



# MSP0 CERTIFICATION SUMMARY REPORT

## SPOC S10 KENINGAU

SURVEILLANCE 2

Date : 07/02/2019

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# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 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 .....	15
4.1. Annual Surveillance 2	15
4.2. Summary of Assessment	17
4.3. Status of Non-Conformities Previously Identified	25
4.4. Detail of Audit Findings raised in last Audit	25
4.5. Detail of Audit Findings Identified During This Audit	27
5. CONCLUSION .....	32
6. RECOMMENDATION .....	33
7. REFERENCES .....	34
Table 7-1: List of Interviewed Persons, Observers and Smallholders	34
Annex / Enclosures	35

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2

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## ABBREVIATIONS

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

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit for SPOC S10 Keningau independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

### 1.1. Objective

The objective of this annual surveillance audit is to assess the MPOB Cawangan SPOC S10 Keningau as group manager managing the independent smallholders by an independent certification body. The aim of this surveillance audit is assessed on the continue compliance of the standard.

### 1.2. Scope

The audit is based on the documentation developed by MPOB Cawangan SPOC S10 Keningau 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 review against the requirements and criteria mentioned below. TÜV NORD has employed a risk-based approach in the verification, focusing on the identification of significant risks and reliability of the monitoring and reporting.

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

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

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

### 1.3. Appointment & Qualification of Audit Team Members

A certification team consisting of one team leader, 1 team member and 1 trainee appointed. The team members contribute to the review of documents, assessment of the project activity and t prepare the report under the leadership of the team leader.

#### Qualification of the Lead Auditor: Terence Ang Wai Sheng

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

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



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)	More than 8 years in sustainable related field
Attended the MS 2530 series of standards training	Successfully completed MSPO, RSPO P & C LA, SCC, RSPO Next and ISCC-EU 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.	Has conducted 3 MSPO and equivalent sustainability certification (RSPO) 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, English, and Chinese languages.
Field working experience in the palm oil sector, or demonstrable equivalent	3 year as Certifier and Reviewer for RSPO P&C and SCC schemes Wildlife (Biodiversity) and Ecotourism Consultant (EMS &HCV) 3 years as Wildlife Guide (Licensed issued by Ministry of Tourism, Malaysia) 6 months as Field Technician for University of Montana on HC
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	2 year auditor for RSPO and MSPO schemes
Health and safety auditing on the farm and in processing facilities, for example OHSAS 18001 or Occupational, Health & Safety Assurance System	2 year auditor for RSPO and MSPO schemes
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)	2 year auditor for RSPO and MSPO scheme

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



## 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	Sheron Pui Ling Wui	Bachelor in Medical Science	Yes
	Muhammad Khairul Anuar (Trainee Auditor)	Diploma in plantation management industry	
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)	Sheron Pui Ling Wui	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Muhammad Khairul Anuar (Trainee Auditor)	7 years working experience in estate management.	
Attended the MS 2530 series of standards training	Sheron Pui Ling Wui	Successfully completed MSPO Lead Auditor training course.	Yes
	Khairul Anuar (Trainee Auditor)	Successfully completed MSPO Lead Auditor training course.	
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.	Sheron Pui Ling Wui	Qualified as MSPO scheme auditor based on man day achieved.	Yes
	Khairul Anuar (Trainee Auditor)	Auditor in training	
A good knowledge in handling and evaluating sources of information and data. Able to communicate in	Sheron Pui Ling Wui	Able to communicate in Bahasa Malaysia, English and Chinese.	Yes

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Requirement	Assessor	Qualification	Compliance
Bahasa Malaysia or any other local language.	Khairul Anuar (Trainee Auditor)	Able to communicate in Bahasa Malaysia and English	
Field working experience in the palm oil sector, or demonstrable equivalent	Sheron Pui Ling Wui	Qualified MSPO auditor. Have conducted audits for both MSPO and RSPO schemes.	Yes
	Khairul Anuar (Trainee Auditor)	7 years working experience in estate management	
Good Agricultural Practices (GAP), and Integrated Pest Management (IPM), pesticide and fertilizer use	Sheron Pui Ling Wui	Qualified as auditor for MSPO scheme.	Yes
	Khairul Anuar (Trainee Auditor)	7 years working experience in estate management.	
Health and safety auditing on the farm and in processing facilities, for example OHSAS 18001 or Occupational, Health & Safety Assurance System	Sheron Pui Ling Wui	Successfully completed ISO 45001:2018 Lead Auditor course.	Yes
	Khairul Anuar (Trainee Auditor)	Successfully completed Lead Auditor course for IMS	
Worker welfare issues and social auditing experience, for example with SA8000 or related social or ethical accountability codes	Sheron Pui Ling Wui	Successfully completed Basic SA 8000 training.	Yes
	Khairul Anuar (Trainee Auditor)	Auditor in training	
Environmental and ecological auditing, for example experience with organic agriculture, ISO 14001 or Environmental Management Systems (EMS) or High Conservation Value (HCV)	Sheron Pui Ling Wui	Successfully completed ISO 14001:2015 Lead auditor course.	Yes
	Khairul Anuar (Trainee Auditor)	Successfully completed Lead Auditor course for IMS	

## MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 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 2 Audit:

The 2<sup>nd</sup> surveillance audit is conducted on 31/10/2018 to 01/11/2018 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.



## MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



### 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 as guide for collection of information. Any comments from external stakeholders are considered in the assessment.

For this certification audit, the selected independent smallholders were 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 112 members both 81 old and 31 new.

Based on the formula, the sample size  $S = 16$  (new member square root (31) = 5.56, old member square root (81) = 9, round up of 5.56 = 6, new member plus old member = 15. Thus, a total of 15 smallholders were selected for the onsite assessment and inspection listed in Table 2-1 below:

**Table 2-1: List of Independent Smallholders**

Name of independent smallholders	Specific Address / site
Raeson Tunggigi	Kg. Kipaliu Baru Sook Keningau
Hezran Sintip	Kg. Kipaliu Baru Sook Keningau
Zailin Binti Ameran	Kg. Kipaliu Baru Sook Keningau
Lausi Baringgi	Kg. Kipaliu Baru Sook Keningau
Justin Akin	Kg Simbuan P/S 1361 89008 Keningau Sabah
Masius Gasuti	Kg Maatol Peti Surat 230,Tiulon Sook Keningau Sabah
Henry Gabin	Kg Mosorui Sook 89008 Keningau Sabah
Saimeh Sawin	Kg. Padang Tembak P/S 1008 89000 Keningau
Mandamin Bin Madaun	Kg Simbuan Sook Peti Surat 1362,Sook 89008 Keningau Sabah
Mindah Korotid	Tmn Mdk Fasa 1 Jln Golf Club 89000 Keningau
Syahdinah Binti Sanin	Kg. Karanaan Baru Sook Keningau
Mohusin Sanin	Kg. Karanaan Baru Sook Keningau
Aliron Nulantan	Kg. Keningau 89000 Keningau (Kg.Keritan)

## MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



Name of independent smallholders	Specific Address / site
Aliman Nulantan	Kg. Keningau 89000 Keningau (Kg.Keritan)
Juliana Tadong	Kg. Senagang 89000 Keningau

### Non-conformance:

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

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

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# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 3. ORGANISATION INFORMATION

MPOB Cawangan SPOC S10 Keningau, is a branch of MPOB located at Keningau to provide technical support as well as develop the independent smallholders' scheme around Keningau district.

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

The SPOC office is located at Pejabat MPOB Caw. Keningau, Tingkat 1, Lot 13, Bariawa Shop House, Jalan Bank Bumiputera, 89008 Keningau, Sabah.

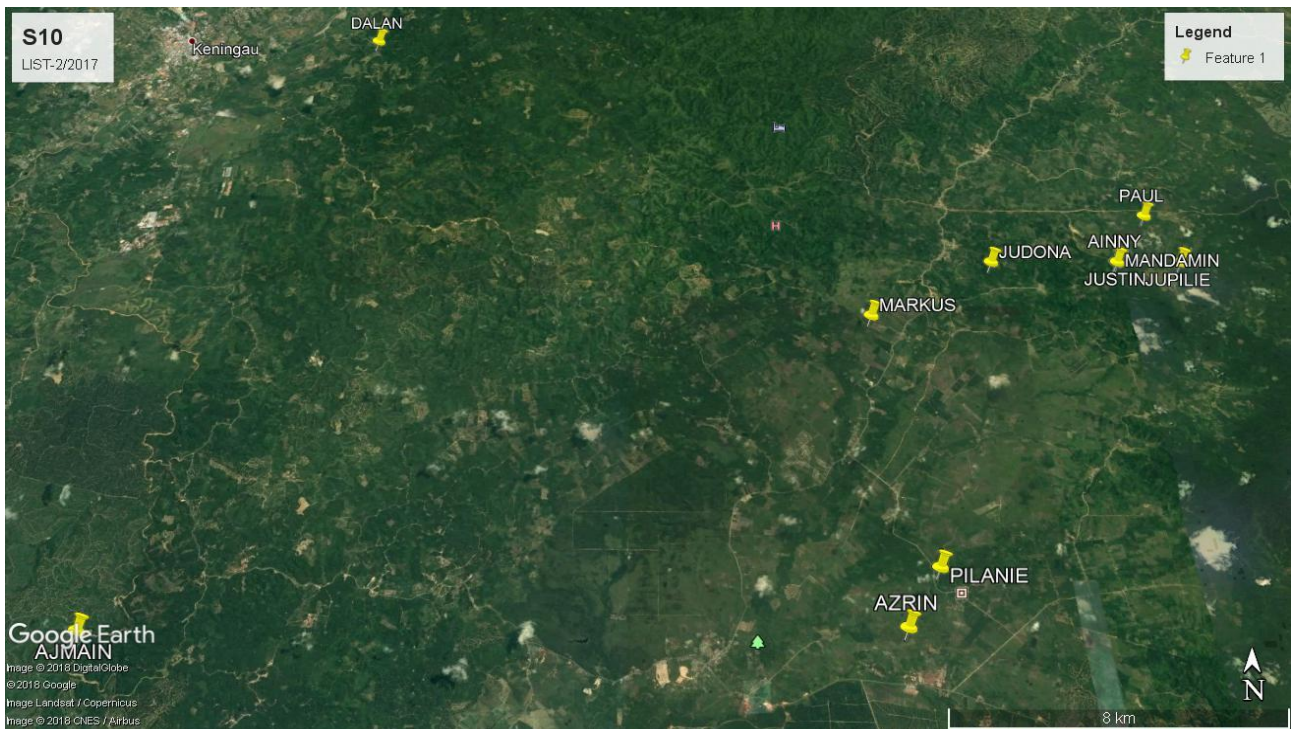
The locations for the smallholders are in Keningau as shown in the below maps.





# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2





# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 4. CERTIFICATION ASSESSMENT

### 4.1. Annual Surveillance 2

The objective of the certification audit is to assess the activities of MPOB Cawangan SPOC S10 Keningau is in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

There are 100 smallholders joined the certification during surveillance audit. The total number of smallholders remain the same during certification audit.

This surveillance audit is conducted on 31/10/2018 to 01/11/2018 that include inspection of the smallholders farms, interviews, stakeholders' consultation and review of the observations 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 established documents against the Principles and Criteria of the standard.

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 this surveillance audit, there are 2 major non-conformance raised. The audit team has review and verify documents submitted and closed out the non-conformance. The implementation will be review in the next audit. 1 minor non-conformance is raise with action plan submitted and accepted. Implementation will be review in next audit.

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

TUV NORD (Malaysia) Sdn. Bhd., has published the public notification on 27/09/2018 to obtain feedback and comments. As at audit date on 31/10/2018 to 01/11/2018 there are no comments received.

In addition, invitation letters are sent on 04/10/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 31/10/2018 to 01/11/2018 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 S10 Keningau objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in SPOC S10 Keningau area;
- c. Wildlife management area and impact to the smallholders;
- d. Environmental issues on the impact of river contamination;
- e. Type of wildlife around SPOC S10 Keningau area;
- f. Support from processing palm oil mills at SPOC S10 Keningau area

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



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 in regards to the MSPO audit?	All attended confirmed that information have been provided in regards to MSPO and the implementation by the group manager. The group manager is praised for his effort and efficiency in providing this information. The District office confirmed this topic was brought up during the meeting and information provided.	Positive comment
2	Social context	Discussion with Persatuan Perkebun Kecil that there are no social issues arise cause by the oil palm plantation. There is no issue adversely impact the local community by foreign workers.	Positive comment
3	Land titles and Land use rights	Authority personnel who attended did not raised any issue on land titles or land use rights. The interviewed stakeholders do not have any land title issues.	Positive Comment
4	Economy / Livelihood Is there any impact on livelihood after the introduction of MSPO?	It is well noted by 2 of the stakeholders commented the implementation of MSPO have improve the livelihood of the local people especially in income.  An authority officer confirmed with improvement of health and safety practices have greatly reduce injuries and sickness. This reduces the medical expenses.  With the improvement of working conditions, the local younger generation will be more willing to work in the estates.	Positive Comment
5	Does MSPO will largely benefits the local community?	It was noted during the interview with the implementation of MSPO it has improve the GAP	Positive comment
8	Support to smallholders	One of the ramp operator confirmed the additional support provided by the group manager in assisting the smallholder to obtain the MPOB	Positive comment



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



		license and assistance to the smallholders.	
9	FFB quality	Ramp operator confirmed that the yield and quality has increase with the implementation of MSPO	Positive Comment
11	Do you consider any management is in conflict with the MSPO principles and criteria?	All attendees informed that they are satisfied with the group manager. No practices in conflict to MSPO P&C	Positive comment
12	Do you have any suggestions for management?	Many of the attendees mention that it will be great the SPOC office could can increase their man power.  They suggest conduct more MSPO awareness frequently and use different medium to distribute information to the stakeholders.	MPOB to look into new practices and procedure.  MPOB to discuss this matter with management.

## 4.2. Summary of Assessment

MSPO Principle and sample of the Criteria Assessment Summary
<p>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 as below where the "Findings/Comments" column reflects the findings in accordance with each criteria and indicator or evidences when non conformity is found. A summary of the non-conformity can be found below</p>

Principle 1: Management Commitment & responsibility				
Criterion By Audit	Summary of Assessment	Compliance		
4.1.1	<p>SPOC S10 Keningau has established MSPO Policy doc no: MSPO/SSCC/POLICI-01 dated 07/08/2018 signed by the group manager and distributed to the smallholders..</p> <p>The policy is made available at the SPOC office notice board.</p> <p>MSPO training conducted on 28/03/2018 and 21/08/2018 include MSPO policy.</p> <p>It is confirmed by the stakeholders that the group manager has informed them on the policy for compliance to MSPO requirements.</p>	Yes		
4.1.2	<p>SPOC S10 Keningau has established continuous improvement plan, Senarai impak sosial, persekitaran &amp; pelan tindakan. Document no: MSPO/SSCC/L-04/ISP date effective 30/03/2018.</p> <p>This document identify both social and enviromental impacts which require action by the group manager as part of the continuous improvement.</p> <p>For example: Environment impact</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;">Activity</td> <td>Meraacun</td> </tr> </table>	Activity	Meraacun	<b>Major</b>
Activity	Meraacun			

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 1: Management Commitment & responsibility						
Criterion By Audit	Summary of Assessment	Compliance				
	<table border="1"> <tr> <td>Impact</td> <td>Pelupusan bahan buangan berjadual (tong racun kosong)</td> </tr> <tr> <td>Action plan</td> <td>Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas.</td> </tr> </table> <p>Internal audit is conducted on 16/01/2018 with 4 non compliance and 3 opportunity for improvement.</p> <p>Warta Sawit is disseminated to smallholders providing information on new technology or practices. Latest Warta Sawit Bil. 68 (1)/ January – April 2018 distributed on 21/08/2018.</p> <p>In addition to warta sawit, GAP assessment is carry out by the group manager.</p> <p>GAP conducted includes:</p> <ul style="list-style-type: none"> <li>- Ada Lorong dan jalan yang diselenggara dengan baik</li> <li>- Keliling pokok bebas daripada rumpai/anak kayu</li> <li>- Baja ditabur dalam tempoh satu bulan selepas diterima atau dibeli</li> <li>- Bilangan pelepah hijau pada setiap pokok mencukupi</li> <li>- Mengamalkan integrase tanaman/ternakan yang sesuai</li> </ul> <p><b>NC</b></p> <p><b>The internal audit is conducted on 16/01/2018. Review of the internal audit found at the time of the internal audit new members are not included.</b></p>	Impact	Pelupusan bahan buangan berjadual (tong racun kosong)	Action plan	Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas.	
Impact	Pelupusan bahan buangan berjadual (tong racun kosong)					
Action plan	Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas.					

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1	<p>Group manager has established a flow chart “Carta Aliran Kebolehkesanan / Kebolehhejakan Oleh Pekebun Kecil” that cover the start point at smallholder land/plot to the location where they sell the FFBs either the ramp operator, mill of collection point. This further states the receipt to be issued and obtain from the buyer and filled up in the Buku Rekod Ladang.</p> <p>Point 3 states “Dokumentasi bagi tujuan kebolehhejakan</p> <p>Record of sales and delivery or transportation of FFB sighted.</p> <p>Records keeping implemented by smallholders.</p>	Yes

Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
4.3.1	<p>Legal register document no: MSPO/SSCC/L-02/SKU, dated effective: 30/03/2018, issue no: 1, reference no: 0. is established and available.</p> <p>Example of list of legal documents</p>	Yes

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
	1. Akta 139: Akta Kilang dan Jentera 2. Akta 149: Akta Racun Mahkluk Perosak 1974 3. Akta 155: Akta Imigresen 1959 4. Akta 350: Akta Kanak-Kanak dan orang muda (Pekerjaan) 1966 5. Akta 582: Akta MPOB 1998  Training conducted on 28/03/2018 and 21/08/2018 include legal requirement.	
4.3.2	Smallholders are able to provide the right of the land and usage right. There are no land dispute issues raised by stakeholders. Land titles review are native land titles. Land usage rights: Agricultural purposes	Yes
4.3.3	During smallholders files review, all native lands without native land title is accompanied with an acknowledgement letter issued by Jabatan Tanah dan Ukur  Native land titles issued by Jabatan Tanah dan Ukur has a map. However those with acknowledgement letter does not has map to indicate the area of planting and size of plot.  <b>NC</b>  <b>Native titles are provided with map by Jabatan Tanah dan Ukur. However those with acknowledgement letters do not have any maps acknowledged by the village head or relevant authority.</b>	Minor

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.1	SOP "Rekod Aduan dan Rungutan", doc. No: MSPO/SSCC/SOP-01/AR/2016, rev: 0 is established.  The procedure describes: <ol style="list-style-type: none"> <li>1. Penerimaan aduan dan rungutan.</li> <li>2. Tindakan susulan/ siasatan</li> </ol> Point 2 "tindakan susulan/siasatan" describe the process in handling complaint and grievance.  The group manager is the responsible person to manage and resolve any complaints and grievance. Total days to resolve any complaints and grievance is 14 days.  In the situation where the complaint cannot be resolve by the SPOC within 14 days, point 2.8 in the SOP states "jika aduan yang diterima adalah diluar bidang kuasa dan keupayaan oengurus kumpulan, ianya akan dirujuk kepada pihak yang berkaitan bagi tujuan penyelesaian.  Review of the logbook there are no complaints lodged for 2018 until the audit date.	Yes

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.2	<p>SOP “Prosedure Notifikasi Aduan, Kemalangan, Kemalangan Nyaris, Kejadian Berbahaya, Keracunan Pekerjaan” document no SOP-03/AK/2016 dated 01/04/2016.</p> <p>2 main details describe in the procedure as below</p> <ol style="list-style-type: none"> <li>1. Action to be taken during reporting of the accident                             <ul style="list-style-type: none"> <li>- Procedure has mention any serious incident occur need to report to JKKP and group manager within 4 days.</li> </ul> </li> <li>2. Action during poisoning and disease of workers.                             <ul style="list-style-type: none"> <li>- For any poisoning and disease cases occur in the smallholder field require report to JKKP and group manager within 7 days.</li> </ul> </li> </ol> <p>Training for accident, safety equipment and OSH conducted on 28/03/2018 and 21/08/2018.</p> <p>During field visits interviewed smallholders are aware of safety and practice GAP and put on proper PPE during working.</p> <p>There is feedback no work accidents occur in 2018 until audit date reported by the visited smallholders.</p>	Yes
4.4.3	<p>Form Terma Penggajian Pekerja for hiring to meet wages requirement is established.</p> <p>There are 7 points in the form “Terma Penggajian Pekerja” to take note during hiring:</p> <ol style="list-style-type: none"> <li>1. Mempunyai permit kerja bagi pekerja asing</li> <li>2. Tidak sama sekali membernarkan / mengupah orang muda di bawah umur 15 tahun untuk bekerja</li> <li>3. Tidak sama sekali membernarkan / mengupah orang muda di bawah 15-18 tahun untuk membuat kerja berat dan merbahaya di Kawasan kebun sawit</li> <li>4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik</li> <li>5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yang disyorkan oleh pengurus SPOC</li> <li>6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja</li> <li>7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang (BRL) dan ditandatangani oleh pekerja.</li> </ol> <p>Smallholders operate on their own without hiring workers. They carry out gotong-royong system by helping each other during harvesting..</p> <p>One sampled smallholder (S10/14) hire Indonesian worker and contract is reviewed</p> <p>The contract includes: contract period, work location, task, responsible of workers, responsible of employer, non-discrimination practice, living quarter requirement, monthly pay and etc.</p> <p>Example of contract agreement on tugas dan tanggung jawab majikan:</p>	Major

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 4: Social Responsibility, health, safety and employment conditions												
Criterion By Audit	Summary of Assessment	Compliance										
	<ul style="list-style-type: none"> <li>- Majikan hendaklah menyediakan pekerja domestik dengan tempat tinggal yang sesuai dan kemudahan-kemudahan asas yang berkaitan.</li> <li>- Majikan hendaklah sentiasa menghormati dan peka terhadap kepercayaan agama pekerja domestik tersebut termasuk hak untuk menunaikan sembahyang dan menolak untuk mengendali dan memakan makanan yang tidak halal.</li> </ul> <p>On site visit observe the living quarters are complete with basic amenities. No sign of workers below minimum age.</p> <p>Smallholders are aware that their children will only allowed to help in the plantation during weekends or during public or school holidays.</p> <p><b>NC</b></p> <p><b>During the site verification at smallholders, it was found one smallholder make payment below the minimum wages regulation of RM920.00 per month. Payment for this worker is RM905.30.</b></p>											
4.4.4	<p>SOP Lampiran 4 Procedur Pengendalian dan Pelupusan Bahan Kimia, document number MSPO/SSCC/SOP-02/BK issue no 1 effective dated 13/04/2018 is establish.</p> <p>Training plan for year 2019 is establish. Example as below.</p> <table border="1" style="width: 100%;"> <thead> <tr> <th>Training</th> <th>Proposed month and date for 2019</th> </tr> </thead> <tbody> <tr> <td>One day program with members</td> <td>19/04/2019</td> </tr> <tr> <td>One day course with smallholder s</td> <td>10/05/2019</td> </tr> <tr> <td>Lawatan Sambil belajar pekebun kecil</td> <td>25/07/2019</td> </tr> <tr> <td>Road show cooperation and ITA/ITE</td> <td>21/02/2019</td> </tr> </tbody> </table> <p>Training in MSPO provided on 28/03/2018 and 21/08/2018 attended by all smallholders both old and new. Topics include:</p> <ul style="list-style-type: none"> <li>- Safety and health in the plantation</li> <li>- Awareness on wildlife conservation</li> <li>- Law and regulation on environment and fire prevention</li> <li>- Schedule waste handling base on Act 1974.</li> <li>- Managing of environment, soil and water conservation</li> <li>- Manuring</li> <li>- Pruning and harvesting practice</li> </ul> <p>All smallholders interviewed confirmed they have attended training and TUNAS officer provided training on MSPO implementation.</p> <p><b>OBS:</b></p>	Training	Proposed month and date for 2019	One day program with members	19/04/2019	One day course with smallholder s	10/05/2019	Lawatan Sambil belajar pekebun kecil	25/07/2019	Road show cooperation and ITA/ITE	21/02/2019	<b>OBS</b>
Training	Proposed month and date for 2019											
One day program with members	19/04/2019											
One day course with smallholder s	10/05/2019											
Lawatan Sambil belajar pekebun kecil	25/07/2019											
Road show cooperation and ITA/ITE	21/02/2019											

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
	<b>With the group number of smallholders joining the SPOC program, the Group manager can consider a mechanism to ensure all new members are trained in subsequent years.</b>	

Principle 5: Environment, natural resources, biodiversity and ecosystem services										
Criterion By Audit	Summary of Assessment	Compliance								
4.5.1	<p>Waste products are identified under SOP "Pengendalian dan Pelupusan Bahan Kimia" dated 30/03/2018 document no MSPO/SSCC/SOP-02/BK.</p> <p>For example</p> <table border="1"> <thead> <tr> <th>Input</th> <th>Sisa yg terhasil</th> <th>kesan</th> </tr> </thead> <tbody> <tr> <td>Racun perosak</td> <td>1.Tong racun kosong 2.Sisa racun dari bilasan air 3. Kain yang tercemar dengan sisa racun</td> <td>1.Mencemarkan sumber air semula jadi 2. mencemarkan kualiti udara 3. Menjadi tempat pembiakan nyamuk</td> </tr> </tbody> </table> <p>List of scheduled wastes as below.</p> <table border="1"> <tbody> <tr> <td>Buangan Logam dan buangan berasaskan logam (SW1)</td> </tr> <tr> <td>Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur</td> </tr> </tbody> </table> <p>SOP "Pengurusan Bahan Buangan Terjadual" dated 30/03/2018 document no MSPO/SSCC/SOP-03/BT is establish as guidance for smallholders in handling the disposal of waste materials.</p> <p>In the SOP a flow chart title "Carta Aliran Prosedure Pelupusan Bahan Buangan Berjadual"</p> <p>The flow chart describers</p> <ol style="list-style-type: none"> <li>Triple rinsing to be done in all empty container</li> <li>Schedule waste to be dispose by DOE appointed license collector.</li> </ol> <p>On site interviewed smallholders they are aware of environment protection. No sign of pollution observed. The empty chemical containers are kept in store after triple rinsing.</p>	Input	Sisa yg terhasil	kesan	Racun perosak	1.Tong racun kosong 2.Sisa racun dari bilasan air 3. Kain yang tercemar dengan sisa racun	1.Mencemarkan sumber air semula jadi 2. mencemarkan kualiti udara 3. Menjadi tempat pembiakan nyamuk	Buangan Logam dan buangan berasaskan logam (SW1)	Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur	Yes
Input	Sisa yg terhasil	kesan								
Racun perosak	1.Tong racun kosong 2.Sisa racun dari bilasan air 3. Kain yang tercemar dengan sisa racun	1.Mencemarkan sumber air semula jadi 2. mencemarkan kualiti udara 3. Menjadi tempat pembiakan nyamuk								
Buangan Logam dan buangan berasaskan logam (SW1)										
Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur										
4.5.2	No renewable energy used currently by smallholders since the operation nis relatively small.									
4.5.3	<p>SOP "Pengurusan Bahan Buangan Terjadual" dated 30.03.2018 document no MSPO/SSCC/SOP-03/BT is establish to manage scheduled wastes.</p> <p>In the SOP a flow chart title "Carta Aliran Prosedure Pelupusan Bahan Buangan Berjadual"</p> <p>The flow chart includes detail as below:</p> <ol style="list-style-type: none"> <li>Triple rinsing for all empty containers</li> </ol>	Yes								

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 5: Environment, natural resources, biodiversity and ecosystem services		
Criterion By Audit	Summary of Assessment	Compliance
	<p>2. Scheduled waste to be disposed through DOE appointed license collector.</p> <p>The SOP states the need of keeping records for empty containers generated. All scheduled waste material generated are recorded.</p> <p>Sampled smallholders are aware that the empty chemical container need to wash (triple rinsing) before dispose or reused. Empty fertilizer bags wash before reused for empty loose fruit collection.</p>	
4.5.4	<p>SOPs are available to ensure the chemicals are handle and disposed accordingly without polluting any water source.</p> <p>SOP “Pengendalian dan Pelupusan Bahan Kima” dated 30/03/2018 document no MSPO/SSCC/SOP-02/BK provides a list of activities that may cause pollution and should be avoided.</p> <p>Training for protection of surface and ground water conducted on 28/03/2018 and 21/08/2018. Training materials discuss on the riparian area protection and maintaining riparian area reserve. Good agriculture practices on frond stacking and no usage of blanket spraying in the plantation.</p> <p>Smallholders are aware of the need to protect the environment. During the interview of all 16 smallholders, they are able to explain the Dos and Don’ts in ensuring there will be no pollution to the environment. This is noted that they are aware empty chemical containers could be dispose after triple rinsing and puncture with holes at the bottom before storage or dispose.</p> <p>Rain water harvesting is practice by smallholders in the plantation. The water harvested is used for chemical mixing and not for consumption.</p>	Yes
4.5.5	<p>A mammals list is identify by the group manager. The list is establish with participation of smallholders and stakeholders. A total of 33 species identified.</p> <p>Jabatan Hidupan Liar is consulted to obtain a better understating on the list.</p> <p>This topic is included in training conducted on 28/03/2018 and 21/08/2018</p> <p>Site visit interview indicate smallholders are aware on the species and no hunting is practiced.</p>	Yes
4.5.6	<p>Two SOPs have been reviewed as regards to no burning practices in land preparation.</p> <ol style="list-style-type: none"> <li>1. “Garis Panduan Amalan Pembakaran Sifar” dated 13.04.2018 document no MSPO/SSCC/GP-04/APS</li> <li>2. “Pelan Daya Ekonomi Dan Kewangan” dated 30/03/2018 document no MSPO/SSCC/GP-01/PEK.</li> </ol> <p>Both SOPs state no usage of fire in land preparation.</p> <p>Training for related topic has conducted on 28/03/2018 and 21/08/2018.</p> <p>On site observation no open burning is carried out. Upon interview with smallholders, they are aware open burning is restricted by law and regulation.</p>	Yes



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.1	<p>MSPO Training for SPOC S10 Keningau members conducted on 28/03/2018 and 21/08/2018.</p> <p>The training conducted include:</p> <ol style="list-style-type: none"> <li>Proper usage of chemical and fertilizer.</li> <li>Pruning.</li> <li>Loose fruit recovery.</li> <li>Harvesting FFB standard.</li> <li>Preservation of soft grass. This include usage of beneficiaries' plant and cover crop.</li> </ol> <p>Site interview with smallholders advice they practice GAP accordingly.                      All smallholders plantation visited have signboards to indicate the identification.                      Name: S10/11                      Luas kebun: 3.48 hektar                      Lot: NT 133166926                      Tahun tanam: 2013                      MPOB license: 551155-301000                      Coordinates: 5°15`37.66" N / 116°21`18.88" E</p>	Yes
4.6.2	<p>SPOC group manager has establish a budget for year 2019 which include training for implementation of MSPO part-2 standard.</p> <p>The budget for <i>Program Pensijilan Latihan GAP/KPSM/MSPO</i> is reviewed that include as follows:</p> <ol style="list-style-type: none"> <li>One day program with members and MPOB</li> <li>One day training growing of smallholder</li> <li>Visit and learning program for smallholder</li> <li>Program of certification training for GAP / KPSM / MSPO</li> </ol>	Yes
4.6.3	<p>SPOC group manager liaise with smallholders, mill and ramp operator on FFB pricing.</p> <p>Letter of agreement between mill and Koperasi Penanam Sawit Mampan Daerah Keningau established on 01/08/2018.</p> <p>Field interview with smallholders' feedback that they have continuous communication with ramp operator for FFB price, purchase of fertilizer and chemical used. Smallholders are able to review the price that display by the ramp operator. Feedback from the ramp operator, the price is display for easy reference and stated on the weighing ticket.</p>	Yes

Principle 7: Development of new planting		
Criterion By Audit	Summary of Assessment	Compliance
	No new planting by the smallholders group. All planting activities have been carried out 4 years ago.	



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



### 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.
/	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.
<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> <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>	

### 4.4. Detail of Audit Findings raised in last Audit

AUDIT OUTCOME	
<b>MAJOR Non-Conformities</b>	<b>1</b>
<b>MINOR Non-Conformities</b>	0
<b>Observations</b>	1

Non Conformity Number < 1 >	
Indicator: 4.1.2.2 Group management shall establish a system to improve practices in line with new information and techniques; and for disseminating this information throughout the group members.	
Location	Keningau SPOC
<b>Description of Finding / Objective Evidence:</b>	
Point 1 Group manager has sent letter of Memohon Pengesahan Tanah Status PT dan Geran untuk Program Pensijilan MSPO Pekebun Kecil Sawit 2017, dated 07/10/2017 to Pegawai Daerah Keningau, to confirm PT status of eight PT grants. Due to the person in-charge is away for holiday, the list is yet to be verified. This was done near to the audit date. Nevertheless, this was not captured in internal review as part of the document which required to be updated of which could have been presented to the auditor if conducted earlier.	
Point 2 Site visit to smallholders waste dumping site indicate no proper segregation was done. Empty fertilizer bags, scheduled waste and organic waste are mixed up. Internal audit did not capture the segregation of wastes on site as part of audit check.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raised by Lead Auditor:</b>	<b>Date Raised:</b>
Mohamad Norhisham Bin Mohd Salleh	08/11/2017
Deadline for implementation:	09/01/2018
<b>Root Cause Analysis (by company):</b>	

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



**Non Conformity Number < 1 >**

GM facing a long time to get the verification letter respond from the Jabatan Tanah dan Ukur Keningau to confirm the status of PT grand due to the officer is away for holiday and outstation. The effectiveness of training which has been conducted earlier were not truly understand by the smallholder on the proper segregation of waste

**Correction (by company):**

Point 1

GM has received the verification letter from Jabatan Tanah dan Ukur daerah Keningau dated 19/01/2018 for the eight highlighted smallholders. However, only 1 out of 8 smallholder listed was declared as PT grand which is located at Tambunan district and the verification letter also we had received from the Jabatan Tanah Ukur daerah Tamunan dated 24/01/2018 as attached. GM will provide the verification from Jabatan Tanah dan Ukur much earlier before the audit date.

Point 2

GM will conduct a training based on proper segregation of waste among the smallholders and internal audit which is conducted on 16/01/2018 also highlight the matter as part of internal audit checklist.

**Corrective / Preventive Action (by company)**

Point 1

In order to give accurate and clear information during the external audit all the verification that should be taken from Jabatan Tanah dan Ukur will be provided earlier before the audit date.

Point 2

A well prepared training based on proper segregation of waste among the smallholders will be conducted which will emphasize the aspects about this matters.

**Review of Correction & Corrective / Preventive Action**

An internal audit was conducted on 16/01/2018. There are 4 major non-conformities and 3 observations raised during the audit. Findings raised in the internal audit will be addressed by SPOC Keningau before 15/04/2018.

SPOC Keningau has provide evidence in form of verification letter from Jabatan Tanah dan Ukur Daerah Keningau, dated 19/01/2018 for 7 out of 8 smallholders listed as PT grants status. Whereby letter issued by Jabatan Tanah dan Ukur Daerah Tambun dated 24/01/2018 has verify the ownership of the land for the remaining smallholders.

Sighted training conducted for Improvement - Segregation of Scheduled wastes. Based on the evidence provided, it was sufficient to close the non-conformity raised. Further verification on implementation of correction and corrective action will be review during next surveillance audit

Closed:  Yes  No

Site verification :  Yes  No

**Name of Lead Auditor:**

Mohamad Norhisham Bin Mohd Salleh

**Date of Closure:**

26/01/2017

**Review of Implementation for Major NC (where applicable)**

Several smallholders have obtain Native Land Title to demonstrate the ownership. Others are in the process of obtaining the land title are now supported by an acknowledgement letter. All smallholders with native land title are reviewed.

All empty containers are stored and disposed according to SOP. This is review during the site visit and observed at the sampled smallholders.

Closed:  Yes  No

Site verification :  Yes  No

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Non Conformity Number < 1 >	
<b>Name of Lead Auditor:</b> Ang, Wai Sheng (Terence)	<b>Date of Review:</b> 30/10/2018

Observation < 1 >	
Indicator: 4.6.3.1 Independent smallholders are encouraged to communicate with and have consultations with dealers, millers, local communities and other affected or interested parties.	
Location	SPOC Keningau
<b>Description of Finding / Objective Evidence:</b>	
<p>A communication has been conducted as from agreement to purchase FFB. This discussion and agreement have been made on 26/05/2014. "Borang Tawaran Sebut Harge Membeli BTS Daripada KPSM Daerah Keningau Sabah Berhad" have been sighted and evaluated Pengurus koperasi representing MPOB have been attending meeting on monthly basis in discussion of the pricing.</p> <p>However, the meeting has not been documented as evidence. This however was counter verified in stakeholder consultation and no issue arise. A documented meeting of minute as prove of discussion should be made available. This was raised as observation as the meeting can be confirmed with stakeholder consultation and mill involved where the copy of meeting of minute should be keep in the office for reference and information for members.</p>	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
The communication between group manager and smallholders as regards to pricing WhatsApp group. SPOC group manager maintain communication with via telephone call with smallholder and ramp operator. A mobile apps "my harga MPIC" has been set up to distribute the latest price daily price.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<b>Name of Lead Auditor:</b> Terence Ang	<b>Date of Closure:</b> 30/10/2018

## 4.5. Detail of Audit Findings Identified During This Audit

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

AUDIT OUTCOME	
<b>MAJOR Non-Conformities</b>	<b>2</b>
<b>MINOR Non-Conformities</b>	<b>1</b>
<b>Observations</b>	<b>0</b>

Non Conformity Number < 1 >	
Indicator: 4.1.2.1	
The action plan for continual improvement shall be based on the consideration for the main social and environmental impact and opportunities of the independent smallholder's group, such as SPOC. Independent smallholders shall be aware of the need to understand the importance of continuous improvement.	
Location	SPOC S10 Keningau
<b>Description of Finding / Objective Evidence:</b>	

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Non Conformity Number < 1 >	
The internal audit is conducted on 16/01/2018. Review of the internal audit found at the time of the internal audit new members are not included.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raised by Lead Auditor:</b> Terence Ang Wai Sheng	<b>Date Raised:</b> 03/11/2018
Deadline for implementation:	02/01/2019
<b>Root Cause Analysis (by company):</b>	
Misunderstanding between Group manager and internal audit team during internal audit on 16 January 2018.	
<b>Correction (by company):</b>	
An internal audit was conduct on 8 January 2019. (Appendix 1: Audit plan, Appendix 2: Internal audit report.	
<b>Corrective / Preventive Action (by company)</b>	
Group manager will liaise with person in charge from Sustainable Standard and Certification Centre. (SSCC) to set up scheduling internal audit.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Additional internal audit is conducted. The SPOC officers are aware that cover all members must be included. Submission of NC closure address the noncompliance raise.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Lead Auditor:</b> Terence Ang	<b>Date of Closure:</b> 28/01/2019

Non Conformity Number < 2 >	
Indicator: 4.2.1.2	
To keep records of sales and delivery or transportation of fresh fruit bunches.	
Location	SPOC S10 Keningau
<b>Description of Finding / Objective Evidence:</b>	
During the field visit, record of sales in FFBS are not available for 4 of the smallholder visited. "Buku Record Ladang" was not updated for year 2018 and there are no ticket records available for review.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raised by Lead Auditor:</b> Terence Ang Wai Sheng	<b>Date Raised:</b> 03/11/2018
Deadline for implementation:	02/01/2019
<b>Root Cause Analysis (by company):</b>	
Lack of knowledge among smallholder in keeping record of FFB sale.	
<b>Correction (by company):</b>	

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Non Conformity Number < 2 >	
Group manager advise the smallholder during LKN (Lawatan Khidmat nasihat) to maintain the receipt of FFB sale, keep the receipt in their individual file and update in BRL. (Appendix 3)	
<b>Corrective / Preventive Action (by company)</b>	
Reminder will be given during scheduling training program for smallholder maintain their FFB sale record.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Adequate action taken is sufficient to address the NC. The effective implementation will be assess in the next surveillance.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Lead Auditor:</b> Terence Ang	<b>Date of Closure:</b> 28/01/2019

Non Conformity Number < 3 >	
Indicator: 4.4.3.3	
Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements.	
Location	SPOC S10 Keningau
<b>Description of Finding / Objective Evidence:</b>	
During the site verification at smallholders, it was found one smallholder make payment below the minimum wages regulation of RM920.00 per month. Payment for this worker is RM905.30.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
<b>Raised by Auditor:</b> Sheron Pui Ling Wui	<b>Date Raised:</b> 03/11/2018
Deadline for implementation:	02/01/2019
<b>Root Cause Analysis (by company):</b>	
Lack of knowledge among the smallholder about minimum wages were applied for permanent workers	
<b>Correction (by company):</b>	
1. Group manager advise the smallholder during LKN (Lawatan Khidmat nasihat) to pay back unpaid wages to their workers ( Appendix 4 ) 2. Reminder letter was given to the smallholder to make sure they pay their workers based on minimum wages requirement ( Appendix 5 )	
<b>Corrective / Preventive Action (by company)</b>	
Reminder will be given during scheduling training program and LKN/GAP visit to make sure the smallholder follow the minimum wages requirement	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Evidence provided adequate to address the NC and closed out. This will be further assess in the next surveillance.	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
 Certifying Unit: SPOC S10 Keningau  
 Client Number: 92-069  
 Audit Type: Surveillance 2



Non Conformity Number < 3 >	
<b>Name of Lead Auditor:</b> Terence Ang	<b>Date of Closure:</b> 28/01/2019

Non Conformity Number < 3 >	
Indicator: 4.3.3.2 Maps of an appropriate scale showing extent of recognized customary rights land, if any, should made available.	
Location	SPOC S10 Keningau
<b>Description of Finding / Objective Evidence:</b>	
Native titles are provided with map by Jabatan Tanah dan Ukur. However those with acknowledgement letters do not have any maps acknowledged by the village head or relevant authority.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
<b>Raised by Lead Auditor:</b> Terence Ang Wai Sheng	<b>Date Raised:</b> 03/11/2018
Deadline for implementation:	02/11/2019
<b>Root Cause Analysis (by company):</b>	
Misunderstanding among smallholder to get the verification of their land status from the right authority.	
<b>Correction (by company):</b>	
Group manager was given a formal letter to district officer to get the verification of land status for each individual lot of the participants. ( Appendix 6 )	
<b>Corrective / Preventive Action (by company)</b>	
During scheduling training group manager will give reminder to all participant to make their clarification of their land status from any relevant regulatory.	
<b>Review of Correction &amp; Corrective / Preventive Action</b>	
Action plan provided is adequate to address the NC raise. The actual implementation will be review in the next surveillance audit.	
Closed: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Lead Auditor:</b> Terence Ang	<b>Date of Closure:</b> 28/01/2019

Observation < 01 >	
Indicator: 4.4.4.1 Independent smallholders are encouraged to seek knowledge to increase their competency in oil palm management.	
Location	SPOC S10 Keningau
<b>Description of Finding / Objective Evidence:</b>	

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



Observation < 01 >	
With the group number of smallholders joining the SPOC program increasing, the Group manager could consider a mechanism to ensure all new members are trained in subsequent years.	
<b>Raise by:</b> Ang, Wai Sheng, Terence	<b>Date Raise:</b> 03/11/2018
Review of Correction & Corrective / Preventive Action	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Name of Lead Auditor:</b>	<b>Date of Review:</b>

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
Client Number: 92-069  
Audit Type: Surveillance 2



## 5. CONCLUSION

Malaysia Palm Oil Board, Cawangan Keningau has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out the surveillance audit for the Sustainable Palm Oil Cluster (SPOC) consisting of 100 independent smallholders according to MS 2530-2:2013 Part 2, General Principles for Independent Smallholders.

The 2 Major NCs raised in this audit are closed out successfully. Furthermore, 1 Minor NC is raised with action plan submitted and implementation will be verified in the next surveillance audit.

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

In conclusion the certified organisation has been established, implemented and continues to improve in managing the independent smallholders 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:	100
Total certified acreage of smallholders:	464.746 Ha
Certified FFBS output January to December 2017:	4,027.586 mt
Certified FFBS output January to July 2018:	4,500 mt



# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
Certifying Unit: SPOC S10 Keningau  
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Audit Type: Surveillance 2



## 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 were interviews, observations, sampling of activities and review of documentation and records.

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

The structure of the audit was in accordance with the audit plan included to this summary report as annex.

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

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

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

Puchong, 07/02/2019

Puchong, 07/02/2019

Ang Wai Sheng  
TUV NORD (Malaysia) Sdn Bhd  
Audit Team Leader

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

## MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau

Certifying Unit: SPOC S10 Keningau

Client Number: 92-069

Audit Type: Surveillance 2



### 7. REFERENCES

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

No.	Name	Organization / Function
1	Sebrey Jen Sompit	KPSM Keningau
2	Zulhadi Mohd	Kulim Nursery Sdn Bhd
3	Stephenie Imon	Pejabat Daerah Kecil Sook

# MSPO Certification Summary Report

Company Name: MPOB SPOC Keningau  
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Client Number: 92-069  
Audit Type: Surveillance 2



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

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

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

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

Salvo clause:

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

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

## Annex / Enclosures

Annex / corresponding audit documentation	<input checked="" type="checkbox"/> P&C Audit Report / Checklist(s) <input type="checkbox"/> Audit Plan <input type="checkbox"/> Additional annexes, number
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