

MSPO CERTIFICATION SUMMARY REPORT

MPOB SPOC Q24 BELURU 2

SURVEILLANCE 02

Remote Audit Date: 30/11/2020 - 04/12/2020

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Company Name:	MPOB SPOC Q24 Beluru 2
Certifying Unit:	SPOC Q24 Beluru 2
Client Number:	92-054
Audit Type:	ASA 02
Mode of Audit:	Remote



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ABBREVIATIONS

CHRA	Chemical Health Risk Assessment
СРО	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
GPS	Global Positioning System
HBV	High Biodiversity Value
IPM	Integrated Pest Management
ISO	International Standard Organisation
LKN	Latihan Khidmat Nasihat
МРОВ	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 surveillance audit for SPOC Q24 Beluru 2 according to MS 2530-2:2013 Part 2 General Principles for Independent Smallholders.

Objective

The objective of this audit is to assess the MPOB Cawangan SPOC Q24 Beluru 2 as group manager managing the independent smallholders by an independent certification body for compliance of the applied standard.

1.1. Scope

The assessment is based on the documentation established by MPOB Cawangan SPOC Q24 Beluru 2 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.

1.2. Appointment & Qualification of Audit Team Members

The audit team appointed consists of the team leader and two team members. The team contribute to the review of documents, assessment of the project activity and preparation of the report.

Qualification of the Trainee Lead Auditor: Joseph Sim Siaw Seng

Requirement	Qualifications
Post-secondary education, college or university diploma / degree in one of the following	Graduate in Diploma in Occupational Safety & Health.
i) Agriculture;	
 Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); 	
iii) Engineering, Process Technology;	
iv) Energy Management, Quality 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)	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.
Successfully completed MPOCC endorsed lead auditor training	Successfully completed MS2530 series of standards for Lead Auditors
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.	Trainee Lead Auditor
Field working experience in the palm oil sector, or demonstrable equivalent	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	4 years of working experiences in Health and Safety and 3 years of working experiences in plantations.
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course
Health and safety auditing on the farm and in processing facilities Or	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course
Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	
Workers welfare and social auditing experience	Successfully completed Basic SA 8000 training.
or	
Successfully attended SA8000 or related social or ethical accountability codes	
Environmental and ecological auditing or experience with organic agriculture.	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course
or	
Successfully completed Environmental Management Systems ISO 14001 standard	

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Requirement				Qualifications
Completed assessment	High	Conversation	Value	Qualified and appointed as auditor for MSPO Scheme.
		e in Bahasa M her local language		Able to communicate in Mandarin, Bahasa Malaysia and English.

Qualification of Team Member(s)

Requirement	Name Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following	Mohd Nur Amin Bin Mohd Halim	Graduate in Office Management & Technology.	Yes
 i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); 	Sheron Pui Ling Wui	Bachelor in Medical Science	
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)	Mohd Nur Amin Bin Mohd Halim	6 years 10 months of working experience in both upstream & downstream division on managing sustainability of oil palm industry.	Yes
	Sheron Pui Ling Wui	4 years working experience in QA, QMS and internal audit, and 2 years working experience in MSPO audit experience.	
Successfully completed MPOCC endorsed lead auditor / auditor trainings	Mohd Nur Amin Bin Mohd Halim	Successfully completed MS2530 series of standards for Lead Auditors	Yes
	Sheron Pui Ling Wui	Successfully completed MS2530 series of standards for Lead Auditors	

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Requirement	Name Assessor	Qualification	Compliance
Conducted a minimum six (6) on-site audits for a total of at least 20 man-	Mohd Nur Amin Bin Mohd Halim	Qualified as Auditor for MSPO scheme	Yes
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.	Sheron Pui Ling Wui	Qualified as Auditor for MSPO scheme	
Field working experience in the palm oil sector or demonstrable equivalent	Mohd Nur Amin Bin Mohd Halim	6 years 10 months of working experience in both upstream & downstream division on managing sustainability of oil palm industry.	Yes
	Sheron Pui Ling Wui	4 years working experience in QA, QMS and internal audit, and 2 years working experience in MSPO audit experience.	
Good Agricultural Practices (GAP) and Integrated Pest Management (IPM), pesticide and fertilizer use	Mohd Nur Amin Bin Mohd Halim	6 years 10 months of working experience in both upstream & downstream division on managing sustainability of oil palm industry.	Yes
	Sheron Pui Ling Wui	4 years working experience in QA, QMS and internal audit, and 2 years working experience in MSPO audit experience.	
Successfully completed Quality Management Systems (QMS) ISO9001 standard	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course	Yes
	Sheron Pui Ling Wui	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course	
Health and safety auditing on the farms processes and activities Or	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course	Yes
Successfully completed Occupational, Health & Safety Management System ISO 45001 standard	Sheron Pui Ling Wui	Successfully completed IMS ISO 9001, 14001, 45001 Lead Auditor course	

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Requirement	Name Assessor	Qualification	Compliance
Workers welfare and social auditing experience	Mohd Nur Amin Bin Mohd Halim	Successfully completed Basic SA 8000 training.	Yes
or Successfully attended SA8000 or related social or ethical accountability codes	Sheron Pui Ling Wui	Successfully completed Basic SA 8000 training.	
Environmental and ecological auditing or experience with organic agriculture. or	Mohd Nur Amin Bin Mohd Halim	Successfully completed IMS ISO 9001, 14001, 45001 LA course training attended.	Yes
Successfully completed Environmental Management Systems ISO 14001 standard	Sheron Pui Ling Wui	Successfully completed IMS ISO 9001, 14001, 45001 LA course training attended.	
Completed High Conversation Value assessment	Mohd Nur Amin Bin Mohd Halim	Successfully completed HCV-HCS training.	Yes
	Sheron Pui Ling Wui	Successfully completed HCV-HCS training.	
Able to communicate in Bahasa Malaysia, English and / or any other local language.	Mohd Nur Amin Bin Mohd Halim	Able to communicate in Bahasa Malaysia and English.	Yes
	Sheron Pui Ling Wui	Able to communicate in Mandarin, Bahasa Malaysia and English.	

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2. METHODOLOGY

The audit approach consists of the following steps:

- Appointment of team members;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Latest smallholders list;
- Audit planning;
- Background investigation, desk review of submitted documents;
- Assessment, inspections, interviews SPOC personnel, contractors; review of documentation;
- Review of SPOC management system;
- Reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Final approval, certification decision and issuance of certificate.

Annual Surveillance Audit 02:

Annual surveillance audit conducted remotely on 30/11/2020 - 04/12/2020 that covers the following activities but not limited to below:

Remote:

- Confirmation of the appropriate interactive communication tools as describe in IAF MD4
- Desk documentation assessment;
- Virtual interview management;
- Virtual stakeholders communication; If required
- Virtual interview of smallholders; method of communication phone calls and WhatsApp
- Virtual inspection of farm; objective evidences field photos
- Production records
- Review revised and updated documentation;
- Training records
- Assessment reporting

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Remote Assessment

The audit of the smallholders is conducted according to the MS 2530-2:2013 Part 2 General Principles for Independent Smallholders.

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

This remote audit is conducted in accordance to MPOCC Updated Circular (27 October 2020) Guidance on Remote Audits due to Covid-19 Pandemic on travelling restrictions.

The remote audit follows the IAF MD4:2018 and as guided by the ISO 9001 Auditing Practices Group Guidance on Remote Audits.

The communication tool applied for remote audit are Google Meet, WhatsApp and Telephone.

MSPO guidance documents are used to guide the collection of information.

For this remote audit, the number of selected independent smallholders are based on example table of ACB – OPMC Issue 2 dated 04/09/2020.

The group of smallholders consists of 807 new members and 550 old members. The total number of smallholders for this audit are 1357.

As per MPOB requirements the risk factor of 1.5 shall be applied. Therefore, the sample size S = $1.5\sqrt{1357}$ = 55.26 round up to the next integral 56.

As per OPMC 2 issue 2, from the sample size, the number of the new members are $56 \times 75\%$ = 42 new members and number of existing members are $56 \times 25\%$ = 14 existing members.

The list of smallholders selected for the remote assessment and inspection listed in Table 2-1 below:

Table 2-1: List of Sample Smallholders

List of Existing Smallholders

Name	Coordinates
Ejah Anak Ranggau	N 3.488611, E 114.338333
Neyuk Ak Gong	N 3.727680, E 114.401494
Baja Ak Intan	N 3.852105, E 114.469733
Layang Ak Jau	N 3.851647, E 114.467633
Jus Ak Jimbai	N 3.862175, E 114.451761
Bakit Ak Janang	N 3.859772, E 114.440600
Layang Ak Budat	N 3.851894, E 114.447325
Asing Ak Jelap	N 3.859463, E 114.447283

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Name	Coordinates
Berayun Ak Embul	N 3.856036, E 114.446497
Agup Ak Sowing	N 3.846944, E 114.438333
Satu Ak Semawa	N 3.854250, E 114.446163
Bujang Ak Lukut	N 3.860833, E 114.441111
Kelai Ak Ajah	N 3.850822, E 114.445963
Theresa Ak Bujang	N 3.861666, E 114.441388

List of New Smallholders

Name	Coordinates
Ebi Anak Sawieng	N 3.796137, E 114.113727
Sindewang Anak Ebi	N 3.796048, E 114.111739
Welling Anak Ebi	N 3.795472, E 114.113248
Micheal Anak Ebi	N 3.795933, E 114.110771
Selepa Anak Kajeng	N 3.796530, E 114.114029
George Pual Anak Marin	N 3.771924, E 114.107480
Francis Tanggah	N 4.014875, E 114.149616
Francis Jalong Danai	N 3.716557, E 114.168144
Jim Mita	N 3.921666, E 114.312222
Andrew Nyelayan Usak	N 3.897222, E 114.185555
Joseph Ngerong	N 3.733034, E 114.159481
Linda Anak Katum	N 3.726270, E 114.169546
Nala Anak Tampa	N 3.814722, E 114.180277
Sulau Anak Tampa	N 3.751944, E 114.277222

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Name	Coordinates
Stephen Lian	N 4.938333, E 114.345000
Satu Anak Tang	N 3.959538, E 114.090902
David Adam	N 3.732296, E 114.261222
Guddy Ak Bawan	N 3.852169, E 114.091061
Barie Ak Mangie	N 3.854569, E 114.108669
Scitech Ak Guddy	N 3.874319, E 114.126019
Ubong James	N 3.537033, E 114.251805
Gurung Ngau	N 3.710472, E 114.180725
Bibi Raymond	N 3.718768, E 114.178121
Eunice Anak Guddy	N 3.875758, E 114.124197
Chua Siang Kwong	N 3.951666, E 114.095833
Roselina Anak Anai	N 3.955111, E 114.088333
Siah Anak Kreak	N 3.955111, E 114.088333
Ebi Anak Paong	N 3.894403, E 114.137527
Joyce Hitler Ak Guddy	N 3.862788, E 114.117794
Hanafi Bin Abdullah	N 3.802500, E 114.098155
Abu Bakar Bin Abu Talib	N 3.788982, E 114.099035
Mohd Yusof Bin Abu Talib @ William	N 3.805035, E 114.134120
Abu Talib Abak Bin Abdullah	N 3.805035, E 114.134120
Mohd Ali Bin Mohd Taha Tingum	N 3.795358, E 114.111700
Mohd Sulong Bin Abdullah	N 3.472833, E 114. 599899
Khairah Binti Mohd Taha	N 3.805035, E 114.134120

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Name	Coordinates
Tumas Anak Sengalang	N 3.805100, E 114.095500
Kasin Anak Jembu	N 3.786667, E 114.241667
Hwong Kai Lai	N 3.976691, E 114.101996
Tungkap Anak Empeli	N 3.852416, E 114.119666
Angelina Anak Tungkap	N 3.851444, E 114.107388
Sumie Anak Mutai	N 3.862911, E 114.111277

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 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 Q24 Beluru 2, is a branch of MPOB located at Lot 1177 & 1178, Tingkat 4, Block 9, MCLD Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak, Coordinate N 4.398355, E 113.986544 is managed by a group manager and supported by a team officers to manage the cluster providing technical support, estate management skills and training as well as develop the independent smallholders' scheme around the Beluru district.

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



Figure 1

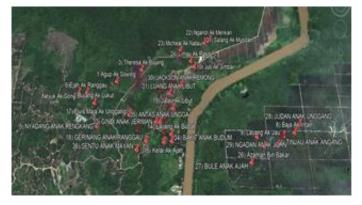




Figure 3

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Figure 4



Figure 5



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Figure 7



Figure 8



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Figure 10



Figure 11



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Figure 13



Figure 14



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Figure 16



Figure 17



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Figure 19



Figure 20



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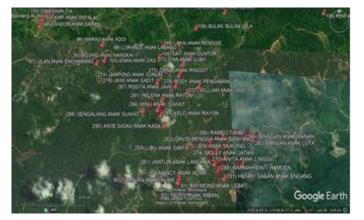


Figure 22



Figure 23



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4. CERTIFICATION ASSESSMENT

4.1. Annual Surveillance Audit 02

The objective of the audit is to assess the activities of MPOB Cawangan SPOC Q24 Beluru 2 are in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

4.1.1. Certification (Surveillance Audit):

The surveillance audit is conducted on 30/11/2020 to 04/12/2020.

The number of smallholders in this surveillance audit are 1376.

The number of smallholders 550 remain the same for this surveillance audit.

2

The number of smallholders joined during this surveillance audit are 808.

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 remote the following were verified but not limited to below:

- 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. Health and safety
- 6. Group Manager management system
- 7. Best practice farm management including fertilising, chemical spraying and harvesting.

During the surveillance audit ASA 02, there are 1 major NC and two OFI raised.

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

The number of audit findings raised in this audit refer to Section 4.6 of this audit report.

4.2. Stakeholders' Consultation

According to ACB – OPMC 4 Issue 2 dated 04/09/2020, Stakeholder Consultation Requirements Section 6: Consultation during audit, §6.1: During the stage 2 and recertification audit of the management unit, the CB shall carry out stakeholder consultation to ensure continued compliance with the requirements of the certification standards. However, stakeholders' consultation during surveillance audit may be limited to those stakeholders who have raised concerns, complaints or disputes prior to the audit.

The audit team leader has review the stakeholders' consultation feedback during the last surveillance audit and there are no concerns or complaints or disputes raised or any prior to this audit.

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Therefore, there is no stakeholders consultation conducted for this surveillance audit.

4.3. Summary of Assessment

Principle and 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 with all criterions will be assessed. Evidences are sought for conformity with the applied MSPO 2530-2. The summary of the assessment is as below, where the "Findings/Comments" column reflects the findings in accordance with each indicator or evidences and when non conformity is found. Summary of the non-conformity can be found below in section 4.6.

Principle 1	Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance	
4.1.1.1	SPOC Q24 Beluru 2 established MSPO policy dated 01/06/2020 signed by Group Manager.	Yes	
	SPOC Q24 Beluru 2 adopted MPOB MSPO certification application form with the MSPO policy included in the form duly agreed and signed by smallholders and acknowledged by Group Manager.		
	The policy is publicly available at MPOB office board.		
	Copy of application form available in smallholder file signed on 28/09/2020.		
	During phone interview with smallholders confirmed they understand on the MSPO policy.		
4.1.2.1	SPOC Q24 Beluru 2 adopted MPOB List of Social and Environmental Impact and Action Plan, document number MSPO/SSCC/I-04/ISP dated 01/06/2020.	Yes	
	The table include topic on activity, impact and improvement plan.		
	Example:		
	Activity: Chemical Spraying		
	Impact: Generate empty chemical containers		
	Action and plan: Triple rinsed and punctured the empty chemical container and store in designated place.		
	During phone interview with smallholders informed they understand the triple rinsing and the empty chemical containers need to be punctured.		
	Field photo review all empty chemical containers are mark with 'x' and reused for spraying activity.		
4.1.2.2	SPOC Q24 Beluru 2 distribute "Warta Sawit" to smallholders during LKN visit.	Yes	
	Interviewed smallholders by phone calls informed they obtain new information on oil palm management during LKN visit or through MPOB Facebook Page.		
	Remote documents reviewed on the LKN visit records confirmed LKN visit conducted as informed by smallholders.		

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Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	SPOC Q24 Beluru 2 adopted MPOB Guidelines for Economic and Financial Power Plans, document number MSPO/SSCC/GP-01/PEK, dated 01/06/2020.	No
	The guideline has a flow chart describing the step approach for delivery of FFB to ramp operator / collection center or mill with the type of documents.	
	1. Sales receipt	
	2. Weighbridge ticket	
	3. Enter to BRL	
	4. Keep Receipt	
	5. Collect records and prepare summary	
	Phone call interview smallholders informed they are aware and maintain the documents related to traceability.	
	Major Non conformity: No. 01	
	According to guideline from MPK 2020, FFB production record shall be updated twice a year. However, during review of the record, data from January until Jun 2020 are not updated.	
4.2.1.2	SPOC Q24 Beluru 2 maintain records of FFB production and sales of each smallholder.	Yes
	Review sales records kept by SPOC GM consist of summary of deliveries and sales record from dealer or ramp operator to smallholder.	
	SPOC Q24 Beluru 2 monitor FFB pricing on monthly basis obtain from dealer and ramp operators.	
	Phone call interview smallholders informed FFB sales and delivery records available and kept.	

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	SPOC Q24 Beluru 2 adopted MPOB "Senarai Keperluan Undang – Undang" document dated 20/10/2020.	Yes
	The list includes laws applicable for the state of Sarawak.	
	Example:	
	1. Sarawak Labour Ordinance	
	2. Natural Resources and Environment Ordinance	
	Remote document review on smallholders files confirmed MPOB licenses are within validity period and copy available in the individual file.	
	Phone call interview confirmed smallholders aware of compliance to legal requirements.	
4.3.2.1	SPOC Q24 Beluru 2 smallholders land titles are Native Customary Right land.	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	Remote documents reviewed confirmed "Akuan Pengesahan Tanaman Sawit dan Tanah NCR" signed by owner and Tuai Rumah or Ketua Masyarakat as acknowledgment of land ownership and land use purposes is for oil palm.	
4.3.3.1	SPOC Q24 Beluru 2 smallholders land are Native Customary Right land and verified by Group manager SPOC Q24 Beluru 2.	Yes
	The smallholders received acknowledgement from Tuai Rumah Kawasan or Ketua Masyarakat for land ownership.	
4.3.3.2	The Akuan Pengesahan Tanah NCR acknowledged by Tuai Rumah Kawasan as the rightful owner of the land has include a map on the location and size of the field.	Yes

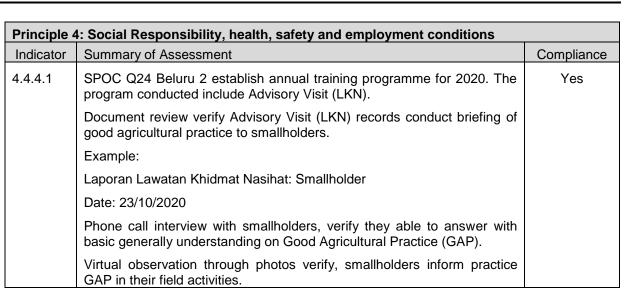
Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SPOC Q24 Beluru 2 adopted MPOB guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 03, revision 02 dated 01/06/2020.	Yes
	Document review verify complaint record nocomplaint lodged by smallholders or stakeholders as at audit date.	
	Phone call interview SPOC Q24 Beluru 2 smallholders inform being visited by SPOC GM during the Advisory Visit (LKN).	
4.4.1.2	SPOC Q24 Beluru 2 adopted MPOB guidelines Complaint and Grievance, doc no. MSPO/SPOC/SOP-01/AR, issue 03, revision 02 dated 01/06/2020.	Yes
	The procedure has a table listing the flowchart to resolve any complaints.	
	The group manager is the responsible person to handle and manage any complaints.	
	Document review verify flowchart describe the steps and timeline to manage and respond any complaint received.	
	The total days to resolve is 14.	
	Any complaint outside the scope of the group manager it will refer to other parties or MPOB HQ to handle the matter.	
	Document review verify of complaint record no complaint lodged by smallholders or stakeholders as at audit date.	
	Phone call interview smallholders inform they are aware on complaint process and timelines to resolve the complaints.	
4.4.2.1	SPOC Q24 Beluru 2 adopt MPOB Guidelines Occupational Safety & Health, document no. MSPO/SPOC/GP-02/KKP, issue: 3, revision: 0 effective date: 01/06/2020.	Yes
	Scope of the guideline describe:	
	Responsibilities of the group manager and smallholders / workers.	

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Indicator	Summary of Assessment	Compliance
	Safety work practices for harvesting, chemical spraying and fertilizer application.	
	Document review verify briefing record on safety and health conducted to smallholders during Advisory Visits (LKN) dated 23/10/2020, 06/10/2020, 04/08/2020 and 08/04/2020.	
	Phone call interview smallholders' confirmed that they aware on safe work practices.	
	Smallholders informed they use personnel protective equipment for field activities such as example harvesting, chemical spraying and manuring.	
4.4.3.1	SPOC Q24 Beluru 2 adopted MPOB Employment Terms document no: MSPO/SPOC/SMP-01, rev-01 for hiring of field workers by smallholders.	Yes
	The document describe the requirements for hiring of workers.	
	SPOC Q24 Beluru 2 adopt MPOB document Employment Agreement MSPO/SPOC/TPP-01, rev. 01, for hiring or workers.	
	Phone call interview smallholders inform they are aware prior commencement of work, a mutual verbal agreement on the price rate.	
	Majority of smallholders' operate on family based or subcontract to local community or hired worker for FFB harvesting, chemical spraying and fertilizing activities.	
4.4.3.2	SPOC Q24 Beluru 2 MSPO application form with a statement "provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.	Yes
	In addition, Q24 Beluru 2 adopt MPOB Conditions for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by the group manager and Zone Manager with a statement "provide equal opportunity and treatment regardless of race, colour, sex, religion, political affiliation, nationality, social origin and shall not engage in or support discriminatory practices.	
	Phone call interview smallholders inform they are aware about the policy on discrimination.	
4.4.3.3	SPOC Q24 Beluru 2 smallholders inform during phone call interview, majority are using local community or hired worker for field activities.	Yes
4.4.3.4	SPOC Q24 Beluru 2 smallholders inform during phone call interview no living quarter established as no permanent worker hired.	Yes
4.4.3.5	SPOC Q24 Beluru 2 adopt MPOB Conditions for hiring workers in oil palm fields, document no. MSPO/SPOC/SMP-01, rev-01 signed by GM and Zone Manager with a statement "No hiring or allow children below age of 15 years to work in the farm.	Yes
	Phone call interviewed smallholders inform no child labour working in the field. Field activities such as harvesting, fertilizing and chemical spraying are carried out either by smallholders themselves, among family members or by hired local communities as casual workers.	

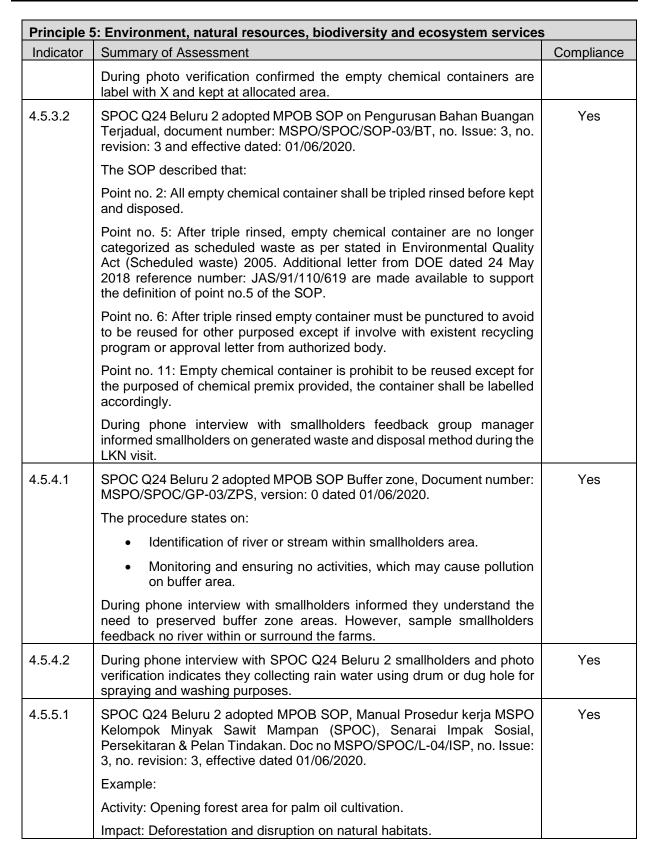
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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	SPOC Q24 Beluru 2 adopted MPOB List of Social, Environmental impacts and action plan, document number: MSPO/SPOC/L-05/ISP, version: 03, dated 01/06/2020.	Yes
	Environmental impact and action plan:	
	Activity: Fertilizer application and integrated farming.	
	Environmental impacts: Improve on soil fertility.	
	Action plan: Continuous.	
	During phone interview with smallholders informed they understand the environmental impacts.	
4.5.2.1	There are no renewal energy use by SPOC Q24 Beluru 2 smallholders. These is confirmed through phone interviewed with smallholders and photos verification	Yes
4.5.3.1	SPOC Q24 Beluru 2 adopted MPOB List of chemical and domestic waste, document number: MSPO/SPOC/L-03/SRD, version: 0 dated 01/06/2020.	Yes
	List of waste generate from agriculture:	
	Empty chemical containers	
	List of waste (others)	
	Domestic	
	SPOC Q24 Beluru 2 established list of waste generated by smallholders include the type of waste generated such as empty chemical containers and used fertilizer bag.	
	During phone interview with smallholders informed they understand on managing of the wastes such as reused the fertilizer bag for loose fruit collection.	



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Principle :	Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance	
	Action plan: Report to authorities and monitoring on boundary areas.		
	SPOC Q24 Beluru 2 group manager established the list of wildlife updated 31/10/2020.		
	Example of wildlife:		
	Wild boar		
	Squirrel		
	Snake		
	Review on LKN records includes the briefing of wildlife, environmental, safety and no hunting.		
	Example:		
	Smallholder no. 5 conducted on 06/10/2020.		
	Smallholder no. 214 conducted on 20/10/2020.		
	During phone interview with smallholders informed they sighted snake in the field and understand no hunting of wildlife.		
4.5.6.1	SPOC Q24 Beluru 2 MSPO policy document number MSPO pin 3 states implementation of zero burning and good agricultural practices.	Yes	
	During phone interview with smallholders informed they understand no open burning is allowed and replanting by felled palm.		
	Photo verification on smallholders field confirmed no open burning practice.		

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	SPOC Q24 Beluru 2 conduct Advisory Visit (LKN) to smallholders' fields.	Yes
	Document review verify briefing records on GAP for harvesting, manuring, chemical application and PPE usage conducted to smallholders.	
	Virtual field observation through photos to smallholders' field verify the implementation of good agricultural practice such as:	
	1. Proper stacking of fronds.	
	2. Good maintenance of harvesting path.	
	3. Proper palm pruning.	
	Phone call interviewed smallholders' inform they aware on good agricultural practices on their fields to meet with MPOB guidelines.	
4.6.1.2	SPOC Q24 Beluru 2 establish visual identification for each smallholder with information of smallholders' name, field address, GPS coordinates, lot size and year of planting.	Yes
	Virtual field observation through photos to smallholders' field verify that fields marking are established.	

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.2.1	SPOC Q24 Beluru 2 adopt MPOB Guideline Economic and Financial Plan, MSPO/SPOC/GP-01/PEK, issue 3, revision 3 dated 01/06/2020.	Yes
	Document review verify evidence of budget approval for Program Taklimat MSPO for SPOC Q24 Beluru 2.	
	The operation budgets covers training and miscellaneous.	
4.6.3.1	SPOC Q24 Beluru 2 monitors FFB pricing on monthly basis through input from selected mill and dealers for fair price.	Yes
	Phone call interview smallholders informed the FFB price is display at collecting centers.	
	Besides, smallholders have WhatsApp group where FFB pricing are shared.	

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Indicator	Summary of Assessment	Compliance
4.7.1.1	SPOC Q24 Beluru 2 established smallholders planting statement states all smallholders are NCR lands the first planting start from year 1984 and latest conversion from orchard or coffee to oil palm in year 2018 and latest replanting in year 2018.	Yes
	During phone call interviewed and photo verification confirmed no new planting for year 2019 and 2020, smallholders informed the lands convert from orchard or coffee to oil palm.	
	During phone interview with group manager confirmed the conversion in year 2018 is from orchard or coffee to oil palm.	
4.7.2.1	SPOC Q24 Beluru 2 established smallholders planting statement states all smallholders are NCR lands the first planting start from year 1984 and latest conversion from orchard or coffee to oil palm in year 2018 and latest replanting in year 2018.	Yes
	During phone interview with SPOC Q24 Beluru 2 smallholders and group manager confirmed the conversion in year 2018 from orchard or coffee to oil palm.	
4.7.3.1	SPOC Q24 Beluru 2 established smallholders planting statement states the first planting start from year 1984 latest conversion from orchardor coffee tree to oil palm in year 2018 and latest replanting in year 2018.	Yes
	There is no new planting for SPOC Q24 Beluru 2 for year 2019 and 2020.	
	SPOC Q24 Beluru 2 adopts the "Borang Permohonan Pensijilan Minyak Sawit Mampan Malaysia (MSPO)" states criteria for land topography to confirmed type of terrain for smallholders as below:	
	 0° to 6° (Flat –undulating). 	
	 6° to 25° (Undulating-steep). 	
	• More than 25° (steep).	
	During phone call interviewed with SPOC Q24 Beluru 2 group manager and smallholders informed no new planting for year 2019 and 2020 and the conversion in year 2018 from orchard or coffee to oil palm.	

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.
Х	No non-conformity raised in previous audit.
Note 1:	If a minor non-conformity raised in last audit, is not closed out, the finding will be raised to a Major non-conformity.

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

4.5. Detail of Audit Findings in last Audit

AUDIT OUTCOME		
During last audit	0	MAJOR Non-Conformities
	0	MINOR Non-Conformities

4.6. Detail of Audit Findings Identified During This Audit

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

REMOTE AUDIT OUTCOME		
During this remote	1	MAJOR Non-Conformities
audit	0	MINOR Non-Conformities

Non Conformity Number 1			
Indicator # and Description	4.2.1.1 The group management shall commit itself to implement and maintain the requirements for traceability.		
Location:	Office		
Description of Fir	nding / Objective Evidence:		
Reviewed the MPK year 2020, "Penyediaan Dokumen Pengauditan MSPO" rev 3 updated 01/06/2020 describe SPOC management are responsible to update the summary FFB production twice a year.			
According to guideline, FFB production record shall be updated twice a year. However, during review of the record, January to Jun 2020 data are not updated.			
Classification	🖂 Major	Minor	
Mode of Audit	🛛 Remote	Onsite	
Raise by: Josep	h Sim Siaw Seng	Date Raise:	04/12/2020
Deadline for implementation		03/02/2021	
Root Cause Analysis (by company):			
For information, a summary for FFB production has been made, well updated and in the process of completing the data record of smallholder palm oil sales, due to a slight technical problem i.e. The PC used for key in data has been damaged and all FFB production data is lost no recovery. To overcome the problem, we have to restart the key in data which took some time due to the relatively large number of smallholders and the problem is in the smallholders themselves who do not store and far inland to ask for records from them.			
Correction (by company):			

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Non Conformity Number 1 Re-collect and request data from smallholders to restart to complete FFB summary. Reports of the complete FFB summary for Existing smallholders as in appendix 1 Sheet 1 in Microsoft Excel. Reports of the complete FFB summary for New smallholders as in appendix 1 Sheet 2 in Microsoft Excel. We also constantly remind all smallholders to always keep receipts and records of their palm oil sales data. All FFB production summary data is complete and has been updated until December 2020. Corrective / Preventive Action (by company) To prevent this from happening again, we plan to always backup our data, keep updated the summary FFB record and keep reminding smallholder to keep their receipt after selling their FFB. **Review of Correction & Corrective / Preventive Action** Reviewed and verified on the FFB production summary report confirmed the FFB production data is updated from January until December 2020. The updated FFB production summary report from January until December 2020 is sufficient to close the non-conformity raised. The implementation is deemed adequate and will be verify on next audit. Closed: 🛛 Yes 🗌 No Site verification : Yes 🛛 No Name of Trainee Lead Auditor: Date of Closure: Joseph Sim Siaw Seng 20/01/2021 **Review of Implementation** Name of Lead Auditor / Auditor: Date of Review:

Nr.	Indicator	Description	Location	Opportunity for Improvement
1	4.1.1.1	There shall be a policy binding smallholders to MSPO	Office	SPOC Q24 Beluru 2 may consider improve smallholders awareness on MSPO Policy.
2	4.4.1.1	Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.	Office	SPOC Q24 Beluru 2 may consider improve smallholders awareness on complaint and grievances procedure.

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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 Q24 Beluru 2 consisting of 1376 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

There is 1 Major NC raised in this audit and closed out successfully.

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

In conclusion the certified 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 General Principles for Independent Smallholders.

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

Total certified number of independent smallholders:	1,357	
Total certified acreage of smallholders:	6,861.60	На
Certified FFBs output Jan to Dec 2020:	58,067.42	Mt
Projected FFBs output Jan to Dec 2021:	123,505.62	Mt

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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 with this summary report as an 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 demonstrated state of development and maturity that the certification to be

	Recommended for Certification / Recertification
Х	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 22/01/2021

Joseph Sim Siaw Seng TUV NORD (Malaysia) Sdn Bhd Trainee Audit Team Leader

Puchong, 22/01/2021

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

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

2

This report is sent by the certification body to 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 regards to the management system.

Annex / Enclosures

Annex / corresponding audit documentation

P&C Audit Report / Checklist(s)Audit Plan