



MSPO CERTIFICATION SUMMARY REPORT

MPOB SPOC J33 SUNGAI BALANG

STAGE 2 – CERTIFICATION AUDIT

Date: 30/05/2019

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MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board

Certifying Unit: SPOC J33 Sungai Balang

Client Number: 92-096

Audit Type: Stage 2 – Certification Audit



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ABBREVIATIONS

| | |
|----------------|-------------------------------------|
| CHRA | Chemical Health Risk Assessment |
| CPO | Crude Palm Oil |
| CSR | Corporate Social Responsibility |
| DOE | Department of Environment |
| EFB | Empty Fruit Bunch |
| EIA | Environment Impact Assessment |
| FFB | Fresh Fruit Bunch |
| GAP | Good Agriculture Practices |
| GM | Group Manager |
| GPS | Global Positioning System |
| HBV | High Biodiversity Value |
| IPM | Integrated Pest Management |
| ISO | International Standard Organisation |
| LKN | Latihan Khidmat Nasihat |
| MPOB | Malaysian Palm Oil Board |
| NC | Non Conformity |
| OSH | Occupational Safety and Health |
| P&C | Principle and Criteria |
| PPE | Personal Protective Equipment |
| RTE | Rate, Threatened and Endangered |
| SA8000 | Social Accountability 8000 |
| SIA | Social Impact Assessment |
| SOP | Standard Operating Procedure |
| SPOC | Sustainable Palm Oil Cluster |
| WHO | World Health Organization |

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1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct an initial certification audit for its independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

1.1. Objective

The objective of this audit is to assess the MPOB Cawangan SPOC J33 Sg Balang of as group manager managing the independent smallholders by an independent certification body. The aim of this audit is assessed on the compliance of the standard by MPOB Cawangan SPOC J33 Sg. Balang.

1.2. Scope

The certification is based on the documentation established by MPOB Cawangan SPOC SPOC J33 Sg. Balang in managing the independent smallholders' scheme.

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

The documents and information are reviewed against the requirements and criteria 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.

The following references 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

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

Qualification of the Lead Auditor: Zul Hairi Bin Abu Hassan

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

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

Qualification of Team Members

| Requirement | Assessor | Qualification | Compliance |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|------------|
| Post-secondary education, college or university diploma / degree in one of the following | Muhammad Khairul Anuar Bin Azizul Hasan | 7 years working experience in oil palm plantations. | Yes |

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| Requirement | Assessor | Qualification | Compliance |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------|------------|
| i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields | Khairul Anwar Bin Ismail (Trainee) | 5 years working experience in oil palm plantations. | 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 oil palm plantations. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | 5 years working experience in oil palm plantations. | Yes |
| Successfully completed MS 2530 series of standards training | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed MS 2530 Auditor course. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | Successfully completed MS 2530 Auditor 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 |
| | Khairul Anwar Bin Ismail (Trainee) | Auditor in training | Yes |
| A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language. | Muhammad Khairul Anuar Bin Azizul Hasan | Able to communicate in Bahasa Malaysia and English. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | Able to communicate in 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 oil palm plantations. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | 5 years working experience in oil palm plantations. | Yes |

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| Requirement | Assessor | Qualification | Compliance |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------|------------|
| Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use | Muhammad Khairul Anuar Bin Azizul Hasan | 7 years working experience in oil palm plantations. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | 5 years working experience in oil palm plantations. | 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 completed IMS 9001, 14001 and 45001 LA course. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | Successfully completed IMS 9001, 14001 and 45001 LA course. | Yes |
| Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes | Muhammad Khairul Anuar Bin Azizul Hasan | Successfully completed SA 8000 Basic training | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | Successfully completed SA 8000 Basic training | 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 completed IMS 9001, 14001 and 45001 LA course. | Yes |
| | Khairul Anwar Bin Ismail (Trainee) | Successfully completed IMS 9001, 14001 and 45001 LA course. | Yes |

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

Stage 1 Audit:

Stage 1 audit is conducted on 20/03/2019 at SPOC J33 Sg. Balang office that covers desk review activities:

- Background investigation
- Review of documentation established but not limited to below
 - SPOC Operating Policies
 - Farms map
 - Land titles or land application
 - Standard Operating Procedures
 - Work Flow Charts
 - MPOB licenses and approvals
 - Training records
 - Applicable Legislation Documents
- Interviews of relevant operation personnel
- Assessment reporting

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Stage 2 Certification Audit:

Stage 2 certification audit is conducted on 24/04/2019 to 25/04/2019 covers the following activities but not limited to below:

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

For list of personnel stakeholders participated in the audits refer attendance sheet and Table 7-1.

On-site Assessment

The audit of the smallholders is 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 are used to guide the collection of information. Any comments from external stakeholders were considered in the assessment.

For this certification audit, the selected independent smallholders are based on the formula $S = \sqrt{n}$ where S = sample size and n = number of group members which is in accordance to MSPO certification procedure.

The group of smallholders consists of 119 members.

Based on the formula, the sample size $S = \sqrt{119} = 10.90$. Therefore, round up to the next integral of 11. Thus, a total of 11 smallholders selected for the onsite assessment and inspection as listed in Table 2-1 below:

Table 2-1: List of Sampled Independent Smallholders

| Name of independent smallholders | Specific Address / site |
|----------------------------------|----------------------------|
| Mat Sabilan Bin Abd Rahman | 102°46'23.3"E 1°85'50.21"N |
| Lim Kim Kan | 102°43'25.9"E 1°55'15.26"N |
| Mohd Shamsuri Bin Jamain | 102°45'1.25"E 1°54'51.26"N |

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| Name of independent smallholders | Specific Address / site |
|-------------------------------------|-----------------------------|
| Saadah Binti Sahari | 102°44'32.59"E 1°54'5.36"N |
| Kalsom Binti Abu | 102°44'36.19"E 1°54'40.36"N |
| Salikin @ Likin Bin Rabu @ Hj Nasir | 102°42'9.61"E 1°54'15.12"N |
| Markinah Binti Ahmad | 102°43'26.88"E 1°52'40.57"N |
| Sahlan Bin Hitam @ Kitang | 102°44'21.77"E 1°54'48.28"N |
| Norizan Binti Lasaling | 102°42'9.06"E 1°53'31.13"N |
| Gan Chee Siong | 102°42'47.14"E 1°54'16.38"N |
| Md Nor Bin Abd Rahim | 102°46'2.16"E 1°55'4.01"N |

Non-conformance:

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

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

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3. ORGANISATION INFORMATION

MPOB Cawangan SPOC J33 Sg. Balang, is a branch of MPOB located at Muar, Johor to provide technical support as well as develop the independent smallholders scheme around the Muar district.

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

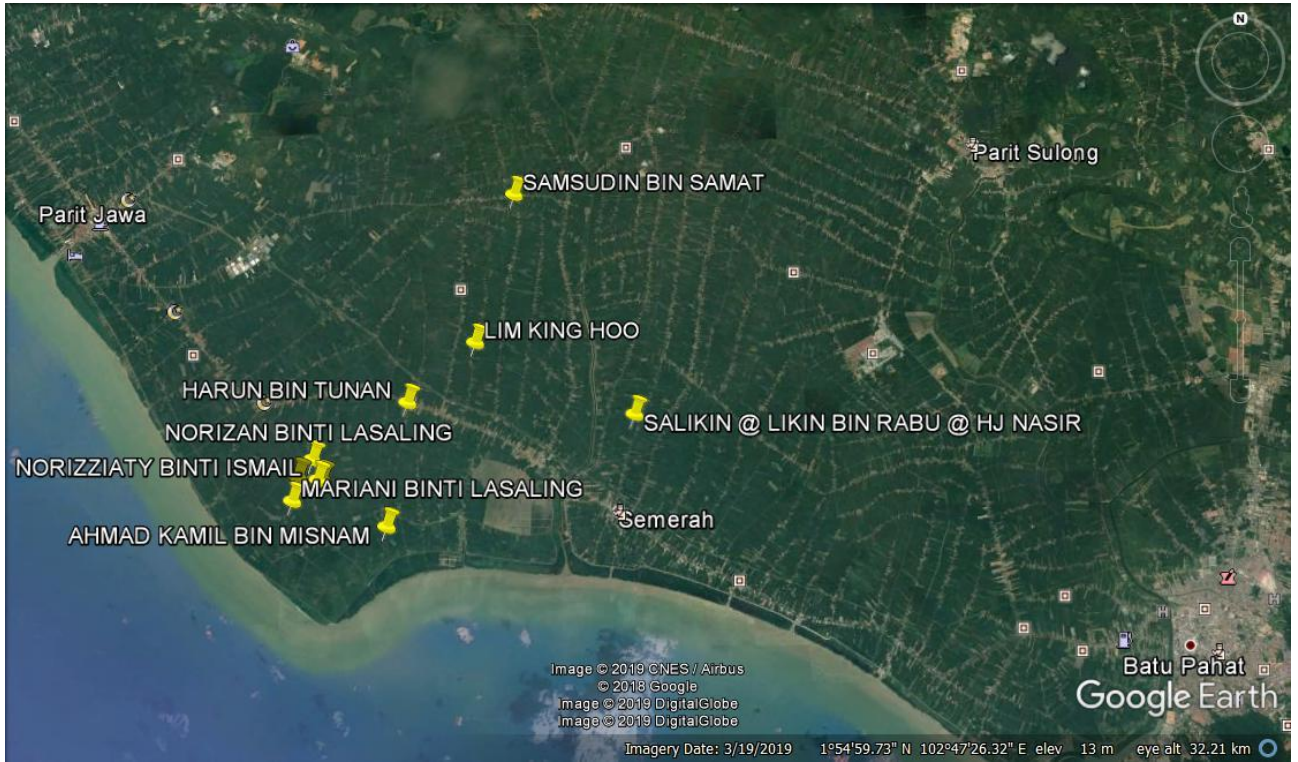
The SPOC office is located at No. 33 (Tingkat 1), Jalan Kasawari 21/7, Taman Sungai Abong Permai 2, 84000 Muar, Johor.

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



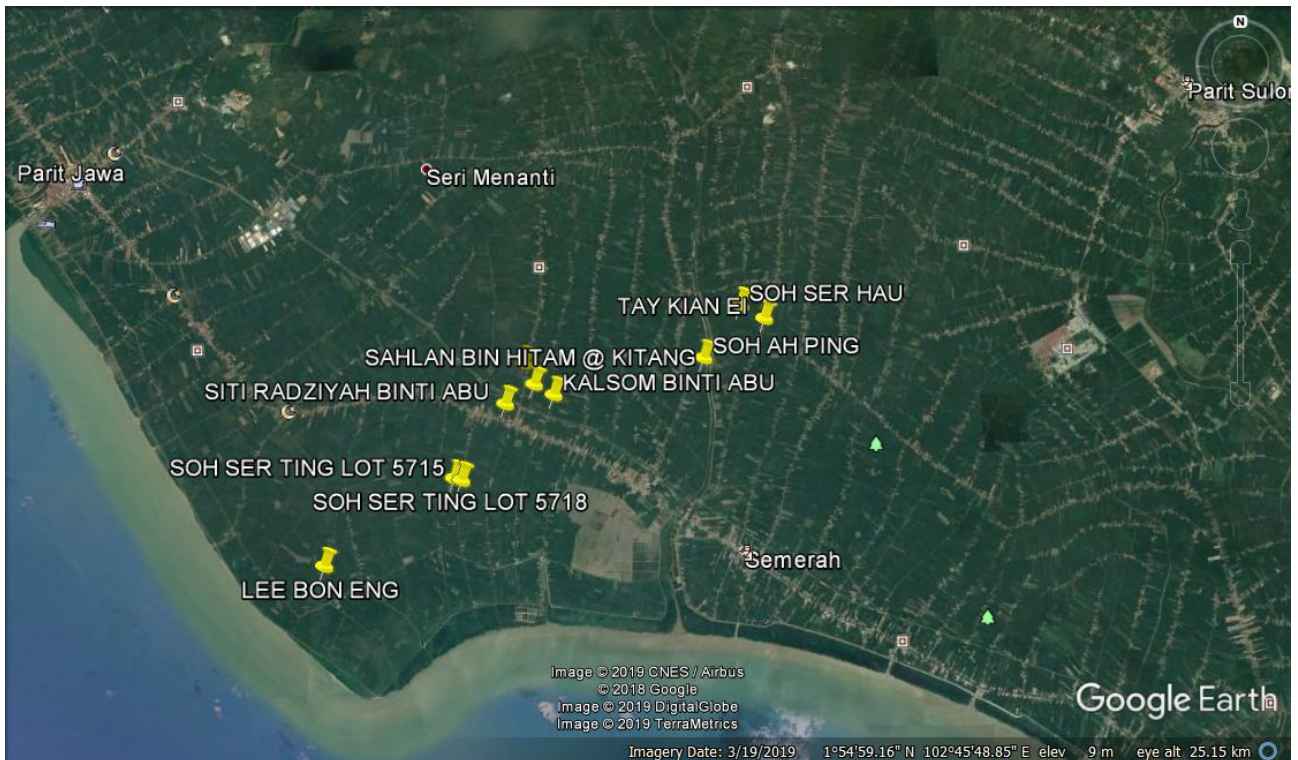
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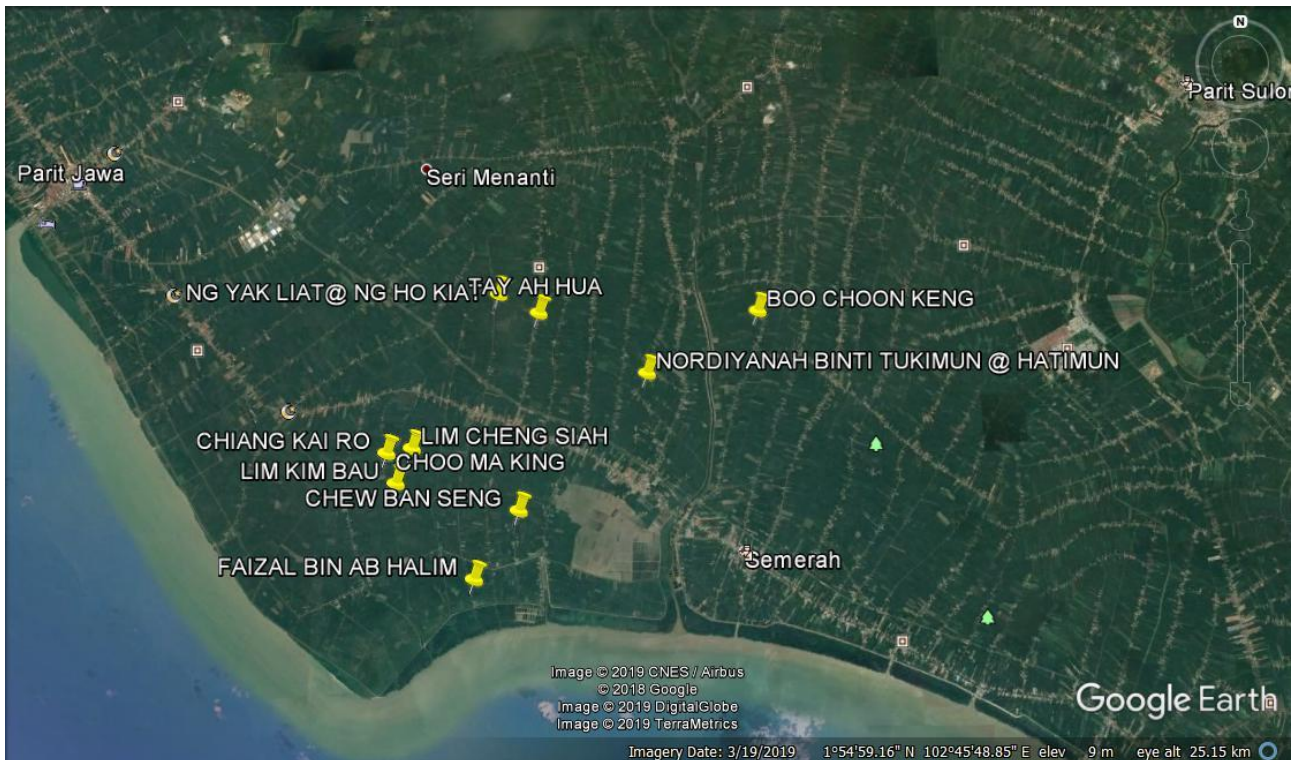
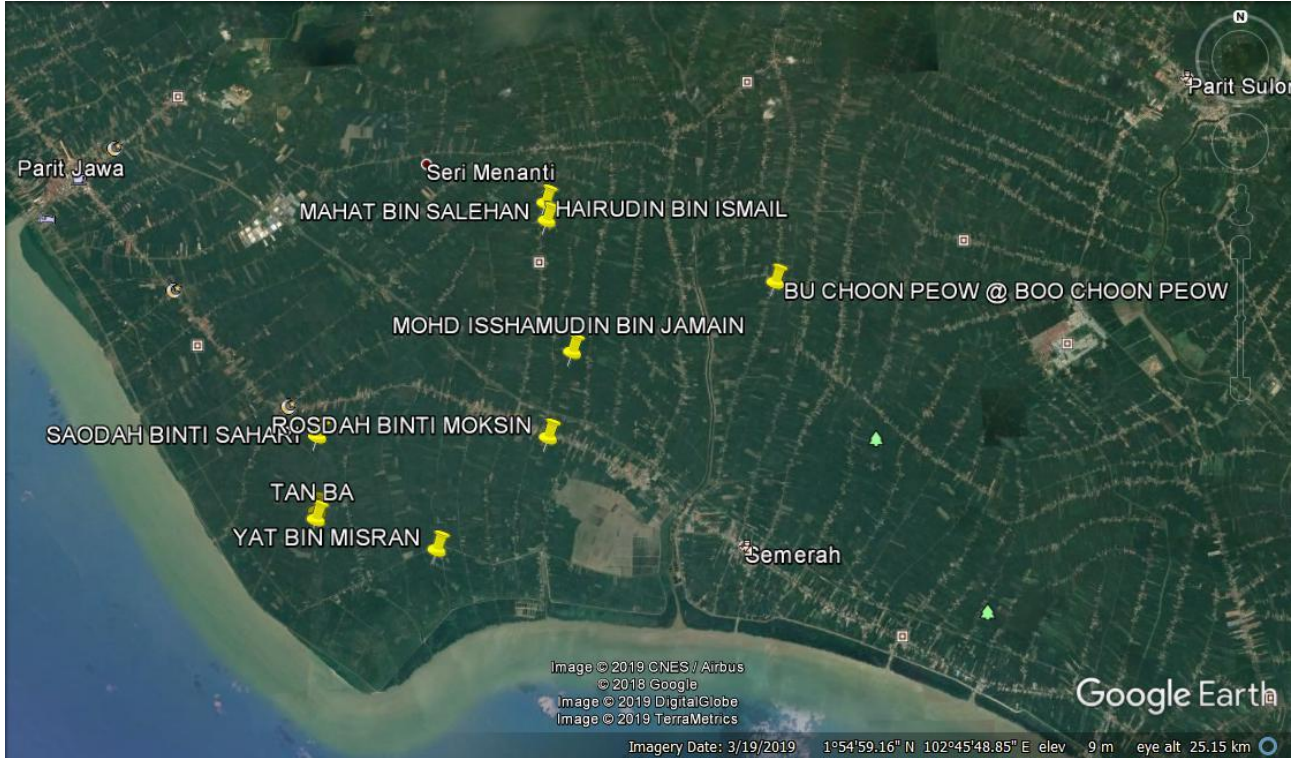
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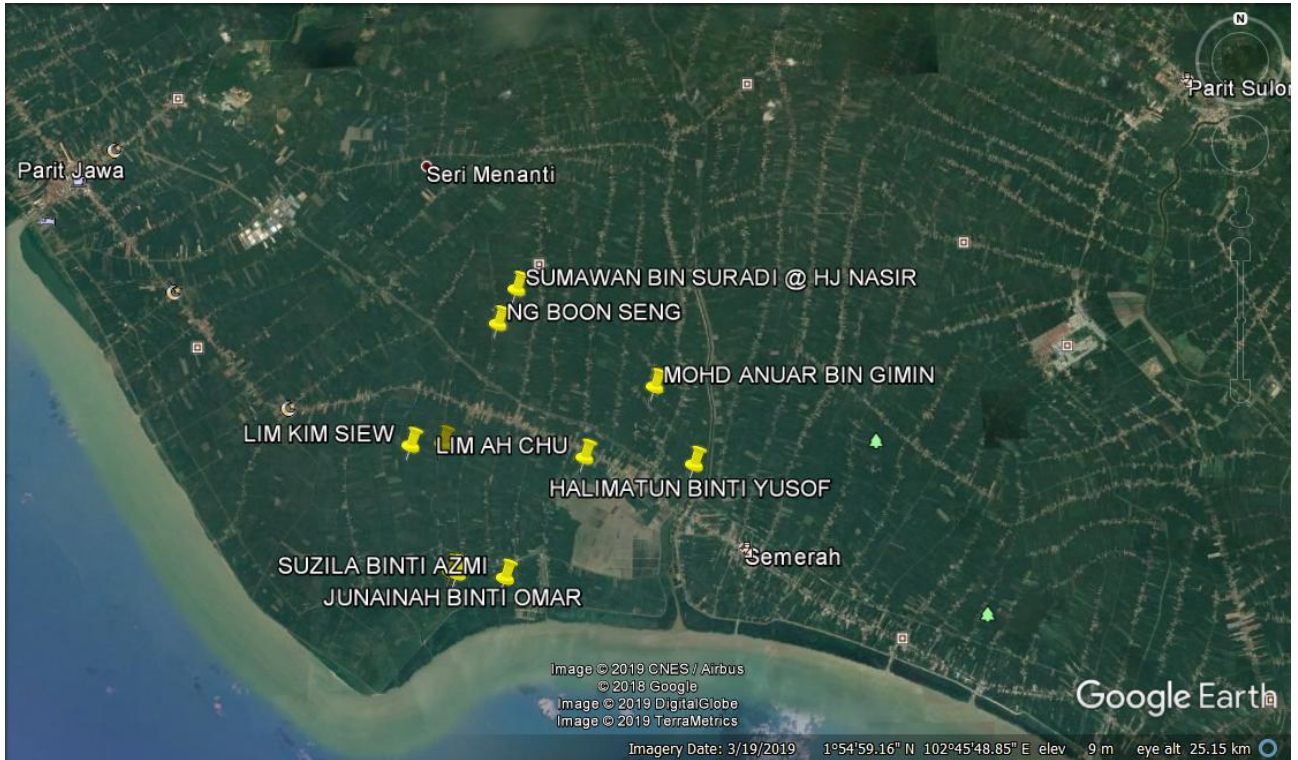
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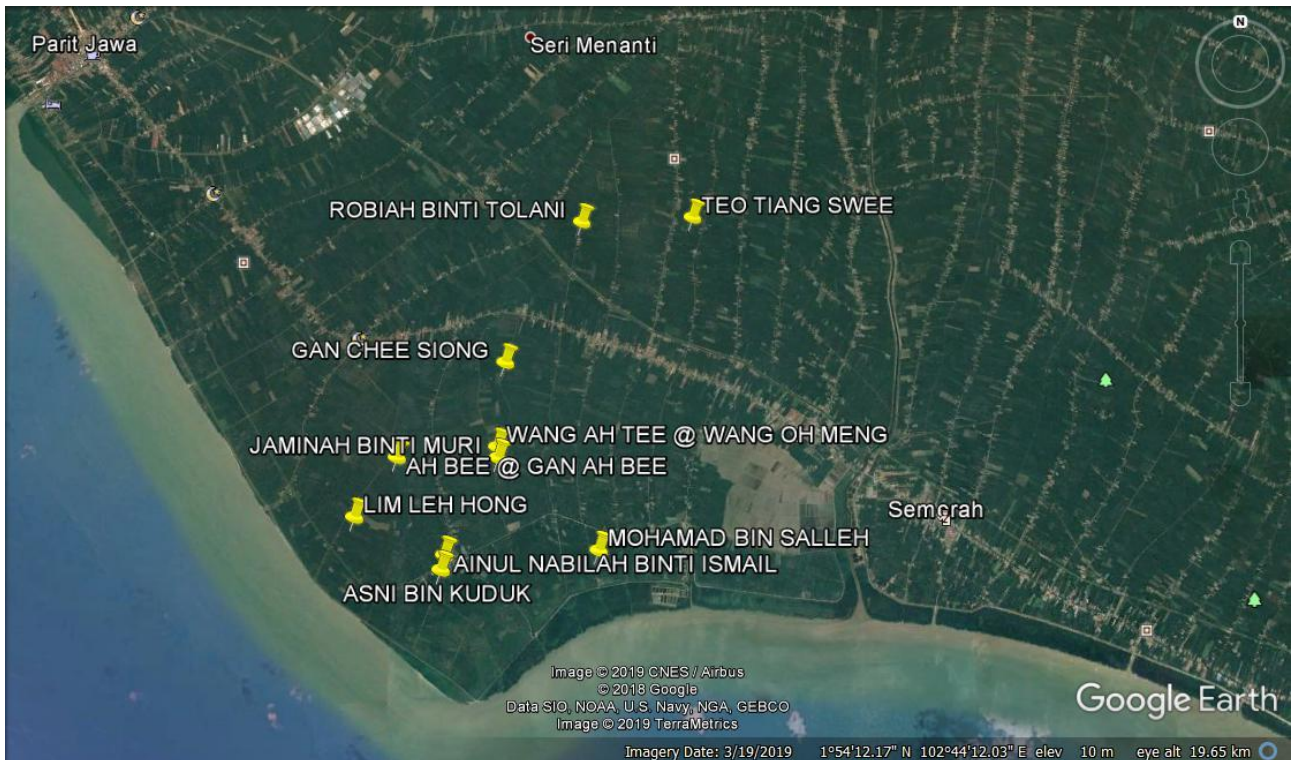
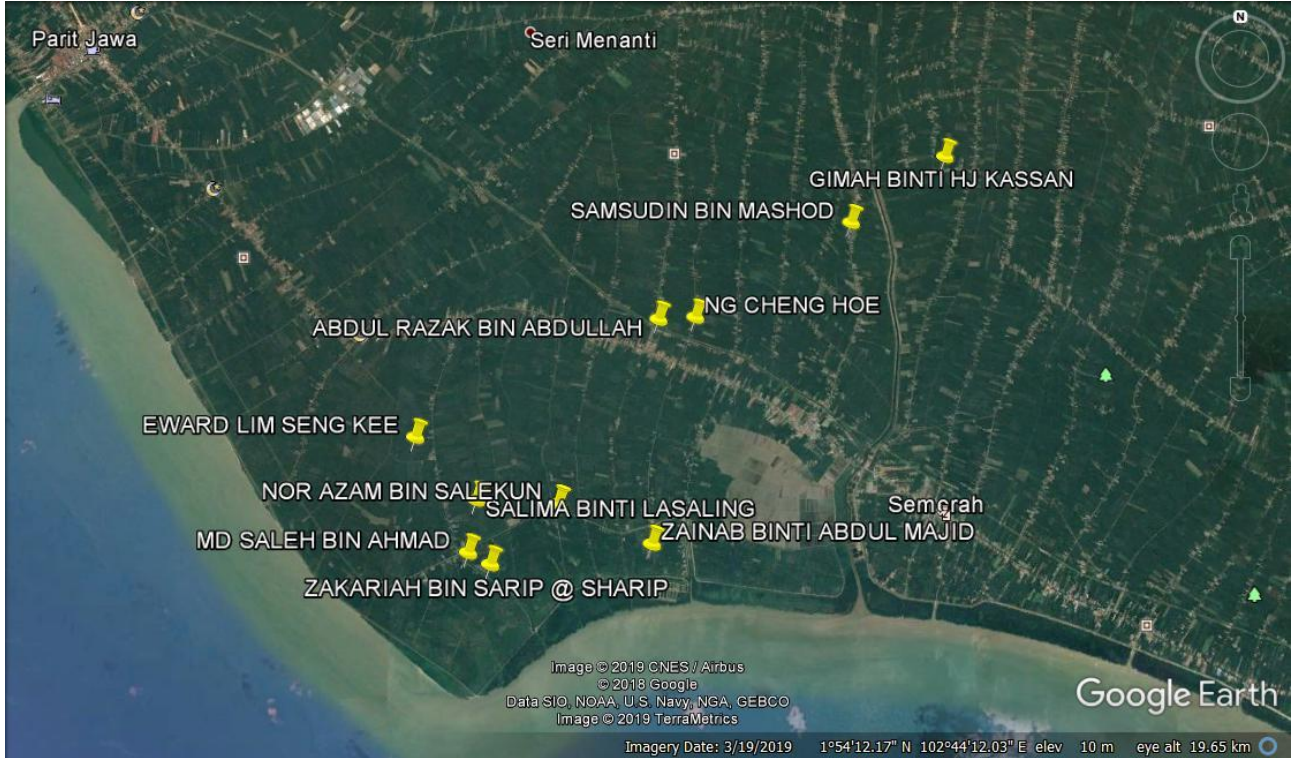
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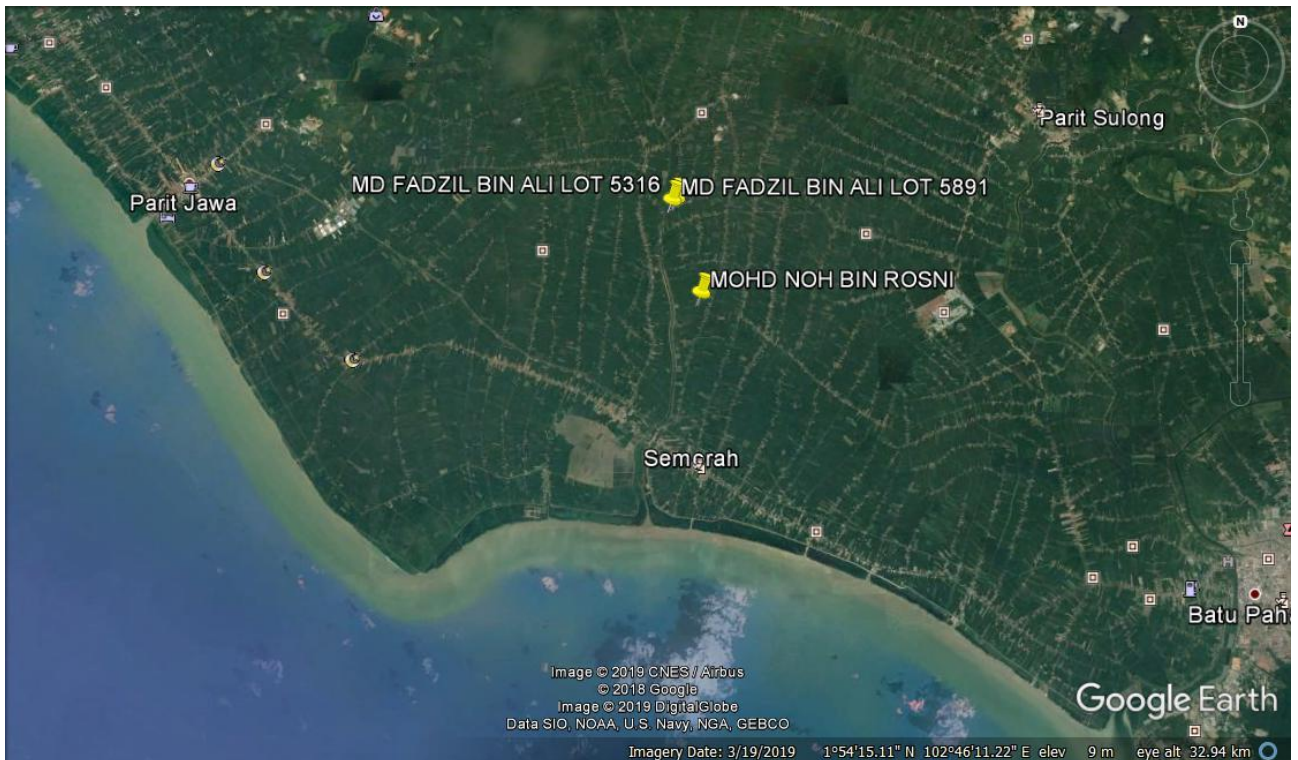
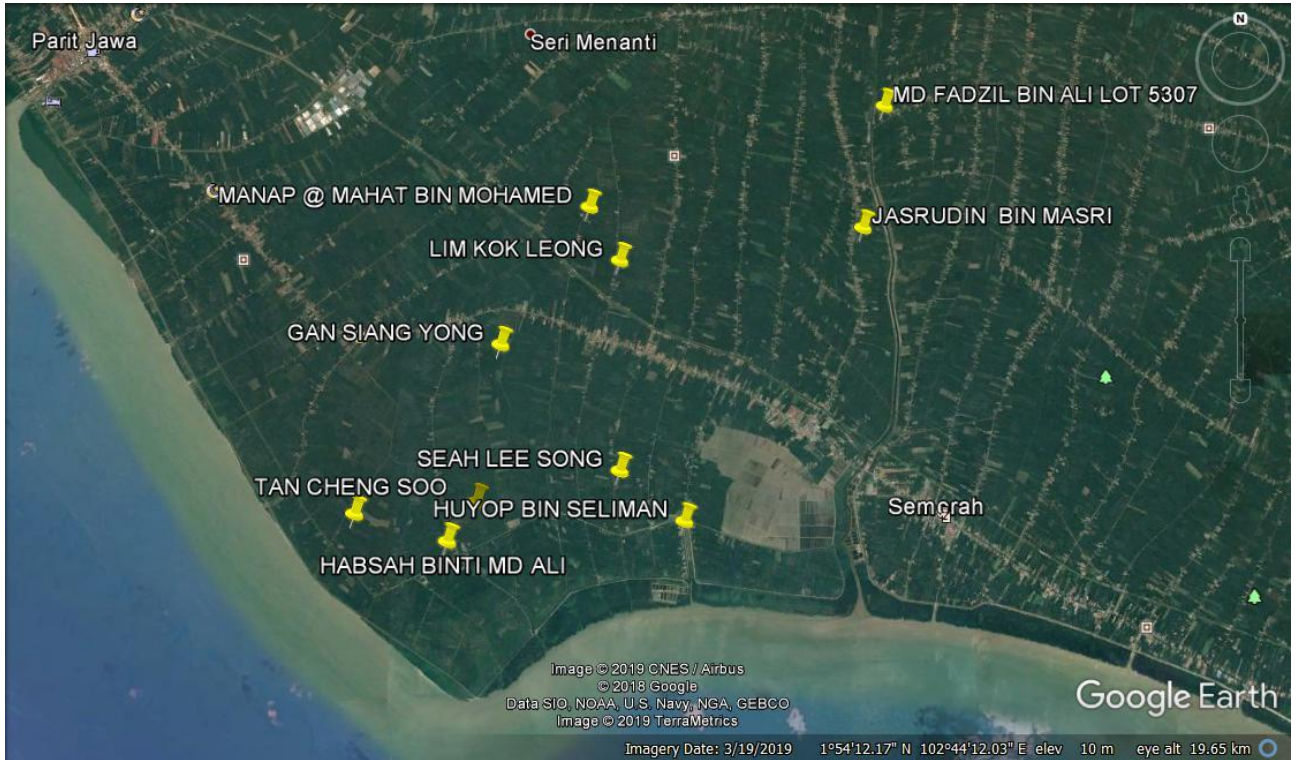
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4. CERTIFICATION ASSESSMENT

4.1. Stage 2 - Certification Audit

The objective of the audit is to assess the activities of MPOB Cawangan SPOC J33 Sg. Balang are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Stage 1 Audit

The objective of the stage 1 audit is to assess the readiness of the documentation establish and implemented in accordance to MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.2. Certification Stage 2:

There are 119 smallholders joined the certification during certification audit.

The certification audit is conducted on 24/04/2019 to 25/04/2019 that include inspection of the smallholders farms, farms boundary, interviews, conduct stakeholders' consultation and review of the findings raised in the last audit.

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

The details of assessment of the indicators are at the summary of assessment in this report.

During the onsite the following were 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 Stage 2 audit, there are no non-conformances findings raised.

During this audit, the stage 1 findings raised, the audit team has review 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.

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

There are audit findings raised in this audit.

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 22/03/2019 as to accommodate stakeholder's consultation meeting for SPOC J33 Sg. Balang to provide comments. As at audit date on 24/04/2019 to 25/04/2019 there are no comments received.

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Invitation letters are sent on 04/04/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 22/04/2019 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 objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in area;
- c. Wildlife management area and impact to the smallholders;
- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around area;
- f. Support from processing palm oil mills at 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 as regards to MSPO audit? | Stakeholders attending the meeting confirmed that they are aware of the audit via invitation letter that were sent to them. Other means of information is notice display at MPOB office. | Positive comment towards SPOC J33 Sg. Balang group. |
| 2 | Social issues | Stakeholders inform there are no social issues as regards to SPOC J33 Sg. Balang members. | Positive comment towards SPOC J33 Sg. Balang group. |
| 3 | Understanding of Land Title – Native Customer Land, Freehold, Leased (Grant), Land application (LA) | Stakeholders attend the meeting confirms that none of them have any land as NCR land title. They are aware that most of smallholders have leased or freehold land titles. | Positive comment towards SPOC J33 Sg. Balang 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 manual weeding rather than using chemical. Thus having more proper farm management and increase in yield. | Positive comment towards SPOC J33 Sg. Balang group. |
| 5 | Does MSPO largely benefits the local community? | Stakeholders confirmed that they understand the benefits of the MSPO certification which among other contribution to local community. | Positive comment towards SPOC J33 Sg. Balang group. |

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| | | | |
|----|--------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| 6 | Understanding of environmental. | 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 J33 Sg. Balang 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 J33 Sg. Balang group. |
| 8 | FFB quality | There are no issues as regards to FFB quality since smallholders are aware on the ripeness standard by MPOB guideline. Smallholders send the FFB within 24 hour to retain the good quality FFB. | Positive comment towards SPOC J33 Sg. Balang group. |
| 9 | 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 J33 Sg. Balang group. Group manager has established form if any issue/complaint related to smallholders. | Positive comment towards SPOC J33 Sg. Balang group. |
| 10 | 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 J33 Sg. Balang on MPSO certification. | Positive comment towards SPOC J33 Sg. Balang group. |
| 11 | Do you have any suggestions for management? | Stakeholders who attend would like to involve more in programme that held by SPOC J33 Sg. Balang group. | Positive comment towards SPOC J33 Sg. Balang group. |

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4.3. Summary of Assessment

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

| Principle 1: Management Commitment & responsibility | | | | | | | | |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|-----------------------|-------------------------------------------------------|-------------|----------------------------------------------------------------|-----|
| Indicator | Summary of Assessment | Compliance | | | | | | |
| 4.1.1.1 | <p>SPOC J33 Sg Balang has established 'Borang Permohonan Pensijilan Minyak Sawit Mampan Malaysia (MPOB)', doc Borang MSPO Pin. 3 date 20/12/2018. The form includes the MSPO policy.</p> <p>The policy is publicly available at notice boards and individual file.</p> <p>Smallholders understood the MSPO policy with a copy sign and kept on file.</p> | Yes | | | | | | |
| 4.1.2.1 | <p>SPOC J33 Sg Balang has established continual improvement plan, Senarai impak social, persekitaran & pelan tindakan. Document no: MSPO/SSCC/L-04/ISP issue no 1 dated effective: 30/03/2018.</p> <p>CIP established includes social and environmental impact</p> <table border="1"> <tr> <td>Activity</td> <td>Meracun</td> </tr> <tr> <td>Environmenta l Impact</td> <td>Pelupusan bahan buangan berjadual (tong racun kosong)</td> </tr> <tr> <td>Action plan</td> <td>Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas.</td> </tr> </table> <p>Site interview of smallholders understand the impact of environmental if they do not follow the requirements.</p> | Activity | Meracun | Environmenta l Impact | Pelupusan bahan buangan berjadual (tong racun kosong) | Action plan | Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas. | Yes |
| Activity | Meracun | | | | | | | |
| Environmenta l Impact | Pelupusan bahan buangan berjadual (tong racun kosong) | | | | | | | |
| Action plan | Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas. | | | | | | | |
| 4.1.2.2 | <p>Internal audit conducted on 06/03/2019 with non-conformity and close timely within 90 days based on the SOP on 14/03/2019.</p> <p>SPOC J33 Sg Balang provide Warta Sawit and disseminated to smallholders through the Taklimat Pensijilan MSPO kepada Pekebun Kecil dated 20/12/2018.</p> <p>Latest Warta Sawit Bil. 69 (2)/ Mei – Ogos 2018 distributed to smallhodlers and records sighted.</p> | Yes | | | | | | |

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| Principle 2: Transparency | | |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.2.1.1 | SPOC J33 Sg. Balang established SOP Garis Panduan Pelan Daya Ekonomi dan Kewangan, doc no MSPO/SSCC/GP-01/PEK for traceability. BRL log book provided to the smallholders to record sales of FFBs. Interview with smallholders that all weighbridge tickets records are kept. | Yes |
| 4.2.1.2 | Summary of FFBs sales and delivery records for smallholders from January 2019 to March 2019 was reviewed. . SPOC J33 Sg. Balang has conducted training and LKN during field visit to smallholders to keep FFB records. Interview with smallholders, they understand and keep a good record of weighbridge tickets. | Yes |

| Principle 3: Compliance to legal requirements | | |
|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.3.1.1 | SPOC J33 Sg. Balang established lists of the legal register, doc no MSPO/SSCC/L-02/LLR effective date 13/04/2018. Example: Akta 514: Akta Keselamatan dan Kesihatan Pekerjaan 1994, Akta 350: Akta Kanak – Kanak dan Orang Muda (pekerjaan) 1966 Interviewed with smallholders they are aware of the law and regulation such as no open burning activities, prohibition hunting for wild animals, triple rinsing the empty chemical containers, minimum wages. | Yes |
| 4.3.2.1 | Smallholders are able to provide evidence of land ownership and land use rights for oil palm. The land titles are Leased 99 years or Freehold. There is no lands dispute raised by stakeholders. | Yes |
| 4.3.3.1 | SPOC J33 Sg Balang smallholders type of land titles are leased 99 years or freehold. Land use right: for the planting of rubber. Sighted letter dated 14/03/2019, for application of changing land use right for 47 smallholders. | Yes |
| 4.3.3.2 | The land titles are with a map that indicate the lot no, location and size. | Yes |

| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.4.1.1 | SPOC J33 Sg. Balang has established SOP 'Aduan dan Rungutan', doc no: MSPO/SSCC/SOP-01/AR no issue: 01 date effective: 13/04/2018, | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>The objective of the SOP 'Memantau dan memastikan aduan dan rungutan yang diterima daripada pihak berkepentingan diselidik dan diambil tindakan dalam tempoh yang telah ditetapkan dengan efektif'.</p> <p>Compliant form is established, doc no: MSPO/SSCC/SOP-01/AR no issue: 01, date effective: 13/04/2018.</p> <p>Timeline stated for the grievance to be addressed within 14 days according to the flowchart.</p> <p>The group manager is the responsible person to handle and resolve any complaints.</p> <p>The flow chart in the SOP state the normal complaint process is to be resolved within 14 days. If the complainant is not satisfied with the action taken the complaint will extend another 10 days for the response.</p> <p>SOP states if the complaint received not under the jurisdiction of group manager it will refer to the MPOB Headquarter to resolve.</p> <p>There are no complaint lodged as at audit date. Site interview with smallholders and stakeholders understand the complaint process.</p> | |
| 4.4.1.2 | <p>SPOC J33 Sg. Balang has established SOP 'Aduan dan Rungutan', doc no: MSPO/SSCC/SOP/01/AR no issue: 01 date effective: 13/04/2018.</p> <p>SOP state timeline to resolve disputes is within 14 days.</p> <p>If the complaint is beyond the GM control, it will be referred to MPOB headquarters.</p> <p>Group manager had established complaint and grievance communication channel for complaint that can be raised effectively.</p> <p>Smallholders and stakeholders are briefed on the complaint and grievance procedure during training on 20/12/2018. Smallholders are provided the complaint and grievances form.</p> <p>During interview, the smallholder explained that they will refer to MPOB Office or GM if there is any complaint to be raised</p> <p>No Complaint raised as at 25/04/2018.</p> | Yes |
| 4.4.2.1 | <p>SPOC J33 Sg. Balang has conduct safety and health related training on 20/12/2018</p> <p>During field verification smallholder could list out the PPEs required during spraying such as face mask, apron, goggle, safety helmet, rubber safety shoes and hand glove.</p> <p>The smallholders are aware of the importance of safety during working in estate and briefed the casual workers the importance of safety and monitor the workers during the activity.</p> | Yes |
| 4.4.3.1 | <p>SPOC J33 Sg. Balang has established 'Terma Pengajian Pekerja' 'Kelompok Minyak Sawit Mampan', document number MSPO/SSCC/SMP-01.</p> | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>The form include:</p> <ol style="list-style-type: none"> 1. Mempunyai permit kerja bagi pekerja asing. 2. Tidak sama sekali membenarkan/ mengupahkan kanak-kanak di bawah umur 15 tahun. 3. Tidak sama sekali membenarkan/ mengupah orang muda di bawah umur 15 -18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit. 4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik. 5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang telah disyorkan oleh pengurus SPOC. 6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja. 7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang dan ditandatangani oleh pekerja. 8. Memastikan setiap kerja yang dilakukan adlah dalam keadaan yang selamat seperti mana yang digariskan di dadlam GP-02: Garis Panduan Keselamatan dan Kesihatan pekerjaan. <p>During interview of smallholders they have verbal agreement with the temporary worker on the payment and rate prior to the execution of the work task.</p> | |
| 4.4.3.2 | <p>SPOC J33 Sg. Balang MSPO policy document number MSPO/SSCC/POLISI-01 (Rev01) states</p> <ul style="list-style-type: none"> • 'Menentang amalan diskriminasi dengan mengamalkan hak kesamarataan dalam memberi eluang dan layanan tanpa mengira bangsa, jantina, agama, fahaman politik dan kewarganegaraan' to improve the awareness of smallholders provide equal opportunity and practice no discrimination. <p>No complaints related to discrimination sighted during documents review.</p> <p>Field interviews with smallholders and meeting with stakeholders confirm no discrimination occurs.</p> | Yes |
| 4.4.3.3 | <p>SPOC J33 Sg. Balang has established 'Terma Penggajian Pekerja', document number MSPO/SSCC/TPP-01.</p> <p>Most of the smallholders hire casual workers for harvesting activity and the harvesting rate is agreed verbally between smallholders and workers.</p> <p>No complaints raised by the workers on the rates.</p> | Yes |
| 4.4.3.4 | <p>Smallholders hired local or foreign casual workers who stay at their own houses nearby to the smallholder's land.</p> <p>No living quarters observed during the site visit.</p> | Yes |

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| Principle 4: Social Responsibility, health, safety and employment conditions | | |
|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.4.3.5 | <p>SPOC J33 Sg. Balang has established the MSPO Policy document number P-01/MSPO-SPOC/2016 that states 'Pematuhan undang-undang setempat, kebangsaan dan antarabangsa yang terpakai'.</p> <p>SPOC J33 Sg. Balang established document 'Syarat Mengupah Pekerja di Kebun Sawit' document number MSPO/SSCC/SMP-01 that describe 'Tidak sama sekali membenarkan / mengupah kanak – kanak di bawah umur 15 tahun untuk bekerja'. And 'tidak sama sekali membenarkan / mengupahkan orang muda di bawah umur 15-18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit'.</p> <p>There is no hiring of children as workers from the interview with smallholders. No child labour found during the field visit.</p> | Yes |
| 4.4.4.1 | <p>SPOC J33 Sg. Balang has conducted MSPO training on 20/12/2018 on topics related to MSPO, GAP, Quality of FFB, Environment, Safety and Health by Jabatan Keselamatan & Pekerjaan, wildlife preservation by Jabatan Perhilitan.</p> <p>SPOC J33 Sg. Balang established 'Kalendar aktiviti for 2018/2019' the training program year 2019</p> <p>Group manager conducted LKN/GAP for smallholders, actual and plan was according to 'Program Lawatan Pekebun Kecil 2019</p> <p>Example of LKN: Conducted by the group manager on 14/01/2019.</p> <p>Example of GAP: Conducted by group manager on 14/01/2019.</p> <p>During the field interview, the smallholders are awareness of the importance of MSPO, safety & health and maintain flora and fauna. The smallholders are provided with training materials for future references.</p> | Yes |

| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | | | | | |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--------------------|---------------------|------------------------------------------------------------------------------------------------------------------------------------|-----|
| Indicator | Summary of Assessment | Compliance | | | | |
| 4.5.1.1 | <p>SPOC J33 Sg. Balang 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 no: 1, date effective 13/04/2018.</p> <table border="1" data-bbox="347 1794 1219 2011"> <tr> <td>Aktiviti</td> <td>Impak persekitaran</td> </tr> <tr> <td>Meracun dan membaja</td> <td>Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran air dan zon mampan sungai.</td> </tr> </table> | Aktiviti | Impak persekitaran | Meracun dan membaja | Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran air dan zon mampan sungai. | Yes |
| Aktiviti | Impak persekitaran | | | | | |
| Meracun dan membaja | Pencemaran air boleh berlaku akibat daripada penggunaan racun mahkluk perosak berdekatan dengan saluran air dan zon mampan sungai. | | | | | |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | | | | | | | |
|----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-------|---------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----|
| Indicator | Summary of Assessment | Compliance | | | | | | |
| | <table border="1"> <tr> <td>Pembukaan kebun untuk tanaman baru/tanam semula</td> <td> Pencemaran udara akibat pembakaran terbuka sisa tanaman. Pencemaran air akibat pembuangan sisa tanaman ke dalam saluran air. </td> </tr> </table> <p>SPOC J33 Sg. Balang GM conducted environmental training on 20/12/2018 by Jabatan Alam Sekitar.</p> <p>The training include:</p> <ul style="list-style-type: none"> • DOE Function. • Scheduled waste management. • GAP related to the environment. <p>Interview with smallholders they are aware of the environmental impact by reducing the usage of chemical. No spraying activities near the field drain. No empty chemical containers and empty fertilizer bags sighted in the field.</p> | Pembukaan kebun untuk tanaman baru/tanam semula | Pencemaran udara akibat pembakaran terbuka sisa tanaman. Pencemaran air akibat pembuangan sisa tanaman ke dalam saluran air. | | | | | |
| Pembukaan kebun untuk tanaman baru/tanam semula | Pencemaran udara akibat pembakaran terbuka sisa tanaman. Pencemaran air akibat pembuangan sisa tanaman ke dalam saluran air. | | | | | | | |
| 4.5.2.1 | Field observations at smallholders there is no renewable energy used. The smallholders do not have the capacity and capability for renewable energy. | Yes | | | | | | |
| 4.5.3.1 | <p>SPOC J33 Sg. Balang has established SOP 'Senarai Sisa Racun Dan Domestik', doc no: MSPO/SSCC/L-03/SRD issue no: 1 date effective 13/04/2018.</p> <p>The SOP describes senarai sisa yang terhasil dari input pertanian.</p> <table border="1"> <thead> <tr> <th>Input pertanian</th> <th>Sisa yang dihasilkan</th> <th>Kesan</th> </tr> </thead> <tbody> <tr> <td>Racun perosak</td> <td> Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun </td> <td> Menjadi tempat pembiakan bagi nyamuk Mencemarkan sumber air semulajadi Mencemarkan kualiti udara </td> </tr> </tbody> </table> <p>Document 'Senarai Bahan Buangan Terjadual has established by SPOC J33 Sg. Balang dated 12/03/2019.</p> <p>List of scheduled waste:</p> <ol style="list-style-type: none"> 1. Empty chemical containers. 2. Used fertilizer bags. <p>List of domestic waste:</p> <ol style="list-style-type: none"> 1. Plastic bag 2. Cans 3. Glass bottles | Input pertanian | Sisa yang dihasilkan | Kesan | Racun perosak | Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun | Menjadi tempat pembiakan bagi nyamuk Mencemarkan sumber air semulajadi Mencemarkan kualiti udara | Yes |
| Input pertanian | Sisa yang dihasilkan | Kesan | | | | | | |
| Racun perosak | Tong racun kosong Sisa racun dari bilasan air Kain yang tercemar dengan sisa racun | Menjadi tempat pembiakan bagi nyamuk Mencemarkan sumber air semulajadi Mencemarkan kualiti udara | | | | | | |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | <p>4. Empty food container</p> <p>5. Food waste</p> <p>6. Paper</p> <p>Document of 'Rekod Bahan Buangan Terjadual' for smallholders to fill up for empty chemical containers and fertilizer bags.</p> | |
| 4.5.3.2 | <p>SPOC J33 Sg. Balang has established 'Pengurusan Bahan Buangan Terjadual', doc no: MSPO/SSCC/SOP-03/BT reversion: 01 date effective 06/07/2018,no</p> <p>SOP states 'memantau dan memastikan proses pengendalian dan pelupusan bahan buangan terjadual bagi individu yang bertanggungjawab dapat dilaksanakan dengan teratur, cekap dan selamat'.</p> <p>The procedure describes the monitoring purposes:</p> <ul style="list-style-type: none"> • senarai bahan buangan terjadual • rekod pelupusan bahan buangan terjadual <p>Site verifications the smallholders are aware of wastes to be disposed appropriately. No empty chemical containers and empty fertilizer bag sighted in the field.</p> | Yes |
| 4.5.4.1 | <p>SPOC J32 Sg. Balang has established SOP 'Lawatan Kebun Pensijilan GAP', doc no: SOP SKT TUNAS 2016.</p> <p>SOP states 1st visit considered as 'Lawatan Kebun GAP' and 2nd visi conducted as part of Latihan Khidmat Nasihat (LKN).</p> <p>Form for the monitor smallholders 'Senarai Semak Pensijilan MPOB Amalan Pertanian Baik (GAP) Pekebun Kecil Sawit is established</p> <p>Checklist in LKN</p> <ul style="list-style-type: none"> • Ada parit ladang/pengumpulan dibina dikawasn yang perlu dan diselenggara dengan baik bagi mengawal paras air/banjir • Paras air tanah didalam parit di kawasan gambut berada diparas optimum untuk mengurangkan kekeringan kekal/pemendapan (45-60 cm dari permukaan tanah) • Pelepah yang dipangkas disusun mengikut kontor atau diantara barisan tanaman. • Takungan lumpur (silt-pits) dibina dikawasan bercerun memotong curam. <p>During site observation, smallholders could demonstrate the understanding to maintain the quality and availability of surface and ground water.</p> | Yes |
| 4.5.4.2 | <p>Water harvesting practiced by smallholders. They use the drum and culvert and water used for chemical mixing purposes.</p> | Yes |

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| Principle 5: Environment, natural resources, biodiversity and ecosystem services | | |
|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.5.5.1 | <p>SPOC J33 Sg. Balang has established SOP 'Senarai Impak Sosial, Persikitaran & Pelan tindakan, doc no: MSPO/SSCC/L-04/ISP issue no: 1 date effective: 13/04/2018.</p> <p>SOP states:</p> <p>Pembukaan kawasan biodavesiti, mewujudkan kawasan mampan dikawasan tanah tidak subur/marginal sekaligus menjadi tempat habitat flor/fauna (mewujudkan ekosistem). Pelan tindakan diteruskan.</p> <p>Pembukaan kawasan kebun di kawasan hutan, pengurangan habitat bagi flora dan fauna. Haiwan berasimilasi bersama penduduk kampung (monyet, khinzir).</p> <p>SPOC J33 Sg. Balang has established wildlife list of available at Muar, dated 07/03/2019.</p> <p>Training conducted on 20/12/2018 by Department of Wildlife on the role of wildlife department, nearby species and related legal requirements.</p> <p>Interviewed with smallholders they sighted wildlife such as wild boar, snake and monkey.</p> <p>Observation at smallholders there is no endangered species sighted.</p> | Yes |
| 4.5.6.1 | <p>SPOC J33 Sg. Balang MSPO Policy Doc no: MSPO/SSCC/POLISI-01 dated March 2019. States pelaksanaan pembakaraan sifar dan amalan pertanian baik.</p> <p>Training conduct on 20/12/2018 incudes environment on no open burning.</p> <p>Smallholders understand that no open burning allow in field operation. During field observation no burning was sighted.</p> | Yes |

| Principle 6: Best Practices | | |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.6.1.1 | <p>The Smallholder had implemented best practices as per MPOB Code for Good Agriculture Practice (GAP).</p> <p>Field inspection and smallholder's interview that the fields are in good condition as required by MPOB Code of Good Agriculture Practice (GAP).</p> | Yes |
| 4.6.1.2 | <p>Signboard is available at smallholder block as identification of the block with information such as name of smallholder, lot no, ha, year of planting and coordinates.</p> | Yes |
| 4.6.2.1 | <p>SPOC J33 Sg. Balang has established SOP, 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', doc no: P-01/PDEK/2016 issue no: 1 date effective: 01/05/2017.</p> <p>Sighted budget for SPOC J33 Sg. Balang for year 2019 includes.</p> | Yes |

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| Principle 6: Best Practices | | |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| | 1. Latihan MSPO 2. Fail/Dokumen MSPO 3. Yuran Audit MSPO 4. Pembelian PPE 5. Pembelian Rak Bahan Kimia Buku Rekod Ladang (BRL) is established for monitoring the expenses and income of smallholders. | |
| 4.6.3.1 | Minutes meeting on briefing with dealer and smallholders conducted on 20/12/2018 to discuss fair pricing and grading of FFB based on market price. Signage of pricing FFB sighted at the notice boards ramp. Weighbridge ticket of FFB from dealer to smallholders reviewed. | Yes |

| Principle 7: Development of new planting | | |
|------------------------------------------|--------------------------------------------------------------------------------------------------------|------------|
| Indicator | Summary of Assessment | Compliance |
| 4.7.1.1 | Sighted planting statement for SPOC J33 Sg Balang. The first planting in 2001 and re-planting in 2018. | Yes |
| 4.7.2.1 | Sighted planting statement for SPOC J33 Sg Balang. The first planting in 2001 and re-planting in 2018. | Yes |
| 4.7.3.1 | Sighted planting statement for SPOC J33 Sg Balang. The first planting in 2001 and re-planting in 2018. | Yes |

4.4. Status of Non-Conformities Previously Identified

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| / | 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. |
| | 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. | |

4.5. Detail of Audit Findings in last Audit

Detailed Results

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| No | Clause | Audit Findings | Corrective Measure & Implementation | Follow Up on Corrective Measure Taken | Verified By | Date of Closure |
|----|---------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------|
| 1. | 4.1.2.1 | SPOC J32 may consider wider scope of CIP where affecting the oil palm in regards of peat soil area. | Telah disertakan di dalam calendar aktiviti 2019 dan MPK SPOC. *Rujuk lampiran | SPOC J33 Sg. Balang has established 'Kalendar Aktiviti 2019'. Program state 'Kursus Teknikal Sawit' include Pengurusan Sawit di tanah Gambut. SOP Senarai impak social, Persekitaran & Pelan Tindakan, doc no: MSPO/SSCC/L-04/ISP, no isu: 01, revisi no: 01 date efektif 04/11/2018. The new update of SOP include the impact of peat soil management. The finding is closed based on review of evidence | Zul Hairi Bin Abu Hassan | 23/04/2019 |
| 2. | 4.2.1.2 | There is no records sales of FFBS / weighbridge ticket available during the audit date. | Rekod jualan telah dikemaskini *Rujuk lampiran. | Rekod Data Hasil SPOC J33 Sg. Balang has been established date 18/04/2019. Stated in report 16 smallholders still immature ages. FFB records sighted from January 2019 to March 2019. The finding is closed based on review of evidence. | Zul Hairi Bin Abu Hassan | 23/04/2019 |
| 3. | 4.3.2.1 | Smallholders individual file verification indicate: 1. No land map (Borang B1) available for Smallholder no 5 to show their ownership. 2. There is no Surat Akuan Penyerahan | 1. Borang B1 telah diterima daripada pekebun. *rujuk lampiran 2. perjanjian pemilik tanah telah dikemaskini. | 1. Pelan Tanah smallholder no 5 available 2. Document of 'Perjanjian surat akuan penyerahan mengusaha kebun/perjanjian pemilik tanah smallholder no 85 has been available and review. | Muhamad Khairul Anuar Bin Azizul Hasan | 23/04/2019 |

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| | | | | | | |
|----|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------|
| | | Mengusahakan Kebun/ Perjanjian Pemilik Tanah for smallholder no 85. | *Rujuk lampiran | The finding is closed based on review of evidence. | | |
| 4. | 4.4.4.1 | MSPO training has conducted on 18/12/2018. However, the training does not covered all the smallholders based on the attendance list provided and LKN records. | Latihan kepada pekebun kecil telah diberi secara individu. *Rujuk lampiran | LKN has been conducted by group manager to all smallholders are not available during the training. Form for monitoring training required for smallholders has been established on 20/03/2019. The finding is closed based on review of evidence. | Zul Hairi Bin Abu Hassan | 23/04/2019 |
| 5. | 4.5.3.1 | Documents of schedule waste management have established dated 23/02/2019. However, the implementation in regards of recording the schedule waste are not filled up accordingly. | Senarai sisa buangan domestik dan senarai bahan kimia serta bahan buangan terjadual SPOC J32 telah disediakan. | Document 'Senarai Sisa Domestik and 'Senarai bahan kimia dan bahan buangan established on 07/03/2019. The implementation for recording scheduled waste on 23/02/2019. The finding is closed based on review of evidence. | Zul Hairi Bin Abu Hassan | 23/04/2019 |

4.6. Detail of Audit Findings Identified During This Audit

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

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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC J33 Sungai Balang
Client Number: 92-096
Audit Type: Stage 2 – Certification Audit



5. CONCLUSION

Malaysia Palm Oil Board has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) for SPOC J33 Sg. Balang consisting of 119 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

There is no non-conformity raised during stage 2 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 TÜV NORD (Malaysia) with sufficient evidence on the fulfilment of the applied standard Principles & Criteria.

In conclusion the certified organisation has been established, 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: | 119 | Smallholders |
| Total certified acreage of smallholders: | 205.32 | Ha |
| Certified FFBs output January to March 2019: | 1,257.01 | Mt |
| Projection FFBs output April to December 2019: | 3,317.18 | mt |

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board
Certifying Unit: SPOC J33 Sungai Balang
Client Number: 92-096
Audit Type: Stage 2 – Certification Audit



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 are interviews, observations, sampling of activities, review of documentation and records.

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

The structure of the audit is 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 policies and objectives.

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

| | |
|---|---------------------------------------------|
| / | Recommended for Certification |
| | Recommended for Continuity of Certification |
| | Suspended of Certification |

Puchong, 30/05/2019

Zul Hairi Bin Abu Hassan
TUV NORD (Malaysia) Sdn Bhd
Lead Auditor

Puchong, 30/05/2019

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

MSPO Certification Summary Report

Company Name: Malaysian Palm Oil Board

Certifying Unit: SPOC J33 Sungai Balang

Client Number: 92-096

Audit Type: Stage 2 – Certification Audit



7. REFERENCES

Table 7-1: List of Interviewed Persons, Observers and Smallholders

| No. | Name | Organization / Function |
|-----|---------------------|-------------------------|
| 1. | Mohd Fauzi Mohammad | Pejabat Tanah Muar |
| 2. | Jaida Bt Ramlee | Jabatan Alam Sekitar |
| 3. | Mohd Nafizan Radzi | Jabatan Perhilitan |
| 4. | Mohd Ali Mahadi | Jabatan Pertanian |

MSPO Certification Summary Report

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

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

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities 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 | <input type="checkbox"/> P&C Audit Report / Checklist(s) <input type="checkbox"/> Audit Plan <input type="checkbox"/> Additional annexes, number |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|