

MSPO CERTIFICATION SUMMARY REPORT

MPOB CAWANGAN MIRI- SPOC Q25 BARAM

STAGE 2

Date: 15/02/2019

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MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



Table of Contents

1.	INTRODUCTION	4
1.1.	Objective	4
1.2.	Scope	4
1.3.	Appointment & Qualification of Audit Team Members	4
2.	METHODOLOGY	8
	Table 2-1: List of Independent Smallholders	9
3.	ORGANISATION INFORMATION	11
4.	CERTIFICATION ASSESSMENT	17
4.1.	Stage 2 Audit	17
4.2.	Summary of Assessment	19
4.3.	Status of Non-Conformities Previously Identified	26
5.	CONCLUSION	32
6.	RECOMMENDATION	33
7.	REFERENCES	34
	Table 7-1: List of Interviewed Persons, Observers and Smallholders	34
	Annex / Enclosures	35

ABBREVIATIONS

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

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



1. INTRODUCTION

Malaysia Palm Oil Board Cawangan Miri, SPOC Q25 Baram has commission TÜV NORD (Malaysia) Sdn Bhd to conduct an initial certification audit for its 50 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

1.1. Objective

The objective of this stage 2 certification audit is to assess the MPOB Cawangan Miri, SPOC Q25 Baram as group manager managing the independent smallholders by an independent certification body. The aim of this stage 2 audit is assessed on the compliance of the standard by MPOB Cawangan SPOC Q25 Baram.

1.2. Scope

The certification is based on the documentation establish by MPOB Cawangan Miri, SPOC Q25 Baram 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.

In addition, 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

A certification team consisting of one team leader, 1 team member and 1 trainee auditor are appointed. The onsite team members contributed to the review of documents, assessment of the project activity and prepare this report under the leadership of the team leader.

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;	Graduate in Plantation Industry Management

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
 Certifying Unit: SPOC Q25 Baram
 Client Number: 92-055
 Audit Type: Stage 02-Certification Audit



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

Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following	Terence, Ang Wai Sheng	Diploma and Advance Diploma in Tourism Management	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



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	Ariff Bin Lokman (Trainee Auditor)	Graduate in Plantation Industry Management	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)	Terence, Ang Wai Sheng	More than 9 years in sustainable related field	Yes
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
Attended the MS 2530 series of standards training	Terence, Ang Wai Sheng	Successfully completed MSPO Lead auditor training course	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed MSPO Lead auditor training course	Yes
Conducted a minimum six (6) on-site audits for a total of at least 20 man-days of audit experience as an auditor-in-training under the direction and guidance of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes.	Terence, Ang Wai Sheng	Qualified as auditor base on audit log.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia or any other local language.	Terence, Ang Wai Sheng	Bahasa Malaysia, English and Mandarin.	Yes
	Ariff Bin Lokman (Trainee Auditor)	Bahasa Malaysia, and English	Yes
Field working experience in the palm oil sector, or demonstrable equivalent	Terence, Ang Wai Sheng	1 year as Certifier and Reviewer for RSPO P&C and SCC schemes 1 year as Wildlife (Biodiversity) and Ecotourism Consultant (EMS & HCV)	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Requirement	Assessor	Qualification	Compliance
		3 years as Wildlife Guide (Licensed issued by Ministry of Tourism, Malaysia) 6 months as Field Technician for University of Montana on HC	
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Terence, Ang Wai Sheng	2 year auditor for RSPO and MSPO schemes	Yes
	Ariff Bin Lokman (Trainee Auditor)	6 years working experience in palm oil estates.	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Terence, Ang Wai Sheng	Successfully completed Lead Auditor Course ISO 45001:2018	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Terence, Ang Wai Sheng	Successfully completed Basic SA 8000 training and qualified as RSPO and MSPO sustainability auditor.	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Terence, Ang Wai Sheng	Successfully completed EMS ISO 14001: 2015 Lead Auditor training.	Yes
	Ariff Bin Lokman (Trainee Auditor)	Successfully completed Lead Auditor Course IMS 9001,14001,45001	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



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 07/08/2018 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

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



Stage 2 Audit:

Stage 2 audit is conducted on 14/11/2018 – 15/11/2018 covers the following activities but not limited to:

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

On-site Assessment

The audit of the farms 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 are 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 50 members.

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

Table 2-1: List of Independent Smallholders

Name of independent smallholders	Specific Address / site
Agnes Ngau	Kampung Long Pilah,98050 Baram
Jeffery Wan Emang	Kampung Long Pilah,98050 Baram
Lusat Apoi	Kampung Long Pilah,98050 Baram
Boniface Wan	Kampung Long Pilah,98050 Baram

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Name of independent smallholders	Specific Address / site
Andrew Deng	Kampung Long Laput, 98050 Baram
Peter Abok Deng	Kampung Long Laput, 98050 Baram
Jau Jok Laing	Kampung Long Laput, 98050 Baram
Imang Laing Jok	Kampung Long Laput, 98050 Baram

Non-conformance:

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

Major non-conformance shall be addressed and responded with 60 days from date of onsite audit closing. All minor non-conformances is require to submit action plan for acceptance within 30 days from date of onsite audit closing. Implementation of Minor NCs and OBS will be review and verify during the next audit.

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



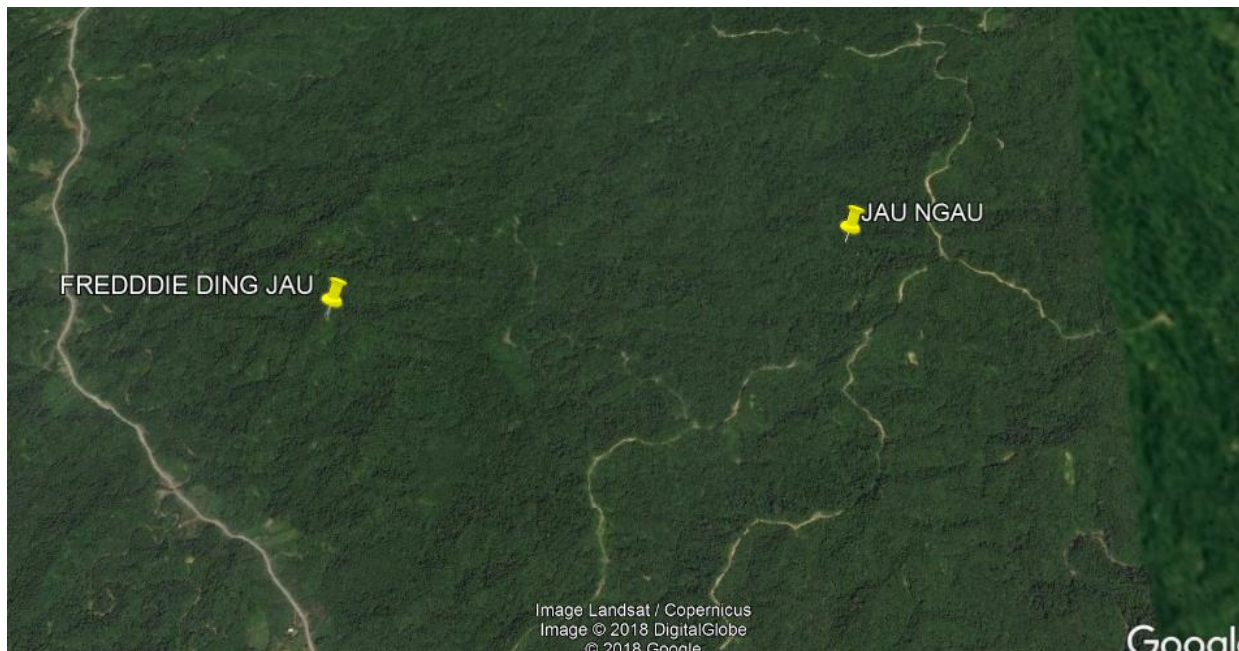
3. ORGANISATION INFORMATION

MPOB Cawangan Miri, SPOC Q25 Baram is a branch of MPOB located at Miri, Sarawak to provide technical support as well as develop the independent smallholders' scheme around the Miri district.

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

The location of the SPOC office is at Lot 1177 & 1178, Tingkat 4, Block 9, MCLD Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak.

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



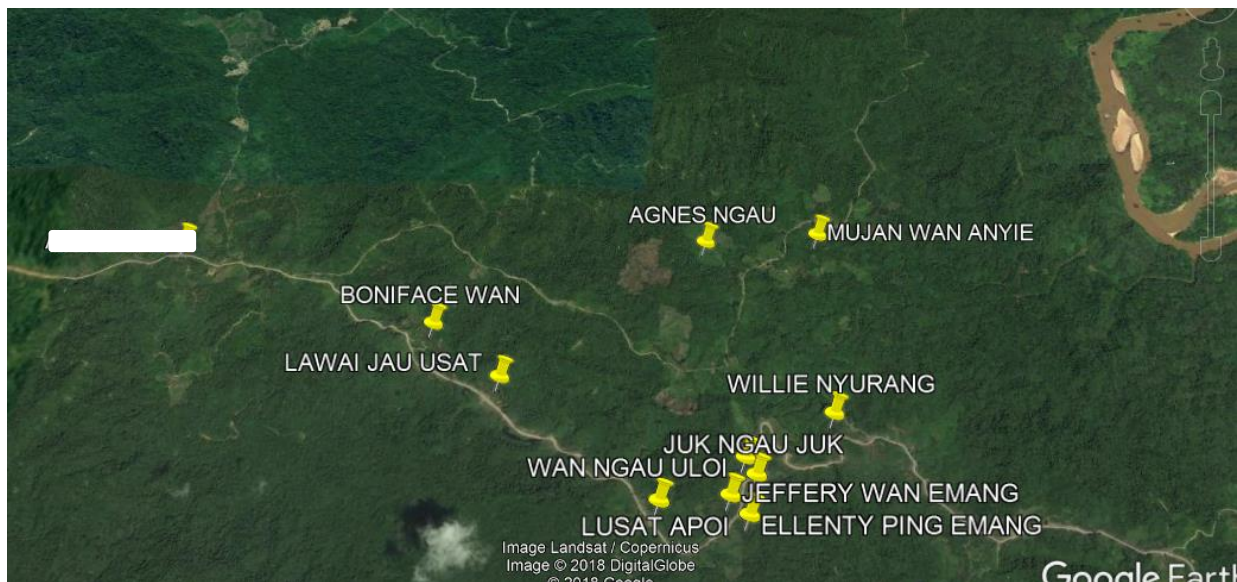
MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



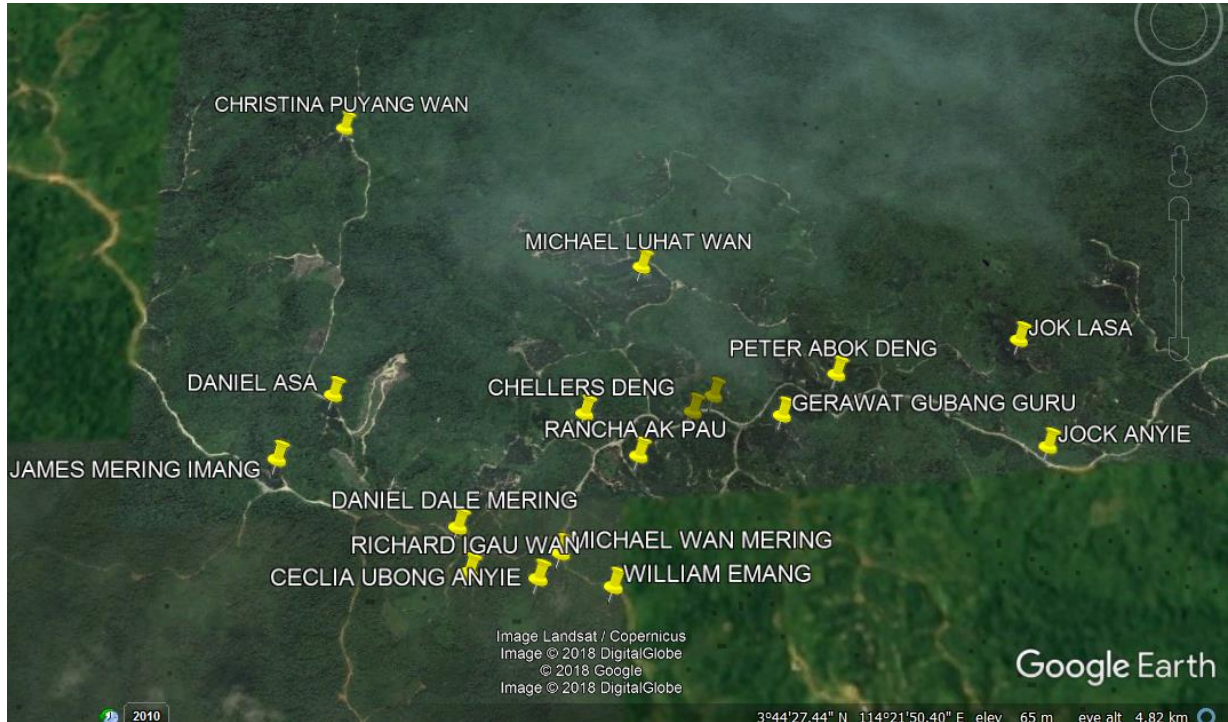
MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



4. CERTIFICATION ASSESSMENT

4.1. Stage 2 Audit

The objective of the certification audit is to assess the activities of MPOB Cawangan Miri, SPOC Q25 Baram is in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

There are 50 smallholders join the certification during stage 1 audit. The total number of smallholders remain the same during this certification audit.

The certification audit is conducted on 14/11/2018 to 15/11/2018 that include inspection of the smallholders farms, interviews, conduct stakeholders' consultation and review of the stage 1 audit findings.

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

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

During onsite the following are verified.

1. Compliance to legal requirements on land title and land use 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 stage 1 audit, there are 10 observations raised. The audit team has reviewed and closed out the observations means of inspection of smallholders' farms, conduct interviews, review and verify documents that are established, corrected and implemented appropriately by the SPOC team. The corrective measures implemented could be verified as appropriate and the observations are closed out.

There are several P & C that could not be verified during stage 1 audit, have been verified during onsite observations, inspection, interview of personnel and review of revised and updated procedures and documents established. It can be concluded the P & C requirements are met.

The number of audit findings raised in this audit been are address in Section 4.3 of this audit report. For details of the assessment, refer summary of assessment in this report.

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 07/11/2018 to obtain feedback and comments. As at audit date on 14/11/2018 there are no comments received.

Invitation letters are sent on 07/11/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 22/11/2018 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

- a. Introduction of SPOC Q25 Baram objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in SPOC Q25 Baram area;

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



- c. Wildlife management area and impact to the smallholders;
- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around SPOC Q25 Baram 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 for MSPO audit?	Stakeholders attend the meeting confirmed that they were aware of the audit via invitation letter send to them by group manager. Other means of information via notice display at MPOB office.	Positive comment towards SPOC Q25 Baram group.
2	Social context	Stakeholders inform there are no social issues to SPOC Q25 Baram members.	Positive comment towards SPOC Q25 Baram group.
3	Land title – Native or leased.	Stakeholders attend the meeting confirms that none of them have land title. They are aware most of smallholders have native land title.	Positive comment towards SPOC Q25 Baram group.
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholders confirm that having MSPO certification increase knowledge on good agriculture practise thus having more proper farm management and increase in yield.	Positive comment towards SPOC Q25 Baram group.
5	Does MSPO will largely benefits the local community?	Stakeholders confirmed they understand the benefits of the MSPO certification.	Positive comment towards SPOC Q25 Baram group.
6	HCV and environmental understanding	Stakeholders state that there are awareness programme held by SPOC group manager on HCV and environmental.	Positive comment towards SPOC Q25 Baram group.
7	Awareness towards species, habitats, and high conservation values?	Stakeholders who attend the meeting are aware on conservation held by group manager. MSPO training include awareness on endangered species.	Positive comment towards SPOC Q25 Baram group.
8	Support to smallholders	Stakeholders respond that they are aware that SPOC Q25 Baram Group manager is person in charge in supporting the smallholders by	Positive comment towards SPOC Q25 Baram group.

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



		providing training and conduct field inspection (Lawatan GAP).	
9	FFB quality	There are no issues as regards to FFB quality since smallholders are aware on the ripeness standard.	Positive comment towards SPOC Q25 Baram group.
10	Are there any plantation or mill management practices that affect you?	Stakeholders confirm there are no smallholders' activities that may cause any impact to their livelihood. Stakeholders confirm they can communicate with SPOC Group Manager on any issue related to SPOC Q25 Baram.	Positive comment towards SPOC Q25 Baram group.
11	Do you consider any management is in conflict with the MSPO principles and criteria?	Stakeholders who attend the meeting confirm there is no conflict arise by the SPOC Q25 Baram on MSPO certification.	Positive comment towards SPOC Q25 Baram group.
12	Do you have any suggestions for management?	Stakeholders who attend would like to involve in programme conduct by SPOC Q25 Baram group.	Positive comment towards SPOC Q25 Baram group.

4.2. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary

The assessment team conducted a thorough assessment of each principle and criteria. Over the 5 years' period of the certificate cycle, there will be 4 annual surveillance audits all criterions will be assessed. Evidences were sought for conformity with the MSPO 2530-2. The summary of the assessment can be found 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

Principle 1: Management Commitment & responsibility

Criterion By Audit	Summary of Assessment	Compliance
4.1.1	<p>SPOC Q25 Baram has establish MSPO Policy doc no: MSPO/SSCC/POLICI-01 dated 15/05/2018 sign by Group Manager</p> <p>The policy states "komited terhadap pembangunan sawit MS 2530: Bahagian 2- Prinsip umum untuk pekebun kecil persendirian yang merangkumi".</p> <ul style="list-style-type: none"> Keterbukaan dalm memberi maklumat kepada pihak Berkepentingan Dokumentasi bagi tujuan kebolehjejukan Pematuhan undang-undang tempatan, kebangsaan and antarabangsa yang telah disahkan. <p>Policy is made available at notice board in MPOB Miri Office</p> <p>Policy is signed and kept on smallholders file.</p> <p>During site interview of smallholders they understand the MSPO requirements and MSPO Policy established.</p> <p>Training is conducted on 25/04/2018.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 1: Management Commitment & responsibility											
Criterion By Audit	Summary of Assessment	Compliance									
4.1.2	<p>SPOC Q25 Baram has establish, continual improvement plan document Senarai Impak Sosial, Persekitaran & Pelan Tindakan, document no: L-03/ISP/2016, issue no: 1 date effective 01/04/2016</p> <p>Example:</p> <table border="1"> <thead> <tr> <th colspan="3">Impact Social</th></tr> <tr> <th>Activity</th><th>Impact</th><th>Action Plan</th></tr> </thead> <tbody> <tr> <td>Membaja</td><td>Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja ladang yang sistematik dan berdisiplin</td><td>Amalan Diteruskan</td></tr> </tbody> </table> <p>SPOC Q25 Baram group manager conducted “Lawatan Khidmat Nasihat (LKN)”. to provide advice on the GAP, new information and new technology.</p> <p>“Warta Sawit” is distributed to smallholders for new information Latest “Warta Sawit” bil 67 (3) / September-December 2017 sighted in the individual file.</p> <p>During site interview of smallholders, they are aware of the environmental and social impact on oil palm.</p> <p>Example: Smallholders practice triple rinsing on empty pesticides containers to avoid the social and environment impact.</p>	Impact Social			Activity	Impact	Action Plan	Membaja	Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja ladang yang sistematik dan berdisiplin	Amalan Diteruskan	Yes
Impact Social											
Activity	Impact	Action Plan									
Membaja	Dapat memberi pendedahan baru kepada pekerja/penduduk melalui system cara kerja ladang yang sistematik dan berdisiplin	Amalan Diteruskan									

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1	<p>SOP in the form of flow chart “Carta Aliran Kebolehhesanan/Kebolehejekan Oleh Pekebun Kecil” is establish.</p> <p>Flow chart describes the start point of smallholder land / plot where FFB will be sold to, ramp operator or mill and collection center.</p> <p>This further verify receipt is issued by the ramp operator or collection center..</p> <p>BRL records are established for sales and production record available in each smallholder individual file.</p> <p>Following are stated in the BRL.</p> <ol style="list-style-type: none"> 1. Date of sale 2. Tons of FFB 3. Price sold 4. Income for that sales <p>The weighbridge tickets are cross-checked against the records in the BLR for the weight and price sold.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
4.3.1	<p>SPOC Q25 has been establish list of legal register document no: MSPO/SSCC/L-01/SKU issues no: 1, reference no:1 date effective 13/04/2018,</p> <p>Example of legal documents</p> <ol style="list-style-type: none">1. Akta Imigrasen 19592. Akta MPOB 1998 <p>Sighted of MPOB licence available in smallholder individual file.</p> <p>MSPO training consist of legal compliance have been conducted on 25/04/2018.</p> <p>Site verification indicates that smallholders are aware of legal compliance for all laws and regulations such as no employment of illegal workers, no open burning activities for new planting or replanting, no hunting of wildlife and triple rinsing of empty chemical containers before reuse.</p>	Yes
4.3.2	<p>Smallholders are able to provide the land user rights for agricultural purposes. There are no land dispute raised by stakeholders. Land titles are native title authorized by Tuai Rumah.</p> <p>Smallholders recognize boundary marker by road, drain and age of different palm.</p>	Yes
4.3.3	<p>Land title and map of smallholders field is establish and authorised by “Ketua Kampung” and “Tuai Rumah”. The letter of “Surat Pengesahan” confirmed the land ownership.</p>	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.1	<p>SPOC Q25 Baram has established SOP “Rekod Aduan dan Rungutan”, doc. No: MSPO/SSCC/SOP-01/AR/2016, rev: 0 dated 30/03/2018</p> <p>The procedure include:</p> <ol style="list-style-type: none">1. Penerimaan aduan dan rugutan.2. Tindakan susulan/ siasatan <p>Point 2 “tindakan susulan/siasatan” describes the process of handling the complaint/grievance. The group manager is the person-in-charge to manage any complaint or grievance and method to resolve. Total days to resolve is 14 days.</p> <p>In the situation where the complaint cannot be resolve by the SPOC in 14 days, point 2.8 of SOP states “jika aduan yang diterima adalah diluar bidang kuasa dan keupayaan oengurus kumpulan, ianya akan dirujuk kepada pihak yang berkaitan bagi tujuan penyelesaian.</p> <p>Site interview with smallholders confirmed no complaints made in 2018 as of date of audit.</p>	No

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
	<p>Smallholders are aware complaint can be lodged via phone call or submit a form at SPOC Miri office</p> <p>Non Conformity: 4.4.1.1 Major</p> <p>SOP “Aduan dan Rungutan” no MSPO/SSCC/SOP-01/AR is establish to handle complaint.</p> <p>During interview with the smallholders, it is found the awareness process is lacking. They are not able to explain the complaint process establish by the group manager.</p>	
4.4.2	<p>SPOC has establish SOP “Prosedure Notifikasi Aduan, Kemalangan, Kemalangan Nyaris, Kejadian Berbahaya, Keracunan Pekerjaan” document no: MSPO/SSCC/SOP-04/KK dated 30/03/2018.</p> <p>2 main topics describe in SOP as below</p> <ol style="list-style-type: none"> 1. Action to be taken during reporting of the accident 2. Step to be taken when a worker involved in chemical poisoning. <p>Training on safety and health conducted on 25/04/2018 by JKPP Officer.</p> <p>Site verification and interviewed smallholders they were aware of safety and health of all operations. They are trained on how to wear PPE correctly during chemical application and operation.</p>	Yes
4.4.3	<p>SPOC Q25 Baram has establish form Terma Penggajian Pekerja for hiring of workers.</p> <p>Form “Terma Penggajian Pekerja” record information such as:</p> <ol style="list-style-type: none"> 1. Menuai BTS : RM 2. Membaja: RM 3. Meracun: RM 4. Pemangkas pelepas: RM <p>Form “Terma Penggajian Pekerja” states following during hiring:</p> <ol style="list-style-type: none"> 1. Mempunyai permit kerja bagi pekerja asing 2. Tidak sama sekali membolehkan / mengupah orang muda di bawah umur 15 tahun untuk bekerja 3. Tidak sama sekali membolehkan / mengupah orang muda di bawah 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 disyorkan oleh pengurus SPOC 6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja <p>Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang (BRL) dan ditandatangani oleh pekerja</p> <p>On site interviewed with smallholders indicate that they do not hire any permanent workers.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 4: Social Responsibility, health, safety and employment conditions														
Criterion By Audit	Summary of Assessment	Compliance												
	Majority of the smallholders operate the field on family basis. Thus, there is no discrimination occur. No child labour observe during on site visit. Smallholders aware that no child allow to work in the farms.													
4.4.4	<p>SPOC Q25 Baram has conduct training on 25/04/2018 and 28/08/2018.</p> <ul style="list-style-type: none">• Taklimat & Latihan MSPO• Taklimat JKPP for safety & health• GAP training• Waste management• Legal <p>Interview with smallholders they understand topics covered in the training</p> <p>Training program for year 2019 is establish</p> <table><tr><th>Topic</th><th>Date</th></tr><tr><td>Taklimat MSPO Bersama peserta</td><td>24/04/2019</td></tr><tr><td>Program pengurusan Kebun Peserta SPOC</td><td>21/07/2019</td></tr><tr><td>Program pemantapan amalan pertanian baik (GAP)</td><td>TBA</td></tr><tr><td>Kursus sehari pekebun SPOC beluru 2</td><td>22/02/2019</td></tr><tr><td>Kursus sehari pekebun kecil SPOC long lama</td><td>27/02/2019</td></tr></table>	Topic	Date	Taklimat MSPO Bersama peserta	24/04/2019	Program pengurusan Kebun Peserta SPOC	21/07/2019	Program pemantapan amalan pertanian baik (GAP)	TBA	Kursus sehari pekebun SPOC beluru 2	22/02/2019	Kursus sehari pekebun kecil SPOC long lama	27/02/2019	
Topic	Date													
Taklimat MSPO Bersama peserta	24/04/2019													
Program pengurusan Kebun Peserta SPOC	21/07/2019													
Program pemantapan amalan pertanian baik (GAP)	TBA													
Kursus sehari pekebun SPOC beluru 2	22/02/2019													
Kursus sehari pekebun kecil SPOC long lama	27/02/2019													

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
4.5.1	<p>SPOC has establish MSPO/SSCC/L-04/ISP, "Senarai Impak Social, Pesekitaran & Pelan Tindakan for assessment of environmental impact and action to be taken.</p> <p>Training for environmental impact conducted on 25/04/2018 and 28/04/2018 cover EIA processes, monitoring, mitigation measure and legal compliance</p> <p>During on site visit, smallholders aware of the environmental impact. Field observations indicate the vegetation was retain and no sign of non-permitted spraying activities occur.</p>	Yes
4.5.2	<p>During site visit to smallholders' farm they do not use renewable energy since the farms are too small to consider.</p>	Yes
4.5.3	<p>SOP "Pengurusan Bahan Buangan Terjadual", document no: MSPO/SSCC/SOP-O3/BT dated 30/03/2018 is established for managing of scheduled wastes.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 5: Environment, natural resources, biodiversity and ecosystem services														
Criterion By Audit	Summary of Assessment	Compliance												
	<p>Point 1 of the SOP “Senarai semua jenis bahan buangan seperti bekas racun kosong, beg baja, dan minyak hitam terpakai, yang terhasil daripada operasi yang dijalankan perlu disediakan”.</p> <p>The list of schedules waste identified example:</p> <table><tr><td>Buangan Logam dan buangan berasaskan logam</td></tr><tr><td>Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur</td></tr></table> <p>Document “Senarai Sisa Racun Dan Domestik” is review.</p> <p>Example of identified sources as below</p> <table><tr><td colspan="2">Senarai sisa yang terhasil dari input pertanian</td></tr><tr><td colspan="2">Racun perosak</td></tr><tr><td>Item</td><td>Risk</td></tr><tr><td>1. Tong racun kosong</td><td>1. Menjadi tempat pembiakan nyamuk</td></tr><tr><td>2. Sisa racun dari bilasan air</td><td></td></tr></table> <p>Document ‘Rekod Pengurusan Bahan Buangan Tahun 2018 has been review and sighted the re use empty chemical containers, fertilizer bag for all smallholders.</p> <p>During the site visit, smallholders are aware that empty chemical containers can be reused after the triple rinsing for storing of pre-,ix or water for chemical mixing. Reused of empty fertilizer bags for rubbish or loose fruit collection.</p>	Buangan Logam dan buangan berasaskan logam	Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur	Senarai sisa yang terhasil dari input pertanian		Racun perosak		Item	Risk	1. Tong racun kosong	1. Menjadi tempat pembiakan nyamuk	2. Sisa racun dari bilasan air		
Buangan Logam dan buangan berasaskan logam														
Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur														
Senarai sisa yang terhasil dari input pertanian														
Racun perosak														
Item	Risk													
1. Tong racun kosong	1. Menjadi tempat pembiakan nyamuk													
2. Sisa racun dari bilasan air														
4.5.4	<p>SOP Pengendalian dan Pelupusan Bahan Kima document no MSPO/SSCC/SOP-02/BK dated 30/03/2018 is establish to ensure the chemicals are handle and dispose accordingly without polluting any water source. List of activities that cause pollution included in SOP and should be avoided.</p> <p>During site observation, the smallholders could demonstrate the understanding to maintain the quality and availability of surface and ground water. Fronds stacking was implement and observed to retain moisture of soil and supply organic nutrient to the palm.</p> <p>All the empty containers are kept in the safe place with marking.</p> <p>There is no sign of chemical application or fertilizing near riparian area.</p> <p>Water harvesting is practice in the field use for chemical mixing.</p> <p>Training conducted on 25/04/2018 includes protection of surface and ground water and natural water resources.</p>	Yes												
4.5.5	<p>Document “Senarai Hidupan Liar Yang Terdapat Di Dalam SPOC Q25 Baram” dated 31/10/2018 list the wildlife species around Baram area.</p> <p>Example of wildlife identify in the list</p> <ol style="list-style-type: none">1. Wild boar2. Porcupine	Yes												

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	<p>Training on High Biodiversity Value conducted on 25/04/2018 includes relevant protected species found in the area and Sarawak wildlife legal requirements.</p> <p>Interviews with smallholders demonstrate that they sighted wildlife such as wild boar and snake. Further checked with smallholders there is no endangered species sighted on their plantations and aware no hunting on wildlife.</p>	
4.5.6	<p>SOP "Garis Panduan Amalan Pembakaran Sifar" dated 13/04/2018 describe zero burning at the field.</p> <p>Pembakaran terbuka adalah dilarang dibawah permbakaran sifar ASEA (1999) dan perintah Kualaiti Alam Sekeliling (Aktiviti Yang Diisytiharkan)(Pembakaran terbuka 2003)</p> <p>"Penyediaan Ladang" is review and the land preparation shall avoid burning process.</p> <p>Site visit to smallholders observe no open burning and aware that open burning is restricted by law.</p>	Yes

Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.1	<p>Field observation found that the smallholders have implemented best practices:</p> <ul style="list-style-type: none"> - Minimize used of chemical for spraying - Recycling for empty container and fertiliser bag. <p>Smallholders practise front stacking at inter row as organic fertilizer.</p> <p>Training on GAP conducted on 25/04/2018 for best practises information.</p> <p>All members are assess during LKN by group manager.</p> <p>Sighted LKN report cover element such as lane for collection point to be maintain and surrounding of palm base free from weeds.</p> <p>Signage installed at sampled smallholder's farm with following information:</p> <ul style="list-style-type: none"> • Name of smallholder • Lot No: • Area planted • Year of planting • Coordinate GPS. <p>Non-Conformity: 4.6.1.2 Major</p> <p>During site visit, four of the sampled smallholders do not have any signage at their site.</p>	No
4.6.2	<p>The group manager has establish business management plan for year 2019. The plan include budget of training program will conduct and cost for the smallholders PPE and chemical cabinets.</p>	Yes

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.3	Group manager communicate with smallholders verbally on FFB daily pricing. Onsite verification with smallholders they receive feedback from ramp operator on price and any other information besides from group manager	Yes

Principle 7: Development of new planting		
Criterion By Audit	Summary of Assessment	Compliance
4.7.1	There no new development of new planting base on document review and site verification. Planting statement has been review early planting at year 1998 and last planting age are 2017.	Yes

4.3. 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.
X	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.
<p><i>Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.</i></p> <p><i>Note 2: All minor NCs raise in last audit are required to capture in this report together with the closing of the non-compliance.</i></p>	

Detailed Results						
No	Clause	Audit Findings	Corrective Measure & Implementation	Follow Up on Corrective Measure Taken	Verified By	Date of Closure
1.	4.1.1.1	Documents for smallholders are incomplete fill up and 10 of smallholders file are not sighted in group manager office. Example Racha Anak Pau	GM completed the policy in the individual file.	Action taken by GM. Sighted all individual file has MSPO policy.	Zul Hairi Bin Abu Hassan	14/11/2018
2.	4.2.3	Template for documentation of the sales and production record is available.	The record will be transfer into <i>Buku Rekod Ladang</i> and the summarise will be updated by GM.	Sighted updated FFB sales records and summary in	Zul Hairi Bin Abu Hassan	14/11/2018

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



		<p>In the template it has included the following</p> <ol style="list-style-type: none"> 1. Date 2. Tons of FFB 3. Price sold 4. Income for that sales. <p>Group manager need to update the FFB records at file and FFB document need to be sighted in individual file . Example no updated records Paya@Senoria Ajang Ngau, Imang Laing Jok. No document Willie Nyurang.</p>		Buku Rekod Ladang		
3.	4.3.1.1	<p>There is some legal aspect relevant to the local smallholder where it has yet to be included. The implementation of MPOB licence must consistent for all smallholders.</p>	<p>The law has been be updated by group manager assist with SCC officer.</p>	<p>The legal register is updated and provided by Sustainable Certification Conservation Unit (SCCU officer).</p> <p>The smallholders licence are renewed and submit to GM. License is in individual file.</p>	Zul Hairi Bin Abu Hassan	14/11/2018
4.	4.3.3.1	<p>All smallholder doesn't have verification of land owner from Ketua Kampung and land owner map still pending signed verified by the ketua kampung. Example Wellie Nyurang, Maria Usun Wan, Jau Jok Laing.</p>	<p>GM will meet the smallholder for verification process of their land and map endorse by <i>Tuai Rumah</i>.</p>	<p>Action taken by GM. All smallholders land title are authorise by Tuai rumah with map and in individual file.</p>	Zul Hairi Bin Abu Hassan	14/11/2018
5.	4.4.4.1	<p>MSPO training consist of GAP, Health and safety, Environment, Biodiversity, social and legal compliance have been conducted on 25/04/2018.</p>	<p>GM completed another program for those whose not attends.</p>	<p>2nd training program conducted on 28/08/2018 for all smallholders.</p>	Zul Hairi Bin Abu Hassan	14/11/2018

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



		However, the attendance of the SPOC member were not traceable especially those which was attended by representative. SPOC manager shall ensure that traceability of the attendance is in place for the training on 25/04/2018 and ensure all member are trained.				
6.	4.5.3.1	Point 1 of the SOP "Senarai semua jenis bahan buangan seperti bekas racun kosong, beg baja, dan minyak hitam terpakai, yang terhasil daripada operasi yang dijalankan perlu disediakan" However site specific documentation was not made available. During review of "Borang senarai bahan buangan terjadual" the group manager have yet to determine for SPOC Baram.	The list of scheduled waste will be updated by GM	The list of scheduled waste is updated. In the list a segment of empty container has been made available to determine method used for disposal. In the review, it was noted that all empty containers for reuse requires to be triple rinsed.	Zul Hairi Bin Abu Hassan	14/11/2018
7.	4.5.5.1	There is no information develop on the high biodiversity value on the area of operation, affected and surrounding.	HBV file has been established include the training material/slide. Training conducted 24/04/2018. Document "Senarai Hidupan Liar date 31/10/2018.	Sighted establish HBV document Senarai Hidupan Liar dated 31/10/2018.	Zul Hairi Bin Abu Hassan	14/11/2018
8.	4.6.1.1	SPOC 25 Baram has established training workshop MSPO included GAP training at dewan kampung Long Laput Baram dated 25/04/2018. Training was conducted by Miri Officer. Training talk about manuring, weeding, pruning.	The GAP file will be updated by GM	All individual file are update with GAP training conducted that include Document Senarai Semak Pensijilan MPOB Amalan Pertanian Baik (GAP) Pekebun Kecil Sawit	Zul Hairi Bin Abu Hassan	14/11/2018

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



		Document Senarai Semak Pensijilan MPOB Amalan Pertanian Baik (GAP) Pekebun Kecil Sawit are not sighted in individual file and need to be updated all the data. Example Ngau Jau, Mujan Wan Anyie, Garawat Gubang Guru.				
9.	4.6.2.1	The documented of business or management plan has not been established for this group. The group manager have not established their financial viability to manager the scheme.	GM will provided business or management plan. SOP "Garis Panduan Pelan Daya Ekonomi Dan Kewangan" no, MSPO/SSCC/GP-01/PEK dated 13/04/2018 have been reviewed. SOP point no 5 have included the financial planning under "analisis purata pendapatan bersih pekebun kecil mengikut tahun dan bulan".	Business or management plan establish by GM.	Zul Hairi Bin Abu Hassan	14/11/2018
10.	4.6.3.1	During discussion with group manager the communication have been established verbally however this was not documented. The discussion will be evaluated in stage 2. Group manager can consider documenting this communication outcome.	GM will take documented document between the stakeholders.	Records of minutes of meeting with collection center, group manager and smallholders on FFB pricing and sales dated 26/07/2018 is sighted and review. Onsite verification with smallholder feedback they have liaise with ramp operator for pricing and any information.	Zul Hairi Bin Abu Hassan	14/11/2018

4.3 Detail of Audit Findings Identified During This Audit

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



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

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

Non Conformity Number < 01 >	
Indicator: 4.4.1.1 Independent smallholders shall be able to respond to complaints that are raised by their neighbours or other stakeholders.	
Location	Long Laput / Long Pilah
Description of Finding / Objective Evidence:	
SOP "Aduan dan Rungutan" no MSPO/SSCC/SOP-01/AR is establish to handle complaint process. During interview with the smallholders, it is found the awareness in the process is lacking. They are not able to explain the process of complaint that is establish by the group manager.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by auditor: Terence, Ang Wai Sheng	Date Raise: 15/11/2018
Deadline for implementation	15/01/2019
Root Cause Analysis (by company):	
The smallholders awareness of the SOP "Aduan dan Rungutan" lacking where the smallholders cannot explain the process of complaint.	
Correction (by company):	
Group manager will do the visit to the smallholders brief them about the complaint process that already in the SOP.	
Corrective / Preventive Action (by company)	
Group manager have been visited the smallholders on 06/12/2018 and do the briefing to the smallholders about the complaint process. Also give the flow chart of the process to the smallholders.	
Review of Correction & Corrective / Preventive Action	
The group manager has briefed the smallholders on the complaint reporting flow chart during visit on 06/12/2018. The corrective and preventive actions taken is consider acceptable. This major NC is consider closed. Further verification in the next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor: Zul Hairi Bin Abu Hassan	Date of Closure: 15/01/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	
Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No	

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



Non Conformity Number < 01 >	
Name of Lead Auditor / Auditor:	Date of Closure:

Non Conformity Number < 02 >	
Indicator: 4.6.1.2 A visual identification or reference system shall be established for each field or block of oil palm planting.	
Location	Long Laput/Long Pilah
Description of Finding / Objective Evidence:	
During site visit, four of the sampled smallholders do not have any signage at their site.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raised by Auditor: Terence, Ang Wai Sheng	Date Raised: 15/11/2018
Deadline for implementation	14/01/2019
Root Cause Analysis (by company):	
A signage not sighted at the block of the smallholders.	
Correction (by company):	
Group manager will do the visit to the smallholders to give them temporary signage to the smallholders.	
Corrective / Preventive Action (by company)	
Group manager have been visited the smallholders on 06/12/2018 and give the temporary signage for the smallholders.	
Review of Correction & Corrective / Preventive Action	
. The Group manager has install temporary signage at those smallholders without identification on 106/18/2018. Photos of the visual identification submitted. The corrective and preventive action is consider acceptable. This Major NC is consider closed and further site verification in the next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Name of Lead Auditor: Zul Hairi Bin Abu Hassan	Date of Closure: 15/01/2019
Review of Implementation for Major NC (where applicable)	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



5. CONCLUSION

Malaysia Palm Oil Board, Cawangan Miri, SPOC Q25 Baram has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the certification for the Sustainable Palm Oil Cluster (SPOC) consisting of 50 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

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

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

In conclusion the certified organisation has establish and implement and the system 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:

Total certified number of independent smallholders:	50	Smallholders
Total certified acreage of smallholders:	456.59	Ha
Certified FFBs output January to December 2017:	Nil	mt
Certified FFBs output January to October 2018:	1611.37	mt

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



6. RECOMMENDATION

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

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

The structure of the audit 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 demonstrate the ability of the system to achieve requirements for production and management within the scope and the organisation's policy and objectives.

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

/	Recommended for Certification /
	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 15/02/2019

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

Puchong, 15/02/2019

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

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri

Certifying Unit: SPOC Q25 Baram

Client Number: 92-055

Audit Type: Stage 02-Certification Audit



7. REFERENCES

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

No.	Name	Organization / Function
1.	Haslina Binti Mohamad Najib	KPSM Bakong-Marudi Berhad

MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board Miri
Certifying Unit: SPOC Q25 Baram
Client Number: 92-055
Audit Type: Stage 02-Certification Audit



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

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

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

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

Salvo clause:

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

The objective (goal) of the audit is to establish compliance of the management system of the aforementioned organization with the requirements of the aforementioned standard in order to achieve or maintain certification through an independent and accredited certification body. Identification of possibilities to improve the management system can also be a component of the audit and is considered simply to be an enhancement; it does not constitute consultancy or advice with regard to the management system.

Annex / Enclosures

Annex /
corresponding audit
documentation

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