

# MSPO CERTIFICATION SUMMARY REPORT

## KAPILIT PALM OIL MILL

### SURVEILLANCE 14

Remote Audit Date: 04/02/2021 – 05/02/2021

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# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Kapilit Palm Oil Mill

Client Number: 92-002

Audit Type: ASA 14

Mode of Audit: Remote



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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>GMP</b>	Good Milling Practices
<b>GPS</b>	Global Positioning System
<b>ISO</b>	International Standard Organisation
<b>MPOB</b>	Malaysian Palm Oil Board
<b>MPOCC</b>	Malaysia Palm Oil Certification Council
<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>SDS</b>	Safety Data Sheet
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure
<b>WHO</b>	World Health Organization

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### 1. INTRODUCTION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct Surveillance audit for its palm oil mill according to MS 2530-4:2013 Part 4 General principles for palm oil mills.

#### 1.1. Objective

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

#### 1.2. Scope

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

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

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

The following references are used as part of the assessment; the compliance of the requirements of the guidelines applied are checked.

1. Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mill audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

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

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

##### Qualification of the Lead Auditor: Mohamad Norhisham Bin Mohd Salleh

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following <ol style="list-style-type: none"><li>i) Agriculture;</li><li>ii) Science &amp; Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);</li><li>iii) Engineering, Process Technology;</li><li>iv) Energy Management, Quality Management;</li><li>v) Social Sciences and/or Anthropology;</li><li>vi) Business Management; or</li></ol>	Graduate in Applied Science (Major In Agrobiology).

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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.
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified and appointed as lead auditor for MSPO 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 ISO 9001:2015 Lead Auditor course.
Health and safety auditing on the estate processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Successfully completed ISO 45001:2018 Lead Auditor course.
Workers welfare and social auditing experience or 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. or Successfully completed Environmental Management Systems ISO 14001 standard	Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.
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 Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following	Mohd Nur Amin Bin Mohd Halim	Graduate in Office Management & Technology.	Yes
i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Khairul Anwar Bin Ismail	Graduate In Agricultural Science	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)	Mohd Nur Amin Bin Mohd Halim	6 years 10 months of working experience in both upstream & downstream division on managing sustainability of oil palm industry.	Yes
	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes
Successfully completed MPOCC endorsed lead auditor trainings	Mohd Nur Amin Bin Mohd Halim	Successfully completed MS2530 series of standards for Lead Auditors.	Yes
	Khairul Anwar Bin Ismail	Successfully completed MS2530 series of standards for Lead Auditors.	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Mohd Nur Amin Bin Mohd Halim	Qualified and appointed as auditor for MSPO scheme.	Yes
	Khairul Anwar Bin Ismail	Qualified and appointed as auditor for MSPO scheme.	
Field working experience in the palm oil sector or demonstrable equivalent	Mohd Nur Amin Bin Mohd Halim	6 years 10 months of working experience in	Yes

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Requirement	Assessor	Qualification	Compliance
		both upstream & downstream division on managing sustainability of oil palm industry.	
	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes
Good Milling Practices. Palm oil milling working experience or auditing experience	Mohd Nur Amin Bin Mohd Halim	Qualified and appointed as auditor for MSPO scheme.	Yes
	Khairul Anwar Bin Ismail	Qualified and appointed as auditor for MSPO scheme.	Yes
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course.	Yes
	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course.	Yes
Health and safety auditing on the mill processes and activities Or Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 45001:2018 Lead Auditor course.	Yes
	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 45001:2018 Lead Auditor course.	Yes
Workers welfare and social auditing experience or Successfully attended SA8000 or related social or ethical accountability codes	Mohd Nur Amin Bin Mohd Halim	Successfully completed Basic SA 8000 training.	Yes
	Khairul Anwar Bin Ismail	Successfully completed Basic SA 8000 training.	Yes
Environmental and ecological auditing or experience with mill processes and activities. or Successfully completed Environmental Management Systems ISO 14001 standard	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.	Yes
	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme.	Yes

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Requirement	Assessor	Qualification	Compliance
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Mohd Nur Amin Bin Mohd Halim	Able to communicate in Bahasa Malaysia and English.	Yes
	Khairul Anwar Bin Ismail	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 with operational personnel, stakeholders and its 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.

### Surveillance Audit:

This surveillance audit conducted remotely on 04/02/2021 – 05/02/2021 covering the following activities but not limited to below:

Remote:

- Confirmation of the appropriate interactive communication tools as describe in IAF MD4
- Virtual Review of documentation established but not limited to below
  - Policies
  - Mill location map
  - Land title(s) – for standalone mills
  - Standard Operating Procedures including Mill Operation Manual
  - Work Flow Charts
  - Management Plans
  - Operating licenses and approvals
  - Operating records
  - Training records
  - Applicable Legislation Documents
- Virtual inspection, observations and inspection of mill facilities and activities by photos evidences and phone calls.

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- Virtual interview operation personnel for understanding for the work assigned; by phone calls.
- Reviewed revised and updated documentation established and implemented;
- Reports established;
- Work plans established;
- Review and closed out of non-conformance raised in last audit;
- Assessment reporting;

### Remote Assessment

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

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

This remote audit is conducted in accordance to MPOCC Updated Circular (27 October 2020) Guidance on Remote Audits due to Covid-19 Pandemic on travelling restrictions.

The remote audit follow the IAF MD4:2018 and as guided by the ISO 9001 Auditing Practices Group Guidance on Remote Audits

The communication tools applied for remote audit are Zoom, WhatsApp and Telephone.

### 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 and action plan to be submitted within 30 days from closing date of audit for review and acceptance. Implementation of Minor NC will be reviewed and verified during the next audit.

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### 3. ORGANISATION INFORMATION

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

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

Name of Mill	Location	Coordinates
Kapilit Palm Oil Mill	KM 72, Jalan Tawau–Kalabakan, Sabah.	4.504226°N, 117.525813°E

#### 3.1. Production volume

Volume for the past year Jan 2020 to Dec 2020			Actual volumes Jan 2021			Projected volume Jan 2021 to Dec 2021		
FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
318,193.17	64,402.88	12,652.60	26,252.01	5,152.42	1,053.46	338,055.00	69,301.00	14,536.00

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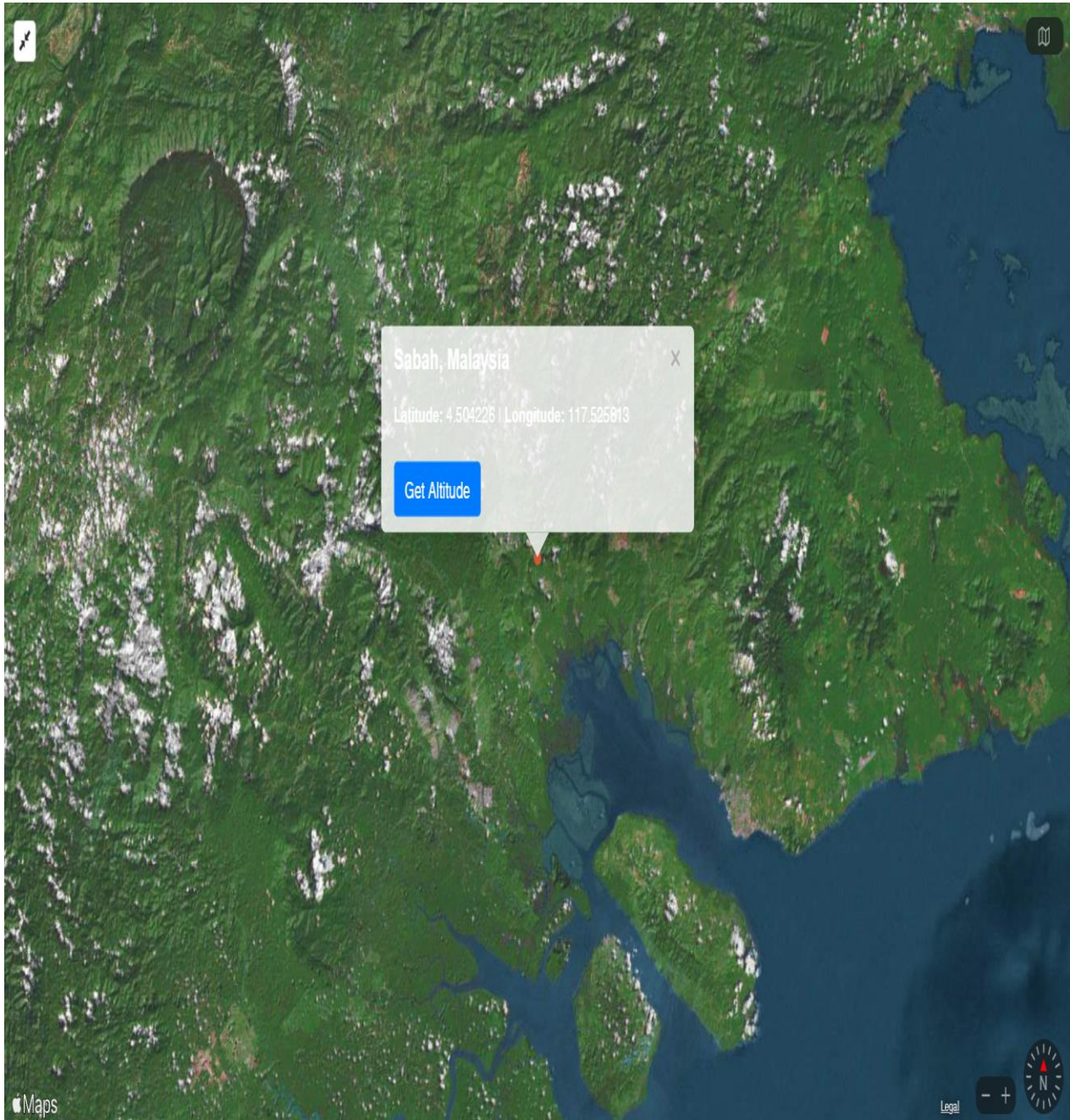
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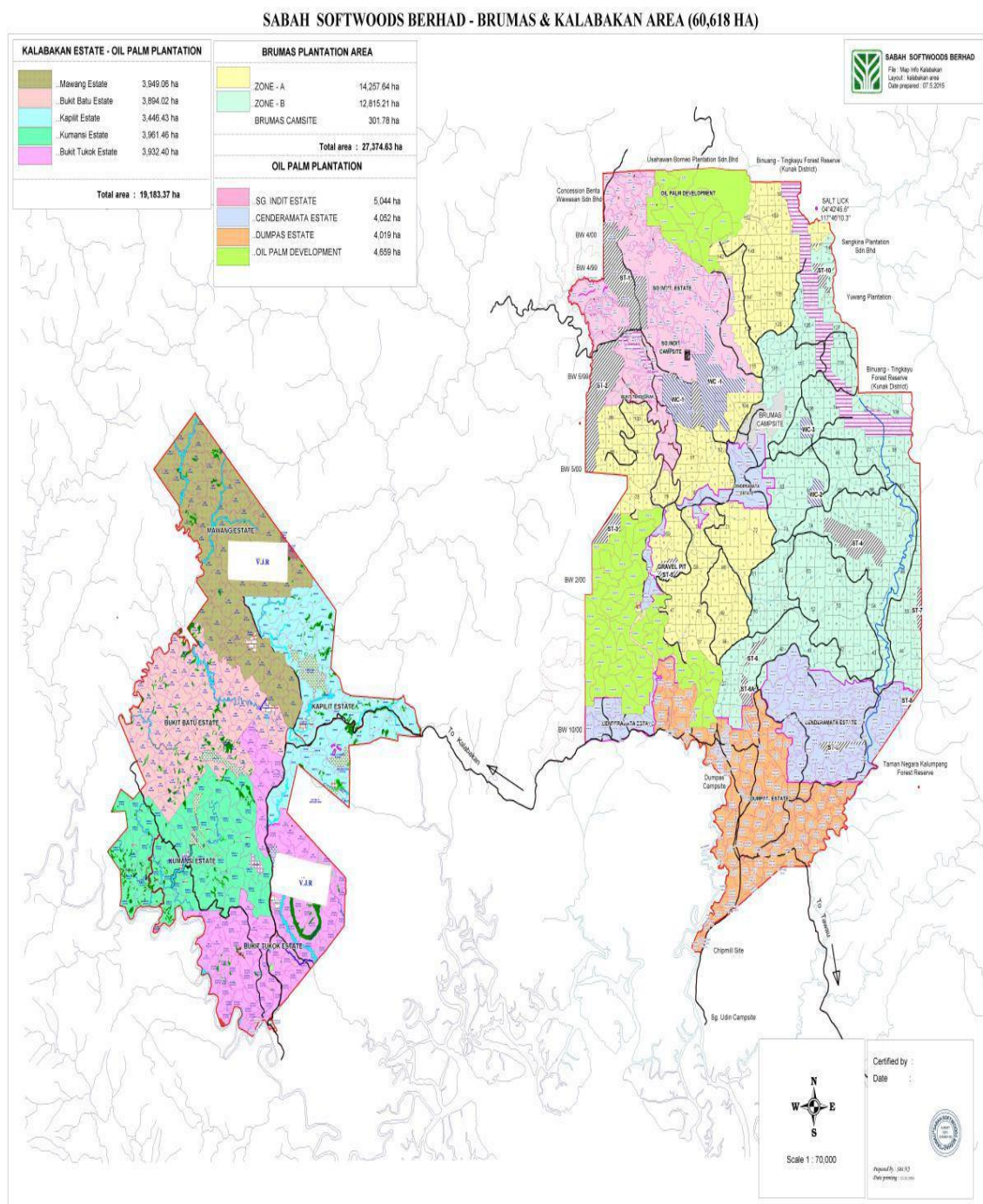
### 3.2. Mas of Mill Location



**Figure 1:** Kapilit Palm Oil Mill coordinate on Sabah map.



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**Figure 2: Map of Sabah Softwoods (Brumas and Kalabakan)**

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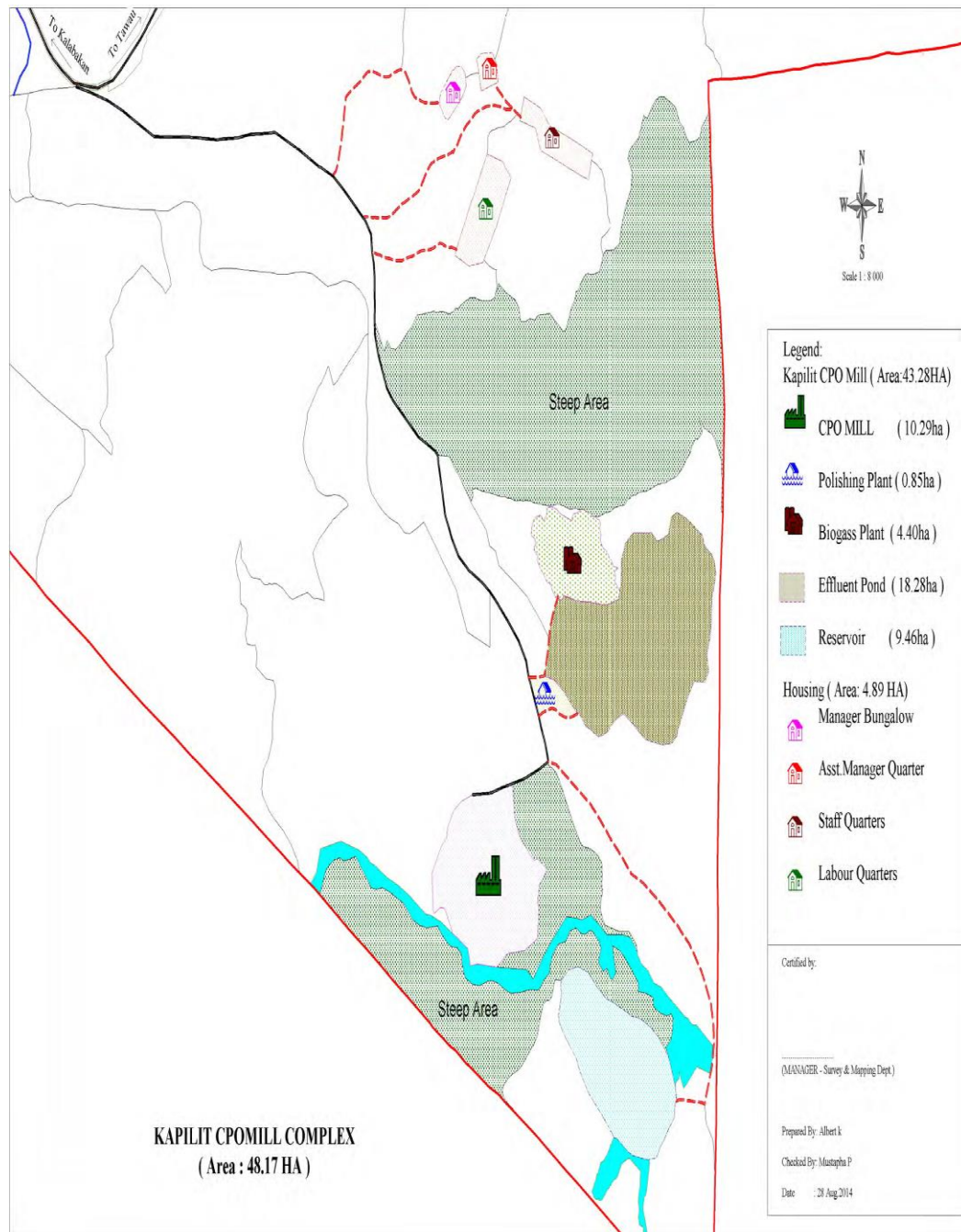
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**Figure 3:** Map of Kapilit Palm Oil Mill complex.

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### 4. CERTIFICATION ASSESSMENT

#### 4.1. ASA

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

##### 4.1.1. Surveillance Audit:

The surveillance audit is conducted on 04/02/2021 to 05/02/2021.

During the last surveillance audit, there are 6 Majors, 1 Minor, 11 Opportunities for Improvement (OFI) are raised.

During this audit, the major and minor non-compliance raised in the last audit, the audit team has review by means of inspection of mill, 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 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 number of audit findings raised in this audit refer to Section 4.6 of this audit 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.

The audit team leader has review the stakeholders' consultation feedback during the last surveillance audit and there are no concerns or complaints or disputes raised or any prior to this audit.

Therefore, there is no stakeholders consultation conducted for this surveillance audit.

TUV NORD (Malaysia) Sdn. Bhd. has published the audit notification on 31/12/2020 to announce the audit of the certified unit.

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### 4.3. Summary of Findings

#### Principle and Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits where all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-4. The summary of the assessment can be seen 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

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>Kapilit POM adopt SSB MSPO Policy dated 01/04/2015 sign by Chief Executive Officer (CEO).</p> <p>The policy describes:</p> <ol style="list-style-type: none"><li>1. Operation to be compliance with legal requirements.</li><li>2. Integrated sustainability considerations into all our business decision.</li><li>3. Clearly define and communicate management responsibility.</li></ol> <p>During document verification, policy available in Bahasa Malaysia and English.</p> <p>Observed the mill notice board photo and company website include MSPO policy.</p> <p>MSPO Policy briefed to the workers on 21/01/2020 and briefing record is verified.</p> <p>Phone call interview with workers, they are aware of the MSPO policy.</p>	Yes
4.1.1.2	<p>Kapilit POM adopt SSB MSPO policy dated 01/04/2015.</p> <p>The policy describe, committed to ensure continuous improvement with the objective of improving estates and milling operations for sustainability development.</p>	Yes
4.1.2.1	<p>Kapilit POM adopt SSB SOP for Internal audit, ref no MSPO-SSB/OP-11, dated 01/05/2015.</p> <p>Latest internal audit conducted on 23/12/2020 with 10 findings raised.</p> <p>There are strong and weak points identified in the internal audit.</p> <p>Example:</p> <p>Finding: There are no SOPs related to maintenance stations (mechanical and electrical) were not provided</p> <p>Root cause: Lack of monitoring</p> <p>Correction: Develop the SOPs on best management practices.</p> <p>Corrective Action Plan: To monitor the SOPs which related with mill operational</p>	Yes



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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>Date of Closure: 30/12/2020</p> <p>Remote review the SOPs on best management practices established such as SOP of press and trashing station dated 26/01/2021.</p>	
4.1.2.2	<p>Kapilit POM adopt SSB SOP for Internal audit, ref no MSPO-SSB/OP-11, dated 01/05/2015.</p> <p>The internal audit conducted on 23/12/2020 with 10 findings had identified the root cause of the findings raised.</p> <p>Example:</p> <p>Finding: There are no SOPs related to maintenance stations (mechanical and electrical) were not provided</p> <p>Root cause: Lack of monitoring</p> <p>Correction: Develop the SOPs on best management practices.</p> <p>Corrective Action Plan: To monitor the SOPs which related with mill operational</p> <p>Date of Closure: 30/12/2020</p>	Yes
4.1.2.3	<p>Kapilit POM conducted management review on 18/11/2020. The frequency of management review is once a year after the internal audit.</p>	Yes
4.1.3.1	<p>Kapilit POM conducted management review on 18/11/2020. The frequency of management review is once a year after the internal audit.</p> <p>The management review meeting agenda:</p> <ol style="list-style-type: none"> <li>Findings of Internal Audit MSPO</li> <li>MSPO SCCS Issues</li> <li>Other business</li> <li>Environmental Issues</li> <li>Social Issues</li> <li>OSH Issues</li> <li>Wildlife Issues</li> </ol> <p>Example: OSH issues (Fire Safety System)</p> <p>Status: Kapilit POM management is required to follow up on fire safety system which yet to be installed on site.</p> <p>Review document review on email follow up with consultant dated 11/01/2021, the consultant had make appointment on 14/01/2021 with BOMBA Officer at Kota Kinabalu for application and payment submission.</p>	Yes
4.1.4.1	<p>Kapilit POM established CIP year 2021.</p> <p>The CIP includes mill housekeeping, safety and environment.</p>	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	<p>The CIP established consist of process, issue, estimate cost, PIC, timeline, remark and positive impact.</p> <p>Example: Safety</p> <p>Issue: Complete and rectified fire safety system at the mill to comply with JBPM Fire Certificate standard</p> <p>PIC: Mill Manager and Safety Officer</p> <p>Time line for Action: Throughout 2020 / 2021</p> <p>Remark: In progress</p> <p>Review document review on email follow up with consultant dated 11/01/2021, the consultant had make appointment on 14/01/2021 with BOMBA Officer at Kota Kinabalu for application and payment submission.</p>	
4.1.4.2	<p>Kapilit POM established SOP for New information and techniques dated 13/02/2020. The SOP describes on method of implementation and monitoring of new technology.</p> <p>Phone call interview with the management informed no new technology implemented at Kapilit POM as at audit date.</p>	Yes

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>Kapilit POM conducted stakeholders meeting on 22/01/2020. The agenda, attendance and feedback from internal and external stakeholders is documented.</p> <p>Agenda includes MSPO audit, company policies, SOP complaint and grievance.</p> <p>Reviewed the internal and external stakeholders minute of meeting has includes environmental issue, social, safety and COVID Pandemic. The meeting attended by mill management, and mill employees.</p>	Yes
4.2.1.2	<p>Kapilit POM established SOP reference document list, appendix 1 dated 02/01/2020. The list includes publicly available documents and confidential documents.</p> <p>Examples of publicly available document:</p> <ol style="list-style-type: none"> <li>1. Policy</li> <li>2. OSH Manual</li> <li>3. Permit and License</li> <li>4. Accident Report</li> </ol> <p>Examples of confidential documents:</p>	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	<ol style="list-style-type: none"> <li>1. Mill budget</li> <li>2. Staff personal file</li> <li>3. Manpower report</li> </ol> <p>Remote photo verification confirmed the Policy, OSH manual, permit &amp; license and accident report are publicly available at the mill notice board and company website.</p> <p>Phone call interview with mill engineer informed the Mill budget, staff personal file and manpower report are confidential documents and will be share to third party upon request and approval from top management.</p>	
4.2.2.1	<p>Kapilit POM adopt SSP SOP for communication and consultation, document no.: MSPO-SSB/OP-01, issued 01 dated 01/10/2015.</p> <p>External stakeholders meeting on 22/01/2020 discussed on MSPO audit, company policies and SOP complaint and grievance.</p>	Yes
4.2.2.2	<p>Kapilit POM appointed Sr. Admin Clerk as person in-charge for consultation and communication dated 26/01/2021.</p>	Yes
4.2.2.3	<p>Kapilit POM established list of licenses and permits with validity period dated 01/12/2020</p> <p>Example of the licenses and permits as below:</p> <ol style="list-style-type: none"> <li>1. MPOB license no: 53887014000, with validity until 31/11/2021.</li> <li>2. Sterilizer Permit with validity until 26/02/2021.</li> </ol> <p>Remotely reviewed and checked on the list of licenses and permits expiry date all are within the validity date.</p> <p>Remotely reviewed the actual photos of licenses and permits confirmed within the validity date.</p>	Yes
4.2.3.1	<p>Kapilit POM established SOP for traceability, document no KPOM-PKS-040, issued 00 dated 01/08/2015.</p> <p>The SOP describes;</p> <ol style="list-style-type: none"> <li>1. FFB from estates</li> <li>2. Checking at post guard</li> <li>3. Weighbridge</li> <li>4. FFB grading</li> <li>5. FFB processing</li> <li>6. CPO / PK storage</li> <li>7. Sales of CPO / PK</li> </ol> <p>Example of documents for sales and delivery;</p> <ol style="list-style-type: none"> <li>1. FFB Delivery Note</li> </ol>	Yes

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
	<p>2. CPO and PK delivery order</p> <p>Remote documents review on the records of FFB delivery note, CPO &amp; PK delivery order, mill weighbridge ticket and receiving notes of PK &amp; CPO from refinery confirmed the traceability system of KPOM are well maintained.</p> <p>Phone call interview with PIC of traceability informed they understand the traceability procedure and well maintained.</p>	
4.2.3.2	<p>Kapilit POM adopt the SSB SOP of Traceability, doc no.: MSPO-SSB/OP-07, rev: 01, updated 23/03/2017.</p> <p>Remote document review, Kapilit POM conducted internal audit dated 23/12/2020 include traceability system.</p> <p>There is finding raised on traceability during the internal audit. The finding raised on the assign suitable employees to maintain the traceability system.</p> <p>Phone call interview with PIC of traceability informed they will monitor the traceability system on daily basis.</p>	Yes
4.2.3.3	<p>Remote document review on appointment letter verify Kapilit POM appoint Executive production as PIC for traceability dated 26/01/2021.</p>	Yes
4.2.3.4	<p>Kapilit POM maintains records of storage, sales and delivery on daily basis.</p> <p>Remote document review on mill weighbridge ticket confirmed FFB delivery note and FFB docket ticket are included in the weighbridge ticket.</p> <p>Delivered palm products are traceable to contracts and crosscheck with delivery notes and weighbridge tickets issued from mill against weighbridge tickets from buyers.</p> <p>Phone call interview with PIC of traceability informed all weighbridge tickets kept in the mill office. They aware on SOP of traceability that describe the retention period of documents is for 5 years.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>Kapilit POM established List of licenses and permits with validity period dated 01/12/2020</p> <p>Example of the licenses and permits as below:</p> <ol style="list-style-type: none"> <li>1. MPOB license no: 53887014000, with validity until 31/11/2021.</li> <li>2. Sterilizer Permit with validity until 26/02/2021.</li> </ol> <p>Remotely reviewed and checked on the list of licenses and permits expiry date all are within the validity date.</p>	Yes

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Certifying Unit: Kapilit Palm Oil Mill

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	Remotely reviewed the actual photos of licenses and permits confirmed within the validity date.	
4.3.1.2	Kapilit POM established Legal Register updated on 01/02/2021. Remote review legal register update on followings: 1. Minimum Wages Order 2020. 2. Prevention and Control of Infectious Disease Act 1988 (amendment 2020).	Yes
4.3.1.3	Kapilit POM established Legal Register for updated on 01/02/2021. Remote review legal register update on followings: 1. Minimum Wages Order 2020 2. Prevention and Control of Infectious Disease Act 1988 (amendment 2020).	Yes
4.3.1.4	Kapilit POM appoint Executive Admin as person in charge to monitor on compliance and update changes of laws and regulations at mill. Remotely reviewed the appointment letter from Mill Manager.	Yes
4.3.2.1	Kapilit POM is located within Kapilit Estate. Remotely reviewed the estate map and land title verify the location of Kapilit POM. Therefore, Kapilit POM does not diminish the land used rights of other users.	Yes
4.3.2.2	Kapilit POM is located within Kapilit Estate which is owned by SSB.	Yes
4.3.2.3	Kapilit POM is located within Kapilit Estate and layout map of mill was reviewed.	Yes
4.3.2.4	Kapilit POM is located within Kapilit Estate and does not border with other estates. Therefore no issue of land dispute or encroachment.	Yes
4.3.3.1	Kapilit POM is located within the Kapilit Estate. Thus, no encroachment of land.	Yes
4.3.3.2	Kapilit POM is located within Kapilit Estate. The estate map is review to confirm the mill location.	Yes
4.3.3.3	Kapilit POM is located within Kapilit Estate and no issue of land dispute or encroachment. Thus, no FPIC required.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	Kapilit POM adopted SSB Social Impact Assessment procedure MSPO-SSB/OP-02 version: 01 issue number 01/10/2015.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Kalabakan Social Impact Assessment Visit 2019 is establish dated 30/04/2019, covering issues related to five estates and Kapilit POM within the group. Date of assessment conducted on 12/03/2019 - 15/03/2019.</p> <p>Kapilit POM established summary feedback from internal and external stakeholders dated February 2020.</p> <p>Example of issue raised:</p> <p>Positive impacts: Mill management continue to provide transport for children to go to school.</p> <p>Action plan: Mill management will ensure to support parents working with mill.</p> <p>Timeline: On going.</p> <p>Person in charge: Mill manager</p> <p>Interview workers informed Kapilit POM provided transportation to school for their children.</p> <p>Negative impacts: Stray dogs at housing and canteen area causing hygiene and safety problem.</p> <p>Action plan: To report to Jabatan Hidupan Liar</p> <p>Timeline: On going.</p> <p>Person in charge: Mill Manager</p> <p>Review on housing inspection record and interview with workers informed they encounter lesser stray dogs.</p>	
4.4.2.1	<p>Kapilit POM adopted SSB SOP for complaint and grievance, document no.: SSB-HRCCA-HRSOP-14-0, version number 03 dated 04/01/2016.</p> <p>The SOP has flowchart for internal and external complaint.</p> <p>Internal complaint:</p> <ol style="list-style-type: none"> <li>1. Complains sources from internal stakeholders</li> <li>2. Reply on complaint by assistant manager or manager within 7 days and if not proceed to stage 2</li> <li>3. Report decision to complainer on day 8.</li> </ol> <p>External complaint:</p> <ol style="list-style-type: none"> <li>1. Complains sources from external stakeholders</li> <li>2. Stage 1: Reply on complaint within 14 days and if not proceed to stage 2</li> <li>3. Stage 2: Written appeal to chief executive officer (CEO)/ chief operation officer (COO), decision made by CEO/COO within 30 days. SSB has established complaint form and summary of grievance records.</li> </ol>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Section 5 (iii) of the SOP describes all documentation and records pertaining to any complaints and grievances shall be kept by the relevant departments and operation division, and maintained for a minimum of 3 years.	
4.4.2.2	Kapilit POM established 'Borang Aduan dan Sungutan' for complainant to fill up their grievances.  Sighted and review on 2020 complaint record confirmed no complaint lodge by workers or stakeholders.	Yes
4.4.2.3	Kapilit POM complaint and grievances procedure and forms are displayed at office notice board.  Photo evidences verify the complaint forms are available at Kapilit POM office.  Interviewed workers via phone calls confirmed they are aware on complaint and grievance procedure.	Yes
4.4.2.4	Review on Kapilit POM photo evidences confirmed Grievance procedure and flow chart are displayed on mill notice board and guardhouse. Complaint and grievance training conducted on 31/01/2021.  Interview with workers indicate they understand and aware of grievance procedure	Yes
4.4.2.5	Reviewed on Kapilit POM complaints and grievances record book is kept since 2015.  There is no complaint lodge on period of January to December 2020.	Yes
4.4.3.1	Review on Kapilit POM list of workers and interviewed ramp attendants by phone calls with confirms KPOM hired locals as their workers and staffs.	Yes
4.4.4.1	Kapilit POM adopted SSB Occupational Safety and Health Policy dated 01/01/2016 signed by Chief Executive Officer (CEO).  Photo review on policy available in Bahasa Malaysia, English and display at mill office notice board.  The Safety & Health Policy briefing conducted to internal and external stakeholders during stakeholders meeting dated 22/01/2020.  Phone call interview with mill workers, they are aware of the Safety and Health Policy.	Yes
4.4.4.2	a SSB Safety and Health Policy with photo review verify displayed at the mill, labor quarters and operational areas notice boards in dual languages Bahasa Malaysia and English.  Phone call interview with mill workers informed they understand and aware of company Safety and Health Policy.	Yes

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### Principle 4: Social Responsibility, health, safety and employment conditions

Indicator	Summary of Assessment	Compliance
b	<p>Kapilit POM established Hazard Identification Risk Assessment and Risk Control (HIRARC) Doc No SSB/OSH-HIRARC/KPOM/28-2, rev: 3, updated on 13/08/2020.</p> <p>The table with headings: Activity, Hazard, Risk and Effects, Initial Risk Assessment (Consequences, Likelihood, Risk Rating), Risk Control (Existing Control, PIC), Risk Assessment after Control (Consequences, Likelihood, Risk rating, Description) and Date Review.</p> <p>The HIRARC of Workshop revised due to incident occurred on 01/07/2020.</p> <p>Example: Workshop</p> <p>Activity: Opening &amp; tightening bolt and nuts</p> <p>Hazard: Combinational spanner and metal</p> <p>Risk: Finger stuck between metal</p> <p>Effect: Breakage</p> <p>Current Control: Usage of PPE</p> <p>Risk Analysis: 3 (L) x 4 (S) = 12 (medium risk)</p> <p>Risk Level: 11-15 (Medium Risk, Frequent monitoring, Safe Work Instruction and Training)</p> <p>Recommend Control: Training of handling of spanner</p> <p>Risk after recommend control: 06-10 (Low Risk, Monitoring, Safe work instruction)</p> <p>Document review on training records, Kapilit POM conduct the Open Bolt and Nuts training to workshop operator dated on 07/07/2020.</p>	Yes
c. i	<p>Kapilit POM established Annual Training Programme for 2020.</p> <p>Type training in the programme:</p> <ol style="list-style-type: none"> <li>1. SOPs</li> <li>2. HIRARC</li> <li>3. Safety Handling of chemical</li> <li>4. LOTO &amp; PTW</li> <li>5. MSDS</li> <li>6. Fire drill / emergency response</li> </ol> <p>Phone call interview with mill operators informed they understand the safe work practices of their individual task.</p>	Yes



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### Principle 4: Social Responsibility, health, safety and employment conditions

Indicator	Summary of Assessment	Compliance
c. ii	<p>Kapilit POM maintained relevant SDSs for chemicals and lubricants at mill office and storage facilities of chemicals, lubricants, water treatment plant, and workshop.</p> <p>SDSs kept in office and store.</p> <p>Example: Cestchem 724D</p> <p>Remote document review on the SDS of Chemical Cestchem 724D Soda Ash available in dual languages, English and Bahasa Malaysia.</p> <p>Remote photo verification confirmed chemicals and lubricants are in original label packaging and stored in proper storage facilities with sufficient ventilations.</p>	Yes
d	<p>Kapilit POM provides appropriate PPE to workers such as helmets, safety vest, safety boots, safety glass, gloves and earplugs.</p> <p>Issuance records maintain for each employee and worker.</p> <p>Remote document review on the issuance records, verify Kapilit POM issued PPE to workers with latest issued on 19/12/2020.</p>	Yes
e	<p>Kapilit POM established SOP for managing of chemicals Doc no. KPOM-PAS-028 dated 29/03/2017.</p> <p>Scope of procedure handling of chemical for boiler, store and laboratory.</p> <p>Remote photo verification confirmed chemicals and lubricants are in original label packaging and stored in proper storage facilities with sufficient ventilations.</p>	Yes
f	<p>Remote document review on appointment letter confirmed Kapilit POM appoints Executive Production as safety and health coordinator dated 26/01/2021.</p>	Yes
g	<p>Kapilit POM established Safety &amp; Health Committee represented by both management r and workers representatives.</p> <p>Remote document reviewed on minute of meeting confirmed Safety and Health Committee meeting conducted in quarterly basis dated 02/02/2020, 12/06/2020 and 27/01/2021 respectively.</p> <p>Agenda discuss in meeting are PPE usage, Covid-19 Pandemic, accident and injury records.</p> <p>The incident occurred on 01/07/2020 reported and discuss in OSH meeting held on 27/01/2021.</p>	Yes
h	<p>Kapilit POM adopted SSB fire management plan doc. No. MSPO-SSB/OP-10 version 1 issue 1 effective update May 2015.</p> <p>Remote photo verification confirmed the emergency contact details display at key operation areas in the mill.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Latest spillage and emergency training conducted on 13/09/2020.</p> <p>Phone call interview with mill operators informed they are aware of the emergency response plan.</p>	
i	<p>Kapilit POM establish list of trained first aider display at mill notice board.</p> <p>Remote photo verification confirmed the list of first aiders displayed at mill office notice boards.</p> <p>Remote photo verification confirmed first aid kits available at workshop, stores and mill office manage by trained first aider.</p> <p>First aid kits distributed to key operations location in the mill dated 02/12/2020.</p>	Yes
j	<p>Kapilit POM maintain records of injuries.</p> <p>Annual Accident Report for year 2020 submitted to DOSH dated 20/01/2021 with one accident case.</p> <p>Kapilit POM conduct the Open Bolt and Nuts training to workshop operator dated on 07/07/2020 and continuing the annual training program to workers for year 2021.</p> <p>The incident occurred on 01/07/2020 reported and discuss in OSH meeting held on 27/01/2021.</p> <p>Remote document review on the accident record confirmed all records are well maintained and the accident case are reviewed during the Safety &amp; Health Committee Meeting.</p>	Yes
4.4.5.1	<p>Kapilit POM adopted SSB Social Policy signed by Chief Executive Officer (CEO) dated 01/07/2015.</p> <p>The policy described "all employees would be treated fairly in terms of recruitment, progression, terms and conditions of work and representation regardless of race, caste, nationality, gender, physique, sexual orientation and religion."</p> <p>Photos evidences confirmed all SSB policies are displayed at mill notice board.</p> <p>Interviewed workers informed they understand the company policies.</p>	Yes
4.4.5.2	<p>Kapilit POM adopted SSB Equal Employment Policy signed by Chief Executive Officer (CEO) dated 04/01/2016.</p> <p>The policy stated on management commitment to ensure all staff and/or employee member are entitled to fair and equally treated. It is unlawful to discriminate on the basis of race, religion, and gender.</p> <p>Interviewed workers by phone calls informed the management does not support discrimination at work place.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.5.3	<p>Kapilit POM established employment contracts and signed by mill management and workers.</p> <p>The employment contract stated daily rate according to workers job description.</p> <p>The employment contract verified written in Bahasa Malaysia and understandable by Indonesian workers.</p> <p>Interview with workers by phone calls are able to explain the wage provided by company.</p>	Yes
4.4.5.4	<p>Kapilit POM monitor contractor worker wage through payslip provided.</p> <p>Interview with contractor's worker informed wage is paid as per agreed terms</p>	Yes
4.4.5.5	<p>Kapilit POM established monthly manpower return which include all the workers in the mill. Example January 2021 total of 127 workers recorded.</p> <p>The list has include the employee number, name, designation, grade, date of birth, age, sex, race, date of join and year of employment.</p>	Yes
4.4.5.6	<p>Kapilit POM established employment contract for every worker recruited. Employment contract is reviewed and confirmed sign by mill manager and workers.</p> <p>Interview workers by phone call informed they are briefed on the employment contract terms and conditions, wage, job description and copy is provided</p>	Yes
4.4.5.7	<p>Kapilit POM established punch card system for all of its workers and it was displayed at the guardhouse.</p> <p>Photo evidence of working hours is displayed the mill notice board.</p> <p>Day shift working hours: 7:30am – 3:30 am (rest on 12.30pm-1:30pm)</p> <p>Evening Shift working hours: 3:30pm – 11:30pm (rest on 7:30pm – 8:30pm)</p>	Yes
4.4.5.8	<p>Kapilit POM established working hours of 8 hours works for each shift and complying with Sabah Labour Ordinance (Chapter 67).</p> <p>Review on Kapilit POM overtime record confirmed overtime rate is 1.5 times hourly rate for normal working days and comply Sabah Labour Ordinance.</p>	Yes
4.4.5.9	<p>Kapilit POM established payslip as a record to document the wages of workers.</p> <p>Payment of overtime is at rate of one and a half times the hourly rate of pay on normal working days and two times the hourly rate on rest day.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	Interview worker by phone call informed they understood and given payslips for their reference.	
4.4.5.10	Kapilit POM workers are provided benefits such as annual leave, medical leave, and SOCSO.  School bus is provided for worker's children transportation to school free of charge.	Yes
4.4.5.11	Kapilit POM provide workers with housing, free water and electricity, sports facility and place of worship.	Yes
4.4.5.12	Kapilit POM adopted SSB Sexual Harassment & Gender Discrimination Policy signed by Chief Executive Officer (CEO) on 04/01/2016.  The policy stated company committed to prevent and eradicate sexual harassment and gender discrimination Kapilit POM adopted SSB Prevention on Workplace Violence Policy signed by Chief Executive Officer (CEO) on 04/01/2016 that stated SSB firmly committed to prevent violence and promote a violence free workplace.  Review on complaint records and Interview with worker by phone calls informed no sexual harassment and violence at workplace.	Yes
4.4.5.13	Kapilit POM adopted SSB Freedom of Association Policy signed by Chief Executive Officer (CEO) dated 01/01/2010.  The policy stated company recognize and respects employee's rights and freedom to join or to refrain from joining organization of their own choosing, to associate freely and bargain collectively.  Interviews with workers by phone calls informed that they are aware on their rights to form union.	Yes
4.4.5.14	KPOM adopted SSB Child Protection Policy signed by Chief Executive Officer (CEO) dated 01/07/2015.  The child protection policy stated company is committed to comply with the law and regulation and ensure all children are equally protected.  Kapilit POM adopted SSB Minimum Age Policy signed by Chief Executive officer (CEO) on 04/01/2016.  The Minimum Age Policy stated "SSB is firmly committed to support the employment age as stated in Sabah Labor Ordinance." It also stated "SSB offer permanent employment to person aged 18 and above"  Review on Kapilit POM Manpower Monthly Return for the month of January 2021 confirmed total number of workers are 127 and no young workers or child hired by mill.	Yes
4.4.6.1	Kapilit POM established training programme for 2021 dated 02/01/2021.  List of training programme been conducted:  1. HIRARC and FFB Ramp dated 31/01/2021.	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>2. SOP oil room dated 31/01/2021.</p> <p>3. SOP press and trashing station dated 26/01/2021.</p> <p>Review on training documents provided verify it is conducted according to schedule. .</p> <p>Interviewed Kapilit POM workers are able to explain their job scope.</p>	
4.4.6.2	<p>Kapilit POM established training matrix year 2021 based on job training description and work condition.</p> <p>Training need analysis includes assessment on :</p> <ol style="list-style-type: none"> <li>1. Effectiveness of training conducted.</li> <li>2. Suitability of training for workers.</li> <li>3. Preparation of training materials and training arrangement.</li> </ol> <p>Review on Individual Employee Training Record of worker A and worker B confirmed on the implementation of training programmes 2021 to provide the specific skill and competency based on their job description.</p> <p>Interview Kapilit POM mill workers by phone calls informed training conducted by mill management team.</p>	Yes
4.4.6.3	<p>Kapilit POM established training programme for 2021 dated 02/01/2021 includes all planned trainings.</p> <p>Example:</p> <ol style="list-style-type: none"> <li>1. Emergency respond training on March 2021.</li> <li>2. Effluent treatment training on March 2021.</li> <li>3. MSDS training on February 2021.</li> <li>4. Safety handling of chemicals on August 2021.</li> </ol>	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>Kapilit POM adopted SSB Environment Policy dated 01/04/2015 signed by Chief Executive Officer (CEO).</p> <p>The policy describes:</p> <ol style="list-style-type: none"> <li>1. Complying with all applicable legal and statutory and regulatory requirement.</li> <li>2. Minimizing waste and improving the efficiency of resources utilized.</li> </ol> <p>Remotely review Kapilit POM Environmental Aspect and Impact Assessment (EAIA) dated 25/01/2021. The EAIA included the relevant environmental legislation of the country.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services			
Indicator	Summary of Assessment		Compliance
	Phone call interviewed with workers informed they were briefed on environmental policy and EAIA.		
4.5.1.2	a	<p>Kapilit POM adopted SSB Environmental Policy dated 01/04/2015 signed by Chief Executive Officer (CEO)</p> <p>The policy describes:</p> <ol style="list-style-type: none"> <li>1. Complying with all applicable legal and statutory and regulatory requirement.</li> </ol> <p>Kapilit POM established Kapilit POM Environmental Aspect and Impact Assessment (EAIA) dated 25/01/2021.</p> <p>Remotely review the Kapilit POM EAIA included the objective.</p> <p>The objectives of the EAIA are:</p> <ol style="list-style-type: none"> <li>1. To ensure a continuous Awareness of need to check and monitor key environmental components for Kapilit POM Complex and take appropriated remedial measures to avoid environmental degradation</li> <li>2. To Protect the environment of Kapilit POM Complex from neglect, mismanagement and irresponsible activities during establishment and operation</li> <li>3. To ensure conformation to all the activities are within the Laws/Acts and legislation of state and Nation</li> <li>4. To identify the mills aspect and impacts of the potential pollutants wastes and to establish a proper mitigation plan to reduce of minimize the impacts.</li> </ol>	Yes
	b	<p>Kapilit POM established EAIA dated 25/01/2021</p> <p>The assessment include following:</p> <ol style="list-style-type: none"> <li>1. POME</li> <li>2. EFB</li> <li>3. Production of fiber / shell / boiler ash</li> <li>4. Scheduled waste</li> <li>5. Transport of CPO &amp; PK</li> <li>6. Smoke emissions from mill stack and vehicles.</li> <li>7. Biogas Plant</li> </ol> <p>Example:</p> <p>Aspect : POME discharge</p> <p>Impact:</p> <p>High BOD value, high organic content, depletion of oxygen content in water bodies, dark water colour, and foul odour..</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Plan and monitoring programs:</p> <ol style="list-style-type: none"> <li>1. In-plant control,</li> <li>2. Ensure final effluent conveyed to treatment ponds</li> <li>3. Ensure polishing pond in working condition.</li> </ol> <p>Responsibility: Mill manager / mill assistant</p> <p>Timeframe: Established and continues monitored</p> <p>Remotely review the monthly effluent test records conducted by 3<sup>rd</sup> party laboratory dated 10/12/2020 and POME discharge records.</p>	
4.5.1.3	<p>Kapilit POM EAIA dated 25/01/2021 included list of activities, aspects, positive and negative impacts towards environment, action plan and improvement plan.</p> <p>Negative impact:</p> <p>Aspect: Scheduled Waste Production – Used Lubricant.</p> <p>Impacts: Spilled to ground and waterways.</p> <p>Action Plans: All scheduled wastes are properly arranged in the schedule waste store, regular inspection of the scheduled waste store and oil traps by the workshop supervisor.</p> <p>Responsibility: Mill manager / mill assistant</p> <p>Timeframe: Established and continues monitored</p> <p>Remotely reviewed the inspection record for scheduled waste store and oil traps by the workshop supervisor dated December 2020.</p> <p>Positive Impact:</p> <p>Aspect: Empty fruit bunch (EFB) (mill waste product) produced from the operations</p> <p>Impacts: Organic fertilizer for oil palm plantation</p> <p>Action Plans: Plans and monitoring programme: Regular delivery to nearest estate for application</p> <p>Responsibility: Mill Manager</p> <p>Timeframe: Established and continually improvement</p> <p>Remotely reviewed the EFB delivery record to the Kapilit estate for month of December 2020.</p>	Yes
4.5.1.4	<p>Kapilit POM EAIA include promote positive impact.</p> <p>Example:</p> <p>Environmental Aspect: Empty fruit bunch (EFB) (mill waste product) produced from the operations</p> <p>Environmental Impacts: Positive Impacts: Organic fertilizer for oil palm plantation</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Action Plans: Plans and monitoring programme: Regular delivery to nearest estate for application</p> <p>Responsibility: Mill Manager</p> <p>Timeframe: Established and continually improvement</p> <p>Remotely reviewed the EFB delivery record to the Kapilit estate for month of December 2020.</p>	
4.5.1.5	<p>Kapilit POM Training program is established on January 2020 include environment training and policy.</p> <p>Example training:</p> <p>1. EAIA awareness conducted on 26/01/2021.</p> <p>Phone call interview workers understand the company environmental policy and zero burning.</p>	Yes
4.5.1.6	<p>Kapilit POM most recent environmental meeting conducted on 05/03/2020. According to records meeting will be held once every 3 months and involve the workers.</p> <p>The basis of the meeting was to discuss mill activities that would affect the environmental and action to mitigate it.</p> <p>The environmental meeting programme on June 2020, September 2020 and December 2020 could not be conducted due to CMCO.</p> <p>Remotely reviewed the meeting programme memo for 2021 dated 28/01/2021 with the next quarterly meeting will be conducted on March 2021.</p>	Yes
4.5.2.1	<p>Kapilit POM established baseline value for diesel consumption from 2016 to 2019 as a guideline to monitor and compare actual diesel usage in year 2020.</p> <p>Remote document reviewed the diesel consumption record for year 2020 higher than baseline due to low crop.</p> <p>Kapilit POM EAIA dated 25/01/2021 included the fossil fuel management plan.</p> <p>Example:</p> <p>Source generated: Vehicle</p> <p>Fuel: Diesel</p> <p>Mitigation Measure: Regular servicing the vehicles for smooth running engine and proper maintenance of the vehicles parts</p> <p>Remotely reviewed the monthly vehicle maintenance record dated December 2020.</p>	Yes
4.5.2.2	Kapilit POM established the budget for diesel annual usage for 2020	Yes



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Principle 5: Environment, natural resources, biodiversity and ecosystem services										
Indicator	Summary of Assessment	Compliance								
	<p>Kapilit POM recorded the actual diesel consumption compared against the annual budget</p> <p>Remotely review the current actual usage for 2020 is above the budget</p> <p>EAIA dated 25/01/2021 included the fossil fuel management plan.</p> <p>Example:</p> <p>Source generated: Vehicle</p> <p>Fuel: Diesel</p> <p>Mitigation Measure: Regular Servicing the vehicle for smooth running engine and proper maintenance of the vehicles parts</p> <p>Remotely reviewed the monthly vehicle maintenance record updated December 2020 confirmed all vehicles are regularly maintained.</p>									
4.5.2.3	Kapilit POM establish biogas plant to generate renewable electricity supplying to mill and Kapilit estate to reduce usage of fossil fuel.	Yes								
4.5.3.1	<p>Remotely review the Kapilit POM list of waste generated and management plan latest review on 25/01/2021.</p> <p>The table describe the type of wastes and sources as below;</p> <table><tr><td>Type of waste</td><td>Source</td></tr><tr><td>Scheduled waste</td><td>Workshop, Laboratory, Water Treatment, Biogas plant, Effluent pond</td></tr><tr><td>Domestic waste</td><td>Housing</td></tr><tr><td>Recycle Waste</td><td>EFB, POME</td></tr></table>	Type of waste	Source	Scheduled waste	Workshop, Laboratory, Water Treatment, Biogas plant, Effluent pond	Domestic waste	Housing	Recycle Waste	EFB, POME	Yes
Type of waste	Source									
Scheduled waste	Workshop, Laboratory, Water Treatment, Biogas plant, Effluent pond									
Domestic waste	Housing									
Recycle Waste	EFB, POME									
4.5.3.2	<p>a Kapilit POM established list of wastes and management plan.</p> <p>Example 1:</p> <p>Type of waste: Maintenance oil (used oil)</p> <p>Source of waste: Workshop</p> <p>Pollutions: Land and water pollution</p> <p>Monitoring plan: Proper scheduled wastes management are conducted and authorized contractor is appointed for collection.</p> <p>PIC: Mill Manager/ Mill assistant</p> <p>Remotely reviewed the Kapilit POM scheduled waste production report for January’2021. The latest collection by authorized contractor is on December 2020</p> <p>Example 2:</p> <p>Type of waste: Domestic</p> <p>Source: Housing</p>	Yes								

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Pollutions: Land Pollution, Water Pollution, Air Pollution.</p> <p>Monitoring plan: Disposal of domestic wastes at landfill area at weekly basis.</p> <p>PIC: Mill assistant</p> <p>Phone call Interview with workers informed domestic wastes are collected 2 times per week.</p>	
	<p>b Kapilit POM EFB, boiler ash and decanter cake are sent to the nearby estate as part of recycling programme as organic fertilizer.</p> <p>Remotely review the EFB delivery record to Kapilit Estate January 2021.</p>	Yes
4.5.3.3	<p>Kapilit POM established SOP For Chemical Handling dated 01/03/2010 updated on 27/02/2020.</p> <p>The SOP describes storage, handlings and disposal of used chemicals containers.</p> <p>Example:</p> <p>Empty chemical containers water treatment plant.</p> <p>Action plan: Authorized contractor is appointed to collect scheduled wastes on regular basis. Storage of scheduled waste not more than 180 days or 20mt.</p> <p>Remotely review the scheduled waste record, the storage of scheduled waste not more than 180 days or 20 mt.</p> <p>The latest collection by authorized contractor is on December 2020.</p>	Yes
4.5.3.4	<p>Kapilit POM domestic wastes are disposed at dedicated landfill.</p> <p>Remotely review the block location map of landfill, confirmed the landfill located 500 meter away from housing and waterways area.</p>	Yes
4.5.4.1	<p>Kapilit POM established list of waste generated and management plan with latest review on 25/01/2021, include list of wastes generated and management plan has identified solid and liquid.</p> <p>Example:</p> <p>Waste generated: Maintenance oil (used oil)</p> <p>Type of waste: Liquid</p> <p>Disposal: Disposed by licenses scheduled waste collector</p> <p>Waste generated: Domestic waste</p> <p>Type of waste: Solid</p> <p>Disposal: Disposed at landfill</p>	No

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>Remotely review the scheduled waste record, the storage of scheduled waste not more than 180 days or 20 mt. The latest collection by authorized contractor is on December 2020.</p> <p><b>Major Non-conformity 01:</b></p> <p>Referring to Opportunity for improvement (OFI) raised in last year surveillance audit, KPOM waste assessment pollution plan did not include the GHG emissions for the wastes generated</p>	
4.5.4.2	<p>Kapilit POM EAIA latest updated on 25/01/2021 include the environmental impact and its action taken to reduce identified significant pollutants.</p> <p>Example:</p> <p>Type of waste: Maintenance oil (used oil)</p> <p>Source of waste: Workshop</p> <p>Pollutions: Land and water pollution</p> <p>Impact : Spillage to ground and waterways</p> <p>Monitoring plan: All scheduled wastes are properly arranged in the scheduled waste store, regular inspection of the scheduled waste store and oil traps by the workshop supervisor..</p> <p>PIC: Senior Manager / Assistant Manager</p> <p>Remotely review the scheduled waste record dated January 2021 confirmed the storage of scheduled waste not more than 180 days or 20 mt.</p> <p>The latest collection by authorized contractor is on December 2020.</p>	Yes
4.5.4.3	<p>Kapilit POM POME is treated using methane capturing system before final discharge to land irrigation.</p> <p>Kapilit POM engage with 3<sup>rd</sup> party laboratory to conduct final discharge POME test on 10/12/2020.</p> <p>Review on photos and video submitted observed the treated POME discharge to land irrigation.</p>	Yes
4.5.5.1	<p>a Kapilit POM established Water Management Plan latest update on 28/01/2021.</p> <p>The plan has identified source of water and water usage.</p> <p>Source of water: Water Reservoir</p> <p>Water usage: Mill processing activities</p> <p>Source of water: Rain water</p> <p>Water usage: Domestic use</p> <p>Review on photos and videos of Kapilit POM housing area observed each houses provided with water tanks.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>b Kapilit POM conduct monthly POME final discharge water test by external third party for land irrigation.</p> <p>Remotely reviewed the results for month of December meet DOE requirements.</p> <p>Treated POME is discharge for land irrigation at Kapilit Estate</p>	Yes
	<p>c Kapilit POM monitor water usage for mill operation and domestic.</p> <p>The water usage per ton of FFB is monitor on monthly basis.</p> <p>Remotely reviewed the water usage record dated January 2021.</p>	Yes
4.5.5.2	<p>Kapilit POM established EAIA dated 25/01/2021 for POME management describes as follows:</p> <ol style="list-style-type: none"> <li>1. Monitoring of the POME discharge as per EQA</li> <li>2. Monitoring of water course on water quality Index analysis.</li> <li>3. Monitoring of application piping, pumps and tanks.</li> </ol> <p>Kapilit POM discharge of POME effluent for land irrigation at Kapilit estate.</p> <p>POME final discharge water quality test result dated 10/12/2020 is reviewed and the result met the DOE discharge limits.</p>	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>Kapilit POM established standard operating procedures for its operation. Sample list of SOPs are :</p> <ol style="list-style-type: none"> <li>1. KPOM-PKS-019 Prosedur Operasi Mesin Air Lock dated 01/03/2010.</li> <li>2. KPOM-PKS-020 Prosedur Operasi Boiler dated 01/03/2010.</li> <li>3. KPOM-PKS-011 Prosedur Operasi Mesin Cake Breaker Conveyor dated 01/03/2010.</li> </ol> <p>Example of trainings conducted:</p> <ol style="list-style-type: none"> <li>1. SOP Loading ramp dated 31/01/2021.</li> <li>2. SOP Press station dated 26/01/2021.</li> <li>3. SOP for Kernel Plant Station and HIRARC dated 26/01/2020.</li> </ol> <p>Interviews with Kapilit POM ramp attendant by phone calls informed understand the job function based on procedure established.</p>	Yes
4.6.1.2	<p>Kapilit POM implement milling best practices;</p> <p>Example:</p> <ol style="list-style-type: none"> <li>1. Stack dust emission monitoring report conducted on 19/02/2020 by third party consultant.</li> </ol>	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	2. Worksite inspection conducted by OSH Department on 26/01/2021.	
4.6.2.1	<p>KPOM business plan is included in Sabah Softwoods Berhad business management plan from 2016 to 2021. Business management plan include target that are achievable by KPOM.</p> <ol style="list-style-type: none"> <li>1. Information stated in KPOM budget for year 2021 includes the following: Projection of FFB received</li> <li>2. Projection of CPO and PK production.</li> <li>3. Sales of mill produces</li> <li>4. Operation expenses</li> <li>5. Mill building &amp; other expenses</li> </ol>	Yes
4.6.3.1	<p>Kapilit POM established documentation for product purchasing.</p> <ol style="list-style-type: none"> <li>1. Quotation</li> <li>2. Purchase order</li> </ol> <p>Example quotation and purchase order for mill tools dated 11/01/2021 is review.</p> <p>Information stated in quotation and purchase order is product description, quantity, unit of measurement and unit price.</p> <p>Sighted invoice and receipt as evidence of payment and in accordance with quotation.</p>	Yes
4.6.3.2	<p>Kapilit POM established contract agreement with CPO and PK transporter.</p> <p>The term and conditions in the contract is agreed and duly signed by both parties thus indicates the contract as fair and transparent.</p>	Yes
4.6.4.1	<p>Kapilit POM conducted meeting with the contractors dated 22/01/2020 that includes awareness on:</p> <ol style="list-style-type: none"> <li>1. MSPO policies.</li> <li>2. Communication/ complaint procedures.</li> <li>3. Supply chain system and implementation.</li> </ol>	Yes
4.6.4.2	<p>Kapilit POM use third party services for transporting CPO and PK.</p> <p>Contract agreement between Kapilit POM and third party CPO and PK transporter dated 30/04/2020 and signed by both parties.</p>	Yes
4.6.4.3	<p>Kapilit POM established contract agreement with CPO and PK transporter.</p> <p>Stated in the contract agreement dated 30/04/2020;</p> <p>The contractors shall observed and comply with MSPO standards of requirement with regards to transportation of Crude Palm Oil (CPO) and Palm Kernel (PK).</p>	Yes

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

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have been implemented to address the identified audit findings.
X	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate corrections and corrective actions have not been implemented effectively. The non-conformity will be re-raised.
	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 raised in last audit are required to capture in this report together with the review of the non-compliance implementation.</i></p>	

### 4.5. Detail of Audit Findings Identified during last audit

AUDIT OUTCOME		
During last Audit	6	MAJOR Non-Conformities
	1	MINOR Non-Conformities

Non Conformity Number < 1 >			
<b>Indicator # and Description</b>	4.1.2.2: The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action. (MAJOR)		
<b>Location:</b>	Mill		
<b>Description of Finding / Objective Evidence:</b>			
KPOM conducted Internal audit on 22/08/2019. However, there is no identification of root cause analysis to implement the necessary corrective action.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Muhammad Khairul Anuar b. Azizul Hasan	<b>Date Raise:</b>	20/02/2020
<b>Deadline for implementation</b>	60 days – 19/04/2020		
<b>Root Cause Analysis (by company):</b>			
The findings of internal audit not identified the root cause.			
<b>Correction (by company):</b>			
Identify the root cause analysis and implement the necessary corrective action of internal audit.			
<b>Corrective / Preventive Action (by company)</b>			
The findings internal audit established with root causes analysis.			

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Non Conformity Number < 1 >	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The revised internal audit results are review and update with the status of the outcome of the findings raised. The findings raised include root cause and correction for implementation. This is sufficient to close out. Further review in the next audit.	
<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> Muhammad Khairul Anuar Bin Azizul Hasan	<b>Date of Closure:</b> 13/05/2020
<b>Review of Implementation</b>	
The internal audit conducted on 23/12/2020 with 10 findings had identified the root cause of the findings raised. Thus based on evidence provided, the implementation is consider appropriate.	
<b>Name of Auditor:</b> Mohd Nur Amin Bin Mohd Halim	<b>Date of Review:</b> 04/02/2021

Non Conformity Number < 2 >	
<b>Indicator # and Description</b>	4.4.2.2 The system shall be able to resolve disputes in an effective, timely and appropriate manner, which is accepted by all parties. (MAJOR)
<b>Location:</b>	Mill
<b>Description of Finding / Objective Evidence:</b>	
KPOM received internal and external complaints dated 19/04/2019 and 27/11/2019. However, the date of resolution is 22 days for internal stakeholders and 44 days for external stakeholders. Therefore, exceed the timeframe resolution stated in SOP Complaints and Grievances SSB-HRCCA-HRSOP-14-1 dated 04/01/2016.	
<b>Classification</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raise by:</b>	Chan Shi Lie
<b>Date Raise:</b>	20/02/2020
<b>Deadline for implementation</b>	60 days – 19/04/2020
<b>Root Cause Analysis (by company):</b>	
Duration of the process of resolution taken over 14 days. (19/04/2019 & 27/11/2019)	
<b>Correction (by company):</b>	
Conduct briefing on Complaint and Grievance for internal and external stakeholders. Brief on how to lodge complaint and time frame for the complaint to be resolve. Established appointment letter on 16/03/2020 to appoint Executive Administration as person in-charge to monitor any complaints lodge and include frequency to monitor, appointment letter reference number: KPOM/MSPO (P4) – 20/01.	
<b>Corrective / Preventive Action (by company)</b>	
To monitor and ensure all Complaints and Grievances taken action within the SOP timeline (14 days).	

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### Non Conformity Number < 2 >

#### Review of Correction & Corrective / Preventive Action

KPOM conducted awareness briefing on complaint and grievance procedure dated 13/03/2020 and 21/05/2020 for external stakeholders and on 16/03/2020 for internal stakeholders. Attendance list is reviewed.

KPOM had appoint Executive Administration as person in charge to monitor twice a month and handling any complaint and grievance received. Appointment letter dated 16/03/2020 is reviewed.

Evidence documents provided are sufficient to close the non-conformity and implementation will be verify in the next surveillance audit.

**Closed:** ☒ Yes ☐ No

**Site verification :** ☐ Yes ☒ No

**Name of Auditor:**

Chan Shi Lie

**Date of Closure:**

19/05/2020

#### Review of Implementation

Kapilit Oil Mill established Complaint and grievance procedure document number: SSB-HRCCA-HRSOP-14-1 dated 04/01/2016 which stated timeline to resolve internal complaints is within 22 days and for external within 44 days.

Review on KPOM complaint log book confirmed the timeline to resolve complaints within the timeline stated in the procedure.

Thus, based on evidence provided, the implementation is consider appropriate.

**Name of Lead Auditor:**

Mohamad Norhisham Bin Mohd Salleh

**Date of Review:**

04/02/2021

### Non Conformity Number < 3 >

#### Indicator # and Description

4.4.4.2: The occupational safety and health plan shall cover the following:

- a. The risks of all operations shall be assessed and documented.
- f. The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust shall have knowledge and access to latest national regulations and collective agreements.
- g. The management shall conduct regular two-way communication with their employees where issues that affect their business such as those related to employee's safety, health and welfare are discussed openly. Records from such meetings shall be kept and the concerns of the employees and any remedial actions taken shall be recorded.
- j. Records shall be kept of all accidents and be reviewed periodically at quarterly intervals.

**Location:**

Mill

**Description of Finding / Objective Evidence:**



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### Non Conformity Number < 3 >

b. The revise HIRARC for assessing of the accident occur in 2018 did not define clearly the mitigation controls are admin or engineering and the residue risks are not define.

f. KPOM appointed the Assistant Engineer as coordinator for mill health and safety. However, no appropriate training provided for understand of the requirements and regulations.

g. KPOM conduct regular quarterly OSH meetings. However, the incident occur on 02/05/2019 was not reported in the meeting held on 27/06/2019.

j. The records of the incident on 02/05/2019 were not reviewed in the meeting held on 27/06/2019.

<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor
<b>Raise by:</b>	Cheong, Chun Yuen (Robert)	<b>Date Raise:</b> 20/02/2020
<b>Deadline for implementation</b>	60 days – 19/04/2020	

#### Root Cause Analysis (by company):

Lack of monitoring and poor recording on safety and health.

#### Correction (by company):

b. To update admin and engineering control on HIRARC.

- i) Admin control – Apply PTW for hot work and ensure LOTO system progress for the machine recorded.
- ii) Engineering control – Cable holder must be near with the ground cable without any defect.
- iii) Engineering control – To do proper earthing maintenance.
- iv) Engineering control – To do isolation switch.

f. Training from competent person to all OSH steering committee members.

g. Conduct and report the incident on 02/05/2019 in the OSH meeting regarding report JKPP meeting of mill.

j. The minutes meeting of accident on 02/05/2019 should records.

#### Corrective / Preventive Action (by company)

b. Assign PIC to ensure LOTO system recorded properly (Electrical In-charge). Ensure maintenance & repair schedule for the machine followed. Developed LOTO form for monitoring purpose.

f. Established the annual programme to committees' members.

g. Recorded and discuss the accident during OSH meeting with committees members.

j. Recorded and established the minutes meeting.

#### Review of Correction & Corrective / Preventive Action

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### Non Conformity Number < 3 >

- b. The revised HIRARC was review and compared with the initial HIRARC for the update of the risk assessment on the control measures and residue risks. The initial risk assessment did not include define admin and engineering control. The revised assessment had implement engineering control of LOTO system. The overall risk is reduce from high to medium as compared to initial is high to low.
- f. Training for the relevant personnel in the mill conducted on 06/05/2020 covering roles and duties of the OSH committee by the OSH officer.
- g. The meeting minutes dated 03/05/2020 include the reporting of the incident occur on 02/05/2019.
- h. The incident on 02/05/2019 is captured in the meeting held on 03/05/2020.

The corrective action taken could be consider and NC is closed.

Further verification of the implementation during the next audit.

<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> Cheong, Chun Yuen (Robert)	<b>Date of Closure:</b> 07/06/2020

### Review of Implementation

The revised HIRARC dated 13/08/2020 is review for the updated risk assessment on the control measures and residue risks. The risk assessment define clearly the admin control involve to reduce the risk from medium to low.

OSH coordinator is newly appointed on 26/01/2021 will join the relevant training as continuously training plan yearly by OSH Department.

Safety & Health meeting minutes dated 27/01/2021 include the reporting of the incident occur on 01/07/2020.

Annual accident report for Year 2020 submitted to DOSH capture the incident occurred on 01/07/2020 and discuss in meeting held on 27/01/2021.

Thus based on evidence provided, the implementation is consider appropriate.

<b>Name of Auditor:</b> Mohd Nur Amin Bin Mohd Halim	<b>Date of Review:</b> 04/02/2021
---------------------------------------------------------	--------------------------------------

### Non Conformity Number < 4 >

<b>Indicator # and Description:</b>	Indicator: 4.4.6.2. Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.  (MAJOR)	
<b>Location:</b>	Mill	
<b>Description of Finding / Objective Evidence:</b>		
Two (2) competent persons for Scheduled Waste and Palm Oil Mill Effluent (POME) certificate had expired on 15/08/2019. Therefore, not in accordance with Section 49A (1), Environment Quality (Amendment) 2012 (Act A1441) of COMPETENT PERSON.		
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor

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Non Conformity Number < 4 >			
<b>Raise by:</b>	Mohd Nur Amin Bin Mohd Halim	<b>Date Raise:</b>	20/02/2020
<b>Deadline for implementation</b>		60 days – 19/04/2020	
<b>Root Cause Analysis (by company):</b>			
Competent person for Scheduled waste and POME expired.			
<b>Correction (by company):</b>			
KPOM manager to Request competency training of Scheduled Waste and Palm Oil Mill Effluent (POME) for staff has expired the certificate. (Training on September, 2020).			
<b>Corrective / Preventive Action (by company)</b>			
Assigned the person to charge and monitor the scheduled expired certificate for continuous validity.			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			
KPOM has submitted application for staff to attend CEPSPWAM and CEPSPWAM training, scheduled on 06/07/2020 and 21/09/2020. Based on documents provided will be sufficient to close the non-conformity. Further verification will be conducted in next surveillance audit.			
<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>		<b>Date of Closure:</b>	
Mohd Nur Amin Bin Mohd Halim		13/05/2020	
<b>Review of Implementation</b>			
KPOM has established Continuous Improvement Plan 2021 to include CEPSPWAM certificate for Mill Manager and executive. The training is postponed to year 2021 due to Movement Control Order (MCO)			
Thus, based on evidence provided, the continuous improvement plan is accepted and will be review on next year audit.			
<b>Name of Lead Auditor:</b>		<b>Date of Review:</b>	
Mohamad Norhisham Bin Mohd Salleh		04/02/2021	

Non Conformity Number < 5 >			
<b>Indicator # and Description:</b>	4.5.1.1: An environmental policy and management plan which shall be in line with the relevant country and state environmental laws shall be established, effectively communicated and implemented.		
<b>Location:</b>	Mill		
<b>Description of Finding / Objective Evidence:</b>			
KPOM has not establish an environmental management plan to address the objectives and requirements in managing the environment aspects of the mill operations.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Cheong, Chun Yuen (Robert)	<b>Date Raise:</b>	20/02/2020
<b>Deadline for implementation</b>		60 days – 19/04/2020	
<b>Root Cause Analysis (by company):</b>			

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Non Conformity Number < 5 >	
Less detailed of documentations (Report) for Environment Management Plan (EMP).	
<b>Correction (by company):</b>	
Developing the report of Environment Management Plan (EMP).	
<b>Corrective / Preventive Action (by company)</b>	
Continuously monitoring the Environmental Management Plan (EMP).	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
<p>The EMP is established dated 01/04/2020 with the next review on 02/04/2020.</p> <p>The EMP includes following:</p> <p>Objectives, Policy, Summary of assessment, methodology of assessment, CIP monitoring plan, identification of waste products / pollutants.</p> <p>With the correction and preventive action undertaken, the NC could be closed.</p> <p>The implementation and monitoring will be further review in the next audit.</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> Cheong, Chun Yuen (Robert)	<b>Date of Closure:</b> 07/06/2020
<b>Review of Implementation</b>	
<p>Remotely reviewed the KPOM EMP 25/01/2021. The EMP includes following:</p> <p>Objectives, Policy, Summary of assessment, methodology of assessment, CIP monitoring plan, identification of waste products / pollutants.</p> <p>Thus, based on evidence provided, the implementation is consider appropriate.</p>	
<b>Name of Auditor:</b> Khairul Anwar Bin Ismail	<b>Date of Review:</b> 04/02/2021

Non Conformity Number < 6 >	
<b>Indicator # and Description:</b>	4.5.1.6: Management shall organize regular meetings with workers where concerns of workers about environmental quality are discussed.
<b>Location:</b>	Mill
<b>Description of Finding / Objective Evidence:</b>	
KPOM did not conduct regular environmental meetings to address environmental issues with the workers.	
<b>Classification</b>	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raise by:</b>	Cheong, Chun Yuen (Robert)
<b>Date Raise:</b>	20/02/2020
<b>Deadline for implementation</b>	60 days – 19/04/2020
<b>Root Cause Analysis (by company):</b>	

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Non Conformity Number < 6 >	
Environmental meeting not conducted.	
<b>Correction (by company):</b>	
Conduct regular environmental meeting with agenda include the Environmental issues to the workers.	
<b>Corrective / Preventive Action (by company)</b>	
Established of programme to conduct regular environmental meeting	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The environmental meeting was conducted on 05/03/2020 with attendance from workers besides supervision staff and engineer. The agenda of the meeting include training, inspection of work area and roles of committee. The committee propose quarterly meeting to be conducted with the next meeting in June 2020. The corrective and preventive action undertaken could be consider to close the NC. Further verification in the next audit.	
<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> Cheong, Chun Yuen (Robert)	<b>Date of Closure:</b> 07/06/2020
<b>Review of Implementation</b>	
Reviewed the latest environmental meeting dated 05/03/2020 with attendance from workers besides supervision staff and engineer. The environmental meeting programme on June 2020, September 2020 and December 2020 could not be conducted due to CMCO. Reviewed the meeting programme memo for 2021 dated 28/01/2021, the next quarterly meeting will be conducted on March 2021. Thus, based on evidence provided, the implementation is consider appropriate	
<b>Name of Auditor:</b> Khairul Anwar Bin Ismail	<b>Date of Review:</b> 04/02/2021

Non Conformity Number < 7 >			
<b>Indicator # and Description:</b>	4.5.1.4: A programme to promote the positive impacts should be included in the continual improvement plan		
<b>Location:</b>	Mill		
<b>Description of Finding / Objective Evidence:</b>			
KPOM did not establish a programme to promote positive and include in the CIP.			
<b>Classification</b>	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	
<b>Raise by:</b>	Cheong, Chun Yuen (Robert)	<b>Date Raise:</b>	20/02/2020
<b>Deadline for Action Plan</b>	30 days – 19/03/2020		

## MSPO Certification Summary Report

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Audit Type: ASA 14

Mode of Audit: Remote



Non Conformity Number < 7 >	
<b>Root Cause Analysis (by company):</b>	
Continuous Improvement Plan (CIP) not fully established for the KPOM Complex.	
<b>Correction (by company):</b>	
Developing Continuous Improvement Plan (CIP) for the whole complex (KPOM) include the positive impact.	
<b>Corrective / Preventive Action (by company)</b>	
Continuous Improvement Plan (CIP) template including column of positive impact.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The corrective action plan for improving the CIP to include environment positive impacts will be review in the next audit.	
<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> Cheong Chun Yuen (Robert)	<b>Date of Closure:</b> 07/06/2020
<b>Review of Implementation</b>	
Remotely reviewed the CIP dated 28/01/2021, the environment positive impact had been included. Thus, based on evidence provided, the implementation is consider appropriate.	
<b>Name of Auditor:</b> Khairul Anwar Bin Ismail	<b>Date of Review:</b> 04/02/2021

### 4.6. Detail of Remote Audit Findings Identified during This Audit

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

REMOTE AUDIT OUTCOME		
During this remote audit,	1	MAJOR Non-Conformities
	0	MINOR Non-Conformities

Non Conformity Number < 01 >			
<b>Indicator # and Description</b>	4.5.4.1 An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, particulate and soot emissions, scheduled wastes, solid wastes and effluent. (Major)		
<b>Location:</b>	Kapilit Palm Oil Mill		
<b>Description of Finding / Objective Evidence:</b>			
Referring to Opportunity for improvement (OFI) raised in last year surveillance audit, KPOM waste assessment pollution plan did not include the GHG emissions for the wastes generated.			
<b>Classification</b>	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
<b>Raise by:</b>	Khairul Anwar Bin Ismail	<b>Date Raise:</b>	04/02/2021
<b>Deadline for implementation</b>		04/04/2021	

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Non Conformity Number < 01 >	
<b>Root Cause Analysis (by company):</b>	
No GHG emission identified in pollution plans.	
<b>Correction (by company):</b>	
1. Identify the GHG emissions and recorded into Waste Pollution Plan 2. Develop the Waste Management Plan	
<b>Corrective / Preventive Action (by company)</b>	
Person in charge to identify and monitoring the waste assessment pollution of GHG and established the waste pollution plan.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Reviewed the KPOM waste management plan dated 16/02/2021 the GHG emissions for the wastes generated had been identified.	
The evidence provided sufficient to close the NC.	
Further verification will be conducted in the next surveillance audit.	
<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> Khairul Anwar Bin Ismail	<b>Date of Closure:</b> 15/03/2021
<b>Review of Implementation</b>	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Review:</b>

Nr.	Indicator	Description	Location	Opportunity for Improvement
1.	4.3.1.1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations	Office	Kapilit POM may consider improve monitoring on contract renewal.



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### 5. CONCLUSION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 14 audit for its mill according to MSPO 2530-4:2013 Part 4 General principles for palm oil mills.

There is a Major NC raised in this audit and closed out successfully.

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

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

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

Certified CPO January to December 2020:	64,402.88	mt
Certified PK January to December 2020:	12,652.60	mt
Projected CPO January to December 2021:	69,301.00	mt
Project PK January to December 2021:	14,536.00	mt

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Kapilit Palm Oil Mill

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### 6. RECOMMENDATION

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

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

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

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

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

Puchong, 29/03/2021

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

Puchong, 29/03/2021

Cheong Chun Yuen, Robert  
TUV NORD (Malaysia) Sdn Bhd  
Certifier / Approver

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### 7. LIST OF STAKEHOLDERS

**Table 7-1: List of Interviewed Stakeholders**

No stakeholders' consultation conducted 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.

## MSPO Certification Summary Report

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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 or weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report.

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

Salvo clause:

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

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body. Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

### Annex / Enclosures

Annex /  
corresponding audit documentation

- ☒ P&C Audit Report / Checklist(s)
- ☒ Audit Plan