

MSPO CERTIFICATION SUMMARY REPORT

SPOC S11 NABAWAN & TENOM

SURVEILLANCE 2

Date: 07/02/2019

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MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 2



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ABBREVIATIONS

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

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1. INTRODUCTION

MPOB has commissioned TÜV NORD (Malaysia) Sdn Bhd to conduct annual surveillance audit for SPOC S11 Nabawan & Tenom 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 S11 Nabawan & Tenom 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 S11 Nabawan & Tenom.

1.2. Scope

The certification is based on the documentation established by MPOB Cawangan SPOC S11 Nabawan & Tenom in managing the independent smallholders' scheme.

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

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

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

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

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

1.3. Appointment & Qualification of Audit Team Members

The audit team consist of one team leader, 1 team member and 1 trainee auditor appointed. The team contributed to the review of documents, assessment of the project activity and preparation of this 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;	Diploma and Advance Diploma in Tourism Management

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Requirement	Qualifications
iv) Energy Management, Quality Management; v) Social Sciences and/or Anthropology; vi) Business Management; or vii) Other relevant related fields	
At least five (5) years of work experience in the oil palm sector or related field in consultancy / auditing of similar industry or equivalent related to and as necessary for the certification process. (e.g., sustainability, palm oil management; agriculture, ecology; social science)	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) man-days under the supervision of a qualified Lead Auditor for MSPO or equivalent sustainability certification schemes within the last two (2) years.	Has conducted 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	2 year auditor for RSPO and MSPO scheme

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Requirement	Qualifications
Systems (EMS) or High Conservation Value (HCV)	

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	Auditor by training	Yes
	Muhammad Khairul Anuar (Trainee Auditor)	7 years working experience in oil palm plantation industry.	
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 manday and monitored as auditor for MSPO scheme.	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

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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 and trainee RSPO auditor. Have been conducting audit for both MSPO and RSPO	Yes
	Khairul Anuar (Trainee Auditor)	Auditor in training	
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	

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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.
- Assessment reporting

Surveillance 2 Audit:

The 2nd Surveillance audit is conducted on 02/11/2018 to 03/11/2018 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;

On-site Assessment

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

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

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

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

The group of smallholders consists of 100 members, 50 old and 50 new smallholders.

Based on the formula, the sample size $S = 16$ (new member square root (50) = 7.07, old member square root (50) = 7.07, round up of 7.07 = 8, new member plus old member = 16). Thus, a total of 16 smallholders are 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
Sigoh Lunam	Pekan Tenom P/S 506 89907 Tenom
Antarik @ Tarik Bin Bali	Kg.Sugiang Tengah P/S 302 89908 Tenom
Yew Chi Min	Kg.Mapila Sook Batu 19 Jalan Nabawan P/S 1982 89008 Keningau
Kimlyn Bin Pinggu	Kg.Rancangan Belia Tiulon Sook 89000 Keningau
Jinius Bin Mohidam	Kg.Rancangan Belia Tiulon Sook 89000 Keningau
Masiri Bin Bolog	Kg.Rancangan Belia Tiulon P/S 1432 89008 Keningau
Wong Ke Min	Kg.Kauran 89000 Keningau
Liew Sing Ming	Kg.Timbok Telipok 88856 Kota Kinabalu
Andua Bin Akut	Kg.Pulutan 38 Nabawan
Majuntin Bin Musikin	Kg.Malinja Tiga 89950 Nabawan
Borahim Bin Antut	Kg.Murni C Peti Surat Bil 23 89957 Nabawan
Undi Bin Guna	Kg.Kabu Baru Nabawan Pensiangan 89950 Nabawan
Baalon Agoon	Kg.Malampoi 89950 Nabawan

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Name of independent smallholders	Specific Address / site
Ami Bin Talu	Kg.Tetagas P/S 64 Nabawan Pensiangan
Okon Bin Andasam	Kg.Tonomon Mukim Sepulut 89950 Nabawan
Yantuoh Bin Lumbor	Kg.Balantos 89950 Nabawan

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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3. ORGANISATION INFORMATION

MPOB Cawangan SPOC S11 Nabawan & Tenom, is a branch of MPOB located at Keningau to provide technical support as well as develop the independent smallholders' scheme around the Nabawan & Tenom district.

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

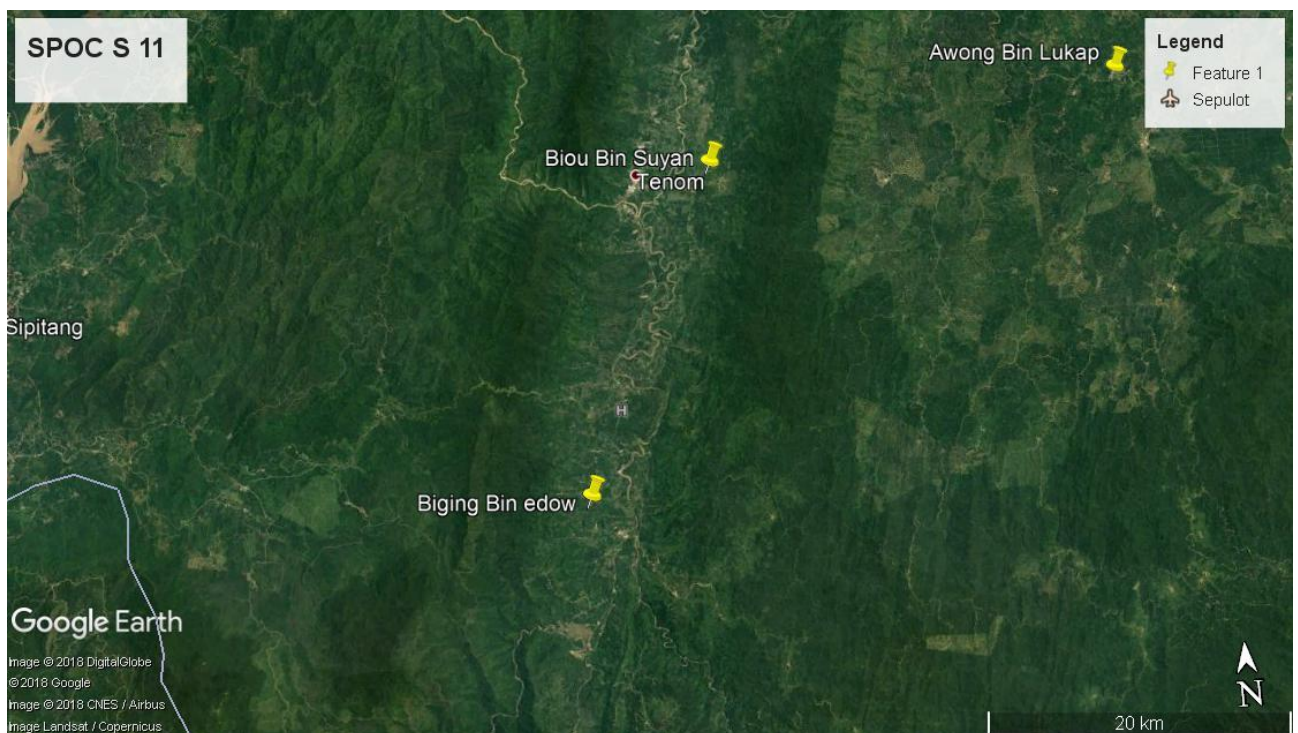
The location of the SPOC office is located at Pejabat MPOB Caw. Keningau, Tingkat 1, Lot 13, Bariawa Shop House, Jalan Bank Bumiputera, 89008 Keningau, Sabah.

The locations for the smallholders are in Nabawan & Tenom as shown in the below maps.



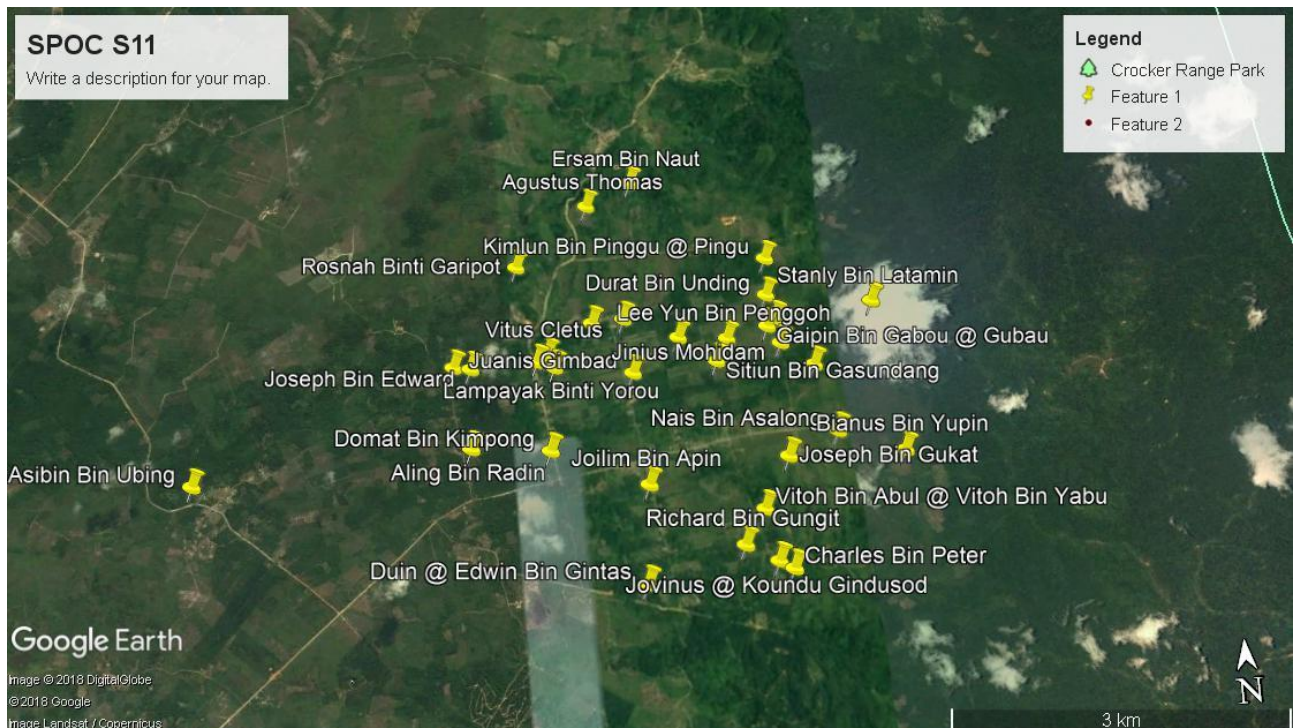
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4. CERTIFICATION ASSESSMENT

4.1. Audit Surveillance 2 audit

The objective of the surveillance audit is to assess the activities of MPOB Cawangan SPOC S11 Nabawan & Tenom is in compliance with MS 2530-2: 2013 Part 2: General principles for independent smallholders' requirements.

There are 100 smallholders joined the certification during this surveillance 2 audit.

The annual 2nd surveillance audit is conducted on 02/11/2018 to 03/11/2018 that include inspection of the smallholders farms, farms boundary, interviews, conduct 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.

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

During the onsite the following are 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 2nd surveillance audit, there are 2 major non-conformances raised and closed out. 1 minor non-conformance is raised with action plan submitted and accepted. Implementation will be review and verify in the next surveillance audit.

The number of audit findings raised in this audit is in Section 4.3 of this audit report. For details of the assessment, refer to summary of assessment 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 29/10/2018 to 30/10/2018 there are no comments received.

Invitation letters are sent on 04/10/2018 to invite relevant stakeholders to attend a local stakeholder consultation on 31/10/2018 – 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 S11 Nabawan & Tenom objectives of MSPO standard certification for smallholders.
- b. Development of smallholders farms in SPOC S11 Nabawan & Tenom 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 S11 Nabawan & Tenom area;
- f. Support from processing palm oil mills at SPOC S11 Nabawan & Tenom area

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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	Positive comment

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		smallholder to obtain the MPOB 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

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

Principle 1: Management Commitment & responsibility

Criterion By Audit	Summary of Assessment	Compliance
4.1.1	<p>SPOC S11 Nabawan & Tenom has establish MSPO Policy doc no: MSPO/SSCC/POLICI-01 dated 03/10/2018 signed by Group Manager</p> <p>The policy covers various aspects of MSPO implementation where required by the standard for example, transparency, compliant to legal requirements and health and safety.</p> <p>It is confirmed by the stakeholders that the group manager has informed them the MSPO policy for the compliance to the MSPO requirements</p> <p>The policy is made available to all smallholders and copy kept in the individual file.</p> <p>Policy is available SPOC office at notice board.</p> <p>All smallholders interviewed understand the implementation of MSPO that they have been briefed. Sitevisits show no evidence of any violation against the policy.</p> <p>MSPO training conducted on 21/08/2018 and 18/10/2018 include MSPO policy.</p> <p>During stakeholders' consultation, stakeholders are aware of the implementation of MSPO.</p>	Yes

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Principle 1: Management Commitment & responsibility								
Criterion By Audit	Summary of Assessment	Compliance						
4.1.2	<p>SPOC S11 Nabawan & Tenom has established continual improvement plan, Senarai impak social, persekitaran & pelan tindakan. Document no: MSPO/SSCC/L-04/ISP, dated effective: 30/03/2018, issue no: 1.</p> <p>The document identify both social and environmental impacts which require action by the group manager as part of the continuous improvement</p> <p>Example social impact:</p> <table><tr><td>Activity</td><td>Pembukaan Kawasan kebun, membaja, meracun dan menuai.</td></tr><tr><td>Impact</td><td>Pemberikan peluang pekerjaan kepada penduduk di Kawasan penempatan sekitar lading.</td></tr><tr><td>Action plan</td><td>Amalan diteruskan.</td></tr></table> <p>Internal audit is conducted on 16/01/2018 by MPOB HQ officer is reviewed. There are 4 Non Compliances and 3 Opportunity for Improvement raised in the internal audit.</p> <p>Smallholders are aware of continuous improvement required in their practices.</p> <p>During interview of smallholders they have plan to improve the store taking into consideration of environmental and OSH impact.</p> <p>Warta Sawit is distributed to the smallholders as part of information on new technology or practices. Latest Warta Sawit Bil. 68 (1)/ January – April 2018 is on 21/08/2018. In addition to Warta Sawit, GAP evaluation is carry out by the group manager</p> <p>GAP cover elements as below:</p> <ul style="list-style-type: none">- Kawasan sawit berkecerunan 6^o-25^o, mempunyai teres/tapak kuda- Kekerapan membaja tidak kurang daripada 2 kali setahun.- Pusingan penuaian di antara 7 – 14 hari- Hanya buah tandan segar yang masak sahaja dituai.- Semua buah relai mesti dikutip. <p>Major NC:</p> <p>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.</p>	Activity	Pembukaan Kawasan kebun, membaja, meracun dan menuai.	Impact	Pemberikan peluang pekerjaan kepada penduduk di Kawasan penempatan sekitar lading.	Action plan	Amalan diteruskan.	No
Activity	Pembukaan Kawasan kebun, membaja, meracun dan menuai.							
Impact	Pemberikan peluang pekerjaan kepada penduduk di Kawasan penempatan sekitar lading.							
Action plan	Amalan diteruskan.							

Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
4.2.1	<p>Group manager has established a flow chart “Carta Aliran Kebolehan/Kebolehejekan Oleh Pekebun Kecil” for tracking of FFB sold.</p>	Yes

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Principle 2: Transparency		
Criterion By Audit	Summary of Assessment	Compliance
	<p>The start point is at smallholder land / plot to location where the FFB will be sold to ramp operator or mill or collection center. The sales receipt will be issued by the ramp operator of collection center that will be filled in the Buku Rekod Ladang.</p> <p>Point no. 3 states "Dokumentasi bagi tujuan kebolehejekan.</p> <p>All smallholders are provided with "Buku Rekod Ladang" to record the FFBs sold.</p> <p>Visited smallholders show the sold FFB tickets issued by ramp operator that includes quantity purchase, price per ton of FFB, cost for fertilizer or chemicals applied and total amount.</p>	

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, issue no: 1, reference no: 0 date effective: 30/03/2018 is establish</p> <p>Example list of legal documents</p> <ol style="list-style-type: none">1. Akta 139: Akta Kilang dan Jentera2. Akta 149: Akta Racun Mahkluk Perosak 19743. Akta 155: Akta Imigresen 19594. Akta 350: Akta Kanak-Kanak dan orang muda (Pekerjaan) 19665. Akta 582: Akta MPOB 1998 <p>Training conducted on 21/08/2018 for legal requirement includes Wildlife and environment.</p> <p>During field visit, smallholders confirmed they are aware on legal requirement. While checking on the smallholder plantation near to the riparian area it could observed there is no sign of pollution, practice of dispose of empty chemical as per requirement.</p> <p>Environment care such as no pollution to river via schedule waste such as empty chemical container are waste and punching hole before throwing are demonstrated.</p> <p>Feedback from smallholders that they aware the licensing requirement in the sales of FFBs.</p>	Yes
4.3.2	<p>Smallholders are able to provide the land user rights for agricultural purposes. There are no land dispute raised by stakeholders. Land titles are native title</p> <p>During field visit interviewed smallholders confirmed no land disputes. They are able to provide their land titles, MPOB license and 'buku record ladang'</p>	Yes
4.3.3	<p>Smallholders are able to provide the land user rights for agricultural purposes. There are no land dispute raised by stakeholders. Land titles are native title.</p>	No

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Principle 3: Compliance to legal requirements		
Criterion By Audit	Summary of Assessment	Compliance
	<p>All native land without Native title is provided with acknowledgement letter issued by Jabatan Tanah dan Ukur.</p> <p>Native titles include map issued by Jabatan Tanah dan Ukur. However those with acknowledgement letter do not have maps acknowledge by village head or relevant authority</p> <p>Minor NC:</p> <p>Native titles issued by Jabatan Tanah dan Ukur have map included. However those with acknowledgement letter does not have any maps acknowledged by village head or relevant authority.</p> <p>Native titles were provided with map from jabatan tanah dan ukur. However those with acknowledgement letter does not have any maps provided.</p>	

Principle 4: Social Responsibility, health, safety and employment conditions		
Criterion By Audit	Summary of Assessment	Compliance
4.4.1	<p>SOP "Rekod Aduan dan Rungutan", doc. No: MSPO/SSCC/SOP-01/AR/2016, rev: 0 is established to manage complaint and grievances</p> <p>The procedure includes:</p> <ol style="list-style-type: none">1. Penerimaan aduan dan rungutan.2. tindakan susulan/ siasatan <p>Point 2 "tindakan susulan/siasatan" describes the process of handling the complaint/grievance. The group manager is the person-in-charge to manage any complaint or grievance and method to resolve. Total days to resolve is 14 days.</p> <p>In the situation where the complaint cannot be resolve by the SPOC in 14 days, point 2.8 of SOP states "jika aduan yang diterima adalah diluar bidang kuasa dan keupayaan oengurus kumpulan, ianya akan dirujuk kepada pihak yang berkaitan bagi tujuan penyelesaian.</p> <p>Site interview with smallholders indicate no complaint made or received for 2018 until audit date. Smallholders are aware complaint can be lodged via phone call or at SPOC office.</p>	Yes
4.4.2	<p>SOP "Prosedur Notifikasi Aduan, Kemalangan, Kemalangan Nyaris, Kejadian Berbahaya, Keracunan Pekerjaan" document no SOP-03/AK/2016 dated 01/04/2016.</p> <p>2 main topics describe in SOP as below</p> <ol style="list-style-type: none">1. Action to be taken during reporting of the accident2. Action in the event of poisoning and disease related to farm activities. <p>Training for accident, safety equipment and OSH conducted on 01/11/2017.</p> <p>Feedback from smallholders confirmed they are aware of safe work practices. This is confirmed there are no accidents reported until date of audit.</p>	Yes

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Principle 4: Social Responsibility, health, safety and employment conditions								
Criterion By Audit	Summary of Assessment	Compliance						
	<p>It is noted where any major accident happen it will be reported to police and MPOB. Some smallholders have first aid kit in the field.</p> <p>All sampled smallholders have proper PPE used during field work</p>							
4.4.3	<p>Forms “Terma Penggajian Pekerja” for hiring meet minimum wages requirement is established includes</p> <ol style="list-style-type: none">1. Menuai BTS :2. Membaja:3. Meracun:4. Pemangkas pelepah: <p>Form “Terma Penggajian Pekerja” states 7 points to note during hiring:</p> <ol style="list-style-type: none">1. Mempunyai permit kerja bagi pekerja asing2. Tidak sama sekali membernarkan / mengupah orang muda di bawah umur 15 tahun untuk bekerja3. Tidak sama sekali membernarkan / mengupah orang muda di bawah 15-18 tahun untuk membuat kerja berat dan merbahaya di Kawasan kebun sawit4. Tidak mengamalkan sikap diskriminasi terhadap agama, kaum, jantina, warna kulit, kewarganegaraan dan politik5. Pembayaran upah adalah mengikut jenis kerja yang dilakukan seperti yand disyorkan oleh pengurus SPOC6. Kadar bayaran mestilah dipersetujui oleh pekebun kecil dan pekerja7. Setiap bayaran yang dilakukan hendaklah direkodkan di dalam buku rekod ladang (BRL) dan ditandatangani oleh pekerja. <p>Some smallholders hire contractor worker to operate the plantation whilst some supported by family member or practice gotong-royong.</p> <p>From observation and interview, children who help in the field are above 18 years old.</p> <p>Some smallholders operate the field by hiring casual worker on mutual agreement for 2 to 3 days a month.</p> <p>Major NC</p> <p>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.</p>	No						
4.4.4	<p>Training plan for the year 2019 is established.</p> <table><tr><td>Training</td><td>Proposed date for 2019</td></tr><tr><td>Programe sehari bersama Ahli Kelab 30 tan MPOB</td><td>19/04/2019</td></tr><tr><td>Kursus Sehari Sawit, Seminar Pembangunan Pekebun Kecil</td><td>15/03/2019 10/05/2019 06/09/2019</td></tr></table>	Training	Proposed date for 2019	Programe sehari bersama Ahli Kelab 30 tan MPOB	19/04/2019	Kursus Sehari Sawit, Seminar Pembangunan Pekebun Kecil	15/03/2019 10/05/2019 06/09/2019	Yes
Training	Proposed date for 2019							
Programe sehari bersama Ahli Kelab 30 tan MPOB	19/04/2019							
Kursus Sehari Sawit, Seminar Pembangunan Pekebun Kecil	15/03/2019 10/05/2019 06/09/2019							

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Principle 4: Social Responsibility, health, safety and employment conditions					
Criterion By Audit	Summary of Assessment		Compliance		
	Lawatan Sambil Belajar Pekebun Kecil	25/07/2019			
	Program Pensijilan GAP/KPSM/MSPO	03/10/2019			
	SOP “Garis Panduan Pelan Daya Ekonomi Dan Kewangan” no, MSPO/SSCC/GP-01/PEK dated 13/04/2018 to improve smallholders’ financial knowledge.				
	Point no 5 includes financial planning under “analisis purata pendapatan bersih pekebun kecil mengikut tahun dan bulan”.				
	Smallholders had informed GAP training conducted				
	<table><tr><th>Topic</th><th>Topics</th></tr><tr><td>GAP</td><td><ul style="list-style-type: none">- To apply fertilizer 3 - 4 cycles per year and each of palm put in 1.5 -2kg fertilizer.- Grass cutting for weeding.- Collection of loose fruit</td></tr></table>	Topic		Topics	GAP
Topic	Topics				
GAP	<ul style="list-style-type: none">- To apply fertilizer 3 - 4 cycles per year and each of palm put in 1.5 -2kg fertilizer.- Grass cutting for weeding.- Collection of loose fruit				
OBS With the number of smallholders joining the SPOC program increasing, the Group manager could consider a mechanism to ensure all new members are trained.					

Principle 5: Environment, natural resources, biodiversity and ecosystem services						
Criterion By Audit	Summary of Assessment	Compliance				
4.5.1	<p>SOP “Pengendalian dan Pelupusan Bahan Kima” document no MSPO/SSCC/SOP-02/BK dated 30/03/2018 is establish to manage handling of chemicals.</p> <p>SOP “Pengurusan Bahan Buangan Terjadual” document no MSPO/SSCC/SOP-03/BT dated 30/03/2018 is establish to manage scheduled waste.</p> <p>Point 1 of the SOP “Senarai semua jenis bahan buangan seperti bekas racun kosong, beg baja, dan minyak hitam terpakai, yang terhasil daripada operasi yang dijalankan perlu disediakan”</p> <p>Example of scheduled waste</p> <table><tr><td>Buangan Logam dan buangan berasaskan logam (SW1)</td></tr><tr><td>Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur</td></tr></table> <p>An identification and plan MSPO/SSCC/L-04/ISP, “Senarai Impak Social, Pesekitaran & Pelan Tindakan” is established for assessment of environmental impact and action to be taken.</p> <p>Example;</p> <table><tr><td>Activity</td><td>Impact and action</td></tr></table>	Buangan Logam dan buangan berasaskan logam (SW1)	Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur	Activity	Impact and action	Yes
Buangan Logam dan buangan berasaskan logam (SW1)						
Buangan Bateri asid plumbum dalam bentuk sempurna atau hancur						
Activity	Impact and action					

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Principle 5: Environment, natural resources, biodiversity and ecosystem services									
Criterion By Audit	Summary of Assessment		Compliance						
	<table><tr><td>Meracun</td><td>Pelepasan bahan buangan terjadual (tong kosong racun) Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas</td></tr></table>	Meracun	Pelepasan bahan buangan terjadual (tong kosong racun) Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas	<p>Smallholders are aware of the environmental protection. They are promoting and committed to environmental protection.</p> <p>During site visit smallholders are able to explain that the water from triple rinsing is not drain off to any river or stream. The water is retain for spraying purposes.</p>					
Meracun	Pelepasan bahan buangan terjadual (tong kosong racun) Pembasuhan 3 kali, ditebuk lubang dan disimpan di tempat khas								
4.5.2	There is no usage of renewable energy for the smallholders at the present.		Yes						
4.5.3	<p>SOP “Pengurusan Bahan Buangan Terjadual” document no MSPO/SSCC/SOP-03/BT dated 30/03/2018 is established to manage scheduled wastes.</p> <p>List of wastes and sources of pollution as below</p> <table><tr><td>Input</td><td>Sisa yg terhasil</td><td>kesan</td></tr><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></table> <p>SOP “Pengurusan Bahan Buangan Terjadual” document no MSPO/SSCC/SOP-03/BT dated 30/03/2018 is establish to manage scheduled waste.</p> <p>The SOP has a flow chart title “Carta Aliran Prosedure Pelupusan Bahan Buangan Berjadual” with some topics as below:</p> <ul style="list-style-type: none">1. Triple rinsing for all empty containers2. Scheduled waste dispose using DOE appointed license collector. <p>Based on site verification there is good practice implemented where the chemical containers are placed in the store at scheduled waste.</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	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							
4.5.4	<p>SOP “Pengendalian dan Pelupusan Bahan Kima” document no MSPO/SSCC/SOP-02/BK dated 30/03/2018 is establish to ensure the chemicals are handle and dispose accordingly without polluting any water source. List of activities that cause pollution included in SOP and should be avoided.</p> <table><tr><td>Input</td><td>Sisa yg terhasil</td><td>kesan</td></tr><tr><td>Racun rumput</td><td>1. Tong racun kosong 2. Sisa racun dari bilasan air</td><td>1. Menjadi tempat bagi pembiakan nyamuk</td></tr></table>		Input	Sisa yg terhasil	kesan	Racun rumput	1. Tong racun kosong 2. Sisa racun dari bilasan air	1. Menjadi tempat bagi pembiakan nyamuk	Yes
Input	Sisa yg terhasil	kesan							
Racun rumput	1. Tong racun kosong 2. Sisa racun dari bilasan air	1. Menjadi tempat bagi pembiakan nyamuk							

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Principle 5: Environment, natural resources, biodiversity and ecosystem services				
Criterion By Audit	Summary of Assessment			Compliance
		3. Tanah yang digunakan untuk menyerap sisa racun yang tertumpah	2. Mencemarkan sumber air semulajadi 3. Mencemarkan kualiti udara	
	<p>During site observation, the smallholder could demonstrate the understanding to maintain the quality and availability of surface and ground water.</p> <ul style="list-style-type: none">• Empty container kept in place with proper marking• No sign of spraying and fertilizing near the riparian area• Proper frond staking <p>Water harvesting is practice in the field for chemical mixing.</p> <p>Training conducted on 18/10/2018 includes protection of surface and ground water.</p>			
4.5.5	<p>A mammals list is established by the group manager. The total of 33 species identified. The list is establish with participation of smallholders and stakeholders input. Jabatan hidupan liar is consulted to obtain a better understanding on the list of identified mammals.</p> <p>All sampled smallholders are aware and able to demonstrate MSPO implementation requirements and applicable law.</p> <p>Site interview indicate smallholders understand the species to be protected and no hunting permitted.</p> <p>Training conducted on 21/08/2018 & 18/10/2018 for all smallhoilders.</p>			Yes
4.5.6	<p>SOPs for zero burning practice on land preparation are established as below:</p> <ol style="list-style-type: none">1. “Garis Panduan Amalan Pembakaran Sifar” document no MSPO/SSCC/GP-04/APS dated 13/04/20182. “Pelan Daya Ekonomi Dan Kewangan” document no MSPO/SSCC/GP-01/PEK dated 30/03/2018 <p>Both SOPs prevent the usage of fire in land preparation.</p> <p>MSPO Policy point no 10 include no burning and good agriculture practice.</p> <p>Site visit at field observe no sign of open burning is practice. Interview with the smallholders, they are aware no open burning is allowed and restricted by law.</p>			Yes

Principle 6: Best Practices		
Criterion By Audit	Summary of Assessment	Compliance
4.6.1	<p>During field visit, GAP is practice by smallholders and well maintained by reducing the use of chemical consumption and practice grass cutting.</p> <p>Training conducted on 21/08/2018 & 18/10/2018 includes:</p>	Yes

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Principle 6: Best Practices							
Criterion By Audit	Summary of Assessment	Compliance					
	<div><div><div>a. Proper usage of chemical and fertilizer.</div><div>b. Pruning.</div><div>c. Loose fruit recovery.</div><div>d. Harvesting FFB standard (harvest only ripe bunches).</div><div>e. Preservation of soft grass, beneficiaries' plant and cover crop.</div></div><div>Besides, smallholders practice GAP such as apply fertilizer 3 times per year, pruning, preservation of cover grass, loose fruit collection using fertilizer bag.</div></div>						
4.6.2	<div><div>SPOC group manager has establish budget for year 2019 which include training for implementation of MSPO.</div><div>The budget for Program Pensijilan Latihan GAP/KPSM/MSPO as below.</div><table><tr><td>Program</td></tr><tr><td>Program Sehari Bersama Ahli Kelab 30 tan MPOB</td></tr><tr><td>Kursus Sehari Sawit, Seminar Pembangunan Perkebun Kecil</td></tr><tr><td>Lawatan Sambil Belajar Pekebun Kecil</td></tr><tr><td>Program Roadshow Koperasi dan ITA/ITE</td></tr></table></div>	Program	Program Sehari Bersama Ahli Kelab 30 tan MPOB	Kursus Sehari Sawit, Seminar Pembangunan Perkebun Kecil	Lawatan Sambil Belajar Pekebun Kecil	Program Roadshow Koperasi dan ITA/ITE	Yes
Program							
Program Sehari Bersama Ahli Kelab 30 tan MPOB							
Kursus Sehari Sawit, Seminar Pembangunan Perkebun Kecil							
Lawatan Sambil Belajar Pekebun Kecil							
Program Roadshow Koperasi dan ITA/ITE							
4.6.3	<div><div>Communication between SPOC group manager, mill and ramp operator for purchase of FFB from the smallholders.</div><div>Letter of agreement between mill and Koperasi Penanam Sawit Mampan Daerah Keningau dated 01/08/2018.</div><div>The agreement include purchase of FFB and mechanism of calculation.</div></div>	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 completed 3 to 4 years ago.	

4.3. Status of Non-Conformities Previously Identified

	The stage 1 audit findings of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address identified audit findings. Details of the follow up action taken on stage 1 audit findings were recorded in the Stage 1 audit report.
x	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS implemented to address any nonconformity identified.
	The last audit results of this system have been reviewed, in particular to assure appropriate correction and corrective action HAS NOT been implemented effectively. Non-conformity will be re-raised.
	Not applicable. No non-conformity raised in previous audit.

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Note 1: If a minor non-conformity raised in last audit, is not closed out, then this finding will be re-raised to a Major non-conformity.
Note 2: All minor NCs raised in last audit are required to capture in this report together with the closing of the non-compliance.

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
Description of Finding / Objective Evidence:	
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, schedule waste and organic waste are mixed up. Internal audit did not capture the segregation of waste on site as part of audit check.	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raised by Lead Auditor: Mohamad Norhisham Bin Mohd Salleh	Date Raised: 08/11/2017
Deadline for implementation:	09/01/2018
Root Cause Analysis (by company):	
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)	

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Non Conformity Number < 1 >	
<p>Point 1</p> <p>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.</p> <p>Point 2</p> <p>A well prepared training based on proper segregation of waste among the smallholders will be conducted which will emphasize the aspects about this matters.</p>	
Review of Correction & Corrective / Preventive Action	
<p>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.</p> <p>SPOC Keningau has provide evidence in e 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 by Jabatan Tanah dan Ukur Daerah Tambun dated 24/01/2018 has verify the ownership of the land by the remaining smallholder.</p> <p>Sighted Training has been conducted for Improvement - Segregation of Schedule wastes. Base 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</p>	
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: 26/01/2017
Review of Implementation for Major NC (where applicable)	
<p>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.</p> <p>All empty containers are stored and disposed according to SOP. This is review during the site visit and observed at the sampled smallholders.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor: Terence Ang Wai Sheng	Date of Review: 30/10/2018

Observation < 1 >	
<p>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.</p>	
Location	SPOC Keningau
Description of Finding / Objective Evidence:	

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Observation < 1 >	
<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>	
Review of Correction & Corrective / Preventive Action	
<p>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.</p>	
Closed: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor: Terence Ang Wai Sheng	Date of Review: 30/10/2018

4.3 Detail of Audit Findings Identified During This Audit

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

AUDIT OUTCOME	
MAJOR Non-Conformities	2
MINOR Non-Conformities	1
Observations	0

Non Conformity Number < 1 >	
Indicator: 4.1.2.1	
<p>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.</p>	
Location	SPOC S11 Nabawan & Tenom
Description of Finding / Objective Evidence:	
<p>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.</p>	
Classification	<input checked="" type="checkbox"/> Major <input type="checkbox"/> Minor
Raised by Lead Auditor: Terence Ang Wai Sheng	Date Raised: 30/10/2018
Deadline for implementation:	29/12/2018
Root Cause Analysis (by company):	

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Non Conformity Number < 1 >	
Misunderstanding between Group manager and internal audit team during internal audit on 16 January 2018.	
Correction (by company):	
An internal audit was conduct on 8 January 2019. (Appendix 1: Audit plan, Appendix 2: Internal audit report.	
Corrective / Preventive Action (by company)	
Group manager will liaise with person in charge from Sustainable Standard and Certification Centre. (SSCC) to set up scheduling internal audit.	
Review of Correction & Corrective / Preventive Action	
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
Name of Lead Auditor: Terence Ang Wai Sheng	Date of Closure: 28/01/2019

Non Conformity Number < 2 >	
Indicator: 4.4.3.3	
Independent smallholders shall ensure that worker's pay and conditions meet legal standards as per mutual agreements.	
Location	SPOC S11 Nabawan & Tenom
Description of Finding / Objective Evidence:	
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
Raised by Lead Auditor: Terence Ang Wai Sheng	Date Raised: 30/10/2018
Deadline for implementation:	29/12/2018
Root Cause Analysis (by company):	
Lack of knowledge among the smallholder about minimum wages were applied for permanent workers	
Correction (by company):	
1. Group manager advise the smallholder during LKN (Lawatan Khidmat nasihat) to pay back unpaid wages to their workers (Appendix 3) 2. Reminder letter was given to the smallholder to make sure they pay their workers based on minimum wages requirement (Appendix 4)	
Corrective / Preventive Action (by company)	
Reminder will be given during scheduling training program and LKN/GAP visit to make sure the smallholder follow the minimum wages requirement	
Review of Correction & Corrective / Preventive Action	

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Non Conformity Number < 2 >	
Correct wage payment is made to the worker. The NC closure is accepted and closed.	
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: Terence Ang Wai Sheng	Date of Closure: 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 S11 Nabawan & Tenom
Description of Finding / Objective Evidence: Native titles issued by Jabatan Tanah dan Ukur have map included. However those with acknowledgement letter does not have any maps acknowledged by village head or relevant authority.	
Classification	<input type="checkbox"/> Major <input checked="" type="checkbox"/> Minor
Raised by Lead Auditor: Terence Ang Wai Sheng	Date Raised: 30/10/2018
Deadline for implementation:	30/10/2019
Root Cause Analysis (by company): Misunderstanding among smallholder to get the verification of their land status from the right authority.	
Correction (by company): 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 5)	
Corrective / Preventive Action (by company) During scheduling training group manager will give reminder to all participant to make their clarification of their land status from any relevant regulatory.	
Review of Correction & Corrective / Preventive Action 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
Name of Lead Auditor: Terence Ang Wai Sheng	Date of Closure: 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 S11 Nabawan & Tenom

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 2



Observation < 01 >	
Description of Finding / Objective Evidence:	
With the number of smallholders joining the SPOC program increasing, the Group manager could consider a mechanism to ensure all new members are trained.	
Raise by Lead Auditor: Ang, Wai Sheng (Terence)	Date Raise: 30/10/2018
Review of Correction & Corrective / Preventive Action	
Closed: <input type="checkbox"/> Yes <input type="checkbox"/> No	Site verification : <input type="checkbox"/> Yes <input type="checkbox"/> No
Name of Lead Auditor / Auditor:	Date of Review:

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 2



5. CONCLUSION

Malaysia Palm Oil Board, Cawangan S11 Nabawan & Tenom has commissioned TÜV NORD (Malaysia) Sdn Bhd to carry out annual 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 and closed out successfully. 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:	471.498 Ha
Certified FFBs output January to December 2017:	3,870.34 mt
Certified FFBs output January to July 2018:	4,500 mt

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual 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 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 a guarantee of 100 % conformity with requirements.

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

The audit team concludes that the organisation has established and maintained its management system in line with the requirements of the standard(s) and 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
X	Recommended for Continuity of Certification
	Suspended of Certification

Puchong, 07/02/2019

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

Puchong, 07/02/2019

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

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual Surveillance 2



7. REFERENCES

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

No.	Name	Organization / Function
1	Linus Gonsilon	Persatuan Pekebun Kecil
2	Loi Guan Ren	Sawit Tambunan Ent
3	Jumain Abd Ghani	District Office Tambunan
4	Irene Yulang	TLE Tambunan

MSPO Certification Summary Report

Company Name: MPOB Cawangan Keningau
Certifying Unit: SPOC S11 Nabawan & Tenom
Client Number: 92-070
Audit Type: Annual 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 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