

MSPO CERTIFICATION SUMMARY REPORT

BORNEO GLOBAL SDN BHD

STAGE 2 – CERTIFICATION AUDIT

Onsite Audit Date: 15/07/2020

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MSPO Certification Summary Report

Company Name: Borneo Global Sdn Bhd

Certifying Unit: Borneo Global Sdn Bhd

Client Number: 92-152

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Mode of Audit: Onsite



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Abbreviations

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

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1. INTRODUCTION

Borneo Global Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct a certification audit for its oil palm estate according to MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

1.1. Objective

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

1.2. Scope

The certification is based on the documentation developed by the Borneo Global Sdn Bhd.

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

The documents and information are reviewed against the requirements and criteria based on MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

TUV NORD Malaysia has employed a risk-based approach in the audit, focusing on the identification of significant risks and reliability of the assessment and reporting.

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

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Oil Palm Plantations and Organised Smallholders audit guidance;
2. Palm Oil Supply Chain Traceability Requirements

1.3. Appointment and qualification of team members

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

Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan

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

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| Requirement | Qualifications |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| vi) Business Management; or 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) | 9 years working experience in oil palm plantations. |
| Successfully completed MS 2530 series of standards training | Successfully completed MS2530 series of standards training |
| Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years. | Qualified as lead auditor based on audit log. |
| A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and/ or any other local language. | Able to communicate in Bahasa Malaysia and English. |
| Field working experience in the palm oil sector, or demonstrable equivalent | 9 years working experience in oil palm plantations. |
| Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use | 9 years working experience in oil palm plantations. |
| Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System | Successfully completed ISO 45001:2018 Lead Auditor course. |
| Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes | Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes |
| Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV) | Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO schemes. |

Qualification of Team Members

| Requirement | Assessor | Qualification | Compliance |
|-------------|--------------|------------------------------|------------|
| | Chan Shi Lie | Graduate in Technology Media | Yes |

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| Requirement | Assessor | Qualification | Compliance |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------------------------------------------------------|------------|
| Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields | Joseph Sim Siaw Seng (Trainee Auditor) | Graduate in Occupational Safety and Health Certificate | 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) | Chan Shi Lie | 6 years working experience in oil palm plantations. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | 4 years of working experience in Health and Safety and 3 years of working experience in plantations. | Yes |
| Successfully completed MS 2530 series of standards training | Chan Shi Lie | Successfully completed MS2530 series of standards training. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Successfully completed MS2530 series of standards training. | 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. | Chan Shi Lie | Qualified and appointed as auditor for MSPO scheme. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Auditor in training. | Yes |
| A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language. | Chan Shi Lie | Able to communicate in Bahasa Malaysia, Mandarin and English. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Able to communicate in Bahasa Malaysia, Mandarin and English. | Yes |
| Field working experience in the palm oil sector, or demonstrable equivalent | Chan Shi Lie | Qualified and appointed as auditor for MSPO scheme. | Yes |

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| Requirement | Assessor | Qualification | Compliance |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------------------------------------------------------|------------|
| | Joseph Sim Siaw Seng (Trainee Auditor) | Auditor in Training | Yes |
| Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use | Chan Shi Lie | Qualified and appointed as auditor for MSPO scheme. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Auditor in Training | Yes |
| Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System | Chan Shi Lie | Successfully completed IMS ISO 45001:2018 Lead Auditor course. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Successfully completed IMS ISO 45001:2018 Lead Auditor course. | Yes |
| Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes | Chan Shi Lie | Successfully completed Basic SA 8000 training. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Successfully completed Basic SA 8000 training. | Yes |
| Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV) | Chan Shi Lie | Successfully completed IMS ISO 14001:2015 Lead auditor course and auditor for MSPO scheme. | Yes |
| | Joseph Sim Siaw Seng (Trainee Auditor) | Successfully completed IMS ISO 14001:2015 Lead auditor course. | Yes |

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2. METHODOLOGY

The audit approach onsite audit consists of the following steps:

- Contract review;
- Appointment of team members and technical reviewer;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;

Onsite Audit:

- On-Site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Final approval and issuance of certificate.

The certification audit is conducted in 2 stages in accordance to the certification procedure.

Stage 1:

Stage 1 is conducted on 18/12/2019 at Sandakan office that covers desk review activities:

- Background investigation
- Review of documentation established but not limited to below
 - Group Operating Policies
 - Estate maps
 - Land titles
 - Standard Operating Procedures including Agricultural Manual
 - Work Flow Charts
 - Operating licenses and approvals
 - Operating records
 - Training records
 - Applicable Legislation Documents

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- Interviews of relevant operation personnel
- Assessment reporting

Certification Audit:

Certification Audit conducted on 15/07/2020 for onsite covers the following activities but not limited to below:

Onsite:

- Onsite visit, observations and inspections of estate facilities and field activities;
- Interview operation personnel and field workers for understanding for the work assigned;
- Reviewed revised and updated documentation established and implemented;
- Operating records;
- Training records;
- Reports established;
- Work plans established;
- Stakeholders consultation meeting;
- Review and closed out of non-conformance raised during stage 1 audit;
- Assessment reporting;

On-site Assessment

The audit of the estate is conducted according to the MS 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

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

For the certification audit, Borneo Global has 1 estate. Therefore, no selection required.

Table 2-1: List of Estate Selected

| Name of Estate | Coordinates |
|------------------------|------------------------|
| Borneo Global Sdn Bhd | See below |
| Borneo Global Division | 5°43'39"N 117° 53'54"E |
| Mile 24 Division | 5°49'58"N 117° 49'34"E |

Non-conformance:

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

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

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3. ORGANISATION INFORMATION

Borneo Global Sdn. Bhd. is an oil palm plantation company located at Taman Rimba Batu 7, Jalan Labuk MDLB 1858 Lot 2 Elopura PPM568, 90000 Sandakan, Sabah.

The details of the Borneo Global Sdn Bhd estate as below:

| Name of Division | Location | Coordinates |
|------------------|-----------------------------|------------------------|
| Borneo Global | Segaliud, Kota Kinabatangan | 5°43'39"N 117° 53'54"E |
| Mile 24 | Sandakan Beluran Road | 5°49'58"N 117° 49'34"E |

3.1. Production volume

| Name of Estate | Area (Ha) | | Projected FFB Production (mt) (July 2020 to Dec 2020) |
|----------------|---------------|---------------|----------------------------------------------------------|
| | Total* | Production** | |
| BGSB | 192.68 | 163.09 | 935.00 |
| Mile 24 | 5.82 | 5.41 | 72.50 |
| Total | 198.50 | 168.50 | 1,007.50 |

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

***Immature + Mature Area*

3.2. Planting Program for Each Estate

| Year / estate | 2001 | 2008 |
|-----------------------|---------------|-------------|
| BGSB | 163.09 | - |
| Mile 24 Div | - | 5.41 |
| Total Mature | 163.09 | 5.41 |
| Total Immature | - | - |
| Total | 163.09 | 5.41 |

3.3. Replanting program for each estate

There is no replanting program from year 2020 to 2025.

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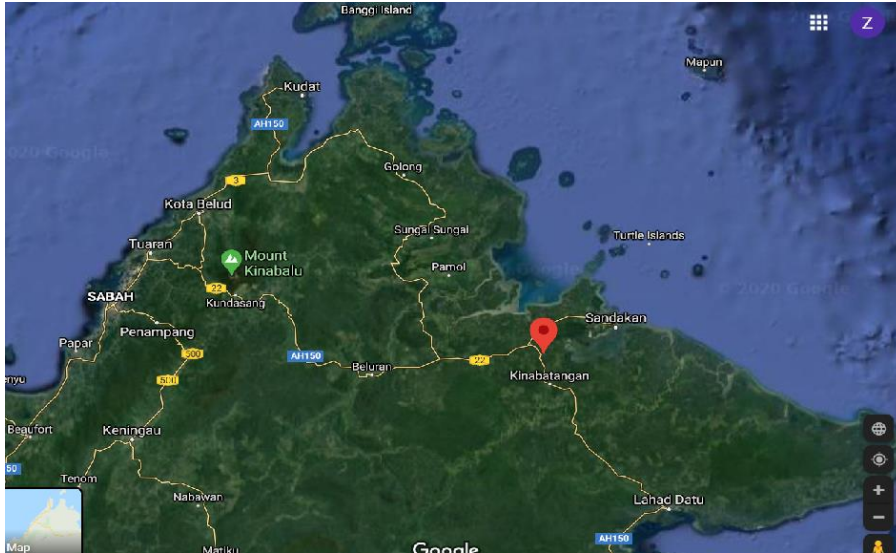
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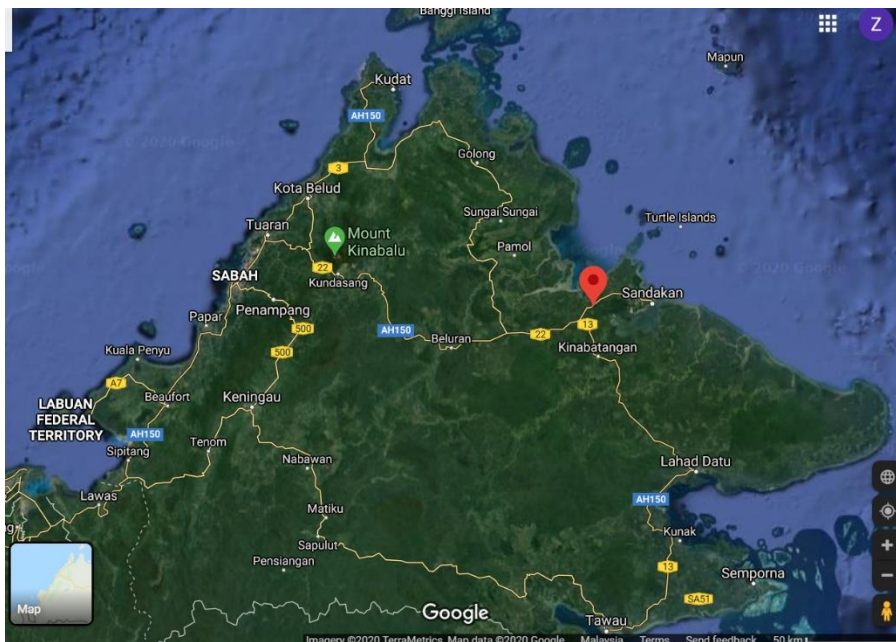
Mode of Audit: Onsite



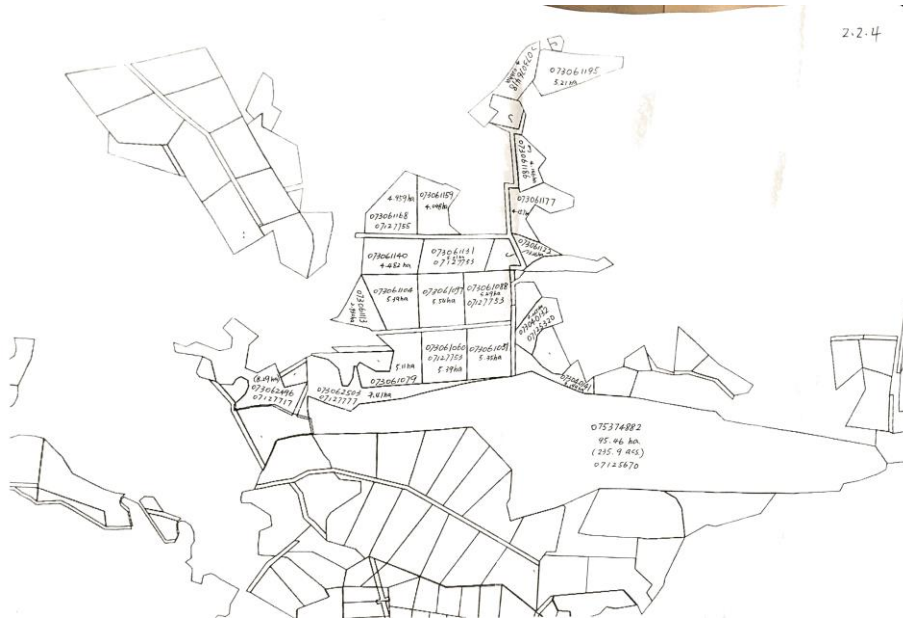
3.4. Maps of Company Location and Plantations



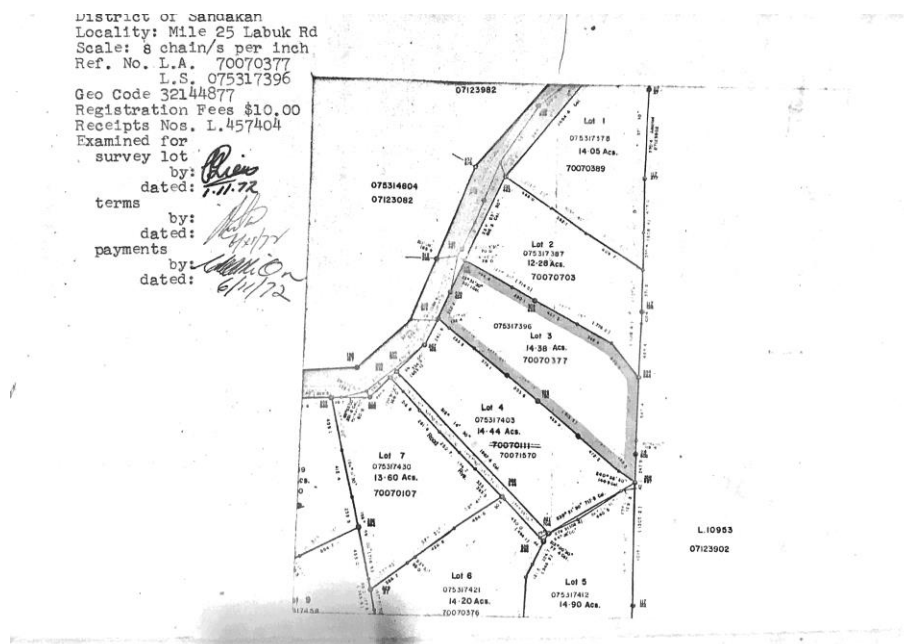
Borneo Global Division



Mile 24 Division



Borneo Global Division Map at Kota Kinabatangan



Mile 24 Map Sandakan- Beluran Road

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4. CERTIFICATION ASSESSMENT

4.1. Certification Audit

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

4.1.1. Stage 1 Audit:

The objective of the Stage 1 is to assess the readiness of the documentation established and implemented in accordance to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

According to the Certification Scheme, an initial due-diligence audit for operators which are entering into the MSPO system, and which

- do not have any certification or
- those having management system certification e.g. ISO, COP.

These organization shall undergo both Stage I and II audit

Borneo Global Sdn Bhd do not has any certification, therefore, has to undergo Stage I audit.

The audit team has apply the Malaysian Sustainable Palm Oil Part 3: General principles for oil palm plantations and organised smallholders audit guidance to assess the established documents against the Principles and Criteria of the standard

The Stage I audit is conducted on 18/12/2019 at Sandakan office covering the following activities:

- Onsite interviews and inspections;
- Review of documentation for compliance to relevant P & C requirements for plantation and mill;
- Reporting of findings found during Stage I audit;

4.1.2. Stage 2- Certification:

The Stage 2 audit is conducted on 15/07/2020 covering one estate – Borneo Global Sdn Bhd with two divisions

During the Stage 2 audit, there is 0 Major, 0 Minor, 2 Opportunities for Improvement (OFI) are raised.

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

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

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 24/06/2020 as to accommodate stakeholder's consultation meeting for Borneo Global Sdn Bhd to provide comments. As at audit date on 15/07/2020 there are no comments received.

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Invitation letters are sent on 24/06/2020 to invite relevant stakeholders to attend a local stakeholders' consultation on 15/07/2020 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

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

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

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:
The stakeholders could confirm they have attended meetings with the company on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint
The stakeholders' advice they are informed a logbook and form is available at the office to lodge any complaints or suggestions.
3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.
The local communities could confirm the company has provide assistance and support to communities.
4. Principle 6 Criteria 4 Indicator 1: Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information
The contractors who provides maintenance and service could confirm they are briefing on MSPO requirements.

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

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

| Items | Subject discussed | Audit team findings | Company response and proposed action to be taken |
|-------|------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------|
| 1 | Any information from Company as regards to the MSPO audit? | Stakeholder attended the meeting have received invitation of BGSB MSPO audit | No action required |

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|----|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| 2 | Social issues | Stakeholder informed there are no social issues occur or lodged to the management. | No action required. |
| 3 | Type of land title – Country Leased, Provisional Leased, Native title, Customary Land | No issues raised by the stakeholder. | No action required |
| 4 | Economy / livelihood Is there any impact on livelihood after the introduction of MSPO? | Stakeholder attend is not local community, therefore no input for the topic. | No action required |
| 5 | Does MSPO largely benefits the local community? | Stakeholder attend is not local community, therefore no input for the topic. | No action required |
| 6 | Environmental understanding | Stakeholder attended meeting and informed they have not encounter any negative impacts from the estate operation. | Stakeholders understood basic environmental requirement |
| 7 | Awareness towards species, habitats, and high conservation values | Stakeholder is aware on the wildlife surrounding the estate. They inform no hunting of any wildlife. | Stakeholder have basic awareness on wildlife. |
| 8 | Are there any plantation management practices that affect you? | Stakeholder informed there is no management practices affecting them. | Positive feedback |
| 9 | Do you consider any management is in conflict with the MSPO principles and criteria? | Stakeholder informed the management had taken effort to meet the MSPO requirements. | Positive feedback. |
| 10 | Do you have any suggestions for management? | Stakeholder suggest to improve on the communication between the management and surrounding communities. | BGSB inform will improve the communication through stakeholder meeting. |

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4.3. Summary of Assessment

Principle and Criteria Assessment Summary

The assessment team conduct a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits with all criterions will be assessed. Evidences are sought for conformity with the MSPO 2530-3. The summary of the assessment as below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and 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>Borneo Global Sdn Bhd (BGSB) established MSPO policy dated 01/12/2019 signed by Director.</p> <p>The MSPO policy are available in English, Bahasa Malaysia and Mandarin. MSPO policy is displayed at estate notice board</p> <p>Briefing on MSPO policy conducted on 12/12/2019 for external stakeholders and 14/12/2019 for internal stakeholders.</p> <p>Interview with workers informed they are aware on the policy.</p> | Yes |
| 4.1.1.2 | <p>BGSB established MSPO policy dated 01/12/2019 signed by Director.</p> <p>The policy states that BGSB shall also strive for continual improvement by harnessing its resources of people, process and technology in order to ensure the continuous production of oil palm products in sustainable manner.</p> | Yes |
| 4.1.2.1 | <p>BGSB established internal audit flow chart describing the process of internal audit, doc. No.: BG-4.1.2.-1 dated 01/12/2019.</p> <p>The flow chart states that frequency for internal audit is once a year.</p> <p>Latest internal audit conducted on 14/12/2019 and has identified strong points and action plans.</p> | Yes |
| 4.1.2.2 | <p>BGSB established internal audit flow chart describing the process of internal audit, doc. No.: BG-4.1.2.-1 dated 01/12/2019.</p> <p>BGSB conducted internal audit on 14/12/2019 has include audit findings, root cause analysis, action plan, strong point/weak point, PIC, time frame and completed date.</p> <p>Example:</p> <p>Findings: No toilet build in each house</p> <p>Root cause analysis: Old design of labour quarters</p> <p>Action plan: To build toilet each house</p> <p>Person In Charge: Estate Manager</p> <p>Time frame: 31/03/2020</p> <p>Completed date: December 2020</p> | Yes |

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| Principle 1: Management Commitment & responsibility | | |
|-----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | During site visit observed the construction still in progress to be complete and Estate manager informed that the project will be completed in year 2020. | |
| 4.1.2.3 | Internal audit results made available in management review meeting on 01/07/2020. Agenda of discussion are internal audit and any other business. | Yes |
| 4.1.3.1 | BGSB has conduct management review meeting on 01/07/2020 after the internal audit. Review on the management review meeting dated 01/07/2020 has include discussion on the internal audit findings and action to be taken. | Yes |
| 4.1.4.1 | <p>BGSB established Continual Improvement Plan (CIP) dated 27/11/2019 and reviewed on 01/07/2020. CIP include social, environmental and safety & health, general (forward planning and other issues).</p> <p>Review on CIP table include activity, unit, time frame implement date, person in-charge, improvement action to be taken, expected outcome and completion date.</p> <p>Example:</p> <p>Social:</p> <p>Activity: To construct emergency washing shower for chemical sprayer.</p> <p>Unit: 1</p> <p>Time frame: 4 months</p> <p>Estimate completion date: 31/03/2020</p> <p>Person in-charge: Estate Manager</p> <p>Improvement action taken: To construct and build the emergency shower room for chemical premixing</p> <p>Expected outcome: To improve safety and health of workers</p> <p>Completion date: 16/01/2020</p> <p>Site visit observed that the construction of emergency shower for chemical premixing was completed.</p> <p>Environment:</p> <p>Activity: To install fencing on the water pond area</p> <p>Unit: 1</p> <p>Time frame: 4 months</p> <p>Estimate completion date: 31/03/2020</p> <p>Person in-charge: Estate Manager</p> <p>Improvement action taken: To instruct and arrange mandore to fence the area</p> | Yes |

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| Principle 1: Management Commitment & responsibility | | |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>Expected outcome: To improve the awareness on environment protection and worker's health.</p> <p>Completion date: 01/07/2020</p> <p>Site visit on the water pond area observed fencing have been installed.</p> | |
| 4.1.4.2 | <p>BGSB established flowchart for new technology, information and techniques dated 01/12/2019.</p> <p>The SOP describes the process for implementation of new technology:</p> <ul style="list-style-type: none"> • Identification • Implementation • Control | Yes |
| 4.1.4.3 | <p>BGSB established flowchart for new technology, information and techniques dated 01/12/2019.</p> <p>The flowchart for new technology, information and techniques states that training will be conducted before implementation of any new technology.</p> | Yes |

| Principle 2: Transparency | | |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.2.1.1 | <p>BGSB established list of stakeholders, dated 01/12/2019 and updated on 28/12/2019 include NGOs, government agencies, contractors, suppliers, neighboring estates, palm oil mills, local communities and school.</p> <p>BGSB conduct external stakeholders meeting on 12/12/2019.</p> <p>Agenda discuss as follow:</p> <ul style="list-style-type: none"> • MSPO requirements • Company policies • Feedback from external stakeholders • Other business | Yes |
| 4.2.1.2 | <p>BGSB established list of Transparency and Information Documents, document number: BG-4.2.1, dated 26/03/2020.</p> <p>Example of publicly available documents:</p> <ul style="list-style-type: none"> • Trading license • Company policies • Complaint and grievance form. <p>Example of confidential documents:</p> <ul style="list-style-type: none"> • Land title. • Worker pay slip | Yes |

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| Principle 2: Transparency | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <ul style="list-style-type: none"> Financial report. | |
| 4.2.2.1 | <p>BGSB established Consultation and communication procedure, document number: BG-4.2.2, dated 01/12/2019 reviewed on 26/03/2020.</p> <p>The procedure was communicated to stakeholders on 14/12/2020 for internal stakeholders and on 12/12/2019 for external stakeholders.</p> | Yes |
| 4.2.2.2 | <p>BGSB appoints Estate Manager as person in-charge to handle communication and consultation with internal and external stakeholders.</p> <p>The procedure for consultation and communication states that estate manager as person in charge to liaise with stakeholders.</p> | Yes |
| 4.2.2.3 | <p>BGSB established list of stakeholders, dated 01/12/2019 and updated on 28/12/2019 include NGOs, government agencies, contractors, suppliers, neighboring estates, palm oil mills, local communities and school.</p> <p>BGSB established Consultation and communication procedure, document number: BG-4.2.2, dated 01/12/2019 reviewed on 26/03/2020.</p> <p>Review on the stakeholder request information log book, there is no request for information from stakeholders and this was confirmed with Estate Manager.</p> | Yes |
| 4.2.3.1 | <p>BGSB established SOP for traceability, document no: BG-4.2.3 dated 01/12/2019.</p> <p>List of documents involved in traceability was:</p> <ol style="list-style-type: none"> 1. Loading chit 2. Delivery note to mill 3. Records of FFB sales book. | Yes |
| 4.2.3.2 | <p>BGSB established Yearly FFB production for monitoring purposes.</p> <p>Internal audit was conducted on 01/07/2020. Traceability was part of elements audited.</p> | Yes |
| 4.2.3.3 | <p>BGSB established SOP for traceability, document no: BG-4.2.3 dated 01/12/2019.</p> <p>Person in charge as per describe in the traceability SOP was Estate manager.</p> | Yes |
| 4.2.3.4 | <p>BGSB established SOP for traceability, document no: BG-4.2.3 dated 01/12/2019.</p> <p>The Traceability SOP describes retention period for records keeping related to 7 years.</p> <p>Example:</p> <p>FFB delivery note from estate and mill weighbridge ticket.</p> | Yes |

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| Principle 2: Transparency | | |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | Review on the records of the delivery note to mill weighbridge ticket are available. Unique identification number is captured in the estate delivery note and mill weighbridge ticket. | |

| Principle 3: Compliance to legal requirements | | |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.3.1.1 | BGSB established list of legal documents (licenses), dated 01/07/2020 and follow up on updates on validity of each license. Example of updated licenses: <ol style="list-style-type: none">1. Business license from Majlis Perbandaran Sandakan Validity: 01/01/2018 – 31/12/2020.2. MPOB license valid from 01/03/2020 – 28/02/2021.3. Permit Kawalan Barang Berjadual (KPDNKK): 10/10/2019 – 09/10/2020. | Yes |
| 4.3.1.2 | BGSB established list of related laws, regulations and guideline, dated 11/06/2020. The list has included all applicable laws for Sabah region. Example of laws and regulations listed: <ol style="list-style-type: none">1. Police Act 19672. Labour Ordinance (Sabah Chapter 67) | Yes |
| 4.3.1.3 | BGSB established Mechanism for implementation of legal requirements and system for tracking changes in the laws, document no: BG 4.3.1-2, dated 01/12/2019. Example of laws and regulations updated on 11/06/2020: <ol style="list-style-type: none">1. Minimum wages Order 2020.2. Prevention & Control of Infectious Diseases Act 1988. | Yes |
| 4.3.1.4 | Estate manager is the appointed person in charge of compliance and legal requirement as stated in the “Mechanism for implementation of legal requirements and system for tracking changes in the laws procedure” document no: BG 4.3.1-2, dated 01/12/2019. | Yes |
| 4.3.2.1 | BGSB land titles are reviewed. BGSB Segaluid division consist of 20 Native Titles and 1 Country Leased land title. BGSB Mile 24 division is Country Leased land title. For sub-leased under native land, BGSB estate had established agreements with the land owners. | Yes |
| 4.3.2.2 | Land titles document reviewed. | Yes |

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| Principle 3: Compliance to legal requirements | | |
|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>BGSB has established proper record for all legal ownership for country leased and sub-leased land. History of land tenure is review with lease start from year 2001 for 30 years.</p> <p>Type of usage stated in land titles was either oil palm, agricultural corps for economic values or cocoa. The land usage for sub-leased land with conversion to oil palm or agricultural crop of economic value with consultation with land owners has been conducted and submitted to land office on 15/06/2020.</p> | |
| 4.3.2.3 | <p>Map of land was incorporated in the land title documents.</p> <p>The map indicates information such as district, locality, scales and coordinate number.</p> <p>Boundary markers are stated at the estate maps and are matching. Boundary stone will verify during onsite.</p> | Yes |
| 4.3.2.4 | <p>There are no disputes found during the audit.</p> | Yes |
| 4.3.3.1 | <p>There is no customary right land owned by BGSB.</p> <p>The estate land is country leased and sub-leased native land approved by Sabah Land Authority.</p> <p>Sub-leased agreements signed between land owners and company was sighted.</p> | Yes |
| 4.3.3.2 | <p>Map of land was available for both country lease and native title.</p> <p>The map indicates information such as district, locality, scales and coordinate number.</p> | Yes |
| 4.3.3.3 | <p>There is no issue of land use right and no grievances found during the audit.</p> | Yes |

| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.4.1.1 | <p>BGSB had established SIA dated 14/12/2019.</p> <p>The SIA include information from external and internal stakeholders dated 12/12/2019 and 14/12/2019 respectively.</p> <p>Review on the SIA report, there are 5 positive impacts from external stakeholders and 3 positive impacts from internal stakeholders.</p> <p>Example: Positive impacts</p> <p>External stakeholders</p> <p>Impact: Good relationship with the neighbouring estates</p> <p>Promote: To continue maintain a good relationship with neighbouring estates</p> <p>Internal stakeholders</p> | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>Impact: Management provide free water and electricity to workers</p> <p>Promote: Continuous provide a good amenities to the workers</p> <p>The SIA report include feedback from internal and external stakeholder, impacts, action plan, person in charge and time frame.</p> | |
| 4.4.2.1 | <p>BGSB established complaint and grievances flowchart, document no.BG-4.4.2 dated 01/12/2019.</p> <p>SOP states that internal or external stakeholders can lodge the complaint to mandore.</p> <p>Mandore will handle any complaints received within 3 days. If the complaints received is beyond mandore jurisdiction it will be resolve by estate manager within 10 days.</p> <p>Complain and grievance flowchart display at estate notice boards.</p> <p>Site interviewed with workers informed they are aware of complaint process.</p> | Yes |
| 4.4.2.2 | <p>Review on complaint records and confirmed by Manager, there is no complaint received as of audit date.</p> | Yes |
| 4.4.2.3 | <p>Complaint and grievance form is available and display at estate notice board.</p> | Yes |
| 4.4.2.4 | <p>BGSB has conducted internal stakeholders meeting on 14/12/2019. Reviewed on minute of meeting states that:</p> <ul style="list-style-type: none"> No.3: During the meeting, the internal stakeholder complaint form is distributed to workers and complaint flow chart is being explained to all workers. <p>BGSB had conducted external stakeholder meeting dated 12/12/2019. Reviewed on minute meeting states that:</p> <ul style="list-style-type: none"> Estate manager explained the procedure of Complaint and grievances. <p>Complaint form is available at estate office.</p> <p>Review on the complaint records, there is no complaint lodged as of audit date.</p> | Yes |
| 4.4.2.5 | <p>Review on the complaint records there is no complaint lodged as of audit date except for recommendation for further improvement and housing breakdown issue.</p> | Yes |
| 4.4.3.1 | <p>BGSB provides job opportunity to local communities for estate operation.</p> | Yes |
| 4.4.4.1 | <p>BGSB established Safety & Health Policy dated 01/12/2019 signed by Director and updated on 01/04/2020.</p> <p>The policy states that "company is to ensure, so far as is practicable, the safety, health and welfare at work of all the employees and other parties which involved with the activities of the company."</p> | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | | |
|------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | | Compliance |
| | <p>The policy is available at estate notice board.</p> <p>The internal stakeholder meeting conducted on 01/01/2020 includes safety & health policy.</p> <p>The external stakeholder meeting conducted on 12/12/2019 includes safety & health policy.</p> | | |
| 4.4.4.2 | a | <p>The safety & health policy is available at estate notice boards.</p> <p>Worker are briefed on the S&H policy on 01/01/2020.</p> | Yes |
| | b | <p>BGSB established HIRARC document no: BG 4.4.4-4 dated 01/12/2019 by work area for each activity.</p> <p>HIRARC table include: activity, hazards, risk and effects, risk assessment (consequence, likelihood, risk rating), existing control, risk control proposal, PIC, risk assessment after control, date review.</p> <p>Example:</p> <p>Reviewed date: 01/12/2019</p> <p>Activity: Chemical Spraying.</p> <p>Hazard: Faulty nozzle or leakage which could cause accidental contact of chemical to skin.</p> <p>Risk and effect: Skin irritation/rash</p> <p>Risk 9 (Medium)</p> <p>Existing control: Regular safety briefing and training given to workers.</p> <p>Risk assessment after control: 3 (low)</p> | Yes |
| | c i | <p>Training plan for year 2020 has been established on 20/06/2020 include awareness training provided to chemical handler.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Records of training on PPE and chemical handling conducted on 12/05/2020 for workers. 2. Safe work practices for harvesting, manuring and chemical premix conducted on 20/04/2020. <p>OSH policy briefing conducted on 01/01/2020 & 12/12/2019 for workers and contractors.</p> | Yes |
| | c ii | <p>SDS is available at chemical, fertilizer and diesel stores.</p> <p>Example:</p> <ol style="list-style-type: none"> 1. Fertilizer: NPK fertilizer 2. Chemical Garlon 250E | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | SDS available in English and Bahasa Malaysia. | |
| d | <p>Records of PPEs issuance are maintained.</p> <p>BGSB had conducted training on PPE to worker dated 20/06/2020 for both divisions.</p> <p>Type of PPE for activity in accordance to CHRA and HIRARC assessment indicated in activities that require appropriate PPE.</p> <p>Example:</p> <p>Activity: Loading FFB at platform</p> <p>Existing control: PPE provided glove and boots.</p> <p>Site interview with harvesters confirmed, the awareness regarding the usage of PPE for work and Covid-19 provided PPE issuance records are sighted such as safety helmet, rubber boots, medical face mask and rubber gloves provided to workers.</p> | Yes |
| e | <p>BGSB established SOP for spraying, handling of chemicals, safe handling and storage.</p> <p>i. SOP for spraying: Doc. No.: BG 4.6.1-2 dated 01/12/2019</p> <p>ii. SOP for premixing and safe handling: Doc. No: BG 4.6.1-11 dated 01/12/2019</p> <p>iii. SOP for chemical storage and management: Doc. No.: BG 4.6.1-10 dated 01/12/2019</p> <p>CHRA Assessment conducted on 21st May 2020 by CHEMCLASS Sdn Bhd.</p> <p>All chemicals have original labelling and in original packaging.</p> | Yes |
| f | BGSB appointed estate manager to in-charge the health and safety aspects of all operations activities as stated in the organization flow-chart. | Yes |
| g | Total workers in BGSB for both divisions are 14 workers. Establishment of Safety and Health Committee is not applicable as per Occupational Safety and Health Act 1996 section 30 requirements. However, discussion on safety and health agenda was included in the internal stakeholders minute meeting with workers dated 01/01/2020. | Yes |
| h | <p>Accident and emergency SOP established by BGSB, doc. No.: BG-4.4.4-1 dated 01/12/2019 includes:</p> <p>i. Emergency response and evacuation plan</p> <p>ii. Fire drill</p> <p>Emergency evacuation layout plan and contact details available at office and housing notice boards. Briefing on accident and emergency SOP conducted on 20/06/2020.</p> | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | COVID-19 guideline and procedure briefed to worker on 01/04/2020. | |
| i | First aid training conducted on date 04/01/2020 attended by estate manager and mandore. Contact details for emergency available at estate notice boards. First aid kit available in housing compound and activities such as harvesting, chemical and fertilizer store. | Yes |
| j | No injuries or accident reported in year 2019. Annual report JKPP8 form for year 2019 submitted on 09/01/2020 ref no: jkpp8/45854/2019. BGSB accidents and injuries records are well maintained. The records are monitored and discussed during internal stakeholder meeting. JKPP 8 was reviewed and in accordance to NADOPOD regulation 2004. | Yes |
| 4.4.5.1 | BGSB established good social practice policy dated 01/12/2019 signed by Director. The policy is displayed at estate notice board. The policy states that respect and protect the fundamental of Human Rights as stated in Universal Declaration of Human Rights of the United Nations. Good social practice policy are briefed to external stakeholders on 12/12/2019 and internal stakeholders on 14/12/2019. Interview with workers informed they are aware on the Good Social Practice policy. | Yes |
| 4.4.5.2 | BGSB established good social practice policy dated 01/12/2019. Policy states: <ul style="list-style-type: none"> The company does not engage in or support discriminatory practices and shall provide equal opportunity and treatment regardless of race, colour, sex, religion, political opinion, nationality, social origin or any other distinguishing characteristics Field visit and interview with workers no discrimination practices in estate. | Yes |
| 4.4.5.3 | BGSB has established contract agreement between management and workers accordance to Sabah Labour Ordinance 1967. BGSB provide a copy of contract agreement and pay slip to workers. Review worker's payslip wage paid according to Minimum Wage Order (Amendment) 2018 or agreed piece rate. | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | Interviewed with Estate Manager informed during the MCO period, workers are paid RM42.31/day or agreed piece rate between both management and workers | |
| 4.4.5.4 | BGSB engage contractor for FFB transport to deliver the FFB for Mile 24 division.. The payment made made by the contractor to the workers are based on agreeable rate per tonne of FFB transported. | Yes |
| 4.4.5.5 | BGSB established list of workers dated 05/03/2020 consist workers details such as worker name, gender, position, passport number, passport expired date of birth and date join. | Yes |
| 4.4.5.6 | BGSB established contract agreement for every worker recruited and fair contract agreement duly signed by both management and worker. The worker was briefed on the working contract terms and conditions, wage, type of work and copy is provided. During site interview with workers confirmed they have been briefed on the contract agreement terms and conditions and have received a copy after signed by both parties. | Yes |
| 4.4.5.7 | BGSB established "Masa Kerja di Ladang" and displayed at estate notice. Working hours is available and BGSB use the morning muster call to record workers reporting for work Working hours: 8.00 am to 12.00 pm Resting hours: 12.00 to 1.00 pm Working hours 1.00 pm to 5.00 pm Interview with workers informed they aware on the working hours and overtime work. | Yes |
| 4.4.5.8 | Working hours is publicly available at estate notice board. Working hours: 8.00 am to 12.00 pm Resting hours: 12.00 to 1.00 Working hours: 1.00 pm to 5.00 pm | Yes |
| 4.4.5.9 | BGSB pay worker's wage in accordance to Minimum Wage Order which is RM42.31/day or agreed task piece rate. Example: Harvesting rate: RM40 per tonnes FFB Review on the worker's payslip and monthly payroll records include worker's wage and payment rate. A copy of payslip provided to workers. Interview with the workers informed they understand on the wage and overtime rate. | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.4.5.10 | BGSB provides benefit to workers such as housing, water, electricity and harvesting incentives. | Yes |
| 4.4.5.11 | BGSB adopted the industry best practise for workers housing quarters. During site visit observed they are in progress of upgrading the housing facilities. | Yes |
| 4.4.5.12 | BGSB established the "Good Social Practices Policy" dated 01/12/2019 signed by Director. The policy states: <ul style="list-style-type: none">To ensure procedure are in place to prevent sexual harassment and any other forms of violence against women, worker and community. The policy is displayed at estate notice board. Briefing on Good Social Practices conducted on 12/12/2019 for external stakeholders and 14/12/2019 for internal stakeholders. No complaint lodged for related issue. | Yes |
| 4.4.5.13 | BGSB established the "Good Social Practice Policy" dated 01/12/2019. The policy states: <ul style="list-style-type: none">Respect and protect the fundamental of Human Rights as stated in Universal Declaration of Human Rights of the United nationsRespect employees that have right and freedom to form or join trade union. There is no union form by workers in BGSB. The internal stakeholders meeting is the platform for workers to raise any concerns on training, social, wages and benefits. | Yes |
| 4.4.5.14 | BGSB established the "Good Social Practice Policy" dated 01/12/2019. The policy states: <ul style="list-style-type: none">Ensure no child or young person under age 18 shall be, or required or permitted to be, engaged in any employment other than those allowed by the laws. Reviewed on the workers list, all workers are above 18 years old and BGSB did not hire young person or children. | Yes |
| 4.4.6.1 | BGSB established annual training program for year 2020 dated 01/12/2019 and updated on 20/06/2020. Sighted training records for: <ul style="list-style-type: none">Spraying SOP dated 20/06/2020PPE training dated 20/06/2020COVID-19 briefing dated 01/04/2020 | Yes |

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

| Indicator | Summary of Assessment | Compliance |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 4.4.6.2 | BGSB established annual training program for year 2020 dated 01/12/2019 and updated on 20/06/2020. The training need analysis is established based on job description. Example of training includes: <ul style="list-style-type: none">• First Aid• Tractor Training• PPE Training• Complaint & Grievance | Yes |
| 4.4.6.3 | BGSB established annual training program dated 01/12/2019 for year 2020 and updated on 20/06/2020 includes training for health, safety environment and social. | Yes |

Principle 5: Environment, natural resources, biodiversity and ecosystem services

| Indicator | Summary of Assessment | Compliance |
|-----------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| 4.5.1.1 | BGSB established environmental policy dated 01/12/2019. The policy states: BGSB is committed to minimizing the environmental impacts of its operations and understands the importance of conserving natural resources. Operate within the framework of statutory and regulatory requirements or relevant laws, MSPO Certification principles and criteria. BGSB established Environmental Aspect Impact Assessment (EAIA) and Environmental Management Plan (EMP) dated 01/12/2019. EMP has listed activity, Environment aspect (Negative and positive impacts), action plan, mitigation monitoring, CIP, timeline and PIC. The policy is displayed at estate notice boards in both divisions. BGSB conduct environmental policy training dated 20/06/2020. Interview with workers informed they aware on environmental policy and recycle awareness.. | Yes |
| 4.5.1.2 | a BGSB established Environment Management Plan (EMP) dated 01/12/2019. Objective of EMP states: <ul style="list-style-type: none">• To ensure continuous awareness of the need to check and monitor key environmental components for BGSB and take appropriate remedial measures to avoid environmental degradation.• To ensure conformation to all the activities are within law/Acts and legislation of state and nation. | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | b BGSB established EMP dated 01/12/2019 Include aspects and impacts that covers activity, issue, impacts, plan and monitoring program, CIP, responsibility, timeframe. | Yes |
| 4.5.1.3 | BGSB established Environmental Management Plan dated 01/12/2019. Negative impacts and how it is mitigated and monitored had been included in EMP. Example: Empty chemical container: Re use for block number, rubbish bin Training conducted for environmental policy, PPE, spraying, scheduled waste, and environmental dated 20/06/2020. | Yes |
| 4.5.1.4 | BGSB established continue improvement plan dated 27/11/2019 and updated on 01/07/2020 includes social, environmental, safety and health and general. The programme to promote positive is listed in the environmental table in CIP. Example: Re arrange and partition: Fertilizer, chemical, scheduled waste and general store. Time frame: 4 month Implementation date: 27/11/2019 Estimate completion date: 31/03/2020 PIC: Estate manager Completed date: 31/03/2020. During site verification all the facilities in good condition and arrangement. | Yes |
| 4.5.1.5 | BGSB established training program year 2020 dated 01/12/2019 and updated on 20/06/2020. Training plan includes company policy, PPE, spraying, manuring, chemical mix, scheduled waste. Training conducted for environmental policy, PPE, spraying, scheduled waste dated 20/06/2020. | Yes |
| 4.5.1.6 | BGSB has conducted environmental protection meeting dated 12/06/2020. Example of topics discussed scheduled wastes, open burning, riparian, recycle, environmental policy, environmental impact training. | Yes |
| 4.5.2.1 | BGSB established 3 years baseline for fossil fuel usage for year 2017 to 2019. The diesel usage is for the operations and transport of FFBs to oil mill for BG divisions.. | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | Review on actual usage of diesel as at June 2020 is higher than baseline due low FFB production. | |
| 4.5.2.2 | BGSB established budget for diesel usage for year 2020 dated 01/07/2020 Records of diesel consumption on monthly basis is reviewed that include estimate used and actual usage for operations and power generation. | Yes |
| 4.5.2.3 | BGSB install solar panel as renewable energy for estate office to reduce diesel usage. | Yes |
| 4.5.3.1 | BGSB established waste management plan dated 01/12/2019. Sources of wastes has been identified <ol style="list-style-type: none"> 1. Gaseous waste - smoke 2. Solid waste - fertilizer bag, chemical container 3. Liquid waste - mixing pesticide | Yes |
| 4.5.3.2 | a BGSB established waste management plan dated 01/12/2019. Sources of waste has been identified <ol style="list-style-type: none"> 1. Gaseous waste - smoke 2. Solid waste - fertilizer bag, chemical container 3. Liquid waste - mixing pesticide WMP describes waste identification and disposal method listing the table type of waste source, location, disposal method, document related and responsibility. Example: Domestic Waste: Recycling of plastic, paper and glass in the recycle bin. | Yes |
| | b BGSB established waste management plan dated 01/12/2019. Waste management Plan has cover identification of wastes generated that could be reduced, reused & recycled. Onsite visit observed BGSB has provide recycle bin at estate office and worker quarters. Example: Domestic Waste: Recycling of plastic, paper and glass in the recycle bin. | Yes |
| 4.5.3.3 | BGSB has established SOP Triple-rinse used pesticide container dated 01/01/2020. The SOP describes as follows: <ul style="list-style-type: none"> • To guide workers on chemical handlings | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <ul style="list-style-type: none"> Type of PPE to be used during handling of chemical. <p>Onsite visit at chemical store observed spraying tools and balance of chemicals are stored properly after the activity completed.</p> <p>Site inspection at scheduled waste store observed empty chemical containers stored in proper arrangement.</p> <p>Balance of chemical used keep at pre-mix area and locked.</p> | |
| 4.5.3.4 | <p>BGSB has established Triple-rinse used pesticide container dated 01/01/2020.</p> <p>All rinsed water from premix chemical activities will be collected and reused during spraying activity in field.</p> <p>The plan states the empty pesticide containers must be triple rinsed before disposed or keep in store. If the empty container is not reused for premix should be punctured and kept in store.</p> <p>Onsite observation all empty chemical containers are marked with red color for reuse in chemical spraying.</p> | Yes |
| 4.5.3.5 | <p>BGSB disposed domestic waste generate from workers' housing and office compound at landfill</p> <p>Landfill located at block 5 is 200 meters away from housing area and 1km from water sources.</p> | Yes |
| 4.5.4.1 | <p>Environmental management plan dated 01/12/2019 has established includes the assessment of pollutions and GHG emissions derived from solid, liquid and gaseous as describe</p> <p>Example: Gaseous waste from tractor, type of smoke and carbon monoxide.</p> | Yes |
| 4.5.4.2 | <p>Environmental management plan dated 01/12/2019 has established.</p> <p>Example action plan reduce the waste at pre-mix area. Water sump constructed and reused the used water for spraying.</p> <p>Workshop area construct the oil trap during site verify the oil trap well maintain.</p> | Yes |
| 4.5.5.1 | <p>a Water management plan established dated 01/12/2019 describe the source and usage.</p> <p>Pond: For general application and chemical mixing.</p> <p>Rain: Domestic used.</p> | Yes |
| | <p>b BGSB have no river or water way within the estate. There for no monitoring established for in and outgoing water.</p> | Yes |
| | <p>c Chemical container washing and rinsing water is recycle for pre-mix usage.</p> <p>Piping system are in good order during inspection at housing and facilities area.</p> | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | d Field observation and review of estate map, there is no river or stream within the estate. | Yes |
| | e The estate do not has river or stream passing through. | Yes |
| | f No bore water being used for water supply during inspection the housing area. | Yes |
| 4.5.5.2 | Site inspection and interview with workers, confirm there are no river within estate. | Yes |
| 4.5.5.3 | Water harvesting is practice throughout the facilities and housing. | Yes |
| 4.5.6.1 | a BGSB has established environmental policy dated 01/12/2019 sign by Director. BGSB has established the animal report dated 01/01/2020 to monitor any sighted animals in the estate. Proper signage installed to inform workers of the protected area. No wildlife observed during onsite. BGSB established monitoring records of wildlife sighted. The records are display at estate notice board and workers are brief during muster. Example: Wildlife records dated 08/07/2020 indicates there are monkeys sighted by the workers. During site interview, it was confirmed by workers they will inform the management on wildlife sighted. | Yes |
| | b BGSB has established environmental policy dated 01/12/2019 sign by Director. The policy state: Educating and enhancing awareness pertaining to protection of environmental and biodiversity of all related stakeholders through regular training and communication Policy states strictly no hunting, no fishing and no killing of all wildlife. | Yes |
| 4.5.6.2 | a BGSB has established Environmental Policy dated 01/12/2019 sign by Director. The policy state: Policy strictly no hunting, no fishing, no killing of all wildlife comply with all legislation related to the environment and biodiversity. BGSB established notification the guideline on penalty for hunting or capturing of protected wildlife. The document is display at office notice board. During interview with workers informed they understand on wildlife conservation. Wildlife signage available at estate entrance. | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>b Appropriate signage install as information to workers to discourage any illegal or inappropriate hunting, fishing or collecting activities.</p> <p>Workers interviewed informed no hunting, fishing and capturing within and surrounding estate.</p> | Yes |
| 4.5.6.3 | <p>BGSB established records to monitor wildlife in and around the estate.</p> <p>Example: Wildlife records dated 08/07/2020 indicates there are monkeys sighted by the workers.</p> | Yes |
| 4.5.7.1 | <p>BGSB established Zero burning policy dated 01/12/2019.</p> <p>BGSB is committed to zero burning policy.</p> <p>No sign of open burning sighted during the site verification.</p> | Yes |
| 4.5.7.2 | <p>BGSB established Zero burning policy dated 01/12/2019.</p> <p>There are no serious palm diseases sighted during the field visits that require burning.</p> | Yes |
| 4.5.7.3 | <p>BGSB established Zero burning policy dated 01/12/2019.</p> <p>Policy specifies strictly on no burning policy</p> <p>There are no application documents sighted for controlled burning.</p> | Yes |
| 4.5.7.4 | <p>There is no new planting and replanting in year 2020 during site verification.</p> | Yes |

| Principle 6: Best Practices | | |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.6.1.1 | <p>BGSB established SOPs for best practices.</p> <p>Example:</p> <p>SOP Chemical spraying document no: BG4.6.1-1 dated 01/12/2019.</p> <p>SOP fertilizer application document no: BG 4.6.1-3, dated 01/12/2019.</p> <p>SOP Covid 19 established 01/04/2020</p> <p>Training plan includes Policy, PPE, SOP Spraying, Manuring, Chemical mix, scheduled wastes.</p> | Yes |
| 4.6.1.2 | <p>BGSB has adopted SOP for planting on slopes based on Field Handbook, Oil Palms Immature, volume 2, written by Ian Rankie and Thomas Fairhurst.</p> <p>Page 54 describes:</p> <p>Terraces of platform are constructed in steeper areas in order to:</p> <ul style="list-style-type: none"> Facilitate effective establishment, maintenance and harvesting of palms. Minimize soil erosion. | Yes |

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| Principle 6: Best Practices | | |
|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <ul style="list-style-type: none"> Reduce rainwater runoff and nutrient losses. <p>The procedure describes:</p> <p>To prevent erosion, cover plant should be established on slopes as soon as possible after land clearing.</p> <p>On slope <6°, contour bunds of varying configurations can be constructed to control surface water flow and improve water infiltration. Platform may be required in places.</p> <p>Manage soil on steep terrain, ensure that terraces are well constructed and ensure that cover crops are established. There are no slope planting in BGSB.</p> | |
| 4.6.1.3 | <p>BGSB established SOP on block marking, procedure no: BG 4.6.1-8, dated 01/12/2019. The procedure describe on standardized block marking for estates.</p> <p>The block marking includes block no, area and year planting.</p> | Yes |
| 4.6.2.1 | BGSB has established yearly Budget 2020 include area statement, expenses, crop statement and profit / loss. | Yes |
| 4.6.2.2 | BGSB planting statement is review with no replanting until year 2025. | Yes |
| 4.6.2.3 | <p>BGSB has established a 4 years business plan that include following:</p> <ol style="list-style-type: none"> Replanting programme 4 years crop projection for 2019 – 2022. Production cost actual and budget. (Monthly FFB report) FFB forecast. 4 years 2019-2022 Budget for social, environment, safety and health | Yes |
| 4.6.2.4 | <p>BGSB monitors monthly on FFB production, income, expenses and price per ton / FFB. t.</p> <p>A quarter review of the income and expenses.</p> <p>An annual review of the budget, actual achieved and compared against previous year.</p> | Yes |
| 4.6.3.1 | <p>BGSB engaged external party for FFB transportation for the Mile 24 division.</p> <p>The contract describes the rates, period of contract and terms of payment, duly agreed and signed by both parties.</p> | Yes |
| 4.6.3.2 | <p>BGSB engaged external parties for FFB transportation.</p> <p>Payments are made on a monthly basis in timely manner.</p> | Yes |

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| Principle 6: Best Practices | | |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | Sighted payment made according to agreement terms and conditions. | |
| 4.6.4.1 | BGSB engaged external party for FFB transportation for the Mile 24 division. The contract includes statement the contractor has to comply to MSPO Principles requirements. | Yes |
| 4.6.4.2 | BGSB established contract agreement with contractor to deliver FFB duly agreed and signed by both parties. | Yes |
| 4.6.4.3 | Contract agreement for delivery FFB include a statement accept MSPO approved auditors to verify assessment thorough physical inspection. | Yes |
| 4.6.4.4 | BGSB payment to contractors based on progress report monitored by the summary records and approved by the Estate Manager prior to issue payment. | Yes |

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| Principle 7: Development of new planting | | |
|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.7.1.1 | Planting statements, estates maps and land titles are reviewed. The 1st planting starts in year 2001 and last planting in year 2008. Therefore, no new planting at high biodiversity value area in the estate. | Yes |
| 4.7.1.2 | Planting statement, estate map and land titles are reviewed. There is no new planting or replanting in BGSB. Therefore, no PMM or EIA established. | Yes |
| 4.7.2.1 | Planting statement, estate map and land titles are reviewed. There is no new planting. Therefore, no plans established. | Yes |
| 4.7.3.1 | Planting statement, estate maps and land titles are reviewed. There is no new planting in BGSB. Therefore no SEIA conducted. | Yes |
| 4.7.3.2 | Planting statement, estate map and land titles are reviewed. There is no new planting. Therefore, no FPIC conducted. | Yes |
| 4.7.3.3 | Planting statement, estate maps and land titles are reviewed. There is no new planting. Therefore, no management plan established to maintain sacred sites. | Yes |
| 4.7.3.4 | There are no smallholders scheme in BGSB certification. Therefore, not applicable. | Yes |
| 4.7.4.1 | Planting statement, estate map and land titles are reviewed. There is no new planting. Therefore, no compensation land acquisitions and relinquishment of right establish. | Yes |
| 4.7.4.2 | Planting statement, estate maps and land titles are reviewed. There is no new planting. Therefore, no assessment of legal and recognised customary right establish. | Yes |
| 4.7.5.1 | Planting statement, estate maps and land titles are reviewed. There is no new planting. Therefore, no system for identifying people entitle to compensation for calculating and distributing fair compensation establish. | Yes |
| 4.7.5.2 | Planting statement, estate maps and land titles are reviewed. There is no new planting. Therefore, no compensation claims documented and made publicly available. | Yes |
| 4.7.5.3 | Planting statement, estate maps and land titles are reviewed. There is no new planting. Therefore, no impact to local communities. | Yes |
| 4.7.6.1 | Planting statement, estate maps and land titles are reviewed. There is no new planting in BGSB. Therefore, no topographic information established. | Yes |
| 4.7.6.2 | Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, not applicable. | Yes |
| 4.7.6.3 | Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no plans established. | Yes |
| 4.7.6.4 | Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no documents established. | Yes |

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| | | |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 4.7.6.5 | Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no FPIC conducted. | Yes |
| 4.7.6.6 | Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no management plan established to maintain sacred sites. | Yes |
| 4.7.6.7 | Planting statement, estate maps and land title are reviewed. There is no new planting. Therefore, no documentary proof of the transfer of right and payment or provision of agreed compensation establish. | Yes |
| 4.7.6.8 | Planting statement, estate map and land title are reviewed. There is no new planting. Therefore, no compensation land acquisitions and relinquishment of right establish. | Yes |

4.4. Status of Non-Conformities Previously Identified

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

4.5. Detail of Audit Findings in last audit

Stage 1 audit findings corrective actions are reviewed during the stage 2 certification audit process.

4.6. Detail of Onsite Audit Findings Identified During This Audit

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

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

| No. | Indicator | Description | Location | Opportunity for Improvement |
|-----|-----------|----------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------|
| 1. | 4.4.2.3 | A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. | Office | BGSB may consider improve on complaint form. |

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| No. | Indicator | Description | Location | Opportunity for Improvement |
|-----|-----------|-------------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------------------------------------------------------------------------------|
| | | (MINOR) | | |
| 2. | 4.5.1.2 | The environmental management plan shall cover the following: (MAJOR) b. The aspects and impacts analysis of all operations. | Office | BGSB may improve aspect impact in environmental management plan for estate operation activities. |

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5. CONCLUSION

Borneo Global Sdn Bhd has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct certification audit for its Borneo Global estate according to MSPO 2530-3:2013 Part 3 General principles for Oil Palm Plantations and Organised Smallholders.

From the review of the standard operating procedures, relevant forms, work flow charts established and implemented; the subsequent background investigation and interviews 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-Part 3:2013.

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

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

| | | |
|---------------------------------------------|----------|----|
| Total certified number of estate: | 1 | |
| Total certified production area: | 198.50 | Ha |
| Certified FFBs January 2020 to June 2020 | 1,130.07 | Mt |
| Projection FFBs July 2020 to December 2020 | 1,007.50 | Mt |
| Project FFBs January 2021 to December 2021: | 2,559.00 | Mt |

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6. RECOMMENDATION

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

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

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

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

| | |
|-------------------------------------|---------------------------------------------|
| <input checked="" type="checkbox"/> | Recommended for Certification |
| <input type="checkbox"/> | Recommended for Continuity of Certification |
| <input type="checkbox"/> | Recommended for Suspension of Certification |

Puchong, 10/09/2020

Zul Hairi Bin Abu Hassan
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 10/09/2020

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

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7. LIST OF INTERVIEWEES

Table 7-1: List of Interviewed Persons and Stakeholders

| No. | Organisation |
|-----|-------------------------------|
| 1. | Syarikat Kretam Mill Sdn Bhd. |
| | |

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

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

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

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

Salvo clause:

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

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

Annex / Enclosures

Annex /
corresponding audit documentation

- ☐ P&C Audit Report / Checklists
- ☐ Audit Plan
- ☐ Additional annexes, number