



MSPO CERTIFICATION SUMMARY REPORT

MPOB -SPOC S19 BUKIT GARAM

SURVEILLANCE 03

Date: 04/01/2019

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MSPO Certification Summary Report

Company Name: Malaysia Palm Oil Board
Certifying Unit: MPOB – SPOC S19 Bukit Garam
Client Number: 92-082
Audit Type: Annual Surveillance Audit 03



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ABBREVIATIONS

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

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1. INTRODUCTION

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

1.1. Objective

The objective of this audit is to assess the MPOB Cawangan SPOC S19 Bukit Garam as group manager managing the independent smallholders by an independent certification body. The aim of this surveillance audit is assessed on the compliance of the standard by MPOB Cawangan SPOC S19 Bukit Garam.

1.2. Scope

The certification is based on the documentation established by MPOB Cawangan SPOC S19 Bukit Garam in managing the independent smallholders' scheme.

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

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

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

The following references are used as part of the assessment; the compliance of the requirements out of the guidelines applied was checked.

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

1.3. Appointment & Qualification of Audit Team Members

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

Qualification of the Lead Auditor: Mohamad Norhisham Bin Mohd Salleh

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

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Requirement	Qualifications
iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	5 years working experience in palm oil estates.
Successfully completed MS 2530 series of standards training	Successfully completed MS2530 series standards training,
Conducted at least three (3) MSPO or equivalent sustainability certification audits as Lead Auditor-in-training with a minimum of fifteen (15) mandays under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Qualified as lead auditor for MSPO scheme. Conducted 15 mandays as trainee lead auditor under supervision.
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and/ or any other local language.	Able to communicate in Bahasa Malaysia and English.
Field working experience in the palm oil sector, or demonstrable equivalent	5 years working experience in palm oil estates.
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	5 years working experience in palm oil estates.
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Auditor for RSPO and MSPO schemes. Successfully completed ISO 45001 LA course.
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Successfully completed SA 8000 Basic training and auditor for RSPO and MSPO schemes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Successfully completed ISO 14001 LA course and auditor for RSPO and MSPO scheme.

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Qualification of Team Members

Requirement	Assessor	Qualification	Compliance
Post-secondary education, college or university diploma / degree in one of the following i) Agriculture; ii) Science & Technology (e.g. Environmental Sciences, Life Sciences, Geological Sciences, Natural Sciences,); iii) Engineering, Process Technology; iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	Khairul Anwar Bin Ismail	Graduate in Agricultural Science.	Yes
	Chan Shi Lie	Graduate in Technology Media (Major in Broadcasting)	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)	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes
	Chan Shi Lie	6 years working experience in oil palm plantations.	Yes
Successfully completed MS 2530 series of standards training	Khairul Anwar Bin Ismail	Successfully completed MSPO MS 2530 series of standards training	Yes
	Chan Shi Lie	Successfully completed MS 2530 series of standards training	
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.	Khairul Anwar Bin Ismail	Qualified as MSPO Scheme auditor.	Yes
	Chan Shi Lie	Trainee auditor.	Yes
A good knowledge in handling and evaluating sources of information and data. Able to communicate in Bahasa Malaysia, English and / or any other local language.	Khairul Anwar Bin Ismail	Able to communicate in Bahas Malaysia and English.	Yes
	Chan Shi Lie	Able to communicate in Bahas Malaysia, Mandarin and English.	Yes
	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations.	Yes

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Requirement	Assessor	Qualification	Compliance
Field working experience in the palm oil sector, or demonstrable equivalent	Chan Shi Lie	6 years working experience in oil palm plantations	Yes
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Khairul Anwar Bin Ismail	5 years working experience in oil palm plantations	Yes
	Chan Shi Lie	6 years working experience in oil palm plantations	Yes
Health and safety auditing on the farm and in processing facilities, for example ISO 45001 or Occupational, Health & Safety Assurance System	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
	Chan Shi Lie	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Khairul Anwar Bin Ismail	Successfully completed SA 8000 Basic training	Yes
	Chan Shi Lie	Successfully completed SA 8000 Basic training	Yes
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Khairul Anwar Bin Ismail	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes
	Chan Shi Lie	Successfully completed IMS ISO 9001, 14001 and 45001 LA course.	Yes

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2. METHODOLOGY

The audit approach consists of the following steps:

- Contract review;
- Appointment of team members and reviewer / certifier;
- Contact client for relevant documentation according to the applicable MSPO standards;
- Audit planning;
- Background investigation, desk review of submitted documents;
- On-site assessment, inspections, interviews with operational personnel, stakeholders and its contractors; review of documentation;
- On-site reporting
- Resolution of non-conformance (NC) (if any)
- Draft audit reporting
- Technical review
- Final audit reporting
- Peer review
- Address Peer Review Comments (if any)
- Certifying, final approval and issuance of certificate.

Surveillance Audit:

Surveillance audit is conducted on 10/09/2019 to 12/09/2019 covers the following activities but not limited to below:

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

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

On-site Assessment

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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 physical site inspections, observation of tasks and processes, interviews of stakeholders, smallholders, SPCO officers, review of documentation and data.

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

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

The group of smallholders consists of 410 new members and 100 old members.

Based on the formula, the sample size $S = \sqrt{410} = 20.25$ for new smallholder, and $S = \sqrt{100} = 10$ for old members. Therefore, round up to next integral the total of new smallholders 21 and old members are 10. Thus, a total of 31 smallholders selected for the onsite assessment and inspection listed in Table 2-1 below;

Table 2-1: List of Sampled Independent Smallholders

Name of independent smallholders	Specific Address / site
Norhaini @ Abd Rahman Bin Abd Salleh	Kg. Buang Sayang, Bukit Garam
Rosminah Bte Ahmad	Kg. Buang Sayang, Bukit Garam
Martin Bin Hassan	Bukit Garam, Kg Berjaya
Aliaa Bin Ismail	Kg. Usaha Jaya, 90200 Kinabatangan
Piddin Bin Ejai	Kg. Muhibbah, 90200 Kinabatangan
Azmin Bin Yusuf	Bukit Garam, Kota Kinabatangan
Chin Ken Nyap	Bukit Garam, Kota Kinabatangan
Daud Bin Lapadi	Kg. Kembara Jaya, Bukit Garam
Rosdah Bte Japar	Kg. Buang Sayang, Bukit Garam
Wah Kok Cha	Kg Lot M, Kinabatangan
Huslah Bte Kahar	Kampung Berjaya 2, Kota Kinabatangan
Amiruddin Bin baba	WDT 310, 90200 Kota Kinabatangan

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Name of independent smallholders	Specific Address / site
Jupri Bin Musi	Kg. Sg Rotan, Kota Kinabatangan
Abdul Rahman Bin Hasan	Kg. Sg Rotan ,Kota Kinabatangan
Jarry Bin Boong	Kg. Slnar Jaya, Kota Kinabatangan
Kristinah Binti Boong	Kg. Slnar Jaya, Kota Kinabatangan
Yusri Bin Boong	Kg Usaha Jaya ,Kota Kinabatangan
Salmah Bte Zakaria	Kg. Usaha Jaya ,Kota Kinabatangan
Misbah Bte Ibrahim	Kg. Sg. Rotan, Kota Kinabatangan
Sahuda Bin Tadewwa	Kg. Sg. Rotan, Kota Kinabatangan
Mimah @ Lainah Bte Aloysius	Kg. Sg. Rotan, Kota Kinabatangan
Amirsah Bin Samsudin	Kg. Sg. Rotan, Kota Kinabatangan
Roslawati Bte Harun	Kg. Sg. Rotan, Kota Kinabatangan
Chai Jean Shyong	LoT 65, Kg Usaha Jaya WDT 67
Ali Amat Bin Amit	WDT 159 PJBT POS Kota Kinabatangan
Latip Bin Pabi	Kg. Sg. Rotan , Kota Kinabatangan
Saripuddin Labundu	Kg. Sg. Rotan, Kota Kinabatangan
Muhammad Bin Duna	Kg. Sg. Rotan, Kota Kinabatangan
Bahrin Bin Salleh	Kg. Berjaya 1, Jln Bukit Garam WDT 183, 90200 Kota Kinabatangan
Norhayati Bte Wakka	Kg. Sg Rotan, Kota Kinabatangan
Mohammad Bin Amir	WDT NO 6, 90200 Kota Kinabatangan

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.

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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 S 19 Bukit Garam is a branch of MPOB located at MPOB Kinabatangan, (Office coordinate: 5° 34' 48.0" N, 117° 50' 33.0" E) to provide technical support as well as develop the independent smallholders' scheme around the Kinabatangan district.

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

The SPOC office is located at Blok F, Lot 12, Tingkat 1, Bangunan Perkasa Realty Sdn Bhd, 90200 Kinabatangan, Sabah.

The locations for the smallholders are in Bukit Garam area as shown in the below maps.

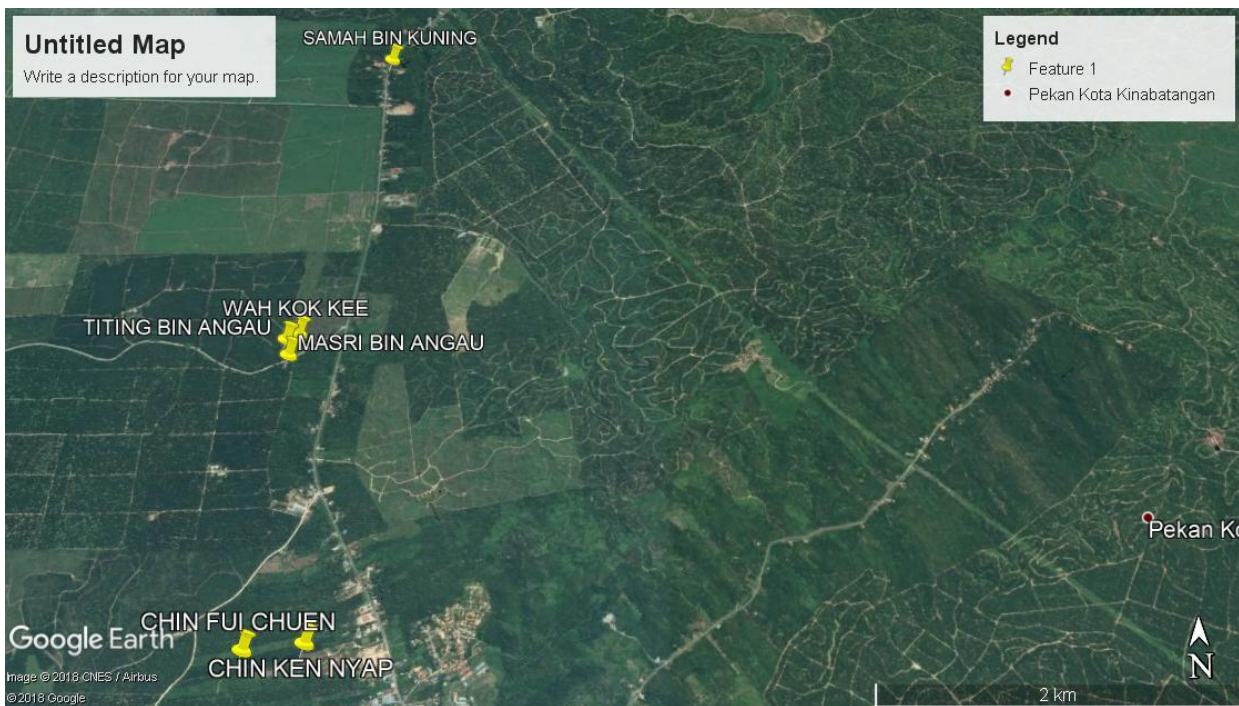


Figure 1: Smallholders area.

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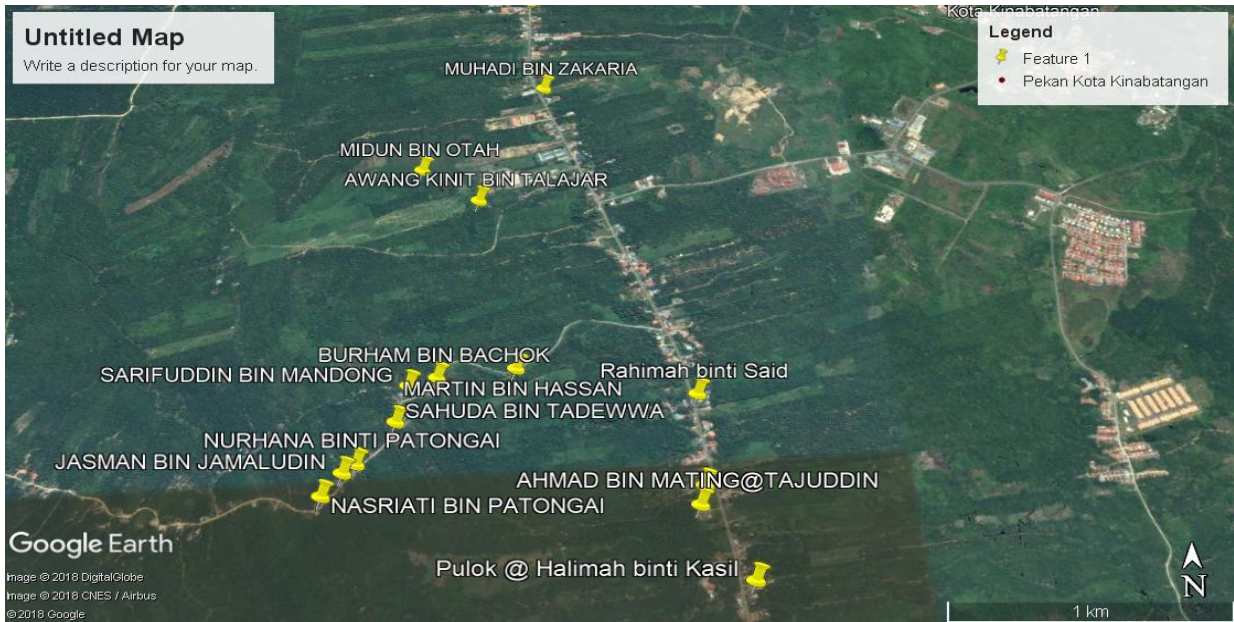


Figure 2: Smallholders area.

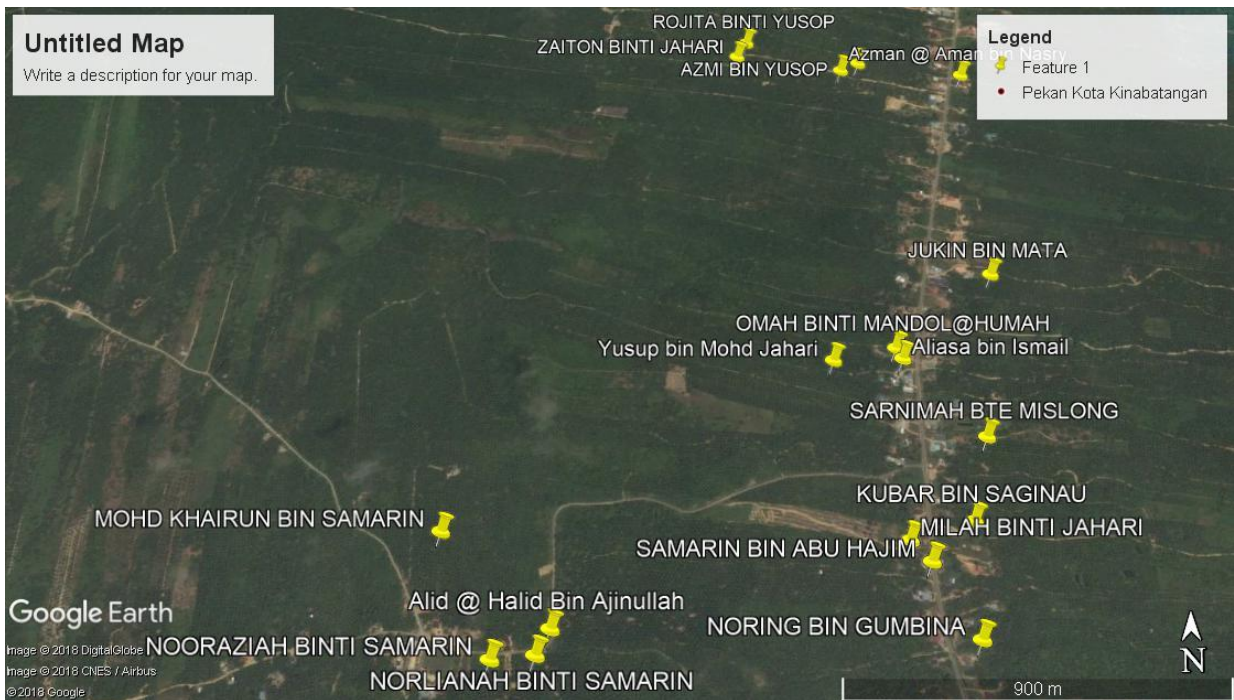


Figure 3: Smallholders area.

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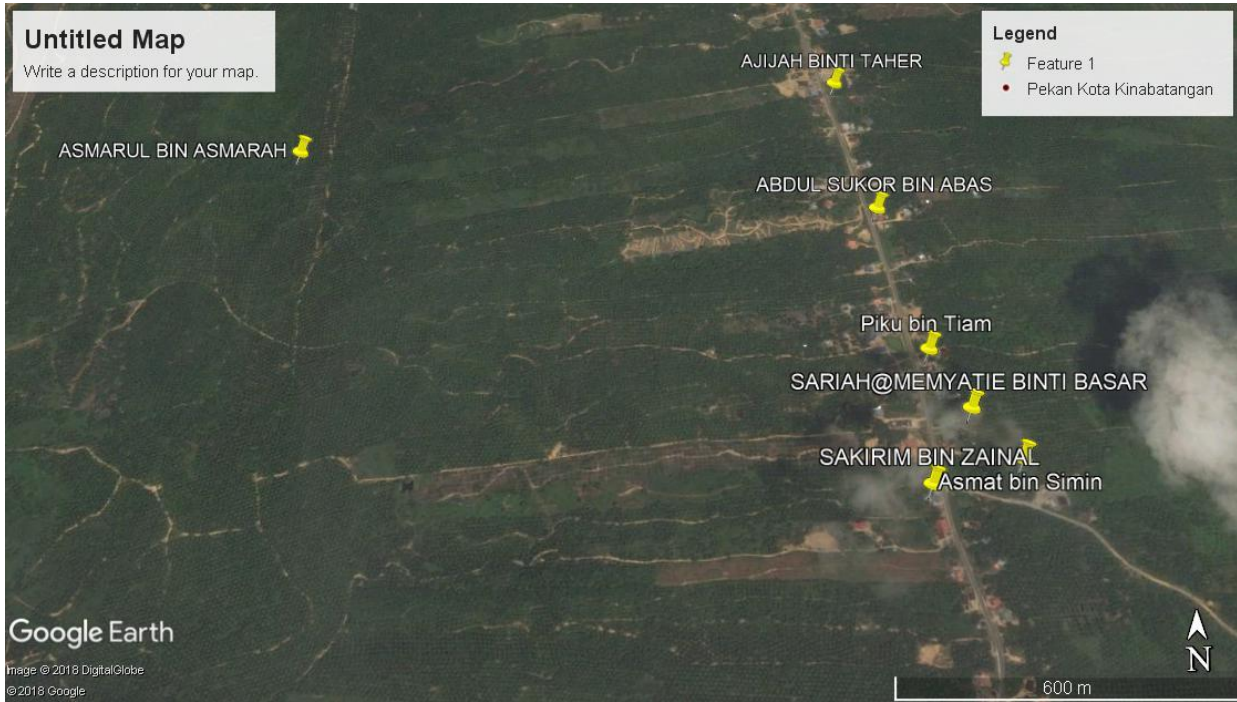


Figure 4: Smallholders area.



Figure 5: Smallholders area.

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Figure 6: Smallholders area.



Figure 7: Smallholders area.

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Figure 8: Smallholders area.



Figure 9: Smallholders area.

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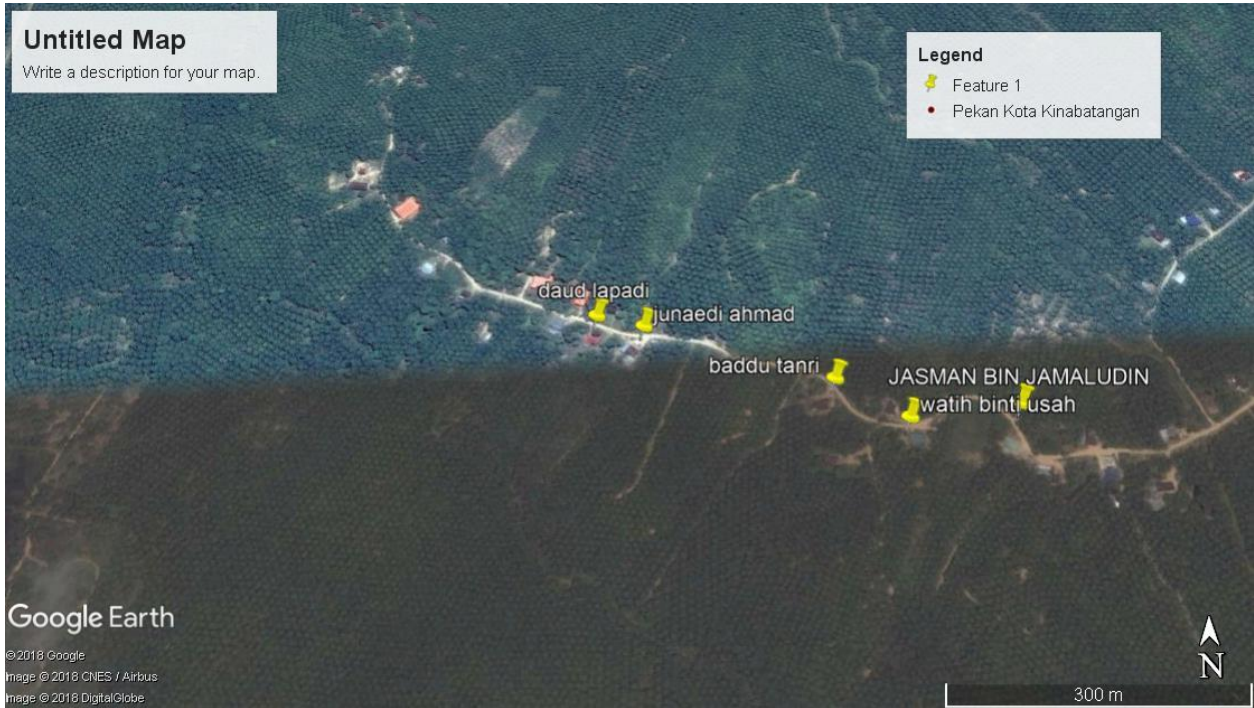


Figure 10: Smallholders area.

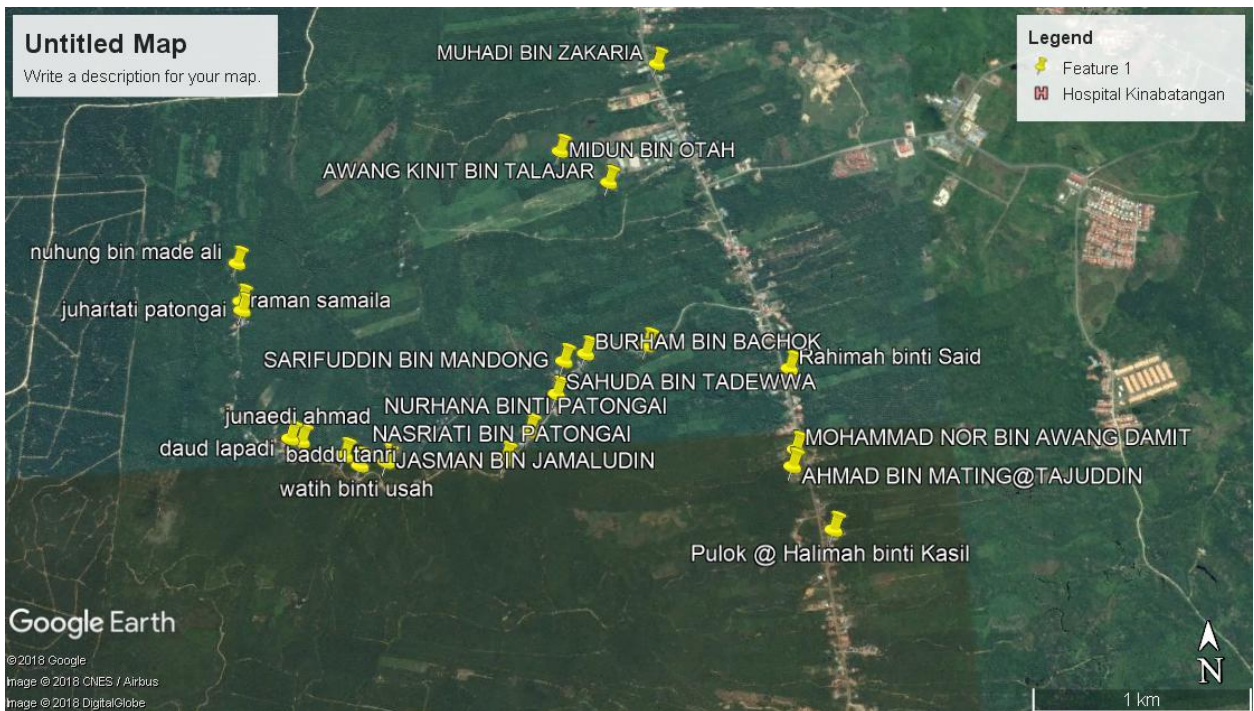


Figure 11: Smallholders area.

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Figure 12: Smallholders area.

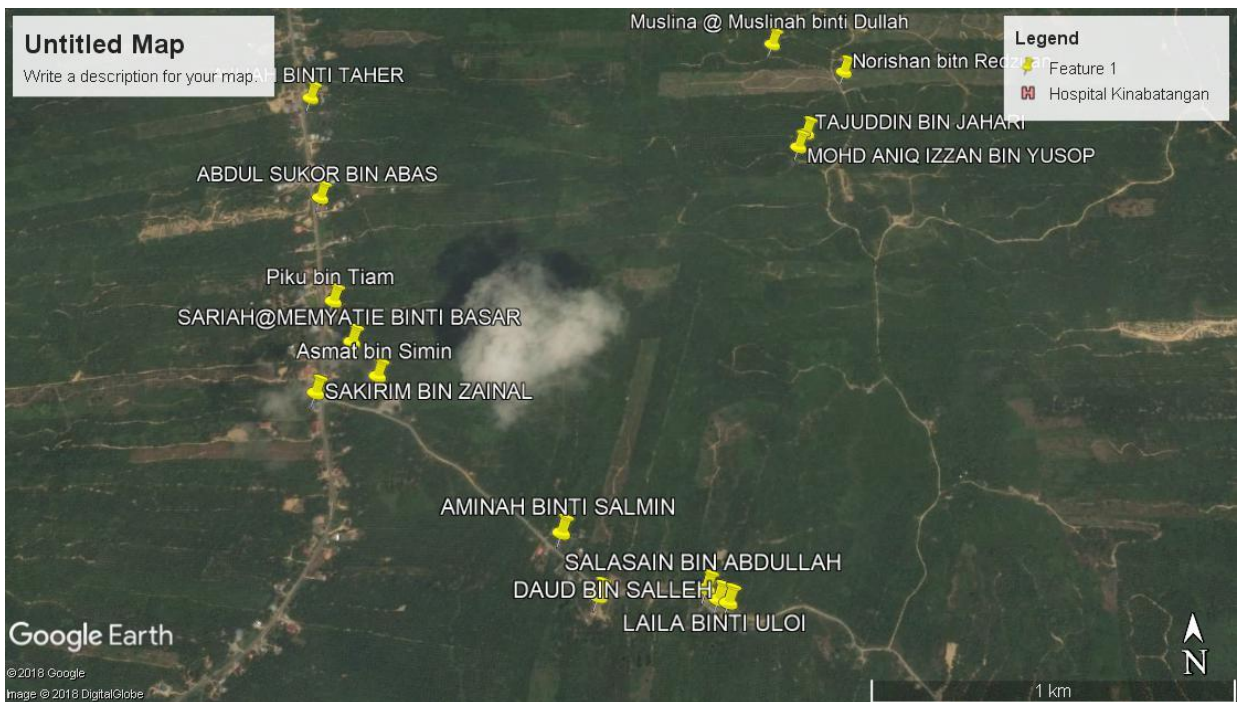


Figure 13: Smallholders area.

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4. Certification Assessment

4.1. Annual surveillance audit

The objective of the audit is to assess the activities of MPOB Cawangan SPOC S19 Bukit Garam in compliance with MS 2530-2: 2013 Part 2: General principles for Independent Smallholders'.

4.1.1. Surveillance:

During this surveillance audit ASA 03, there are 100 old members and 410 new members. Thus, total number of smallholders in the program is 510.

The surveillance audit is conducted on 10/09/2019 to 12/09/2019 that include inspection of the smallholders farms, farms boundary, interviews, conduct stakeholders' consultation and review of the findings raised in the last audit.

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

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

During the onsite the following were verified.

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

During the previous surveillance audit, there are 1 major and 1 minor raised.

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

4.2. Stakeholders' Consultation

TUV NORD (Malaysia) Sdn. Bhd, has published the public notification on 01/08/2019 as to accommodate stakeholder's consultation meeting for SPOC S19 Bukit Garam to provide comments. As at audit date on 10/09/2019 there are no comments received.

Invitation letters are sent on 01/08/2019 to invite relevant stakeholders to attend a local stakeholders' consultation on 03/09/2019 to gather information from the local communities in accordance to §7, 3.2 of the Certification Procedure requirements.

The topics of discussion are as below:

- a. Introduction of objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in area;
- c. Wildlife management area and impact to the smallholders;
- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around area;

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f. Support from processing palm oil mills at area.

There are no issues raised during the stakeholders' consultation that need to be addressed by the SPOC management office.

It can be concluded the relevant Principles and Criteria clauses of the applied standard are in compliance.

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

Item	Subject discussed	Audit team findings	Company response and proposed action to be taken
1	Any information from Group Manager [thereafter known as GM] as regards to MSPO audit?	Stakeholder inform received MSPO audit information through the invitation from SPOC GM	Good comment
2	Social issues	Stakeholder inform there is no social issues occur within Bukit Garam area..	Good comment
3	Understanding of Land Title – Native Customer Land, Freehold, Leased (Grant), Land application (LA)	Stakeholder inform land application under process to obtain a valid grant. areat.	SPOC S19 Bukit Garam management team to continue monitor and contact land office for approval
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	Stakeholder inform MSPO certification has improve livelihood.	Good comment
5	Does MSPO largely benefits the local community?	Stakeholder inform MSPO certification has benefited the smallholders and communities.	Good comment
6	Understanding of environmental.	Stakeholder inform SPOC GM has provided awareness on importance of environmental.	Good comment
7	Awareness towards species, habitats, and high conservation values?	Stakeholder inform SPOC GM has provide information of HCV and wildlife.	Good comment.
8	FFB quality	Stakeholder inform FFB quality according to FFB grading standard.	Good comment
9	Are there any plantation or mill management practices that affect you?	Stakeholder informed there is no plantation operation affecting the livelihood.	Good comment
10	Do you consider any management is in	Stakeholder understanding MSPO certification is good for smallholders.	Good comment.

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	conflict with the MSPO principles and criteria?		
11	Do you have any suggestions for management?	No suggestion.	No action required.

4.3. Summary of Assessment

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

Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
4.1.1.1	<p>SPOC S19 Bukit Garam established MSPO Policy dated 24/07/2019 signed by Group Manager</p> <p>The policy is displayed .at the office notice board with the following statement.</p> <ul style="list-style-type: none"> • Komitmen dan tanggungjawab pihak pengurusan • Keterbukaan dan memberikan maklumat kepada pihak berkepentingan. • Dokumentasi bagi tujuan kebolehjajikan • Pematuhan undang-undang tempatan, kebangsaan dan antarabangsa yang telah disahkan 	Yes
4.1.2.1	<p>SPOC S19 Bukit Garam established Manual Kerja dated 10/07/2019.</p> <p>Lampiran 9: Senarai Impak Social, Persekitaran dan Pelan tindakan includes:</p> <p>Social Impact and Action Plan; Activity: Harvesting Social impact: FFB theft Action plan: Report to JKPP and Police for further action.</p> <p>Environmental Impact and Action Plan; Activity: Manuring and integrated farming. Environmental impact: Improve in soil fertility and soil Action plan: Ongoing</p>	Yes
4.1.2.2	<p>SPOC S19 Bukit Garam disseminated Warta Sawit to smallholders either by Latihan Khidmat Nasihat or Taklimat / training.</p> <p>Latest Warta Sawit Bil. 71 (10/ Jan – April 2019) available</p>	Yes

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Principle 1: Management Commitment & responsibility		
Indicator	Summary of Assessment	Compliance
	Interviewed smallholders confirmed they receive Warta Sawit during Taklimat conducted by Group Manager.	

Principle 2: Transparency		
Indicator	Summary of Assessment	Compliance
4.2.1.1	<p>SPOC S19 Bukit Garam established procedure for Financial and economy, document number MSPO/SSCC/GP-01/PEK. Issue 1, dated 13/04/2018.</p> <p>The procedure describe:</p> <ul style="list-style-type: none"> • FFB selling records. • Flow chart of treatability <ol style="list-style-type: none"> 1. Send corps to dealers or tamp operator 2. Acceptance of weighbridge ticket 3. Records and keep weighbridge ticket 4. Monitoring of FFB records by group manager. <p>Internal audit conducted on 06/09/2019 with no findings for traceability.</p>	Yes
4.2.1.2	<p>Records of FFB are kept by smallholders in their individual files.</p> <p>Summaries of FFB available and monitored by group manager.</p>	Yes

Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
4.3.1.1	<p>SPOC 19 Bukit Garam established legal register document no: MSPO/SSCC/L-01/SKU, Issue no: 2, reference no: 2, effective on 10/07/2019 for relevant laws and regulations.</p> <p>Example:</p> <p>Akta 732: Akta Majlis Perundangan Gaji Negara 2011: Perintah Gaji Minimum 2018</p> <p>Akta 265: Akta Pekerjaan 1955</p> <p>Akta 716: Akta Pemuliharaan Hidupan Liar 2010</p> <p>SPOC 19 Bukit Garam provided training on 19/03/2019 include legal requirement, wildlife and environment.</p> <p>On site interview with smallholders are aware and able to demonstrate their understanding on legal requirement.</p> <p>They are aware on the licensing requirement for selling FFB.</p>	Yes
4.3.2.1	<p>Smallholders land titles are either native or in the process of land application or Permohonan Tanah (PT) status.</p>	Yes

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Principle 3: Compliance to legal requirements		
Indicator	Summary of Assessment	Compliance
	Stated in native title, land used for the purpose for agricultural crops.	
4.3.3.1	There are no customary right land titles owned by SPOC S19 Bukit Garam member. Group members either having Native title or PT status land. Land titles or letter for PT status land issued by Jabatan Tanah dan Ukur Kota Kinabatangan.	Yes
4.3.3.2	Each native land title has a map describing the location and size. Smallholders interviewed able to explain the extent of their land with either a boundary stone, boundary road or drains.	Yes

Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
4.4.1.1	SPOC S19 Bukit Garam established SOP 'Aduan dan Rungutan', doc no. MSPO/SSCC/SOP-01/AR, no issue: 02, revision no 1, date effective: 10/07/2019. SOP objective 'Memantau dan memastikan aduan dan rungutan yang diterima daripada pihak berkepentingan di selidik dan diambil tindakan dalam tempoh yang telah ditetapkan dengan efektif. Complaint Form established, doc no: MSPO/SSCC/F01-01/AR, no issue: 02, date effective: 10/07/2019 The complaint form contains A. Complaints and grievances B. Action to mitigate the complaint C. Confirmation of solve complaint Complaint and grievance system is briefed to smallholders during "Taklimat Pensijilan MSPO kepada Pekebun Kecil SPOC S19 Bukit Garam" on 19/03/2019. Interviewed smallholders are aware of the complaint and grievance procedure.	Yes
4.4.1.2	SPOC S19 Bukit Garam established SOP 'Aduan dan Rungutan', doc no: MSPO/SSCC/SOP-01/AR, no issue: 02, revision no 1, date effective: 10/07/2019. The complaint procedure divided into 5 steps 1. Penerimaan Aduan/ rungutan 2. Analisa aduan/ rungutan 3. Siasatan/ kenalpasti punca 4. Tindakan Penyelesaian 5. Verifikasi tindakan penyelesaian yang diambil	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>Group Manager is appointed as PIC to manage the complaint, grievance and disputes</p> <p>Flow chart states complaint to be resolved within 14 days.</p> <p>If the complaint is beyond the GM control, will be refer to MPOB headquarters.</p> <p>No complaints on disputes with smallholder and stakeholders recorded for 2019.</p>	
4.4.2.1	<p>SPOC S19 Bukit Garam adopted MPOB “Polisi Keselamatan & Kesihatan Pekerjaan”</p> <p>The policy states:</p> <p>MPOB meletakkan komitmen yang tinggi dalam mematuhi keperluan perundangan seperti yang di wartakan dalam Akta Keselamatan dan Kesihatan Pekerjaan, 1994 (Akta 514), dengan mengadakan dan menyelenggarakan persekitaran tempat kerja yang selamat, sihat dan bersih serta menjamin kesejahteraan dan kemakmuran semua warga kerja MPOB dan orang awam (termasuk tetamu, pelawat, kontraktor dan pembekal) yang berurusan denganya.</p> <p>To ensure that all work practices are safe, smallholders trained on safety and health dated 19/03/2019.</p> <p>Site visit interviewed smallholders aware on safety and health during working in estate especially the importance of PPE for chemical spraying and harvesting activities.</p> <p>SPOC S19 Bukit Garam adopted the accident, dangerous situation and occupational poisoning procedure dated 10/07/2019.</p> <p>The objective of the procedure:</p> <p>Menyediakan pelan tindakan sekiranya berlaku kemalangan, keracunan atau sebarang kejadian tidak selamat kepada pekebun kecil dan pekerja di tempat kerja.</p> <p>Garis panduan ini menerangkan tentang tanggungjawab semua pihak bagi mengenalpasti tindakan yang perlu diambil sekiranya berlaku kemalangan dan langkah-langkah mencegah kejadian berulang.</p>	Yes
4.4.3.1	<p>SPOC S19 Bukit Garam established guideline ‘Syarat Mengupah Pekerja Di Kebun Sawit, document number MSPO/SSCC/SMP-01.</p> <p>The guideline describe:</p> <ol style="list-style-type: none"> 1. Mempunyai permit kerja bagi pekerja asing. 2. Tidak sama sekali membenarkan/ mengupahkan kanak-kanak di bawah umur 15 tahun. 3. Tidak sama sekali membenarkan/ mengupah orang muda di bawah umur 15 -18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit. 	Major NC 1

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik.</p> <p>5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang telah disyorkan oleh pengurus SPOC.</p> <p>6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja.</p> <p>7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang dan ditandatangani oleh pekerja.</p> <p>8. Memastikan setiap kerja yang dilakukan adalah dalam keadaan yang selamat seperti mana yang digariskan di dalam GP-02: Garis Panduan Keselamatan dan Kesihatan pekerjaan.</p> <p>Interviewed smallholders are hiring casual workers.</p> <p>Non-conformity:</p> <p>Interviewed smallholders are hiring casual workers and the established form is not used.</p> <p>The non-conformity is repeated for this audit, therefore is upgraded to a major non-compliance</p>	
4.4.3.2	<p>SPOC S19 Bukit Garam MSPO policy include discrimination 'Menentang amalan diskriminasi dengan mengamalkan hak kesamarataan dalam memberi peluang dan layanan tanpa mengira bangsa, jantina, agama, fahaman politik dan kewarganegaraan'.</p> <p>Group manager conducted training on MSPO policy document number MSPO/SSCC/POLISI-01 (Rev01) for all smallholders on 19/03/2019</p> <p>Site visits and interviewed smallholders are aware of the discrimination policy.</p>	Yes
4.4.3.3	<p>SPOC S19 Bukit Grama established form 'Terma Penggajian Pekerja', document number MSPO/SSCC/TPP-01 for hiring of casual or temporary workers by smallholders</p> <p>Site visit interview the smallholders pay workers on a verbally agreed rate for harvesting per ton of FFB, fertiliser per bag, chemical spraying per acre or field maintenance by acre</p> <p>Payment made upon completion of task.</p>	Yes
4.4.3.4	No living quarters observed during field inspection.	Yes
4.4.3.5	<p>SPOC S19 Bukit Garam established t MSPO Policy document number MSPO/SSCC/POLISI-01.</p> <p>The policy states 'Pematuhan undang-undang setempat, kebangsaan dan antarabangsa yang terpakai'.</p> <p>SPOC S19 Bukit Garam group manager establish document 'Syarat Mengupah Pekerja di Kebun Sawit' document number MSPO/SSCC/SMP-01.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions		
Indicator	Summary of Assessment	Compliance
	<p>The document describe 'Tidak sama sekali membenarkan / mengupah kanak – kanak di bawah umur 15 tahun untuk bekerja'. and 'tidak sama sekali membenarkan / mengupahkan orang muda di bawah umur 15-18 tahun untuk membuat kerja berat dan merbahaya di kawasan kebun sawit'.</p> <p>Smallholders are brief during training on 19/03/2019.</p> <p>From site interview, smallholders aware no child and young person are not allow to work.</p> <p>No young worker observed during visit.</p>	
4.4.4.1	<p>SPOC S19 Bukit Garam established training programme for 2019 and lawatan khidmat nasihat (LKN) programme dated 12/02/2019 to increase the smallholder competency in oil palm management Training conducted on 19/03/2019 includes:</p> <ul style="list-style-type: none"> • Good Agriculture Practise • Introduction on MSPO • Environmental • Safety and health <p>During the field interview, the smallholders able to explain the importance of MSPO, safety & health and environmental.</p> <p>Individual training and briefing provided by SPOC officer during Program Lawatan LKN</p>	Yes

Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.1.1	<p>SPOC S19 Bukit Garam established Manual Prosedur Kerja: Senarai Sisa Racun dan Domestik, document no MSPO/SSCC/L-03/SRD, no issue: 2, no revision: 0 , dated 10/07/2019 to identify environmental impacts cause by the oil palm cultivation activities.</p> <p>Example:</p> <p>Senarai sisa yang terhasil dari input pertanian:-</p> <p>Input pertanian: Baja</p> <p>Sisa yang dihasilkan: Beg baja kosong yang tercemar dengan sisa racun</p> <p>Kesan: Mencemarkan kualiti alam sekitar</p> <p>Senarai sisa yang terhasil bukan dari input pertanian:-</p> <p>Peralatan pertanian: Pam racun</p> <p>Sisa yang dihasilkan: Sisa lebihan racun yang dibuang ke dalam sumber air.</p> <p>Kesan: Mencemarkan sumber air semula jadi</p> <p>Briefing on environmental protection conducted on 19/03/2019</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
	<p>During field visit, there is no sign of pollution observed.</p> <p>On site interviewed with smallholders confirmed that empty chemical containers are store at proper and safe location after triple rinse and marked with red paint.</p>	
4.5.2.1	<p>During field visit, it was observe there is no renewable energy used by smallholders.</p>	Yes
4.5.3.1	<p>SPOC S19 Bukit Garam established Manual Prosedur Kerja Senarai Sisa Racun dan Domestik, document no: MSPO/SSCC/L-03/SRD, no issue : 2, no revision : 0 dated 10/07/2019.</p> <p>The procedure describe the list of scheduled waste such as empty chemical containers, empty fertilizer begs and used engine oil generated from the operation (if available).</p> <p>Waste generated from agricultural input</p> <p>Type: Weedicide</p> <p>Wastes: Empty chemical container</p> <p>Impact: Environment pollution.</p> <p>Briefing on environment protection conducted on 19/03/2019.</p> <p>On site interviewed smallholders aware of protection on environment.</p>	Yes
4.5.3.2	<p>SPOC 19 Bukit Garam established Manual Prosedur Kerja : Pengurusan Bahan Buangan Terjadual, document no: MSPO/SSCC/SOP-03/BT, no issue : 2, no revision : 2, dated 10/07/2019.</p> <p>The procedure describe</p> <ol style="list-style-type: none"> i. To conduct triple rinsing for empty chemical container before disposed ii. To record all generated empty chemical containers and empty fertilizer begs. <p>Record of empty chemical containers and empty fertilizer begs generated by smallholders reviewed..</p>	Yes
4.5.4.1	<p>SPOC 19 Bukit Garam established SOP 'Garis Panduan Zon Penampanan Sungai' document number: MSPO/SSCC/GP-03/ZPS, no issue: 2, no revision: 0, dated 10/07/2019.</p> <p>The procedure describes that no spraying and fertilizing activity in buffer zone area to avoid contamination of the river or stream. except for FFB harvesting</p> <p>Smallholders interviewed are understand and aware that spraying and manuring activity is not allowed at buffer zone area.</p>	Yes
4.5.4.2	<p>SPOC S19 Bukit Garam smallholders practice rain harvesting to collect water for chemical premix and spraying activities.</p>	Yes

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Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Indicator	Summary of Assessment	Compliance
4.5.5.1	<p>SPOC19 Bukit Garam Group Manager provide wildlife training to smallholders on 19/03/2019 in collaboration with Wildlife Department of Kota Kinabatangan.</p> <p>One of the topic Enakmen Pemeliharaan Hidupan Liar 1997 Jadual 1 of protected species. Example Orang Utan and Tenggiling.</p> <p>List of wildlife displayed at SPOCoffice. of 3 types of protection category:-</p> <ul style="list-style-type: none"> i. Haiwan dilindungi sepenuhnya (Example: Orang Utan) ii. Spesies haiwan dilindungi di mana pemburuan dan penuaian terhad di bawah lesen (Example: Kelawat) iii. Spesies haiwan dilindungi yang mana lesen pemburuan diperlukan (Example: Babi Hutan) <p>Smallholders are aware and understand on the protection of wildlife and illegal hunting prohibited by laws.</p>	Yes
4.5.6.1	<p>SPOC 19 Bukit Garam established Manual Prosedur Kerja : Garis Panduan Amalan pembakaran Sifar, document no: MSPO/SSCC/GP-04/APS, no issue : 2, no revision : 0 , dated : 10/07/2019.</p> <p>The guideline describes that smallholder prohibited to practise open burning for replanting or new planting work.</p> <p>There are no open burning sighted during site visit.</p> <p>Smallholder are aware and understand that open burning is prohibited.</p>	Yes

Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
4.6.1.1	<p>SPOC S19 Bukit Garam smallholders implement MPOB Good Agriculture Practice (GAP) such as maintain soft grass to retain moisture, stack fronds to prevent soil erosion and run-off.</p> <p>Training conducted on 19/03/2019.</p>	Yes
4.6.1.2	<p>SPOC S19 Bukit Garam installed visual identification include name of smallholder, lot no., hectare, planted year, GPS and no. of palms</p>	Yes
4.6.2.1	<p>SPOC S19 Bukit Garam established SOP, 'Garis Panduan Pelan Daya Ekonomi dan Kewangan', doc no: MSPO/SSCC/GP-01/PEK, issue no: 2, date effective: 10/07/2019.</p> <p>The procedure described the expenses and income management for smallholders.</p> <p>Budget allocation for SPOC S19 2019 as below : :</p> <ul style="list-style-type: none"> 1. MSPO Training 2. Audit fees 3. PPEs for smallholders 	Yes

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Principle 6: Best Practices		
Indicator	Summary of Assessment	Compliance
	4. Chemical storage cabinet Buku Rekod Ladang (BRL) is established for monitoring the expenses and income of smallholders	
4.6.3.1	SPOC S19 Bukit Garam smallholders obtain FFB pricing from FFB dealers via either phone call or display at notice board. Interviewed smallholders inform FFB prices can be assess via phone call and display at mill or dealer notice board..	Yes

Principle 7: Development of new planting		
Indicator	Summary of Assessment	Compliance
4.7.1.1	Based on planting statement, first panting in 1994 and last planting in 2018. There is no new planting reported, the current location of the group members are not in high biodiversity value	Yes
4.7.2.1	Based on planting statement, first panting in 1994 and last planting in 2018.. There is no new planting reported. Based on LKN visit inspection form, the type of soil for the smallholders is mineral	Yes
4.7.3.1	Based on planting statement, first planting in 1994 and last planting in 2018. The LKN visit inspection form is review and there is no planting at steep terrain or fragile soil. No new planting conducted on 2019 based on planting statement and site visit to smallholders areas.	Yes

4.4. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
X	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>	

4.5. Detail of Audit Findings in last Audit

AUDIT OUTCOME

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During last Audit	1	MAJOR Non-Conformities
	1	MINOR Non-Conformities

Non Conformity Number <01 >	
Indicator # and Description:	Indicator: 4.6.1.2 A visual identification or reference system shall be established for each field or block of oil palm planting. (MAJOR)
Location:	SPOC S19 Bukit Garam
Description of Finding / Objective Evidence:	
Observation during field visits where 11 of the sampled smallholders do not have visual identification.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raise by:	Zul Hairi Bin Abu Hassan Date Raise: 24/10/2018
Deadline for implementation	23/12/2018
Root Cause Analysis (by company):	
Pekebun kecil telah dimaklumkan untuk memasang Papan Tanda dan kepentingannya namun pekebun kecil tiada tindakan.	
Correction (by company):	
Taklimat berkenaan memasang papan tanda akan diadakan pada 18 Disember 2018 kepada peserta SPOC S19 Bukit Garam.	
Corrective / Preventive Action (by company)	
Memaklumkan kepada semua peserta SPOC S19 Bukit Garam agar memasang papan tanda di setiap pintu masuk kebun masing- masing. Ini Bagi memudahkan pihak luar mengenalpasti pemilikan tanah tersebut. Ini dilaksanakan melalui program latihan (Program Latihan 2019).	
Review of Correction & Corrective / Preventive Action	
The group manager has submitted picture as evidence for the visual identification signage install on 18/12/2018. Training programme for year 2019 will includes awareness on the importance of visual identification for each SPOC member. Based on documents submitted, it is sufficient to close out this non-conformity. Further site verification in the next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor: Zul Hairi Bin Abu Hassan	Date of Closure: 17/01/2019
Review of Implementation	
Site inspection at smallholders farm identification signage installed with information of smallholder's name, lot size, lot number, coordinate and planting year. The implementation is consider effective and NC is closed.	

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Non Conformity Number <01 >	
Name of Auditor: Khairul Anwar Bin Ismail	Date of Review: 12/09/2019

Non Conformity Number <02 >	
Indicator # and Description:	Indicator: 4.4.3.1 For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.
Location:	SPOC S19 Bukit Garam
Description of Finding / Objective Evidence:	
The establish form 'Terma Penggajian Pekerja' is for hiring of temporary and casual workers. It was found smallholders have hire casual workers. However, no implementation of the form found during the audit.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raise by:	Sheron Pui Ling Wui Date Raise: 24/10/2018
Deadline for implementation	23/10/2019
Root Cause Analysis (by company):	
Form untuk "Terma penggajian pekerja" telah diedarkan namun hanya beberapa peserta sahaja yang menggaji pekerja tetap yang mengunakannya.	
Correction (by company):	
Taklimat berkaitan dengan Terma penggajian pekerja akan dilaksanakan pada Februari 2019 (sila rujuk Pelan penambahbaikan SPOC S19)	
Corrective / Preventive Action (by company)	
Menyediakan program dan taklimat kepada semua peserta SPOC S19 serta menjemput jabatan/agensi Yang berkaitan bagi memberi pengetahuan kepada pemilik kebun/pekerja berkenaan "Terma penggajian pekerja".	
Review of Correction & Corrective / Preventive Action	
Action plan is submitted, review and accepted. Implementation will be review and verify in the next audit.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Auditor: Sheron Pui Ling Wui	Date of Closure: 17/01/2019
Review of Implementation	
Interview with smallholders, they are hiring causal workers. Smallholders informed payment rate isverbally agreed. Further interview, the form 'Terma Pengajian Pekerja' is not used. Therefore, a repeat of non-conformity from last surveillance audit.The finding is raised to Major Non-compliance..	
Name of Auditor: Khairul Anwar Bin Ismail	Date of Review: 12/09/2019

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4.6. Detail of Audit Findings Identified During This Audit

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

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

Non Conformity Number <01 >			
Indicator # and Description:	Indicator: 4.4.3.1 For independent smallholders with temporary workers, work conditions shall be in accordance with a mutual verbal agreement made transparently and freely.		
Location:	SPOC S19 Bukit Garam		
Description of Finding / Objective Evidence:			
Interviewed smallholders are hiring casual workers and the established form is not used. The non-conformity is repeated for this audit, therefore is upgraded to a major non-compliance.			
Classification	<input checked="" type="checkbox"/> Major	<input type="checkbox"/> Minor	
Raise by:	Khairul Anwar Bin Ismail	Date Raise:	12/09/2019
Deadline for implementation	11/11/2019		
Root Cause Analysis (by company):			
Template (Terma Penggajian Pekerja) telah diedarkan dan Pekebun kecil juga diberikan penerangan berkaitan Mengupah Pekerja namun pekebun kecil tidak mengambil tindakan.			
Correction (by company):			
Taklimat akan diadakan untuk sentiasa memberi kesedaran kepada Pekebun Kecil berkaitan penggunaan Template (Terma penggajian Pekerja) agar isu ini tidak akan berulang lagi masa akan datang.			
Corrective / Preventive Action (by company)			
Mengadakan taklimat dan memantau setiap ahli MSPO untuk sentiasa memberikan kesedaran berkaitan dengan MSPO terutama sekali penggunaan Template (Terma Penggajian Pekerja) agar isu ini tidak berulang lagi			
Review of Correction & Corrective / Preventive Action			
Training for smallholders on form Terma Penggajian Pekerja conducted on 25/10.2019. Sample form is submitted. Base on correction made the major non-conformity is closed. Further review in 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: Mohamad Norhisham Bin Mohd Salleh	Date of Closure: 06/11/2019		

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

Nr.	Indicator	Location	Opportunity for Improvement
1.	4.6.1.1	SPOC S19 Bukit Garam	SPOC S19 Bukit Garam may consider improve the monitoring on smallholders update for Buku Rekod Ladang (BRL).

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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 S19 Bukit Garam consisting of 510 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

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

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

In conclusion the certified organisation has been established, implement and continue to improve in managing the independent smallholders are in line with the Principles & Criteria of the applied standard MS 2530-2:2013 Part 2.

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

Total certified number of independent smallholders:	510
Total certified acreage of smallholders:	1,875.49 Ha
Certified FFBS January to October 2019:	17,548.70 Mt
Projected FFBS January 2020 to December 2020:	33,176.56 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 to this summary report as annex.

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and demonstrated the ability of the system to achieve requirements for production and management within the scope and the organisation’s policies and objectives.

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

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

Puchong, 04/01/2019

Mohamad Norhisham Bin Mohd sallah
TUV NORD (Malaysia) Sdn Bhd
Audit Team Leader

Puchong, 04/01/2019

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

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7. List of Interviewees

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

No.	Name	Organization / Function
1.	Mansur Bin Laiere	Kg. Gomontang Jaya.

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

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

An audit is a procedure based on the principle of random sampling and cannot cover each detail of the management system. Therefore nonconformities 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