



MSPO Certification

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INTRODUCTION

Sabah Softwoods Berhad (SSB) also formerly known as **Sabah Softwoods Sdn. Bhd. (SSSB)** was incorporated in **1973** and commenced operations the subsequent year. SSB was originally held by Yayasan Sabah (now Innoprise Corporation SdnBhd – ICSB) and North Borneo Timbers Bhd (NBT) in the proportion of 60% and 40%, respectively. In 1997, ICSB acquired the shares held by NBT and SSB became a wholly owned subsidiary for a short span until SSB acquired Tawau Plywood Manufacturing SdnBhd (TPMSB). The acquisition of TPMSB involved issuance of new SSB shares and consequently ICSB's shareholdings were diluted to 70% whilst the remaining 30% are held by vendors of TPMSB.

The company's land bank covers 60,700 ha and is located at **Brumas** Region (CL. 105467687) with a land area of **41,505 ha** and at Kalabakan Region (CL. 105472508) with a land area of **19,195 ha**. Kalum Region is located between Latitude 4°24'N and 4°44'N and Longitude 117°38'15"E and 117°50'E and Kalabakan Region is located between Latitude 4°23'45"N and 4°38'30"N and Longitude 117°23'45"E and 117°34'45"E.

SSB is situated at the north-west region of **Tawau District**. The company is located about 1 hour's drive from Tawau along the Tawau – Kalabakan - Keningau trunk road.

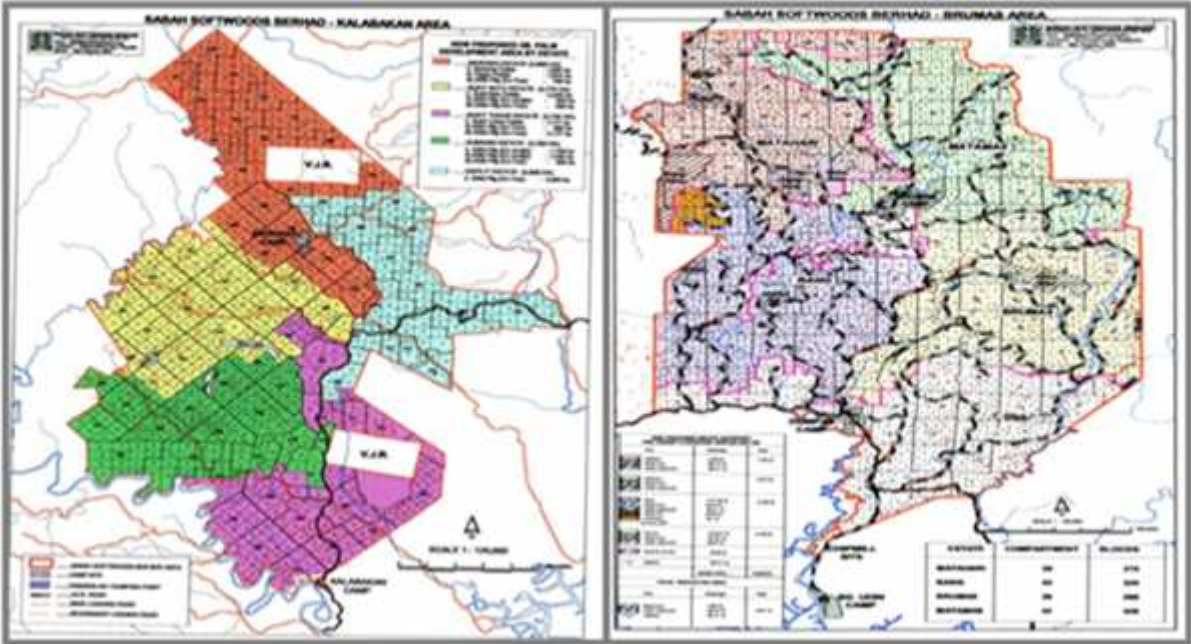


SSB LOCATION MAP



Kalabakan region

Brumas region





OIL PALM

Sabah Softwoods Berhad first Oil Palm Plantation estate was developed in 1981 to 1988 planting with an area of only about 500 hectares. In 1995, 15,000 hectares was initiated with various year of planting until year 2001. Sabah Softwoods Berhad Oil Palm Plantation has been cultivated over 30,000 hectares from its land bank of 60,618 hectares and expected to increase to 33,000 hectares over the next 1 year. With this acceleration process in the oil palm sector, Sabah Softwoods Berhad Fresh Fruit Bunches (FFB) annual output is expected to exceed 600,000 MT which surpasses the raw material requirement to feed two CPO Mills with a capacity of 90 MT per hour each.

The Mill and Estates are located within the District of Tawau.

No.	Operating Units	Distance from Tawau Town (km)	Latitude	Longitude
1.	Kapilit Palm Oil Mill (KPOM)	80	4° 30' 14.1"	117° 31' 26.9"
2.	Kapilit Estate	79	4° 31' 37.4"	117° 30' 33.6"
3.	Mawang Estate	83	4° 33' 23.2"	117° 28' 58.9"
4.	Bukit Batu Estate	82	4° 31' 55.8"	117° 29' 31.5"
5.	Kumansi Estate	91	4° 28' 42.4"	117° 26' 58.6"
6.	Bukit Tukok Estate	87	4° 27' 37.9"	117° 29' 40.3"
7.	Dumpas Estate	53	4° 30' 43.1"	117° 43' 14.5"
8.	Cenderamata Estate	53	4° 30' 43.1"	117° 43' 14.5"
9.	Sg. Indit Estate	70	4° 39' 38.3"	117° 41' 52.2"

In the immediate vicinity of the mill and all the estates are other oil palm plantations namely, BentaWawasan sdn.bhd., Teck guan sdn bhd., Usahawan Borneo , and villages namely, Kg. Merotai, and Kg. Kalabakan. There are two Virgin Jungle Reserves (VJRs) located under the care of Forestry Department boarded with Mawang and Bukit Tukok Estates.

As of December 2017, Oil Palm Plantation includes eight (8) Estates with total of planted Mature area 29,125.79ha (10,718.3ha Kalum Region and 18,407.49ha Kalabakan Region) and FFB production of 530,490.12 tones (167,828.26ha Kalum Region and 362,681.86ha Kalabakan Region).



AREA STATEMENT, DECEMBER 2017

Sabah Softwoods Berhad												
Oil Palm Plantation												
Area Statement (By Classification) - As at December 2017												
Descriptions	Year Of Planting	Age	Bukit Batu	Bukit Tukok	Kapilit	Kumansi	Mawang	Dumpas	Cenderamata	Sg.Indit	Grand Total	
Plantation Area	New Development	2017(WIP)	0	-	-	-	-	-	-	-	-	
		2017	0	-	-	-	-	-	-	-	-	
	Mature	2016	1	-	-	-	-	-	30.71	-	-	30.71
		2015	2	-	-	-	-	-	-	-	-	-
		2014	3	-	-	-	-	-	-	-	-	-
		2013	4	-	-	-	-	-	-	-	623.33	623.33
		2012-2007	5-10	294.72	50.93	1,479.70	1,078.59	-	229.95	145.02	1,900.56	5,179.47
	Work In Progress	2006-2001	11-16	2,176.61	2,539.04	1,657.37	2,736.52	891.23	696.09	1,324.17	-	12,021.03
		2000-1995	17-22	1,338.32	1,163.97	-	-	3,000.49	3,178.37	2,590.10	-	11,271.25
	Sub Total Planted Area (Oil Palm)			3,809.65	3,753.94	3,137.07	3,815.11	3,891.72	4,135.12	4,059.29	2,523.89	29,125.79
	Mature (Teak)	2010	7	-	-	-	-	-	25.97	-	106.79	132.76
	Sub Total Planted Area (Teak)			-	-	-	-	-	25.97	-	106.79	132.76
Conservation Area	Steep		-	73.80	167.66	-	-	-	77.91	563.07	882.44	
	Water Catchment		-	-	90.16	-	-	-	-	-	90.16	
	Wildlife Corridor		-	-	-	-	-	-	-	-	-	
	Riparian Reserve		-	44.48	37.71	-	-	61.60	-	53.74	197.53	
	Excised Area		76.71	-	-	114.32	25.38	55.03	32.51	1,105.28	1,409.23	
	Sub Total Conservation Area			76.71	118.28	295.53	114.32	25.38	116.63	110.42	1,722.09	2,579.36
Infrastructure	Campsite		16.67	-	24.76	17.85	32.76	114.18	28.00	82.76	316.98	
	Kongsie		-	-	-	-	-	-	-	-	-	
	Celcom		-	-	-	-	-	-	-	-	-	
	Cemetery		-	-	2.41	-	-	-	-	-	2.41	
	JKR Road		-	18.08	-	-	-	-	-	-	18.08	
	Logging Road		-	-	-	10.30	-	-	-	-	10.30	
	Main Road		-	-	-	-	14.61	-	11.61	-	26.22	
	Sub Total Infrastructure			16.67	18.08	27.17	28.15	47.37	114.18	39.61	82.76	373.99
Others	Mill		-	-	7.57	-	-	58.74	-	-	66.31	
	Effluent Pond		-	-	19.52	-	-	-	-	-	19.52	
	Biogas Plant		-	-	4.34	-	-	-	-	-	4.34	
	Water Reservoir		-	-	7.96	-	-	-	-	-	7.96	
	Pangkalan		-	31.13	-	-	-	-	-	-	31.13	
	Cattle Farming		-	-	-	-	-	-	17.33	-	17.33	
	Buffer Zone		-	22.20	-	-	-	35.74	-	-	57.94	
	Clear Felled		-	-	-	-	-	-	-	20.01	20.01	
	Newly Developed		-	4.89	-	-	-	-	-	-	4.89	
	Quarry		-	-	-	-	-	-	-	-	-	
	Rocky		-	-	-	-	-	-	-	-	-	
	R&D		-	-	-	-	-	-	-	3.61	3.61	
Sub Total Others			-	58.22	39.39	-	-	94.48	17.33	23.62	233.04	
Grand Total			3,903.03	3,948.52	3,499.16	3,957.58	3,964.47	4,486.38	4,226.65	4,459.15	32,444.94	



CPO MILLS

Sabah softwoods Berhad's first Crude Palm Oil (CPO) mill at DumpasMill, Regional Harvest Sdn. Bhd is a joint venture with RentakHasil Sdn Bhd. The mill currently operates at 60 Metric Ton (MT) fresh fruit bunches per hour. With this capacity under Malaysia Palm Oil Board (MPOB) licensing the annual production of the mill is 300,000 MT of FFB with 64,500 MT of CPO.

Sabah Softwoods Berhad's second Crude Palm Oil (CPO) mill at Kapilit, is the first of its kind in Sabah and second in Malaysia that met all Malaysia Palm Oil Board licensing requirement. The construction of the mill began in 2008 onwards to 2010 running on 45 MT; by 2013 the mill has been upgraded to 90 MT running capacity. The Kapilit Mill Complex further upgrades its efficiency by establishing the Dried Long Fibre plant and a 1MW Biogas Plant.

Background of Malaysian Sustainable Palm Oil (MSPO)

Palm oil production is vital for both food and non-food industries and thus, it is important for the economy of Malaysia. Driven by global demands, the past decades have seen rapid expansion of oil palm production and cultivation leading to degradation of land, water, ecological, and social impact. This leads to the formation of MSPO initiative. The implementation of the MSPO scheme was started on January, 2015, on a voluntary basis. The Ministry of Plantation Industries and Commodities (MPIC) on 25 February 2017 has announced that Malaysia's certification scheme for sustainable palm oil will be mandatory by December 2019. MSPO is based on the MSPO standard (MS2530:2013) and provides 7 general principles for the production of sustainable palm oil that covers the 3Ps (People, Planet and Profit) in Malaysia. When one is MSPO-certified, it confirms oil palm cultivation is being carried out based on a balanced between the people, profits and planet.

Sabah Softwoods Berhad is Malaysian Sustainable Palm Oil (MSPO) certified for Oil Palm and Mill.

Sabah Softwoods Berhad (SSB) has registered with the Malaysian Palm Oil Board (MPOB) to be member of MSPO on 24th April 2015. On 1st April 2016, SSB received the MSPO certificate. Then on 2017, the company has obtained there certification under MPOCC.

SSB Oil Palm Plantation has obtained Malaysian Sustainable Palm Oil (MSPO) certification for general principles for oil palm plantations. The standard describes the sustainability requirements for the production throughout the supply chain with improving and sustaining the operational practices. By having MSPO certification, SSB Oil Palm addresses the market needs and meets the expectation regarding commitment to sustainable oil palm product.

The Chief Executive Officer explained that compliance with MSPO standards will make our products more viable for export and will help raise the value in international markets.



MSPO CERTIFICATE (validity period : 2017- 2022)

The Group certification includes the eight (8) Estates and one (1) Mill namely, a. Sg.Indit, Dumpas, Cenderamata, Kapilit, Mawang, Bukit Batu, Bukit Tukok, Kumansi and Kapilit Palm Oil Mill (KPOM).



CERTIFICATION BODY

The company has appointed TUV NORD (Malaysia) company as the Certification Body (CB). TUV NORD is an accredited certification body. TUV NORD will conduct Annual surveillance audit from 26 February to 1 March, 2018.

LEGAL FRAMEWORK

Oil palm estates and mill operations are governed and regulated by various laws and regulations:

- a. National Wages Consultative Council (Minimum Wages) Order 2012
- b. Workers' Minimum Standards Of Housing And Amenities Act 1990 (Act 446)
- c. Sabah Labour Ordinance Cap.67 1967
- d. Child and Young Persons (Employment/ Amendment Act 2010
- e. Passport Act 1966
- f. Occupational Safety Health Act, 1985
- g. Environmental Quality Act, 1985
- h. Sabah Water resources Enactment, 1997.
- i. Pesticides Act 1974 (Act 149)
- j. Wildlife Conservation Act 2010



POLICY

The company has developed several policy statements in bilingual with commitment for sustainability. These policies include:

- a. MSPO Policy
- b. Environmental Policy Statement
- c. Social Policy
- d. Gender Policy
- e. Child Protection Policy
- f. Health, Safety and Environment policy
- g. Sexual Harassment policy
- h. Prevention on Workplace Violence Policy
- i. Sexual Harassment & Gender Discrimination
- j. Zero Burning policy
- k. Pemuliharaan Hidupan Liar policy
- l. Equal Employment Policy
- m. Freedom of Association Statement
- n. Human Right Policy
- o. Minimum Age Policy

All the policies are displayed on notice boards and being continuously briefed to staff, workers and contractors.

Some of the Management documents placed at the estates and mill offices for publicly available upon request include the followings:

- a. Standard Operating Procedure (Estate and Mill)
- b. Waste Management
- c. Social Impact Assessment (SIA) and Environmental Impact Assessment (EIA)
- d. High Conservation Value (HCV)
- e. Grievances and Complaints procedure
- f. Safety and Health Plans
- g. Annual Reports
- h. Government laws and regulations
- i. Continuous Improvement Plan (CIP)
- j. Public Summary : www.softwoods.com.my



CONSERVATION AREAS AND MANAGEMENT PLANS

HCV assessments for our existing plantations are conducted by our internal expertise under Environment & Conservation Dept. Management and monitoring plans are developed for all estates and mill designed according to unique circumstances on the ground. Special management practices include the establishment of buffer zones and wildlife corridors or setting aside land for conservation and the protection and enrichment of HCVs.

Flora and Fauna inventory is done annually. The biodiversity assessments focus on three taxonomic groups: mammals, birds and reptiles. This will help to determine what is the most effective length and in-depth research required for an effective HCV monitoring and management on oil palm as well as developing an HCV guide for managers to manage HCV areas.

“Systematic grid”/transect line was used for fauna inventory. Counted were done by “mod identified” through, foot, droppings, sound, nest and others for species mammalian, amphibian and reptilian. While, “net” method was only used for bird’s species. All animals would be recorded into fauna inventory form. References to identified animal’s status (e.g scientific name, local name and redlist) were based on reference book. Continuous belt transects of 20m widths were used for flora assessment. All trees with dbh above 30 cm were recorded along transects line with 10m from either side of transects. Each plot area is 0.02 ha. Parameter like dbh, heights and type of species were recorded.

In year 2017, Flora and Fauna inventory was conducted in Kalabakan Region: Steep Area No3 Oil Palm (ST3OP) Kapilit Estate (Compt. KP10C). Kalum Region: Steep Area No.6 (ST6A) Block 28A and Water Catchment 1, Compt. 114.

Table below provides density of flora species:

Species	Total		
	Compt. 114	Block 28 A	Compt. KP10C
Dipterocarp	287	41	11
Non-Dipterocarp	506	139	69
Fruit Trees	15	118	61

Table below provides density of fauna species:

Categories	Spesies		
	Compt. 114	Block 28 A	Compt. KP10C
Birds	74	31	32
Mammalian	19	7	5
Amphibian	-	9	3

The presence of wildlife indicates the richness of the plantation. Estates have continuously provide briefing to all workers during morning mustering the protection of wildlife. Further, warning signages has been placed at strategic places.



Social Impact Assessment (SIA)

The main purpose of conducting the study is to see the impact of oil palm operations has had on the livelihood of the surrounding communities and the neighbouring plantations both socially and economically. In year 2017, Social Impact assessment was conducted kalabakan Region. The consultation session was held in Kapilit estate with external stakeholders and internal stakeholders. Internal stakeholders include staff, and workers. External stakeholders include contractors, shop owners, Village Head, and neighboring plantations. The outcome of the consultation will be ready in March 2018. Consultation session for Kalum region will be held in March 2018.



Complaints and Grievances Procedure has been developed and the channel of communication was well explained to staffs, contractors and communities staying in the camp. The Form has been developed and all the complaints have been documented and action by the Head of Unit is taken accordingly. Records will be kept at least for 3 years.

For more information look us up at website: www.softwoods.com.my

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