

# MSPO CERTIFICATION SUMMARY REPORT

**SABAH SOFTWOODS BERHAD**

**ANNUAL SURVEILLANCE 11**

**DATE: 23/05/2018**

TUV NORD (Malaysia) Sdn Bhd  
No 9F-1A, 9<sup>th</sup> Floor, Tower 2 @  
PFCC, Jalan Puteri 1/2, Bandar  
Puteri, 47100 Puchong, Selangor  
Malaysia. Phone: +603  
86004031/4032 Fax: +603 86004550

---

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



## Table of Contents

1.	INTRODUCTION.....	4
1.1.	Objective	4
1.2.	Scope	4
1.3.	Appointment and qualification of team members	4
2.	METHODOLOGY .....	9
	Table 2-1: List Of Estates Selected	
3.	ORGANISATION INFORMATION .....	12
3.1.	Production volume	132
3.2.	Planting Program for Each Estate	13
3.3.	Replanting program for each estate	14
3.4.	Maps of Company Location, Plantations and Organised Smallholders	15
4.	CERTIFICATION ASSESSMENT .....	18
4.1.	Surveillance 1	<b>Error! Bookmark not defined.</b> 8
4.2.	Stakeholders' Consultation	18
4.3.	Status of Non-Conformities Previously Identified	21
4.4.	Detail of Audit Findings Identified During This Audit	28
5.	CONCLUSION .....	29
6.	RECOMMENDATION .....	30
7.	REFERENCES.....	31
	Table 7-1: Documents provided by Sabah Softwoods Berhad	
	Table 7-2: Background investigation and assessment documents	
	Table 7-3: List Of Interviewed Persons And Stakeholders	
	<b>Annex / Enclosures</b>	<b>34</b>

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



## Abbreviations

<b>CHRA</b>	Chemical Health Risk Assessment
<b>CoC</b>	Chain of Custody
<b>CPO</b>	Crude Palm Oil
<b>CSR</b>	Corporate Social Responsibility
<b>DOE</b>	Department of Environment
<b>EFB</b>	Empty Fruit Bunch
<b>EIA</b>	Environment Impact Assessment
<b>ERT</b>	Endangered Rare and Threatened species
<b>EU</b>	European Union
<b>FFB</b>	Fresh Fruit Bunch
<b>GGL</b>	Green Gold Label
<b>GMP</b>	Good Manufacturing Practice
<b>GPS</b>	Global Positioning System
<b>HACCP</b>	Hazard Analysis and Critical Control Point
<b>HCV</b>	High Conservation Value
<b>HCVF</b>	High Conservation Value Forest
<b>IPM</b>	Integrated Pest Management
<b>MSDS</b>	Material Safety Data Sheet
<b>NC</b>	Non Conformity
<b>OSH</b>	Occupational Safety and Health
<b>OSHAS</b>	Occupational Safety and Health Assessment Scheme
<b>P&amp;C</b>	Principle and Criteria
<b>PK</b>	Palm Kernel
<b>POME</b>	Palm Oil Mill Effluent
<b>PPE</b>	Personal Protective Equipment
<b>RSPO</b>	Roundtable on Sustainable Palm Oil
<b>SA8000</b>	Social Accountability 8000
<b>SIA</b>	Social Impact Assessment
<b>SOP</b>	Standard Operating Procedure
<b>MT</b>	Metric Tonnes
<b>WHO</b>	World Health Organization
<b>MPOB</b>	Malaysian Palm Oil Board
<b>HBV</b>	High Biodiversity Value
<b>SPOC</b>	Sustainable Palm Oil Cluster
<b>LKN</b>	Latihan Khidmat Nasihat
<b>ISCC</b>	International Sustainability & Carbon Certification

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



## 1. INTRODUCTION

Sabah Softwoods Berhad has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct an initial certification audit for its supply base of 8 oil palm estates according to MS 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

### 1.1. Objective

The objective of this certification audit is to assess the 8 supply base estates 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 group office and estates.

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

The documents and information were reviewed against the requirements and criteria based on MSPO 2530-3:2013 Part 3 General principles for Plantation and Organised Smallholders.

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

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

1. Malaysian Sustainable Palm Oil Part 3: General Principles for Plantation and Organised Smallholders audit guidance;

### 1.3. Appointment and qualification of team members

A certification team consisting of one team leader was appointed. The onsite team members contributed to the review of documents, the assessment of the project activity and to the preparation of this report under the leadership of the team leader.

#### Qualification of the Lead Auditor (Trainee): 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; vi) Business Management; or	Graduate in Plantation Industry Management

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Requirement	Qualifications
vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	9 years working experience in Oil Palm Plantations.
Attended the MS 2530 series of standards training	Successfully completed MS2530 series training, RSPO P & C LA, SCC, RSPO Next and ISCC-EU
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.	Under training as lead auditor for MSPO scheme.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia 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 OHSAS 18001 or Occupational, Health & Safety Assurance System	Auditor for RSPO, ISCC and MSPO schemes.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Auditor for RSPO, ISCC 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.

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### Qualification of Team Members

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	Leong Sak Kuan	Graduate in Science (Physic).	Yes
	Ang Wai Sheng, (Terence)	Diploma and Advance Diploma in Tourism Management	Yes
	Mohamad Norhisham Bin Mohd Salleh	Graduate in Applied Science (Major In Agrobiology).	Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Leong Sak Kuan	More than 6 years as quality manager for ISO 14001 schemes.	Yes
	Ang Wai Sheng, (Terence)	More than 8 years in sustainable related field	Yes
	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
Attended the MS 2530 series of standards training	Ang Wai Sheng, (Terence)	Successfully complete MSPO Lead auditor training course.	Yes
	Mohamad Norhisham Bin	Successfully complete MSPO Lead auditor	Yes

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Requirement	Assessor	Qualification	Compliance
	Mohd Salleh	training course.	
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.	Leong Sak Kuan	Qualified as auditor base on audit log.	Yes
	Ang Wai Sheng, (Terence)	Qualified as auditor base on audit log.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Qualified as auditor base on audit log.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Leong Sak Kuan	Able to communicate in Bahasa Malaysia, English, and Chinese languages.	Yes
	Ang Wai Sheng, (Terence)	Able to communicate in Bahasa Malaysia, English, and Chinese languages.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Able to communicate in Bahasa Malaysia, and English languages.	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Leong Sak Kuan	3 Years in RSPO P&C related to GAP and IPM.	Yes
	Ang Wai Sheng, (Terence)	1 year as Certifier and Reviewer for RSPO P&C and SCC schemes 1 year as Wildlife (Biodiversity) and Ecotourism Consultant (EMS &HCV) 3 years as Wildlife Guide (Licensed issued by Ministry of Tourism, Malaysia) 6 months as Field Technician for University of Montana on HC	Yes
	Mohamad Norhisham Bin	5 years working experience in palm oil	Yes

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Requirement	Assessor	Qualification	Compliance
	Mohd Salleh	estates.	
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Leong Sak Kuan	3 Years in RSPO P&C related to GAP and IPM.	Yes
	Ang Wai Sheng, (Terence)	1 year auditor for RSPO and MSPO schemes	Yes
	Mohamad Norhisham Bin Mohd Salleh	5 years working experience in palm oil estates.	Yes
Health and safety auditing on the farm and in processing facilities, for example OHSAS 18001 or Occupational, Health & Safety Assurance System	Leong Sak Kuan	Successfully completed OHSAS 18001 and Working experience as auditor for ISO 14001 and ISO 9001.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Ang Wai Sheng, (Terence)	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Leong Sak Kuan	Successfully completed ISO 14001 training and auditing experiences.	Yes
	Ang Wai Sheng, (Terence)	Successfully completed ISO 14001 training and auditing experiences.	Yes
	Mohamad Norhisham Bin Mohd Salleh	Successfully completed ISO 14001 training and auditing experiences.	Yes
Good Milling Practices for	Leong Sak Kuan	Has involved in auditing for RSPO	Yes



## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Requirement	Assessor	Qualification	Compliance
example palm oil milling working experience or demonstrate equivalent.		SCC standard	
	Ang Wai Sheng, (Terence)	Has involved in auditing for RSPO SCC standard	Yes
	Mohamad Norhisham Bin Mohd Salleh	Has involved in auditing for RSPO SCC standard	Yes

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



## 2. METHODOLOGY

The audit approach consists of the following steps:

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

The surveillance was conducted on 26/02/2018 to 02/03/2018 in accordance to the certification procedure.

### Annual Surveillance Audit 11:

Annual Surveillance Audit 11 was conducted on 26/02/2018 at Bukit Batu, Bukit Tukok, Kumansi estates that cover 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

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



- Interviews of relevant operation personnel
- Assessment reporting

### Annual Surveillance Audit 11:

Surveillance 11 was conducted on 26/02/2018 to 02/03/2018 covers the following activities but not limited to below:

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

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

For list of personnel participated in the audits refer attendance sheet and Table 7-3.

### On-site Assessment

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

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

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

Based on the formula, the sample size for the estate  $S = 2.8$ , therefore round up to the next integral of 3 estates. Thus, a total of 3 estates were selected for the onsite assessment and inspection as listed in Table 2-1 below:

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



**Table 2-1: List of Estates Selected**

Name of Estate	Coordinates
Bukit Batu Estate	N 04 <sup>0</sup> 31' 55.8" / E117 <sup>0</sup> 29' 31.5"
Bukit Tukok Estate	N 04 <sup>0</sup> 27' 37.9" / E117 <sup>0</sup> 29' 40.3"
Kumansi Estate	N 04 <sup>0</sup> 28' 42.4" / E117 <sup>0</sup> 26' 58.6"

### **Non-conformance:**

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

Major non-conformance shall be addressed and responded with 60 days from date of audit. All minor non-conformances will required submission of action plan and are accepted by Lead Auditor. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### 3. ORGANISATION INFORMATION

Sabah Softwoods Berhad is a subsidiary of Yayasan Sabah.

The certified estates are owned by Sabah Softwoods Berhad located at the Kalabakan region and Brumas region.

The details of the Sabah Softwoods Berhad estates as below:

Name of Estate	Location	Coordinates
Bukit Batu Estate	KM 82 Kalabakan Road, Bukit Batu Estate, P.O.Box 60966, 91019 Tawau, Sabah.	N 04° 31' 55.8" / E 117° 29' 31.5"
Bukit Tukok Estate	KM 83 Kalabakan Road, Kalabakan, Sabah	N 04° 27' 37.9" / E 117° 29' 40.3"
Kumansi Estate	KM 96 Kalabakan Road, Kalabakan, Sabah	N 04° 28' 42.4" / E 117° 26' 58.6"
Dumpas Estate	KM 45 Dumpas Estate, Kalum, Sabah	N 04° 30' 43.1" / E 117° 43' 14.5"
Cenderamata Estate	KM 43 Cenderamata Estate, Kalum, Sabah	N 04° 30' 41.1" / E 117° 43' 14.5"
Sg. Indit Estate	KM 85 Sg.Indit, Kalum, Sabah	N 04° 39' 38.3" / E 117° 41' 52.2"
Kapilit Estate	KM 74 Kalabakan Road, Kalabakan, Sabah	N 04° 31' 37.4" / E 117° 30' 33.6"
Mawang Estate	KM 90 Kalabakan Road, Kalabakan, Sabah	N 04° 33' 23.2" / E 117° 28' 58.9"

#### 3.1. Production volume

Name of Estate	Area (Ha)		Projected FFB Production (mt) (January 2018 to December 2018)
	Total*	Production**	
Bukit Batu Estate	3,005.62	6,797.25	66,459
Bukit Tukok Estate	3,051.18	7,468.68	66,240
Kumansi Estate	3,184.78	6,267.03	76,767
Dumpas Estate	3,423.47	6,001.82	61,470
Cenderamata Estate	3,482.56	7,228.74	63,024
Sg. Indit Estate	1,969.17	2,001.72	32,542
Kapilit Estate	2,471.60	6,121.45	58,470
Mawang Estate	3,258.61	7,514.59	66,944
<b>Total FFB</b>	<b>23,846.99</b>	<b>49,401.28</b>	<b>491,916</b>

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

\*\*Immature + Mature Area

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### 3.2. Planting Program for Each Estate

Year / estate	Bukit Batu Estate	Bukit Tukok Estate	Kumansi Estate	Dumpas Estate	Cenderamata Estate	Sg. Indit Estate	Kapilit Estate	Mawang Estate
Year 1993	-	-	-	-	-	-	-	-
Year 1994	-	-	-	-	-	-	-	-
Year 1995	-	-	-	264.56	-	-	-	-
Year 1996	-	-	-	1,639.40	260.58	-	-	-
Year 1997	-	319.20	-	318.29	1,307.47	-	-	-
Year 1998	-	458.51	-	214.39	-	-	-	1,605.12
Year 1999	-	208.24	-	-	-	-	-	-
Year 2000	1,137.26	-	-	205.05	721.92	-	-	925.64
Year 2001	685.58	-	-	90.79	727.33	-	43.75	594.74
Year 2002	-	-	-	-	-	-	-	-
Year 2003	-	-	-	-	-	-	-	-
Year 2004	-	288.73	-	-	-	-	-	-
Year 2005	139.62	1,358.26	1,077.67	168.39	227.97	-	-	-
Year 2006	807.15	395.63	1,185.96	330.00	129.07	-	1,260.40	133.11
Year 2007	236.01	22.61	921.15	-	108.21	-	1,126.33	-
Year 2008	-	-	-	-	-	402.60	-	-
Year 2009	-	-	-	-	-	273.18	44.78	-

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Year 2010	-	-	-	28.97	-	237.71	-	-
Year 2011	-	-	-	163.63	-	135.46	-	-
Year 2012	-	-	-	-	-	482.09	-	-
Year 2013	-	-	-	-	-	438.13	-	-
Year 2014	-	-	-	-	-	-	-	-
Year 2015	-	-	-	-	-	-	-	-
<b>Total Mature</b>	<b>3,005.62</b>	<b>3,051.18</b>	<b>3,184.78</b>	<b>3,423.47</b>	<b>3,482.56</b>	<b>1,969.17</b>	<b>2,471.60</b>	<b>3,258.61</b>
Replant Year 2016 - Y3	-	-	-	-	-	-	-	-
Replant Year 2017 - Y2	-	-	-	-	-	-	-	-
Replant Year 2018 - Y1	-	-	-	-	-	-	-	-
<b>Total Immature</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Oil Palm</b>	<b>3,005.62</b>	<b>3,051.18</b>	<b>3,184.78</b>	<b>3423.47</b>	<b>3,482.56</b>	<b>1,969.17</b>	<b>2,471.60</b>	<b>3,258.61</b>

### 3.3. Replanting program for each estate

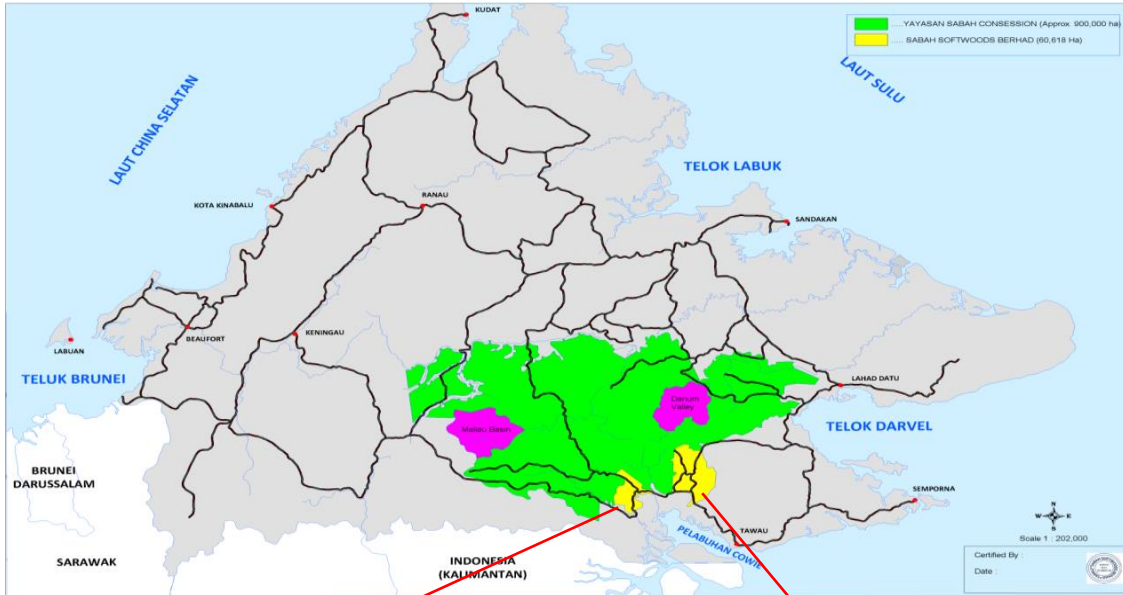
Year of replanting	Planted area (ha) in each estate								Total area to be replanted (ha)
	Bukit Batu Estate	Bukit Tukok Estate	Kumansi Estate	Dumpas Estate	Cenderamata Estate	Sg. Indit Estate	Kapilit Estate	Mawang Estate	
2018	-	381.00	-	639.00	562.00	-	-	-	1,582.00
2019	-	257.00	-	523.00	433.00	-	-	486.00	1,699.00
2020	-	299.00	-	439.00	390.00	-	-	458.00	1,586.00
2021	-	227.00	-	552.00	388.00	-	-	459.00	1,626.00
2022	-	-	-	584.00	322.00	-	-	460.00	1,366.00
2023	591.00	-	-	359.00	332.00	-	-	485.00	1,767.00
2024	428.00	-	-	295.00	518.00	-	-	492.00	1,733.00
<b>TOTAL</b>	<b>1,019.00</b>	<b>1,164.00</b>	<b>-</b>	<b>3,391.00</b>	<b>2,945.00</b>	<b>-</b>	<b>-</b>	<b>2,840.00</b>	<b>11,359.00</b>

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad  
 Client Number: 92-003  
 Audit Type: Surveillance11

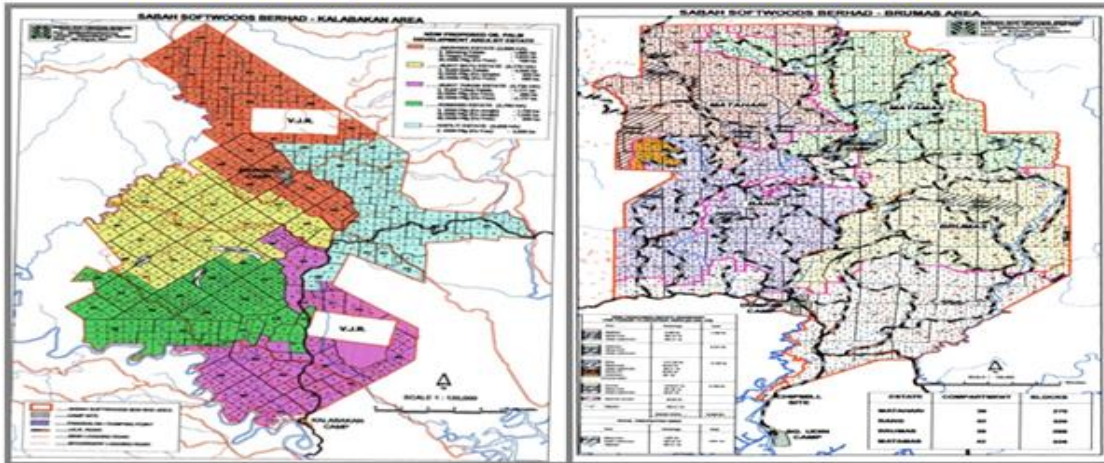


## 3.4. Maps of Company Location, Plantations and Organised Smallholders



**Kalabakan region**

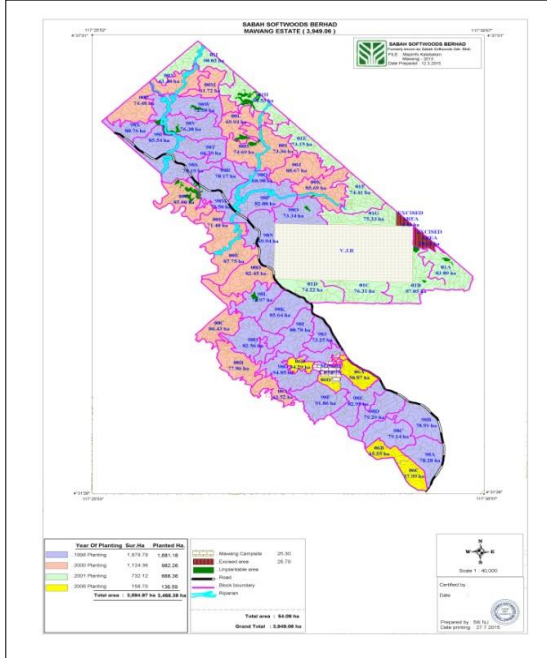
**Brumas region**



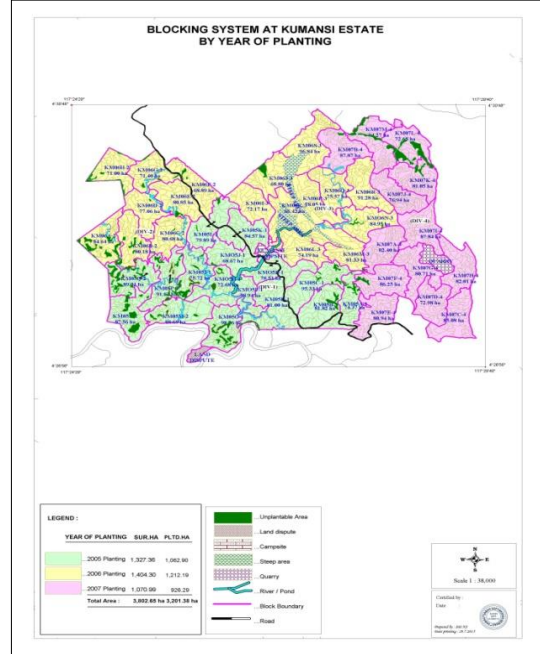


# MSPO Certification Summary Report

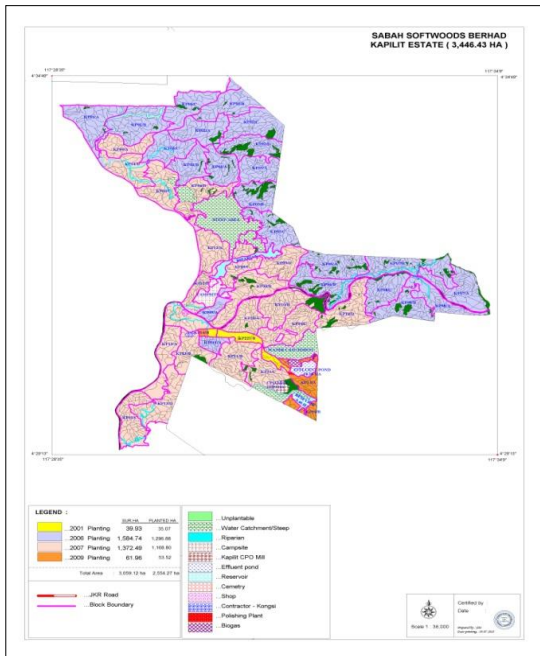
Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad  
 Client Number: 92-003  
 Audit Type: Surveillance11



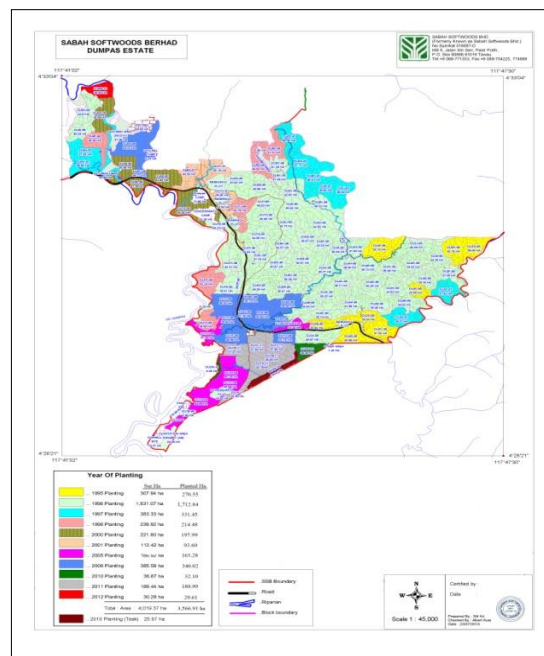
Mawang Estate



Kumansi Estate



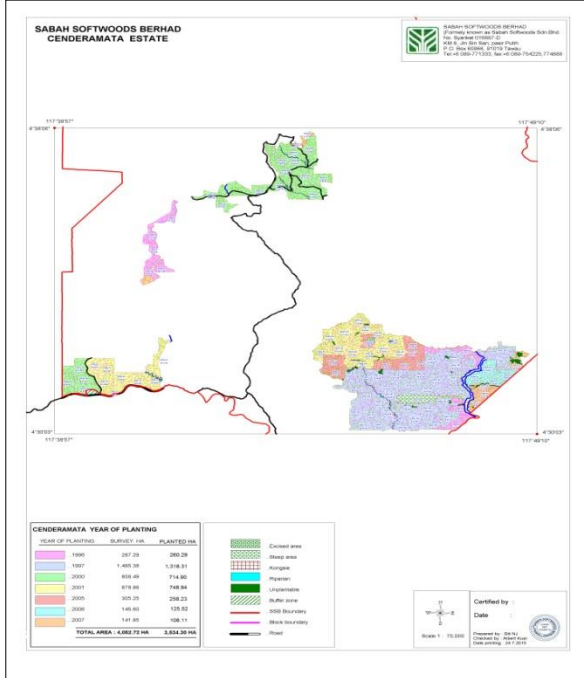
Kapilit Estate



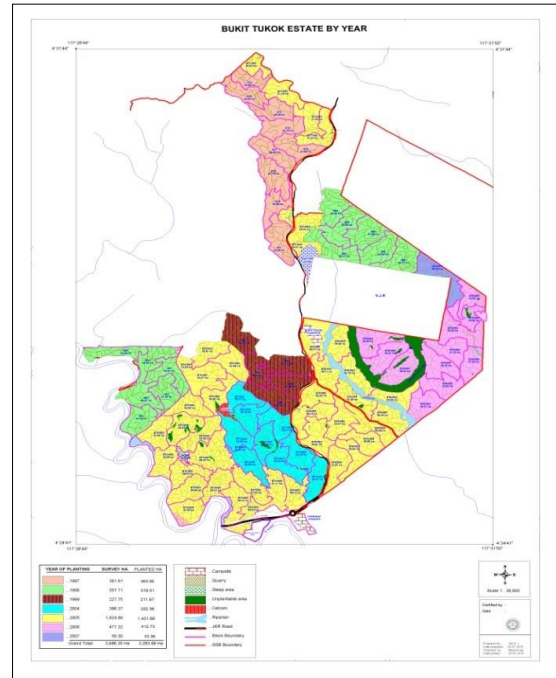
Dumpas Estate

# MSPO Certification Summary Report

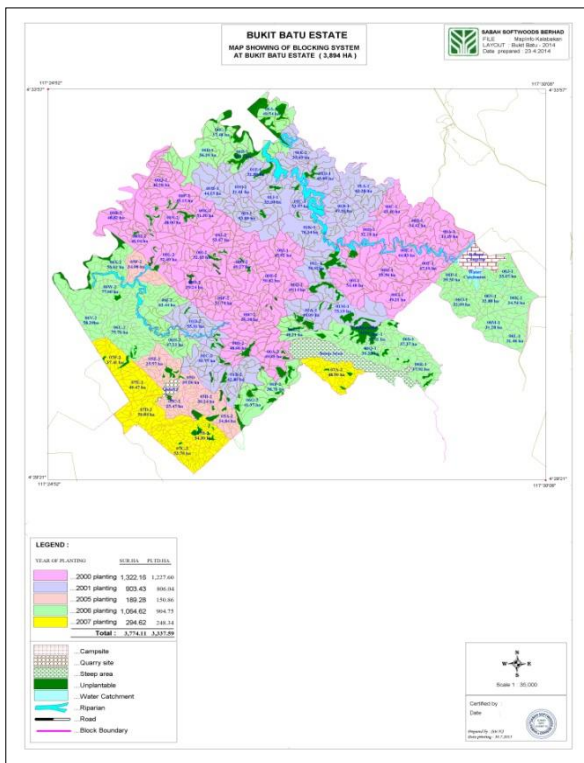
Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad  
 Client Number: 92-003  
 Audit Type: Surveillance11



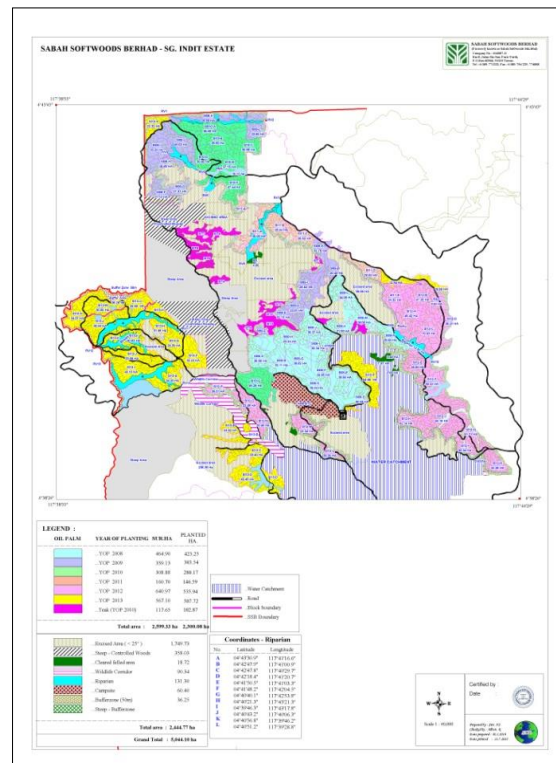
Cenderamata Estate



Bukit Tukok Estate



Bukit Batu Estate



Sg Indit Estate

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



## 4. CERTIFICATION ASSESSMENT

### 4.1. Certification Audit

#### 4.1.1. Surveillance 11:

The Surveillance 11 audit was conducted on 26/02/2018 to 02/03/2018 covering 3 selected estates – Bukit Batu, Bukut Tukok and Kumansi estates.

During the surveillance audit, 2 Majors, 1 Minor and 3 Observations findings were raised. The non-conformances raised during the surveillance 11 were closed out by means of i, documents reviewed that are established, corrected and corrections implemented appropriately.

### 4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd. has published the public notification on 30/01/2018 to obtain feedback and comments. As at audit date on 26/02/2018 there were no comments received.

In addition, invitation letters were sent on 30/01/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 26/02/2018 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 Sabah Softwoods Berhad applying for MSPO certification.
2. Development of oil palm plantations by Sabah Softwoods Berhad
3. Community service and support provided by Sabah Softwoods Berhad
4. Wildlife management and wildlife corridor established by Sabah Softwoods Berhad.
5. Type of wildlife sighted at Sabah Softwoods Berhad plantations and wildlife corridor.
6. Local communities' development.

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

1. Principle 2 Criteria 2 Indicator 1: Consultation and Communication with stakeholders:  
The stakeholders could confirm they have attended meetings with SSB personnel on MSPO certification.
2. Principle 4 Criteria 2 Indicator 3 & 4: A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint  
The stakeholders' advice they have been informed a logbook and form is available to lodge any complaints or suggestions is available at the office.
3. Principle 4 Criteria 3 Indicator 1: Contribute to local development in consultation with the local communities.  
The stakeholders could confirm the company has provided assistance and support to communities.

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



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

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

TUV NORD (Malaysia) Sdn. Bhd. Has published the public notification on 30/01/2018 as to accommodate stakeholder's consultation meeting for Sabah Softwoods Berhad.

There no issues were 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 7-3

Items	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Group Manager/Company [thereafter known as GM] in regards to the MSPO/RSPO audit?	During the interview process with the stakeholders, they do aware on Sabah Softwoods Berhad involvement into the MSPO certification.	Positive comment
2	Social context	Based on stakeholders respond, there were no issue in regards to social problem. There were good relations between the estate and the stakeholders. There are no issues as regards to Sabah Softwoods Berhad workers. However, head of villages hope after this if Sabah Softwoods Berhad conduct any event, they can invite the surroundings head of villages.	Action requires
3	Understanding of "NCR Land"?	The company land title is Country Leased and does not involve in any NCR land. Most of the land neighbouring the Sabah Softwoods Berhad are oil palm plantations, forest plantations, out growers and smallholders.	Positive comment

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



4	<p>Economy / livelihood</p> <p>Is there any impact on livelihood after the introduction of MSPO/RSPO?</p>	<p>This has been reflected during stakeholders meeting. Others opportunity for the nearby communities, which several of them are hired by the estates in various positions as staff or contract work in the company. There is good cooperation between the stakeholders and company. Company has conducted meeting and provide a platform to communicate.</p>	Positive comment
5	<p>Does MSPO/RSPO will largely benefits the local community?</p>	<p>Feedback from stakeholders shows positive result in regards to Sabah Softwoods Berhad involvement in MSPO certification. The main advantage is cooperation between estate management and stakeholders that can be reflected by the stakeholders meeting that was held annually.</p>	Positive comment
6	<p>HCV and environmental understanding</p>	<p>Stakeholders do aware and informed regarding the HCV and environmental concern and issue. Information was given through stakeholders meeting conducted by Sabah Softwoods Berhad. The Forestry Officer mentioned. SSB has been cooperating well in maintaining sufficient buffers within the reserved forest. Beside that the supply of forest seedlings to Sabah Softwoods Berhad for planting in Oil Palm Plantations.</p>	Positive comment
7	<p>Awareness towards species, habitats, and high conservation values?</p>	<p>The stakeholders do understand and aware the present of endangered species, the ban on hunting and killing protected species. There was no issue state regarding Sabah Softwoods</p>	Positive comment

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



		Berhad. They hope that more cooperation can be made in future in terms of conservation of wildlife. Beside that they hope the company will more alert of elephant and human conflict at plantations to reduce risk to workers during working hours.	
8	Support to smallholders	SSB is supportive to the smallholder by receiving their FFBs for Kapilit Oil Mill. There are no issues with the smallholders.	Positive comment
9	FFB quality	There are no complains raised regarding the FFB quality. Sabah Softwoods Berhad have a strict procedure which is applied and followed by relevant smallholders who understand only ripe FFBs will be sent..	Positive comment
10	Are there any plantation or mill management practices that affect you?	Representatives for various stakeholders confirm no conflict with Sabah Softwoods Berhad.	Positive comment
11	Do you consider any management is in conflict with the MSPO principles and criteria?	There are no conflict occurs between Sabah Softwoods Berhad and stakeholders as shown in the stakeholders meeting.	Positive comment
12	Do you have any suggestions for management?	For overall, there were no issues raised by stakeholders due to good cooperation they have with Sabah Softwoods Berhad management. Several suggestions made by representatives are: - gives scholarships to staff or surrounding villages children for the future study. - Jabatan Pengairan dan	Point of information

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



		<p>Saliran has offered themselves to be involves in the company stakeholder meeting or any occasion in providing awareness regarding water sources.</p> <ul style="list-style-type: none"> <li>- Conduct more medical check-up for the foreigner workers and register new born to government clinic.</li> </ul>	
--	--	---	--

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

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

Non Conformity Number < Minor 1 >			
Indicator: 4.3.1.4 The management should assign a person responsible to monitor compliance and track and update the changes in regulatory requirements			
Location	Cenderamata, Dumps, Bukit Tukok estates		
<b>Description of Finding / Objective Evidence:</b>			
Compliance audit was not conducted for the past year. Disposal records and labelling of scheduled waste did not comply to the Environmental Quality Act but was recorded as complied and subsequently no actions were taken			
Classification	<input type="checkbox"/> Major	<input checked="" type="checkbox"/> Minor	<input type="checkbox"/> Observation
Raised by Auditor: Leong Sak Kuan		Date Raised: 16/03/2017	
Deadline for implementation:		Next Surveillance Audit	
<b>Root Cause Analysis (by company):</b>			
1) Schedule waste competent auditors are required			
<b>Correction (by company):</b>			

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Non Conformity Number < Minor 1 >	
1) Proposal for competent schedule waste personnel for compliance audit.	
<b>Corrective / Preventive Action (by company)</b>	
1) The competent person should be conducted schedule waste management properly and monitor. Proper filing on the scheduled waste documentation and correct labelling at scheduled waste storage.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The company has appointed person each estates are competent for the schedule waste handling and during side visit the have proper filing and labelling at schedule waste storage.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b> Leong Sak Kuan	<b>Date of Closure:</b> 01/03/2018
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>

Observation < No 1 >	
Indicator: 4.4.5.13 - The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions.	
Location	Bukit Tukok Estate
<b>Description of Finding / Objective Evidence:</b>	
A JCC is not established to allow the workers to have open discussion with the management for matters related to wages and benefits.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
JCC has been established and latest meeting was conducted by respective estates. Bukit Batu Estate dated 17/10/2017, Bukit Tukok Estate dated 06/04/2017 and Kumansi Estate dated 20/06/2017.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b> Mohamad Norhisham Bin Mohd Salleh	<b>Date of Closure:</b> 28/02/2018



## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Observation < No 2 >	
Indicator: 4.4.6.2 - Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description.	
Location	Cenderamata, Dumpas and Bukit Tukok estates
<b>Description of Finding / Objective Evidence:</b>	
Although the training analysis matrix for staff is established, the training analysis did not include the field workers	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Sighted individual training matrix that include all levels of of workers..	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b>	<b>Date of Closure:</b>
Mohamad Norhisham Bin Mohd Salleh	28/02/2018

Observation < No 3 >	
Indicator: 4.6.2.1 - A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning.	
Location	Cenderamata, Dumpas and Bukit Tukok estates
<b>Description of Finding / Objective Evidence:</b>	
The budget may consider for up to 2 years instead of 1 year.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Company has established annual budget for 2018.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b>	<b>Date of Closure:</b>
Mohamad Norhisham Bin Mohd Salleh	28/02/2018

Observation < No 4 >	
Indicator: 4.5.3.2: A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for identifying and monitoring sources of waste and pollution	
Location	Dumpas / Bukit Tukok estates
<b>Description of Finding / Objective Evidence:</b>	
Traces of oil detected at the final compartment of the oil trap at the general store. (Dumpas estate)	
Oil trap could be installed at the front drain of the workshop to prevent any spillage or leakage going to the environment. Oil at second compartment of oil trap at workshop need to be removed as scheduled waste. (Bukit Tukok estate).	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Site verification at Dumpas estate indicates that oil trap has been installed at fthe workshop drain and well maintained.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Observation < No 4 >	
<b>Name of Auditor:</b> Leong Sak Kuan	<b>Date of Closure:</b> 28/02/2018

Observation < No 5 >	
Indicator: 4.4.4.2: Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees.	
Location	Dumpas / Bukit Tukok estates
<b>Description of Finding / Objective Evidence:</b>	
Spill kits could be placed at the gen-set room (Dumpas / Bukit Tukok estate) and workshop (Bukit Tukok). Summary and analysis of minor injuries and the trend could be included in the OSH steering meeting. [all estates]	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Spill kits was sighted at Dumpas Estate and Bukit Tukok Estate during field observation. Summary and analysis of minor injuries has been included in OSH meeting dated 08/12/2017.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b> Leong Sak Kuan.	<b>Date of Closure:</b> 28/02/2018

Observation < No 6 >	
Indicator: 4.6.1.1: Standard operating procedures shall be appropriately documented and consistently implemented and monitored.	
Location	Dumpas / Bukit Tukok estate
<b>Description of Finding / Objective Evidence:</b>	
Approval could be obtained from management whenever the chemical mixing formula is changed. SOP for chemical usage at premix and water treatment plant could be displayed at the work sites. (Dumpas / Bukit Tukok estates).	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
.	
The SOP for chemical mixing was display on pre-mix chemical area and any changes of dosage must obtained approval from estate manager.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b> Leong Sak Kuan	<b>Date of Closure:</b> 28/02/2018

Observation < No 7 >	
Indicator: 4.4.5.11: In cases where on-site living quarters are provided, these quarters shall be habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation.	

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Observation < No 7 >	
Location	Dumpas estate
<b>Description of Finding / Objective Evidence:</b>	
Possibility of landslide which will affect the worker housing could be monitored and mitigation actions taken.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Estate has established housing monitoring and its surrounding on safety	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b>	<b>Date of Closure:</b>
Mohamad Norhisham Bin Mohd Salleh.	28/02/2018

Observation < No 8 >	
Indicator: 4.4.4.1: An occupational safety and health policy and plan shall be documented, effectively communicated and implemented.	
Location	Bukit Tukok estate
<b>Description of Finding / Objective Evidence:</b>	
Evidence of communication concerning HSE requirements to contractors and suppliers could be documented, e.g. Pansa Sarawak personnel repairing gen-set at the workshop.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Communication with stakeholders including contractors and suppliers was conducted in stakeholder meeting dated 25/01/2018.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Auditor:</b>	<b>Date of Closure:</b>
Leong Sak Kuan.	28/02/2018

Observation < No 9 >	
Indicator: 4.5.1.1: An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.	
Location	Bukit Tukok estate
<b>Description of Finding / Objective Evidence:</b>	
Recycle bins could be placed at all housing compounds in order that plastic and metals are not disposed at the landfill. Verification could be conducted for fertilizer bags to confirm that they are not hazardous before disposing at the landfill.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Recycle bin has been provided at housing area. Sighted proper segregation of waste at housing site.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>
Leong Sak Kuan	28/02/2018

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### 4.4. Detail of Audit Findings Identified During This Audit

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

AUDIT OUTCOME	
<b>MAJOR Non-Conformities</b>	2
<b>MINOR Non-Conformities</b>	1
<b>Observations</b>	3

Non Conformity Number < Major 01 >			
Indicator: 4.6.3.2 All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner.			
Location	Bukit Batu/Bukit Tukok/Kumansi estates		
<b>Description of Finding / Objective Evidence:</b>			
The following issues were detected in the contract:			
<ol style="list-style-type: none"> <li>1. The date of contract made was after the commencing date stated in the contract agreement.</li> <li>2. Schedule part which indicates the registered vehicle was not filled up.</li> <li>3. The contract agreement was expired and not renewed.</li> </ol>			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	<input type="checkbox"/> Observation
Raised by Auditor: Mohamad Norhisham Bin Mohd Salleh	Date Raised: 02/03/2018		
Deadline for implementation:	02/05/2018		
<b>Root Cause Analysis (by company):</b>			
Absence of contract renewal specification in the existing procedure.			
<b>Correction (by company):</b>			
To review the existing vendor requisition SOP.			
<b>Corrective / Preventive Action (by company)</b>			
<ol style="list-style-type: none"> <li>1) To inform and distribute additional information to all estate regarding procedure and deadline.</li> <li>2) To be monitored by SEEA/AAO – annually, 3 months before expiry.</li> <li>3) Amendment of Contract agreement effective on 15 January 2018 (refer sample).</li> </ol>			
<b>Review of Correction &amp; Corrective / Preventive Action</b>			
Sighted amended contract agreement with contractor A, dated 15/01/2018, Contract commenced from 01/01/2018 to 31/12/2018. SSB has include clause regarding all contact agreement with contractors. Company has established SOP on Payment -contract PDE. revision 01 dated 01/01/2012 which indicates step by step process of payment. Thus, by referring to the evidence provided and reviewed the non-conformity was closed.			
.,. The effectiveness of the implementation will be further reviewed during the next surveillance audit.			
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Non Conformity Number < Major 01 >	
<b>Name of Auditor:</b> Mohamad Norhisham Bin Mohd Salleh	<b>Date of Closure:</b> 18/04/2018
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>

Non Conformity Number < Major 02 >	
Indicator: 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations	
Location	Bukit Batu, Bukit Tukok, Kumansi estates
<b>Description of Finding / Objective Evidence:</b>	
A mechanism of ensuring legal compliance is not in place. There is a delay in ensuring legal permit in place including diesel tank. Other legal document received by SSB contains error including hectares and land title.  A mechanism ensuring compliance of such legal document and legal compliance shall be in place to ensure all documents and legal requirements are meet.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Ang Wai Sheng (Terence)	Date Raised: 02/03/2018
Deadline for implementation:	02/05/2018
<b>Root Cause Analysis (by company):</b>	
No assigned person monitoring the legal requirement.	
<b>Correction (by company):</b>	
1) Procedure for legal register has been established. (refer to reference no: SSB-MSPO-18-01) 2) Have assigned person/s of respective estates and mill to monitor the legal requirement. (refer appendix 1 and appendix 2) 3) Have established checklist/register on required compliance. (refer appendix 3)	
<b>Corrective / Preventive Action (by company)</b>	
Assign person to update on timely manner the status of compliance.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The company has established a new SOP for legal register dated 22/03/2018 was submitted and reviewed. The table and form to control the amended legal register was created for easy to refer the date of the expired legal register. The company has submitted the new identification and updated on legal and other requirement including the flow chart. this NC could be considered closed.  The effectiveness of the implementation will be further reviewed during the next surveillance audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Non Conformity Number < Major 02 >	
<b>Name of Auditor:</b> Ang Wai Sheng (Terence).	<b>Date of Closure:</b> 17/04/2018.
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>

Non Conformity Number < Minor 01 >	
4.4.5.8 The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement.	
Location	Bukit Batu, Bukit Tukok, Kumansi estates
<b>Description of Finding / Objective Evidence:</b>	
The company may consider to indicate the actual rate of overtime in the contract agreement workers rather than states according to Sabah Labour Ordinance.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor <input type="checkbox"/> Observation
Raised by Auditor: Zul Hairi Bin Abu Hassan	Date Raised: 02/03/2018
Deadline for implementation:	Next Audit
<b>Root Cause Analysis (by company):</b>	
Not clearly defined in the contract agreement.	
<b>Correction (by company):</b>	
To review the contract agreement details of working hour and overtime terms and to be sign by the workers. 31/10/2018 - Mr. Hendra Alih by HR Dept. & Sr. Executive Administration Office for all estate.	
<b>Corrective / Preventive Action (by company)</b>	
Newly reviewed contracts to include OT & working hours details. (29/03/18 – Mr Hendra HR Dept.)	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The action plan to review contract agreement with workers to include OT & working hours details to be implemented by 31/10/2018 and HR Department is in-charged. The action plan will be reviewed in the next audit.	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Lead Auditor:</b> Zul Hairi Bin Abu Hassan	<b>Date of Review Action Plan:</b> 17/04/2018
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### Non Conformity Number < Minor 01 >

<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>
--	-------------------------

### Non Conformity Number < Observation 01 >

Indicator: 4.3.1.1 All operations are in compliance with the applicable local, state, national and ratified international laws and regulations.

Location: Bukit Batu, Bukit Tukok, Kumansi estates

#### Description of Finding / Objective Evidence:

To liaise with DOE on whether license for landfill is required as per EQ (control of pollution from solid waste transfer station and landfill) regulations 2009.

Classification:  Major  Minor  Observation

Raised by Auditor: Sak Kuan, Leong

Date Raised: 02/03/2018

Deadline for implementation:

Next Audit

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

#### Correction (by company):

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

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

Closed:  Yes  No

Site verification:  Yes  No

Name of Lead Auditor:

Date of Closure: Next Audit

#### Review of Implementation for Major NC (where applicable)

Closed:  Yes  No

Name of Lead Auditor / Auditor:

Date of Closure:

### Non Conformity Number < Observation 02 >

Indicator: 4.5.1.1 An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented.

Location: Bukit Tukok estate

#### Description of Finding / Objective Evidence:

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Non Conformity Number < Observation 02 >	
Implementation of environmental management plan could be improved by having environmental objectives which are measurable and realistic.	
Classification	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Observation
Raised by Auditor: Sak Kuan, Leong	Date Raised: 27/02/2018
Deadline for implementation:	Next Audit
<b>Root Cause Analysis (by company):</b>	
<b>Correction (by company):</b>	
<b>Corrective / Preventive Action (by company)</b>	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification: <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Lead Auditor:</b>	<b>Date of Closure: Next Audit</b>
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>

Non Conformity Number < Observation 03 >	
Indicator: 4.5.4.2 An action plan to reduce identified significant pollutants and emissions shall be established and implemented.	
Location	Bukit Tukok estate
<b>Description of Finding / Objective Evidence:</b>	
The oil trap behind the workshop is not effective as wastewater is channelled from the top of each compartment instead of underneath.	
Containment could be implemented for fuel storage tank.	
Classification	<input type="checkbox"/> Major <input type="checkbox"/> Minor <input checked="" type="checkbox"/> Observation
Raised by Auditor: Sak Kuan Leong	Date Raised: 27/02/2018
Deadline for implementation:	Next Audit
<b>Root Cause Analysis (by company):</b>	
<b>Correction (by company):</b>	



# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Non Conformity Number < Observation 03 >	
<b>Corrective / Preventive Action (by company)</b>	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Lead Auditor:</b>	<b>Date of Closure: Next Audit</b>
<b>Review of Implementation for Major NC (where applicable)</b>	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
<b>Name of Lead Auditor / Auditor:</b>	<b>Date of Closure:</b>

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance1



### 5. CONCLUSION

Sabah Softwoods has commissioned TUV NORD (Malaysia) Sdn Bhd to conduct surveillance 1 audit for its 3 estates according to MSPO 2530-3:2013 Part 3 General principles for Plantations and Organised Smallholders.

The 2 Major NCs raised in this audit were closed out successfully. Furthermore, all minor non-conformances that required submission of action plan and are accepted by Lead Auditor. Implementation of Minor NCs and OBS will be reviewed and verified during the next audit.

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

In conclusion the certified unit has been established, implemented and continued to improve in managing the estates are in line with the Principles & Criteria of the applied standards of MS 2530-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 surveillance 1, the audit team confirms that:

Total certified number of estates:	8
Total certified production area:	23,095.08 Ha
Certified FFBS January to December 2018:	491,916 mt

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### 6. RECOMMENDATION

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

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

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

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

	Recommended for Certification
<b>X</b>	Recommended for Continuity of Certification
	Recommended for Suspension of Certification

Puchong, 23/05/2018

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

Puchong, 23/05/2018

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

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



### 7. REFERENCES

**Table 7-1: Documents provided by Sabah Softwoods Berhad**

<b>Client Reference Document</b>
Continuous Improvement Plan year 2017/2018
Child Protection Policy MSPO-SSB/OP-POLICY-13 dated 01/07/2015.
Chart for Identification of Emissions report for mills and estates
Chemical Safety SOP MSPO-SSB-HSESP-17, 015-01-0, Version 1 dated 01/01/2016
SSB-HRCCA-HRSOP-14-1 version number 01 dated 04/01/2016.
Domestic waste management plan 2017/2018.
Clinical waste GEN/SOP-ENV/02-17 Version 1 dated 02/07/2015
Continuous Improvement Procedure MSPO-SSB/OP-08 Version 1 dated 01/10/2015
SOP on felling and Clearing SSB/OPD-SOP/IMMT/02-00 dated 01/01/2014
Environmental Policy Statement MSPO-SSB/OP-POLICY-13 dated 01/04/2015
Equal employment & anti-discrimination procedure MSPO-SSB-HRCCA-HRSOP/OP-15 (26-0) Version 1 dated 04/01/2016.
Emergency Response & Preparedness SOP no. SSB/OSH/ERT/2016 dated 02/01/2016.
Freedom of Association Statement dated 01/01/2010. Freedom of Association Statement MSPO-SSB/OP-POLICY-13 dated 01/04/2015
Gender Policy MSPO-SSB/OP-POLICY-13 dated 04/01/2016.
Zero Burning Policy MSPO-SSB/OP-POLICY-13 dated 04/01/2016.
Traceability – Estate MSPO-SSB/OP-06 (Dated: 01/10/2015)
Prevention on Workplace Violence Policy MSPO-SSB/OP-POLICY-13 Version 1 dated 01/04/2015.
Sexual harassment policy MSPO-SSB/OP-POLICY-13 Version 1 dated 04/01/2016
Procedures for Child Protection SSB-HRCCA-HRSOP/OP-15 (25-0) dated 01/07/2015
Procedure for scheduled waste SSB-GEN/SOP-ENV/01 dated 01/07/2015

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



Client Reference Document
Procedure Domestic Waste Management MSPO-SSB/OP-12 Version 1 dated 01/10/2015
MSPO Communication and Consultation Procedure date: May 2015 document no MSPO-SSB/OP-01
Integrated Pest Management MSPO-SSB/OP-05 (Dated: 01/10/2015)
Fire Management (MSPO-SSB/OP-10) Dated: 01/10/2015
New Information and Techniques SSB/ENV/MSPO/16-31 dated 19/02/2016

**Table 7-2: Background investigation and assessment documents**

Reference Document
Malaysian Sustainable Palm Oil Part 4: General Principles for Palm Oil Mills Audit Guidance
MSPO Certification Scheme Doc. No: MPOB/MSPO/CS/01
Environmental Quality Act & Regulation –Act 127 Environmental Quality (Scheduled Wastes) Regulations 2005 Environmental Quality (Clean Air) Regulations1978
Factories and machinery Act,1967 Factories and machinery act with regulations – Act 139
Estate Hospital Assistance(registration)-Act 1965
Akta Keselamatan dan kesihatan Pekerjaan dan peraturan-peraturan-Akta 514 OSHA (Classification, labelling and Safety data Sheet of Hazardous Chemicals) Regulations 2013
Code of Good Milling Practice for Palm Oil Mills
Employment Act 1995 Employees Social Security Act 1969-Act 4 (Socso)
Land Ordinance 1972 (Cap.68)
Workers Minimum Standards of Housing & amenities Act 1990 Act 446
Malaysian Palm Oil Board Act 1997-Act 582

**Table 7-3: List Of Interviewed Persons And Stakeholders**

No.	Name	Organisation / Function
-----	------	-------------------------

## MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



No.	Name	Organisation / Function
1	Hannas Hakmad	General Manager - Plantation
2	Ram Nathan	SSB / Senior Manager Environment & Conservation Dept.
3	Andi Ida Watie A. Pangeran	SSB / Executive, Environmental & Conservation Dept.
4	Vlvek Jason Jayaraj	Doctor, Pejabat Kesihatan Tawau
5	Duamis Mogirong	Officer, Jabatan Pengairan & Saliran Kota Kinabalu
6	Charles Ganaia	Officer, Rakyat Berjaya Sdn Bhd
7	Asmari B. Suping	PJKKK Kg Kalabakan
8	John Antalai	PJKKK Kg Murut Kalabakan
9	Saad B. Hj Razak@Herman	PJKKK Kg Pekan Kalabakan
10	Mohammad B. Omar	Ketua Kampung Brumas
11	Norziza Bt Multar	Kedai Hamid Kumansi estate
12	Azman Ali	Contractor Ikut Bersatu
13	Amzah A	Contractor A.B.K Enterprise
14	Arfah Bin Amin	Contractor L.L.H Enterprise
15	Chin Tcek Yap	Kedai Mas Mas Dumpas
16	Dahmir Dahlan	Contractor Dahlan Enterprise
17	Asrul Hj Idrus	AYA Enterprise
18	Bahar	Contractor Arif Enterprise Bukit Tukok estate

# MSPO Certification Summary Report

Company Name: Sabah Softwoods Berhad

Certifying Unit: Sabah Softwoods Berhad

Client Number: 92-003

Audit Type: Surveillance11



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

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

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

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

Salvo clause:

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

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

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

## Annex / Enclosures

Annex /  
corresponding audit documentation

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

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Item	Description			
1.	Company Name	Sabah Softwoods Berhad		
2.	Certifying Unit	Sabah Softwood Berhad		
3.	Address	Km 8, Jalan Sin San, P.O. Box 60966, 91019 Tawau, Sabah, Malaysia.		
4.	Contact	Tel: +6089-771333	Fax: +6089-765919	Website: <a href="http://softwoods.com.my/">http://softwoods.com.my/</a>
5	Location of plantation / estate	Kapilit, Mawang, Bukit Tukok, Bukit Batu, Kumansi at Kalabakan, Sabah; Dumpus, Cenderamata and Sg. Indit at Kalum, Sabah.		
6	Geo Coordinates of plantation / estate	Kapilit: N04 <sup>0</sup> 31' 37.4" E117 <sup>0</sup> 30' 33.6"; Mawang: N04 <sup>0</sup> 33' 23.2" E117 <sup>0</sup> 28' 58.9"; Bukit Batu: N04 <sup>0</sup> 31' 55.8" E117 <sup>0</sup> 39' 21.5" Bukit Tukok: N04 <sup>0</sup> 27' 37.9" E117 <sup>0</sup> 29' 40.3"; Kumansi: N04 <sup>0</sup> 28' 42.4" E117 <sup>0</sup> 26' 58.6"; Sg. Indit: N04 <sup>0</sup> 39' 38.3" E117 <sup>0</sup> 41' 52.3"; Cenderamata: N04 <sup>0</sup> 30' 41.1" E117 <sup>0</sup> 43' 14.5"; Dumpas: N04 <sup>0</sup> 30' 43.1" E117 <sup>0</sup> 43' 14.5";		
7	Contact Person	Name: Mr. Ram Nathan	Tel: +609-8138605	Mobile: +6019-885 4959 Email: <a href="mailto:ram@softwoods.com.my">ram@softwoods.com.my</a>
8	Date of Audit	26/02/2018 - 02/03/2018		
9.	Audit Team Members			
	Team Leader / LA	Zul Hairi Bin Abu Hassan (ZH) (LA Trainee)		
	Auditor Member	Ang Wai Sheng, Terence (TA), Leong Sak Kuan (SK), Mohamad Norhisham Bin Mohd Salleh (HS)		
	Expert / Trainee / Observer			



# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No		
4.1	Principle 1	<b>Management Commitment &amp; responsibility</b>					
4.1.1	Criterion 1	<b>Malaysian Sustainable Palm Oil (MSPO) Policy</b>					
4.1.1.1	Indicator 1	A policy for the implementation of MSPO shall be established (MAJOR)	<ul style="list-style-type: none"> <li>- Policy should be signed by top management (e.g. CEO, Plantation Director)</li> <li>- Commitment towards a systematic approach to ensure sustainable production of palm oil</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estate</u>                      The management has established the MSPO Policy signed by Chief Executive Officer (CEO) dated 01/04/2015. The policy is displayed on the estates notice board.</p>	Yes		
4.1.1.2	Indicator 2	The policy shall also emphasize commitment to continual improvement. (MAJOR)	<ul style="list-style-type: none"> <li>- Commitment towards sustainable development and continuous improvement</li> <li>- Communicated to all employees</li> <li>- Interview of personnel and stakeholders whether they are aware of the MSPO Policy and its implementation at the site</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estate</u>                      The MSPO policy includes a statement the company commitment to ensure continuous improvement with the objective of improving estate operations for sustainable development.                      During the interview with the stakeholder sand workers they are aware of the MSPO Policy.</p>	Yes		
4.1.2	Criterion 2	<b>Internal Audit</b>					
4.1.2.1	Indicator 1	Internal audit shall be planned and conducted regularly to determine the strong and weak points and potential area for further improvement (MAJOR)	<ul style="list-style-type: none"> <li>- Frequency: Once a year</li> </ul>	<p><u>Bukit Batu Estate</u>                      Internal audit has been conducted on 21/11/2017 by Assistant manager and appointed MSPO coordinator.                      Findings for Bukit Batu Estate.                      Total of 20 finding have been raised.                      For example:</p> <table border="1"> <tr> <td>Clause: 4.1.3.1</td> </tr> <tr> <td>Finding: To update list policy</td> </tr> </table>	Clause: 4.1.3.1	Finding: To update list policy	Yes
Clause: 4.1.3.1							
Finding: To update list policy							

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>Corrective measure &amp; Implementation                      Management review has been established based on the internal audit report compiled on the 8 estates. However, the policy need to be updated</p> <p>Date of closure                      07/12/2017</p> <p><u>Bukit Tukok Estate</u>                      Internal audit has been conducted on 05/12/2017 by Assistant Manager and appointed MSPO coordinator. During this Internal audit there was no finding raised.</p>	
4.1.2.2	Indicator 2	The internal audit procedures and audit results shall be documented and evaluated, followed by the identification of strengths and root causes of nonconformities, in order to implement the necessary corrective action (MAJOR)	<ul style="list-style-type: none"> <li>- Establish the audit procedures</li> <li>- Root cause analysis on nonconformities</li> <li>- Correction and corrective action on nonconformities</li> <li>- Time frames for action to be taken</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>                      Internal Audit SOP “MSPO-SSB/OP-10” title Internal audit procedure for MSPO compliance. Effective date May 2015                      Procedure specify that internal audit for 8 estates to be conducted within 12-months period.                      Internal audit report has considered the root cause and action plan. was sighted and reviewed.</p>	Yes
4.1.2.3	Indicator 3	Report shall be made available to the management for their review (MAJOR)		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>                      Minute for management review has been conducted on 15/01/2018..                      Section “Update of Internal audit report 2017 for management review” has look into the internal audit report as in above. The internal audit report 2017 was presented at management review.</p>	Yes
<b>4.1.3</b>	<b>Criterion 3</b>	<b>Management Review</b>			

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.1.3.1	Indicator 1	The management shall periodically review the continuous suitability, adequacy and effectiveness of the requirements for effective implementation of MSPO and decide on any changes, improvement and modification (MAJOR)	<ul style="list-style-type: none"> <li>- Review by top management</li> <li>- Frequency : once a year</li> <li>- Input audit findings</li> <li>- Decision on changes, improvement and modification</li> <li>- Improvement Plan and timeline for implementation</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Minute for management review was conducted on 15/01/2018 .</p> <p>The meeting minute and agenda covered.</p> <ul style="list-style-type: none"> <li>- Issue of FFB quality</li> <li>- Expected performance for 2018</li> <li>- Replanting</li> <li>- Legalizations plan</li> <li>- Update of Internal audit report 2017 for management review</li> <li>- Environmental aspect</li> <li>- Social aspect</li> <li>- OSH aspect</li> <li>- Any changes, improvement, modification and improvement plan.</li> </ul> <p>In regard to some of the topic</p> <ul style="list-style-type: none"> <li>- Any changes, improvement, modification and improvement plan. Management has come with the idea of using drone to conduct palm census. Using machinery to reduce worker shortage problem.</li> </ul> <p>Expected performance for year 2018 was discussed in the report.</p> <p>Example:</p> <p>Issues:</p> <ul style="list-style-type: none"> <li>- High harvesting Interval</li> <li>- Shortage of harvester</li> <li>- Legalization</li> </ul>	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No																
				Internal audit for year 2017 was conducted on 21/11/2017																	
<b>4.1.4</b>	<b>Criterion 4</b>	<b>Continual Improvement</b>																			
4.1.4.1	Indicator 1	The action plan for continual improvement shall be based on consideration of the main social and environmental impact and opportunities of the company (MAJOR)	<ul style="list-style-type: none"> <li>- Input (where available and applicable): (Check on HIRARC to be one of the continual improvement indicators cause the HIRARC register is normally reviewed annually.)                             <ul style="list-style-type: none"> <li>• Environmental and social impact</li> <li>• New techniques</li> <li>• New technologies</li> <li>• New standard</li> <li>• New information</li> </ul> </li> <li>- To establish a system to verify the validity or practicability of the new information and techniques before adoption.</li> <li>- Continual improvement plan for key social and environmental impacts, implementation and monitoring</li> <li>- Verification of the system in terms of the appropriateness &amp; effectiveness</li> <li>- Budget allocation for implementation of social, environmental activities/new technologies and their timeline</li> <li>- Training programme to the</li> </ul>	<p>“Continuous improvement plan” dated 08/01/2018 has been reviewed.                      The plan has taken into consideration on environmental.                      Example as below</p> <table border="1"> <tr> <td>Process:</td> <td>Campsite</td> </tr> <tr> <td>Issue:</td> <td>Signage - Assembly point</td> </tr> <tr> <td>Estimated cost:</td> <td>RM XXX</td> </tr> <tr> <td>Person in Charge</td> <td>SEEA</td> </tr> <tr> <td>Timeline for action</td> <td>Done</td> </tr> <tr> <td>Remark</td> <td>Completed. Photo attached.</td> </tr> </table> <p><u>Bukit Batu / Bukit Tukok / Kumanis Estates</u>                      SOP for continuous improvement plan dated October 2015 “Continuous Improvement Procedure” ref no. MSPO-SSB/OP-08.                      Continuous Improvement Plan for 2018,</p> <table border="1"> <tr> <td>Stakeholder</td> <td>Estate Manager, Benta Wawasan</td> </tr> <tr> <td>Category</td> <td>Social</td> </tr> </table>	Process:	Campsite	Issue:	Signage - Assembly point	Estimated cost:	RM XXX	Person in Charge	SEEA	Timeline for action	Done	Remark	Completed. Photo attached.	Stakeholder	Estate Manager, Benta Wawasan	Category	Social	Yes
Process:	Campsite																				
Issue:	Signage - Assembly point																				
Estimated cost:	RM XXX																				
Person in Charge	SEEA																				
Timeline for action	Done																				
Remark	Completed. Photo attached.																				
Stakeholder	Estate Manager, Benta Wawasan																				
Category	Social																				

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments		Conformity Yes / No										
			relevant personnel involved in the implementation of new technology/techniques. - Interview of personnel and stakeholders concerning for example: - Good social practices of the company - Response of the management towards social and environmental concerns by stakeholders - Improvement plans that have benefitted the stakeholders	<table border="1"> <tr> <td>Area</td> <td>Benta Wawasan</td> </tr> <tr> <td>Issues</td> <td>                     1. Drug abuse problem within estate, request cooperation in handling issue                      2. Any Benta Wawasan (BW) permit workers looking for jobs within SSB estate needs to inform Benta Wawasan (BW) management                 </td> </tr> <tr> <td>Action Plan</td> <td>                     - To do night patrolling                      - Administration Dept will update directly to Benta Wawasan (BW) management if their workers come to SSB                 </td> </tr> <tr> <td>Person in Charge</td> <td>Security Department Administration Dept SSB (Estate)</td> </tr> <tr> <td>Dateline</td> <td>On-Going</td> </tr> </table>	Area	Benta Wawasan	Issues	1. Drug abuse problem within estate, request cooperation in handling issue 2. Any Benta Wawasan (BW) permit workers looking for jobs within SSB estate needs to inform Benta Wawasan (BW) management	Action Plan	- To do night patrolling - Administration Dept will update directly to Benta Wawasan (BW) management if their workers come to SSB	Person in Charge	Security Department Administration Dept SSB (Estate)	Dateline	On-Going		
Area	Benta Wawasan															
Issues	1. Drug abuse problem within estate, request cooperation in handling issue 2. Any Benta Wawasan (BW) permit workers looking for jobs within SSB estate needs to inform Benta Wawasan (BW) management															
Action Plan	- To do night patrolling - Administration Dept will update directly to Benta Wawasan (BW) management if their workers come to SSB															
Person in Charge	Security Department Administration Dept SSB (Estate)															
Dateline	On-Going															
4.1.4.2	Indicator 2	The company shall establish a system to improve practices in line with new information and techniques or new industry standards and technology, where applicable, that are available and feasible for adoption (MAJOR)		<u>Bukit Batu / Bukit Tukok / Kumanis estates</u> Management has come with the idea using drone to conduct palm census. This is to confirm number of palm per hectare. Using machinery to reduce worker shortage problem. The machinery is to assist in moving the FFB from the plot to		Yes										

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No										
				<p>the road side and training for using “Badang” machinery was conducted on 25/01/2018 at Kumansi estate.</p> <p>SSB has subscribed to monthly circular from MPOB on seminar and article for new practices or technology. When needed a manager will be assign to attend the training.</p>											
4.1.4.3	Indicator 3	An action plan to provide the necessary resources including training, to implement the new techniques or new industry standard or technology (where applicable) shall be established (MAJOR)		<p><u>Bukit Batu Estate</u></p> <p>Training plan for the year 2018 has been planned. Timetable for 2018 are proposed as in below</p> <table border="1"> <tr> <td>MSPO Standard awareness</td> <td>January 2018</td> </tr> <tr> <td>Schedule waste management</td> <td>February 2018</td> </tr> <tr> <td>Riparian management</td> <td>November 2018</td> </tr> <tr> <td>HCV management</td> <td>August 2018</td> </tr> <tr> <td>SIA Management</td> <td>September 2018</td> </tr> </table> <p><u>Bukit Tukok Estate</u></p> <p>No planning for new practices observed during this audit.</p> <p><u>Kumansi Estate</u></p> <p>Training for machinery mention in 4.1.4.2.</p> <p>Training for the use of the machine “Badang” has been conducted on 25/01/2018 attended by 5 person which is appointed to manage and use the “Badang” machine.</p>	MSPO Standard awareness	January 2018	Schedule waste management	February 2018	Riparian management	November 2018	HCV management	August 2018	SIA Management	September 2018	Yes
MSPO Standard awareness	January 2018														
Schedule waste management	February 2018														
Riparian management	November 2018														
HCV management	August 2018														
SIA Management	September 2018														
4.2	Principle 2	Transparency													
4.2.1	Criterion 1	Transparency of information and documents relevant to MSPO requirements													

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.2.1.1	Indicator 1	The management shall communicate the information requested by the relevant stakeholders in the appropriate languages and forms, except those limited by commercial confidentiality or disclosure that could result in negative environmental or social outcomes. (MAJOR)	- Request, response and release of information must be recorded (refer to 4.2.2.3)	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estate</u></p> <p>The management has maintained up to date policies, procedures and management plan for provision of information to the public on request.</p> <p>The SOP Specify “The management keep copies of each the management documents that are available for the stakeholder viewing and other documents permitted under company’s communication procedure example.”</p> <ul style="list-style-type: none"> <li>• Standard Operating Procedure (SOP)</li> <li>• Environment Impact Assessment (EIA)</li> <li>• Social Impact Assessment (SIA)</li> <li>• Land title</li> <li>• Policy</li> </ul> <p><u>Bukit Tukok Estate</u></p> <p>The requested memo from Pejabat Kesihatan Kawasan Tawau to visit clinic Bukit Tukok Estate for ‘Lawatan Penyeliaan dan kempen imunisasi campak’ dated 11/07/2016 date visit 02/08/2016 was reviewed.</p> <p><u>Kumansi Estate</u></p> <p>The management conducted stakeholder meeting on 25/01/2018 and the issue was discussed during the meeting example:</p> <p>Request permission to use estate road of Kumansi estate to bring out smallholder FFBs due to shortage distance as compared to using logging road. The issue rises by villagers from Kampung Murut Kalabakan.</p>	Yes
4.2.1.2	Indicator 2	Management documents shall be publicly available, except where this is prevented by commercial confidentiality	- For public listed companies annual report is accepted	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates</u></p> <p>Memo from the Senior Manager Environment &amp; Conservation, Public summary of MSPO was uploaded in</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		or where disclosure of information would result in negative environmental or social outcomes (MAJOR)		<p>SSB website dated 08/02/2018 in two different languages English and Bahasa Malaysia.</p> <p>The current practice in providing information to stakeholders is assigned to the HR department.</p> <p>The estates have established master list of documents that classified as publicly available. Other documents which would result to negative social or environmental outcome will be consider as unavailable documents or confidential</p> <p>The management establish master list of records with document type, document title, document no, date issue, current revision and location file.</p> <p>Example: Laws of Malaysia, Child protection policy, Operasi menabur baja.</p>	
<b>4.2.2</b>	<b>Criterion 2</b>	<b>Transparent method of communication and consultation</b>			
4.2.2.1	Indicator 1	Procedures shall be established for consultation and communication with the relevant stakeholders (MAJOR)	<ul style="list-style-type: none"> <li>- Established procedure include internal and external stakeholders</li> <li>- The procedure should include FPIC process</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates</u></p> <p>SSB establish SOP communication and consultation procedure effective date: May 2015 document no MSPO-SSB/OP-01. The procedure has mention internal communication between various levels and section within the company. External communication between the company and external interested parties on matters pertaining to MSPO.</p> <p>Communication channel:</p> <ul style="list-style-type: none"> <li>• Verbal-meeting, training, briefing, campaign</li> <li>• Non-verbal- notice boards, emails, record book, suggestion/complain box.</li> </ul>	Yes
4.2.2.2	Indicator 2	A management official should be nominated to be responsible for issues	<ul style="list-style-type: none"> <li>- Companies discretion on whom to nominate</li> </ul>	<u>Bukit Batu Estate</u>	Yes



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		related to Indicator 1 at each operating unit (MINOR)	- Appointment letter for responsible person	Appointment letter to person in charge of MSPO is Assistant Manager date 01/04/2016 <u>Bukit Tukok Estate</u> Appointment letter to person in charge of MSPO is Admin Executive date 01/04/2016. <u>Kumansi Estate</u> Appointment letter to person in charge of MSPO is Assistant Manager 01/03/2016.	
4.2.2.3	Indicator 3	List of stakeholders, records of all consultation and communication and records of action taken in response to input from stakeholders should be properly maintained. (MAJOR)	- Review records - Lists of stakeholders - Surrounding communities - Employees - Interview with personnel and stakeholders concerning for example: <ul style="list-style-type: none"> <li>• Awareness of consultation and communication procedures</li> <li>• Availability of management response with regards to their requests /complaints( if applicable)</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estate</u> SSB has update list of stakeholders 2018 date 26/01/2018. List of the stakeholders External: <ul style="list-style-type: none"> <li>• Government agencies</li> <li>• NGOs</li> <li>• Institutions</li> <li>• Industries</li> <li>• Jkk Kampung</li> <li>• Suppliers</li> <li>• Contractors</li> <li>• Shops</li> <li>• Communities</li> </ul> Internal: <ul style="list-style-type: none"> <li>• Kapilit estate</li> <li>• Bukit batu estate</li> <li>• Kapilit Palm Oil Mill</li> </ul>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<ul style="list-style-type: none"> <li>• Mawang estate</li> <li>• Kumansi estate</li> <li>• Dumpas estate</li> <li>• Cenderamata estate</li> <li>• Security Department</li> <li>• SSB Tawau HQ Office</li> </ul> <p>During a meeting with stakeholders at Bukit Batu estate, 15 participants from the government agency, JKK Kampung, contractors and shop owners were interviewed.</p> <p>– Pejabat Kesihatan Tawau                      – Jabatan Pengairan &amp; Saliran Kota Kinabalu.</p> <p>. The awareness of consultation and communication procedure to the stakeholder was mention during stakeholders meeting that they are aware on the process to submit complaint to the management.</p>	
<b>4.2.3</b>	<b>Criterion 3</b>	<b>Traceability</b>			
4.2.3.1	Indicator 1	The management shall establish, implement and maintain a standard operating procedure to comply with the requirements for traceability of the relevant product(s). (MAJOR)	- SOP to verify.	<p>SSB has established SOP on Traceability, document name MSPO -SSB/OP/06 Traceability dated October 2015 on traceability for estates.</p> <p>Besides that, estate has established Block Harvesting System D12. The system indicates the date of harvesting for each block base on harvesting sequence. The system has been included under the SOP Harvesting SSB/OPD-SOP/HARV/04 dated 01/01/2014 and SOP FFB Evacuation and Trucking SSB/OPD-SOP/HARV/05-00 dated 01/01/2014. Harvesting can be trace back to each block base on:</p> <p>Block Harvesting system</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Bukit Batu Estate Consist of 4 divisions: A, B, C, D Bukit Tukok Estate Consist of 4 divisions: A, B, C, D Kumansi Estate Consist of 4 divisions: A, B, C, D	
4.2.3.2	Indicator 2	The management shall conduct regular inspections on compliance with the established traceability system. (MAJOR)	- Internal audit	SSB has established Internal Audit Procedure, MSPO-SSB/OP-10 effective dated May 2015. Procedure indicates the audit flow chart, person in charge and processes in addressing the non-conformity raised. List of internal audits conducted and findings: <u>Bukit Batu Estate</u> Internal audit has been conducted in 2 stages, Which are on 29/09/2017 and 21/11/2017 respectively, conducted by Assistant Manager Mawang Estate and Executive Admin Administration Office Mawang Estate. Internal audit report indicates no findings on traceability. <u>Bukit Tukok Estate</u> Internal audit has been conducted on 05/12/2017, conducted by Assistant Manager Kapilit Estate, and Executive Admin Administration Office Kapilit Estate. Internal audit report indicates no finding on Bukit Tukok estate in regard to traceability. <u>Kumansi Estate</u> Internal audit has been conducted on 08/12/2017., conducted by Assistant Manager Bukit Batu estate and Executive Admin Administration Office Bukit Batu estate. Internal audit report indicates no finding for Kumansi Estate.	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.2.3.3	Indicator 3	The management should identify and assign suitable employees to implement and maintain the traceability system. (MINOR)	<ul style="list-style-type: none"> <li>- Appointment of employees</li> <li>- Appointment letters are required</li> </ul>	<p><u>Bukit Batu Estate</u>                      Sighted 'Surat Pelantikan Penyelaras' Traceability MSPO Bukit Batu estate to Admin Officer dated 09/01/2017, letter was signed by Manager Bukit Batu Estate.</p> <p><u>Bukit Tukok Estate</u>                      Sighted 'Surat Pelantikan Penyelaras' Traceability MSPO Bukit Tukok estate to Admin Officer dated 01/06/2016, letter was signed by Manager Bukit Tukok Estate.</p> <p><u>Kumansi Estate</u>                      Sighted 'Surat Pelantikan Penyelaras' Traceability MSPO Kumansi estate to Admin Officer dated 20/10/2016, letter was signed by Kumansi Estate Manager.</p>	Yes
4.2.3.4	Indicator 4	Records of sales, delivery or transportation of FFB shall be maintained. (MAJOR)	<ul style="list-style-type: none"> <li>- Hard or soft copy are both acceptable.</li> </ul>	<p><u>Bukit Batu Estate</u>                      From the field,                      Grading chit:                      Indicates block number, harvester number and year planted                      Example:                      Block :05F                      Harvester number: 29072                      Year Planted: 2005                      Dated :20/02/2018                      FFB Docket                      Docket date:20/02/2018                      Truck number: ST 6915 M                      Contractor name: YBE</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Docket number: BB/0217 Weighbridge ticket CPO MILL FFB Input Chit No; I/FFB/18/004362 <u>Bukit Tukok Estate</u> From the field, Grading chit number: 376147 Indicates block number, harvester number and year planted Example: Block :97 Harvester number: 34 Year Planted: 1997 Dated :23/02/2018 FFB Docket Docket date:23/02/2018 Truck number: ST 5581 Contractor name: RENI Enterprise Docket number: BTE 028382 Weighbridge ticket CPO MILL FFB Input Chit No; I/FFB/18/004594 <u>Kumansi Estate</u> From the field, Grading chit number: 852123 Indicates block number, harvester number and year	

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				planted Example: Block :2006 I Harvester number: 32268 Year Planted: 2006 Dated :30/01/2018 FFB Docket Docket date:30/01/2018 Truck number: ST 5581 Contractor name: Contractor A Docket number: 16613 Weighbridge ticket CPO MILL FFB Input Chit No; i/FFB/18/002511	
<b>4.3</b>	<b>Principle 3</b>	<b>Compliance to legal requirements</b>			
<b>4.3.1</b>	<b>Criterion 1</b>	<b>Regulatory requirements</b>			
4.3.1.1	Indicator 1	All operations are in compliance with the applicable local, state, national and ratified international laws and regulations (MAJOR)	- Assessment of documents.	<u>Bukit Batu</u> Lesen Niaga No akaun MPT: 10022687 License issued for: premises terletak di CL 105472508 Validity: 31/12/2018 Untuk menjalankan perniagaan: Plantation of agricultural product (Palm Oil) MPOB License (Nursery) No lessen: 506597911000	<b>Major NC OBS</b>

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No								
				Validity: 01/12/2017 – 30/11/2018 Land title registration no: CL 1054725508, CL 105467687 License cover the t entire group. <table border="1"> <tr> <td>Aktiviti license</td> <td>Keluaran kelapa sawit</td> </tr> <tr> <td>Menghasilkan</td> <td>SLGBIJI#</td> </tr> <tr> <td>Menjual dan mengalih</td> <td>SLGBIJI#</td> </tr> <tr> <td>Menyimpan</td> <td>SLGBIJI#</td> </tr> </table> MPOB License: 501650102000 Validity: 01/12/2017 – 30/11/2018 Keluasan estate: 18,147.78 ha <u>Bukit Tekok</u> MPOB License: 501650102000 Validity: 01/12/2017 – 30/11/2018 Keluasan estate: 18,147.78 ha <b>Major NC:</b> - <b>A mechanism shall be in place to ensure legal compliance for all relevant documents, permits for diesel storage tank, land titles on hectares.</b> <b>OBS:</b> <b>To liaise with DOE on whether license for landfill is required as per EQ (control of pollution from solid waste transfer station and landfill) regulations 2009.</b>	Aktiviti license	Keluaran kelapa sawit	Menghasilkan	SLGBIJI#	Menjual dan mengalih	SLGBIJI#	Menyimpan	SLGBIJI#	
Aktiviti license	Keluaran kelapa sawit												
Menghasilkan	SLGBIJI#												
Menjual dan mengalih	SLGBIJI#												
Menyimpan	SLGBIJI#												
4.3.1.2	Indicator 2	The management shall list all laws	- Individual company to list down	<u>Bukit Batu Estate</u>	Yes								

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		applicable to their operations in a legal requirements register. (MAJOR)	all relevant laws to oil palm industries.	<p>List of legal and register documents have been verified.                      Total list of laws made available are 28.                      For example:</p> <ol style="list-style-type: none"> <li>1. Land ordinance 1972</li> <li>2. Wildlife conservation enactment 1997</li> <li>3. Pesticide act 149</li> <li>4. MPOB act 582</li> <li>5. Environment quality act 127</li> </ol> <p><u>Bukit Tukok Estate</u>                      List of legal and register documents have been verified.                      Total list of laws made available are 28.                      For example</p> <ol style="list-style-type: none"> <li>1. Drainage &amp; Irrigation Ordinance, 1956</li> <li>2. Poison Act &amp; Regulation – Act 336</li> <li>3. Factories and Machineries act</li> <li>4. Employment information Act 159</li> <li>5. Immigration Act – act 155</li> </ol> <p><u>Kumansi Estate</u>                      List of legal and register documents have been verified.                      Total list of laws were made available for review                      For example</p> <ol style="list-style-type: none"> <li>1. Labour ordinance</li> <li>2. Peraturan pendedahan bunyi bising</li> <li>3. Akta Perkhidmatan Bomba</li> <li>4. Akta Bekalan Elektrik 1990</li> </ol>	



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				5. Peraturan peraturan Kawalan Bekalan 1974 – membeli dan menyimpan barang-barang kawalan berjadual	
4.3.1.3	Indicator 3	The legal requirements register shall be updated as and when there are any new amendments or any new regulations coming into force. (MAJOR)	<ul style="list-style-type: none"> <li>- Updating and document review, and compliance.</li> <li>- Suggest to add compliance 'status'.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Document "Compliance to legal requirement" has been reviewed. Document updated on 05/01/2018.</p> <p>Paragraph 4 specified tracking of changes in laws is handled by the Human Resource Corporate Communication and Administration (HRCCA) division at the headquarters. HR Manager and General Manager HR are in charge for any change.</p> <p>Memo dated 08/06/2016 "General guideline on implementation of Minimum wages" sighted. The memo has EMPA document in regard to the changes and how it will be implemented.</p> <p>Memo dated 27/02/2018 in regard to levy deduction has been reviewed. Memo specified that the employer is responsible for all levies of foreign workers.</p>	Yes
4.3.1.4	Indicator 4	The management should assign a person responsible to monitor compliance and to track and update the changes in regulatory requirements. (MINOR)	<ul style="list-style-type: none"> <li>- Name of appointee and letter of appointment.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Document "Compliance to legal requirement" has been reviewed. Document updated on 05/01/2018.</p> <p>Paragraph 4 specified tracking of changes in law is handled by the Human Resource Corporate Communication and Administration (HRCCA) division at the headquarters.</p> <p>HR Manager of HR and General Manager HR are in charge of the change.</p>	Yes
<b>4.3.2</b>	<b>Criterion 2</b>	<b>Land use rights</b>			
4.3.2.1	Indicator 1	The management shall ensure that their oil palm cultivation activities do not	Verification of land use rights by means of official/legal documents.	No user right or land use rights have diminished by SSB	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		diminish the land use rights of other users. (MAJOR)	The following documents are accepted: <ul style="list-style-type: none"> <li>- Land title and terms and conditions</li> <li>- Provisional Lease (PL) / License for Planted Forest (LPF) (for Sarawak)</li> </ul>	activity. SSB Bukit Batu estate has been commissioned on year 2000. Prior to this the land was under ITP (Industrial tree plantation). Bukit Tukok estate: year 1997 Kumansi estate: year 2005	
4.3.2.2	Indicator 2	The management shall provide documents showing legal ownership or lease, history of land tenure and the actual use of the land. (MAJOR)	<ul style="list-style-type: none"> <li>- Lease Agreement.</li> <li>- Quit rent paid by the holding company (if applicable).</li> <li>- Perimeter survey map containing boundary markers.</li> <li>- Records of disputes and resolution process.</li> <li>- Records of agreements/legal documents between the previous owners and occupants.</li> </ul> Visual inspection of for example: <ul style="list-style-type: none"> <li>- Legal perimeter boundary markers.</li> </ul>	Land title No: CL 1054725508, Valid till 31/12/2975 Size: 19,113 ha Inclusive of: <ol style="list-style-type: none"> <li>1. Mawang (3,258.61 ha)</li> <li>2. Bukit Batu (3,005.62 ha)</li> <li>3. Bukit Tukok (3,051.18 ha)</li> <li>4. Kapilit (2,471.60 ha)</li> <li>5. Kumansi (3,184.78 ha)</li> </ol> Land title No: CL 105467687 Valid till December 2036 Size: 41,505.00 ha <ol style="list-style-type: none"> <li>1. Dumpas (3,423.47 ha)</li> <li>2. Cenderamata (3,482.56 ha)</li> <li>3. Sungai Indit (1,969.17 ha)</li> </ol> Coverage of oil palm is 13,010.96 ha	Yes
4.3.2.3	Indicator 3	Legal perimeter boundary markers should be clearly demarcated and visibly maintained on the ground where practicable.		Legal perimeter and boundary marker has been sighted. Peg sticks with red paint to mark the boundary has been sighted. <u>Bukit Batu Estate</u>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		(MAJOR)		4°31'54" N, 117°25'27" E <u>Bukit tukok Estate</u> 4°25'28" N, 117°30'03" E <u>Kumansi Estate</u> 4°26'59" N, 117°26'07" E	
4.3.2.4	Indicator 4	Where there are, or have been, disputes, documented proof of legal acquisition of land title and fair compensation that have been or are being made to previous owners and occupants; shall be made available and that these should have been accepted with free prior informed consent (FPIC). (MINOR)		There has not been any dispute at the time of audit. This has been confirmed through stakeholders consultation.	Yes
<b>4.3.3</b>	<b>Criterion 3</b>	<b>Customary rights</b>			
4.3.3.1	Indicator 1	Where lands are encumbered by customary rights, the company shall demonstrate that these rights are understood and are not being threatened or reduced. (MAJOR)	<ul style="list-style-type: none"> <li>- Provisional Lease (PL) and License for Planted Forest (LPF).</li> <li>- Records of Ex-gratia / Goodwill Payment and Agreement.</li> <li>- Konsep baru for Sarawak 1956 – cut-off date.</li> <li>- Refer to 4.7.6</li> </ul>	No customary land was taken or in conflict with the SSB management. This was confirmed during the stakeholders consultation. Bukit Tukok Estate: year 1997 Kumansi Estate: year 2005	Yes
4.3.3.2	Indicator 2	Maps of an appropriate scale showing extent of recognized customary rights shall be made available (MAJOR)	<ul style="list-style-type: none"> <li>- Official maps from Land Survey for recognized customary rights is made available.</li> </ul>	Maps are available for reviewed. However, there is no customary land observed.	Yes
4.3.3.3	Indicator 3	Negotiation and FPIC shall be recorded and copies of negotiated agreements	<ul style="list-style-type: none"> <li>- Records of negotiated agreements.</li> </ul>	The land title of SSB estates are CL type issued by the	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		should be made available. (MAJOR)		land authority, therefore no FPIC and negotiation required. No customary land was taken or in conflict with the SSB management. This was confirmed during the stakeholders consultation.	
<b>4.4</b>	<b>Principle 4</b>	<b>Social Responsibility, health, safety and employment conditions</b>			
<b>4.4.1</b>	<b>Criterion 1</b>	<b>Social impact assessment (SIA)</b>			
4.4.1.1	Indicator 1	Social impacts should be identified and plans are implemented to mitigate the negative impacts and promote the positive ones. (MINOR)	- Social impact assessment can be conducted internally.	SSB has established Social Impact Assessment procedure MSPO-SSB/OP-02 version: 01 issue number 01/10/2015. The procedure indicates stakeholder's involvement in the process. Sighted Kalabakan Social Impact Assessment Visit 2018 conducted on 31/01/2018 and 01/02/2018. Example of impact sighted in SIA: Positive issue: Requesting transportation services to be available during night emergencies and follow up visits, including vaccinations. Action Plan: To proposed to management in providing field ambulance for community services. Person in charge: Estate management Dateline: Ongoing Negative issue Help during Elephant conflict	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Action plan: Engage company staff to help during emergencies. Person in charge: Estate Management Dateline: When necessary	
<b>4.4.2</b>	<b>Criterion 2</b>	<b>Complaints and grievances</b>			
4.4.2.1	Indicator 1	A system for dealing with complaints and grievances shall be established and documented. (MAJOR)	Assessment of internal documents, for example: <ul style="list-style-type: none"> <li>• Availability of complaints form for employees and affected stakeholders</li> <li>• Records of complaints and records of actions taken</li> <li>• Records that are kept for the last 24 months</li> </ul> Interview with personnel and stakeholders concerning for example: <ul style="list-style-type: none"> <li>• Awareness of complaints and grievances procedures and how to lodge complaints</li> </ul> Verify if the complaints and grievances by the affected parties are resolved in an effective, timely and appropriate manner.	SSB has established Standard Operating Procedure for complaint and grievance, SSB-HRCCA-HRSOP-14-1 version number 01 dated 04/01/2016. The SOP states: - Complains sources from stakeholders and workers - Stage 1: Reply on complaint within 14 days and if not proceed to stage 2 - Stage 2: Written appeal to CEO/GGM, grievance hearing committee shall be appointed. SSB has established complaint form and summary of grievance records.	Yes
4.4.2.2	Indicator 2	The system shall be able to resolve disputes in an effective, timely and appropriate manner that is accepted by all parties. (MAJOR)		<u>Bukit Batu Estate</u> Estate has established Buku Aduan Records. Example of issue related was: Complainant name: Worker A Job title: Mandore Issue: FFB trailer need to be repaired. Date: 01/02/2018 Respond Date: 08/02/2018	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>The problem has been fixed and confirmed by Assistant Manager.</p> <p>All issues were resolved within the timeline.</p> <p><u>Bukit Tukok Estate</u></p> <p>Estate has established 'Buku Aduan' and 'Sungutan Pekerja'.</p> <p>Example of issue related was:</p> <p>Complainant name: Worker B</p> <p>Job title: General Worker</p> <p>Issue: House water tank is damage and need repair.</p> <p>Date: 07/02/2018</p> <p>Respond</p> <p>Received by: Office Clerk</p> <p>Date 10/02/2018</p> <p>The problem has been fixed and confirm by Assistant Manager.</p> <p>All the issue was resolved within the timeline.</p> <p><u>Kumansi Estate</u></p> <p>Estate has established 'Borang Aduan' in three difference form</p> <p>a)'Aduan Laporan Kerosakan': 'Bahagian Paip'</p> <p>b)'Aduan Laporan Kerosakan': 'Bahagian Tukang Kayu'</p> <p>c)'Aduan Laporan Kerosakan': 'Bahagian Elektrik'</p> <p>Estate use form 'Laporan Aduan Kerosakan' (LAK-02) for above complaints.</p> <p>Example: Laporan Aduan Kerosakan</p> <p>Nama Pengadu: Worker C</p>	

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Tarikh: 09/11/2017 Problem: Pintu dapur rosak dua hari Laporan dan Pembaikan Respond Date:13/11/2017 The issue has been resolved. within the timeline.	
4.4.2.3	Indicator 3	A complaint form should be made available at the premises, where employees and affected stakeholders can make a complaint. (MINOR)		<u>Bukit Batu Estate</u> Complaint form is available at the office. Workers understood that the complaints can be made through mandore or report at the office. <u>Bukit Tukok Estate</u> Complaint form is available at the office. Workers understood that the complaints can be made through mandore or report at the office. <u>Kumansi Estate</u> Complaint form is available at the office. Workers understood that the complaints can be made through mandore or report at the office.	Yes
4.4.2.4	Indicator 4	Employees and the surrounding communities should be made aware that complaints or suggestions can be made any time. (MINOR)		<u>Bukit Batu Estate</u> Grievance training has been conducted on 21/02/2017. Grievance mechanism and grievance form was available at the estate notice board. <u>Bukit Tukok Estate</u> Grievance briefing has been conducted on 19/01/2018. Grievance mechanism was available at the estate notice board. Interviews with workers indicate they understand the grievance procedure.	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<u>Kumansi Estate</u> Grievance training has been conducted on 30/01/2018. Grievance mechanism and grievance form was available at the estate notice board.	
4.4.2.5	Indicator 5	Complaints and resolutions for the last 24 months shall be documented and made available to affected stakeholders upon request (MAJOR)		<u>Bukit Batu Estate</u> Complaints records are available from year 2016 onwards and publicly available. <u>Bukit Tukok Estate</u> Complaints records are available from year 2010 onwards and publicly available. <u>Kumansi Estate</u> Complaints records are available from year 2012 onwards and publicly available.	Yes
<b>4.4.3</b>	<b>Criterion 3</b>	<b>Commitment to local sustainable development</b>			
4.4.3.1	Indicator 1	Growers should contribute to local development in consultation with the local communities (MINOR)	- Positive impacts of SIA – extended (or communicated) to surrounding communities	List of CSR programs that have been conducted by Sabah Softwood Bhd. 1. Blood donation program at Oil Palm Plantation Kalabakan Division 25/11/2017 venue Multiple Purposes Hall at Kapilit. 2. Program for Gotong -Royong at Kafa Kalabakan dated 24/01/2018 which involved assistance from SSB. 3. Donation for Konvokesyen Kanak-Kanak Tabika Kemas Kg Kalabakan, dated 25/10/2017.	Yes
<b>4.4.4</b>	<b>Criterion 4</b>	<b>Employees safety and health</b>			
4.4.4.1	Indicator 1	An occupational safety and health policy and plan shall be documented,	- Endorsed by the current top management	OSH policy in English and Bahasa Malaysia is posted at all work areas, approved by Chief Executive Officer (CEO)	Yes



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		effectively communicated and implemented. (MAJOR)	- OSH Act 1994 and Factory and Machinery Act 1967(Act139).	dated 01/01/2016.	
4.4.4.2	Indicator 2	The occupational safety and health plan shall cover the following: (MAJOR)			
		a) A safety and health policy, which is communicated and implemented.	- Policy display – understandable language - Records of: Quarterly Meeting / Morning briefing	Verified understanding of policy for storekeeper and workshop supervisor at Bukit Batu estate, storekeeper and worker E water treatment plan at Bukit Tukok estate, store helper and worker D at Kumansi estate.	Yes
		b) The risks of all operations shall be assessed and documented	- Verify risk assessment report e.g HIRARC	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> HIRARC dated 01/06/2017 documented for all operations. Example: Harvesting, chemical mixing and spraying, pruning, workshop, water treatment plant, etc. HIRARC was updated which include risk of falling harvesting pole that caused fatal injury on 15/04/2017, It was reported under JKKP8.	Yes
		c) An awareness and training programme which includes the following requirements for employees exposed to pesticides:	- Yearly training plan and programme include safety aspects - Training and records of individuals	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Annual OSH training programme for 2018 – PPE and work practices for harvester, loader, sprayer, manuring, slashing, driver, etc.	Yes
		i. all employees involved shall be adequately trained on safe working practices; and	- Material Safety Data Sheet (MSDS) / Chemical Safety Data Sheet (CSDS) and label	<u>Bukit Batu Estate:</u> Safety training conducted for various personnel, example: loaders dated 12/01/2018, chemical sprayers dated 18/01/2018 and manuring dated 19/01/2018. <u>Bukit Tukok Estate:</u>	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Safety training conducted for various groups, example: r office staff dated 17/03/2017, contractor dated 20/02/2018, manuring dated 09/11/2017. <u>Kumansi Estate:</u> Safety training on 22/12/2017 for harvesters, 18/12/2017 for gen-set operators, 13/12/2017 for drivers. Training SOP, attendance records and photos sighted. MSDS of chemicals are posted at relevant locations, example: chemical, fertilizer and fuel / lab storage.	
		ii. all precautions attached to products shall be properly observed and applied		<u>Bukit Batu / Bukit Tukok / Kumansi estates:</u> Verified precautions taken for handling of chemicals – adequate PPE, emergency situations, etc.	Yes
		d) The management shall provide the appropriate personal protective equipment (PPE) at the place of work to cover all potentially hazardous operations as identified in the risk assessment and control such as Hazard Identification, Risk Assessment and Risk Control (HIRARC)	- Appropriate Personal Protective Equipment (PPE)	<u>Bukit Batu / Bukit Tukok / Kumansi estates:</u> Adequate PPE according to SDS requirements especially the glove was provided to chemical mixing, store and water treatment plant personnel – gloves, goggles, overalls, gumboots and mask.	Yes
		e) The management shall establish Standard Operating Procedure for handling of chemicals to ensure proper and safe handling and storage in accordance to Occupational Safety Health (Classification Packaging and Labelling) Regulation 1997 and Occupational Safety Health (Use and Standard of Exposure of Chemical Hazardous to Health) Regulation 2000.	- SOP - Storage facilities for PPP and fertilizers - Check on the compliance To CHRA requirement and Chemical Safety Requirement	<u>Bukit Batu / Bukit Tukok / Kumansi estates:</u> SOP for chemical mixing, SSB/OSH/OPD-PKS/3 dated 02/01/2014, chemical spraying SSB/OSH/OPD-PKS/1, fertilizing SSB/OSH/OPD-PKS/2. The store was inspected. Chemical are stored on shelves and powder is above liquid. CHRA for SSB was sighted and reviewed.	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		f) The management shall appoint responsible person(s) for workers' safety and health. The appointed person(s) of trust must have knowledge and access to latest national regulations and collective agreements	<ul style="list-style-type: none"> <li>- Appointment letter.</li> <li>- OSH committee members.</li> </ul>	<p><u>Bukit Batu / Bukit Tokok / Kumansi Estates:</u>                      Safety and health officer was appointed                      Letter of appointment dated 28/07/2009, approved by Chief Executive Officer (CEO).</p>	Yes
		g) The management shall conduct regular two-way communication with their employees where issues affecting their business such as employee's health, safety and welfare are discussed openly.	<ul style="list-style-type: none"> <li>- OSH committee meeting – minimum 4 times a year (OSH Act)</li> <li>- Members representing all categories</li> <li>- Records of : Agenda / Minutes and attendance</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u>                      OSH steering committee meeting conducted 4 times a year, latest on 21/02/2018, attended by all managers of all estates.                      OSH meetings conducted for workers, latest meeting dated 27/09/2017 (Bukit Batu estate), 19/12/2017 (Bukit Tukok estate) and 08/12/2017 (Kumansi estate).                      Minutes and attendance records sighted.</p>	Yes
		h) Accident and emergency procedures shall exist and instructions shall be clearly understood by all employees	<ul style="list-style-type: none"> <li>- Accident and emergency procedures</li> <li>- Records of OSHA Accident and Investigation</li> </ul>	<p>SOP no. SSB/OSH/ERT/2016 dated 02/01/2016.  <u>Bukit Batu Estate:</u>                      Evacuation drill conducted on 16/08/2017 for workshop.  <u>Bukit Tukok Estate:</u>                      Evacuation drill conducted on 23/03/2017 for office staff.  <u>Kumansi Estate:</u>                      Evacuation drill conducted for mosque, crèche and sundry shop dated 28/12/2017.                      Drill reports, photos and attendance records                      Accident records were sighted and reviewed.</p>	Yes
		i) Employees trained in First Aid should be present at all field operations. A First Aid Kit equipped with approved contents should be available at each	<ul style="list-style-type: none"> <li>- Records of First Aid Training</li> <li>- First Aid Kit for external used must be checked</li> <li>- Guidelines on First Aid in The</li> </ul>	<p><u>Bukit Batu Estate:</u>                      First aid training conducted on 15/03/2017 by Clinic Dressers.</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		worksite	Workplaces	<p><u>Bukit Tukok Estate:</u>                      First aid training conducted by Dresser dated 25/05/2017.</p> <p><u>Kumansi estate:</u>                      First aid training conducted by Staff Nurse dated 20/12/2017.                      Attendance, training agenda and photos sighted.                      Verified first aid kit boxes at water treatment plan, workshop, gen-set operation and store.</p>	
		j) Records shall be kept of all accidents and be reviewed periodically at quarterly intervals	<ul style="list-style-type: none"> <li>- Accident records</li> <li>- Review during OSH committee meeting</li> </ul>	<p><u>Bukit Batu Estate:</u>                      Accident reports maintained, sighted latest report dated 19/02/2018 for thorn nail injury. Description of injury and action taken recorded.                      Fatal accident of falling harvesting pole dated 15/04/2017 Accident report and police report sighted. Corrective action report dated 17/04/2017.</p> <p><u>Bukit Tukok estate:</u>                      Sighted latest accident report dated 22/01/2018 for worker scalded by boiling rice.</p> <p><u>Kumansi estate:</u>                      Latest accident report dated 08/02/2018 for worker F involved in motorbike accident. The corrective action was sighted in HIRARC is checking motorcycle tire, brake system, lighting function, side mirrors inspection and motorcycle chain. To reduce the incident occurs. HIRARC updated on 12/02/2018.                      Cause of accident, status of patient, and type of treatment recorded.                      All accidents are reviewed in quarterly OSH steering committee meetings.</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
<b>4.4.5</b>	<b>Criterion 5</b>	<b>Employment Conditions</b>			
4.4.5.1	Indicator 1	The management shall establish policy on good social practices regarding human rights in respect of industrial harmony. The policy shall be signed by the top management and effectively communicated to the employees. (MAJOR)	- Social Policy (in understand language)	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates.</u></p> <p>SSB established the Social Policy signed by Chief Executive Officer (CEO) dated 01/07/2015.</p> <p>SSB has established Human Rights Policy signed by General Manager HR dated 14/03/2017 that states:</p> <ul style="list-style-type: none"> <li>• Free, Prior and Informed consent</li> <li>• Right to Health</li> <li>• Rights for Workers</li> </ul> <p>All the policies in two (2) language English and Bahasa Malaysia sighted at notice boards of estates. During the interview with worker there is no violation of human right occurred.</p>	Yes
4.4.5.2	Indicator 2	The management shall 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 (MAJOR)	- Equal opportunity statement by the top management - Interview the workers	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates.</u></p> <p>SSB has established the Equal Employment Policy signed by Chief Executive Officer (CEO) dated 04/01/2016. Management committed to ensure all staff and/or employee member are entitled to fair and equally treated. It is unlawful to discriminate on the following grounds:</p> <ul style="list-style-type: none"> <li>• Race</li> <li>• Sex</li> <li>• Age</li> <li>• Disability</li> <li>• Homosexuality</li> <li>• Religion</li> <li>• Political believe</li> <li>• Union activity</li> </ul>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<ul style="list-style-type: none"> <li>Criminal record.</li> </ul> SSB establish Sexual Harassment & Gender Discrimination Policy signed by Chief Executive Officer (CEO) on 04/01/2016. During the interview with workers t they are informed no discrimination practices in work places .	
4.4.5.3	Indicator 3	Management shall ensure that employees' pay and conditions meet legal or industry minimum standards and as per agreed Collective Agreements. The living wage should be sufficient to meet basic needs and provide some discretionary income based on minimum wage. (MAJOR)	<ul style="list-style-type: none"> <li>Compliance to Minimum Wage Act 2016 (Mandatory).</li> <li>Absence of complaints of employee.</li> <li>Refer to payroll or pay slip.</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The workers' wages were reviewed and meet the minimum legal requirement regulations 2016 of RM35.38 per day. Minimum salary was stated to be per day is stated in contract agreements and appointment letter to the workers. Example: Worker G at Bukit Batu estate RM 2,173.33/month Example: worker H at Kumansi estate. RM 934.43/ month	Yes
4.4.5.4	Indicator 4	Management should ensure employees of contractors are paid based on legal or industry minimum standards according to the employment contract agreed between the contractor and his employee. (MAJOR)	<ul style="list-style-type: none"> <li>Records of payment by company to the contractors.</li> <li>Agreement between the management and contractors.</li> </ul>	<u>Bukit Batu Estate</u> The management has kept in file pay slips for contractor's workers example: Contractor: Contractor worker A Pay slips February 2018 Workers: Worker I: RM1,120.00 Worker J: RM 950.00 <u>Bukit Tukok Estate</u> The management has kept on file pay slip from	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				contractor's workers example: Road maintenance Contractor: Contractor worker B Pay slip: November 2017 Workers: Worker K: RM 1,455.41 Worker L: RM 1,700.00 Signed by the workers and meet minimum legal requirement. <u>Kumansi Estate</u> The management has kept on file the pay slip from contractor example: Contractor: Contractor worker B Hire machine Backhoe Payslip January 2018 Workers: Worker M: RM 2,300.00 Worker N: RM 1,620.00 Prepare by contractor Clerk Approved by Manager (Contractor) Signed by the workers and meet minimum legal requirement.	

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No																																		
4.4.5.5	Indicator 5	The management shall establish records that provide an accurate account of all employees (including seasonal workers and subcontracted workers on the premises). The records should contain full names, gender, date of birth, date of entry, a job description, wage and the period of employment. (MAJOR)	- Employee registration details.	<p>All estates have the standard format to be sent to HQ for the monthly manpower report. The records contain full names, gender, date of birth, date of entry, job description, wage and period of employment.</p> <p>Bukit Batu Estate</p> <table border="1"> <tr><td>Name</td><td>Worker O</td></tr> <tr><td>Gender</td><td>Male</td></tr> <tr><td>Date of birth</td><td>17/10/1982</td></tr> <tr><td>Date of entry</td><td>10/09/2015</td></tr> <tr><td>Job description</td><td>Harvester</td></tr> <tr><td>wage</td><td>Piece rate</td></tr> <tr><td>Period of employment</td><td>2 years</td></tr> </table> <p>Bukit Tukok Estate</p> <table border="1"> <tr><td>Name</td><td>Worker P</td></tr> <tr><td>Gender</td><td>Male</td></tr> <tr><td>Date of birth</td><td>03/03/1993</td></tr> <tr><td>Date of entry</td><td>20/02/2016</td></tr> <tr><td>Job description</td><td>Loader</td></tr> <tr><td>wage</td><td>Piece rate</td></tr> <tr><td>Period of employment</td><td>1 year</td></tr> </table> <p>Kumansi Estate</p> <table border="1"> <tr><td>Name</td><td>Worker Q</td></tr> <tr><td>Gender</td><td>Male</td></tr> <tr><td>Date of birth</td><td>10/10/1983</td></tr> </table>	Name	Worker O	Gender	Male	Date of birth	17/10/1982	Date of entry	10/09/2015	Job description	Harvester	wage	Piece rate	Period of employment	2 years	Name	Worker P	Gender	Male	Date of birth	03/03/1993	Date of entry	20/02/2016	Job description	Loader	wage	Piece rate	Period of employment	1 year	Name	Worker Q	Gender	Male	Date of birth	10/10/1983	Yes
Name	Worker O																																						
Gender	Male																																						
Date of birth	17/10/1982																																						
Date of entry	10/09/2015																																						
Job description	Harvester																																						
wage	Piece rate																																						
Period of employment	2 years																																						
Name	Worker P																																						
Gender	Male																																						
Date of birth	03/03/1993																																						
Date of entry	20/02/2016																																						
Job description	Loader																																						
wage	Piece rate																																						
Period of employment	1 year																																						
Name	Worker Q																																						
Gender	Male																																						
Date of birth	10/10/1983																																						



# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No								
				<table border="1"> <tr> <td>Date of entry</td> <td>19/07/2016</td> </tr> <tr> <td>Job description</td> <td>Badang operator</td> </tr> <tr> <td>wage</td> <td>Piece rate</td> </tr> <tr> <td>Period of employment</td> <td>1 year</td> </tr> </table>	Date of entry	19/07/2016	Job description	Badang operator	wage	Piece rate	Period of employment	1 year	
Date of entry	19/07/2016												
Job description	Badang operator												
wage	Piece rate												
Period of employment	1 year												
4.4.5.6	Indicator 6	All employees shall be provided with fair contracts that have been signed by both employee and employer. A copy of employment contract is available for each and every employee indicated in the employment records. (MAJOR)	<ul style="list-style-type: none"> <li>- Appointment letter for local workers / workers registration for.</li> <li>- Employment contract for foreign workers.</li> <li>- Any documents related to employment is acceptable.</li> </ul>	<p><u>Bukit Batu Estate</u>                      The estate has fair contract with the foreign worker signed by both employee and employer.                      Example: worker R dated join 25/10/2014 and updated the contract due to change in minimum wages on 01/07/2016.</p> <p><u>Bukit Tukok Estate</u>                      The estate has fair contract with the foreign worker signed by both employee and employer.                      Example: worker S dated join 13/12/2012 and updated the contract due to change in minimum wages on 01/07/2016.                      For the local worker appointment letter on 26/04/2013 to worker T sign by employee and employer.</p> <p><u>Kumansi Estate</u>                      The estate has fair contract with the foreign worker signed by both employee and employer and a copy of agreement is made available to worker and confirmed during the interviewing.                      Example: worker H</p>	Yes								
4.4.5.7	Indicator 7	The management shall establish a time recording system that makes working hours and overtime transparent for both	<ul style="list-style-type: none"> <li>- Check roll records.</li> <li>- Display of working hours at general notice board.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates.</u>                      Working hours and break time is stated in the worker's</p>	Yes								

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		employees and employer. (MAJOR)		employment agreement. Started 5.30 am -10.30 am Rest 10.30 am -11.00 am 11.00 am - 2.00 pm Overtime records were verified with the time sheet and pay slip. The notice for workers working hours was verified and displayed at the respective estate offices notice boards. <u>Bukit Tukok Estate</u> Example Overtime for worker U RM 411.06 in the pay slip and record was sighted and reviewed. SSB has issue memo to estate to follow the Sabah Labour Ordinance (SLO) dated 29/04/2016 signed by General Manager HR. <u>Kumansi Estate</u> Example: Overtime for worker V RM 112.71 meet the legal requirement. Monthly pay slip and overtime paid was reviewed	
4.4.5.8	Indicator 8	The working hours and breaks of each individual employee as indicated in the time records shall comply with legal regulations and collective agreements. Overtime shall be mutually agreed and shall always be compensated at the rate applicable and shall meet the applicable legal requirement. (MAJOR)	<ul style="list-style-type: none"> <li>- Leave entitlement must be taken.</li> <li>- Pre-approved overtime sheet.</li> <li>- Not more than 104 hours.</li> </ul>	<u>Bukit Batu / Bukit Tukok /Kumansi Estates.</u> Leave entitlement was viewed in the contract agreement for foreign and appointment letter to locals based on years of service. Overtime prepared by field conductor and confirmed by Assistant Manager and approved by Manager. Overtime claim form approved by estate manager. No overtime claim exceeds 104 hours. Overtime rates are based on Sabah Labour Ordinance 1.5 times hourly rate for normal days and 2 times hourly rate for Public Holidays and Sundays.	<b>Minor NC</b>

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p><u>Bukit Tukok Estate</u></p> <p>Example: Overtime for worker U RM 411.06 in the pay slip and record was sighted and reviewed.</p> <p><b>Minor NC:</b></p> <p><b>The company may consider to indicate the actual rate of overtime in the contract agreement workers rather than states according to Sabah Labour Ordinance.</b></p>	
4.4.5.9	Indicator 9	Wages and overtime payment documented on the pay slips shall be in line with legal regulations and collective agreements. (MAJOR)	<ul style="list-style-type: none"> <li>- Record book for contractors</li> <li>- Further check on check roll reports the source documents for payslips</li> <li>- Should be for employees instead of contractors. Contractor management falls under 4.6.4.</li> </ul>	<p><u>Bukit Tukok Estate</u></p> <p>The estate management has established a book record for contractors job monitoring. Example of recording the work done by contractors is job order record zone B for Contractor A job orders no 06640 and hourly records by form at book of contractor machine working hours.</p> <p><u>Kumansi Estate</u></p> <p>The estate management has established the general and standardized pay slips that include general basic salary and overtime amount.</p> <p>Contractor pay slips has a general basic salary, EPF, SOCSO, in accordance to legal regulations.</p>	Yes
4.4.5.10	Indicator 10	Other forms of social benefits should be offered by the employer to employees, their families or the community such as incentives for good work performance, bonus payment, professional development, medical care and health provisions. (MINOR)	<ul style="list-style-type: none"> <li>- This must entirely be at the Management discretions – any forms or quanta are acceptable.</li> <li>- The community part is covered under the 4.4.3. This indicator is about benefit for employees only and should not involve the community, the employees or their families.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates</u></p> <p>Appointment letter to local workers stated benefit of SOCSO, EPF and contract agreement for the foreign workers mention the benefit of , medical RM 450 annually, housing, water, electricity, annual leave, medical leave, workman insurance compensation.</p>	Yes
4.4.5.11	Indicator 11	In cases where on-site living quarters are provided, these quarters shall be	Those temporary housing and amenities acknowledged by Jabatan	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates</u></p> <p>The housing provided to workers and staff are following</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		habitable and have basic amenities and facilities in compliance with the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446) or any other applicable legislation. (MAJORT)	Tenaga Kerja (JTK) and local authorities are accepted.	the Workers' Minimum Standards Housing and Amenities Act 1990 (Act 446). SSB provide free water supply and electricity to every house.	
4.4.5.12	Indicator 12	The management shall establish a policy and provide guidelines to prevent all forms of sexual harassment and violence at the workplace. (MAJOR)	<ul style="list-style-type: none"> <li>- Refer to national guidelines on sexual harassment in the workplaces (Sexual Harassment policy)</li> <li>- Absence of complaints (Suggest to add "Any actions taken to prevent or resolve issues shall be documented").</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates</u></p> <p>SSB was established the Sexual Harassment &amp; Gender Discrimination Policy signed by Chief Executive Officer (CEO) on 04/01/2016.</p> <p>The interview workers mention there is no sexual harassment and violence at workplace has occur.</p>	Yes
4.4.5.13	Indicator 13	The management shall respect the right of all employees to form or join trade union and allow workers own representative(s) to facilitate collective bargaining in accordance with applicable laws and regulations. Employees shall be given the freedom to join a trade union relevant to the industry or to organize themselves for collective bargaining. Employees shall have the right to organize and negotiate their work conditions. Employees exercising this right should not be discriminated against or suffer repercussions. (MAJOR)	<ul style="list-style-type: none"> <li>- Foreign workers follow Immigration Act (by state)</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / kumansi Estates.</u></p> <p>SSB have established policy for trade union as Freedom of Association Statement signed by Chief Executive Officer (CEO) dated 01/01/2010.</p> <p><u>Bukit Batu Estate</u></p> <p>The estate management has conducted JCC meeting on 17/10/2017. Issues discussed are appointment of new members, welfare to workers and social issues, attended by management and workers.</p> <p><u>Bukit Tukok Estate</u></p> <p>The estate management has conducted meeting that include workers on 06/04/2017 attended by 15 management personnel and 9 workers.</p> <p><u>Kumansi Estate</u></p> <p>JCC meeting was conducted on 20/06/2017 that include the management and workers.</p>	

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.4.5.14	Indicator 14	Children and young persons shall not be employed or exploited. The minimum age shall comply with local, state and national legislation. Work by children and young persons is acceptable on family farms, under adult supervision, and when not interfering with their education. They shall not be exposed to hazardous working conditions. (MAJOR)	- Employment records ( <i>Refer 4.4.5.5</i> )	<u>Bukit Batu / Bukit Tukok / kumansi Estate</u> SSB have established the Child Protection Policy signed by Chief Executive Officer (CEO) dated 01/07/2015. The employment records were sighted and reviewed. No underage workers were employed. The youngest age for each estate: <u>Bukit Batu Estate:</u> Worker 1: D.O.B 10/01/1999 Worker 2: D.O.B 01/02/1999 <u>Bukit Tukok Estate:</u> Worker 3: D.O.B 11/03/1999 Worker 4: D.O.B 18/09/1998 <u>Kumansi Estate:</u> Worker 5: D.O.B 20/08/1999 Worker 6: D.O.B 18/08/1998	
<b>4.4.6</b>	<b>Criterion 6</b>	<b>Training and competency</b>			
4.4.6.1	Indicator 1	All employees, contractors and relevant smallholders are appropriately trained. A training programme (appropriate to the scale of the organization) that includes regular assessment of training needs and documentation, including records of training shall be kept. (MAJOR)	- Training programme and records <ul style="list-style-type: none"> <li>• Attendance</li> <li>• Photos</li> <li>• Training contents</li> </ul> - Training needs for each operation. - Regular assessment at least once a year. - To include training for group manager for group certification.	Training programme for 2018 was established for all estates. <u>Bukit Batu Estate:</u> Scheduled waste management training conducted on 14/02/2018. Attendance record and photos sighted. <u>Bukit Tukok Estate:</u> Training on chemical mixing for worker 6, worker 7, worker 8, worker 9, worker 10 dated 29/03/2017. Training agenda, attendance record and photos sighted. Training on water treatment plant operation dated 18/07/2017 by Nationchem, water management consultant	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				for worker 11 (Bukit Batu) and worker 12 (Bukit Tukok). Scheduled waste training conducted on 20/02/2018. <u>Kumansi Estate:</u> Training on water treatment operation dated 10/11/2017 for worker 13 and worker 14. Chemical mixing training dated 05/12/2017 for worker 15, worker 16, worker 17. Scheduled waste training conducted on 12/02/2018. Training agenda, attendance record and photos sighted.	
4.4.6.2	Indicator 2	Training needs of individual employees shall be identified prior to the planning and implementation of the training programmes in order to provide the specific skill and competency required to all employees based on their job description. (MAJOR)	- Training matrix.	<u>Bukit Batu / Tukok / Kumansi Estates</u> Individual Training matrix is established according to the job description. Estates has establish list of training which covers all the requirements needed by workers.	Yes
4.4.6.3	Indicator 3	A continuous training programme should be planned and implemented to ensure that all employees are well trained in their job function and responsibility, in accordance to the documented training procedure. (MINOR)	- Annual training programme.	<u>Bukit Batu Estate</u> Estate has established 'Jadual Taklimat dan program keselamatan dan kesihatan Pekerja 2018'. Included in the programme are: <ul style="list-style-type: none"> <li>- SOP Training</li> <li>- Taklimat peti kecemasan</li> <li>- PPE audit</li> <li>- Housing sanitation inspection</li> <li>- Fire drill</li> </ul> Example of training conducted: <ol style="list-style-type: none"> <li>1. SOP Sprayer training conducted on 18/01/2018.</li> </ol>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>2. SOP Harvesting training conducted on 08/01/2018.  <u>Bukit Tukok Estate</u>                      Estate has established Program 'Latihan Kakitangan and Program Latihan Pekerja 2018'. Included in the programme are:</p> <ul style="list-style-type: none"> <li>- SOP Training.</li> <li>- Taklimat peti kecemasan</li> <li>- PPE audit.</li> <li>- Chemical handling.</li> <li>- Housing sanitation inspection.</li> <li>- Fire drill.</li> </ul> <p>Example of training conducted:</p> <ol style="list-style-type: none"> <li>1) SOP driver training conducted on 05/09/2017.</li> <li>2) SOP Manuring training conducted 09/11/2017.</li> </ol> <p><u>Kumansi Estate</u>                      OSH Annual Programme Calendar 2018 and Environmental and Social Programme 2018 has been established that includes OSH training base on SOP and legal compliances inspection for air compressor and fire extinguisher.</p> <p>Example training conducted:</p> <ol style="list-style-type: none"> <li>1. SOP Loaders training conducted on 18/12/2017.</li> <li>2. SOP chemical pre-mixing training conducted on 07/06/2017.</li> </ol>	
4.5	Principle 5	Environment, natural resources, biodiversity and ecosystem services			
4.5.1	Criterion 1	Environmental management plan			

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No	
4.5.1.1	Indicator 1	An environmental policy and management plan in compliance with the relevant country and state environmental laws shall be developed, effectively communicated and implemented. (MAJOR)	Assessment of internal documents for example: <ul style="list-style-type: none"> <li>• Availability of signed environmental policy concerning management and protection of the environment according to the applicable laws.</li> <li>• Environmental management plan which was developed from results of aspect and impact analysis, mitigation and monitoring plans and records of implementation and timelines.</li> <li>• Continual improvement programme.</li> <li>• Awareness and training programme on environmental management and improvement plans, minutes of meetings, attendance lists, photos</li> </ul> Interview of personnel and stakeholders concerning for example: Knowledge of environmental policy and efforts to protect the environment e.g. compliance to applicable laws.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Environment policy dated 01/04/2015 approved by Chief Executive Officer (CEO). Environment management plan 20/04/2017. Environment management plan for estates 01/01/2018 – policy, objectives, targets, programmes, time schedule and responsibility established. <b>OBS:</b> <b>Implementation of environmental management plan could be improved by having environmental objectives which are measurable and realistic.</b>	<b>OBS</b>	
4.5.1.2	Indicator 2	The environmental management plan shall cover the following: (MAJOR)				
		a. An environmental policy and objectives.			<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Objectives – reduce waste and depletion of resources, 10% reduction of paper, water and power usage compared to previous year.	Yes
		b. The aspects and impacts analysis of all operations.			<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Aspects and impacts analysis recorded in Environment Improvement Plan dated 01/01/2018 – rubbish disposal, chemical spraying, weeding, etc.	Yes
4.5.1.3	Indicator 3	An environmental improvement plan to mitigate the negative impacts and to promote the positive ones, shall be developed, effectively implemented and monitored. (MAJOR)		<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Environment Improvement Plan – mitigation plan established for negative impacts, example: waste generation, noise, land and water contamination, etc.	Yes	



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.5.1.4	Indicator 4	A programme to promote the positive impacts should be included in the continual improvement plan. (MINOR)		<u>Bukit Batu / Bukit Tukok / Kumansi estates:</u> Riparian annual planning programme 2018 – planting, maintenance, signboard and briefing. Sighted job requisition for riparian planting dated 06/12/2017 with photos. Recycling of plastic bottles directive from estate manager dated 03/07/2017. Sighted use of recycling bins for plastic and paper.	Yes
4.5.1.5	Indicator 5	An awareness and training programme shall be established and implemented to ensure that all employees understand the policy and objectives of the environmental management and improvement plans and are working towards achieving the objectives. (MAJOR)		<u>Bukit Batu Estate:</u> Regular training conducted on policy and objectives, latest dated 19/10/2017 for manuring personnel. Attendance record and photos sighted. Verified understanding of policy and objectives for storekeeper and workshop in charge. <u>Bukit Tukok Estate:</u> Regular briefing conducted during muster call. Latest muster call dated 15/02/2018 concerning environment policy and objectives. Verified understanding for storekeeper and water treatment plant. <u>Kumansi Estate:</u> Training on policy, objectives and action plans dated 24/01/2018. Verified understanding for storekeeper and water treatment plant. Training agenda, attendance records and photos sighted.	Yes
4.5.1.6	Indicator 6	Management shall organize regular meetings with employees where their concerns about environmental quality are discussed. (MAJOR)		<u>Bukit Batu Estate:</u> Latest meeting conducted on 12/12/2017 – riparian / buffer zone, domestic / scheduled waste, wild life, etc. <u>Bukit Tukok Estate:</u> Annual meeting conducted which includes environmental quality. Latest meeting on 06/04/2017 – protected forest,	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				protection of wild animals, pollution of the river due to chemicals and fertilizers, etc. <u>Kumansi Estate:</u> Conducted together with workers' welfare meeting, latest dated 20/06/2017 include usage of empty chemical containers, detection of wild life, etc. Minute meeting agenda, photos and attendance record sighted.	
<b>4.5.2</b>	<b>Criterion 2</b>	<b>Efficiency of energy use and use of renewable energy</b>			
4.5.2.1	Indicator 1	Consumption of non-renewable energy shall be optimized and closely monitored by establishing baseline values and trends shall be observed within an appropriate timeframe. There should be a plan to assess the usage of non-renewable energy including fossil fuel, electricity and energy efficiency in the operations over the base period (MAJOR)	<ul style="list-style-type: none"> <li>- Records from the base year are to be verified (minimum 3 years baseline value average)</li> <li>- Energy assessment plan</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Diesel usage for 2015-2018 recorded. Baseline usage of diesel by each estate was established based on usage from 2015 to 2017.	Yes
4.5.2.2	Indicator 2	The oil palm premises shall estimate the direct usage of non-renewable energy for their operations, including fossil fuel, and electricity to determine energy efficiency of their operations. This shall include fuel use by contractors, including all transport and machinery operations (MAJOR)	<ul style="list-style-type: none"> <li>- Estimated annually</li> <li>- Estate annual budget gauge against actual usage</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Annual budget FFB production and diesel usage is established, example 2018 budget for Bukit Tukok is xxx,xxx liter diesel for machinery and xxx,xxx liter for gen-set for xx,xxx ton of FFB. Kumansi estate – xxx,xxx liter for machinery / contractors and xxx,xxx liter for gen-set for xx,xxx ton FFB giving fuel efficiency at x lit/mt FFB.	Yes
4.5.2.3	Indicator 3	The use of renewable energy should be applied where possible.		No renewable energy is applied since there are no systems installed..	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		(MINOR)			
<b>4.5.3</b>	<b>Criterion 3</b>	<b>Waste management and disposal</b>			
4.5.3.1	Indicator 1	All waste products and sources of pollution shall be identified and documented. (MAJOR)	<ul style="list-style-type: none"> <li>- Identify all waste products (e.g. scheduled waste, domestic waste, clinical waste)</li> <li>- Identify sources of pollutions (e.g. fossil fuel, spillages of lubricant)</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Waste management action plan 2017/2018 – scheduled waste, domestic waste and recycled waste. Source of pollution is identified in Waste Pollution Plan.	Yes
4.5.3.2	Indicator 2	A waste management plan to avoid or reduce pollution shall be developed and implemented. The waste management plan should include measures for: (MAJOR)	<ul style="list-style-type: none"> <li>- E.g. use of POME as a substitute for inorganic fertilizers, EFB mulching for moisture retention, prune fronds stacking to prevent soil erosion</li> <li>- All used chemical containers must be triple rinsed, punctured and dispose off through DOE authorized collectors</li> <li>- Re-used empty chemical containers must be appropriately labeled and only used for spraying purpose</li> <li>- Records of EFB and POME utilization</li> </ul>		
		a. Identifying and monitoring sources of waste and pollution		<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Waste pollution plan – oil spillage from workshop, land pollution from EFB, water pollution from chemical mixing, etc. Waste generation is monitored, example inventory records for scheduled waste.	Yes
		b. Improving the efficiency of resource utilization and recycling of potential wastes as nutrients or converting them into value-added by-products		<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Waste management action plan 2017/2018 – scheduled waste, domestic waste and recycled waste. Mulching of EFB, preventive maintenance for vehicles and gen-set, etc.	Yes
4.5.3.3	Indicator 3	The management shall establish Standard Operating Procedure for handling of used chemicals that are classified under Environment Quality Regulations (Scheduled Waste) 2005, Environmental Quality Act, 1974 to ensure proper and safe handling,	<ul style="list-style-type: none"> <li>- SOP</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> SOP for handling of used chemicals is 'Operasi Membancuh Racun' document no: SSB/OSH/OPD-PKS/3-(1) date effective is 02/01/2014. Stated in SOP after work all used chemicals and containers must re send back to store.	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		storage and disposal (MAJOR)			
4.5.3.4	Indicator 4	Empty pesticide containers shall be punctured and disposed in an environmentally and socially responsible way, such that there is no risk of contamination of water sources or to human health. The disposal instructions on manufacturer's labels should be adhered to. Reference should be made to the national programme on recycling of used HDPE pesticide containers. (MAJOR)	- Refer to 4.5.3.2	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Empty containers are reused for chemical mixing and spraying. Those that cannot be reused are converted to flower pots.	Yes
4.5.3.5	Indicator 5	Domestic waste should be disposed as such to minimize the risk of contamination of the environment and watercourses. (MINOR)	- Location map of rubbish pits. - Management to ensure sufficient distance of landfill from habitation and to avoid water contamination.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Domestic waste is disposed at landfills. Landfills are identified with signage and sited at least 100m away from any water courses.	Yes
<b>4.5.4</b>	<b>Criterion 4</b>	<b>Reduction of pollution and emission</b>			
4.5.4.1	Indicator 1	An assessment of all polluting activities shall be conducted, including greenhouse gas emissions, scheduled wastes, solid wastes and effluent (MAJOR)	- In-house assessment records are accepted.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Waste management action plan 2017/2018 - scheduled waste, domestic waste and recycled waste.	Yes
4.5.4.2	Indicator 2	An action plan to reduce identified significant pollutants and emissions shall be established and implemented (MAJOR)	- E.g. Zero burning, management of water table in peat areas to reduce peat subsidence rate - Refer to 4.5.3.1, 4.5.3.2, 4.5.7	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Zero burning is practiced. Oil traps are installed at all locations where there is a possibility of oil spillage or leakage, example: workshop and oil / fuel storage areas. <b>OBS:</b>	<b>OBS</b>

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<b>The oil trap behind the workshop is not effective as wastewater is channelled from the top of each compartment instead of underneath.</b> <b>Containment could be implemented for fuel storage tank.</b>	
<b>4.5.5</b>	<b>Criterion 5</b>	<b>Natural water resources</b>			
4.5.5.1	Indicator 1	The management shall establish a water management plan to maintain the quality and availability of natural water resources (surface and ground water). The water management plan may include: (MAJOR)	<ul style="list-style-type: none"> <li>- E.g Water quality sampling analysis incoming and outgoing sources, quality parameters</li> <li>- Frequency as requested by the state</li> <li>- Refer to national and/or local regulations for riparian zones (e.g. DID)</li> <li>- Check regulations for water catchment area</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Water management plan established dated 02/02/2018– water sources, maintaining the water quality, prevention of pollution, etc.</p>	Yes
		a. Assessment of water usage and sources of supply	<ul style="list-style-type: none"> <li>a) Monthly water usage records</li> <li>b) Water sampling record from quarterly Environmental Monitoring (EMP)</li> <li>c) Verify estate records.</li> <li>d) Riparian reserves.                             <ul style="list-style-type: none"> <li>-signage's for riparian buffer zones</li> <li>-Briefing training for sprayers and workers</li> </ul> </li> <li>e) Action plan and time bound</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Supply sources are from water catchment ponds and rainwater harvesting. Daily monitoring of water usage maintained by all estates via flowmeter from water treatment plants. Main water usage is by housing personnel. Water analysis conducted once a month, example: Watso technical report dated 20/12/2017 for Bukit Tukok Water Treatment Plan, parameters tested – alkalinity, pH, chlorine, TDS, turbidity complying with specification. Latest water analysis by Safety &amp; Health office for all water treatment plants dated 24/01/2018 E-coil, coliform, chlorine residue and other parameters. Detection of shortage of Soda Ash and action is to increase the Soda Ash to boost up the pH at Kumansi estate Water Treatment Plan, recommendation to increase dosage of chlorine.</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		b. Monitoring of outgoing water which may have negative impacts into the natural waterways at a frequency that reflects the estate's current activities	plan. f) Records of water levels.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Samples obtained from Brumas and Kalabakan rivers on 20/01/2018 by Drainage & Irrigation Dept personnel, awaiting results.	Yes
		c. Ways to optimize water and nutrient usage to reduce wastage (e.g. having in place systems for re-use, night application, maintenance of equipment to reduce leakage, collection of rainwater, etc.).		<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Rainwater harvesting is implemented at housing and offices. Wastewater from chemical container washing is reused for chemical mixing.	Yes
		d. Protection of water courses and wetlands, including maintaining and restoring appropriate riparian buffer zones at or before planting or replanting, along all natural waterways within the estate		<u>Bukit Batu / Bukit Tukok / Kumansi Estates.</u> Standard Operating Procedure "Riparian Reserve" document no SSB-Riparian-SOP-01 & 0 effective date 01/04/2013 have been reviewed. SOP has provides guideline for minimum of 20 meter buffer zone recommended which is in line with Sabah Water Resource Enactment. Point 4.7 prohibits <ul style="list-style-type: none"> <li>- Chemical spraying</li> <li>- Manuring / fertilizer application</li> <li>- Slashing of woodies</li> <li>- Illegal fishing example poisoning</li> <li>- Rubbish dumping</li> <li>- Schedule waste dumping</li> </ul> Point 4.8 specify enrichment planting <ul style="list-style-type: none"> <li>- Enrich with native species</li> <li>- Enrich with fast growing species</li> </ul>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				- Wild fruit tree During field verification, all riparian areas are well maintained. There is no sign of chemical application at the palm within the riparian area and buffer zone. Signage with is in accordance with SOP point 4.7 was sighted.	
		e. Where natural vegetation in riparian areas has been removed, a plan with a timetable for restoration shall be established and implemented		No vegetation has been removed from the riparian area. All areas are maintain in accordance with SOP-01-0	Yes
		f. Where bore well is being use for water supply, the level of the ground water table should be measured at least annually		<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Bore well is not used. Water at labour quarters and office are supplied from treated water plant and harvested rain water.	Yes
4.5.5.2	Indicator 2	No construction of bunds, weirs and dams across main rivers or waterways passing through an estate. (MAJOR)	- site verification.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> No construction of bunds, weirs and dams was sighted in field inspections.	Yes
4.5.5.3	Indicator 3	Water harvesting practices should be implemented (e.g. water from road-side drains can be directed and stored in conservation terraces and various natural receptacles). (MINOR)	- E.g. Silt pits, water bodies, site drains, diversion of water on site drains at regular intervals	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> Rainwater harvesting is implemented at housing and offices.	Yes
<b>4.5.6</b>	<b>Criterion 6</b>	<b>Status of rare, threatened, or endangered species and high biodiversity value area</b>			
4.5.6.1	Indicator 1	Information shall be collated that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife	- Observed and examine animal droppings along estate boundaries	Environmental and Conservation Standard Procedure for Flora and Fauna SSB-E & C Dept – 02-1 dated 02/01/2018 has been reviewed.	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		corridors). This information should cover: (MAJOR)	<ul style="list-style-type: none"> <li>- Locality maps</li> <li>- Take photos of birds and animals and compare to IUCN list</li> <li>- Internal biodiversity assessment can be accepted</li> <li>- Biodiversity assessment guidelines</li> <li>- Display of appropriate signage on prohibiting, hunting and fishing.</li> </ul>	<p><u>Bukit Batu Estate</u></p> <p>Monthly record has been conducted. Document “Monthly Wildlife Sighting Record” for the year 2017 has been evaluated. Examples of some species recorded are Ular Hitam, Biawak and Ular Tedung.</p> <p>This information has been obtained from the worker and workers submission to the management on monthly basis on what they have sighted.</p> <p>“Flora and fauna inventory report steep area Compartment which was conducted on 19/12/2017-22/12/2017” was reviewed.</p> <p>Species sighted during the assessment</p> <p>Birds:</p> <p>Black Magpie, Red eyed Bulbul and Bushy crested hornbill.</p> <p><u>Bukit Tukok Estate</u></p> <p>“Flora and Fauna Inventory report” was reviewed dated 21/04/2013-23/04/2013.</p> <p>Methodology used is line transact</p> <p>Inventory has been reviewed</p> <p>Reports have provided a list of inventory for trees and birds.</p> <p>Example</p> <p>Birds</p> <ol style="list-style-type: none"> <li>1. Spotted Dove</li> <li>2. Rufous Piculet</li> <li>3. Helmeted Hornbill</li> <li>4. Black and Yellow Broadbill</li> </ol>	



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				<p>5. Great Argus                      Mammals</p> <ol style="list-style-type: none"> <li>1. Sun Bear</li> <li>2. Malay Civet</li> <li>3. Bearded Pig</li> </ol> <p>Monthly wildlife sighting record dated January 2018 has been reviewed. Reports were provided by workers and documented in the form. Example                      Burung But But, Ayam Hutan, Burung Merbok, Kura-Kura, Monyet, Mengkarung dan Biawak.  <u>Kumansi Estate.</u>                      Assessment conducted on 18/08/2015-23/08/2015.                      Assessments have include identification and inventory for trees, mammals and birds.                      Methodology used is line transacts and inventory has been generated.                      For example:                      Trees:                      Shorea oleosa                      Dipterocarpus applanatus                      Dipterocarpus corfertus                      Shorea curtisii                      Endospermum sp                      Nephlium sp                      Birds                      Black headed bulbul                      Red Bearded Bee eater</p>	

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Dark-necked tailor bird Blyth's Hawk Eagle Mammals Sun Bear Bearded Pig Plantain Squirrel "Monthly wildlife record" for January 2018 have been verified. Some example includes Terkukur, Tebuan Madu, Biawak and Menkarung	
		a. Identification of high biodiversity value habitats, such as rare and threatened ecosystems, that could be significantly affected by the grower(s) activities		The assessment has include sensitive ecosystem covering river area and high biodiversity forest area. Assessments conducted in the area has provided result of abundance. Abundancy result to likelihood these species have been sighted in the area example: common, not common.	Yes
		b. Conservation status (e.g. The International Union on Conservation of Nature and Natural Resources (IUCN) status on legal protection, population status and habitat requirements of rare, threatened, or endangered species), that could be significantly affected by the grower(s) activities		List of biodiversity is made available. In the list, IUCN status together with legal compliance of protected status included.	Yes
4.5.6.2	Indicator 2	If rare, threatened or endangered species, or high biodiversity value, are present, appropriate measures for management planning and operations should include:		<u>Bukit Batu Estate</u> Training has been provided on 21/02/2017 attended by all workers. Memo dated 08/02/2018 was reviewed. Training plan for the year 2018 has been established .Schedule on	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		(MAJOR)		<p>July 2018.</p> <p><u>Bukit Tukok Estate</u></p> <p>Trainings have been conducted 4 time for the year 2017 as below</p> <p>06/04/2017                      09/08/2017                      09/10/2017                      13/12/2017</p> <p>Training include forest reserve conservation, wildlife conservation and environmental aspect on river pollution prevention.</p> <p><u>Kumansi Estate</u></p> <p>Training for biodiversity have been conducted on 02/11/2017 attended by 48 personal.</p> <p>Training includes, protected species, riparian area and the management of this site. Prohibition of no hunting, disturb of wildlife included in the training.</p>	
		a. Ensuring that any legal requirements relating to the protection of the species are met		According to Sabah Wildlife Protection Ordinance 1998.	Yes
		b. Discouraging any illegal or inappropriate hunting, fishing or collecting activities and developing responsible measures to resolve human-wildlife conflicts		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Signage has been placed at HCV site and riparian area prohibiting any kind of hunting. This was visible and evident during the field verification.</p> <p>Human wildlife conflicts as regards to animal has been overcome as in Sabah Wildlife Protection Ordinance 1998.</p>	Yes
4.5.6.3	Indicator 3	A management plan to comply with Indicator 1 shall be established and effectively implemented, if required.	<ul style="list-style-type: none"> <li>- Action plan.</li> <li>- If ERT are present.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estate</u></p> <p>SSB Management has include the management plan</p>	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad

Client No: 92-003

Certifying Unit: Sabah Softwoods Berhad

Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No						
		(MAJOR)		under "Wildlife management plan". <table border="1"> <thead> <tr> <th>Species</th> <th>Threat</th> <th>Mitigation measure</th> </tr> </thead> <tbody> <tr> <td>Elephant (RTE)</td> <td>Crop raiding</td> <td> <b>Short term</b>                      - Translocation                      - Trenches                      - Noise                      - Repellents  <b>Long term</b>                      - Patrolling along the conflict area                      - Electric fence on vulnerable area                      - Maintain connectivity through wildlife corridor                      - Consultation with wildlife department &amp; WWF                 </td> </tr> </tbody> </table>	Species	Threat	Mitigation measure	Elephant (RTE)	Crop raiding	<b>Short term</b> - Translocation - Trenches - Noise - Repellents <b>Long term</b> - Patrolling along the conflict area - Electric fence on vulnerable area - Maintain connectivity through wildlife corridor - Consultation with wildlife department & WWF	
Species	Threat	Mitigation measure									
Elephant (RTE)	Crop raiding	<b>Short term</b> - Translocation - Trenches - Noise - Repellents <b>Long term</b> - Patrolling along the conflict area - Electric fence on vulnerable area - Maintain connectivity through wildlife corridor - Consultation with wildlife department & WWF									

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No						
				<table border="1"> <tr> <td>Wild boar</td> <td>Crop raiding</td> <td> <ul style="list-style-type: none"> <li>- Zink collar on crop</li> <li>- Culling with approval from wildlife dept</li> </ul> </td> </tr> <tr> <td>Monkey</td> <td>Crop riding</td> <td> <ul style="list-style-type: none"> <li>- Culling with approval from wildlife</li> <li>- Trapping with cage and translocation by wildlife department.</li> <li>- Plant fruit tree in the protected area and in riparian reserve to provide more living spare and food scare.</li> </ul> </td> </tr> </table> <p>In addition to the above, "Flora and Fauna inventory report steep area Compartment which was conducted on 19/12/2017-22/12/2017" recommendation provided such as:</p> <ol style="list-style-type: none"> <li>1. Planting new fruiting tree to ensure food for inhabitant</li> <li>2. Established more sign boards to provide awareness about protected forest area</li> <li>3. To provide cooperation with enforcement unit to minimize the illegal hunting in the area</li> </ol>	Wild boar	Crop raiding	<ul style="list-style-type: none"> <li>- Zink collar on crop</li> <li>- Culling with approval from wildlife dept</li> </ul>	Monkey	Crop riding	<ul style="list-style-type: none"> <li>- Culling with approval from wildlife</li> <li>- Trapping with cage and translocation by wildlife department.</li> <li>- Plant fruit tree in the protected area and in riparian reserve to provide more living spare and food scare.</li> </ul>	
Wild boar	Crop raiding	<ul style="list-style-type: none"> <li>- Zink collar on crop</li> <li>- Culling with approval from wildlife dept</li> </ul>									
Monkey	Crop riding	<ul style="list-style-type: none"> <li>- Culling with approval from wildlife</li> <li>- Trapping with cage and translocation by wildlife department.</li> <li>- Plant fruit tree in the protected area and in riparian reserve to provide more living spare and food scare.</li> </ul>									

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No						
				4. The department can make cooperation with government agencies such as wildlife department and university Sabah to conduct join inspection on the population to increase knowledge from the expert.  Flora enrichment 1. Enrichment planting need to be continue on the open gap area to decrease of soil erosion on the steepest area 2. Phrenology study on area that need to be done and a schedule for collecting the seeds from mother tree be included 3. Silviculture practice such as “Climber cutting” need to be done regularly to avoid the climber chock the tree in open areas							
<b>4.5.7</b>	<b>Criterion 7</b>	<b>Zero burning practices</b>									
4.5.7.1	Indicator 1	Use of fire for waste disposal and for preparing land for oil palm cultivation or replanting shall be avoided except in specific situations, as identified in regional best practice. (MAJOR)	- SOP for planting and replanting.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> SSB have established Zero Burning Policy signed by Chief Executive Officer (CEO) dated 04/01/2016.  SSB has the SOP for the Felling and Clearing (SSB/OPD-SOP/IMMT/02-00) issue no 1 dated 01/01/2014. Standard requirement from company mention there is Zero Burning Policy will have implemented and strictly followed.	Yes						
4.5.7.2	Indicator 2	A special approval from the relevant authorities shall be sought in areas where the previous crop is highly diseased and where there is a significant risk of disease spread or continuation into the next crop. (MAJOR)	- If controlled burning is allowed, examine the official letter of approval from the relevant authority.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u> There is no new / re-planting observed during on site verification. Last planting Ha: <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Estate</th> <th>Last Planting</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>Bukit Batu</td> <td>2007</td> <td>236.01</td> </tr> </tbody> </table>	Estate	Last Planting	Ha	Bukit Batu	2007	236.01	Yes
Estate	Last Planting	Ha									
Bukit Batu	2007	236.01									

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No												
				<table border="1"> <tr> <td>Bukit Tukok</td> <td>2007</td> <td>22.61</td> </tr> <tr> <td>Kumansi</td> <td>2007</td> <td>921.15</td> </tr> </table>	Bukit Tukok	2007	22.61	Kumansi	2007	921.15							
Bukit Tukok	2007	22.61															
Kumansi	2007	921.15															
4.5.7.3	Indicator 3	Where controlled burning is allowed, it shall be carried out as prescribed by the Environmental Quality (Declared Activities) (Open Burning) Order 2003 or other applicable laws. (MAJOR)		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u>                      There is no new / re-planting sighted during on site verification.</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Last Planting</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>Bukit Batu</td> <td>2007</td> <td>236.01</td> </tr> <tr> <td>Bukit Tukok</td> <td>2007</td> <td>22.61</td> </tr> <tr> <td>Kumansi</td> <td>2007</td> <td>921.15</td> </tr> </tbody> </table>	Estate	Last Planting	Ha	Bukit Batu	2007	236.01	Bukit Tukok	2007	22.61	Kumansi	2007	921.15	Yes
Estate	Last Planting	Ha															
Bukit Batu	2007	236.01															
Bukit Tukok	2007	22.61															
Kumansi	2007	921.15															
4.5.7.4	Indicator 4	Previous crops should be felled or mowed down, chipped and shredded, windrowed or pulverized or ploughed and mulched. (MINOR)		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u>                      There is no new / re-planting sighted during r on site verification.</p> <table border="1"> <thead> <tr> <th>Estate</th> <th>Last Planting</th> <th>Ha</th> </tr> </thead> <tbody> <tr> <td>Bukit Batu</td> <td>2007</td> <td>236.01</td> </tr> <tr> <td>Bukit Tukok</td> <td>2007</td> <td>22.61</td> </tr> <tr> <td>Kumansi</td> <td>2007</td> <td>921.15</td> </tr> </tbody> </table>	Estate	Last Planting	Ha	Bukit Batu	2007	236.01	Bukit Tukok	2007	22.61	Kumansi	2007	921.15	Yes
Estate	Last Planting	Ha															
Bukit Batu	2007	236.01															
Bukit Tukok	2007	22.61															
Kumansi	2007	921.15															
<b>4.6</b>	<b>Principle 6</b>	<b>Best Practices</b>															
<b>4.6.1</b>	<b>Criterion 1</b>	<b>Site management</b>															
4.6.1.1	Indicator 1	Standard operating procedures shall be appropriately documented and consistently implemented and monitored. (MAJOR)	- SOP on best practices.	SSB has established SOP for Oil Palm Division. SOP was based on work description and working condition. Example: Nursery Example: SOP Manuring SSB/OPD-SOP/NURS/09-00	Yes												

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				revision 00 dated 01/01/2014. Immature Example: SOP Planning for Replanting & New Planting SSB/OPD-SOP/IMMT/01-00 revision 00 dated 01/01/2014. Mature Example: SOP Circle path and spraying SSB/OPD-SOP/MTUR/01-00 revision 0 dated 01/01/2014 Harvesting SOP FFB Evacuation and Trucking SSB/OPD-SOP/HARV/05-00 revision 00 dated 01/01/2014 Others SOP Store Management SSB/OPD-SOP/MYUR/06-00 revision 00 dated 01/01/2014. Example of SOP Training conducted: <u>Bukit Batu Estate</u> 1. SOP FFB Loading training conducted on 12/01/2018 2. SOP Slashing training conducted on 10/01/2018 3. SOP Harvesting training conducted on 08/01/2018. <u>Bukit Tukok Estate</u> 1. SOP Sprayer training conducted on 09/11/2017 2. SOP Manuring training conducted on 09/11/2017 3. SOP Harvesting training conducted on 10/11/2017 <u>Kumansi Estate</u> 1. SOP Manuring was conducted on 19/09/2017. 2. SOP Harvesting training was conducted on 23/11/2017.	



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				3. SOP loaders training was conducted on 18/12/2017. Interview with workers and observation on workers performing their works in fields indicate they understand and following the SOPs.	
4.6.1.2	Indicator 2	Where oil palm is grown within permitted levels on sloping land, appropriate soil conservation measures shall be implemented to prevent both soil erosion as well as siltation of drains and waterways. Measures shall be put in place to prevent contamination of surface and groundwater through runoff of either soil, nutrients or chemicals. (MAJOR)	<ul style="list-style-type: none"> <li>- Appropriate terracing</li> <li>- Planting of legume cover crops</li> <li>- In the case of Sabah, no replanting on slopes of 25 degrees and above unless specified in the EIA report and approved by the Environmental Protection Department (EPD).</li> <li>- In the case of Sarawak, no replanting on steep slopes unless specified in the EIA report and approved by the Natural Resources and Environment Board (NREB).</li> </ul>	SSB has established SOP on felling and Clearing SSB/OPD-SOP/IMMT/02-00 dated 01/01/2014. SOP established indicate methods in stacking fronds in hilly area as stated below: 5. Operating procedure All shredded materials should be stacked as follows: 1. Flat and undulating (<12) in between two palm rows 2. Hilly Inter terrace avenue.	Yes
4.6.1.3	Indicator 3	A visual identification or reference system shall be established for each field. (MAJOR)	<ul style="list-style-type: none"> <li>- Block marking.</li> </ul>	<u>Bukit Batu Estate</u> Estate has established block marking at road junction. Example: 06 L., 01A. <u>Bukit Tukok Estate</u> Estate has established block marking w at road junction. Example: BT5/05F. <u>Kumansi Estate</u> Estate has established block marking at road junction. Example: KM06N-3	Yes

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No																													
<b>4.6.2</b>	<b>Criterion 2</b>	<b>Economic and financial viability plan</b>																																
4.6.2.1	Indicator 1	A documented business or management plan shall be established to demonstrate attention to economic and financial viability through long-term management planning. (MAJOR)	<ul style="list-style-type: none"> <li>- Operational plan for at least 2 years.</li> <li>- Refer to 4.6.2.3</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Each estate has established annual budget for year 2018. SSB has established the BSC-Strategic Plan 2016-2020.</p> <p>Vision: To realize the full potential of plantation business by 2020.</p> <p>Mission: We produced accredited plantation timber. Timber products and CPO through operational and corporate culture excellence.</p> <p>SSB has list out 6 key challenges to be achieved by 2020. One of the key challenges was:</p> <p>1. Key challenge Oil Palm to achieve X mt oil per ha (FFB X mt with OER X% by 2020. With min SPH of 125 palms/ha.</p>	Yes																													
4.6.2.2	Indicator 2	Where applicable, an annual replanting programme shall be established. Long term replanting programme should be established and review annually, where applicable every 3-5 years. (MAJOR)	<ul style="list-style-type: none"> <li>- Long-term replanting programme.</li> </ul>	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates</u></p> <p>Long term replanting programme has been established by estate. The Long-Range Replanting Programme (LRRP) (2018-2027) for 10 years. The plan indicates the replanting needs based on the age of palms.</p> <p><u>Bukit Batu Estate</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Year of replanting</th> <th colspan="5">Year of planting</th> </tr> <tr> <th>2000</th> <th>2001</th> <th>2005</th> <th>2006</th> <th>2007</th> </tr> </thead> <tbody> <tr> <td>2018</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>2019</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>2020</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>	Year of replanting	Year of planting					2000	2001	2005	2006	2007	2018	-	-	-	-	-	2019	-	-	-	-	-	2020	-	-	-	-	-	Yes
Year of replanting	Year of planting																																	
	2000	2001	2005	2006	2007																													
2018	-	-	-	-	-																													
2019	-	-	-	-	-																													
2020	-	-	-	-	-																													

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments						Conformity Yes / No
				2021	-	-	-	-	-	
				2022	-	-	-	-	-	
				2023	362.29	-	-	-	-	
				2024	368.51	-	-	-	-	
				2025	355.29	-	-	-	-	
				2026	141.51	167.48	-	45.69	-	
				2027	-	332.78	-	-	-	
				Total	1227.60	500.26	0	45.69	0	
				<u>Bukit Tukok Estate</u>						
				Year of replanting	Year of planting					
					1997	1998	1999	2000	2001	
				2018	363.55	-	-	-	-	
				2019	-	236.27	-	-	-	
				2020	-	282.24	-	-	-	
				2021	-	-	211.26	-	-	
				2022	-	-	-	-	-	
				2023	-	-	-	-	-	
				2024	-	-	-	-	-	
				2025	-	-	-	-	-	

# Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No																																																																					
				<table border="1"> <tr> <td>2026</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>2027</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total</td> <td>363.55*</td> <td>518.51</td> <td>211.26</td> <td></td> <td></td> </tr> </table> <p><i>*Replanting was postponed due to high yield.</i></p> <p><u>Kumansi Estate</u></p> <table border="1"> <thead> <tr> <th rowspan="2">Year of replanting</th> <th colspan="3">Year of Planting</th> </tr> <tr> <th>2005</th> <th>2006</th> <th>2007</th> </tr> </thead> <tbody> <tr><td>2018</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2019</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2020</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2021</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2022</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2023</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2024</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2025</td><td>-</td><td>-</td><td>-</td></tr> <tr><td>2026</td><td>253.65</td><td>-</td><td>-</td></tr> <tr><td>2027</td><td>289.05</td><td>-</td><td>-</td></tr> <tr> <td>Total</td> <td>542.70</td> <td>0</td> <td>0</td> </tr> </tbody> </table>	2026	-	-	-	-	-	2027	-	-	-	-	-	Total	363.55*	518.51	211.26			Year of replanting	Year of Planting			2005	2006	2007	2018	-	-	-	2019	-	-	-	2020	-	-	-	2021	-	-	-	2022	-	-	-	2023	-	-	-	2024	-	-	-	2025	-	-	-	2026	253.65	-	-	2027	289.05	-	-	Total	542.70	0	0	
2026	-	-	-	-	-																																																																					
2027	-	-	-	-	-																																																																					
Total	363.55*	518.51	211.26																																																																							
Year of replanting	Year of Planting																																																																									
	2005	2006	2007																																																																							
2018	-	-	-																																																																							
2019	-	-	-																																																																							
2020	-	-	-																																																																							
2021	-	-	-																																																																							
2022	-	-	-																																																																							
2023	-	-	-																																																																							
2024	-	-	-																																																																							
2025	-	-	-																																																																							
2026	253.65	-	-																																																																							
2027	289.05	-	-																																																																							
Total	542.70	0	0																																																																							
	Indicator 3	The business or management plan may contain:	- Review of the business plan for the last 2 years' performance.																																																																							

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
4.6.2.3		(MAJOR)			
		a. Attention to quality of planting materials and FFB		<p><u>Bukit Batu Estate</u></p> <p>Non-applicable since the replanting programme will start in year 2023 as stated in the Long-Range Replanting programme (LRRP)</p> <p><u>Bukit Tukok Estate</u></p> <p>Long Range Replanting programme (LRRP) indicates that year 1997 palms will undergo replanting. It was postponed due to the palms still have high in yield.</p> <p><u>Kumansi Estate</u></p> <p>Not applicable since replanting programme will start in year 2026 as stated in the Long-Range Replanting Programme (LRRP)</p>	Yes
		b. Crop projection: site yield potential, age profile, FFB yield trends		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u></p> <p>SSB has established Crop Projection 2016-2020 for all the estates that include FFB yield budget from 2016 until 2020.</p>	Yes
		c. Cost of production: cost per tonne of FFB		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u></p> <p>SSB has established budgeted oil palm production costs and maintenance cost under Crop Projection 2016-2020 document.</p>	Yes
		d. Price forecast		<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u></p> <p>FFB price forecast was prepared based on year basis since there will be changes to FFB price..</p>	Yes
e. Financial indicators: cost benefit, discounted cash flow, return on investment	<p>BSC-Strategic Plan 2016-2020, Key Result Area and Key Performance Indicator: Oil Palm Plantation</p> <p>Example:</p>	Yes			

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				Internal Process: To optimize yield OER: increase from 2015 to 2020	
4.6.2.4	Indicator 4	The management plan shall be effectively implemented and the achievement of the goals and objectives shall be regularly monitored, periodically reviewed and documented. (MAJOR)	Monthly management and/or progress reports	<p><u>Bukit Batu / Bukit Tukok / Kumansi Estates:</u></p> <p>Monthly progress report for January 2018 of each estate was sighted. The report includes:</p> <ol style="list-style-type: none"> <li>1. Management comment</li> <li>2. Area Statement</li> <li>3. Rainfall record</li> <li>4. Manpower</li> <li>5. FFB production performance.</li> </ol> <p>List of manager's comments for month end January 2018;</p> <p><u>Bukit Batu Estate</u></p> <p>FFB Production for the month of January 2018 higher than the budgeted yield for positive variance of</p> <p><u>Bukit Tukok Estate</u></p> <p>FFB achievement for this month is 134.86% against budget</p> <p><u>Kumansi Estate</u></p> <p>Stated on the report increase of FFB produce which is 10% more than the budgeted for Jan</p>	yes
<b>4.6.3</b>	<b>Criterion 3</b>	<b>Transparent and fair price dealing</b>			
4.6.3.1	Indicator 1	Pricing mechanisms for the products and other services shall be documented and effectively implemented. (MAJOR)	<ul style="list-style-type: none"> <li>- Monthly estate accounts.</li> <li>- Sales and purchase agreement and/or contract.</li> </ul>	<p>The estates and Kapilit oil mill are owned by Sabah Softwoods Bhd. Therefore, no contracts between the mill and estates..</p> <p>There are contract services for road maintenance and</p>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				transport of FFB to the mill. <u>Bukit Batu Estate / Bukit Tukok Estates</u> Sighted contract agreement between SSB and L.L.H Enterprise, reference number SSB/AD (OP) /RCM/16/03 dated 25/02/2016 contract agreement for road maintenance. The contract is valid from 01/01/2016 until 31/12/2016. <u>Kumansi Estate</u> Sighted contract agreement in between SSB and Ikut Bersatu Enterprise, reference number SSB/Oil Palm/AD/RCM/17/02 dated 19 /05/2017 for road maintenance. The contract is valid from 01/01/2017 until 31/12/2017.	
4.6.3.2	Indicator 2	All contracts shall be fair, legal and transparent and agreed payments shall be made in timely manner. (MAJOR)	<ul style="list-style-type: none"> <li>- Evidence of payment</li> <li>- Credit terms.</li> <li>- Fair – Period of payment.</li> </ul>	<u>Bukit Batu Estate</u> Sighted payment made to LLH Enterprise for road maintenance. Tax invoice number LLH/17-000570, dated 31/12/2017. It has been counter check with job order statement document number: I0817/0160 for working rate as stated in the agreement. <u>Bukit Tukok Estate</u> Sighted payment made to LLH Enterprise for road maintenance. Tax invoice number LLH/18-000579, dated 31/01/2018. It has been counter check with job order statement document number: JO-58180012 for working rate as stated in the agreement. <u>Kumansi Estate</u> Sighted payment made to Ikut Bersatu Enterprise for road maintenance. Tax invoice number IBE1080, dated 31/01/2018. It has been counter check with job order statement document number: JO-15318/9009 for working	<b>Major NC</b>

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				rate as stated in the agreement. <b>Non-conformance: Major</b> <b>The following issues were detected in the contract:</b> <ol style="list-style-type: none"> <li><b>The date of contract made was after the commencing date stated in the contract agreement.</b></li> <li><b>Schedule part which indicates the registered vehicle was not filled up.</b></li> <li><b>The contract agreement was expired and not renewed.</b></li> </ol>	
<b>4.6.4</b>	<b>Criterion 4</b>	<b>Contractor</b>			
4.6.4.1	Indicator 1	Where contractors are engaged, they shall understand the MSPO requirements and shall provide the required documentation and information. (MAJOR)	<ul style="list-style-type: none"> <li>- Contract agreement with special clause on MSPO indication, <b>and/or</b> self-declaration by the contractor to oblige regards to MSPO requirements (standardize form).</li> <li>- Briefing to the contractor with regards to MSPO.</li> <li>- Interview of contractors.</li> </ul>	<p><u>Bukit Batu Estate</u></p> <p>The estate has the agreement with the contractor and the contractor understood MSPO requirement based on the interview during stakeholders consultation. Example contractor has self-declaration made with SSB signed by the contractor and estate manager.</p> <p><u>Bukit Tukok Estate</u></p> <p>The estate has the agreement with the contractor and the contractor understood MSPO requirement based on the interview during stakeholder consultation. Example contractor has self-declaration made with SSB signed on 27/02/2018 with contractor C sign by contractor and estate manager. On 05/01/2018 with contractor A sign by contractor and estate manager.</p> <p><u>Kumansi Estate</u></p> <p>The meeting for the stakeholder regarding MSPO was conduct centralize at Kapilit Estate that includes the contractor was conducted on 25/01/2018. Example contractor A. Contractor has made self-declaration with</p>	Yes



## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				SSB for MSPO requirement	
4.6.4.2	Indicator 2	The management shall provide evidence of agreed contracts with the contractor. (MAJOR)		<u>Bukit Tukok Estate</u> The contractor and management has signed contract example: Agreement from Sabah Softwoods Berhad to contractor A Ref No: SSB/OP/AD/HM/17-02 to Hire of Machineries Agreement made on 18/05/2017 with contractor A.	Yes
4.6.4.3	Indicator 3	The management shall accept MSPO approved auditors to verify assessments through a physical inspection if required. (MINOR)	- Contractor auditable - Site visit of contractor premises if applicable.	<u>Bukit Batu / Bukit Tukok / kumansi Estates</u> SSB has a certification agreement with the accredited certification body and allowed to inspect and audit or inspect any contractors premises.	Yes
4.6.4.4	Indicator 4	The management shall be responsible for the observance of the control points applicable to the tasks performed by the contractor, by checking and signing the assessment of the contractor for each task and season contracted. (MAJOR)	- Work completion certificate or reports.	<u>Bukit Tukok Estate</u> The estate management has a standardize payment system to contractor that has completed the work order example: Contractor D Job order statement hire backhoe document no: JO-I4918/0012 date 01/02/2018. Tax Invoice No: LLH/18-000579 date 31/01/2018 Job order Sabah Softwoods Berhad no: 06684. The estate management has the record of contractor machine working hours for the month of January 2018 prepared by staff checked by Assistant Manager and verified by Manager. The management has the mapping of road for job done by contractor D. <u>Kumansi Estate</u> The estate management has established a log book to	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
				record for work completed. Job Order for division c was reviewed  Example job orders 317103, 317104 completed 449 chains and 400 chains respectively. Tax invoice from contractor B no IBE1080 date 31/01/2018 was reviewed. The payment attached with the map of location for work completed.	
<b>4.7</b>	<b>Principle 7</b>	<b>Development of new planting</b>			
<b>4.7.1</b>	<b>Criterion 1</b>	<b>High biodiversity value</b>			
4.7.1.1	Indicator 1	Oil palm shall not be planted on land with high biodiversity value unless it is carried out in compliance with the National and/or State Biodiversity Legislation. (MAJOR)	<ul style="list-style-type: none"> <li>- EIA</li> <li>- Refer to neighbouring estates (4.5.6.1)</li> <li>- National and/or State Biodiversity Policy</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>  The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings. Therefore, no biodiversity assessment and EIA conducted.	Yes
4.7.1.2	Indicator 2	No conversion of Environmentally Sensitive Areas (ESAs) to oil palm as required under Peninsular Malaysia's National Physical Plan (NPP) and the Sabah Forest Management Unit under the Sabah Forest Management License Agreement. For Sabah and Sarawak, new planting or replanting of an area 500ha or more requires an EIA. For areas below 500ha but above 100ha, a Proposal for Mitigation Measures (PMM) is required. (MAJOR)	<ul style="list-style-type: none"> <li>- Soil map</li> <li>- Carbon stock analysis (if available)</li> <li>- EIA</li> <li>- Proposal for Mitigation Measures (PMM) (concise list of requirements relevant to environmental protection)</li> <li>- Refer to 'Akta Perlindungan Alam Sekitar'</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>  The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings. Therefore, no biodiversity assessment and EIA conducted.	Yes
<b>4.7.2</b>	<b>Criterion 2</b>	<b>Peat land</b>			
4.7.2.1	Indicator 1	New planting and replanting may be developed and implemented on peat	<b><u>New Planting</u></b> -Evidence of water management	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>  The planting statement and estates maps were reviewed.	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		land as per MPOB guidelines on peat land development or industry best practice. (MAJOR)	programme/ plan. Water level maintenance. <b>Replanting</b> -Existing companies or group best practice management is acceptable. -Refer to 4.5.5.1.  Examine records on water level management.	It was cross-checked with land titles on the hectare there are no new plantings. Therefore, no biodiversity assessment and EIA conducted.	
<b>4.7.3</b>	<b>Criterion 3</b>	<b>Social and Environmental Impact Assessment (SEIA)</b>			
4.7.3.1	Indicator 1	A comprehensive and participatory social and environmental impact assessment shall be conducted prior to establishing new plantings or operations. (MAJOR)	- SEIA report.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> There are no new plantings at the moment. , Not required to conduct SEIA	Yes
4.7.3.2	Indicator 2	SEIAs shall include previous land use or history and involve independent consultation as per national and state regulations, via participatory methodology which includes external stakeholders. (MAJOR)	- SEIA report.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> There are no new plantings at the moment. Not required to conduct SEIA	Yes
4.7.3.3	Indicator 3	The results of the SEIA shall be incorporated into an appropriate management plan and operational procedures developed, implemented, monitored and reviewed. (MAJOR)	- Review development plan	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> There are no new plantings at the moment. Not required to conduct SEIA	Yes
4.7.3.4	Indicator 4	Where the development includes	- Details as per requirement of	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u>	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		smallholder schemes of above 500ha in total or small estates, the impacts and implications of how each scheme or small estate is to be managed should be documented and a plan to manage the impacts developed, implemented, monitored and reviewed. (MINOR)	SEIA report.	There are no new plantings at the moment. Not required to conduct SEIA	
<b>4.7.4</b>	<b>Criterion 4</b>	<b>Soil and topographic information</b>			
4.7.4.1	Indicator 1	Information on soil types shall be adequate to establish the long-term suitability of the land for oil palm cultivation. (MAJOR)	<ul style="list-style-type: none"> <li>- Government soil map is accepted for approval for planting.</li> <li>- Subsequently a more details soil survey is required.</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.4.2	Indicator 2	Topographic information shall be adequate to guide the planning of planting programmes, drainage and irrigation systems, roads and other infrastructure. (MAJOR)	<ul style="list-style-type: none"> <li>- Government topography map is accepted.</li> <li>- Any company GIS ground verification can be accepted</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
<b>4.7.5</b>	<b>Criterion 5</b>	<b>Planting on steep terrain, marginal and fragile soil</b>			
4.7.5.1	Indicator 1	Extensive planting on steep terrain, marginal and fragile soils shall be avoided unless permitted by local, state and national laws. (MAJOR)	<ul style="list-style-type: none"> <li>- Refer to EIA report.</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.5.2	Indicator 2	Where planting on fragile and marginal soils is proposed, plans shall be developed and implemented to protect	<ul style="list-style-type: none"> <li>- Refer to EIA and development plan.</li> </ul>	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		them and to minimize adverse impacts (e.g. hydrological) or significantly increased risks (e.g. fire risk) in areas outside the plantation. (MAJOR)		are no new plantings	
4.7.5.3	Indicator 3	Marginal and fragile soils, including excessive gradients and peat soils, shall be identified prior to conversion. (MAJOR)	- Soil suitability map and management blocking.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
<b>4.7.6</b>	<b>Criterion 6</b>	<b>Customary land</b>			
4.7.6.1	Indicator 1	No new plantings are established on recognised customary land without the owners' free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions. (MAJOR)	- Refer to 4.7.3.1	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.2	Indicator 2	Where new plantings on recognised customary lands are acceptable, management plans and operations should maintain sacred sites. (MINOR)	- Review management plan.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.3	Indicator 3	Where recognized customary or legally owned lands have been taken-over, the documentary proof of the transfer of rights and of payment or provision of agreed compensation shall be made available.	- Evidence of land use rights and payment made.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad  
 Certifying Unit: Sabah Softwoods Berhad

Client No: 92-003  
 Audit Type: Annual Surveillance 11



Clause	Principle & Criteria	Verification Guidance	Guidelines	Findings & Comments	Conformity Yes / No
		(MAJOR)			
4.7.6.4	Indicator 4	The owner of recognised customary land shall be compensated for any agreed land acquisitions and relinquishment of rights, subject to their free prior informed consent and negotiated agreement. (MAJOR)		<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.5	Indicator 5	Identification and assessment of legal and recognised customary rights shall be documented. (MAJOR)	- Refer to land use rights document.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.6	Indicator 6	A system for identifying people entitled to compensation and for calculating and distributing fair compensation shall be established and implemented. (MAJOR)	- Terms and condition on NCR compensation system. - Company compensation procedures. - Court settlement (in cases of disagreement).	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.7	Indicator 7	The process and outcome of any compensation claims shall be documented and made publicly available. (MAJOR)	- Go for public search. - On-going cases shall be recognized.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes
4.7.6.8	Indicator 8	Communities that have lost access and rights to land for plantation expansion should be given opportunities to benefit from the plantation development (MINOR)	- Owners have to prove rightful ownership. - Employment priority given to them.	<u>Bukit Batu / Bukit Tukok / Kumansi Estates</u> The planting statement and estates maps were reviewed. It was cross-checked with land titles on the hectare there are no new plantings	Yes

## Malaysia Sustainable Palm Oil – MS 2530 Part 3 for Plantation and Organized Smallholders P & C Audit Report

Company Name: Sabah Softwoods Berhad

Client No: 92-003

Certifying Unit: Sabah Softwoods Berhad

Audit Type: Annual Surveillance 11

