.1                     | KPBSB has established business management plan for 2 years from 2023 to 2024.  |       |            | Yes        |          |       |            |      |         |    |       |  |
|                             | The plan has includes general charges, upkeep cost and harvesting cost.  |       |            |            |          |       |            |      |         |    |       |  |
| 4.6.2.2                     | KPBSB established replanting program for 2 years from 2024 to 2025.  |       |            | Yes        |          |       |            |      |         |    |       |  |
|                             | <table><tr><td>Year</td><td>Division</td><td>Block</td><td>Total area</td></tr><tr><td>2025</td><td>Mile 26</td><td>5A</td><td>21.62</td></tr></table>   |       |            | Year       | Division | Block | Total area | 2025 | Mile 26 | 5A | 21.62 |  |
| Year                        | Division   | Block | Total area |            |          |       |            |      |         |    |       |  |
| 2025                        | Mile 26  | 5A    | 21.62      |            |          |       |            |      |         |    |       |  |
| 4.6.2.3                     | KPBSB established business management plan for 2023 – 2024.  |       |            | Yes        |          |       |            |      |         |    |       |  |
|                             | The business plan has includes the following;  |       |            |            |          |       |            |      |         |    |       |  |
|                             | 1. Planting material;  |       |            |            |          |       |            |      |         |    |       |  |
|                             | 2. Crop projection;  |       |            |            |          |       |            |      |         |    |       |  |
|                             | 3. Cost of production/ mt;   |       |            |            |          |       |            |      |         |    |       |  |
|                             | 4. FFB price forecast;   |       |            |            |          |       |            |      |         |    |       |  |
|                             | 5. YPH;  |       |            |            |          |       |            |      |         |    |       |  |
| 4.6.2.4                     | KPBSB established report for income and expenditure accounts as at November 2023.  |       |            | Yes        |          |       |            |      |         |    |       |  |

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| Principle 6: Best Practices |   |            |
|-----------------------------|---|------------|
| Indicator                   | Summary of Assessment   | Compliance |
|                             | The report includes expenditure on general chargers, upkeep work, harvesting cost, FFB production, FFB price per ton and net profit.  |            |
| 4.6.3.1                     | <p>KPBSB purchase chemical and fertilizer from the recognized supplier.</p> <ol style="list-style-type: none"> <li>1. Estate request quotation from supplier;</li> <li>2. Purchase order to be issued out as per quoted price;</li> <li>3. Supplier issue delivery note and invoice when delivering the product;</li> <li>4. Issue out payment voucher to supplier when payment made;</li> <li>5. Estate will received invoice as a proof of payment made.</li> </ol> <p>Example:<br/>           Quotation for fertilizer dated 26/05/2023, purchase order dated 29/05/2023 and invoice dated 25/07/2023 are reviewed.</p>  | Yes        |
| 4.6.3.2                     | <p>KPBSB purchase products and services such as chemical, fertilizer and working tools using a quotation and purchase order system.</p> <p>The payment made based on terms and conditions stated in the quotation provided by supplier and issuance of purchase order to acknowledge and confirmation of agreed price.</p>  | Yes        |
| 4.6.4.1                     | <p>KPBSB engaged contractor for FFBs transportation.</p> <p>Contract agreement dated 01/10/2023 between KPBSB and FFB transporter is review.</p> <p>Review on the contract agreement has include statement of MSPO requirement.</p> <ul style="list-style-type: none"> <li>• The contractor shall agrees to be interview and assessed by MSPO auditors appointed by the Society and to provide the required information and information as part of the MSPO requirement;</li> <li>• The contractor shall understand and comply with all regulatory requirement and also the relevant MSPO principles and their corresponding criteria and indicator in his dealing with the society.</li> </ul> <p>KPBSB communicate with contractor on MSPO awareness via letter dated 01/10/2023.</p> | Yes        |
| 4.6.4.2                     | KPBSB engaged contractor for FFBs transportation, review on the contract agreement dated 01/10/2023 signed by both KPBSB representative and contractor.   | Yes        |
| 4.6.4.3                     | KPBSB established contract agreement dated 01/10/2023 includes terms and conditions states the contractor has to comply to the MSPO requirements and subject to be audited by the appointed Certification Body.   | Yes        |
| 4.6.4.4                     | <p>KPBSB established the records for monitoring work performed by the contractor is duly signed by both parties upon completion of the tasks.</p> <p>Payment invoice is verify by estates management team prior payment is made.</p>  | Yes        |

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| Principle 6: Best Practices |  |            |
|-----------------------------|--|------------|
| Indicator                   | Summary of Assessment  | Compliance |
|                             | Example payment voucher for contractor dated November 2023. The payment was made in accordance with contract agreement terms and conditions. |            |

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| Principle 7: Development of new planting |   |            |
|--|---|------------|
| Indicator                                | Summary of Assessment   | Compliance |
| 4.7.1.1                                  | KPBSB planting statements is review. There is no new planting carried out.<br>The 1 <sup>st</sup> planting is carried out on 1960 until 1994, the latest replanting in year 2023 for 51.48 ha.<br>Therefore, no biodiversity assessment required. | Yes        |
| 4.7.1.2                                  | KPBSB planting statements is review. There is no new planting carried out.<br>The 1 <sup>st</sup> planting is carried out on 1960 until 1994, the latest replanting in year 2023 for 51.48 ha.<br>Therefore, no PMM required.                     | Yes        |
| 4.7.2.1                                  | KPBSB planting statement and maps are review, there is no peat land observed.<br>Field visit confirmed there is no peat land occur within the estate.   | Yes        |
| 4.7.3.1                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no SEIA carried out.  | Yes        |
| 4.7.3.2                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no SEIA carried out.  | Yes        |
| 4.7.3.3                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no SEIA carried out.  | Yes        |
| 4.7.3.4                                  | There are no smallholder's scheme in KPBSB certification. Therefore, not applicable.  | Yes        |
| 4.7.4.1                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no soil map established.  | Yes        |
| 4.7.4.2                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no topography map established.  | Yes        |
| 4.7.5.1                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no map established and no permit available.   | Yes        |
| 4.7.5.2                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no plan established.  | Yes        |
| 4.7.5.3                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no soil map established.  | Yes        |
| 4.7.6.1                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no FPIC carried out and no communities affected.  | Yes        |
| 4.7.6.2                                  | KPBSB planting statement is review and there is no new planting carried out. There is no sacred sites, therefore no management plan established.  | Yes        |
| 4.7.6.3                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no SOP established.   | Yes        |
| 4.7.6.4                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no compensation and agreement established.  | Yes        |
| 4.7.6.5                                  | KPBSB planting statement is review and there is no new planting carried out. Therefore, no assessment established.  | Yes        |



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|         |  |     |
|---------|--|-----|
| 4.7.6.6 | KPBSB planting statement is review and there is no new planting carried out. Therefore, no system establish for calculating the compensation for distribution. | Yes |
| 4.7.6.7 | KPBSB planting statement is review and there is no new planting carried out. Therefore, no compensation plan established.                                      | Yes |
| 4.7.6.8 | KPBSB planting statement is review and there is no new planting carried out. Therefore, no communities affected.   | Yes |

### 4.4. Use of Marks and/or Any Other References to Certification

The audit team leader has reviewed and confirmed that there are no usage of mark/logo in Koperasi Pembangunan Bersatu Sandakan Berhad operation or any on/off-products claim.

### 4.5. Status of Non-Conformities Previously Identified

|  |   |
|--|---|
|  | The stage 1 audit findings have been reviewed, in particular to assure appropriate corrective actions implemented to address the identified audit findings.   |
| <b>X</b>   | 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. |
|  | No non-conformity raised in previous audit.   |
| <p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out or repeated, the finding will be raised to a Major non-conformity.</i></p> <p><i>Note 2: All major and minor NCs raise in last audit are required to capture in this report together with the review of the non-compliance implementation.</i></p> |   |

### 4.6. Detail of Audit Findings in last audit

| AUDIT OUTCOME     |   |                        |
|-------------------|---|------------------------|
| During last Audit | 2 | MAJOR Non-Conformities |
|                   | 0 | MINOR Non-Conformities |

| Non Conformity Number 1  |  |   |                        |
|--|--|---|------------------------|
| Indicator # and Description:   |  | 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations |                        |
| Location:  |  | Office  |                        |
| Description of Finding / Objective Evidence:   |  |   |                        |
| KPBSB has established legal register updated on 15/09/2022. During field visit, visited the oil palm nursery and observed nursery is well established. |  |   |                        |
| However, no nursery license has been obtained from MPOB for oil palm nursery establishment in estate.  |  |   |                        |
| Classification   |  | <input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor  |                        |
| Raise by:  |  | Navin Baskram   | Date Raise: 08/12/2022 |

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| Non Conformity Number 1   |  |
|---|--|
| <b>Deadline for implementation</b>  | 07/02/2022   |
| <b>Root Cause Analysis (by company):</b>  |  |
| <p>The management is not aware of the MPOB circular letter ref. (5) 04/C/P/NKD/656-1 dated 13 August 2021 which requires oil palm estate to apply nursery licence even though the seedlings cultivated are for own planting use. Previously, the nursery licence application was created for the “menjual dan mengalih” and “menyimpan” categories. An additional category “menghasilkan” was created since the date of the circular letter.</p>  |  |
| <b>Correction (by company):</b>   |  |
| KPBSB has submitted the MPOB nursery licence application on 10 December 2022.   |  |
| <b>Corrective / Preventive Action (by company)</b>  |  |
| KPBSB shall ensure the MPOB nursery licence to be obtained and renewed annually and all licensing conditions to be adhered to.  |  |
| <b>Review of Correction &amp; Corrective / Preventive Action</b>  |  |
| <p>Reviewed and verified MPOB licence application dated 10/12/2022, payment dated 08/12/2022 and confirmation of application dated 10/12/2022 for nursery licence.</p> <p>The original licence will be further verified during the next audit.</p> <p>The evidence submitted is sufficient to closure the non-conformity.</p>   |  |
| <b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  | <b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>Name of Auditor:</b><br>Navin Baskram  | <b>Date of Closure:</b><br>21/12/2022  |
| <b>Review of Implementation</b>   |  |
| <p>KPBSB has successfully acquire MPOB license for producing and storing palm oil seedlings. License number 622098111000, valid from 25/08/2023 until 31/07/2024. KPBSB was under stage 1 CoPN (Code of Good Nursery Practise for Oil Palm Nurseries) Certification conducted on 06/12/2023.</p> <p>The stage two audit will be conducted three (3) months after stage one audit.</p> <p>Based on objective evidence provided. The continuity of implementation is consider sufficient.</p> |  |
| <b>Name of Auditor:</b><br>Mohamad Norhisham Bin Mohd Salleh  | <b>Date of Review:</b><br>07/12/2023   |

| Non Conformity Number 02                            |   |
|---|---|
| <b>Indicator # and Description:</b>                 | <p>4.4.4.2</p> <p>The occupational safety and health plan shall cover the following:</p> <p>d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC). (MAJOR)</p> |
| <b>Location:</b>                                    | KPBSB Estate  |
| <b>Description of Finding / Objective Evidence:</b> |   |

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| Non Conformity Number 02  |                          |  |            |
|---|--------------------------|--|------------|
| <p>Reviewed Koperasi Pembangunan Bersatu Sandakan Berhad (KPBSB) Chemical Health Risk Assessment (CHRA) dated 05/09/2022 stated for spraying and manuring activity recommended to supply operator with wellington boots.</p> <p>Review the PPE issuance record dated 14/09/2022, no evidence of wellington boots had been provided to workers.</p> <p>Field interview with sampled workers confirmed wellington boots had not been replaced since 2019.</p> |                          |  |            |
| <b>Classification</b>   |                          | <input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor                       |            |
| <b>Raise by:</b>  | Khairul Anwar Bin Ismail | <b>Date Raise:</b>   | 08/12/2022 |
| <b>Deadline for implementation</b>  |                          | 07/02/2023   |            |
| <b>Root Cause Analysis (by company):</b>  |                          |  |            |
| The management had overlooked the replacement of wellington boots.  |                          |  |            |
| <b>Correction (by company):</b>   |                          |  |            |
| The management had purchased wellington boots for identified workers involved in spraying and manuring activity on 12 December 2022. The workers had received the boots on as per the acknowledged receipt list dated 12 December 2022.   |                          |  |            |
| <b>Corrective / Preventive Action (by company)</b>  |                          |  |            |
| KPBSB shall monitor the list of PPE issuance from time to time to ensure timely replacements of PPE are undertaken.   |                          |  |            |
| <b>Review of Correction &amp; Corrective / Preventive Action</b>  |                          |  |            |
| <p>Reviewed the delivery note and invoices for 9 set of wellington boots purchasing dated 14/12/2022 and 13/12/2022.</p> <p>Reviewed the wellington boot issuance record to the workers dated 14/12/2022.</p> <p>The evidence provided is accepted to close the non-conformity.</p>   |                          |  |            |
| <b>Closed:</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No  |                          | <b>Site verification :</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |            |
| <b>Name of Lead Auditor:</b><br>Khairul Anwar Bin Ismail  |                          | <b>Date of Closure:</b><br>20/12/2022  |            |
| <b>Review of Implementation</b>   |                          |  |            |
| <p>Reviewed the wellington boot issuance record to the workers dated 14/12/2022.</p> <p>No replacement of wellington boot since the wellington boot is in good condition.</p> <p>Interview the sampled workers inform the wellington boot had been issued and in good condition.</p> <p>Based on review on documents, the implementation is deemed adequate.</p>  |                          |  |            |
| <b>Name of Lead Auditor:</b><br>Khairul Anwar Bin Ismail  |                          | <b>Date of Review:</b><br>07/12/2023   |            |

### 4.7. Detail of Onsite Audit Findings Identified during this audit

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

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| ONSITE AUDIT OUTCOME      |   |                        |
|---------------------------|---|------------------------|
| During this onsite audit, | 0 | MAJOR Non-Conformities |
|                           | 0 | MINOR Non-Conformities |

| Nr | Indicator | Description  | Location | Opportunity for Improvement                                    |
|----|-----------|--|----------|--|
| 1. | 4.4.4.2   | The occupational safety and health plan shall cover the following:<br>b) The risks of all operations shall be assessed and documented  | Office   | KPBSB could improve the replanting activities risk assessment. |
| 2. | 4.4.4.2   | The occupational safety and health plan shall cover the following:<br>c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:<br>ii. all precautions attached to products shall be properly observed and applied | Estate   | KPBSB could improve the SDS availability in chemical store.    |
| 3. | 4.4.4.2   | The occupational safety and health plan shall cover the following:<br>i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each worksite  | Office   | KPBSB could improve the first aider qualification.             |
| 4. | 4.5.1.3   | An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored.  | Office   | KPBSB could improve the EAIA for promoting positive impacts.   |

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### 5. CONCLUSION

Koperasi Pembangunan Bersatu Sandakan Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 04 audit consisting of its estate according to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

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

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-Part 3:2013 General principles for Oil Palm Plantations and Organised Smallholders.

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 estate(s):     | 1        |    |
| Total certified production area:         | 472.60   | Ha |
| Certified FFBs January to August 2023:   | 5,850.67 | Mt |
| Project FFBs September to December 2023: | 1,150.00 | Mt |

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**6. RECOMMENDATION**

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

The structure of the audit is in accordance with the audit plan included in 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 policies 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               |
| <b>X</b> | Recommended for Continuity of Certification |
|          | Recommended for Suspension of Certification |

Puchong, 21/12/2023



Khairul Anwar Bin Ismail  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

Puchong, 28/12/2023



Ariff Lokman  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver

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**7. LIST OF STAKEHOLDERS**

No stakeholders' consultation carried out in accordance to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit. Therefore, no stakeholders listed.

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

This report is sent by the certification body to 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 of 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 / Checklists
- ☒ Audit Plan