MSPO
CERTIFICATION SUMMARY REPORT

MPOB - SPOC C9 KUALA LIPIS

ANNUAL SURVEILLANCE 1

Date: 24/04/2019

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Table of Contents

1. INTRODUCTION 4
1.1. Objective 4
1.2. Scope 4
1.3. Appointment & Qualification of Audit Team Members 4

2. METHODOLOGY 8

3. ORGANISATION INFORMATION 11

4. CERTIFICATION ASSESSMENT 13
4.1. Surveillance audit 1 13
4.2. Summary of Assessment 15
4.3. Status of Non-Conformities Previously Identified 25

5. CONCLUSION 33

6. RECOMMENDATION 34

7. REFERENCES 35
Annex / Enclosures 36

ABBREVIATIONS

CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
DOE	Department of Environment
EFB	Empty Fruit Bunch
EIA	Environment Impact Assessment
ERT	Endangered Rare and Threatened species
FFB	Fresh Fruit Bunch
GPS	Global Positioning System
IPM	Integrated Pest Management
SDS	Safety Data Sheet
NC	Non Conformity
OSH	Occupational Safety and Health
P&C	Principle and Criteria
PPE	Personal Protective Equipment
SA8000	Social Accountability 8000
SIA	Social Impact Assessment
SOP	Standard Operating Procedure
MT	Metric Tonnes
WHO	World Health Organization
MPOB	Malaysian Palm Oil Board
HBV	High Biodiversity Value
SPOC	Sustainable Palm Oil Cluster
LKN	Latihan Khidmat Nasihat

1. INTRODUCTION

Malaysia Palm Oil Board, SPOC C9 Kuala Lipis has commission TÜV NORD (Malaysia) Sdn Bhd to conduct surveillance audit for its 70 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

1.1. Objective

The objective of this surveillance 1 audit is to assess the MPOB, SPOC C9 Kuala Lipis as group manager managing the independent smallholders by an independent certification body.

The aim of this surveillance 1 audit is assessed on the compliance of the standard by MPOB, SPOC C9 Kuala Lipis.

1.2. Scope

The audit is based on the documentation developed by MPOB, SPOC C9 kuala Lipis in managing the independent smallholders' scheme.

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 are reviewed against the requirements and criteria mentioned below. TÜV NORD has employed a risk-based approach in the verification, focusing on the identification of significant risks and reliability of the monitoring and reporting.

The assessment is carried out on the basis of the MS 2530-2:2013: Part 2: General principles for independent smallholders.

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

1. Kod Amalan Baik (GAP) Perkebun Kecil, Malaysia Palm Oil Board
2. Guidelines for Development of a Standard Operating Procedure for Oil Palm Cultivation on Peat.
3. Malaysian Sustainable Palm Oil Part 2: General Principles for Independent Smallholders Audit Guidance.

1.3. Appointment & Qualification of Audit Team Members

A certification team consisting of one team leader, two team members, one trainee auditor are appointed and one observer. The team contribute to the review of documents, assessment of the project activity and prepare this report.

Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,);	Graduate in Plantation Industry Management

Requirement	Qualifications
iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	9 years working experience in estate management.
Attended the MS 2530 series of standards training	Successfully complete MSPO Lead auditor training course
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as lead auditor base on audit log.
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 languages.
Field working experience in the palm oil sector, or demonstrable equivalent	9 years working experience in estate management.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	9 years working experience in estate management.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Successfully completed Lead Auditor Course ISO 45001:2018
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA8000 Basic Training and 1 year auditor for RSPO and MSPO scheme
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.

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	Muhammad Khairul Anuar Bin Azizul Hasan	Graduate in Plantation Industry Management	Yes
	Ariff Bin Lokman	Graduate in Plantation Industry Management	Yes
	Khairul Anwar Bin Ismail (Trainee Auditor)	Graduate in Agriculture Science	Yes
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in palm oil estates.	Yes
	Ariff Bin Lokman	6 years working experience in palm oil estates.	Yes
	Khairul Anwar Bin Ismail (Trainee Auditor)	5 years working experience in as plantation executive.	Yes
Attended the MS 2530 series of standards training	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully completed MSPO Lead auditor training course	Yes
	Ariff Bin Lokman	Successfully completed MSPO Lead auditor training course	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Muhammad Khairul Anuar Bin Azizul Hasan	Qualified as auditor base on audit log.	Yes
	Ariff Bin Lokman	Qualified as auditor base on audit log.	Yes
	Khairul Anwar Bin Ismail (Trainee Auditor)	Trainee auditor	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in	Muhammad Khairul Anuar Bin Azizul Hasan	Bahasa Malaysia, and English	Yes
	Ariff Bin Lokman	Bahasa Malaysia, and English	Yes

Requirement	Assessor	Qualification	Compliance
Bahasa Malaysia or any other local language.	Khairul Anwar Bin Ismail (Trainee Auditor)	Bahasa Malaysia, and English	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in palm oil estates.	Yes
	Ariff Bin Lokman	6 years working experience in palm oil estates.	Yes
	Khairul Anwar Bin Ismail (Trainee Auditor)	5 years working experience as plantation executive.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Muhammad Khairul Anuar Bin Azizul Hasan	7 years working experience in palm oil estates.	Yes
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
	Khairul Anwar Bin Ismail (Trainee Auditor)	5 years working experience as plantation executive.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully complete Lead Auditor Course IMS 9001,14001,45001	Yes
	Ariff Bin Lokman	Successfully complete Lead Auditor Course IMS 9001,14001,45001	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Muhammad Khairul Anuar Bin Azizul Hasan	Successfully complete Lead Auditor Course IMS 9001,14001,45001	Yes
	Ariff Bin Lokman	Successfully complete Lead Auditor Course IMS 9001,14001,45001	Yes

2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and reviewer / certifier;
- 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)
- Certifying, final approval and issuance of certificate.

The annual surveillance audit is conducted in accordance to the certification procedure.

Annual Surveillance 1:

Annual surveillance 1 is conducted on 14/01/2018 – 16/01/2018 covers the following activities but not limited to:

- Onsite visit, observations and inspections of farms management and activities;
- Interview smallholders;
- Reviewed revised and updated documentation establish and implemented;
- FFB production records;
- Training records;
- Land titles and land application approvals;
- Work plans establish
- Stakeholders consultation meeting;
- Review and closed out of observations raised during stage 1 audit;
- Assessment reporting;

On-site Assessment

The audit of the farms was conducted according to the MS 2530-2:2013 Part 2 for Independent Smallholders.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of stakeholders, smallholders, SPOC officers, review of documentation and data.

MSPO guidance documents were used to guide the collection of information. Any comments from by external stakeholders were considered in the assessment.

For this certification audit, the selected independent smallholders were based on the formula S = risk factor √n where S = sample size and n = number of group members which is in accordance to MSPO certification procedure.

The group of smallholders consists of 50 old members and 20 new members.

Based on the formula, old members sample size S = 7.07, therefore round up to the next integral of 8 smallholders. Based on the formula, new members sample size S = 4.47, therefore round up to the next integral of 5 smallholders. Thus, a total of 13 smallholders are selected for the onsite assessment and inspection as listed in Table 2-1 below:

Table 2-1: List of Independent Smallholders

Name of independent smallholders	Specific Address / site
Ah Wing	4° 3'16.52"N 101°57'22.39"E
Leong Hing	4° 3'12.18"N 101°57'11.22"E
Wong Chee Chai	4° 1'38.88"N 101°57'19.03"E
Foo Chee Seng	4° 3'33.76"N 101°56'50.51"E
Mohd Zati B Daud	4°41'48.37"N 102° 0'45.43"E
Nordin B Mat Sood	4°42'8.30"N 102° 1'50.45"E
Noorul Faizei Hisyam	4°41'48.00"N 102° 0'47.93"E
Mahamaddin B Karim	4°42'20.41"N 102° 1'50.49"E
Ong Whee Sen	4°09'58.46"N 102° 3'16.48"E
Ong Whee Tiong	4°09'52.20"N 102° 3'3.34"E
Siti Mariam Bt Jusoh	4°6'28.476"N 102°9'50.15"E
Mohd Rizal B Mohd Nor	4°0'2268"N 102°2'14.964"E
Badaruddin Abdul Rahman	4°2'38.3634"N 102°2'6.7914"E

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 and 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 is require to submit action plan for review and acceptance. Implementation of Minor NCs and OBS will be review and verify during the next audit.

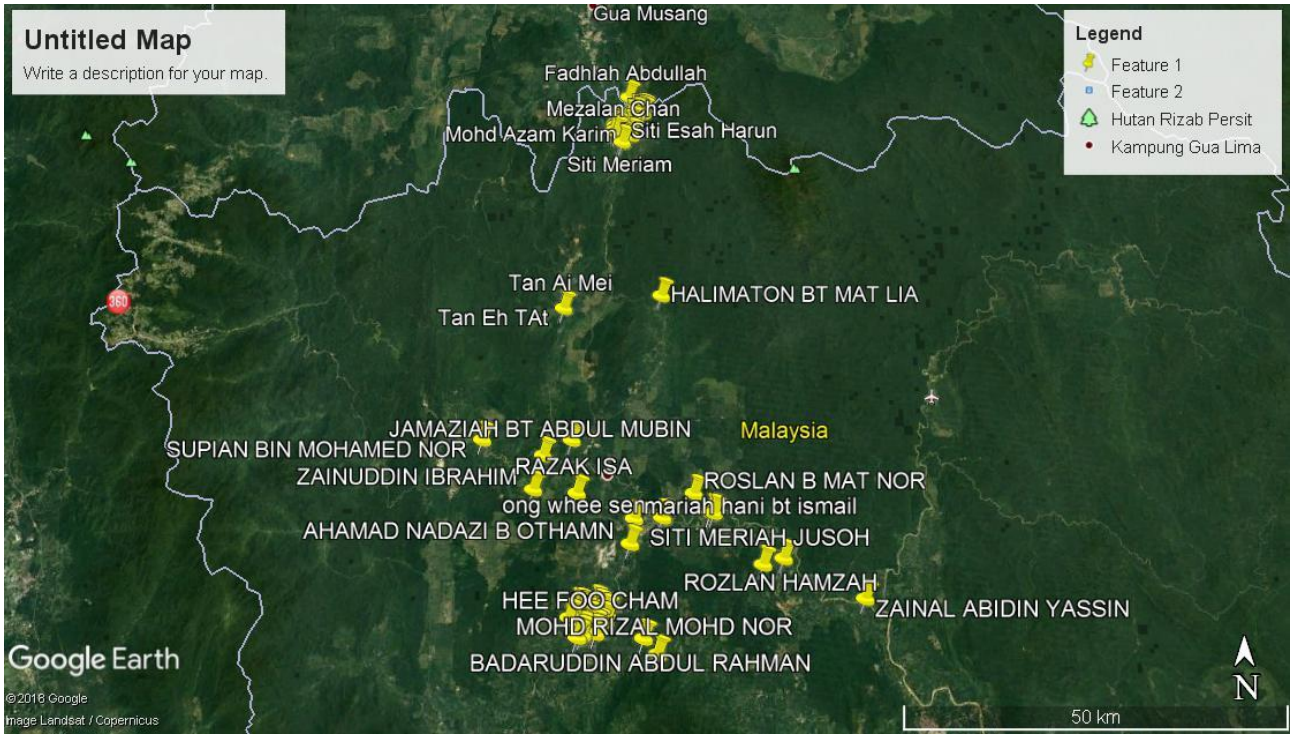
3. ORGANISATION INFORMATION

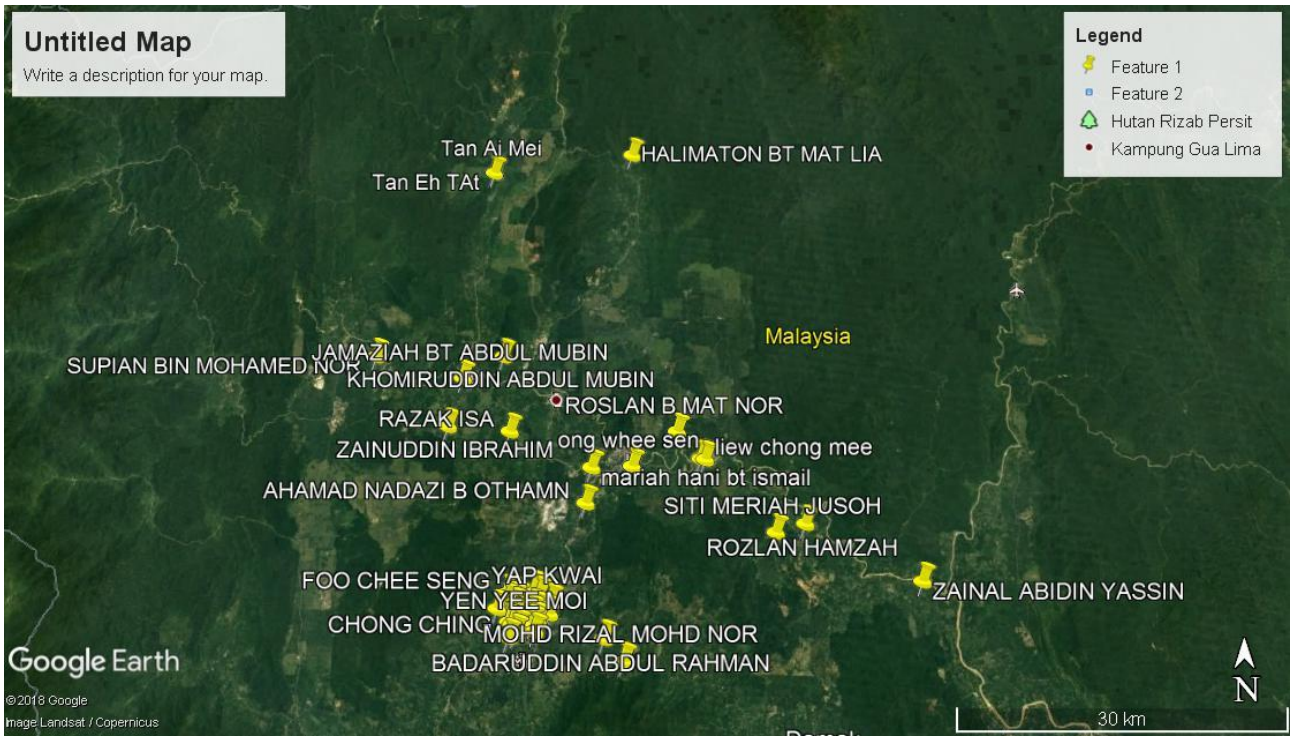
MPOB, SPOC C9 Kuala Lipis is a branch of MPOB located at Raub, Pahang to provide technical support as well as develop the independent smallholders' scheme around the Kuala Lipis district.

The SPOC is managed by a MPOB SPOC group manager supported by a team officers to manage the cluster providing technical support, estate management and training.

The location of the SPOC office is No. 31, Tingkat 1, Pusat Perniagaan Raub, 27600 Raub, Pahang, Malaysia.

The locations for the smallholders as shown in the below maps.




Untitled Map
Write a description for your map.
Legend
Feature 1
Feature 2
Hutan Rizab Persit
Kampung Gua Lima
Tan Ai Mei
Tan Eh TAt
HALIMATON BT MAT LIA
Malaysia
JAMAZIAH BT ABDUL MUBIN
SUPIAN BIN MOHAMED NOR
KHOMIRUDDIN ABDUL MUBIN
ROSLAN B MAT NOR
RAZAK ISA
ZAINUDDIN IBRAHIM
ong whee sen
liew chong mee
mariah hani bt ismail
AHAMAD NADAZI B OTHAMN
SITI MERIAH JUSOH
ROZLAN HAMZAH
FOO CHEE SENG
YAP KWAI
YEN YEE MOI
ZAINAL ABIDIN YASSIN
CHONG CHING
MOHD RIZAL MOHD NOR
BADARUDDIN ABDUL RAHMAN
Google Earth
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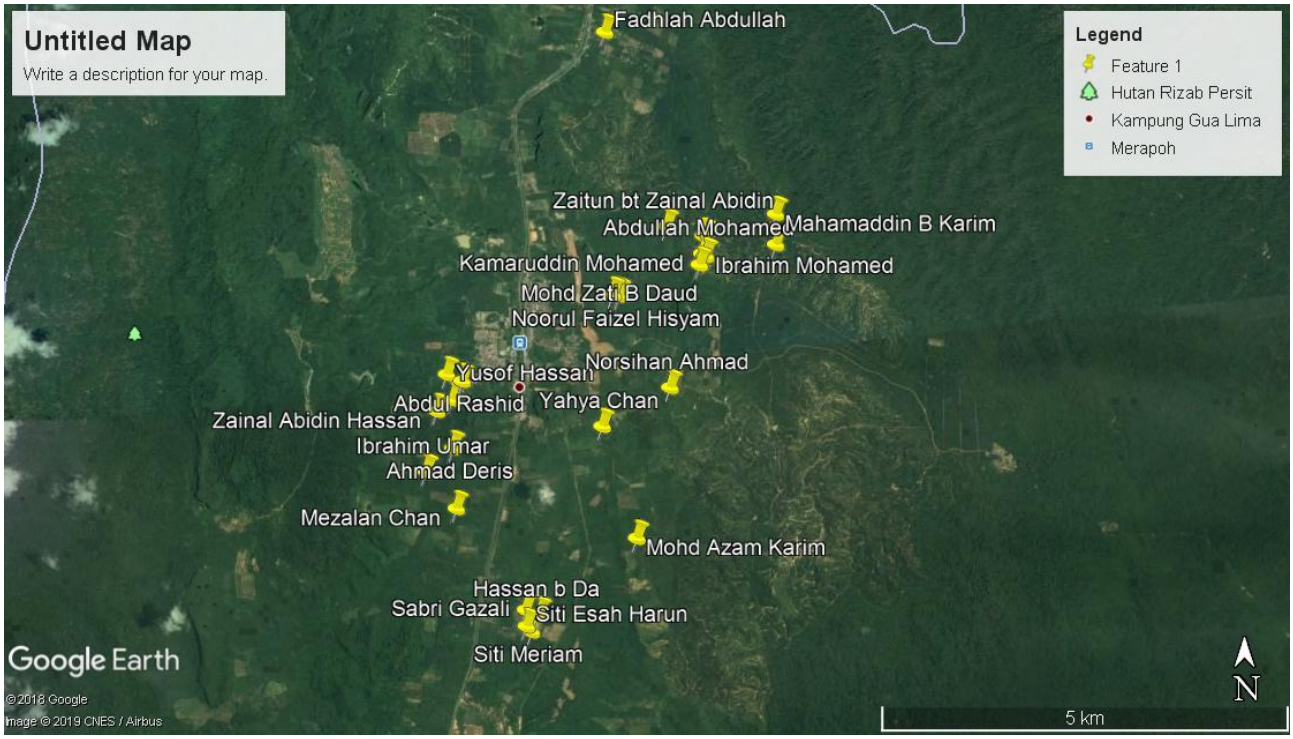
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Legend
Feature 1
Hutan Rizab Persit
Kampung Gua Lima
Merapoh
Fadhlah Abdullah
Zaitun bt Zainal Abidin
Abdullah Mohamed
Mahamaddin B Karim
Kamaruddin Mohamed
Ibrahim Mohamed
Mohd Zati B Daud
Noorul Faizel Hisyam
Norsihan Ahmad
Yusof Hassan
Abdul Rashid
Yahya Chan
Zainal Abidin Hassan
Ibrahim Umar
Ahmad Deris
Mezalan Chan
Mohd Azam Karim
Hassan b Da
Sabri Gazali
Siti Esah Harun
Siti Meriam
Google Earth
©2018 Google
Image © 2019 CNES / Airbus
5 km
N

4. CERTIFICATION ASSESSMENT

4.1. Surveillance audit 1

The objective of the ASA 1 is to assess the activities of MPOB, SPOC C9 Kuala Lipis is in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

There are 50 smallholders join the certification during stage 2 audit. The number of new smallholders join this ASA are 20 new members. Therefore the total number of smallholders for this audit is 70 members.

The ASA 1 is conducted on 14/01/2019 to 16/01/2019 that include inspection of the smallholders farms, inspect farms boundary, interviews, conduct stakeholders' consultation.

The audit team has applied the Malaysian Sustainable Palm Oil Part 2: General Principles for Independent Smallholders Audit Guidance to assess the established documents against the Principles and Criteria of the standard.

The details assessment of the Principles & Criteria, refer to summary of assessment below.

During onsite the following are verified.

1. Compliance to legal requirements on the land title, land use rights and customary rights
2. Training and competence
3. Environmental management
4. Waste management and disposal
5. Best practice – farm management including fertilising, chemical spraying and harvesting.

During the certification audit, there were 4 major non-conformities and 4 minor non-conformities raised. The audit team has reviewed and closed out the 4 major and 4 minor non-conformities raised by means of inspection of smallholders' farms, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the SPOC team. The corrective measures implemented could be verified as appropriate and the observations were closed out.

The number of audit findings raised in this audit been are address in Section 4.4 of this audit report. For details of the assessment, refer summary of assessment in this report.

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 07/12/2018 to obtain feedback and comments. As at audit date on 14/01/2019 to 16/01/2019 there were no comments received.

In addition, invitation letters were sent on 02/01/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 14/01/2019 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:

a. Introduction of SPOC C9 Kuala Lipis objectives of MSPO standard certification for smallholders.

b. Development of smallholders farms in SPOC C9 Kuala Lipis area;

c. Wildlife management area and impact to the smallholders;

d. Environmental issues on the impact of river contamination;

e. Type of wildlife around SPOC C9 Kuala Lipis area;

There are no issues raised during the stakeholders' consultation that need to be addressed by the SPOC management office. It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

The List of Stakeholders who attended the meeting refer to table 7.1.

Item	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 audit?	Stakeholders attending the meeting confirmed that they were aware of the audit via invitation letter that were send to them. Other means of information is via notice display at MPOB office.	Positive comment towards SPOC C9 Kuala Lipis group.
2	Social context	Stakeholders inform there are no social issues as regards to SPOC C9 Kuala Lipis members.	Positive comment towards SPOC C9 Kuala Lipis group.
3	Understanding of "NCR Land"?	Stakeholders attend the meeting confirms that none of them have any land as NCR land title. They are aware that most of smallholders have CL land titles.	Positive comment towards SPOC C9 Kuala Lipis group.
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholders confirm that having MSPO certification has increase knowledge on good agriculture practise, save cost by done the manual weeding rather used chemical for managing the farm. Thus having more proper farm management and increase in yield.	Positive comment towards SPOC C9 Kuala Lipis group.
5	Does MSPO will largely benefits the local community?	Stakeholders confirmed that they understand the benefits of the MSPO certification which among other was contribution to local community.	Positive comment towards SPOC C9 Kuala Lipis group.
6	HCV and environmental understanding	Stakeholders state that there are awareness programme held by SPOC group manager during conducted training and LKN on HCV and environmental.	Positive comment towards SPOC C9 Kuala Lipis group.
7	Awareness towards species, habitats, and high conservation values?	Stakeholders who attend the meeting are aware on conservation obtain from stakeholders meeting held by group manager. MSPO training include awareness on endangered species and no hunting animals.	Positive comment towards SPOC C9 Kuala Lipis group.

8	Support to smallholders	Stakeholders respond that they are aware that Positive comment towards SPOC C9 Kuala Lipis group. Group manager is person in charge in supporting the smallholders by providing training and conduct field inspection LKN.	Positive comment towards SPOC C9 Kuala Lipis group.
9	FFB quality	There are no issues as regards to FFB quality since smallholders are aware on the ripeness standard by MPOB guideline. Smallholders sending the FFB within 24 hour to retain the good quality FFB.	Positive comment towards SPOC C9 Kuala Lipis group.
10	Are there any plantation or mill management practices that affect you?	Stakeholders confirm there are no smallholders' activities that may cause any impact to their livelihood. Stakeholders confirm they can communicate with SPOC Group Manager on any issue related to SPOC C9 Kuala Lipis group. Group manager have established form if any issue/complaint related smallholders.	Positive comment towards SPOC C9 Kuala Lipis group.
11	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders who attend the meeting confirm there is no conflict arise by the SPOC C9 Kuala Lipis on MPSO certification.	Positive comment towards SPOC C9 Kuala Lipis group.
12	Do you have any suggestions for management?	Stakeholders who attend would like to involve more in programme that held by SPOC C9 Kuala Lipis group.	Positive comment towards SPOC C9 Kuala Lipis group.

4.2. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary
The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits all criterions will be assessed. Evidences were sought for conformity with the MSPO 2530-2. The summary of the assessment can be seen below, where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences when non conformity is found. A summary of the non-conformity can be found below

Principle 1: Management Commitment & responsibility		
Criterion By Audit	Summary of Assessment	Compliance
4.1.1.1	SPOC C9 Kuala Lipis has established MSPO Policy sign by group manager on Mac 2018 and smallholders. Sighted the policy available in the individual file and office notice boards. Interview with the smallholders, they understood the MSPO policy.	Yes

<table>
<tr><th colspan="3">Principle 1: Management Commitment & responsibility</th></tr>
<tr><th>Criterion By Audit</th><th>Summary of Assessment</th><th>Compliance</th></tr>
<tr><td>4.1.2.1</td><td>SPOC C9 Kuala Lipis has established continuous improvement plan Document no: MSPO/SSCC/L-04/ISP, Effective Date: 30/3/2018 that includes social and environment that could impact the smallholders and the surrounding areas.
A social and environmental assessment conducted as below.
Social impact:
<table>
<tr><th>Aktiviti</th><th>Impak Sosial</th><th>Pelan Tindakan</th><th>Implementation</th></tr>
<tr><td>Membaja, Meracun dan menuai</td><td>Memberi peluang pekerjaan kepada peladang.</td><td>Amalan Di teruskan</td><td>Implemented</td></tr>
</table>
Environmental impact
<table>
<tr><th>Aktiviti</th><th>Impak Persekitaran</th><th>Pelan Tindakan</th><th>Implementation</th></tr>
<tr><td>Meracun dan membaja</td><td>Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran</td><td>1. Amalan GAP dan lawatan khidmat nasihat oleh Tunas
2. Mengelakkan pengunaan bahan kimia di kawasan zon mampan sungai</td><td>1. Implemented
2. Implemented</td></tr>
</table>
Interviewed with smallholders they understood MSPO requirements such as environmental impact, social, safety and health. Example field observation at riparian area, no chemical application sighted. Smallholders understood that no chemical used at the riparian and buffer zone will impact the environmental.</td><td>Yes</td></tr>
<tr><td>4.1.2.2</td><td>Sighted Warta Sawit published by MPOB for new information, technology bil. 69 (23) Mei-Ogos 2018.
SPOC C9 Kuala Lipis has conduct internal audit on 11/08/2018 with 5 majors, 2 minors and 2 OFIs and closed within the time frame stated in SOP.
During interviewed of smallholders they obtain information and new knowledge such as harvesting system, chemical dosage, social and environmental impact from training program.
The training conducted by Group Manager on 26/12/2018 for example:</td><td>Yes</td></tr>
</table>

Principle 1: Management Commitment & responsibility		
Criterion By Audit	Summary of Assessment	Compliance
	1) Good Agricultural Practices 2) MSPO principle and requirements	

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1.1	MPOB sustainability Policy dated Mac 2018 “Polisi Minyak Sawit Mampan Malaysia (MSPO)” point no 3 describe “Dokumentasi bagi tujuan kebolehjejakan” SPOC C9 Kuala Lipis has established SOP “Carta Aliran Kebolehkesanan / Kebolehjejakan Oleh Pekebun Kecil doc no MSPO/SSCC/GP-01/PEK revision 01 effective date 30/03/2018. Rekod penjualan BTS (weifhbridge ticket) - Rekod penggunaan baja/racun - Rekod perbelanjaan Sighted record sales of FFB by smallholders to dealer. FFB recoded in Buku Rekod Ladang (BRL).	Yes
4.2.1.2	SPOC C9 Kuala Lipis has established *Buku Rekod Ladang (BRL)* for smallholders to record sales and delivery of FFB to the buyer Interviewed with smallholders they have document records of sales and transportation of FFBs in *‘Buku Rekod Ladang’* provided by Group Manager.	Yes

Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
4.3.1.1	SPOC C9 Kuala Lipis has establish legal register document no: MSPO/SSCC/L-01/SKU issue no: 1, reference no: 1. date effective: 30/03/2018. List of laws available example • Akta 149 Racun Makhluk Perosak 1974 • Akta 155 Imigresen 1959 • Akta 265 Pekerjaan 1955. Training conducted on 26/12/2018 including legal requirements, wildlife, health & safety and environment. Interviewed with smallholders they are aware of the laws and regulations such as no open burning, prohibition hunting for wild animals, no child labour.	Yes
4.3.2.1	Individual smallholders land title available.	Yes

Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
	All members of SPOC C9 Kuala Lipis have land title 'Geran Tanah'. Two types of land title leased land title with ownership of 99 years and free hold title. No native land title within the group. The land use rights is for palm oil Stakeholder's consultation confirmed no land dispute in the area. During on-site verification the farm coordinates, are same as the records. The farm boundary is separate either by a road or drain.	
4.3.3.1	No customary right land in SPOC C9 Kuala Lipis. Individual file has been review and confirm, two types of land title leased land title with ownership of 99 years and free hold title issue dby "Jabatan Tanah Dan Galian". . This was further confirmed during field visit and interview.	Yes
4.3.3.2	Individual member file include the land title with a map.	No

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.1.1	SPOC C9 Kuala Lipis has established SOP of 'Aduan Dan Rungutan', doc no: MSPO/SSCC/SOP-01/AR issue no: 1 date effective: 30/03/2018, In the SOP the form of complaint, *'Borang Aduan Dan Rungutan'* complainer must fill up the form and submit to SPOC manager. Interviewed with smallholders training is conducted on 26/12/2018 for complaints and grievances. They understand the complaint and grievances procedure and know how and where to lodge the complaint and grievances.	Yes
4.4.1.2	SPOC C9 Kuala Lipis has established SOP of 'Aduan Dan Rungutan', doc no: MSPO/SSCC/SOP-01/AR issue no: 1 date effective: 30/03/2018, Base on the flow chart *Aduan dan Rungutan'* the time frame to respond the complaint is 14 days. There are no complaints received as at time of audit. Therefore, the assessment of the effectiveness of the procedure will be assess in next surveillance when there are complaints received. During stakeholders meeting all stakeholders attend understand the procedure of how to lodge complaint and timeline. There are no complaint rise during the meeting. During an interview with smallholders there are no cases complaints received.	Yes
4.4.2.1	SOP "Kemalangan, Kejadian berbahaya dan keracunan perkerjaan", doc no: MSPO/SSCC/SOP-04/KK dated 30/03/2018. SOP describe the method in reporting in case of an issue arise. 2 main points describe in the procedure: 1. Action to be taken during reporting of the accident 2. Action during poisoning and disease of workers	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
	Training conducted on 26/12/2018 include safety & health during working in the field. During on-site verification, interviewed with smallholders they are aware of the safe work practices such as wearing correct PPE during chemical handling and operation. They are aware on the importance of safety and health to them and the workers.	
4.4.3.1	The form of hiring to meet wages requirement is established. Form "Terma Penggajian Pekerja" require to record following. 1. Menuai BTS : RM___ 2. Membaja: RM____ 3. Meracun: RM____ 4. Pemangkas pelepah: RM ___	Yes
4.4.3.2	The form for hiring to meet wages requirement is established. Form "Terma Penggajian Pekerja" states the point to take note during hiring: 1. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik Interviewed with smallholders indicated there is no discrimination issues occur during hiring of workers. No negative feedback received.	Yes
4.4.3.3	Form of hiring to meet minimum wages requirement is established by SPOC GM. Form "Terma Penggajian Pekerja" describe point of price of work if they are permanent workers. On site interviewed with smallholders, they do not hite workers, majority of smallholders operated on family based. There is no sign of discrimination detected.	Yes
4.4.3.4	During the on-site visit to smallholders there are no workers quarters sighted. Majority of smallholders operate the farms with family members and surrounding villagers	Yes
4.4.3.5	Form of hiring to meet wages requirement is" states points to take note during hiring. 1. Mempunyai permit kerja bagi pekerja asing 2. Tidak sama sekali membernarkan / mengupah orang muda di bawah umur 15 tahun untuk bekerja 3. Tidak sama sekali membernarkan / mengupah orang muda di bawah 15-18 tahun untuk membuat kerja berat dan merbahaya di Kawasan kebun sawit During field verification there is no child labour observed. Interviewed with smallholder feedback there is no child employed.	Yes
4.4.4.1	SPOC C9 Kuala Lipis has establish training program 2019 for smallholders. Training is included in the budget. SPOC C9 Kuala Lipis has conducted training on 26/12/2018. 1. Topics in the the t to get knowledge on managing oil palm.Kawalan Alam Sekitar di ladang Sawit 2. MSPO (Prinsip-prinsip umum untuk pekebun kecil persendirian)	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
	3. Keselamatan & Kesihatan Pekerjaan di sector perladangan. 4. Akta Pemuliharaan Hidupan Liar 2010 (Akta 716) 5. Taklimat program pensijilan MPOB GAP untuk pekebun kecil. 6. Taklimat Jabatan Pengairan Dan Saliran Negeri Pahang Sighted training program for 2019 and LKN visit program 2019 establish by group manager. During site visit and interviews with smallholders they attend training conducted by MPOB and obtain knowledge during LKN when Group Manager visit their field and share the knowledge. During on-site observation, smallholders are aware the importance of retaining soft grass by using grass cutting machine and no spraying.	

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
4.5.1.1	SPOC C9 has established SOP, Manual Prosedur kerja MSPO Kelompok Minyak Sawit Mampan (SPOC), Senarai Impak Sosial, Persekitaran & Pelan Tindakan. Doc no MSPO/SSCC/L-04/ISP issue: 1.date effective 30/03/2018. Environmental impact and CIP example: **Aktiviti** / **Impak persekitaran** Meracun dan membaja / Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran air dan zon mampan sungai. Pembukaan kebun untuk tanamana baru/tanam semula / Pencemaran udara akibat pembakaran terbuka sisa tanaman. Pencemaran air akibat pembuangan sisa tanaman ke dalam saliran air. Pembukaan kawasan kebun di kawasan hutan. / Pengurangan habitat bagi Flora dan Fauna. Haiwan berasimilasi bersama penduduk kampong (monyet,khinzir) SPOC C9 Kuala Lipis has conduct training on 26/12/2018 include environmental control. During on-site verification, there is no evidence found that the smallholders have perform chemical spraying and manuring near the buffer zone or river site. Smallholders practice grass cutting to reduce chemical usage.	Yes
4.5.2.1	Renewable energy currently not practice, as smallholder does not have the capacity and means for such practice	Yes

<table>
<tr><th colspan="3">Principle 5: Environment, natural resources, biodiversity and ecosystem services</th></tr>
<tr><th>Criterion By Audit</th><th>Summary of Assessment</th><th>Compliance</th></tr>
<tr><td></td><td>Field observation at smallholders indicates there is no renewable energy used.</td><td></td></tr>
<tr><td>4.5.3.1</td><td>SPOC C9 Kuala Lipis has established SOP on a list of scheduled waste and domestic waste, doc no: MSPO/SSCC/L-03/SRD, issue 01, dated 30/03/2018.
Example list :
From agriculture input:
<table>
<tr><td>Agricultural input</td><td>Waste produced</td><td>Impact</td></tr>
<tr><td>Fertilizer</td><td>Plastic from fertilizer beg</td><td>Polluting natural and ground water resources</td></tr>
<tr><td>Weedicide</td><td>Empty chemical containers</td><td>Breeding ground for mosquito
Polluting water sources</td></tr>
</table>
From non-agricultural input:
<table>
<tr><td>Agricultural equipment</td><td>Waste produced</td><td>Impact</td></tr>
<tr><td>Chemical pump</td><td>Access chemical mix</td><td>- Breeding ground for mosquito
- Polluting water sources</td></tr>
<tr><td>Agricultural machinery</td><td>Used tire
Used lubricant oil</td><td>Cause injury
Polluting the soil surface.
Breeding ground for mosquito</td></tr>
</table>
Sighted 'Rekod Pengurusan Bahan Buangan' established by SPOC C9 Kuala Lipis manager for all smallholders.
Example:
Empty Container: Triple rinsing and reused
Fertilizer bag: Reused.</td><td>Yes</td></tr>
<tr><td>4.5.3.2</td><td>SPOC C9 Kuala Lipis has established SOP on Managing Schedule waste doc no: MSPO /SSCC/SOP-03/BT dated 30/03/2018, issue: 01.
Stated in the SOP:
1. Empty chemical containers are to be rinsed three times using clean water before storage.
2. Empty chemical containers need to be punctured unless for reused as storage of water for chemical spraying activities.
The procedure states scheduled wastes and requirement of proper disposal in accordance with the country regulation.
During the site visit, smallholders are aware that empty chemical container could be reused after the triple rinsing. Smallholders reused empty fertilizer bag for rubbish or loose fruits collection.</td><td>No</td></tr>
</table>

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	Non-conformity: **Group manager shall establish a mechanism to ensure the smallholders disposal the waste appropriately.**	
4.5.4.1	SPOC C9 Kuala Lipis has established SOP 'Garis Panduan Zon Penampan Sungai', doc no: MSPO/SSCC/GP-03/ZPS, dated 13/04/2018. SOP states it is the responsibility of smallholders to take care of environmental at buffer zone from polluting by a chemical. SPOC C9 Kuala Lipis has established SOP 'Garis Panduan Pelan Daya Ekonomi Dan Kewangan', doc no: MSPO/SSCC/GP-01/PEK, dated 13/04/2018. Point 3 of SOP states pruning arrangement of frond at the contour of terrace and between rows at the flat area, .to retain the water and soil conservation. SPOC C9 Kuala Lipis has established training for smallholders on good agriculture practices dated 26/12/2018. Training cover MSPO requirements such as, Water issue and challenges • River as a source of water • River as a buffer zone • Silt erosion control plan During on-site observation no sign of blanket spraying sighted. Interviewed with smallholders they are aware no spraying close to the river	Yes
4.5.4.2	Water harvesting is implemented by smallholders. Smallholders use drums to collect rainwater for chemical spraying. This is sighted during the visit.	Yes
4.5.5.1	SPOC C9 Kuala Lipis has establish list of protected wildlife dated 06/12/2018 with 25 animals different species of wild animal and birds protected Example: Tapir, Belatuk, Babi Hutan, Monyet, Tenggiling, Landak. The list is prepared by SPOC C9 Group Manager and smallholders Training conducted on 26/12/2018 include: 1. Role and function of Jabatan Perhilitan 2. Awareness of Akta Pemuliharaan Hidupan Liar 2010 [Akta 716] 3. List of new species. 4. Penalty Interview smallholders they are aware of protected wildlife present in their farms such as 'Babi Hutan' and 'Ayam Hutan'. Smallholders understand that no hunting or killing of as stated by Laws.	Yes
4.5.6.1	SPOC C9 Kuala Lipis has established SOP for zero burning, document no, MSPO/SSCC/GP-04/APS effective date 30/03/2018. The SOP describes 4 main points as below :	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	1. Pembakaran terbuka adalah dilarang dibawah permbakaran sifar ASEA (1999) dan perintah Kualaiti Alam Sekeliling (Aktiviti Yang Diisytiharkan)(Pembakaran terbuka 2003) 2. Pekebun kecil adalah dilarang untuk melakukan sebarang aktiviti pembakaran terbuka semasa kerja pembukaan ladang/tanam semula 3. Teknik pembakaran sifar semasa kerja pembukaan ladang atau tanam semula pada dasarnya melibatkan penebangan pokok, mencincang bahagian pokok, dan meninggalkan sisa-sisa pokok di antara teres bagi process penguraian secara semula jadi tanpa melibatkan sebarang aktiviti pembakaran 4. Tidak ada pembakaran terbuka apa-apa jenis pada unit operasi, kecuali yang dianggap perlu dengan mematuhi perintah kualiti alam sekeliling (pembakaran terbuka) (2003) dan mendapat kelulusan Jabatan Alam sekitar terlebih daluhu. Training conducted on 26/12/2018 for zero burning in good agriculture practice. Criteria 6 mestilah tidak mengamalkan pembakaran terbuka semasa proses penyediaan tanah untuk penanaman kelapa sawit kecuali dengan kebenaran pihak berkuasa yang berkaitan Site visit to smallholder's field observed no open burning and smallholders are aware that open burning is restricted by law.	

Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.1.1	SPOC C9 Kuala Lipis has established SOP 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', doc no: MSPO/SSCC/GP-01/PEK issue no: 1, date effective: 30/03/2018. SOP describe the GAP As follows: • Penyediaan ladang • Pembajaan • Pemangkasan • Pengawalan rumpai • Penuaian • Pengawalan penyakit perosak • Pemuliharan Tanah SPOC C9 Kuala Lipis has conduct GAP training on 26/12//2018. Field observation found the smallholders have implement best practice such as: • Maintaining fronds below the bunch • Minimize use of chemical	Yes

Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
	• Front stacking act as organic fertilizer	
4.6.1.2	During site verification, sighted visual identification for smallholders that state name, lot no. Ha, Coordinates and Year planted **Non-conformity:** **During site verification and interview 4 of the sampled smallholders have no visual identification for their farms.**	No
4.6.2.1	SPOC C9 has established SOP, 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', doc no: MSPO/SSCC/GP-01/PEK issue no. 1 dated 30/03/2018. Financial budget 2019 establish includes. 1. Latihan MSPO 2. Fail /Dokumentasi MSPO 3. Yuran Audit MSPO Fasa 1 4. Pembelian PPE 5. Pembelian Rak Bahan Kimia Projection is for increase of 100 smallholders.	Yes
4.6.3.1	Meeting with the smallholders, dealers and millers on 26/12/2018. The meeting includes fair FFB price FFB and MSPO awareness. The meeting serve as platform for dealers to explan on FFB pricing to smallholders. During observation and site visit to dealer sighted the price of FFB available at the notice board.	Yes

Principle 7: Development of new planting		
Criterion By Audit	Summary of Assessment	Compliance
4.7.1.1	Reviewing the list of smallholders and year of planting, there is new planting in year 2018 for 1 smallholder member. Site assessment conducted by SPOC using MPOB established form "Borang Permerikasan Tapak ke 1" (before planting) and "Borang Pemeriksaan Tapak ke 2" (after planting).	Yes
4.7.2.1	Stated in form 'Borang Pemeriksaan tapak Ke 1 (Siasatan pengesahan) Skim Tanam Baru Sawit Pekebun kecil (TBSPK)'. Paragraph B) 'Maklumat Tanah' (Land Information) Jenis tanah (Soil Type) 1. Lanar (Sandy Soil) 2. Pendalaman (Mineral Soil) 3. Gambut (Peat) Review form 'Borang Pengesahan Tapak ke 1' for the new planting in 2018 states soil type is Pedalaman (mineral soil). Assessment for new planting in 2018 is conducted by SPOC.	Yes
4.7.3.1	Stated in the form Borang Pemeriksaan tapak Ke 1 (Siasatan pengesahan) Skim Tanam Baru Sawit Pekebun kecil (TBSPK). Paragraph B) Maklumat Tanah (Land Information) Topograpi Tanah 1. Rata (flat) 2. <25^{o} beralun (undulating) 3. >25^{o} bukit (hilly) Review of form Borang Pemeriksaan tapak Ke-1 for the new planting in 2018 states the planting is on hilly area. Stated on Borang Pemeriksaan tapak Ke-2 terrace follow specification by MPOB which stated terrace with minimum of 4 meter width and 10^{o} backward slope	Yes

4.3.

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address 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 correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.

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.

Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.

Non Conformity Number < NO 1 >			
Indicator:4.4.1.1 Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
During the stakeholders meeting, the attendees are unsure of the mechanism in place for them to make complaint. However, the attendees confirmed they make complaint or grievance directly during visit to MPOB office. The opportunity for stakeholders to raise matter was available. Therefore, this NC is considered as minor since the stakeholders interviewed could demonstrate the requirement of the standard. However in order to fully meet the standard requirements, the procedure should be made aware to the stakeholders.			
Classification	☐ Major	☒ Minor	☐ Observation
		Deadline for implementation	14/12/2018
Root Cause Analysis (*by company*):			
1. The information that was previously submitted to the Stakeholders regarding MSPO was still unclear. 2. There is still a lack of knowledge from Group Managers.			
Correction *(by company)*:			
1. A meeting was held to Stakeholders to disseminate MSPO information on 22 February 2018. 2. Attachment of the complaint process is provided.			
Corrective / Preventive Action (*by company*)			
To prevent this from recurring, the Group Manager has planned a schedule where meetings with stakeholders are held at least once a year.			
Review of Correction & Corrective / Preventive Action			
Timetable “Mesyuarat Bersama pihak berkepentingan” submitted was reviewed and sufficient to ensure the stakeholders are aware of the complaint and grievance procedure. The immediate action taken to inform stakeholders was on 02/02/2018. SOP for complaint and grievance SOP-01/AR/2016 is reviewed and deemed sufficient to address the non-compliance raised. This will be further review in the next surveillance audit.			
Closed: ☒ Yes ☐ No		Site verification : ☐ Yes ☒ No	
Name of Lead Auditor: Ang Wai Sheng, (Terence)		**Date Review Action Plan:** 05/03/2018	
Review of Implementation			
Sighted and review the stakeholder meeting conducted on 02/02/2018. During stakeholders meeting all stakeholders are aware and understand of the complaint and grievance procedure. Therefore, this NC is effective closed.			

Non Conformity Number < NO 1 >	
Closed: ☒ Yes ☐ No	Site verification: ☒ Yes ☐ No
Name of Lead Auditor: Zul Hairi Bin Abu Hassan	**Date of Closure:** 16/01/2019

Non Conformity Number < NO 2 >			
Indicator: 4.4.4.1 Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
Training has been conducted. However, the effectiveness of training needs to be evaluated: 1. Chemicals are applied to the palms beside the small stream in one of the smallholder's plot. 2. Waste empty containers are filled with water without proper cover which will lead to breeding of mosquitoes.			
Classification	☐ Major	☒ Minor	☐ Observation
		Deadline for implementation	14/12/2018
Root Cause Analysis (*by company*):			
Participants are still accustomed to the old practice in the farm.			
Correction *(by company)*:			
1. Group Manager (GM) has conducted a briefing/training session on open burning prohibition, prohibitions on the use of chemicals in the area of reservoir and pool area, chemical handling, 3 times rinsing, reuse of venom as water reservoir for the use of poisoning and submission personal safety protection equipment. (Briefing 7 February 2018) 2. The area around the buffer zone and the fish pond is no longer poisoned by the participants. 3. The 200 liter drum used by the participant was not used anymore and replaced with a closed 20-liter (recycled) poison barrel. (refer to label 20 liter barrel)			
Corrective / Preventive Action (*by company*)			
Continuous training will be given to avoid repeating the same occurrence. The Group Manager has planned the program to the participants in the form of Advisory Service Visit.			
Review of Correction & Corrective / Preventive Action			
Training records submitted dated 07/02/2018 was reviewed. The continuous training plan submitted indicates the training dates to the members. The action plan established shall be further reviewed in the next audit to close this NC.			
Closed: ☒ Yes ☐ No		Site verification : ☐ Yes ☒ No	
Name of Auditor: Wan Jia Ann, (Joanne) Zul Hairi Bin Abu Hassan		**Date Review Action Plan:** 05/03/2018	
Review of Implementation			

Non Conformity Number < NO 2 >	
Sighted new training conducted on 26/12/2018 to educate continuously for better knowledge on environmental impacts and water harvesting. Interview with smallholders they understand the environmental impacts and water harvesting in field. Therefore, this NC is effectively closed.	
Closed: ☒ Yes ☐ No	Site verification: ☒ Yes ☐ No
Name of Auditor: Ariff Bin Lokman	**Date of Closure:** 16/02/2019

Non Conformity Number < NO 3 >			
Indicator: 4.6.1.1 All independent smallholders' oil palm farms shall implement best practices such as the MPOB Codes of Practice, Malaysian Standards, ISO Standards and the Kod Amalan Baik (GAP) Pekebun Kecil.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
According to Procedure Pengurusan Bahan Buangan Terjadual SOP-04/BT/2016, effective date 01/04/2016, issue no 1, revision 0 (section 3), the inventory record for scheduled waste need to be kept for 3 years since the date of waste generation. However, there is no inventory of quantity of scheduled waste recorded for both smallholders and MPOB SPOC office.			
Classification	☐ Major	☒ Minor	☐ Observation
		Deadline for implementation	14/12/2018
Root Cause Analysis (*by company*):			
Records inventory of scheduled waste is not available.			
Correction *(by company)*:			
1. Each scheduled waste generated is updated in the inventory form. (Refer to the provided inventory form). 2. Participants will be applying the scheduled waste inventory form. 3. Descriptions of scheduled waste are described in a briefing on 7 February 2018. i. Scheduled wastes generated. ii. How to dispose scheduled wastes.			
Corrective / Preventive Action (*by company*)			
1. The Group Manager (GM) has started to obtain data on the scheduled waste generated by the participants. 2. Scheduled wastes such as reuse of used poisons (which have been rinsed 3 times) by the participants as fountain mixtures.			
Review of Correction & Corrective / Preventive Action			

Non Conformity Number < NO 3 >	
Training was provided on 07/02/2018. SOP pengendalian bahan buang terjadual SOP-04/BT/2016 and SOP senarai sisa racun dan domestic L-04/SRD/2016 submitted was reviewed. An inventory form is established "Inventori bahan terjadual" to capture information as below 1. Date 2. Quantity 3. Name 4. Category code 5. Dispose method, quantity and area. The action plan taken is sufficient. This implementation will be further review in next surveillance audit to close out the NC.	
Closed: ☒ Yes ☐ No	Site verification : ☐ Yes ☒ No
Name of Auditor: Wan Jia Ann, (Joanne)	**Date Review Action Plan:** 05/03/2018
Review of Implementation	
Review SOP for list of scheduled e and domestic wasted, document number MSPO/SSCC/L-03/SRD, issue 01, dated 30/03/2018. Sighted the list of wastes separate from agriculture input and non-agriculture input. The implementation is observed during site visit.	
Closed: ☒ Yes ☐ No	Site verification: ☒ Yes ☐ No
Name of Lead Auditor / Auditor: Muhammad Khairul Anuar Bin Azizul Hasan	**Date of Closure:** 16/01/2019

Non Conformity Number < NO 4 >			
Indicator:4.6.3.1 Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.			
Location	SPOC Kuala Lipis		
Description of Finding / Objective Evidence:			
There is no evidence of communication available between the group manager with the interested and affected parties.			
Classification	☒ Major	☐ Minor	☐ Observation
		Deadline for implementation	14/12/2018
Root Cause Analysis (*by company*):			
Group Manager overlooked about this.			
Correction *(by company)*:			
A meeting was held between the FFB collector and Group Manager on 22 February 2018. (Attachment of Invitation Letter to Stakeholders)			
Corrective / Preventive Action (*by company*)			
Refer to the Group Manager's planning attachment to avoid this overlook issue again.			

Non Conformity Number < NO 4 >	
Review of Correction & Corrective / Preventive Action	
Letter of invitation for consulting with stakeholder dated 02/02/2018 submitted is reviewed. The time bound plan for year is submitted that includes a yearly meeting will be held. The evidence provided is sufficient to addressed the NC raised. The implementation will be review in the next surveillance audit	
Closed: ☒ Yes ☐ No	Site verification : ☐ Yes ☒ No
Name of Lead Auditor: Ang Wai Sheng, (Terence)	**Date Review Action Plan:** 05/03/2018
Review of Implementation	
Group manager has conduct meeting with dealers and millers on 26/12/2018. Fair price of FFB for smallholders and dealers stated in the meeting minutes.	
Closed: ☒ Yes ☐ No	Site verification : ☒ Yes ☐ No
Name of Auditor: Muhammad Khairul Anuar Bin Azizul Hasan	**Date of Closure:** 16/01/2019

4.4. Status of Non-Conformities Previously Identified

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

AUDIT OUTCOME	
MAJOR Non-Conformities	**2**
MINOR Non-Conformities	**0**
Observations	**0**

Non Conformity Number < 1 >			
Indicator: 4.5.3.2 Independent smallholders shall ensure that waste from the smallholders is disposed of appropriately. Smallholders shall adopt local and national legislation to dispose of hazardous chemicals and their containers. (MAJOR)			
Location	SPOC C9 Kuala Lipis		
Description of Finding / Objective Evidence:			
Group manager shall establish mechanism to ensure the smallholders disposal the waste appropriately.			
Classification	☒ Major	☐ Minor	☐ Observation
Date Raised:16/01/2019		**Deadline for implementation**	17/03/2019
Root Cause Analysis (*by company*):			
Smallholder's owner did not give an explanation to the care taker.			
Correction *(by company)*:			
GM has conducted LKN to smallholders, dealers and care taker. (Please refer to the attachment)			
Corrective / Preventive Action (*by company*)			

Non Conformity Number < 1 >	
GM will conducted periodically LKN to smallholders for not repeat the issue	
Review of Correction & Corrective / Preventive Action	
Sighted LKN visit on 01/03/2019 to the smallholders block and explanation of scheduled waste management has been conducted. 2019 training and briefing program established to remind the smallholders on awareness of scheduled waste. Based on the document provided it is sufficient to close the finding. This will be review in next audit.	
Closed: ☒ Yes ☐ No	Site verification : ☐ Yes ☒ No
Name of Auditor: Muhammad Khairul Anuar Bin Azizul Hasan	**Date of Closure:** 14/03/2019
Review of Implementation for Major NC (where applicable)	
Closed: ☐ Yes ☐ No	Site verification : ☐ Yes ☐ No
Name of Lead Auditor / Auditor:	**Date of Closure:**

Non Conformity Number < 2 >			
Indicator: 4.6.1.2 A visual identification or reference system shall be established for each field or block of oil palm planting. (MAJOR)			
Location	SPOC C9 Kuala Lipis		
Description of Finding / Objective Evidence:			
During site verification and interview 4 of the sampled smallholders have no visual identification for their farm			
Classification	☒ Major	☐ Minor	☐ Observation
Date Raised:16/01/2019		**Deadline for implementation**	17/03/2019
Root Cause Analysis (*by company*):			
Smallholders have been given visual identifications signage, but forget to install in the field.			
Correction *(by company)*:			
Visual identification has been installed			
Corrective / Preventive Action (*by company*)			
Periodically surveillance monitoring to smallholders field by time to time.			
Review of Correction & Corrective / Preventive Action			
Review on the program and visit 2019 to the field of smallholders for monitoring the visual identification has been established. Document provide include pictorial of smallholders has install the visual identification. Base on the document provided it is sufficient to close the finding This will be review in next audit.			

Non Conformity Number < 2 >	
Closed: ☒ Yes ☐ No	Site verification : ☐ Yes ☒ No
Name of Auditor: Ariff Bin Lokman	**Date of Closure:** 14/03/2019
Review of Implementation for Major NC (where applicable)	
Closed: ☐ Yes ☐ No	Site verification : ☐ Yes ☐ No
Name of Lead Auditor / Auditor:	**Date of Closure:**

5. CONCLUSION

Malaysia Palm Oil Board, Cawangan Miri, SPOC C9 Kuala Lipis has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) consisting of 70 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

The 2 Major NCs raised in this audit are closed out successfully.

From the review of the standard operating procedures, relevant forms, work flow charts establish 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 organization has establish, implement and continue to improve in managing the independent smallholders are in line with the Principles & Criteria of the applied standard MS 2530-2:2013 Part 2.

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

Total certified number of independent smallholders:	70	Smallholders
Total certified acreage of smallholders:	165.58	Ha
Certified FFBs output January to December 2018:	709.37	mt
Projection FFBs output January to December 2019:	1,278.00	mt

6. RECOMMENDATION

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

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

The structure of the audit was in accordance with the audit plan included 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 production and management 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 / Recertification
/	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 24/04/2019

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

Puchong, 24/04/2019

Nor'adhlin Sofia Binti Razali
TUV NORD (Malaysia) Sdn Bhd
Certifier / Approver

7. REFERENCES

Table 6-1: List of Interviewed Persons, Observers and Smallholders

No.	Name	Organization / Function
1.	Norrazlan Kasmaui	Ramp Dealer
2.	Mohammad Amirizzuddin B. Mohd Zani	Kilang Sawit Kechau B
3.	Adnan Abdullah	Koperasi Pekebun Kecil Lipis
4.	Muhammad Safwan Sukardi	Risda Plantation
5.	Mohd Hazrul Ghazali	Risda Plantation
6.	Lau Peng Chong	Manager Pertiwi Palm Sdn Bhd /Muda enterprise

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 of weaknesses may still exist which were not expressly mentioned by the auditors in the final meeting or in the audit report. The responsibility for continuous effective operation of the management system always rests solely with the audited and certified organisation. Salvo clause: The audit report will be left to the organisation at the end of the audit - subject to approval by the certification body. The independent release process may cause modifications or additions. In these cases a modified revision will be sent to the audited organisation. The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body. Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures	
Annex / corresponding audit documentation	☐ P&C Audit Report / Checklist(s) ☐ Audit Plan ☐ Additional annexes, number